

## THAILAND: Rubber sapling suppliers can bid under new plantation scheme

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The government plans to invite bids from rubber sapling suppliers for its three-year plantation project covering 800,000 rai (one rai=1,600 sq m) across the country.

The project, starting this year, is expected to add more than 220,000 tonnes of natural rubber by 2017, on top of about 3.11 million tonnes the country harvested last year.

The expansion, which was approved last year by the National Rubber Policy Committee chaired by deputy prime minister Suthep Thaugsuban, allows new growers with small plots of five to 10 rai to create job opportunities and disperse income from the cash crop.

A strong market boosted by high demand from abroad and expensive oil prices pushed rubber prices in Thailand to reach a record high last year, with an average of 109.88 baht per kilogramme for ribbed smoked sheet grade 3 (RSS3). The market continues to be bullish, with the price at 162.71 baht yesterday (17 Jan. 2011).

According to Wit Praturkchai, director-general of the Office of the Rubber Replanting Aid Fund, the expansion would involve about 160,000 of planters who could each earn up to 224,000 baht per year once rubber trees mature.

About 3.97 billion baht has been earmarked for the project, involving 2.83 billion baht for rubber saplings and fertilisers and about 1.1 billion baht for training planters and operating costs over the next seven years or until the trees give productivity.

As the Northeast has been promoted as a rubber production hub after the industry in the South became saturated, the expansion aims to add 500,000 rai of rubber sites in the Northeast, 150,000 rai in the North and the remaining 150,000 rai to be spread over the East, Central Plains and South.

In the three-year plan, 200,000 rai is designated for the first year, with 300,000 rai each for 2012 and 2013, according to Mr Wit, who supervised the project.

"The government had planned to start the scheme last year but falling short of rubber saplings was the main cause of the delay," he said.

Heavy expansion among planters to cash in on rising prices drove prices of rubber saplings to above 30 baht apiece, up from 18-20 baht a few years ago.

According to Mr Wit, bids from sapling suppliers would be called separately in each region to improve distribution efficiency. The greater number of winners would help prevent criticism that the government favoured any company.

CP Seeds, the sole winner of the 1.4 billion baht rubber saplings bidding in 2003, became involved in controversy together with then deputy agriculture minister Newin Chidchob. It led to 44 state officials and businessmen being charged with malfeasance (misconduct or wrongdoing), but they were acquitted in 2009.

Mr Wit said more than one supplier would be needed in the Northeast to ensure saplings reach growers in time. "Saplings should reach growers' hands by June and July or before the rainy season, otherwise cultivation might not be good," he said.

High prices of saplings may prompt the government to allow planters to use other suppliers, but only those registered with the Agriculture Department.

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