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# The Phnom Penh Post

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## Rubber sector rejuvenated

Ros Dina | Publication date 09 June 2009 | 15:01 ICT

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A raft of rubber plantation concessions approved in the first four months

of 2009 has put Cambodia on track to reach its cultivation target for 2015

Photo by:

Heng Chivoan

A rubber plantation worker taps a tree for resin.

Cambodia's target of having 150,000 hectares under rubber cultivation by 2015 has been given a boost with 42,000 hectares of concessions approved by the government in the first four months of 2009.

The seven projects have a proposed investment value of \$146 million and are expected to



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employ almost 9,000 workers, according to applications lodged with the Council for the Development of Cambodia (CDC), whose approval is required for projects over a certain size.

This compares with just four rubber plantation approvals worth \$31.5 million in 2008.

Kay Vibol, the human resources manager at Vietnamese company Duong Nai Kratie Aphivath Caoutchouc Co, said 70 hectares were already under cultivation on a 2,502-hectare concession approved on April 27, and that 1,300 hectares would be planted this year. "We are following a master plan set by the Ministry of Agriculture," he said.

The approvals come after Ly Phalla, the director general of the Ministry of Agriculture,

Forestry and Fisheries' rubber plantation department, told the Post in April that he expected just 10,000 hectares of rubber trees would be planted in 2009, down from 25,901 hectares in 2008, after international rubber prices dropped from \$3,500 per tonne to just US\$1,400 per tonne last year.

Cambodia now has 107,901 hectares under cultivation, with 33,673 hectares producing resin and 74,231 hectares of immature trees, according to ministry figures.

However, Mak Kimhong, president of the Association for Rubber Development of Cambodia, said the concession approvals reflected the fact that rubber was a more stable investment than other agricultural crops.

"Natural rubber fetches less than at the beginning of last year, but the price is still better than the \$1,200-per-tonne received in 2007," he said.

"But farmers who grow cassava and beans are facing very big losses."

He added that 1.5 hectares under rubber cultivation could yield an annual income of around \$2,000, compared with between \$300 and \$400 for bean farmers.

Mong Reththy, president of the Mong Reththy Group and co-chairman of the Government-Private Sector Working Group on agriculture, said his company made a profit of between \$300 and \$1000 per tonne depending on prices.

He added that planting crops like rubber, jatropha and palm oil required a long-term commitment but could generate stable returns and high employment if done right. "I think that the agro-industry, if we can do it well, has a lot of potential," he said.

**Bouncing back**

Renewed interest in the sector comes as prices have rebounded 25 percent this year on demand from China, the world's largest natural rubber consumer, reaching as high as \$1,780 per tonne on the Tokyo Commodity Exchange.

Prices could rise further still, with Chinese consumption of natural rubber predicted to rise to 2.8 million tonnes in 2010 from an estimated 2.65 million tonnes this year, largely due to increasing tyre production.

A representative of Phu Rieng Kratie Aphivath Caoutchouc Co, a related Vietnamese rubber company, said 2,500 hectares had already been cleared on a 6,434-hectare concession also approved April 27, and that 1,700 hectares were already under cultivation. The company planned to plant a further 2,000 hectares this year and the remainder by 2012.

The company would also build a factory to process rubber for export, said the representative, who asked not to be named.

Rubber production is considered a key area for development for Cambodia's agricultural sector, which employs around 4.75 million of Cambodia's 8 million-strong labour force, yet provides just 32 percent of the country's GDP.

With annual growth lagging other sectors since the early 1990s at just under 4 percent, experts have called for a deepening of the agricultural value chain through developing domestic processing capacity.

Rubber was identified as one of 19 products with good export potential in the government's 2007 Diagnostic Trade Integration Strategy, but just 10,825 tonnes of dry

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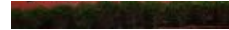
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government's 2017-2022 agricultural trade integration strategy, but just 20,000 tonnes of dry rubber was exported in 2008 according to government figures, earning \$24.9 million. The main export markets were Vietnam, Malaysia, Singapore and Europe.

San Vanthy, director of the ministry's Agriculture Department, said the government is planning to invest in rubber processing to complement the increasing number of rubber plantations.



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### **PM warns of 'new Cold War'**

Prime Minister Hun Sen said the possibility of a so-called new Cold War has become a significant concern and that all countries have to reject outright, any attempt to allow history to tragically repeat itself. He made the remarks in a speech during 75th Session

