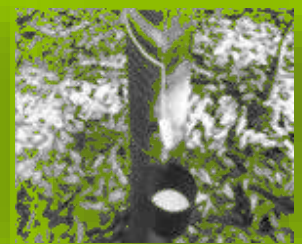




 **ABRABOR**



IRRDB ANUAL CONFERENCE 2017



Natural Rubber an Opportunity in Brazil.

Ministry of Agriculture, Livestock and Food Supply

Hevea Brasilienses – Heveicultura

Chamber of Natural Rubber
Presidente Fernando Guerra

ABRABOR Consultant
Diogo Esperante

October, 19/2017

Purpose of this mission.



- Offering Brazil as a strategic alternative:
 - to produce natural rubber,
 - to exchange clones and technologies,
 - partnerships to industrialize rubber goods,
 - serve as a strategic platform to access markets.
- We seek to understand the functioning of the global rubber production chain.
- And, based on this information, to build a strategic planning for the natural rubber chain in Brazil.



Since the industrial revolution when Ford became the largest consumer of natural rubber in the world and had frustrated its challenge to produce natural elastomer in Brazil



Since then the Americas yearn for a production able to supply the dependence from Asia's natural rubber (up to 90% of world production).

Fordlândia 1928 – 1945



Pillars of the industrial economy!

Oil , steel and rubber.



2nd World War
Japan dominates the
Rubber productions.

allies suffered by not
having access to
rubber to their jeeps
and planes

1942 USA and Brazil
founded the Bank of
Rubber, the workers
are selected as
rubber soldiers.



A alegria da partida logo seria substituída pelas dificuldades do percurso até os seringais amazônicos

Natural Rubber Geographical Distribution



AMERICAS

3%
production

14%
consumption

EMEA

5%
production

13%
consumption

ASIA
PACIFIC

92%
production

74%
consumption





Asia until now dominates natural rubber production.

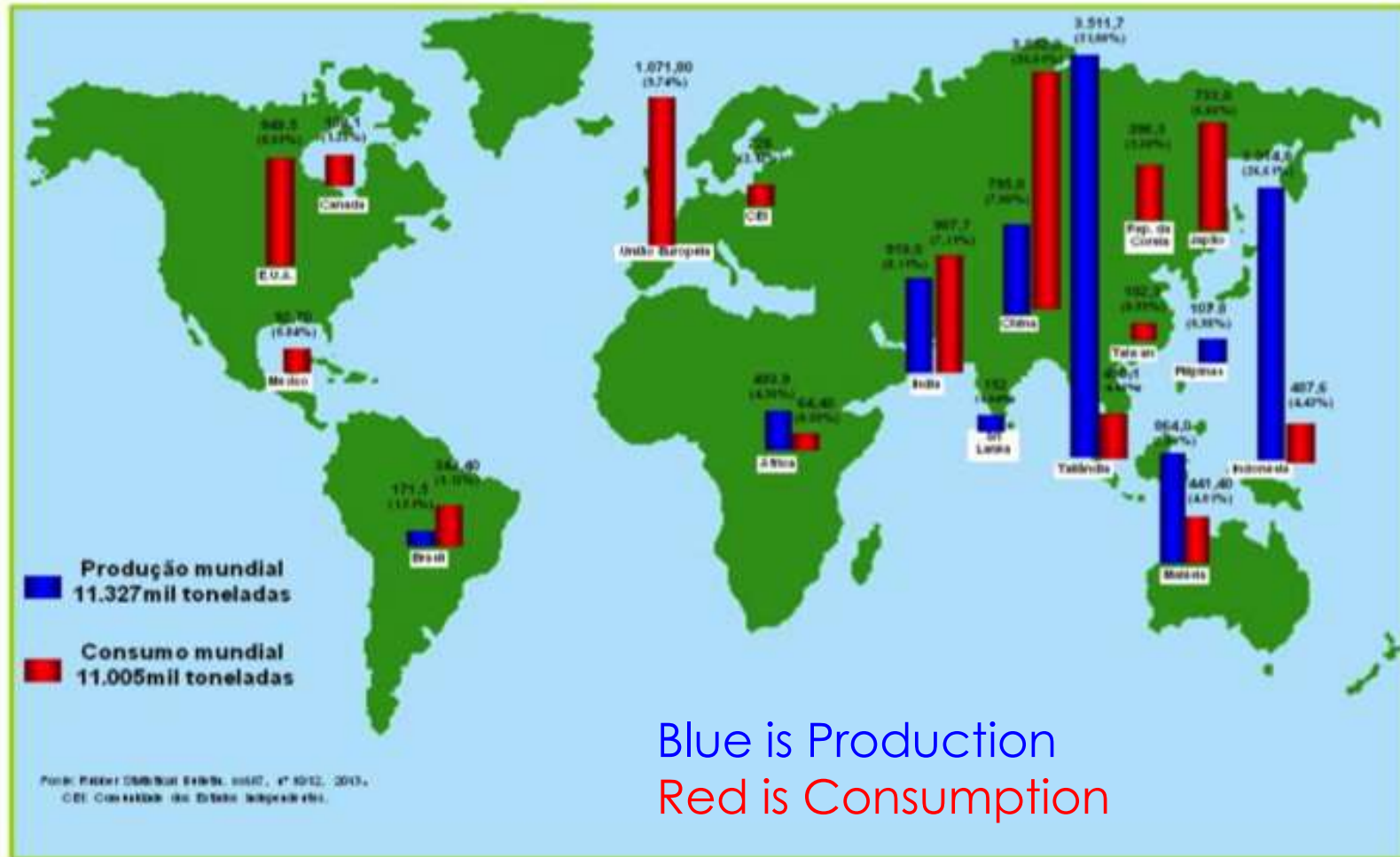
And seems that Asia aim's to dominate all rubber goods production.

