

IRM 2024: Natural Rubber –
Changing Landscape, Emerging
Trends and Insights for Tomorrow

**The Rubber
Economy Outlook
2024: Challenges
and Opportunities
for Global NR
Sector**

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ANRPC

Presentation outline

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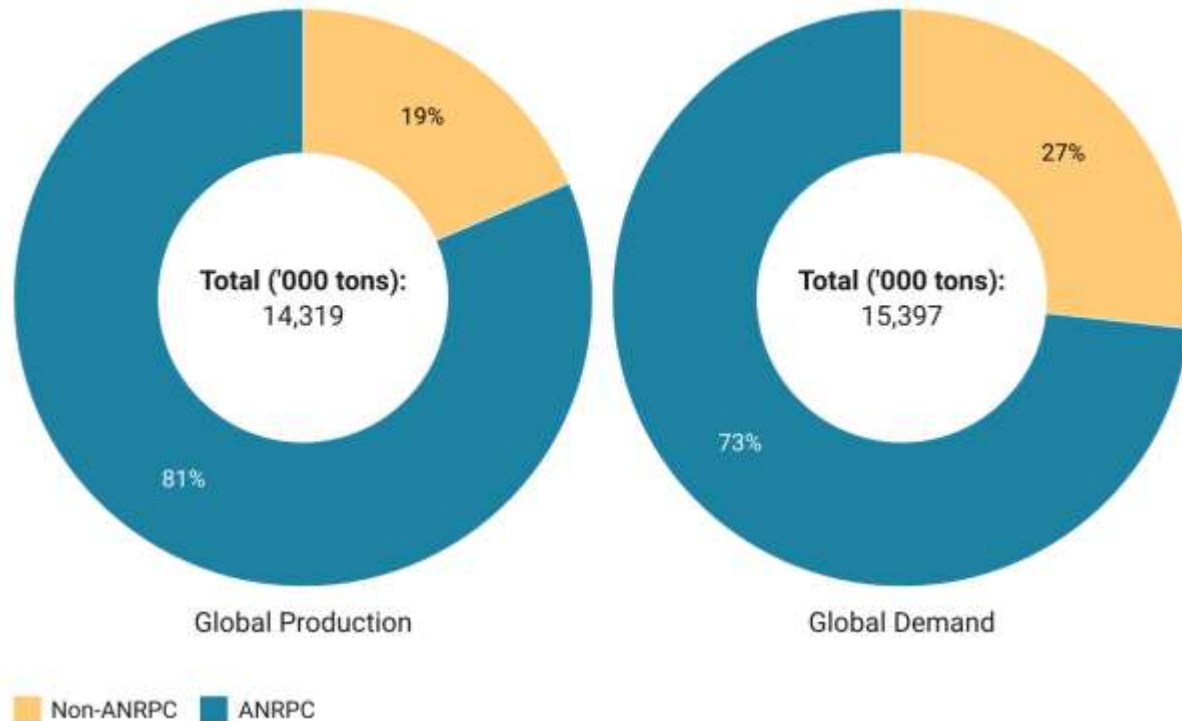
Opportunities
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Focus areas @
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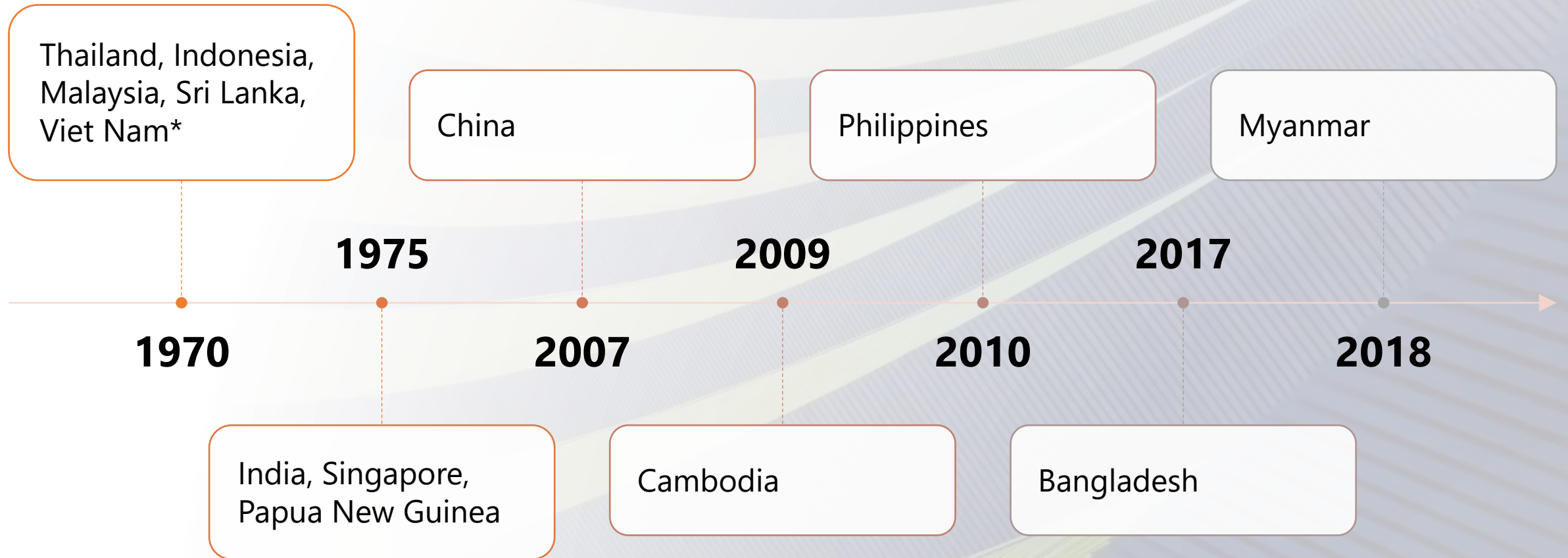
Section 1: About ANRPC

