



**International Rubber Study Group**

# **Current Developments in the World Rubber Industry: Rubber Scenario-What Lies Ahead?**

**Prepared by the IRSG Secretariat**  
[www.rubberstudy.com](http://www.rubberstudy.com)

**Indian Rubber Meet**  
**10-11 March 2016**

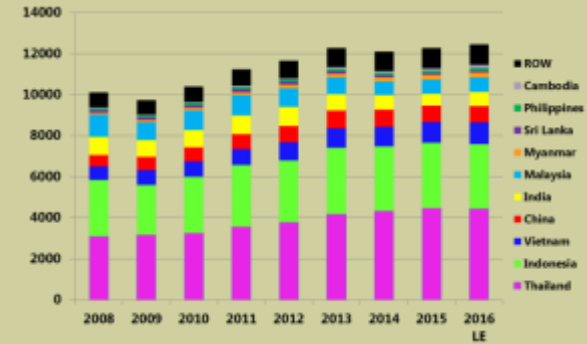
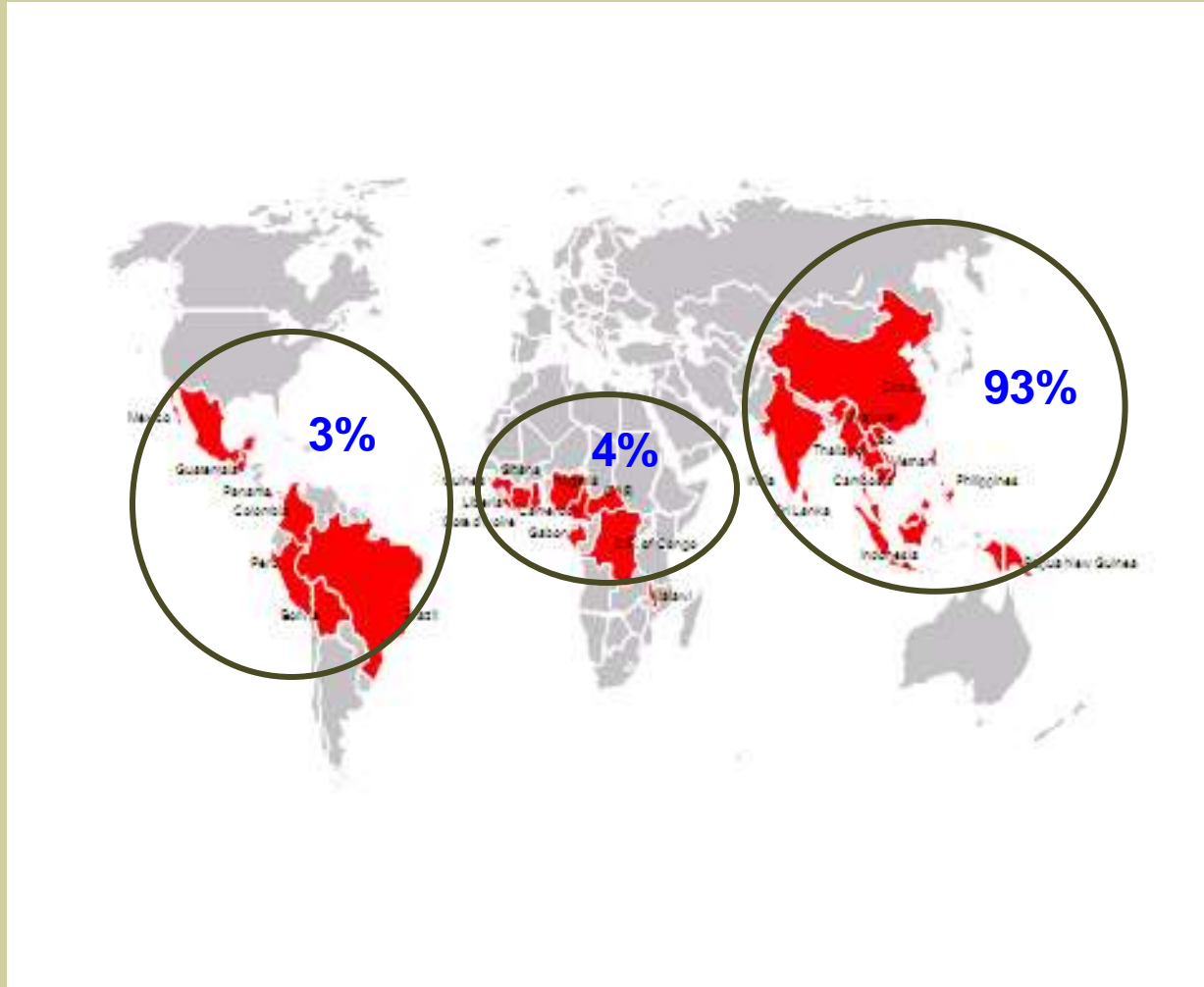


