

STRETCH

A quarterly publication of the
Malaysian Rubber Export Promotion Council

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The *World's* Largest Rubber Glove *Manufacturer*



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CEO of MREPC Dato' Teo Suat Cheng

Another year has come to pass, and what a year it has been! For the better part of the year, it was business as usual for rubber product manufacturing in the country, until the gloomy wind of the global financial crisis, triggered by the subprime mortgage turmoil which originated from the United States, began sweeping rapidly and wreaking havoc to all across its path, with the only difference being in the degree of disaster sustained. The crystal ball portends a chilly scenario for most, if not all, economies and countries are scrambling, individually or collectively, to institute measures to cushion the adverse impact currently and ahead. The consequence is already being felt with economies the world over either slowing down, or as seen in several developed countries, going or gone into recession. It is therefore not surprising that Malaysia, as a trading nation, is not spared. Fortunately, with good and sound economic fundamentals and a prudent saving habit, the effect may not be as severe as in some other countries - with even a positive, albeit slower, growth rate expected for the year ahead.

In many instances, SMEs provide the fundamentals of economic activity and generally would feel more acutely any recessionary pressures. It is no different for the SMEs who are rubber product manufacturers and they may not have the financial strength or resources to weather such calamities. The government on its part had already announced a stimulus package to cushion the effects of the crisis. MREPC will also be launching an improved package of incentives to assist rubber product manufacturers better meet the challenges looming ahead in 2009. The industry, on its part, should use this trying period to consolidate, merge for strength if necessary, try out new and innovative ideas, and maintain the resilience to navigate through the turbulent waters, and be poised to seize opportunities when the weather turns for the better. It may also be an opportune time to relook at and reassess overall production processes to reduce costs and improve productivity. Some sectors of the rubber product industry may be more resilient than others, but I doubt if anyone will come out unscathed.



Minister of Plantation Industries and Commodities, Datuk Peter Chin (centre), visiting the MREPC booth

4th International Rubber Glove Conference and Exhibition, Kuala Lumpur (2-3 September 2008)

The 4th International Rubber Glove Conference and Exhibition (IRGCE), held at the Kuala Lumpur International Convention Centre (KLCC), was organized by the Malaysian Rubber Glove Manufacturers' Association (MARGMA) in association with the Malaysian Rubber Export Promotion Council (MREPC), the Malaysian Rubber Board (MRB), the Thai Rubber Glove Manufacturers' Association (TRGMA) and the Indonesian Rubber Glove Manufacturers' Association (IRGMA). The event showcased the latest technology and innovations in the rubber glove industry with important updates on current issues on regulations and standards.

A total of 54 local and foreign companies exhibited at IRGCE. Foreign exhibitors included those from Singapore, China, Taiwan, India, Germany, France, Switzerland and the United Kingdom. The event attracted some 3,000 trade visitors, mainly from neighbouring countries such as Singapore, Thailand, China and India. Participation in IRGCE enabled MREPC to present itself as the leading agency undertaking trade promotion activities for Malaysian manufacturers of rubber gloves. The IRGCE also presented the prospect of linking Malaysian manufacturers with foreign companies, buyers, traders, and agents, as well as provided joint-venture opportunities. There were business opportunities for Malaysian rubber glove manufacturers as buyers from India, China, Korea, Germany and Iran were keen to source rubber gloves for their medical, manufacturing and industrial sectors. MREPC also received enquiries on technology transfer on growing of rubber and rubber glove manufacturing machinery.

Feedback from local rubber manufacturers that participated in IRGCE was positive. Many of them received enquiries from Europe, Canada and Asian countries. Brightway Holdings, for instance, received enquiries particularly for their latest type of glove, **Finger Flex (Multipurpose)**, which may be used for both medical and non-medical purposes.