Global NR Market 2023



- An intergovernmental organization established in 1970.
- Membership is open to governments of natural rubber-producing countries.
- Membership strength:
 - A total of 13 member governments (Bangladesh, Cambodia, China, India, Indonesia, Malaysia, Myanmar, Papua New Guinea, Philippines, Singapore, Sri Lanka, Thailand and Viet Nam)

1.1 Timeline of Membership



*withdrew the membership on 5 January 1984, but rejoined on 10 October 1996

1.2 Objective of ANRPC

Supply Chain	To bring about coordination in the production and marketing of natural rubber
Technical Cooperation	To promote technical cooperation amongst members
Promote and collaborate on common interests	To promote and cooperate on any other matters affecting the NR industry
Remunerative Price	To bring about remunerative and stable prices for natural rubber

The background of the slide features a complex financial data visualization. It includes a candlestick chart in the upper left, a bar chart at the bottom, and several overlapping trend lines and dotted lines in shades of blue and white. A large, semi-transparent white circle on the right side of the slide frames the text. The overall aesthetic is modern and data-driven.

1.3 Mission of ANRPC

- To improve productivity of rubber holdings,
- To reduce cost, increase value addition in downstream rubber sector (rubber products sector)
- To explore sources of ancillary income
- To capitalize on eco-friendly credentials of NR and
- To safeguard the livelihoods of rubber farmers.

1.4 Functions

Authentic source of statistical and information of NR industry



International forum for analyzing and formulating policies on matters of NR industry



Specific functions

Resource center

Promotion activities on conducive sustainable growth in value chain of NR industry