This is not good in in this much of concentration.

**This movement means risk for Americas and
open doors for alternative NR crops.**

Worst than alternative NR crops, its NR substitution.

NR world balance.



Shortage of new areas to NR expansion on traditional producers

DEFORESTATION



Historical suitability*

Low Very High Unsuitable



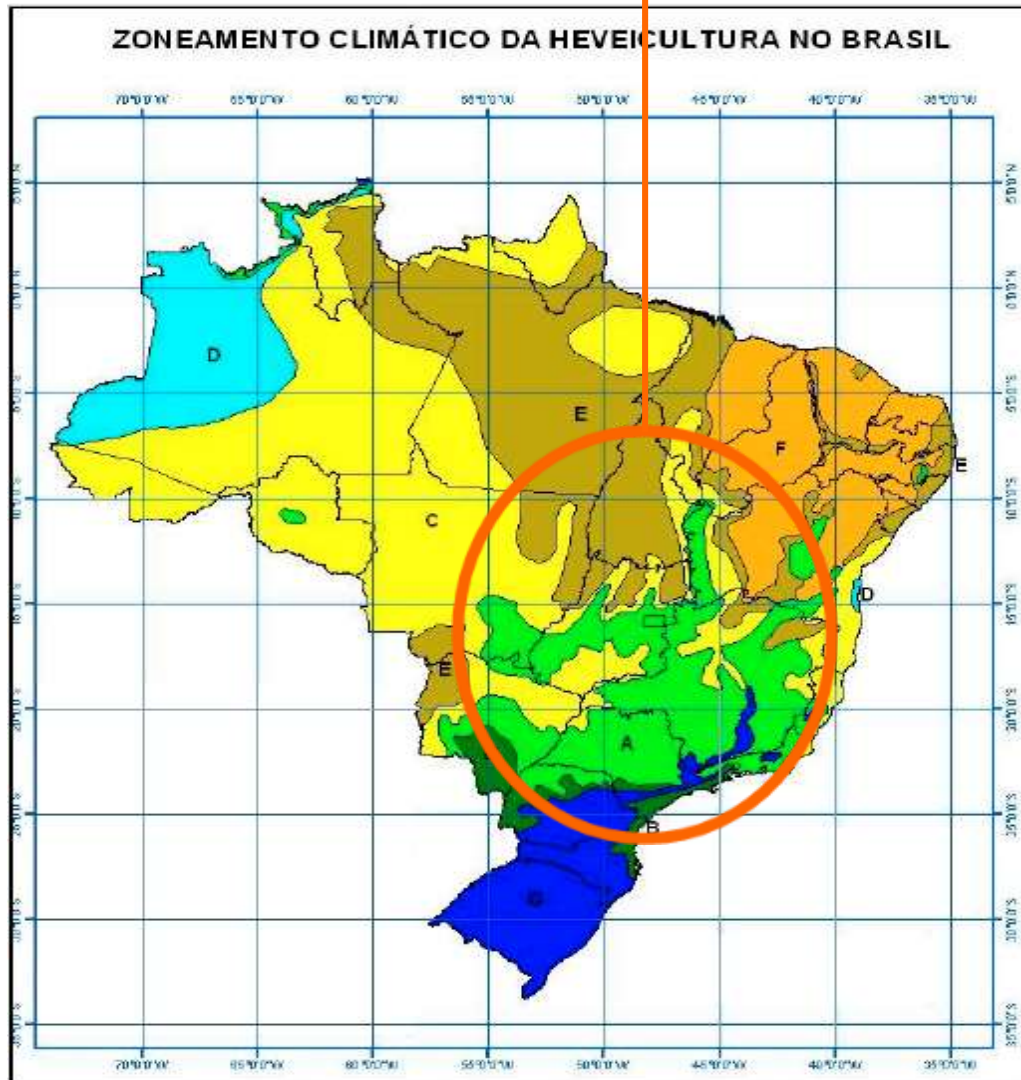
*REGIONS WHERE RUBBER WOULD NATURALLY OCCUR

