



Rubber Authority of Thailand



Value Addition in Major NR Exporting Countries : Miles to Go

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Figure 1: Downstream NR manufacturing industry in Thailand

Thailand's rubber industry is still suffering from the decline in product prices, due mainly to high global excess supply.

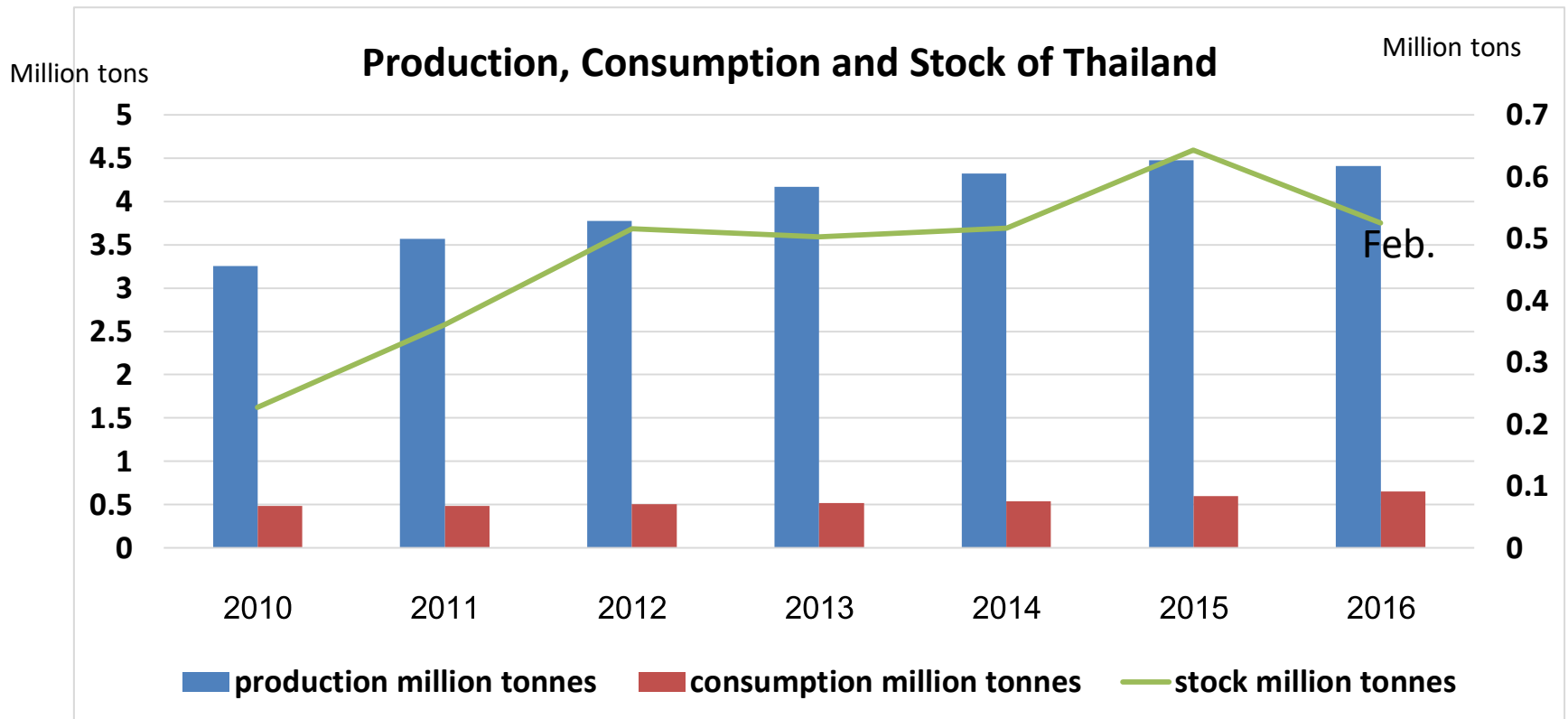


Figure 2: Production of NR in the world in 2016

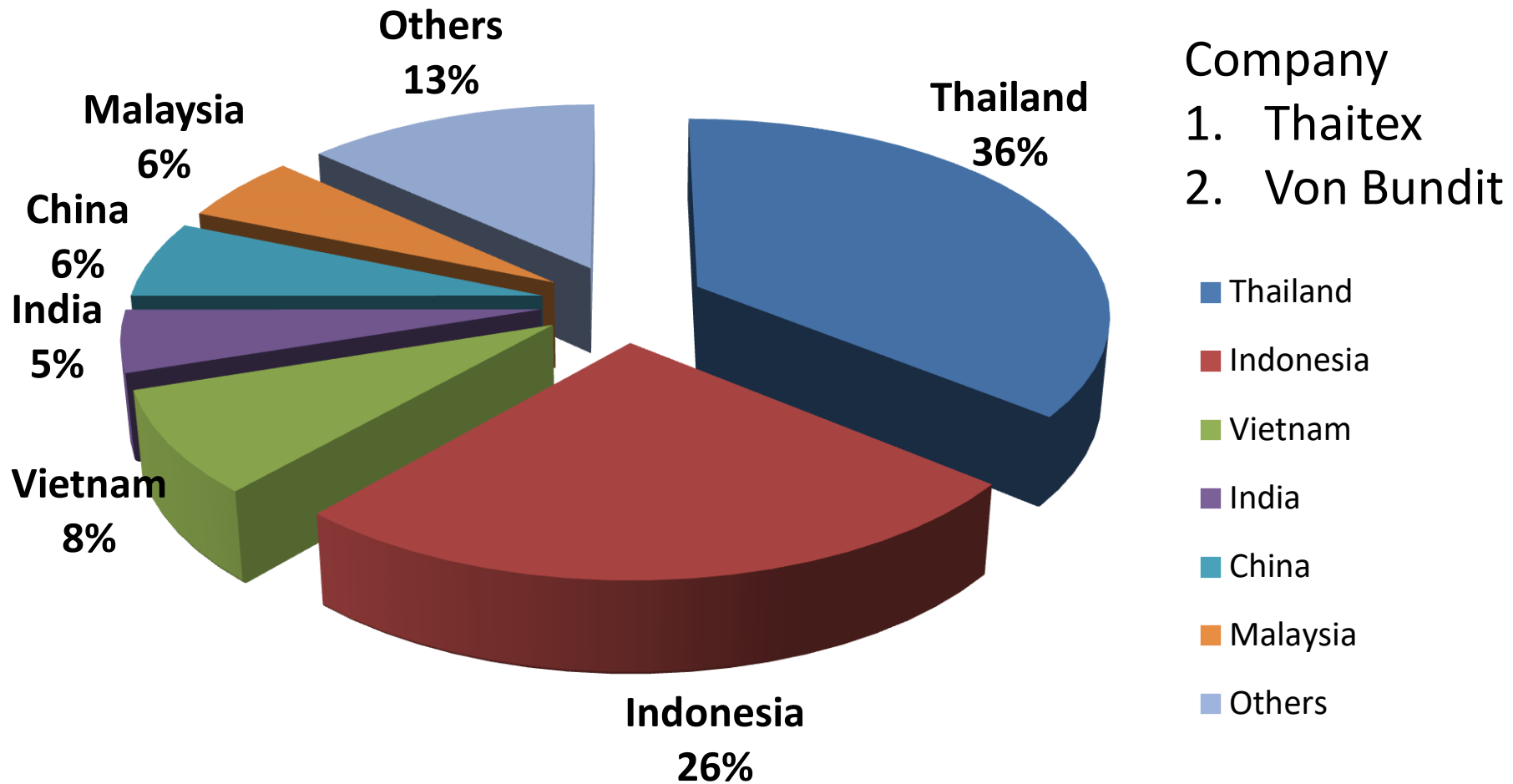
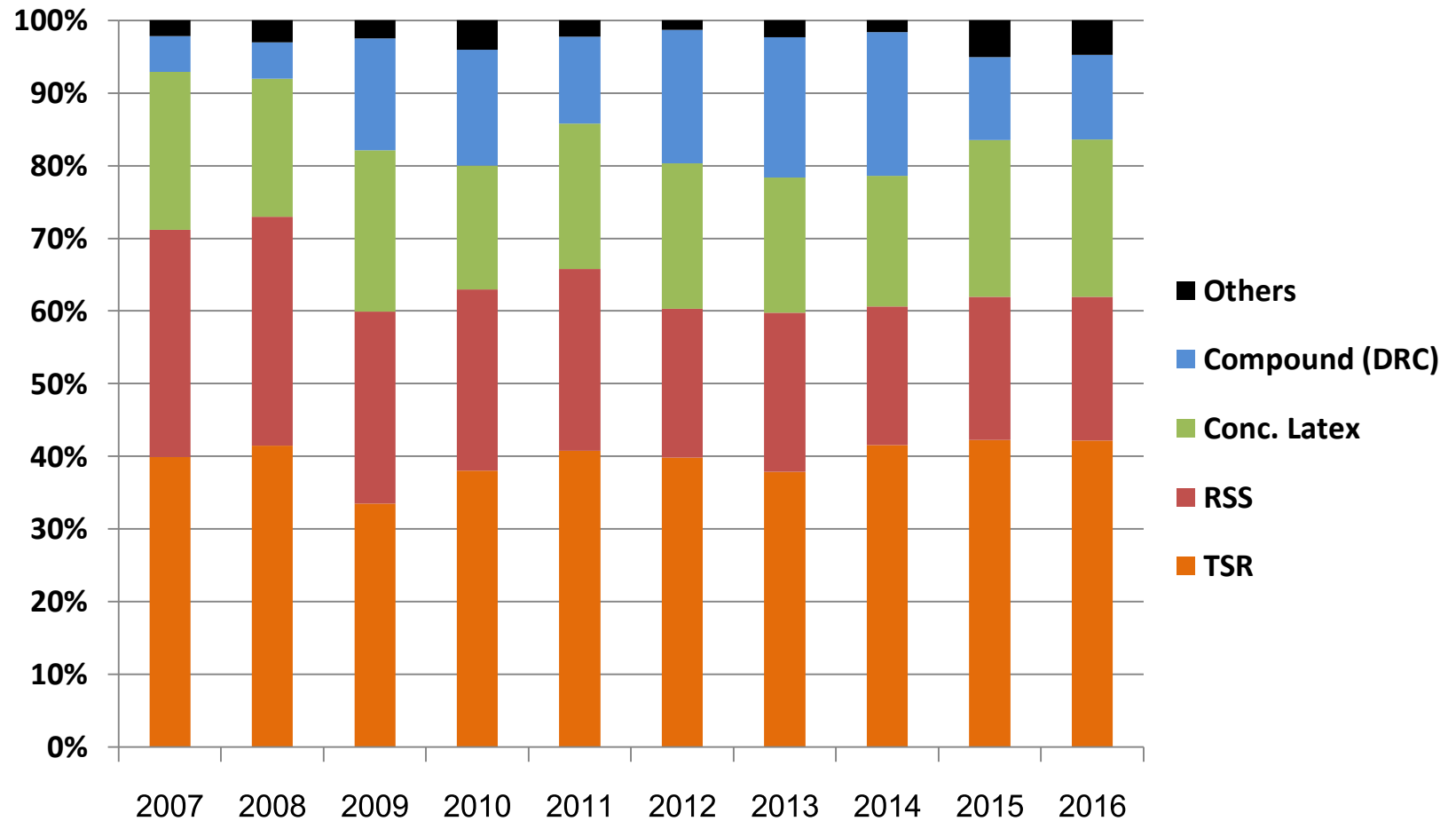