# Challenges

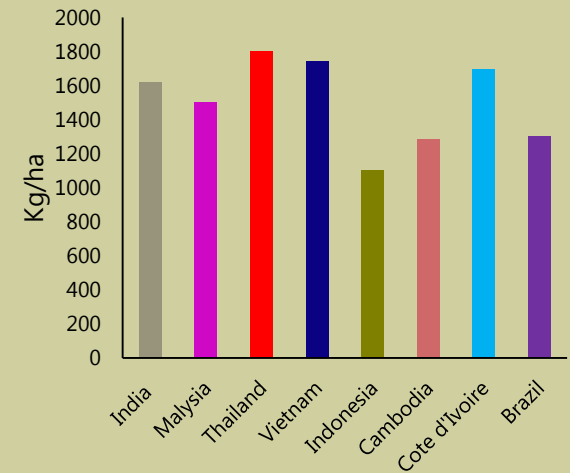
- ◆ Removal of **inventory overhang** from the market.
- ◆ NR production **overcapacity**.
- ◆ SR production **overcapacity**
- ◆ Vehicle **growth projections in China** – are they credible under the New Normal economic outlook?



# Natural Rubber Production



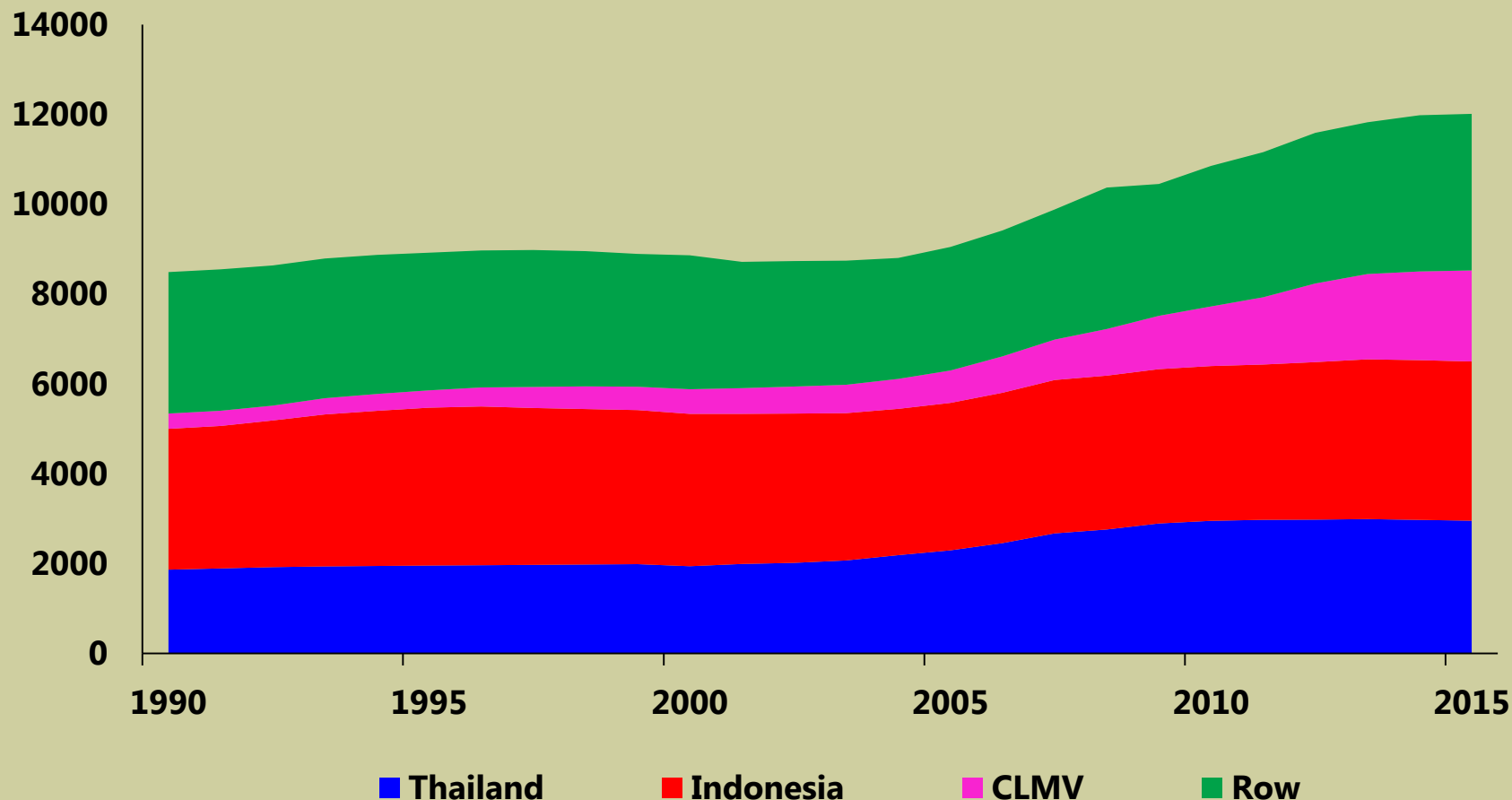
Production



Productivity



# Total Natural Rubber Area (KHa)



First surge in planting 2005-2008 ....second surge in 2010-12



# NR Supply Chain Challenges

- **Productivity**
  - Older plantations, labour shortage, aging farmers/second generation abstains from farming
- **Quality/consistency**
- **Wide spread rubber expansion to marginal land**
- **Price variability**
- **Cost reduction**



