

**THAILAND, INDONESIA AND MALAYSIA ARE SERIOUS
ON
THE IMPLEMENTATION OF AGREED EXPORT TONNAGE SCHEME (AETS)
DURING JANUARY – MARCH 2018**

International Tripartite Rubber Council (ITRC) comprising Thailand, Indonesia and Malaysia are serious on the implementation of AETS during the period of three months from January – March 2018.

A. The Seriousness of AETS Implementation by ITRC

H.E. Grisada Boonrach, Minister of Agriculture and Cooperatives (MOAC) stated that Thailand is the biggest producer and exporter of natural rubber (NR) in global market. Due to depressed NR prices, Thailand, Indonesia and Malaysia agreed to jointly implement the AETS with the total quantum of export cutback of 350,000 MT. The implementation of AETS by ITRC will immediately decrease NR supply from the global market.

In order to achieve the objective of the AETS implementation, ITRC member countries will be governed/implemented by the followings:

- i. Thailand will be governed by Rubber Control Act B.E. 2542 (A.C. 1999). In addition, the Government Gazette on the AETS implementation has been officially announced on 10 January 2018;
- ii. AETS in Indonesia will be implemented by Gabungan Perusahaan Karet Indonesia (GAPKINDO) and Ministry of Trade of Indonesia (MOT); and
- iii. AETS in Malaysia will be governed by Rubber Price Stabilization Act 1975 under Malaysian Rubber Board (MRB).

The ratio of export cutback is based on NR production shares in ITRC member countries. Therefore, under this implementation the total quantum of export cutback of 234,810 MT has been given to Thailand.

The minister of MOAC has expressed his confidence on the seriousness of the AETS implementation by ITRC which will give a positive impact to NR prices in the global market.

B. Increasing Domestic Consumption in ITRC Member Countries

On top of that, ITRC member countries are targeting to further increase their domestic consumption. In fact, Malaysia is one of the leading NR manufacturing countries particularly in rubber gloves industry. In the meantime, Thailand is exploring ways to improve innovation and increase domestic consumption.

In 2018, Thailand targets to use additional 200,000 MT of NR for government projects such as rubberised road, sport filed mat, pavement rubber block, pond liner, rubber pillow and rubber mattress.

C. Other Supportive Measures by Thai Government

Other than the implementation of AETS, the Thai Cabinet has approved some supportive measures i.e.

- Soft loan for NR processors/exporters (dried rubber) up to Baht20 billion. For this measure the government will subsidise interest not more than 3% per annum; and
- Increasing usage of NR in government agencies with the target of 200,000 MT.

D. Open for any Complains and Suggestions from Exporters/Processors

The minister reiterated that he is sincerely open for any complains or suggestions from exporters/processors who affected by the implementation of AETS to further improvement. With regard to the negative impact on the AETS implementation, MOAC will cooperate with Ministry of Commerce (MOC) to investigate NR stocks and find the appropriate and fair cost of production for entrepreneurs who submitted their cases to MOAC.

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