source:

NATIONAL GEOGRAPHIC

ABRABOR

BRAZIL has large
100% suitable areas
for a sustainable rubber expansion
DEGRADED CATTLE PASTURE



200
MILLION HA

 NATIONAL
GEOGRAPHIC

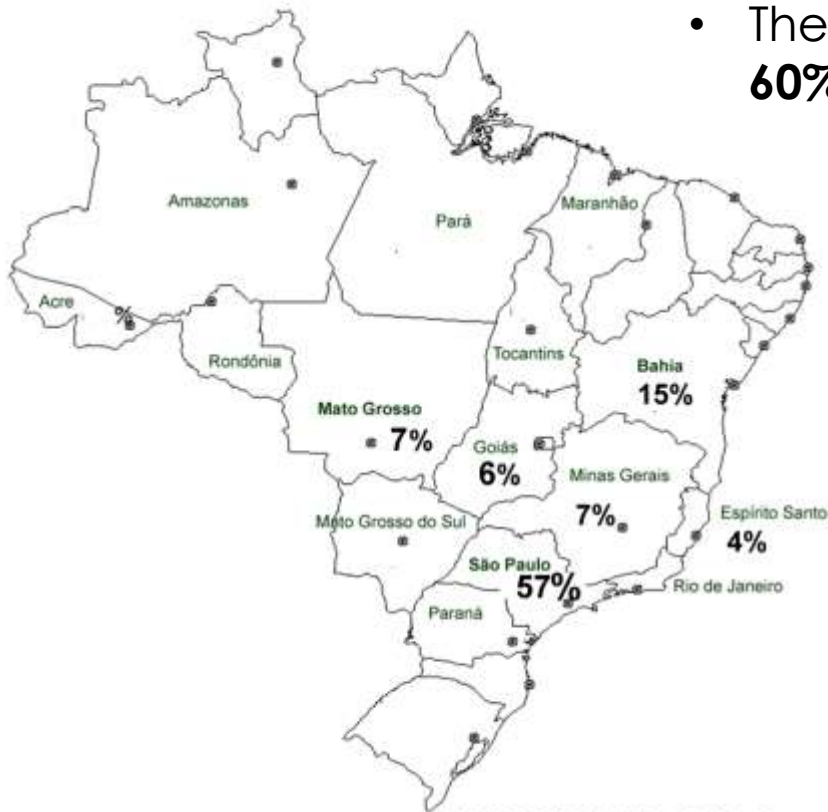
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• **Once the world's biggest NR producer,**

Brazil represents today nearly 1,5% of the world's output.



