



rubber news

on tap – angezapft

The Basics of Fair Trade Pricing

In October the price a tapper in Thailand received for a kg of DRC (Dry Rubber Content) was THB 33-34 – approx. EUR 1.00. In March it had been THB 47 (at the time approx. EUR 1.30).

A former president of the Thai Latex Association calculated that the price should be THB 60/kg in order to reach the Thai minimum wage. The Fair Trade premium per kg/DRC is EUR 0.50/kg = THB 16.79.

In Indonesia the ex farm gate price in October was approx. EUR 0.72 for 1 kg of rubber. According to the general secretary of the Rubber Association of Indonesia a tapper earns on average at present EUR 3.90 per day – while the legal minimum wage is EUR 7.57/day – almost double the current tapper wage.

Tappers in Indonesia, when asked what a 'fair price' would be, came up with a more modest figure and a far simpler formula: The price for 1 kg of tapped rubber ('wet' rubber) should allow them to buy 1 kg of rice – at present IDR 8-9,000/kg. If they are lucky, at present they get IDR 5,600 per kg 'wet' rubber.

Words Are Cheap

A lot of well known companies from car and tyre makers to shoe brands have recently signed a pledge to switch to Forest Stewardship Council (FSC) certified rubber - once it is available.

These pledges come cheap to those who make them: There is no price premium for FSC certified rubber, the criteria are all about the environment. Those who have to fulfil them pay the price: During a recent trip to Thailand we met a company that does have FSC certification: They employ 12 full time staff to ensure compliance with FSC criteria for the 1,500 small farmers they buy from. Together with the cost of certification they said their input costs have increased by 30%. Their buyer pays nothing extra to cover the extra costs – they simply put FSC as a requirement – otherwise they'd take their business elsewhere.

The Fair Rubber Association is

different, we put money behind our pledge. We, too, promote environmental standards, they are part of the Fair Trade rubber criteria. But the Fair Rubber Association not only pays for the audits it requires, its members also pay a Fair Trade premium of EUR 0.50/kg DRC (Dry Rubber Content) of natural rubber: At present almost 50% above the market price.

A Tale of Two Vehicles

The moped of a Thai rubber tapper is parked after the owner has delivered his daily rubber harvest. If the makers of the car and tyre of the vehicle in the background would pay the Fair Trade premium set by the FRA – the price of that car would increase by approx. EUR 6. Chances of this happening are about as slim as are the chances of a rubber tapper ever being able to buy a car – any car.



Meet the Middlemen

Middlemen usually don't have a good reputation, but on a recent visit to Thailand, where Fair Rubber Association (FRA) staff researched a new supply chain for Fairly Traded condoms, it became clear that middlemen provide important functions for small rubber farmers and tappers: After harvesting the rubber, they only have to travel a short distance to a local 'collector' (= middleman).

Meet Mr Chatree, the collector for some 40 small farmers and tappers. A tapper will on average deliver 35 litres on his moped. Chatree uses an old pickup truck to bring the latex of the group to the next level: A 'super collector' – who supplies it to the processors in tanker loads.

Mr Chatree's 'other vehicle' is a bicycle: He started competitive cycling at the age of 50, his proudest achievement so far is a 2nd place in a 92 mile race. Unfortunately he won't be able to buy Fairly Traded bicycle tyres soon – but buyers in Europe can look forward to doing so: On the same trip, the FRA team also looked into a supply chain in Indonesia which will – hopefully soon – lead to Fairly Traded



bicycle tyres becoming available, a 'global 1st'!

The middleman/collector for the tyre supply chain is Mr Otang – who collects rubber from some 200 tappers/farmers in the course of a week: These rubber harvesters are so poor that they normally would not even have a moped to transport their rubber to a collecting point. In his pick-up Mr Otang comes the side of the road near their fields to collect their rubber.

What is common for tappers in both Thailand and Indonesia: The price they get is far too low to support themselves and their families through rubber tapping alone: Those who can - leave for the cities. Those who stay, have

to try and find a second job in order to make ends meet.

Down Under On Top!

We have just passed on the first Fair Trade premium invoice for our member from 'down under', the ICB Group (from Australia), for household gloves sourced from a supplier partner in Sri Lanka: The invoice was the largest Fair Trade premium so far in the history of the Fair Rubber Association! Well done!



Knowledge Share Among Small Farmers

The primary concern of the Fair Rubber Association (FRA) is to help improve the living and working conditions of those involved in growing and tapping rubber. Environmental issues are part of this concern - not least because any agrochemical first and foremost has an impact on anyone who is exposed to it, directly or indirectly: the tappers or the small farmers, who apply the chemicals, those who live in the area, ... Hence we

were very glad to be able to share instructions for an organic and low cost anti-fungal treatment, which was developed by our supplier partner in Thailand: This treatment for the "wound" where a tree is cut/tapped, is safe for the environment and anyone who comes into contact with it. And it is cheap, as it can be made by the farmers themselves. The instructions are on our website for anyone who grows rubber.

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