THE ROAD TO ABRABOR:
ASSOCIATIONISM IN THE DEVELOPMENT OF THE
BRAZILIAN NATURAL RUBBER INDUSTRY

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Abstract

Brazilian natural rubber industry has lived its greatest expansion in the past 25 years. The State of São Paulo was the main area of expansion and, the development of associative activities in this region were paramount in helping to establish a wide net of positive interactions between farmers, processors and government with crucial benefits to the establishment of the Brazilian Natural Rubber Industry. Further, natural rubber cultivation has been expanded to neighboring States of São Paulo, mainly: Mato Grosso, Mato Grosso do Sul, Goias, Tocantins, Minas Gerais, Espírito Santo, Bahia and later Paraná. Such expansion has led local industry agents also to create associations that recently, in the year of 2016, came together under one Federal representation named ABRABOR. This paper intends to describe such phenomenon through a multi-case study of the current institutions associated to ABRABOR analyzing each state characteristics together with each institution incentive offers. Next, this characterization will be analyzed factoring in the compatibility of the governance structure of each entity, regarding the compliance with the demand of associates on each State, thus providing resources for an efficiency assessment of such groups. Later, the same criteria will be applied for analyzing their efficiency at national level representation.

Keywords: collective action, polycentric Framework, industry strategy, associativism, natural rubber

INTRODUCTION

Brazilian Natural Rubber Industry has lived its greatest expansion in the past 25 years. During this period the area in production expanded from less than 30,000 hectares to more than 150,000 ha. Productivity has also improved from around 800 kg/ha per year to an average of 1300 kg/ha per year.
During this expansion process, the identification of suitable areas free from South American Leaf Blight (SALB) in the northwest of the São Paulo State played an important role.

To that effect, the development of associative activities, in this region, were paramount in helping establish a wide net of positive interactions between farmers, processors and government with crucial benefits to the establishment of the Brazilian natural rubber industry.

Thereafter, natural rubber cultivation was expanded to neighboring States of São Paulo, mainly: Mato Grosso, Mato Grosso do Sul, Goias, Tocantins, Minas Gerais, Espírito Santo, Bahia and later Paraná. Such expansion has led local industry agents also to create associations that recently, in the year of 2016, came together under one Federal representation named ABRABOR.

Table 1. Brazilian NR Production, Consumption And Import 2004 A 2015 (NCM 40011000-40012990)

<table>
<thead>
<tr>
<th>Year</th>
<th>Import* `000 tons DRC</th>
<th>Production** `000 tons DRC</th>
<th>Consumption `000 tons DRC</th>
<th>Share % Production/Consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>95</td>
<td>278</td>
<td></td>
<td>34%</td>
</tr>
<tr>
<td>2005</td>
<td>99</td>
<td>295</td>
<td></td>
<td>34%</td>
</tr>
<tr>
<td>2006</td>
<td>101</td>
<td>280</td>
<td></td>
<td>36%</td>
</tr>
<tr>
<td>2007</td>
<td>107</td>
<td>328</td>
<td></td>
<td>33%</td>
</tr>
<tr>
<td>2008</td>
<td>116</td>
<td>350</td>
<td></td>
<td>33%</td>
</tr>
<tr>
<td>2009</td>
<td>127</td>
<td>279</td>
<td></td>
<td>46%</td>
</tr>
<tr>
<td>2010</td>
<td>128</td>
<td>378</td>
<td></td>
<td>34%</td>
</tr>
<tr>
<td>2011</td>
<td>156</td>
<td>379</td>
<td></td>
<td>41%</td>
</tr>
<tr>
<td>2012</td>
<td>167</td>
<td>348</td>
<td></td>
<td>48%</td>
</tr>
<tr>
<td>2013</td>
<td>186</td>
<td>410</td>
<td></td>
<td>45%</td>
</tr>
<tr>
<td>2014</td>
<td>184</td>
<td>414</td>
<td></td>
<td>44%</td>
</tr>
<tr>
<td>2015</td>
<td>184</td>
<td>403</td>
<td></td>
<td>46%</td>
</tr>
</tbody>
</table>

Source: MDIC (2016)* IBGE (2016)** DRC = Dry Rubber Content
Although some similarities may be identified between these states, each region can be characterized by very particular set of profiles with
great variation in terms of plantation average size, systems of labor management, technological and rural practices thus, varying the demands and expectations of associates towards the activities performed by its regional associations.

