

# Value chain approach for smallholder-produced natural rubber latex



## The background

Unlike timber, it is hard to directly trace the source of natural rubber latex coming from different forests. FSC can certify rubber plantations. But the industry includes an unknown number of people acting as dealers and brokers who collect the latex from various forest owners before passing it on to manufacturers and processing facilities in an uncontrolled manner. This makes it hard to achieve a clean due diligence system required by FSC.

However, the growing market for sustainable products, including the international tyre manufacturing industry, is increasingly asking for certified products.

“This is a huge opportunity, with tyre manufacturers getting 80% of their rubber supply from smallholders.”

## What we are doing

FSC has started to understand the challenges and is seeking solutions to overcome current barriers to certification.

In a first phase, the situation in two key countries – Thailand and Indonesia – is being mapped and analyzed, while the current normative framework is being reviewed. It is important to identify the gaps and opportunities to modify relevant requirements for the purpose of seeking and testing new solutions.

Plus, it is key to build good relationships between producers, traders and processors. All parties shall have a fair share from the added value of FSC-certified product sales.

In a second phase, the recommendations from phase one are being translated into actions towards review and revision of the existing framework and field testing those under real-life conditions

to then inform FSC to make the necessary changes in policies and standards.

## Key features

- Until 2018, FSC had around 90,000 hectares of rubber production certified globally, largely in South East Asia and Guatemala. From January 2018 to June 2019, 41 new certificates (excluding traders) were issued, mainly being run by smallholder certification group schemes. This shows an **increasing trend for certified rubber plantations**.
- Currently 85% of natural rubber is produced by smallholders and **20 million people depend directly on this economy** in producing countries. In 2017, the global consumption of natural rubber was 14.2 million tons.
- Predictions suggest **strong near-term demand** of up to 19 million tons in the next five years, requiring

3.5 million hectares of additional rubber plantations. This shows an enormous potential for FSC certification.

## Current progress and next steps

A first draft of a proposal for establishing a dedicated initiative has been submitted for approval. Contracting experts to implement the on-the-ground evaluations are now the next step to be taken. It is further expected that exploration and testing can begin in the second quarter of 2020.

By the end of 2021, the two phases shall be completed with a final report to give the base for further actions.

## Reference documents

- [Responsible Sourcing of Natural Rubber Declaration](#) by international brands.