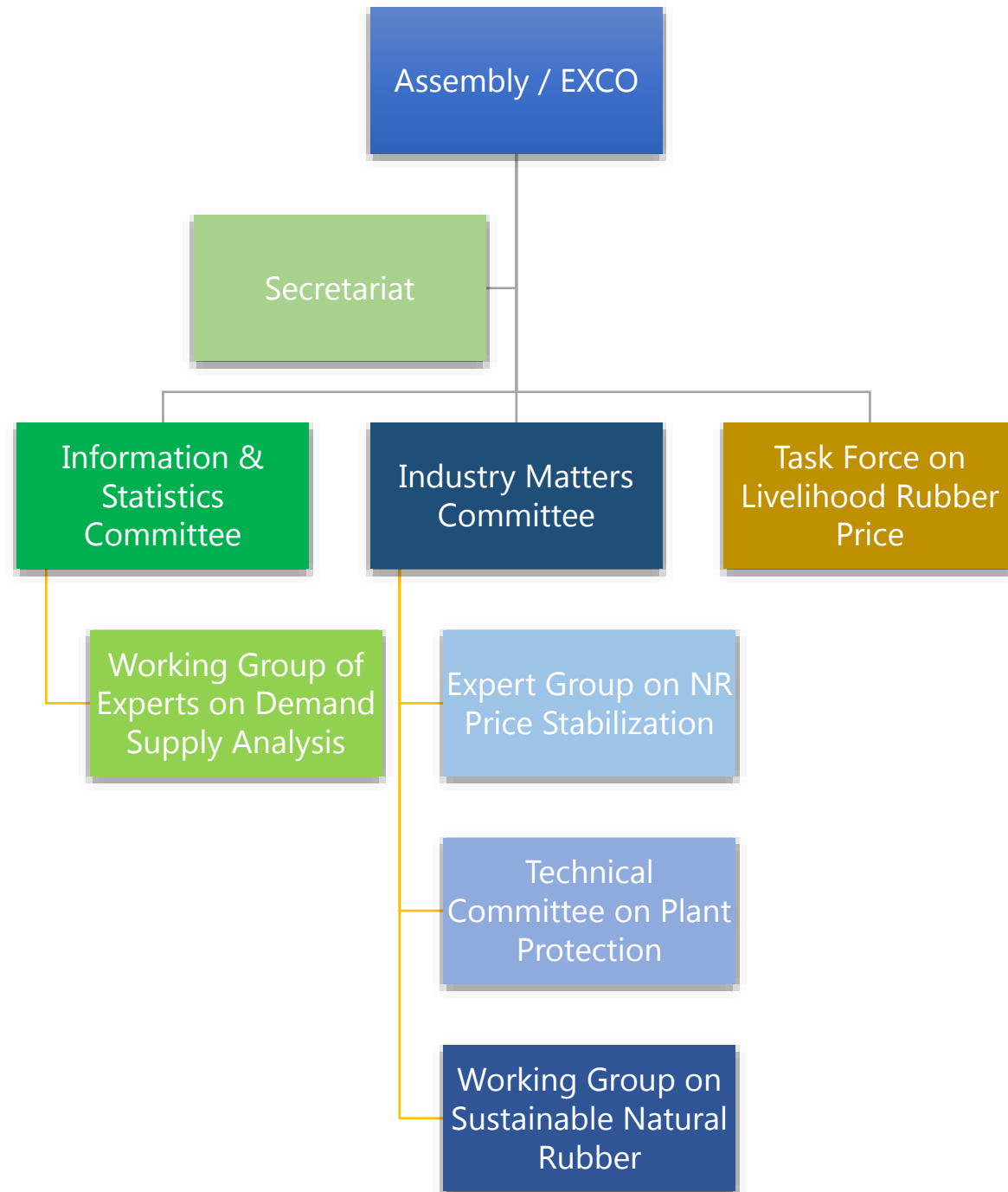
Promoting NR as environment-friendly industrial raw material

Identify challenges and opportunities in NR industry

Enhance information sharing and technical cooperation

Making policy recommendations

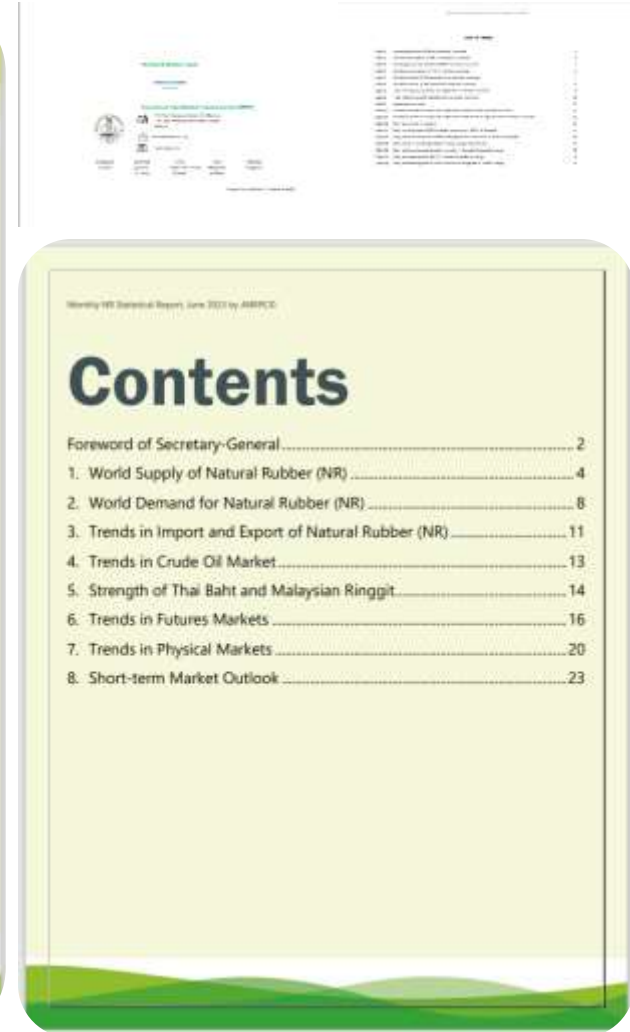
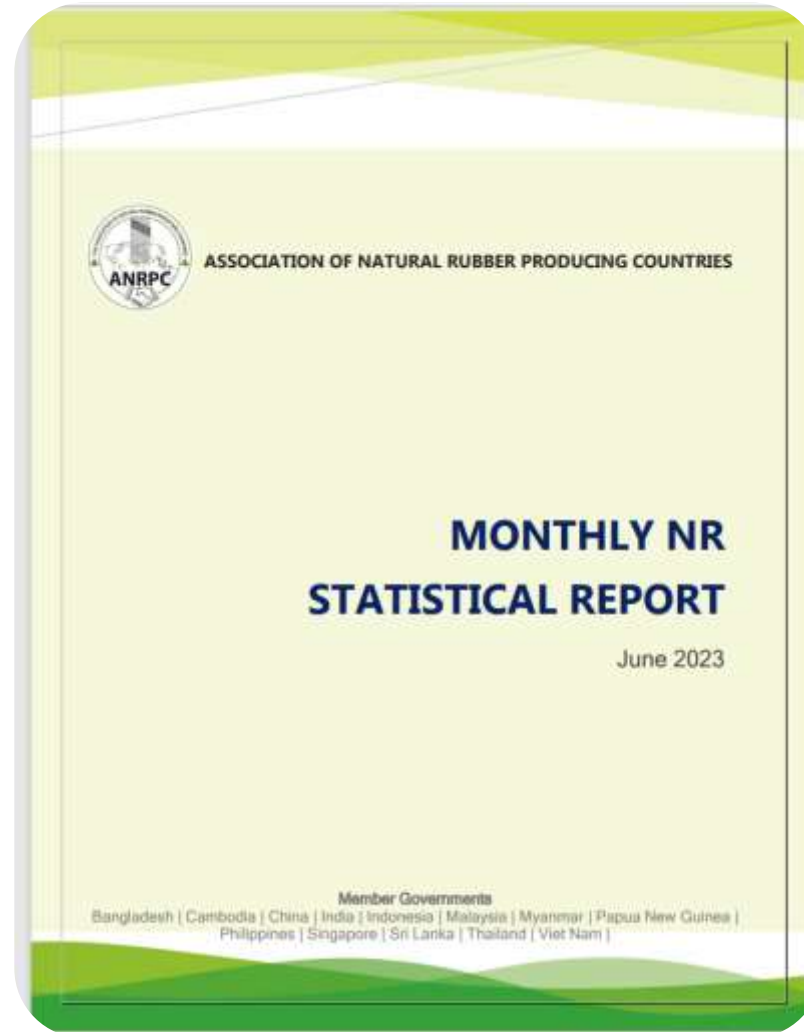
1.5 Structure of ANRPC