Automechanika 2008, Frankfurt (16-21 September 2008)

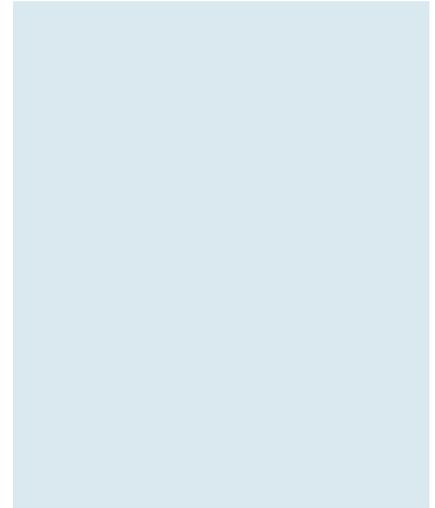
The "Automechanika Frankfurt" is considered to be the biggest international trade fair for automotive parts in the world. It is held biennially in Frankfurt, Germany. For the latest show, it attracted a total of 4,680 exhibitors from 80 countries and 166,000 trade visitors, mainly from Europe, the Middle East and Africa.



Malaysian participants at Automechanika 2008

There were six Malaysian exhibitors participating under the MREPC umbrella, namely Fudex Rubber Products (M) Sdn. Bhd., Sarpi Enterprise Sdn. Bhd., Kossan Rubber Industries Bhd., NSR Rubber Protective Sdn. Bhd., Syarikat Lian Hwa Manufacturing Sdn. Bhd. and Schmaco Auto Parts Industries Sdn. Bhd. (Lokco). Malaysian rubber automotive products such as rubber hoses, moulded rubber parts and other rubber automotive components were displayed at this fair.

Many industry members observed that there was a drop in the number of trade visitors to the fair, due to the slowing down in the world's economy, as well as many similar shows being organized in various parts of the world. Generally, Automechanika 2008 provided a good platform for the Malaysian companies to meet their existing clients in Europe, source for new clients from Africa and the Middle East, and create the awareness for Malaysian brands in the international arena.



8th Tehran Confair and Workshop on Seismic Bearings (7-10 August 2008)

MREPC participated in the 8th Tehran International Building and Construction Industries Exhibition (Tehran Confair), held from 7 to 10 August 2008, and organized a workshop on seismic bearings in conjunction with the trade exhibition. The trade show, held at the Tehran Permanent Fairground, was organized by the Iran Central Chamber of Cooperatives, the Trade Promotion Organization of Iran and the Iran International Exhibitions Company. This annual event is the premier exhibition for the building and construction industry in Iran, covering all sectors of the industry including architecture, design and engineering, building materials, fittings, and all related products and activities, such as finance, landscaping, and testing and laboratory services. The objective of participating in the exhibition was to promote Malaysian rubber products used in the building and construction industry, such as seismic bearings, expansion joints, bridge bearings and rubber fenders to the Iranian and Middle Eastern markets. While a variety of products were exhibited, the focus was on seismic bearings as Iran is a country with frequent earthquakes and there is concern over the need to isolate structures from the high seismic activity common in some areas in the country.



A busy time at the MREPC booth



Workshop on seismic bearings in session

The exhibition covered 27 halls, with 795 participating exhibitors. Although official statistics are not available, visitor turnout was good, with large numbers of general visitors and a significant number of construction industry related persons.

Two Malaysian manufacturers, Doshin Rubber and Min Industries, participated with MREPC and displayed laminated rubber bearings, bearing pads, expansion joints, waterstops, and models of dock fenders and seismic bearings. Most of the visitors to the Malaysian stand were from Iran with a few inquiries from neighbouring countries (Afghanistan, Syria and Turkey).

Workshop on Seismic Bearings

On 9 August 2008, a workshop on seismic bearings was held at a hall within the fairground. The workshop was chaired by Dr. Abdul Kadir Mohamed, deputy CEO of MREPC, who also delivered the welcoming address. Four papers, two each from MRB and Malaysian companies, were presented at the workshop, and a lively discussion ensued after the presentations.

The workshop was well attended, with over 100 participants, including government officials, engineers, architects and senior executives from construction and property development companies and members of relevant departments of academic institutions in Iran.