Figure 3: The Manufacture of Thai NR in Primary Form



source : RAOT/IRSG

Figure 4: % Market Share of World Exports in 2016



Thailand 75.9%
Indonesia 6.3%
Vietnam 5.6%
Myanmar 3.1%



Indonesia 40.3%
Thailand 21.9%
Malaysia 12.4%
Vietnam 12.2%



Thailand 73.9%
Vietnam 3.8%
Malaysia 3.4%

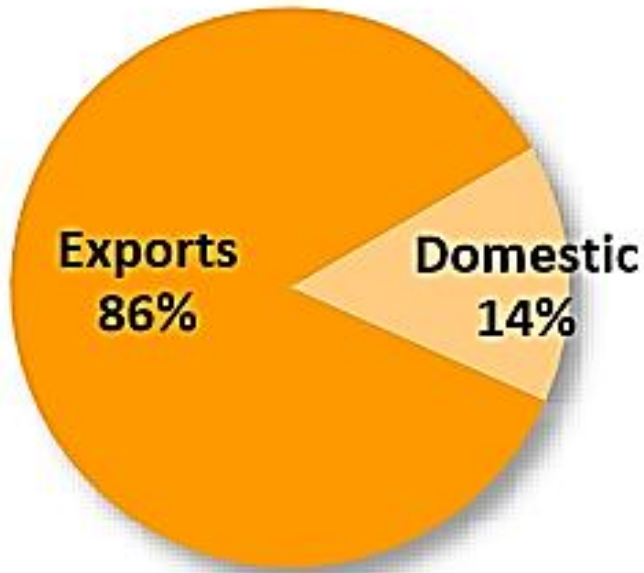


Thailand 26.6%
Malaysia 12.2%
Germany 10.9%
USA 6.2%

Thailand's major rubber export market :

- China 50%
- Malaysia 13%
- Japan 8%
- South Korea 5%

Figure 5: Domestic Consumption by volume in Thailand



End-user industry	%Share
- VehicleTires	49
- Elastic	15
- Glove	14
- Tires and tube for motorcycles	7
- Rubber band	4
- Others	11

Source : Compiled by Krungsri Research of Thailand

The total population in Thailand at 65.9 million persons in 2017 or NR consumption is 9,000 kg./capita