1.6 List of Secretary-Generals

No.	Name	Nominated Government	Period
1.	Mr. Jamil bin Mohd Jan	Malaysia	1970 – 1973
2.	Dr. Moeljono Partosoedarso	Indonesia	1972 – 1977
3.	Dr. Sumardi Reksopoetranto	Indonesia	1978 – 1980
4.	Mr. B. K. Abeyaratne	Sri Lanka	1980 – 1982
5.	Dr. Pimol Chitman	Thailand	1982 – 1985
6.	Mr. Ahmad Hassan Osman	Malaysia	1985 – 1988
	Dr. Abdul Madjid	Indonesia	1989 – 1992
8.	Mr. Sucharit Promdej	Thailand	1992 – 1995
9.	Mdm. J. Lalithambika, I. A.S	India	1995 – 1998
10.	Mr. Gnoh Chong Hock	Singapore	1998 – 2001
11.	Mr. G. W. S. K. De Silva	Sri Lanka	2001 – 2004
12.	Mr. Phillip T. Pondikou	Papua New Guinea	2004 – 2007
13.	Mdm. Suchada Varaphornn	Thailand	2007 – 2008
14.	Prof. Dr. Djoko Said Damardjati	Indonesia	2008 – 2011
15.	Dato' Dr. Kamarul Baharain Basir	Malaysia	2011 – 2014
16.	Madam Sheela Thomas, I.A.S	India	2014 – 2016
17.	Dr. Nguyen Ngoc Bich	Viet Nam	2016 – 2019
18.	Mr. R. B. Premadasa	Sri Lanka	2019 – 2022
19.	Mr. Toh Heng Guan	Singapore	2023 – Present

1.7 Images on ANRPC Publication





Section 2: Challenges of Global Natural Rubber (NR) Sector



2.1 Overview of Supply Chain in Global NR Sector



Supply Chain Complexity

Different management and coordination in various elements in the supply chain across the countries. i.e., diverse products, market reaction, geographic divergence.



Fragmented Supply Chain

Lack of seamless integration or disconnected in the supply chain due to various reason at different levels, between the market players.

2.2 Challenges @ upstream sector



Market volatility

High risk and volatility in prices



Government policy

Competitive land and labour cost
Participation of young generation and women



Technological advancement

Low automation adoption rate as it's labour-intensive approach.



Climate change

Vulnerable to adverse climate such as more rainfall, drought, flash floods could refrain the harvesting activities.