None of the less, integrated through its National entity these states have being able to identify among them, synergy in issues such as Statistics Monitoring, Federal and International institutional Representation, support to Research Institutions and the promotion of events with the purpose of sectorial marketing and benchmarking of best practices.

![Brazilian NR Associations](image)

**Figure 3. Brazilian NR Associations**

*Note: Total Production Percentage (%)*

Taken from the perspective of Collective Action theory (OlSON, Mancur), the emergence of what may be described as a Polycentric Framework (OLSTRON, Elionor) has showed great potential in helping to establish and expand the Brazilian Natural Rubber Industry.

This paper intends to describe such phenomenon through a multi-case study of the current institutions associated to ABRABOR analyzing each state characteristics together with each institution incentive offers (political activities and provision of services both characterized as collective or selective incentives).

Also, this characterization will be analyzed factoring in the compatibility of the governance structure, of each entity, regarding the compliance with the demand of associates on each State, thus providing resources for an Efficiency assessment of such groups.
Further, the same criteria will be applied to analyze their National representation efficiency.

MATERIAL AND METHOD

For this endeavor it was adopted the methodology of multi-cases analysis of each state Association and it’s relation to the National Association.

The information was obtained through interviews with the representatives of associations and the assessments of various other documental sources such as internet sites and statues.

It was taken under consideration the main characteristics of the farmers representing the associations to identify the demand for Collective Goods and the evaluation of Selective Goods, when provided. To initiate the analysis, a framework developed by NASSAR (2001) was adopted focusing in: History – Regarding the motivation for the creation of the association. Strategic Positioning – Analyzing the relation between the association and the structure of the segment it represents. Internal Structure – Analyzing the governance of each association. Activities – Divided into interactions with government officials and services provided directly to the associate.

Following that, the results were put together in order to compare, as NASSAR (2001) proposed, de equivalence of both: Internal structure and services provided and strategic positioning and representativeness.

ESPÍRITO SANTO

History

The State of Espirito Santo has a peculiar characteristic for associations which are mainly organized as Cooperatives in order to represent producers in all commercial activities. There are two main Cooperatives named as Coopebores and HeveaCoop.

Coopebores was founded on 26th October 2006 at the city of Linhares, Espirito Santo – Brazil. Heveacoop was founded on 5th May 1991 and has been the oldest among all members at ABRABOR.

Coopebores had about 35 members with about 1624 hectares. Heveacoop had 201 associates representing about 2570.
Strategic Positioning

Both cooperatives have very solid commercial activities having Coopebores presence greater in the North and Heveacoop in the south part of the State.

The cooperative structure is strategical for it produces Tax incentives. Such incentives not only finance all the groups activities but it often produces surpluses divided among the producers at the end of each season. Not Clear!

Internal Structure

The HeveaCoop Cooperative has a directory board with a President Director (Humberto Nunes de Morais), a Secretary Director (Geraldo Rocha) and a Commercial Director (Pedro Inácio Wandekoken).

Coopebores Cooperative’s has in it’s directory board a President (Célio Pitanga Pinto) an Administrative Director (Milton Lister Cheibub David) and a Financial Director (Emir de Macedo Gomes Filho).

Activities

Both institutions are focused in commercial activities with buying the production of their associates and selling it to processing companies.
None of the less, both groups are known for having good interactions with local government in supporting the development of public policies towards rubber.

Other activities such as Technical Assistance and Skill Development Programs are supported by the groups in partnership with other institutions.

GOIÁS

History

On May 5th of 2012, a group of natural rubber estate owners from both Goias and Tocantins regions got together at the Covoá Farm in the city of Goianésia, at the state of Goias - Brazil, to create the da Associação dos Produtores de Borracha Natural de Goiás e Tocantins (APROB-GO/TO). Then the constitution was written and elected it’s first Directory Board.

The group comprised 40 associates having 13.826 hectares of planted area (with 4.674 hectares in production).

The participants are mainly large estate owners ranging from 100 hectares to 4 thousand. Most areas are not in full production and some of them are completely immature.

The presence of the association is very important for planters, producers and nursery owners who have a great demand for information, being a region for non-traditional Natural Rubber producers.

