

## CONTENTS

	Pages	
ACKNOWLEDGEMENTS	i	
CONTENTS	ii	
LIST OF TABLES	iv	
LIST OF FIGURES	v	
ACRONYMS AND INITIALS	vi	
CHAPTER 1	INTRODUCTION	1
1.1	Introduction	1
1.2	Background of the Study	3
1.3	Methodology	7
1.4	Primary Commodities and Price Fluctuation	8
1.5	International Commodity Agreements	14
CHAPTER 2	THE NATURAL RUBBER INDUSTRY	19
2.1	Historical Development of Malaysia's Rubber Industry	19
2.2	Natural Rubber's Contribution to Malaysia's Economy	21
2.3	World Production and Consumption of Natural Rubber	23
2.4	Supply of Natural Rubber	27
2.5	Demand for Natural Rubber	31
2.6	Natural Rubber and Synthetic Rubber	35
2.7	Natural Rubber Price Formation	37
CHAPTER 3	PRICE STABILIZATION SCHEMES FOR NATURAL RUBBER	42
3.1	Stevenson Plan, 1922 - 1928	42
3.2	International Rubber Regulation Agreement, 1934 - 1943	45
3.3	Malaysian Crash Programme, 1974 - 1975	50
3.4	International Natural Rubber Agreement for Price Stabilization, 1976	53

3.5	International Natural Rubber Agreement I and II, 1979 - 1995	54
CHAPTER 4	INTERNATIONAL NATURAL RUBBER ORGANIZATION	58
4.1	Organization and Administration	58
4.2	Buffer Stock Operation	59
4.3	Price Range	63
4.4	Daily Market Indicator Price	68
4.5	The Size of Buffer Stock	70
CHAPTER 5	ANALYSIS ON PRICE STABILITY AND ITS EFFECTS	73
5.1	Methodology	73
5.2	Data	76
5.3	Variation in Rubber Prices before and after INRA	77
5.4	Variation in Rubber Prices during BSM's Intervention	82
5.5	Implications for the Natural Rubber Industry	87
CHAPTER 6	CHALLENGES, OUTLOOK AND CONCLUSION	92
6.1	Problems and Challenges facing the Malaysian Natural Rubber Industry	92
6.2	Outlook	97
6.3	Conclusion	99
NOTES		103
BIBLIOGRAPHY		104
APPENDIX I	World: Production, Consumption and Export of Natural Rubber	108
APPENDIX II	Major Producing Countries of Natural Rubber	109
APPENDIX III	Major Natural Rubber Consuming Countries	110
APPENDIX IV	Buffer Stock Quanta	111
APPENDIX V	Variation in Prices With and Without the Influence of INRO's BSO	112
APPENDIX VI	Malaysia: Average Annual F.O.B. Prices of Natural Rubber, 1965-1994	114