



RAOT releasing the state rubber stockpile, no effect on rubber market, increasing new rubber demand, and reducing government financial

Rubber Authority of Thailand (RAOT) has speeded up to manage the state rubber stockpile of the rubber farmer institute potential development program and the buffer stock program according to the cabinet resolution because the rubber in the stock has been worn out and created financial burden for the government. RAOT has insisted that releasing rubber in this time will not affect the rubber price due to the off-season of rubber. In addition, the auction winner will purchase additional rubber from rubber farmers for more than 100,000 tons.

Mr. Nakorn Tangavirapat – Governor of the RAOT – said that RAOT has invited many rubber companies to bid the state rubber stockpile of 104,763.35 tons (including RSS, STR 20 and other rubber) which the cabinet has approved RAOT on 3rd November 2020 to release the rubber stockpile by carefully considering the suitable selling time and price. At present, the auction result is announced and the winner is the North East Rubber Public Company Limited.

Mr. Nakorn Tangavirapat added that Term of Reference (TOR) and qualification of bidders have been carefully considered because the rubber in the stock is old with more than 9 years and deteriorated. Therefore, to use this rubber, unlike normal rubber, the rubber company has to transform it into workable form before processing it. Therefore, RAOT has indicated the qualification of bidders clearly for the merit of this auction.

In addition, RAOT has considered various factors in order to ensure that this auction will not affect rubber farmers and rubber price. Therefore, in order to organize this auction effectively, RAOT has appointed the rubber management committee to investigate rubber stock and set rules to adjust rubber quality and check rubber in the stock regularly. In addition, RAOT has hired an independent appraiser company to investigate rubber quality and evaluate the value of rubber in the stock for transparent process.



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Besides, in this auction, RAOT has set the rule that the auction winner has to purchase additional rubber from rubber farmer institutes with the same amount as the amount of the state stockpile within 1 year after signing the contract. This rule will help to increase demand for rubber with more than 100,000 tons. For this state rubber stockpile, the North East Rubber Public Company Limited will start to transport rubber from the stock by the end of April 2021 and will finish by May 2021 before the coming harvesting season.

Mr. Nakorn Tangavirapat emphasized that “RAOT has choose to manage the state rubber stockpile now due to the off-season of rubber and low rubber supply in the market. In addition, the rubber in the stock is deteriorated which it will be used differently from the new rubber in the market. Therefore, the releasing of this rubber stock will not affect the ordinary rubber market. Moreover, the winner company will purchase additional rubber from rubber farmers to ensure that rubber farmers will be benefit from this rubber management. Besides, this management will also reduce the government's financial burden.”