MREPC participation in the 8th Tehran International Building and Construction Industries Exhibition was effective in increasing awareness among Iranian professionals in the construction industry regarding the use of Malaysian rubber seismic bearings for base isolation of various structures and Malaysia as a source of quality rubber products for use in the construction industry. The workshop on seismic bearings provided an opportunity for Malaysian rubber bearing manufacturers and representatives from the Malaysian Rubber Board to explain the advantages of this technology to a very relevant audience, and to address issues Iranian professionals may have had regarding the use of rubber seismic bearings.



The FIME International Medical Expo in Miami, Florida

FIME Trade Show in Miami, Florida (13-15 August 2008)

As part of its promotional programme, the US office of MREPC participated in the FIME International Medical Expo held in Miami, Florida, from 13 to 15 August 2008.

The FIME International Medical Expo is a once-a-year international event to showcase companies and products in the medical marketplace. As usual, a wide range of products/services were exhibited: from hospital equipment, disposable medical products including medical gloves, surgical tools, dental equipment, to biomedical and pharmaceutical goods. Participants of the show consisted of distributors of medical products, medical professionals, manufacturers of medical products, medical services personnel and some students. The majority of the attendees were from North America (43%) and South America (39%). A smaller percent was from Europe (18%). MREPC was one of the several booths that displayed medical gloves. Others included Top Glove, Supermax and Cranberry from Malaysia.

The show was very well attended, and MREPC was successful in disseminating much of the promotional information to interested participants regarding Malaysia's medical gloves, in particular the SMG certification program, which had attracted much attention from both visitors. The event has also enabled MREPC to reach out to many interested parties not only from the US, but also from South America and Europe.



Creating visibility for Malaysia's SMG certified NR latex examination gloves at the FIME Medical Expo

MREPC Trade Promotion Programme for 2009

Taking into consideration the current economic environment, market conditions in importing countries and prospects for growth in the main product sectors, MREPC has proposed a trade promotion programme primarily targeting non-traditional markets. The incentives offered for market promotion activities have been enhanced, in order to encourage Malaysian rubber product manufacturers to step up their promotion efforts to meet expected declines in demand and increased competition from other countries. MREPC will also endeavour to arrange site visits and business meetings for participating manufacturers during trade shows.

Latex product sector

Trade Fairs

1 Arab Health 2009

- Dubai, UAE
- 26-29 January 2009
- Participation organized by MATRADE

Arab Health is an annual event viewed as the largest healthcare exhibition in the Middle East region. It is fast becoming the hub for manufacturers and buyers from the Middle East, North Africa and Southern Europe who are sourcing for supplies of healthcare products.

2 Medical Fair India 2009

- New Delhi, India
- 27-29 March 2009
- Sponsored show by MREPC (*SBIM 1 incentives are applicable*)

The annually organized Medical Fair India will showcase Indian and international medical technology and services catering for a growing population of over 1 billion people. In 2008, the show attracted over 4,200 visitors.

3 China International Medical Equipment Fair (CMEF) - Spring

- Shenzhen, China
- 18-21 April 2009
- MREPC-led trade show (*SBIM 1 incentives are applicable*)

CMEF is the largest medical devices trade fair in Asia. Taking place annually in spring and autumn, the event showcases the widest collection of local and international medical devices and products for hospitals. It is an event that is fully representative of the China medical devices manufacturing industry and the Chinese market for medical and health-related products.

4 Zdravookhraneniye

- Moscow, Russia
- 8-12 December 2009
- MREPC-led trade show (*SBIM 1 incentives are applicable*)

This annual show, launched in 1974, has grown to become Russia's largest and most important trade show for medical goods and services. The show reflects the growing demand of Russian consumers for better quality medical, healthcare and pharmaceutical products.

5 MEDICA

- Düsseldorf, Germany
- 18-21 November 2009
- MREPC promotional booth

MEDICA is the centre of attraction for all those involved in the healthcare service. More than 135,000 visitors are expected to obtain information on all current trends and future developments relating to in-patient and out-patient care at this annual event. With its numerous special events and the largest product display in the industry, MEDICA is the hub of the international medical trade.

Working Visits and Technical Seminars

In addition to the trade exhibitions and shows proposed for latex products, MREPC will also organize the following working visits to target markets and technical seminars to address issues of concern in specific countries.