Natural Rubber Production in Brazil



FONTE IBGE PAM 2016 / Adaptação Diogo Espernate

- The country is NR import dependent, sourcing **60% of the 400 mil tons it consumes annually.**

- Brazil has the road model as its main matrix of transportation of its population and of the flow of its agricultural and mineral production.
- Having the tire and car industry in Brazil is a matter of national security. So, producing natural rubber in Brazil becomes imperative.
- Now, seize the Brazilian natural rubber production to: industrialize rubber, access markets from Brazil, and mitigate risk to the Americas

This is an opportunity!

There is an opportunity in Brazil !



Thousands hectares of degraded pastures.



High Technology

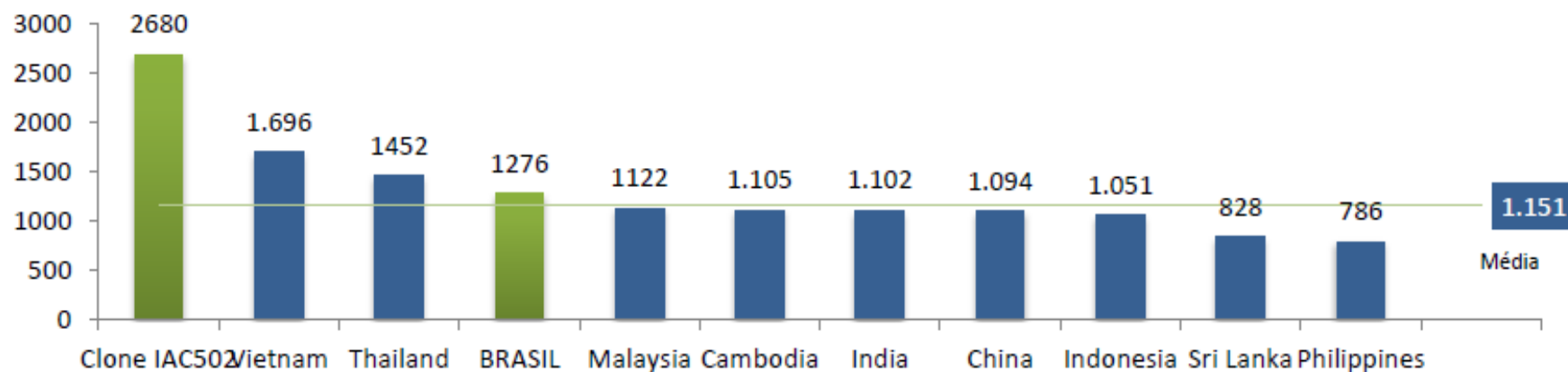


Rubber Tree Plantation



Produtividade de Borracha Natural

(em borracha seca por hectare)



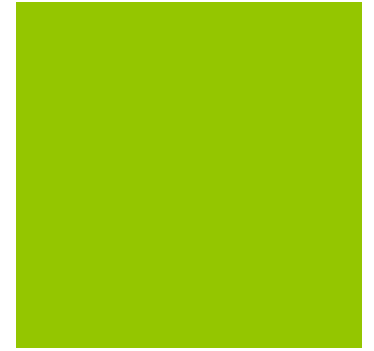
Fonte: ANRPC 2017/ IBGE 2015(Adaptação ESPERANTE,D.)

There is an opportunity in Brazil!



Socially fair , environmentally correct , economically viable!

...last message.

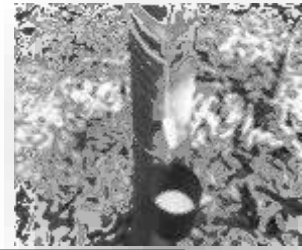


- For the past 2 weeks I have been contacting:
 - NR producers,
 - NR industries,
 - NR Associations
 - researching information to understand the chain of NR market and,
 - And (as most of you) paying close attention to NR prices.

