Rubber Industry

Rubber planters in the Philippines are predominantly smallholders. It is estimated that a farmer owns an average of three to ten hectares of rubber farm. About 70% of rubber produced in the country is absorbed by the tire and footwear industries. World consumption has been increasing approximately by 208,000 Mt per year since 1995. The leading rubber exporting countries include Thailand, Indonesia and Malaysia.

Description
- Rubber grows best at tropical places with temperatures ranging from 20-28°C and well-distributed annual rainfall.
- It grows on almost all types of soil provided that the drainage is adequate.
- Mature rubber trees are usually 20-30 meters high, with graceful upwards-extending branches and a relatively slim trunk.
- Depending on conditions, the rubber would usually take 5-6 years to reach ‘maturity’ when tappers could start collecting the latex or the milky sap.
- Yield is around 1-1.8 t/ha/year dry rubber

Production
- The world natural rubber production reached 8.34 M Mt in 2004 where Thailand (36.33%), Indonesia (21.49%), Malaysia (11.99%) and India (8.32%) are among the top producers.
- Production in China and Vietnam are also increasing at 0.55 M mt and 0.39 M mt respectively
- The Philippines produced 88,000 mt dry rubber in 2004, which accounts for 1.06% of world production.
- In terms of area Region IX has the highest share at 40.58% followed by Region 12 (28.73%) and Region 11 (8.35%).
- The total area planted to rubber in the country is 82,314 hectares in 2004 (BAS).
- The recommended clones are RRIM 600 (Rb 99-01), RRIM 712, RRIM 901, PB 217 (Rb 99-02), PB 235 (Rb 99-04). PB 260, USM 1 (Rb 99-03), PB 330, and PB 311.

Processing
- Latex is processed into bales PTR 5
- Cumplumps are processed into bales PTR 10, 15 or 20 depending on the quality
Cost and Return
- The total cost required to produce one kilogram of cuplump is about P11.37 at a yield level of 0.85 ton dry rubber/ha.
- Bulk of the cost (P 8.04/kg dry-rubber) goes to tapping expenses.
- A tapper is paid about P 78/day for every 175 tapping days or one tapping cycle. Other schemes include sharing at 50:50 or 70:30 in favor of the owner.
- The prevailing local price per kilo of natural rubber is P28/kg for 30-day old cuplumps and P50-60/kg for latex.
- For monocropped rubber, a three hectare area can give around P 42,400 net income per year assuming the prevailing price is P 28/kg cup lump.

Demand and Supply Projections
- The growth of the industry is greatly influenced by China and Europe.
- The industrialization of Russia and India can boost demand further.
- World consumption of natural rubber is projected to increase at 3-5%/year up to 2015.
- Natural rubber production will increase because of the expansion in Indonesia and Vietnam.
- Rubber price is expected to continue to increase up to 2015.

Existing Resources
- There are bud wood gardens located at 7 sites all over Mindanao. Each site is approximately ½ ha.
- The government owns seven (7) nurseries in the entire Mindanao and about ten (10) LGU and private-owned nurseries are located in Basilan.
- A hectare of bud wood garden can supply the planting materials needed of about 300 hectares of rubber plantation.

Local Market
- Rubber is marketed as centrifuged latex, cup lumps, crepe sheets and crumb rubber.

Foreign Market/Trade
- The world export volume (6.73M MT) was valued at US$ 6.19B in 2003 at an average price of US$ 919.7/mt.
- In 2003 the Philippines exported 50,237,144 kg of natural rubber (in primary forms such as crepe sheets) valued at $29.575 M and 5,003,954 kg of natural rubber (in plate, sheet/strip) valued at $3.205 M.
- In 2004 the it was 36,889 mt of natural rubber (in primary forms such as crepe sheets) valued at USD 28.51 M and 6,416 mt of natural rubber (in plate, sheet/strip) valued at USD 5.98 M.
- The leading markets for Philippine rubber are China, Taiwan, Malaysia and Singapore.
- In 2004 the country imported 186.5 mt of natural rubber valued at $0.47 M.
Marketing Practices
- Marketing in the Philippines is done through local and provincial assemblers then to processors/traders and manufacturers.
- Local and foreign traders and processors use international quality standards

Problems
- Tenurial problems in expansion areas
- Lack of planting materials for expansion
- Low quality of processed rubber

Price Trend
- Cup lumps are usually most expensive during the months of March to April and September to December during the holiday season.
- Price range is P25-28/kg of cuplumps
- Export of crepe sheets was at $773/ton in 2004 up 31.2% from 2003
- Natural rubber plates was exported at $932/ton in 2004 up 45.6% in 2003
- Currently, natural rubber is selling at US $1,100 to 1,200/mt in the world market.

Credit Assistance
- Quedancor through their SRT program
- Land Bank through the ACCESS

Investment Opportunities
- The total available area for rubber expansion in Mindanao is around 52,000 hectares but the actual potential area suitable is over 300,000 hectares.
- These areas are found in Central Mindanao, Zamboanga Peninsula and ARMM.
- For 2005-2006 the available expansion area is 6,196 hectares.
- In order to support the needed planting materials, investments are needed for the establishment bud wood gardens and nurseries.

Institutional Support
- Philippine Rubber R&D Center (PhilRubber) in Kabacan, North Cotabato
- High Value Commercial Crops Program (HVCC) - Department of Agriculture