Ireland (Rubber medical devices, including gloves and catheters)

Working Visit, 25-30 April 2009 (*tentative*)

Ireland has positioned itself as a strategic global player in the medical device industry. The Irish medical devices industry was estimated to be worth over €4 billion in 2007 and is poised for further growth in 2008 as major expansions in global product supply coupled with significant investment in the sector were announced by the government. Many of the world's largest corporations involved in the manufacture and supply of medical devices and consumables are located in Ireland and it would be beneficial for Malaysian manufacturers to initiate interaction with these global players, as well as to understand how Ireland has managed to become a leading exporter of medical devices in a relatively short period.

China (Rubber gloves)

Technical Seminars, 25-31 July 2009 (*tentative*)

China is currently the third largest medical devices market in the world after the United States and Japan. The Chinese market for medical equipment and supplies was estimated at US\$3.7 billion in 2007. In 2011, the Chinese medical devices market is forecasted to increase to US\$23.2 billion; though this growth may be somewhat moderated with the current economic downturn, it is still the fastest growing market in the world. It is timely to meet with healthcare authorities and institutional consumers in China to explain the advantages and positive attributes of Malaysian-made rubber gloves.

Spain and Italy

Technical Seminars, 4-11 October 2009 (*tentative*)

The Spanish medical equipment and supplies market ranks 5th in the European Union and 9th in the world, with an estimated value of US\$3.9 billion in 2007. The Italian medical devices market was worth approximately US\$6 billion in 2007 and is expected to reach US\$7.3 billion in 2012. Key market drivers include attempts by the local industry to move up the value chain and outsource lower-level production to emerging markets, as well as increasing sales to foreign markets.

There are specific areas of concern in both these markets that could be best addressed through a series of seminars outlining the positive attributes of Malaysian rubber medical gloves.

Dry rubber sector

Trade Fairs

1 Moscow International Motor Show (MIMS) 2009, Moscow

- 26–30 August 2009
- Crocus Expo, Moscow, Russia
- MREPC-led trade show (*SBIM 1 incentives are applicable*)

MIMS is firmly established as one of the most significant events for the automotive industry. It is the largest annual event for the industry in Eastern Europe and a proven forum for professionals in the global automotive industry. The event covers the entire spectrum of products and services associated with the automotive industry from the smallest engine components to in-car entertainment systems, with a section devoted to tyres and retreads.

2 Automotive Technology Fair 2009, Poznan, Poland

- 7–10 May 2009
- Poznan International Fair, Poland
- MREPC-led trade show (*SBIM 1 incentives are applicable*)

The Automotive Technology Fair has been developed as a business-to-business event that attracts manufacturers and distributors who showcase their latest products related to vehicle diagnostics, automotive accessories, spare parts, and other automotive components. This show will provide an opportunity for manufacturers to assess the Eastern European market.

3 International Construction Forum – Interstroyexpo, St. Petersburg, Russia

- 14–18 April 2009
- LENEXPO, Harbor St. Petersburg, Bolshoy
- MREPC-led trade show (*SBIM 1 incentives are applicable*)

The international construction forum, Interstroyexpo, is one of the largest construction fairs in Russia and is well known to all the construction companies in Russia, CIS and Baltic countries.

4 Automechanika Shanghai 2009, China

- December 2009 (Date tbc)
- Shanghai New International Expo Centre
- Sponsored show by MREPC (*SBIM 1 incentives are applicable*)

Automechanika Shanghai serves as a unique marketing platform in China's prosperous commercial heart. This event features automotive parts and systems, accessories, tuning, repair and maintenance products, IT and management services, and service station and car wash items.

Working Visit

A working visit to China is also planned for 2009, to seek access for dry rubber products, primarily automotive parts, to this market which may offer opportunities for Malaysian manufacturers.

China

Working visit (*SBIM 3 incentives are applicable*)

Date to be confirmed.