Pest and diseases

The outbreak of *Circular Leaf Fall Disease* and others.
Raises cultivation costs and becomes economically unsustainable at such price level.



Sustainability requirement

Good agricultural practices
Traceability
Safeguarding the livelihoods of local community
Efficiency of supply chain



2.21 Smallholders' challenges

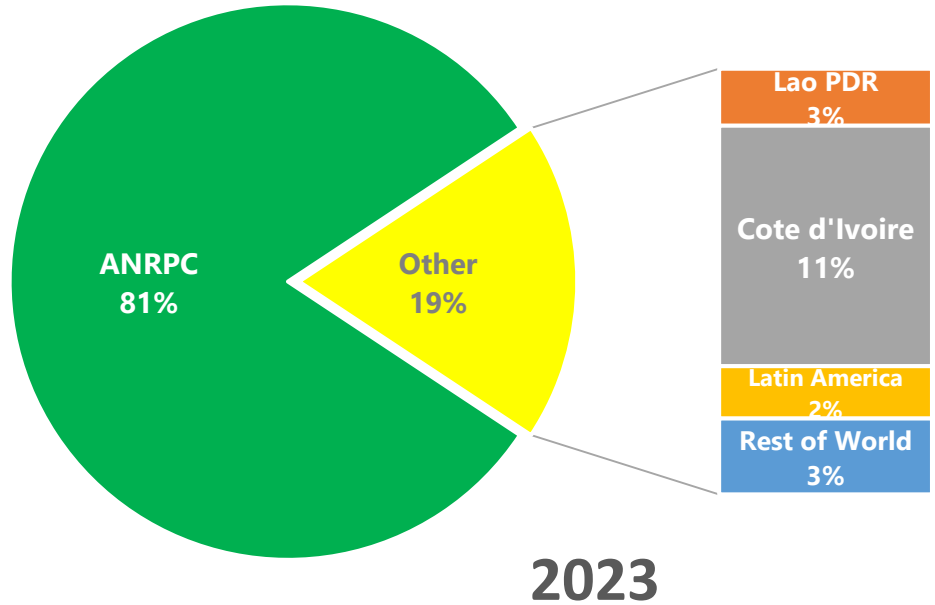
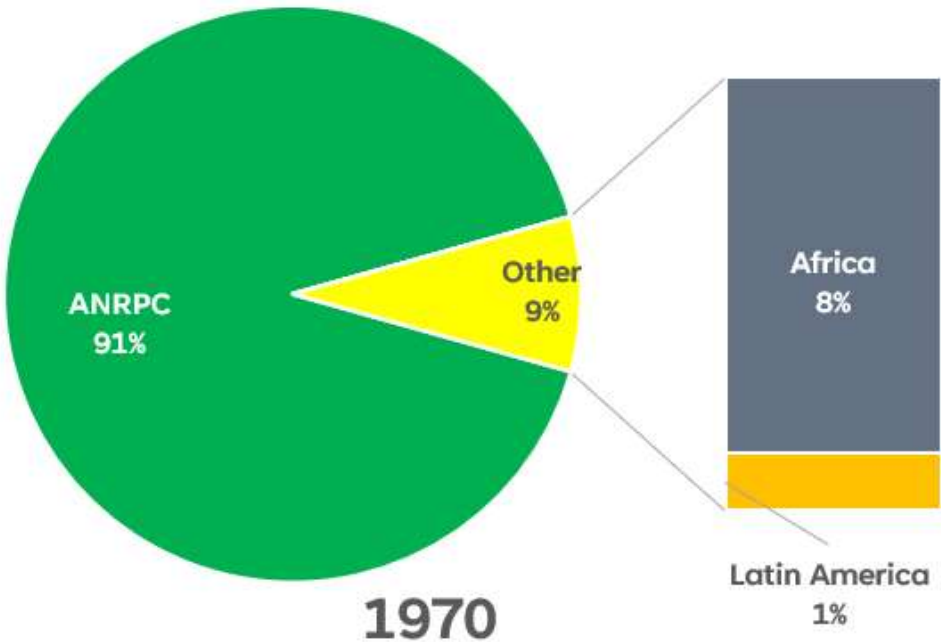
- Uneconomical holdings
 - Low replanting rate
 - Aging profile of smallholders
 - Dependency to hired tappers (local/foreigners)
 - Vulnerable to adverse climate
 - Rising earning uncertainty
 - Volatility in rubber market
 - Low tapping interests
 - Deforestation-free Regulations (i.e. EUDR)
-

2.22 Misconception of upstream activities

- Deforestation
- Harmful to biodiversity or ecosystem



2.23 Shift in rubber production from traditional to new emerging producing countries



2.3 Challenges @ downstream sector

Market volatility

- Surges in raw material prices, labor costs, and shipping costs, along with uncertain demand prospect.

