

INTRODUCTION

In view of the relative importance of the Rubber Industry to the Malayan Economy, and the impending, if not actual threat of synthetic rubber, the economy may be confronted with very devastating setbacks, unless such a threat can be met effectively.

Objective of Study

The objective of this study is to delineate some of the more important problems of the Malayan Rubber Industry in face of competition, with a view of developing a better understanding of probable solutions to such problems to make the industry a more attractive and profitable investment.

Although much has been written on this particular subject, I feel certain that some of the comments and probable solutions which I hope to delineate would be controversial to the present understanding of this subject, as has so often been expressed by some Economists. I therefore hope to provide as open a view as possible to people who may still have "too optimistic" attitudes to the present threat. Many prominent Economists have openly expressed that synthetic is no threat, but judging from the extent of loss and probable chaos to the Malayan economy if natural rubber should succumb in use to synthetic, such a threat should not, and cannot be ignored.

The object of this study will therefore, place most emphasis on the synthetic situation and an assessment of the rubber industry's profitability and future prospects will be derived therefrom.

METHODOLOGY

STEPS:

- 1) A brief introduction to show the importance of rubber to the Malayan Economy.
- 2) A look into the supply side of natural rubber - to probe into its relative inelasticity; its yield potential and its productive limitations.
- 3) An analysis of the demand for natural rubber, a study of its elasticity and the components which determine the makings of such a demand.

- 4) A price and cost analysis of the natural rubber industry - an introduction of hypothetical models to show the relation of profits to price and costs.
- 5) The nature of competition between natural and synthetic.
- 6) An introduction of possible solutions to the problems involved.
- 7) Finally, a round-up of the whole situation, and an analysis of the future outlook of the Malayan Rubber Industry will be given.