**Older plantations**



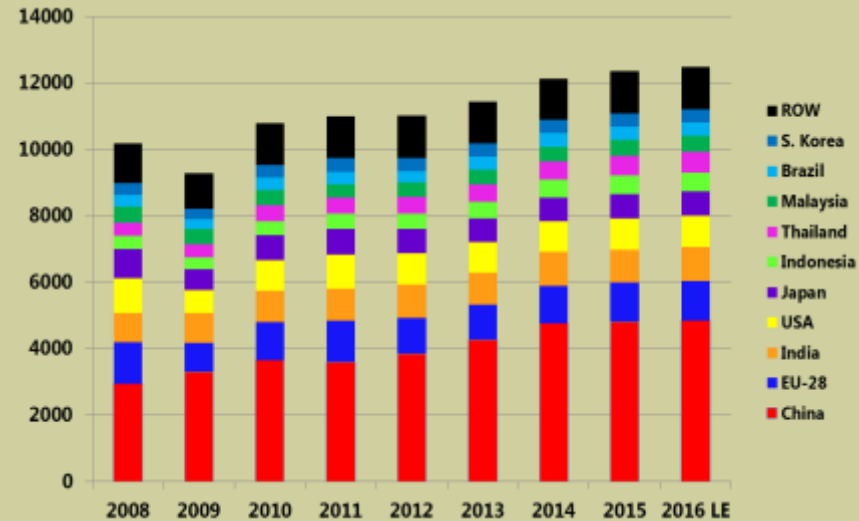
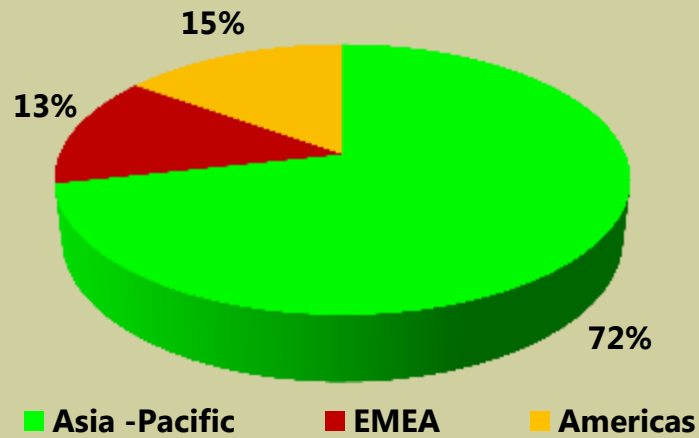
**Quality/consistency**



