

## MALAYSIA: Strong demand will boost rubber price

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The Malaysian Rubber Board (MRB) expects the natural rubber (NR) market to continue to chart new highs, at least in the first half of this year, on continued strong demand from emerging economies as well as declining output from major rubber-producing countries.

On 14 Feb. 2011, tyre-grade SMR 20 posted a new high of RM 17.27 per kg while latex-in-bulk hit RM 10.66 per kg.

Director-general Datuk Dr Salmiah Ahmad said in a press statement that the challenge for 2011 would still be tackling a consumption-exceeding-supply situation.

This is followed by the still sluggish US economy, continuing worries over sovereign risk in the euro-area and uncertainty over the Chinese government's measures to cool inflation and the economy.

In reviewing the rubber sector performance for 2010, she said: "It has been an eventful year for the domestic rubber industry."

Export earnings from the rubber sector continued to expand by 34.8% to RM33.7 billion in 2010 from RM25 billion in 2009, thanks to the favourable economic growth primarily driven by the emerging and developing economies.

Of the total value exported, RM12.3 billion was contributed by the export of rubber products while raw rubber, other rubbers and heveawood products provided RM9.5 billion, RM4.3 billion and RM7.6 billion respectively.

"The rubber sector in fact contributed about 5% to the country's export earnings," Salmiah said. "The contribution of the industry is much higher if we consider its spin-offs and multiplier effects on the Malaysian economy.

"Some notable spin-offs are in the fields of engineering, packaging and transportation."

The rubber industry also remains a major sector in the Malaysian economy in terms of contribution to the gross domestic product (GDP), export earnings, employment and income, involving large numbers of smallholders.

As for NR statistics, Malaysia's rubber production in 2010 was expected to reach 970,000 tonnes, registering an increase of 13% over the previous year..

"Higher NR prices had contributed to this increase as attractive prices have encouraged many smallholders to step up their output," Salmiah said.

Correspondingly, export should also increase, fuelled by continued strong demand.

Salmiah pointed out that the rubber industry was important in developing the national economy and providing opportunities for an estimated 300,000 smallholders.

The implementation of the Malaysian Rubber Industry Strategies and inclusion of the industry as one of National Key Economic Area projects together with oil palm is expected to stimulate further growth of the industry.

By 2020, the rubber industry is targeted to contribute RM52.9 billion to the gross national income.

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### Adresse:

<http://www.gupta-verlag.com/rubber/news/industry/9520/malaysia-strong-demand-will-boost-rubber-price>