



Speech by Mr Terence Seow
Assistant Chief Executive Officer, International Enterprise (IE) Singapore
World Rubber Summit 2013 - “New Frontiers of Rubber Trade”
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Raffles City Convention Centre

Madam Sheela Thomas, Chairwoman of IRSG

Dr Stephen Evans, Secretary General of IRSG

Member Governments of IRSG

Distinguished Guests

Ladies and Gentlemen

1. Good morning. Welcome to the World Rubber Summit 2013, also known as WRS. This is the second year that the Summit is held in Singapore. The event is supported by the Member Governments of the Group and International Enterprise (IE) Singapore, or IE, the government agency that drives Singapore’s external economy through promotion of international trade and assisting companies to expand overseas.
2. On behalf of the International Rubber Study Group, or IRSG, and the member governments, I would like to thank the natural and synthetic rubber trading community, as well as tyre makers, for your participation and support for WRS, which has helped to create a unique platform for global players to discuss issues pertinent to the industry.

The global economy’s impact on rubber trade

3. The global economy is experiencing an uneven recovery. The emerging markets are experiencing much stronger growth as compared to developed economies. Even among the developed economies, the US is faring much better than the Eurozone.
4. Two weeks ago, one of the world’s renowned economists, Professor Nouriel Roubini was here to speak at Global Trader Summit 2013, organised by IE Singapore.

Roubini noted that the growth of emerging economies is about 5%, with those in Asia expanding at a more rapid pace of 6.4%.

5. Of the emerging markets in the region, China is moving towards a more sustainable pace with healthy single digit GDP growth rates despite a slow-down in economic growth. China's demand for rubber is still on the rise. The IRSG estimates that China currently consumes 34% of the world's natural rubber. This is expected to rise by 7.2% this year, exceeding the 4.5% increase in 2012.
6. Southeast Asia is another region that is growing. Indonesia's economic performance is on an uptrend, posting positive growth despite global economic uncertainties. Its GDP per capita increased 11% from US\$4,500 in 2010 to US\$5,000 in 2012¹, a strong boost for its middle income segment. The country's discretionary spending has risen to above 50% of household income, from a mere 30% just ten years ago. In Myanmar, its population of 55.1 million, significant natural resources and recent economic reforms have opened up more opportunities for companies in the region.
7. The opening up of new markets in Southeast Asia, as well as rising affluence in major markets such as China and India, will result in greater demand for cars, thereby lifting the demand for tyres and natural rubber. 70% of natural rubber currently goes into the manufacture of tyres. 1.1 billion vehicles are in use around the world today and it is expected to rise about 55% to 1.7 billion in the next ten years², with much of this demand coming from Asia.
8. It is therefore important for the rubber industry to orientate itself towards new emerging markets and for businesses to position themselves to capture these opportunities.

New frontiers and opportunities in the rubber trade

9. Around 80% of the world's natural rubber is produced from the plantations of the tropical tree, *Hevea Brasiliensis*, which is vastly found in Southeast Asia and South America. However, the risk of crop failure and diminishing acreage in natural rubber production is a constant threat to supply.

¹ <https://www.cia.gov/library/publications/the-world-factbook/geos/id.html>

² http://www.tyrepress.com/News/business_area/Manufacturing/irsg-tyre_makers_decade_of_opportunity_tyrexpo_asia.html

10. As world demand of natural rubber outstrips supply, the benefits of developing alternative sources of natural rubber are significant. Sustainable long-term growth of the rubber industry depends on the industry's ability to diversify away from the Hevea tree.
11. Africa has emerged as the new frontier for rubber supply. Ivory Coast is currently the world's seventh largest natural rubber grower. Annual production is projected to reach 600,000 tonnes by 2015, more than 2.5 times more than the amount of natural rubber it produced last year³. Other major African rubber producers include the Republic of Cameroon, Gabon and Nigeria.
12. Some rubber companies have started to look at Africa to develop rubber plantations. For example, GMG Global, a plantation group headquartered in Singapore, developed the Sub-Cameroun Hevea and Hevecam S.A., two large rubber plantations in Cameroon in 2010. They occupy 86,000 hectares of land and demonstrate that Africa can potentially become a major rubber supplier.
13. The search for new sources of rubber has also extended into the discovery of a large number of exciting plants as well as research and development to tap their potential for industrial use.
 - a) For example, the Guayule⁴, is a source of high quality latex. Unlike Hevea, rubber from Guayule is hypoallergenic and research is being conducted to develop the Guayule shrub into a commercially viable alternative to natural rubber. Bridgestone has recently started construction of a Guayule research centre in Arizona, USA, to do just this⁵.
 - b) Another alternative to natural rubber is the Russian Dandelion. In 2012, Dutch tyre company Apollo Vredestein, rolled out the first prototype of tyres manufactured from natural rubber made by Guayule and Russian Dandelion⁶. If large scale testing is successful, full production is expected to start in 2015⁷.