Government policy

- Subject to taxation, trade agreements, tariffs, interest rates or new regulations related to rubber.

Alternative source of rubber

- Emergence of Russian dandelion, guayule and more.

Technological advancement

- Adopting advanced technology to reduce operational costs, enhance supply chain efficiency, and promote transparency and traceability.

Adaptation to the current development

- Achieving net-zero carbon emissions, developing the electric vehicle market, transitioning to high-end manufacturing, and enhancing infrastructure development in developing countries.

Sustainability requirement

- Traceability, certification, and providing sustainability requirement and other aspects may be challenging.

External factors

- rising interest rates, economic conditions, and geopolitical tensions.



Opportunities and Future Prospects of Global NR Sector

Section 3



3.1 Transformation for Sustainable NR Industry in the Producing Countries' Perspective

To revitalize NR industry and address the challenges as below.

- Encourage organized farming and multi-crops cultivation
- Reposition its R&D activities based on priority and importance
- Enhance collaboration between industry players and public sector
- Capitalize the technology advancement toward supply chain efficiency
- Enhance and encourage cooperation in regional economies

3.2 Holistic approach on Sustainable Development Promotion



Industry collaboration

Fostering partnerships and knowledge sharing.



Partnership & alliances

Promoting shared value creation and industry-wide progress.



Collective action

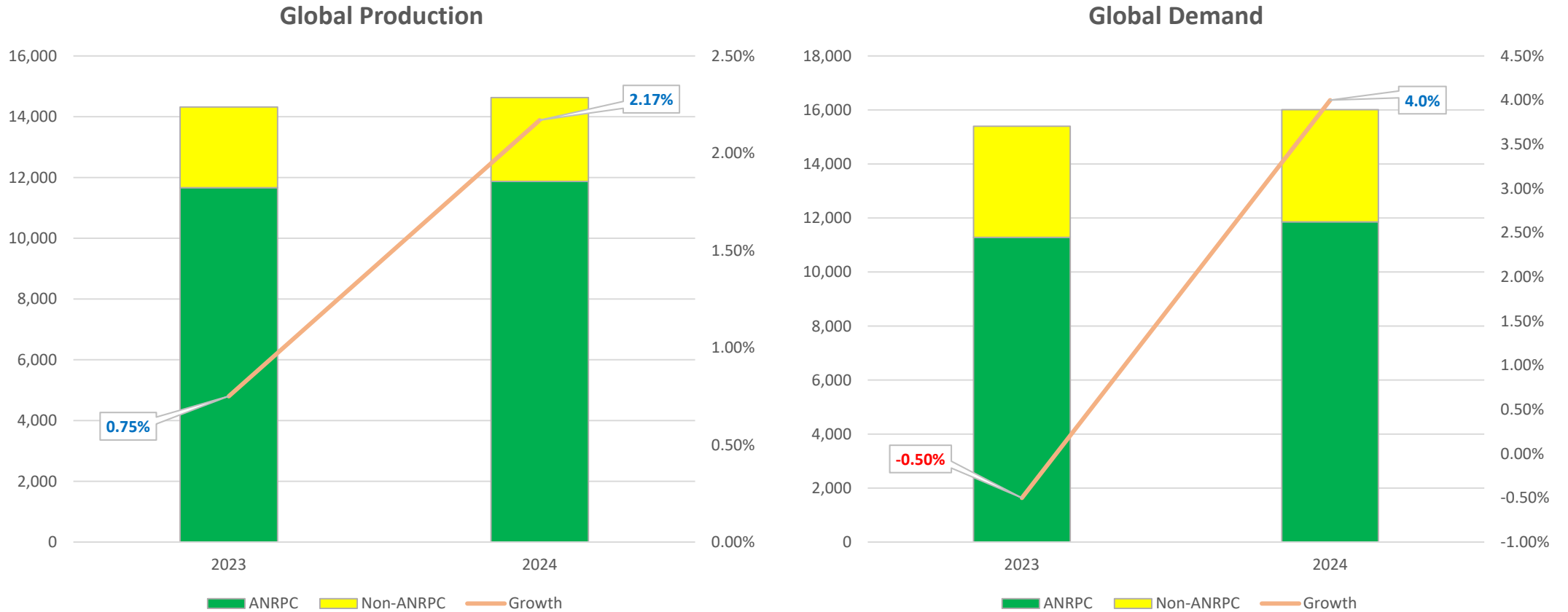
Emphasizing the power of unified efforts for positive change.