China's auto output increased from 3.25 million units in 2002 to 8.89 million units in 2007. The export market for automotives also recorded the highest growth in the past five years, with the export value rising from RMB 15 billion in 2002 to RMB 120 billion in 2007, a net growth of RMB 105 billion. During the same period, the OEM auto parts market in China also grew from RMB 190 billion to RMB 500 billion, showing a net increase of RMB 310 billion. For this working visit, MREPC will make efforts to identify the main distributors of replacement auto parts as well as Tier 1 and Tier 2 suppliers to the main automotive manufacturing plants in China, to arrange business meetings with reliable Malaysian rubber parts manufacturers.

RUBBER PRODUCT TRADE STATISTICS

Major Destinations of Malaysia's Rubber Product Exports (RM'000)

Country	January-September 2008	January-September 2007	% Change	% Share (2008)
EU-27	2,499,662	2,477,267	0.9	29.9
USA	2,125,160	1,899,483	11.9	25.4
ASEAN	784,176	703,235	11.5	9.4
Japan	443,976	426,163	4.2	5.3
Hong Kong, S.A.R.	266,855	294,706	-9.5	3.2
Australia	273,996	242,822	12.8	3.3
Brazil	268,697	192,329	39.7	3.2
China, P.R.	210,374	184,763	13.9	2.5
Canada	138,999	129,236	7.6	1.7
South Korea	106,635	99,640	7.0	1.3
Taiwan	72,911	72,281	0.9	0.9
Turkey	93,652	89,888	4.2	1.1
Subtotal	7,285,099	6,811,818	6.9	87.0
World Total	8,369,419	7,781,282	7.6	100.0

Source: Department of Statistics, Malaysia

Malaysia's Exports/Imports of Rubber Products (RM'000)

	Exports		Imports	
	2008	2007	2008	2007
January	925,925	828,885	250,239	201,331
February	882,574	722,157	193,284	152,080
March	933,822	933,729	265,121	212,695
April	840,829	817,909	198,794	207,134
May	934,435	834,167	225,328	210,603
June	872,875	865,895	247,505	213,095
July	967,179	857,235	267,279	230,949
August	1,006,346	1,031,700	274,756	223,140
September	1,005,430	889,600	256,560	217,330
January-September	8,369,419	7,781,282	2,178,868	1,868,360
% Change (January-June) 08/07	7.6		16.6	

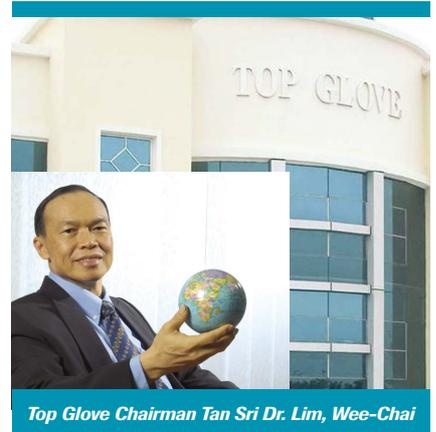
Source: Department of Statistics, Malaysia



A Top Glove plant in Thailand



A Top Glove plant in China



Top Glove Chairman Tan Sri Dr. Lim, Wee-Chai

Top Glove

Staying on Top with Product Quality



A Top Glove plant in Malaysia

If the United States of America has its Silicon Valley, then the royal town of Klang in the Malaysian state of Selangor could perhaps be regarded as the centre of the world for gloves. For therein is found, among other manufacturers, the world's largest supplier of gloves, i.e., Top Glove Corporation Berhad. Pick up a glove, be it medical, household or industrial, anywhere in the world and there is a 25% probability you would be holding a product from Top Glove.

A greater awareness of the danger posed by AIDS in the 1980s engendered an enormous demand for medical gloves for protection of healthcare workers from this and other infectious diseases. This opened up a tremendous opportunity to enterprising individuals to meet the sudden upsurge in demand. Malaysia, being already an established manufacturer and exporter of quality medical

and other house-hold and industrial gloves, was suitably poised to fill this role. It further had the advantage of being in close proximity to the essential source material, natural rubber latex, which at that time was and still is, the preferred material, with all its superior technical attributes, for medical gloves. At the height of the glove boom, there were more than a hundred glove manufacturers in Malaysia. Amid the thriving ones, and several of which are already global household names in glove manufacturing, Top Glove Corporation Berhad bears the distinction of being the largest manufacturer and exporter in the world, counting more than 850 customers in 185 countries worldwide, and all this being achieved in a mere decade and a half of operation. This success story is due to the remarkable vision and leadership of its chairman, the affable and unassuming Tan Sri Dr. Lim, Wee-Chai.