The group is considered to be large and homogeneous and, is a founding member of the National representative ABRABOR.
Strategic Positioning

The association aims to assist planters, producers and nurseries in view of improving the production. **Need to mention about the positioning!**

Internal Structure

The group structure is made of a Board of Executive Directors with President (Antônio Carlos da Costa), President of Honor (Raul Silva), 1st and 2nd Vice-Presidents (João Pedro Braollos Neto, Edson Viandelli Lopes), Executive Director (José Fernando Canuto Benesi), Treasury Director (Nacim Hajjar Filho), Technical Director (Evaldo Peral Rengel), Communication Directors (Agnaldo Gomes da Cunha, Clóvis Ferreira de Morais, Mauro Paranhos Netto, Gibrail Kinjo Esber Brahim Filho, Walter Antônio de Moura Júnior and a Secretary Director (Elizabeth Cristina da Costa).

Following the Directors Board there is a Deliberative Council and a Supervisory Board.
The road to abrabor: associationism in the development of the brazilian natural rubber

The Council with a President (Rodrigo Penna de Siqueira), Vice President (Edvaldo Antônio Lopes) and other 14 Members.

The Supervisory Board with 3 Members, two from last committees, one for Technical Matters and another, from a Youth Community.

The Technical Committee comprised 6 Members from agronomists and the Youth Community is represented by 04 young man Members.

Activities

The group also maintains relationships with Unions, Federations and other officials in the government and private sectors to meet its goals.

To this regard, the group collaborates with Government officials in elaborating and executing public policies directed to rural industrial and technological development of Natural Rubber production, processing and industrializing.

Also, an important area of activity of the group is the organization of congresses, conventions, symposiums, seminars, expositions, fairs, workshops, preparing and the distribution of statistics. That way creating incentives to studies and technical norms. Not clear!

There is also a service of Legal and Accountancy constituted to aid the associates.

SÃO PAULO

History

On November 22nd of 1992, the first meeting was held for the creation of APABOR at the city of São José do Rio Preto at the state of São Paulo, Brazil. The constitution of the Board of directories was proposed to be decentralized into 8 main regions. The election of the board and creation of two councils were then defined.

The group comprised 650 associates at present having have about 26,000 hectares of planted area (with 20,000 hectares in production).

The participants are medium size estates owners with an average of 40 hectares. The association also include among it’s members tappers. Not clear!
Interesting to highlight that the institution also has associates from Processing Plants having all major plants as members (covering about 80% of all country’s processing capability)

The group is considered to be large and heterogeneous and the entity is a founding member of the National representative ABRABOR.

Figure 6. São Paulo Agro-climatic Rubber Zoning
Source: IAC (2011)

Strategic Positioning

The association was for the past 25 years the main spokesman for the Brazilian Natural Rubber productive sector.

That led to a good relation not only among the government officials but also among processors and industrial consumers.

Being a hybrid group with both producers and processors the association was able to create good interactions between both segments and thus gaining attention from the government and consuming industry.
Internal Structure

The group structure is made of a Board of Executive Directors with President (Wanderley José Cassiano Sant’Anna), 1th and 2nd Vice-Presidents (Fabio Magrini, João Almeida Sampaio), Executive Director (Diogo Esperante), Thresury Director (Marcio Anísio Haddad), Technical Director (Cesar Savóia), Comunication Director (Fernando Guerra) and a Secretary Director (Marcos Santin).

Following the Directors Board, there is a Deliberative and a Consultative Council and a Supervisory Board. The Deliberative Council with a President (Jason Passos) and other 08 Members. The Consultative.

Council with a President (Marcelo Valentine) and other 08 Members. The Supervisory Board with 2 Members and for last one Committee for Technical Matters comprising 08 Members of agronomists.

Activities

The institution is traditionally known for it’s interaction with local authorities. The organization is also famous for the organization of events and workshops.
For the past 15 years, the institution gained great projection after the creation of the price reference called GEB-10 Apabor reference (based on the calculus of the cost of import). Later the consuming industry along with the processors created a new methodology of calculus named GEB-10 Market, but Apabor kept being responsible for it’s calculation and publishing.

The institution was also in charge of managing the public polices along with federal and international authorities before the creation of Abrabor. With the rise of the federal representative Apabor kept it’s participation on such processes through an assistance from Abrabor.

Regarding services the institution provides a series of Assistance Programs to its associates ranging from legal advices to technical, accountant and insurance facilities.