3.3 Drivers for Global NR sector

- Consumption driven among ANRPC members, such as China, India, Thailand, Indonesia more.
- Persistent growth in the automotive industry, other than healthcare and medical equipment industry.
- The emergence of electric vehicles (EV) sector and growing demand for sustainable and eco-friendly products that are composed of NR.
- Technological advancements and governments' support in industrial 4.0 , smart cities and smart manufacturing.



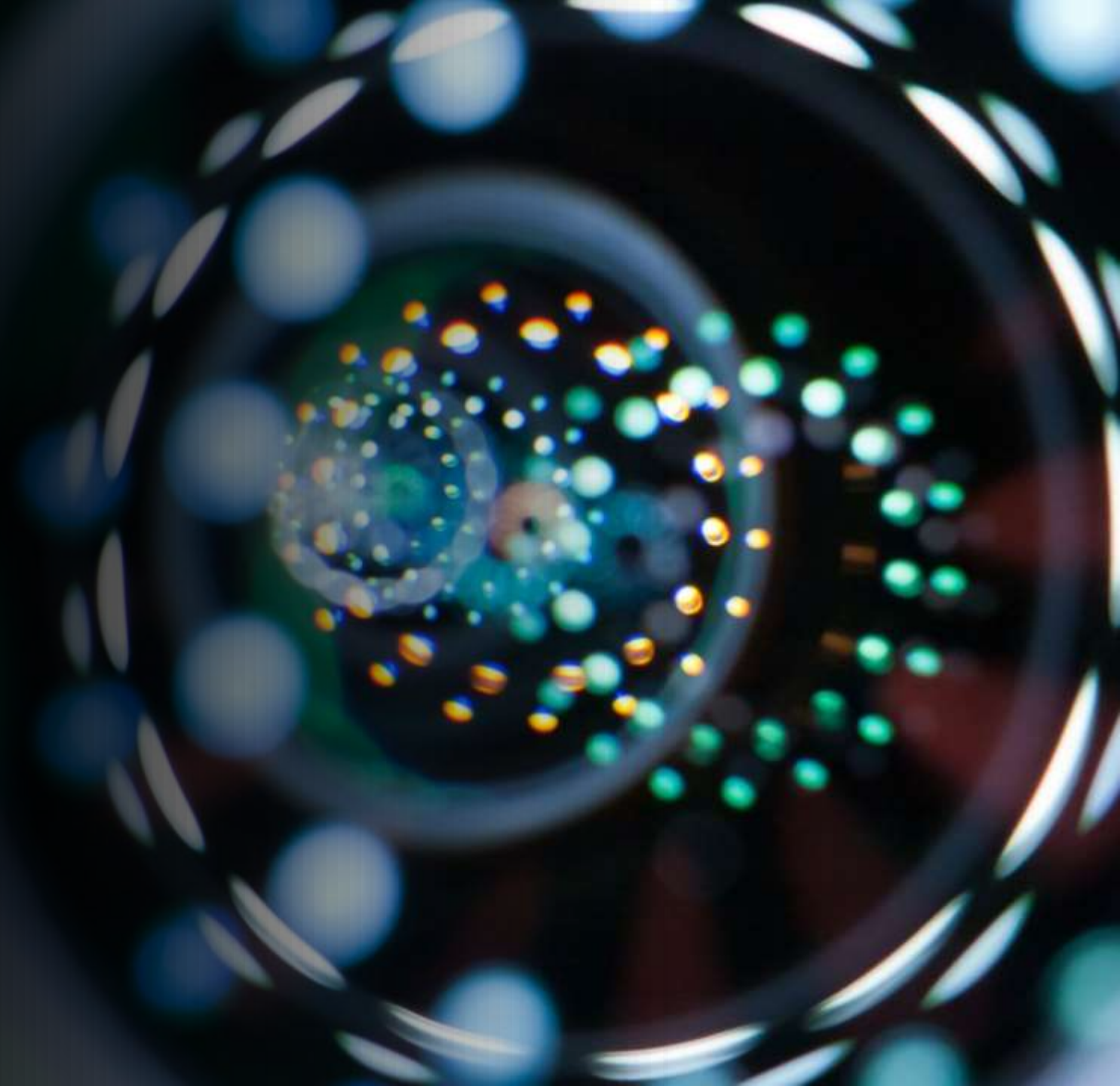
3.4 Global Outlook of NR 2024 ('000)





Focus areas @ Secretariat

Section 4



4.1 Core activities



Develop sustainability initiatives, enhance cooperations with dialogue partners and among member countries



Explore and safeguard interest of stakeholders in sustainable development



Explore collaboration with non-members



Introduce more interaction among members and industry players on digital platform

4.2 ANRPC stance on EUDR



JOINT COMMUNIQUÉ OF THE ASSOCIATION OF NATURAL RUBBER PRODUCING COUNTRIES (ANRPC) 54th Meeting of Executive Committee Guwahati, India, 12 October 2023