**Aging farmers**



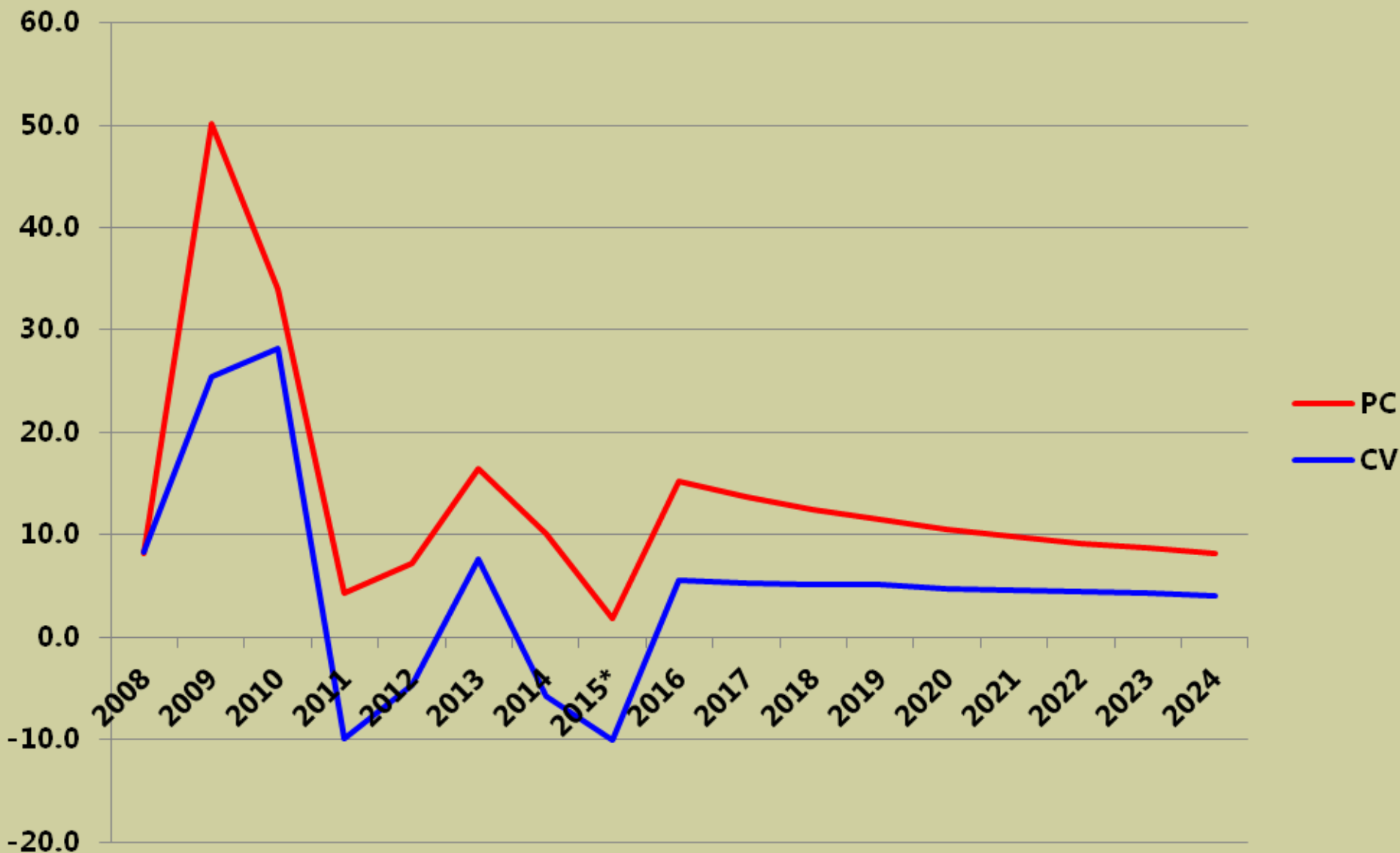
# Natural Rubber Consumption



- Tyre producers purchase about 70% of total natural rubber placed on the global market



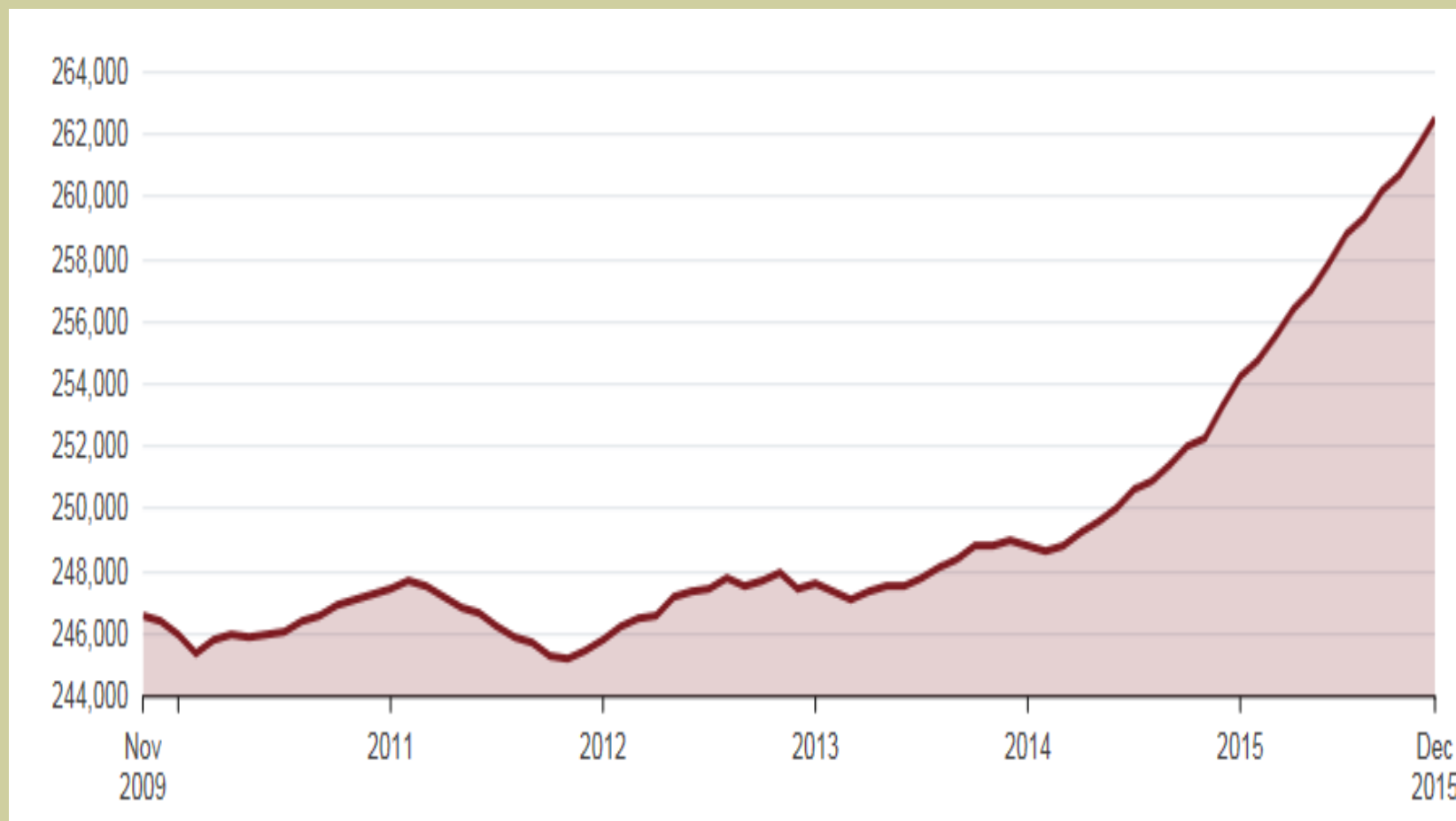
# China Vehicles Production Growth, (%)