Since its humble beginning in 1991 in Malaysia with one factory and three production lines, Top Glove has grown by leaps and bounds to its current complement of 19 factories with 338 production lines, and is relentlessly set on an expansion path. It now has manufacturing plants located in three countries, namely Malaysia, Thailand and China. Currently, it has an annual production capacity of 30 billion pieces of gloves per annum from its highly efficient manufacturing lines. It regards itself as the preferred OEM glove manufacturer and the most comprehensive one-stop glove sourcing centre in the industry. Its proprietary and innovative products include low-protein powder-free latex gloves, soft nitrile gloves, stretchy vinyl gloves, surgical gloves, long-length high risk gloves, clean-room gloves, and high and low density polyethylene gloves.

For an insight of what makes the company tick and how it maintains its premier position in the business, the following are some excerpts from an interview with the chairman of the company, Tan Sri Dr. Lim, Wee-Chai:

Q. What are your company's strength and assets, and what drives the company forward?

A. Fortunately, Top Glove operates in a recession-proof industry as gloves are continuously needed in the healthcare, food and laboratory industries, and as the world's largest rubber glove manufacturer with the largest production capacity, we enjoy greater economies of scale. As a one-stop glove sourcing centre with a wide range of products, we cater to a variety of end-users. We emphasize heavily on product quality, international accreditations and management efficiency and we are well-diversified in terms of glove product range, countries of manufacturing, countries of export and a huge customer base consisting of up to 850 customers. Our strong in-house technical expertise and adaptability enable us to meet market requirements well. We have a very hands-on and focused management team with proven execution abilities. In short, our remarkable strong growth and stellar performance are due to excellent teamwork, prudence, cost-saving measures, staying focused in our business and forging ahead with the business direction of consistently producing top quality gloves.

Q. What is your philosophy in terms of technology and innovation and what is your vision for the future of the company? Do you think R&D play a crucial role in your business?

A. To be a world-class cost effective glove manufacturer, we invest substantially in modern glove manufacturing machineries as continuous improvement in product quality is vital. We strongly believe in adopting the latest manufacturing techniques and applying the latest engineering processes to produce consistently high quality gloves efficiently. With this in mind, Top Glove has put top priority on R&D to innovate and develop value-added gloves for more practical usage.



The Prime Minister of Malaysia (right) congratulating Lim (left) on the latter's award as the Ernst & Young Entrepreneur of the year Malaysia 2004

Due to the call for higher usage of gloves globally, the continuous evolution on our gloves is vital to complement our current products. This will enable us to entice and capture a broader market share.

Further research and development effort in the rubber glove industry is important to cater for the future needs of the customers. The changing world trends, from the usage of hand-protection gloves to protect the end-users while maintaining or improving worker productivity has drawn attention to enhance R&D in these areas. Nowadays, gloves produced must not only meet higher performance standards, but must take into consideration the ease and comfort in their usage as well.

Q. What would be your message to your customers?

A. The year under review proved to be yet another year filled with challenges, including the drastic increase in the first half of the year in the cost of raw latex, fuel, gas and electricity, and the strengthening of the Malaysian ringgit, Thai baht and China renminbi against the US dollar. However, with sound business strategies and concerted efforts from all our customers, suppliers and bankers, we managed to weather the difficult times and performed well despite facing very challenging business conditions. This is further complemented by effective cost-cutting measures and initiatives to increase customer satisfaction.

Adopting good customer relationship management practices, our marketing department has been successful in working closely with all our global customers to share part of the rising costs through the acceptance of higher glove prices. Likewise, when there is a drop in price of raw materials, we will share the benefits with our customers by offering them more competitive prices. This way, it will always be a win-win situation for both parties. We will always have our customers' interest in mind as we are definitely a long-term player in the glove market.

