

Thailand, Indonesia, and Malaysia are serious on the Implementation of Agreed
Export Tonnage Scheme (AETS) during January – March 2018

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

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

In the implementation of AETS, ITRC member countries will be governed by the following: (1) Thailand will be governed by the Rubber Control Act B.E. 2542 (A.C. 1999); (2) Gabungan Perusahaan Karet Indonesia (GAPKINDO) and Ministry of Trade, Indonesia, will implement the AETS; and (3) Malaysia will be governed by the Rubber Price Stabilization Act 1975 under the Malaysian Rubber Board.

The ratio of export cutback is based on NR production shares in ITRC member countries. Thus, Thailand's export cutback is 234,810 MT.

In addition, ITRC member countries aim to further increase domestic consumption. Malaysia is one of the leading NR manufacturing countries, particularly in the rubber gloves industry. Thailand is exploring ways to improve innovation and in 2018 aims to use an additional 200,000 MT of NR for government projects, including rubberized road, sport filed mat, pavement rubber block, pond liner, rubber pillow and rubber mattress.

The Thai Cabinet has also approved supportive measures, such as (1) a soft loan for NR processors/exporters (dried rubber) of up to 20 billion Baht whereby the government will subsidize interest of not more than 3 percent per annum; and (2) increasing the usage of NR in government agencies with the target of 200,000 MT.

The Minister of MOAC reiterated that he is open to complaints or suggestions from exporters/processors who are affected by the implementation of AETS. With regard to the negative impact from AETS implementation, MOAC will cooperate with the Ministry of Commerce to investigate NR stocks, and determine an appropriate and fair cost of production for entrepreneurs who submit cases.