



“Grisada” urges the Local Administrative Authorities to purchase rubber to prevent price drop



Mr. Grisada Boonrach, Minister of Agriculture and Cooperatives, urges the Thai Local Administrative Authorities to purchase more natural rubber. For the next opening season of rubber tapping, all local authorities have planned to purchase “Concentrated Latex” for constructing approximately 75,000 kilometers of roads to prevent rubber price drop.

On May 5, 2019, Mr. Nakorn Tangavirapat, Deputy Governor of the Rubber Authority of Thailand (RAOT), revealed that within this week the Board of Directors of RAOT will receive an investigation report on the establishing of the Thai rubber joint venture company with the capital value of 1.2 billion baht. The company was set up, during Mr. Theatch Suksaard’s (Governor of RAOT) administration, with an aim to maintaining the stability of rubber price. He was subsequently transferred, under Section 44 of the Constitution, to work at the Office of Prime Minister in 2017. The report once finalized will be submitted to Mr. Grisada for consideration. The RAOT Board of Directors has requested for additional information to determine whether the former Governor was legally authorized to set up the company. A letter note has been submitted to the Office of Attorney General to seek legal advices. The Board commanded to complete a liquidation no later than June 2019. At present, there are remaining rubber in the stock which make the financial account unable to close. Hence, it could not be concluded at this stage that the company has a net loss of 200 million baht.

During the rubber tapping closure season, rubber prices have risen over 50 baht/kg. Nevertheless, foreign rubber markets are very volatile. The international purchasing prices are lower than those of domestic trade, said Mr. Nakorn. This unusual circumstance makes the price difference between fresh latex and smoked rubber sheets falls to 2-3 baht/kg, instead of the normal 5 baht difference. This has caused the farmers to sell more in fresh latex form. To resolve this issue, RAOT will pay additional 0.5 baht to the median market price and further plan to re-sell them within 5-6 months in order to raise the selling price in the country.

For the Government's measures in increasing the use of natural rubber in the country, Mr. Grisada urges for the use of latex as a part of materials for road construction in all communities throughout the country. The construction can commence at the same time during May's rubber tapping season, following the national local Administrative Council meeting.

Mr. Nakorn stated that every community will start constructing the roads using natural rubber as a material at the beginning of the tapping season of May 2019. The Municipal Council has organized a public hearing and finalized the bidding for the construction of 1 km road each for 75,000 villages. Five (5) approved suppliers will be notified this week from which the local authorities are recommended to source the materials. PBEN must be added to the mixture of latex and cement to increase strength of the roads constructed. The chemical added shall comply and be certified against the established standards. The Minister expressed his concern over the material fraud which would undermine the road quality. Appropriate chemical mixture will make the roads 3-5 times more resistant than asphalt roads with lateritic soil.

In addition, RAOT has obtained environmental certification for natural rubber products and rubber woods derived from rubber plantations without deforestation or environmental damages. As a result, the world's leading manufacturing companies such as Michelin and Bridgestone, may consider purchasing natural rubbers directly from RAOT rather than through traders in Singapore.

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