Q. In the light of the current global financial crisis, what is your take on the future of the Malaysian rubber product manufacturing industry in general, and the glove manufacturing industry in particular?

A. The medical glove business is recession-proof as gloves are a necessity in the healthcare industry, especially now with the stringent regulatory standards on occupational safety and workers' welfare. Global demand has grown by 10% to 12% annually in the past 10 years as more countries are raising their healthcare standards. When demand for medical glove grows, latex gloves will be the first choice because they are affordable and have been established in the market for many years with excellent barrier protection qualities. The Malaysian Rubber Export Promotion Council (MREPC) should be commended for its role in spearheading the promotion of the Standard Malaysian Glove (SMG) throughout the whole world. Rubber glove manufacturers are expected to do well in spite of the current global uncertainties because the business risks are relatively low compared to that of other industries.

Top Glove
Quality
Efficient

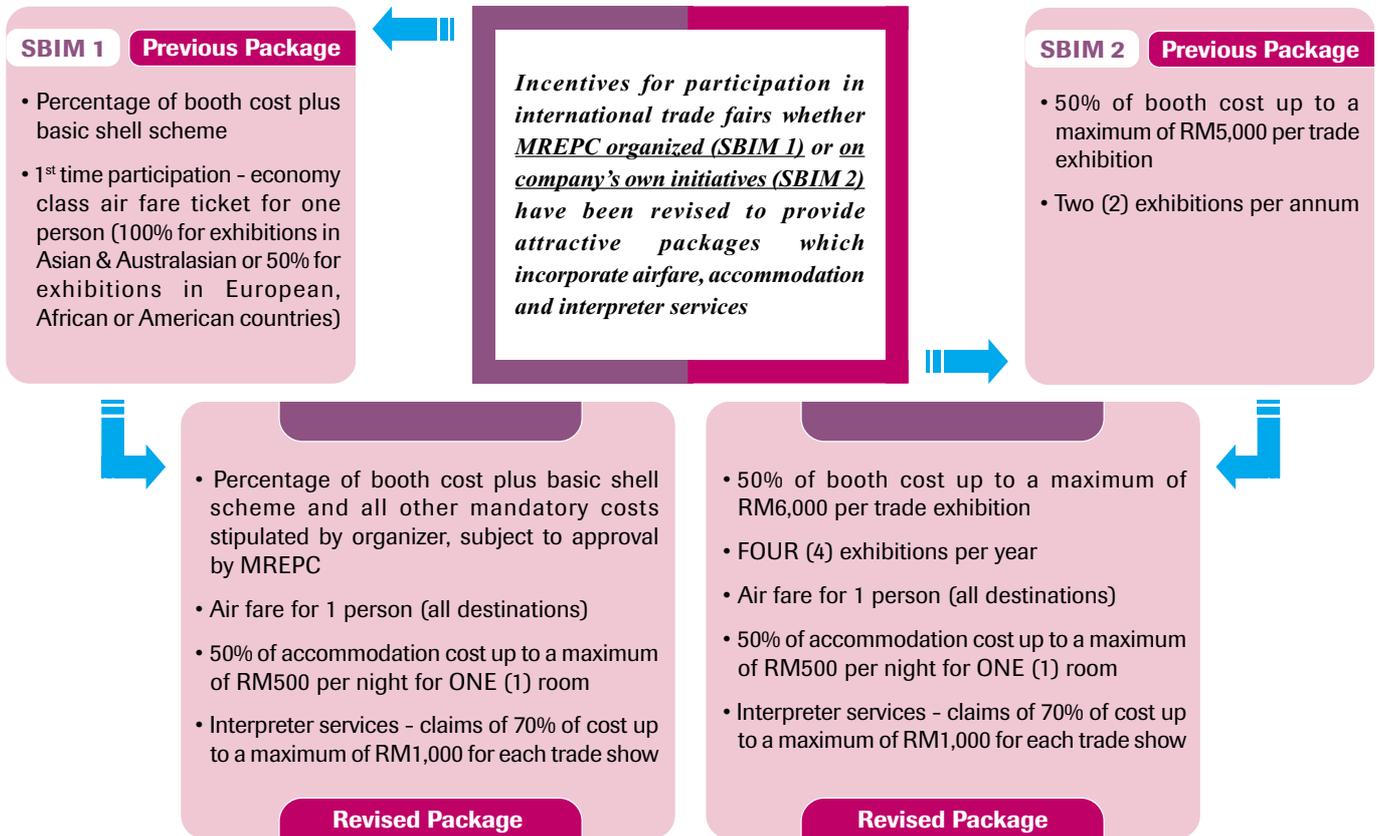


The range of
Top Glove's
products

With its attention-grabbing motto of "Top Glove. Top Quality. Top Efficient", the company is confident of surging ahead and maintaining its position as the No. 1 player in the industry.

For more information on Top Glove and its wide range of glove products, visit its website at www.topglove.com.my

Change is inevitable in the business environment and in order to adapt to these changes MREPC has revised its incentive packages. Apart from improving the previous packages, MREPC has introduced some attractive new packages to provide an added momentum to rubber product manufacturers to enhance export promotional activities.



SBIM 3		SBIM 4		SBIM 5	
<i>Incentives for MREPC - organized missions & working visits</i>		<i>Incentives for internationally-recognized product certification</i>		<i>Incentives for acquisition of market information reports</i>	
Previous Package	Revised Package	Previous Package	Revised Package	Previous Package	Retained
50% of accommodation cost up to a maximum of RM500 per night	Facility for accommodation retained Economy class air fare for one (1) person (all destinations)	50% of eligible expenses during product certification process up to a maximum of RM30,000	50% of certification fee upon attaining product certification for the first time (from any institution accredited to ISO Guide 65) up to a maximum of RM30,000 per company	Companies make recommendations on market reports to be purchased	Facility retained without any change