# Rubber Demand

**Cheap fuel encourage grater distance driven.....boost for replacement tire demand**

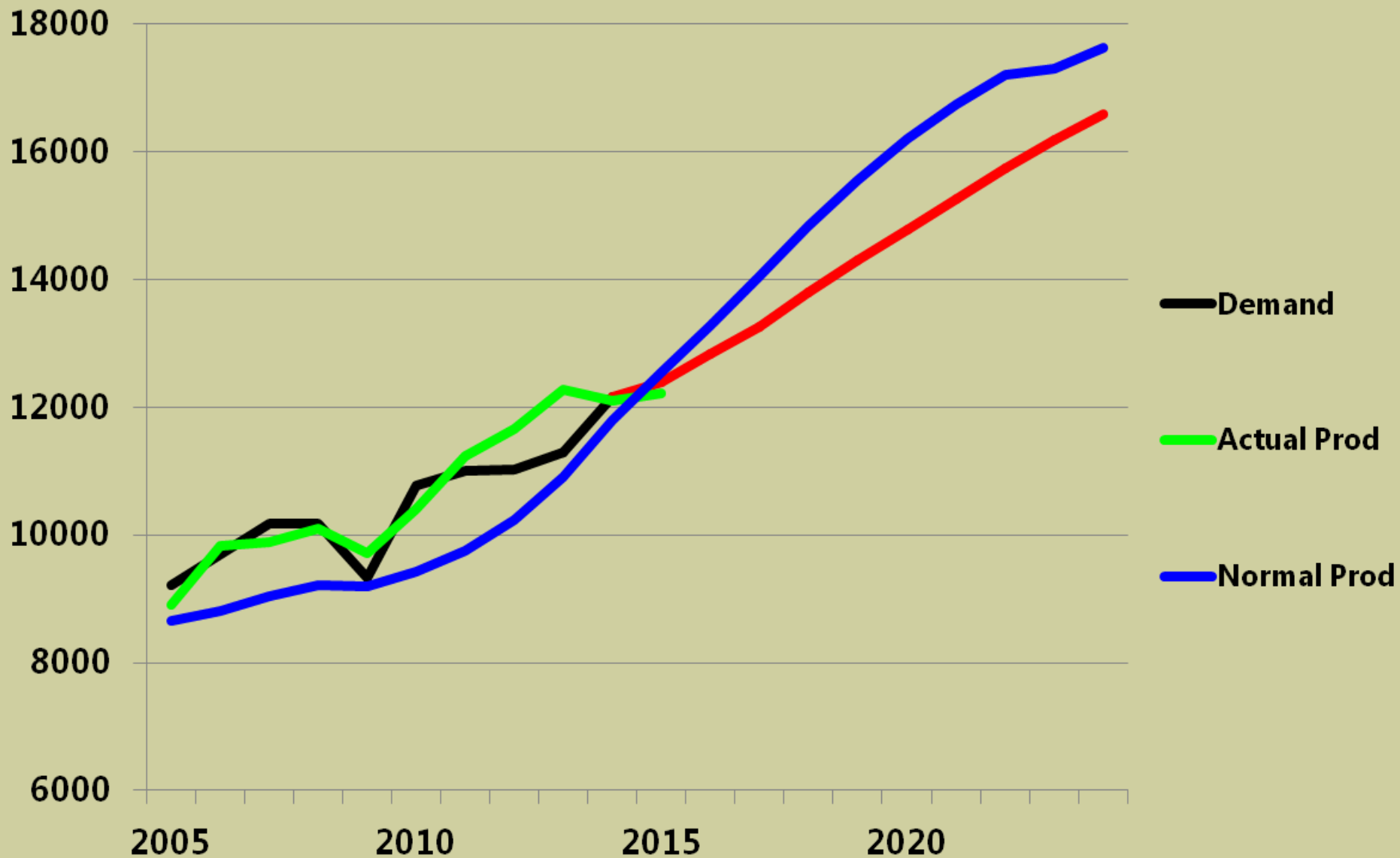


**Source: US Department of Transportation**



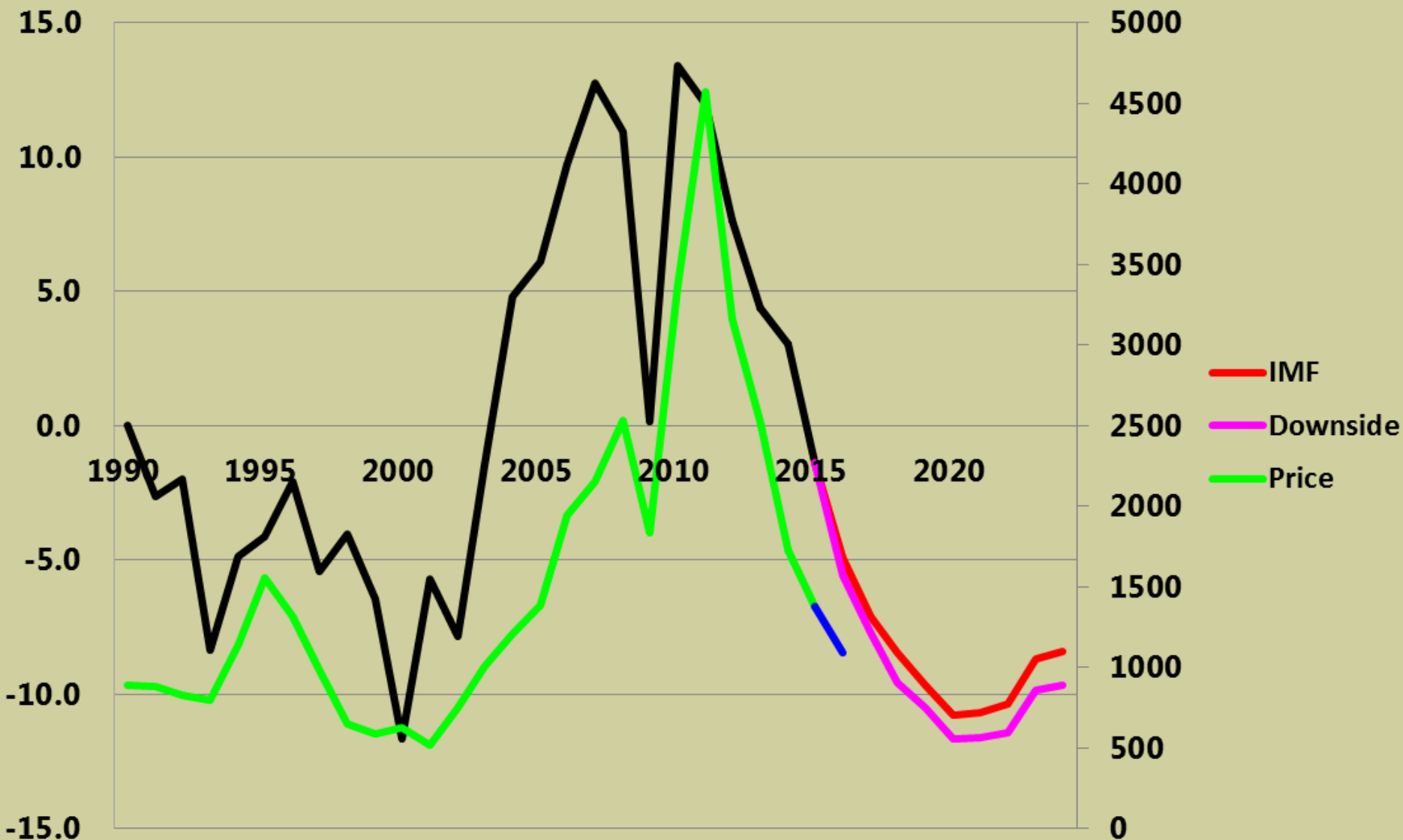


# Global Natural Rubber Scenarios, (KT)



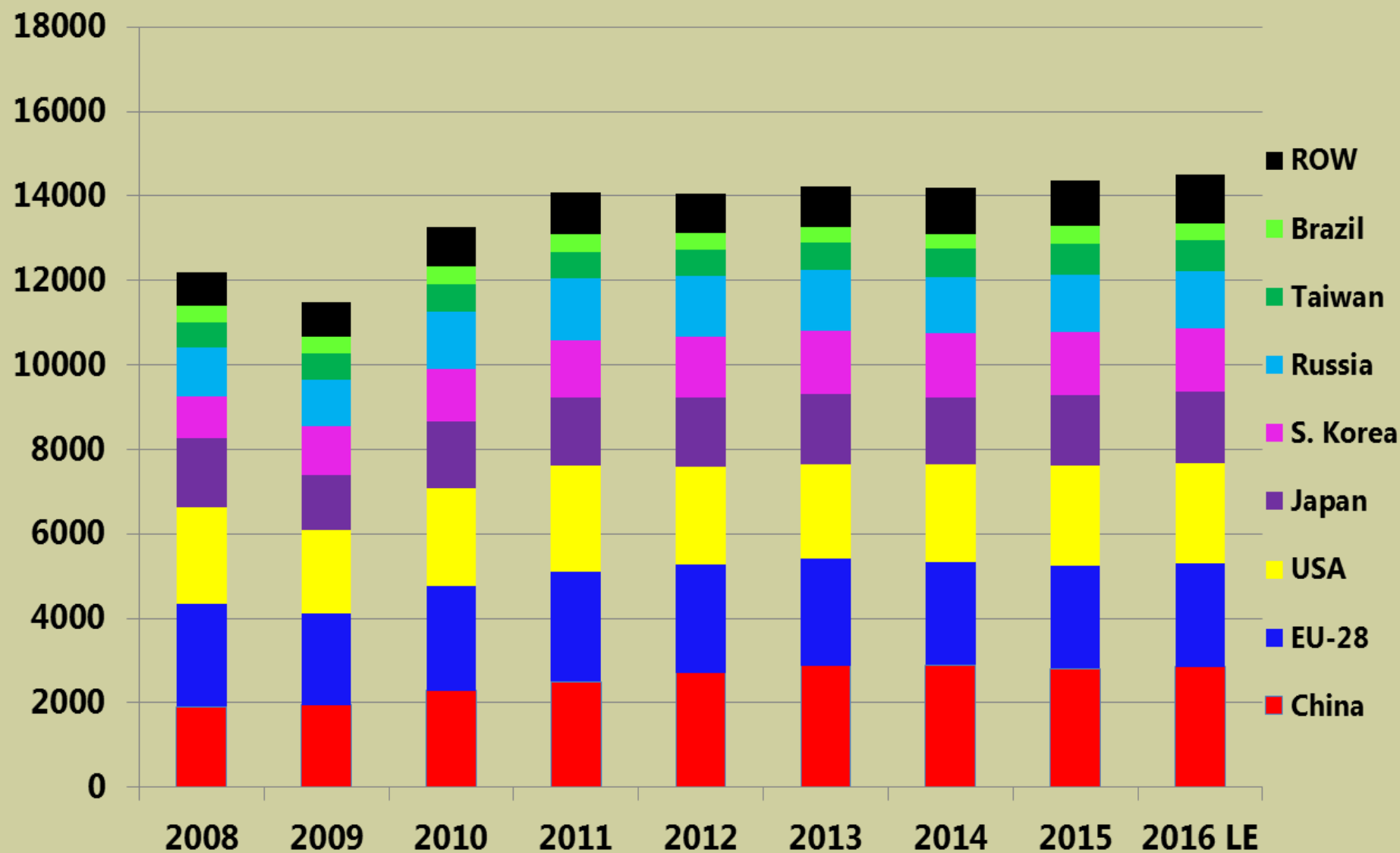