³ <http://www.guardian.co.uk/global-development/2013/feb/28/ivory-coast-farmers-cassava-rubber>

⁴ Scientific name: *Parthenium Argentatum*

⁵ <http://www.bizjournals.com/phoenix/print-edition/2013/03/22/guayule-rubber-industry-on-a-roll-with.html?page=all>

⁶ <http://www.gizmag.com/russian-dandelion-guayule-latex/23362/>

⁷ <http://www.telegraph.co.uk/gardening/9722121/Car-tyres-made-from-dandelions.html>

Singapore will stay relevant to the rubber trade

14. Closer to home, we are also reinventing and hoping to rejuvenate new activities for the rubber sector. As many of you are aware, a number of synthetic rubber companies also established their presence in Singapore. Lanxess will officially open its butyl rubber plant in Singapore by June this year. This plant on Jurong Island will have a capacity of 100,000 tonnes per annum, the largest facility of its type in Asia⁸. On the synthetic rubber front, production in Singapore will reach 140,000 tonnes by end 2013, contributed by the other three plants in Singapore - Sumitomo, Asahi and Zeon.

15. Singapore is at the heart of key rubber producing countries, including Malaysia, Indonesia and Thailand. In the ever-changing global landscape, Singapore strives to stay relevant to the rubber trade. In recognising our strategic location, many rubber traders and major tyre companies have established their offices here. This year, Continental Tyre set up their global procurement office for natural rubber in Singapore. Yokohama Rubber Company also set up a wholly-owned sales subsidiary here to market the Group's industrial products into Asia.

16. The presence of these companies here is testament to Singapore's efforts to maintain our competitiveness as a vibrant marketplace for the rubber trade. We are happy to see the sector grow in breadth and depth, with more diverse players located here. Singapore will serve as an ideal location for rubber industry players to grow your business as we continue to remain pro-business and improve our trade infrastructure to support your needs.

Ending note

17. The WRS has once again brought together the natural and synthetic rubber players, as well as the tyre makers for this dynamic event. This platform is an invaluable opportunity for all of you to network across the value chain, exchange views and gain greater insights to the market.

18. I believe you will have fruitful discussions over the next two days and establish long-term contacts. For foreign delegates, I wish you a pleasant stay and hope you will take the chance to take in the sights and sounds of Singapore. Thank you.

⁸ <http://lanxess.sg/en/our-sites/butyl-rubber-plant-singapore/about-butyl-rubber-p-singapore/>

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For more information, contact:

Ms MOK Kai Lynn
Manager, Corporate Communications Group
DID : +65 6433 4706
Email : mok_kai_lynn@iesingapore.gov.sg

About International Enterprise Singapore

International Enterprise (IE) Singapore is the government agency driving Singapore's external economy. For the past 30 years, we have been spearheading the overseas growth of Singapore-based companies and promoting international trade. Our vision is a thriving business hub in Singapore with Globally Competitive Companies and leading international traders.

IE Singapore attracts global commodities traders to establish their global or Asian home base in Singapore. Today, Singapore is a thriving trading hub with a complete ecosystem for the energy, agri-commodities and metals & minerals trading clusters.

Through our Global Company Partnership and Market Readiness Assistance, we also work with Singapore-based companies in their various stages of growth towards being globally competitive.

Our global network of overseas centres in over 35 locations provides the necessary connections in many developed and emerging markets.

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