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

Prepared by the IRSG Secretariat

www.rubberstudy.com

Indian Rubber Meet
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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?
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
• Tyre producers purchase about 70% of total natural rubber placed on the global market
China Vehicles Production Growth, (%)
Cheap fuel encourage greater distance driven.....boost for replacement tire demand

Source: US Department of Transportation
Global Synthetic Rubber Production, (KT)

- ROW
- Brazil
- Taiwan
- Russia
- S. Korea
- Japan
- EU-28
- USA
- China
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 + ......
Thank You for Your Attention