- I do have a message to reflection:

What is worst?

The high prices when NR lose market share, sometimes forever, or very low prices in a long period that open doors to a new season of very high prices?



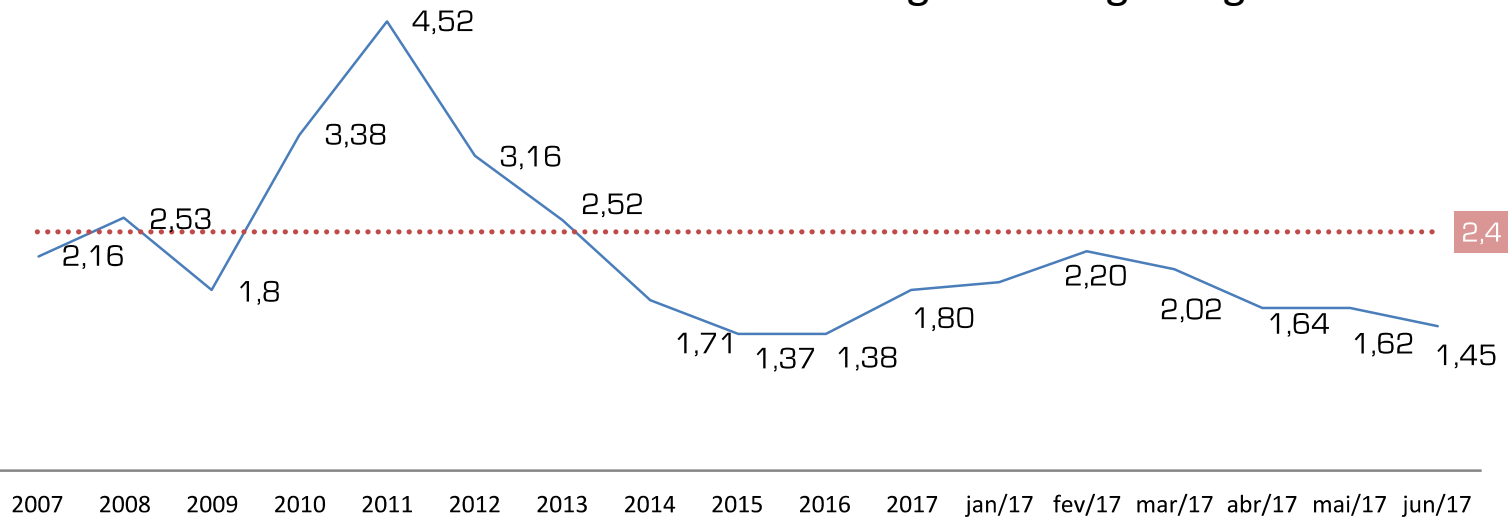
Preço Internacional Borracha Natural

(TSR20 Singapura)

— PREÇO/kg Média

How to control prices?

Controlling stock or gaining market?



FONTE: <http://www.worldbank.org/commodities> ; <http://www.sgx.com>

Adaptação: ESPERANTE, D.



Strategical Tripod



...this are the keys for better prices.

Mitigate supply risk, improve quality and don't be classified as Critical Raw Material
Research and development, to gain market share.

Marketing to the final consumers, those who are above the industries CEO's.

We must improve our cooperation skills!



EVENT BRAZIL **2018**

November 22, 23 SÃO JOSE DO RP SP

**11o CICLO DE PALESTRAS
SOBRE A HEVEICULTURA PAULISTA**

2a FEIRA DO AGRONEGÓCIO DA BORRACHA

Thank you!

Credentials

Mr. Fernando do Val Guerra

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- ❖ President / Chamber of Natural Rubber at Ministry of Agriculture, Livestock and supply.
- ❖ Executive Director - Brazilian Association of Farmers and Processors of Natural Rubber
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Statistical Monitoring Program Coordinator

