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Natural rubber prices averaged $1.92/kg during 2009, 26 percent lower than in 2008 but almost three times higher than in the early 2000s. Prices declined initially in 2009, but rebounded toward the end of that year, reflecting the effects of fluctuating crude oil prices on the cost of producing synthetic rubber. Natural rubber consumption totaled 9.6 million tons in 2008, down from 9.9 million tons the year before. Estimates for the first nine months of 2009 indicate an unprecedented 9.3 percent reduction in demand. A key reason was the collapse in demand for tire production, associated with the collapse of automobile sales, especially in high-income countries. Global consumption of natural rubber is dominated by China, which accounts for more than 30 percent. More than two thirds of natural rubber production comes from the traditional suppliers Thailand, Indonesia, and Malaysia, but Vietnam is emerging as an important player.

World consumption of synthetic rubber declined by 11.5 percent in the first nine months of 2009, largely reflecting the reduction in tire demand. Production of synthetic rubber totaled 12.8 million tons in 2008, down 5 percent from 2007, while estimates for the first nine months of 2009 show a further 10.5 percent decline.

Prices of natural rubber are expected to average $1.60/kg in 2010 and to increase to $1.70/kg in 2011 as demand picks up. This is in line with the projected crude oil price of $75/barrel in 2010 and $76/barrel in 2011 as well as a reversal of the economic downturn in 2010. If crude oil prices rise more than projected or the economic recovery is quicker than now anticipated, natural rubber prices may rise more sharply.

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