1. We, ANRPC's Member Countries (AMC), representing 84% of world production and 70% of consumption¹ of Natural Rubber (NR) in the world, have met today on 12 October 2023 in Guwahati, India, for the 54th Meeting of the Executive Committee.
2. ANRPC in principle supports any activity that promotes sustainability and protects our natural resources in a fair, clear, and sustainable manner, without creating unnecessary trade barriers and harm to the local community.
3. We highlight the role of Natural Rubber (NR) as an essential raw material that is used in the creation of many products and contributes to the economic, social, and environmental well-being of all stakeholders, including farmers/smallholders, communities, and the planet.
4. NR production for smallholders holds the potential to propel us closer to the achievement of the targets set by the United Nations' 2030 Agenda for Sustainable Development Goals (SDGs), particularly the call for no poverty (SDG 1), zero hunger (SDG 2), gender equality (SDG 5), decent work and economic growth (SDG 8), industry, innovation and infrastructure (SDG 9), responsible consumption and production (SDG 12), climate action (SDG 13) and life on land (SDG 15).
5. Rubber plantations, as assessed by the Food and Agriculture Organization (FAO), constitute a distinct form of forest that seamlessly integrates commercial and ecological aspects². These plantations contribute to biodiversity conservation and

¹ Source: ANRPC (2023). ANRPC is an intergovernmental organization for governments of natural rubber-producing countries as members. Presently, it consists of 13 countries including Bangladesh, Cambodia, China, India, Indonesia, Malaysia, Myanmar, Papua New Guinea, Philippines, Singapore, Sri Lanka, Thailand, and Vietnam, which collectively represented around 84% of global natural rubber production in 2022. The vision of ANRPC is to ensure an economically viable, socially and ecologically sustainable natural rubber industry. Its mission is: "To continuously improve productivity of rubber holdings, reduce cost, increase value addition in downstream rubber sector, explore sources of ancillary income, capitalize on eco-friendly credentials of natural rubber and thereby improve the well-being of rubber farmers."

² FAO Global Forest Assessment 2023

local livelihoods. Their integration into landscapes promotes responsible land use and supports rural economies, aligning with our collective vision of sustainable development.

6. At the same time, the AMC have an ongoing sustainability program and is in the process of creating a comprehensive guideline relating to Sustainable Natural Rubber (SNR). In tandem with this endeavour, ANRPC is fostering collaborative partnerships with relevant parties to facilitate the exchange of knowledge and dissemination of best practices to promote SNR.
7. Most rubber smallholders have been suffering from low NR prices for more than a decade which in most of the time NR were traded below cost of production³, plant pests and diseases, climate change and more, and will now face a new potential challenge from the implementation of the EU Deforestation-free Regulation (EUDR), as they will be required to comply with some administrative procedures, such as Due Diligence and risk assessment mechanisms. ANRPC will continue to enhance collaboration within the AMC together with the relevant international parties in ensuring both production cost and sustainability factors are integral to the rubber trade.
8. We are deeply concerned by the enactment of the EUDR that has the possibility to create unnecessary barriers to trade which may lead to catastrophic outcome to the NR global supply chain disruption⁴, especially to the smallholders.
9. We reiterate that trade policies should align with the rules and regulations set out in the multilateral trading system, with the World Trade Organization (WTO) at its core. Trade policies should also promote an inclusive, equitable, transparent, non-discriminatory, and mutually supportive approach to environmental policies, extending their scope beyond the interactions between factories and operators. They should aim to deliver advantages to farmers, who are fundamental stakeholders within the trade ecosystem.
10. We urge the EU to look further into the role of the NR sector, its invaluable role in sustainable development, and responsible regulation. By acknowledging rubber as a forest tree, the EU can facilitate creating regulations that ensure the continued availability of NR while upholding the balance factors of SDGs' economic, social, and environmental pillars, to fulfil the whole concept of sustainability.
11. We request the EU to establish practical approaches and measures to ensure the

³ ANRPC's Task Force on Alternative Mechanism to solve rubber prices in a short-term period

⁴ According to the statement from International Trade Center (ITC) (2023)

smallholders' inclusivity in the supply chain in line with the spirit of "leaving no one behind" of the United Nations SDGs and minimize the risk of smallholders' exclusion in the EU market.

12. We are making a collective effort to call upon EU authorities to acknowledge and take into account the concerns of AMC, and look forward to having a substantial, genuine, and constructive dialogue on the issues of the EUDR.
13. The AMC will continue the close cooperation between members and reaffirm its commitment to the achievement of the United Nations' 2030 Agenda for Sustainable Development.



Thank you for your time.



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