OTHER STATES (BAHIA, MATO GROSSO, MATO GROSSO DO SUL, MINAS GERAIS E PARANÁ)

This other states have important associations but they are still under structuring (and in some cases re-structuring) in their local markets.

In the case of Bahia the COOPEVERDE, a group formed mainly by areas with relation to Michellins plantations at that region, was part of the founding of ABRABOR. However within a year, the institution went through financial problems and had to leave the Abrabor board of members. The same thing happened to AHEVEA from Mato Grosso.

In the case of Mato Grosso do Sul, a newly formed group, APROBAT, has already become associate member of ABRABOR by subscribing to the Association monthly Statistical Publication. The same alternative, of association by subscription of the Monthly Report was adopted by COOPEVERDE.

States such as Paraná end Minas Gerais do not have associations yet but Abrabor is supporting some individuals in those areas to organize their own groups.
RESULT AND DISCUSSION

This item is dedicated to analyze the information gathered and categorize it into comparable indicators.

Most entities were categorized as homogeneous regarding the profile of their associates. In contrast, APABOR was considered to be heterogeneous mainly for having not only property owners but also tappers and Processing Plants among its associates. Such characteristics were also underscored by the category of Represented Segments and the Profile of the Associates.

Regarding the percentage of representation we may affirm that from the total area planted, about 20% is formally associated to an entity. From this total APABOR is the biggest with 11%, followed by APROB with 5%, Heveacoop with 2% and COOPEBORES with 1%.

All entities are founding members of ABRABOR. In this case we may also characterize ABRABOR as a large and heterogeneous group that represents Tappers, Producers and Processing Plants with farmers ranging from small to big property owners.

Regarding the other states, presence of ABRABOR is identified for its Monthly Statistical Report and that has been used as a way of interacting with entities although such entities do not have financial capability to be a formal Member. However, they have become informal members in some way of contributing (by the payment of a subscription fee) and receiving information about the National Representative Activities.
Table 4. Equivalence Internal Structure and Services

<table>
<thead>
<tr>
<th>Internal Systems is Accountable</th>
<th>Homogeneous and Big</th>
<th>Homogeneous and Small</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PARCIAL</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NO</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 5. Strategic Positioning and Representativeness

<table>
<thead>
<tr>
<th>Representativeness</th>
<th>Low</th>
<th>Medium</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>70% 100%</td>
<td>APROB</td>
<td></td>
<td></td>
</tr>
<tr>
<td>50% 70%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25% 50%</td>
<td>COOPEBORES HEVEACOOPE APABOR</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0% 25%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

LEVEL OF COLLECTIVE GOODS PROVISION
Strategical Positioning
Nonetheless, it is identified that a bigger participation of the producers would be beneficial to the efficiency of the majority of the entities.

That being said the matter at hand seems to be the disproportion between the provision of Collective and Selective goods. Collective goods tend not to produce incentives for contribution for they make no difference between does who contribute and those who don’t. Everybody may benefit from that activity weather been associated to the institution or not. So, if institutions are producing too little selective goods, they tend to have less members.

In this regard, the Theory of Collective Action provides us with good arguments to understand why many producers are not motivated enough to contribute to the reproduction of the entities.

That is in result of the abundance of collective goods in contrast with a small number of selective and exclusive goods provided only for associates.

The concept of the “Free-rider” seems to fit perfectly to this situation; in the case of the Cooperatives, that provides a very valuable and clear selective incentive (that is the commercialization of the production) the attendance of contribution is higher. A clear example that when providing a selective good (in this case the commercialization) the
institution tends to give greater incentives so that producers contribute to their activities becoming members.

Also when groups are smaller and more homogeneous, the incentives seem to be easily perceived by the producers (which is the case of APROB).

In “Free-rider” phenomenon, entities may benefit from enhancing their selective goods provision, especially in the case of big and heterogeneous groups, such as Apabor.

The integration of the collective goods provision being made by the National representative ABRABOR may be a good alternative so that local entities can focus on providing Selective Goods to their local associates.

CONCLUSION

Taking into consideration the information gathered, we identify that all entities have successfully generated Collective Incentives for theirs associates.

With regard to the percentage of representativeness in terms of planted area, APROB secures the highest value of 70% and Coopebores, Heveacoop and APABOR have relatively low level of representativeness. This is because Coopebores and Heveacoop share the same state and in the case of APABOR, this has less area of rubber being far away from highly planted area in the country.

REFERENCE


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