Figure 6: Thai Export Value of Rubber Products in Quarters

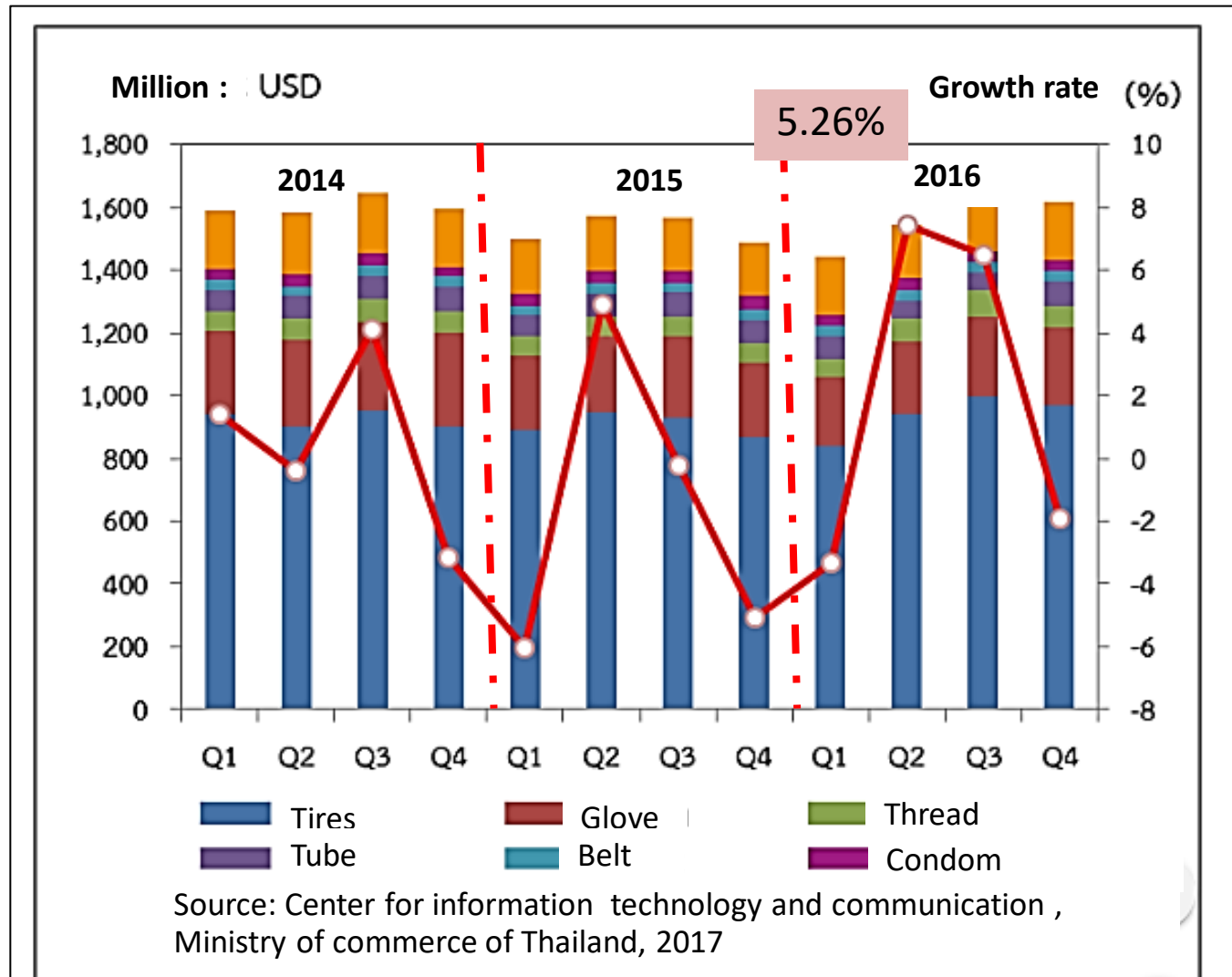


Table 1 : Advantages and disadvantages for manufacturing rubber products in Thailand

Advantages	Disadvantages
1. Abundance of natural resources into becoming the world's foremost producer and exporter of high-quality rubber	1. High labor costs lead to high production cost.
2. An attractive destination for investment in the rubber industry.	2. Most of the production in Thailand is raw rubber or semi-processed rubber, not downstream
3. As a leading R&D center for rubber with strengthening its competitiveness in the global market.	3. CLMV have expanded their rubber exports, resulting in a decline in Thai exports.

Table 1 (cont.) : Advantages and disadvantages for manufacturing rubber products in Thailand

Advantages	Disadvantages
4. Suitable location in the central rubber market especially transportation	4. Thai rubber industry is unevenly developed, it is not generating the skills, linkages and value added as well.
5. Destination for foreign investors to set up manufacturing bases.	5. Downstream industries also rely on foreign capital.
6. Has a development unit, testing agency and testing laboratory that is standard and supports testing.	

Policies to enhance the development of the rubber industry

- The government has made the manufacture of rubber products a top priority, and offers investors significant breaks on duties and taxes.
- The Ministry of Industry has assigned the Industrial Estate Authority of Thailand (IEAT) to establish a Rubber City in the southern border province of Songkhla, to serve as a hub for rubber products.

Policies to enhance the development of the rubber industry

- The soft loan project for entrepreneurs to expand their production capacity and adjust machinery with financial amount 15,000 million Baht.

Anticipated rate of growth in domestic consumption of NR in Thailand

- the growth of exports of the developing exporting countries has become increasingly dependent on the growth of imports of other developing countries
- natural rubber faces strong competition from synthetic rubber in the industrial countries and transition economies
- The demand for rubber (both natural and synthetic) is a close correlate of overall economic growth and industrialization, in particular the growth of the automotive sector : 65-70 percent of total rubber use is for tires : radial tires and heavy trucks

