Valerie Ledure and I met today with the European Tyre and Rubber Manufacturers Association (ETRMA).

Main points:
- For historical trade reasons, rubber is globally largely priced off futures contracts traded on the Singapore Exchange. Trading volumes are low, partly because rubber manufacturers traditionally do not hedge, and exchanges in Shanghai and Tokyo are gaining market share. However, the latter are not seen as equally reliable price discovery venues by rubber manufacturers.
- Until 2000, an international agreement on rubber stocks was in place but was scrapped at the insistence of rubber manufacturing countries (mostly in Asia) as they considered prices to be too low. Since then, prices have steadily increased in line with other commodities. In recent years, rubber prices have increased far more. They have conducted a study into recent price trends and consider that increasing financialisation has played some part.
- ETRMA has followed the preparations of our proposed roadmap for commodity derivatives markets in MiFID/MAD (position reporting, position management/limits, minimising exemptions, more transparency, etc) and think that similar measures should be applied in Asia. However they don't think that existing workstreams under IOSCO are sufficient for this purpose.
- Regarding transparency of market fundamentals, we directed them to DG ENTR although they were sceptical whether ENTR considers rubber a sufficiently strategic raw material today - or to what extent an EU-workstream on a commodity largely produced elsewhere could achieve.