# Natural Rubber Supply Relationships



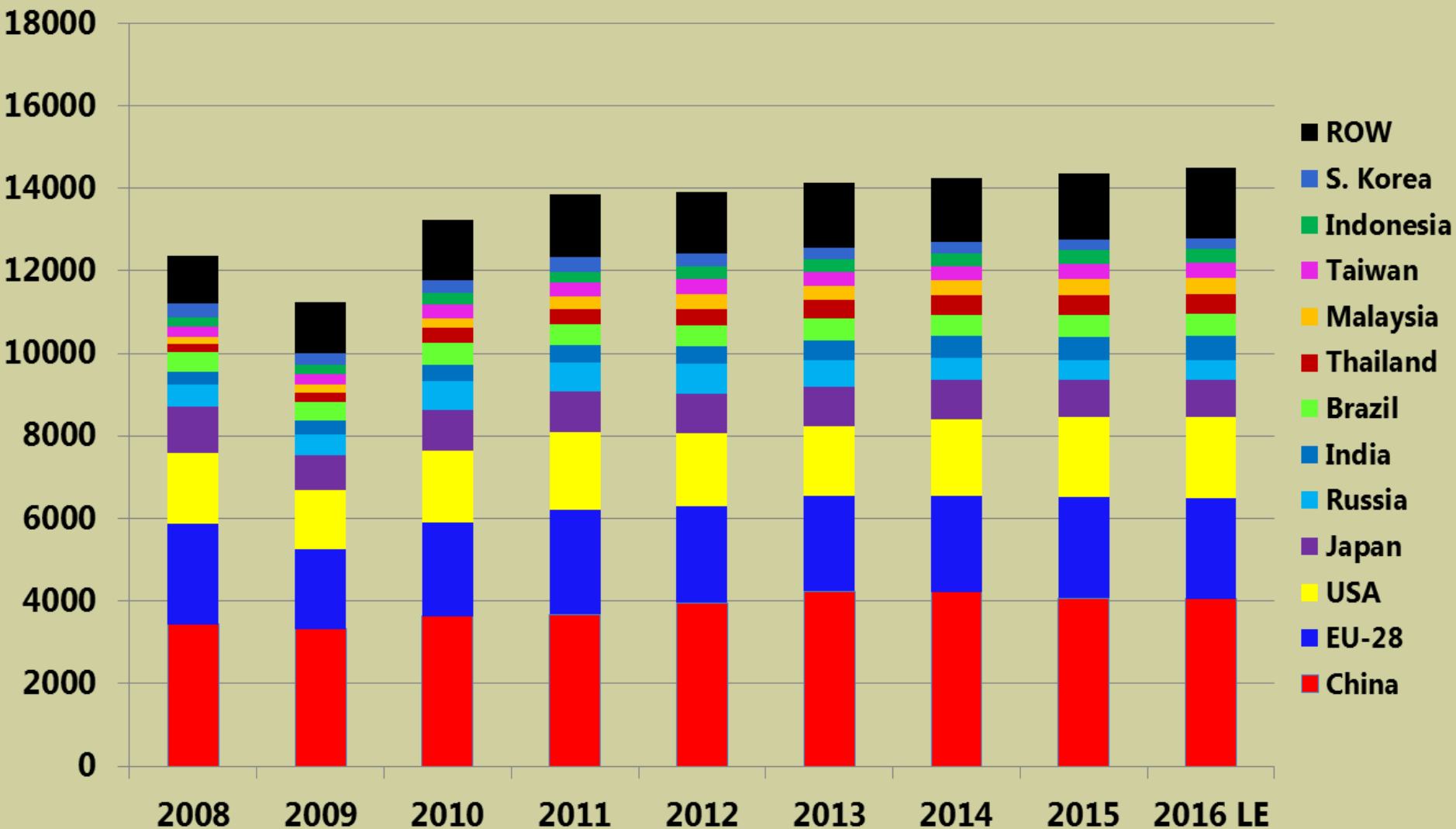


# Global Synthetic Rubber Production, (KT)



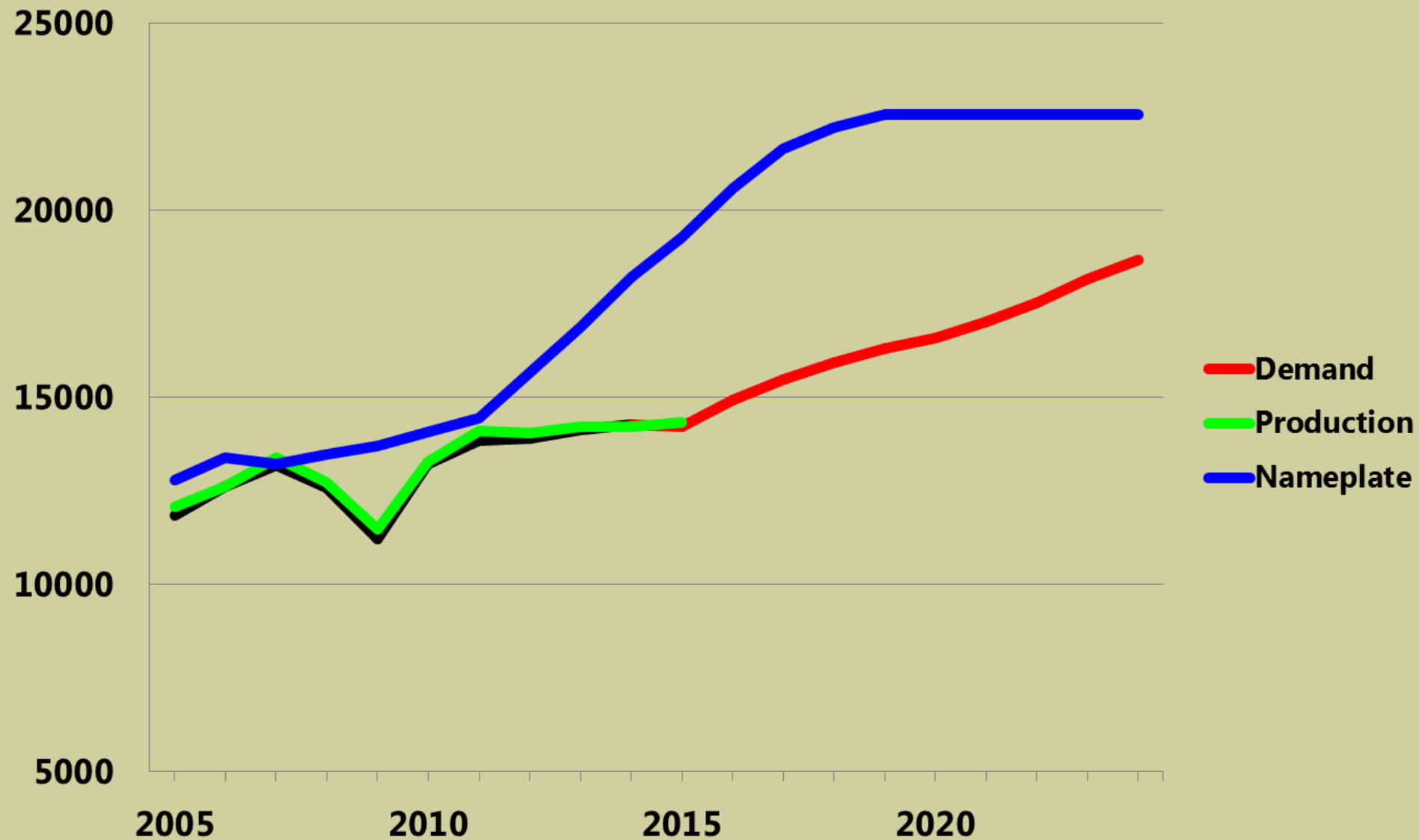


# Global Synthetic Rubber Consumption, (KT)





# Global Synthetic Rubber Scenarios, (KT)





# Prospects

- ◆ **Growing demand** but only **slow closure** of the overcapacity gap.
- ◆ Rationalisation and **consolidation** in the value chain.
- ◆ **Switch from rubber** to other agricultural crops – driven by policies or economic reality?
- ◆ Drive for **productivity improvements** to help farmers.
- ◆ **Consumption moving** towards site of production to minimise logistics inefficiencies and costs.



# Rubber Industry Sustainability : The Way Forward

**NR**



**Sustainable sourcing**



**Consumer/Stakeholder demand**



**SR**



**Downstream user**



**Communication + transparency + .....**





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**Thank You for Your Attention**