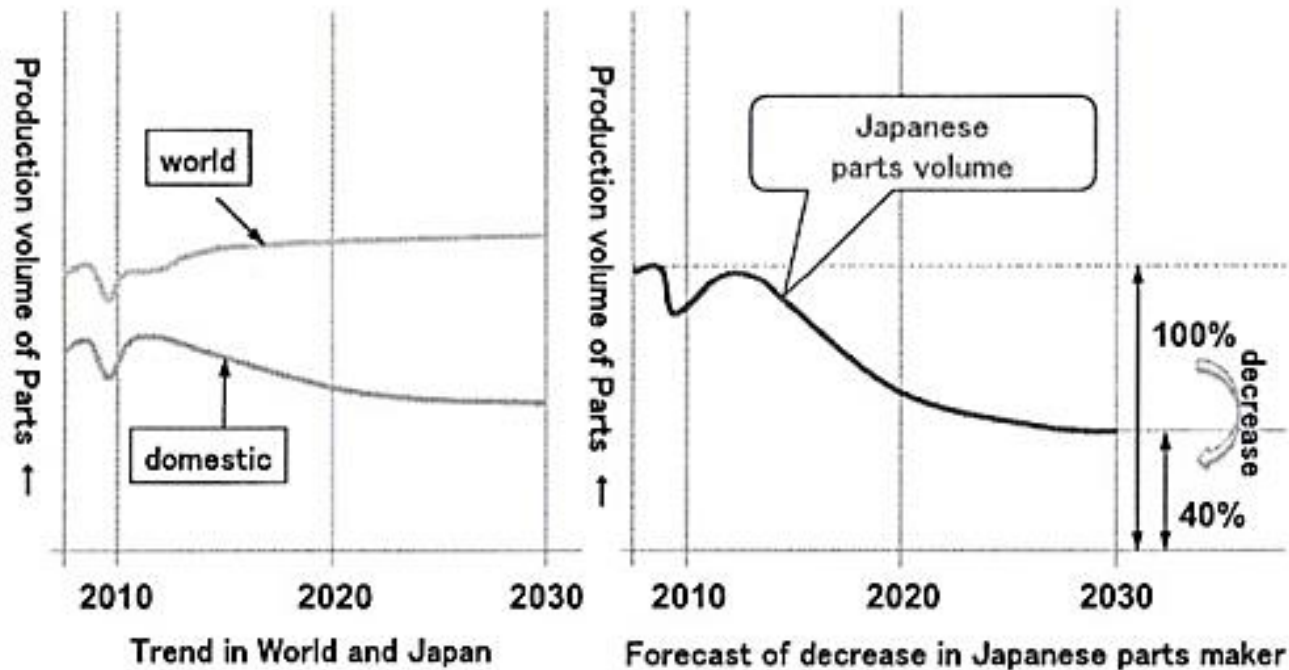
Anticipated rate of growth in domestic consumption of NR in Thailand

- The historical trends of faster growth in the consumption of natural rubber in the developing countries compared with the industrial ones are likely to continue, leading to further increases in their share in world consumption, to 60 percent by 2030.

Anticipated rate of growth in domestic consumption of NR in Thailand

Figure 7 : Forecast of Production Volume trend of Car Parts

by Yasuaki Hadatsuki (Nikkei BP, 2010)



This is a chance for the Thai rubber industry to increase downstream production in 2030 with a growth rate at least 2% per annum

Challenges from synthetic Substitutes in future

- Thailand is also growing its synthetic rubber segment, which produces materials that can be substituted for a portion of true rubber used in tires and other products.
- While many major synthetic rubber producers operate in the country, domestic production capacity remains far below local demand levels, leaving imported goods to make up the difference.

Suggestion for helping development of downstream rubber goods manufacturing industry

- There should be clear policies to create sustainable rubber prices.
- To push Thailand is a regional rubber hub. Tires are the number one rubber-based export from Thailand in terms of both value and quantity, with tire producers accounting for roughly half of domestic rubber
- To push rubber used in road construction

Suggestion for helping development of downstream rubber goods manufacturing industry

- continued to expand, both in terms of natural rubber production and in downstream processing applications, to become the world's premier manufacturer and exporter of rubber products.
- Limit the amount of rubber not to overflow.



**Thank
You!!!**