



# **NATURAL RUBBER INDUSTRY OF LIBERIA**

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# Natural Rubber Industry of Liberia

## Historical Origins

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- ✦ Harvey S. Firestone started development of natural rubber in 1926
- ✦ The resulting Harbel Plantation represents the world's largest single estate
- ✦ Other Processors Followed
- ✦ A large, vibrant indigneous smallholder sector developed as a supply source
- ✦ Liberia's natural rubber gained international quality acceptance

# Natural Rubber Industry of Liberia

## The Future for Natural Rubber

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### ✦ Demand booming

- ✦ Strong economic growth in China, India, and other developing economies
- ✦ NR demand in these economies growing faster than overall economic growth

### ✦ Supply Stagnant

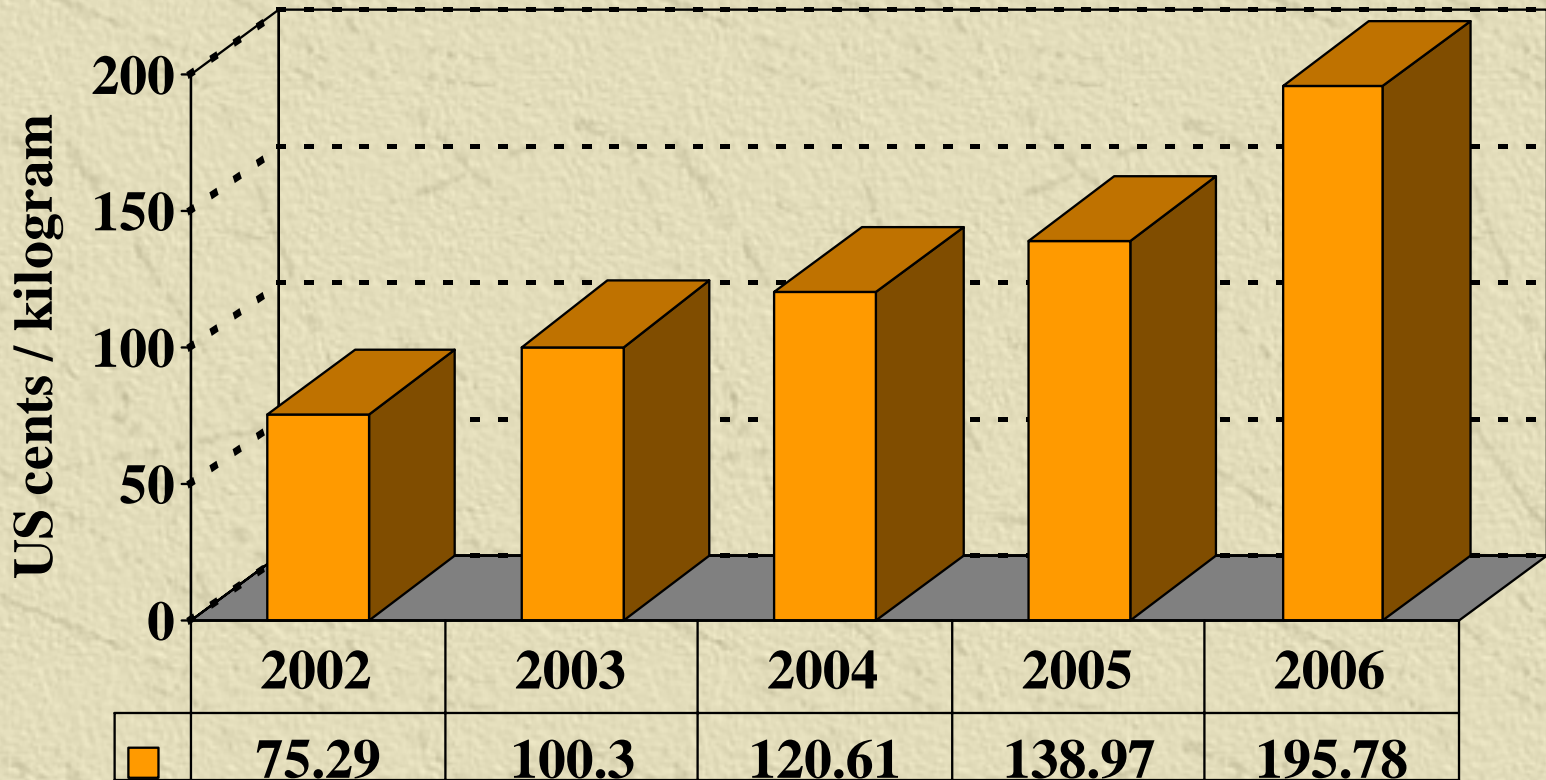
- ✦ Decades of under-investment
- ✦ Long lead times to correct
- ✦ Exit of Malaysia - #3 global exporter
- ✦ Insurrection in Thailand in rubber growing areas - #1 global exporter

### ✦ Prices have risen dramatically in recent years

# Natural Rubber Industry of Liberia

## Global Natural Rubber Price Trend

TSR20 SICOM Price



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## An Ideal Place for Natural Rubber

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### ✦ Abundant Arable Land

- ◆ 550 thousand acres / 220 thousand hectares developed or semi-developed
- ◆ 10 million hectares undeveloped

### ✦ Excellent Weather

- ◆ Sharp wet and dry seasons of 5 months each
- ◆ Excellent rainfall
- ◆ Absence of root disease

### ✦ Abundant skilled and unskilled labor

### ✦ Proximity to North America and Europe

- ◆ Shorter transit times to markets
- ◆ Facilitates “just in time” inventory management

# Natural Rubber Industry of Liberia

## Political Climate

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### ✦ Democratically elected government

- ✦ Committed to transparency in governance
- ✦ Investor-friendly

### ✦ Qualified Liberians returning to homeland

- ✦ Sacrifice of positions in other countries
- ✦ Vote of confidence for future

### ✦ International recognition and support

### ✦ Improved security environment

- ✦ 15,000 strong UN Peace Keeping Force
- ✦ Training of new police force
- ✦ Training of new and geographically balanced Armed Forces
- ✦ Strong commitment of the Liberian people to peace and national reconciliation

# Natural Rubber Industry of Liberia

## Local Economic Factors

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- ✦ Low development costs – Approximate cost to plant and maintain an acre of NR over 7 year immaturity period = \$1,000.
- ✦ Competitive production costs
  - ✦ Abundant skilled and semi-skilled labor
  - ✦ Inexpensive costs for health delivery and education services for employees and dependents
- ✦ High yields – average of 2,200 DRC lbs per acre

# Natural Rubber Industry of Liberia

## Tax Regime

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- ✦ Low corporate income tax rates
- ✦ Accelerated depreciation on investments in new plantings
- ✦ No export tax on natural rubber taxes
- ✦ No import duty on capital equipment necessary for either rubber planting or construction of processing facilities
- ✦ Government wants to approach investors from business, not legal perspective