SBIM 3 (MREPC-led general marketing missions) is now inclusive of air fare; so don't hesitate, come join our missions and identify your prospects internationally. For companies which intend to add value to their products via international certification, we have an attractive package under SBIM 4. We have allocated a maximum of RM30,000 for certification fee upon attaining product certification.

SMG Certification

Previous Package

90% of the total cost of testing for SMG certification under MRB

Revised Package

Facility for cost of testing retained
50% of the cost for SMG surveillance testing

▶ To all glove manufacturers, if you are interested to get your gloves product certified to SMG, all you have to do is to pay 10% of the testing cost and the rest will be borne by MREPC. As for companies which have already acquired product certification for SMG, we will also bear 50% of the testing cost for surveillance.

SMPG

Previous Package

Matching grant per company of RM80,000

Matching grant with a cap on promotional items at RM20,000 (SMPG 4 & SMPG 5)

Revised Package

Matching grant per company per year of RM20,000

New Incentive
Webpage on SMG - One time payment of RM1,000 to insert a page on SMG on the company's website prominently

▶ Apart from the SMG Certification scheme, we also have the **SMG Market Promotional Grant (SMPG)** specially designed to encourage glove manufacturers who have already acquired product certification for the SMG to actively promote SMG gloves. In order to provide continuous assistance, the matching grant of RM80,000 for SMPG has been discontinued and MREPC will now provide an annual matching grant of RM20,000 per company per year. This would be surely welcomed especially by companies which have exhausted their RM80,000 allocation and for others who are approaching the limit. We believe this will motivate companies to get actively engaged in the promotion of the SMG.

If you are impressed with the above improved packages, do have a look also at the new incentive packages. The new packages cover a wide spectrum, ranging from A6 project (specialist assistance from MRB), accreditation of laboratories, production of promotional materials right up to participation in international trade shows held in Malaysia.

Through these various incentive channels, MREPC truly hopes the industry will grab the opportunities and utilize them effectively to further increase exports of rubber products in the international markets.

The revised package will be effective from January 2009. For more information kindly visit our website at www.mrepc.com or call us at 03-2780 5888 ext 135 (Ms. Nawal Ali) or ext 136 (Ms. Uthaya Malar).

NEW PACKAGES

A6 Project

To provide incentive up to a maximum of RM1,000 per company per year

Promotional Materials

Matching grant, up to a maximum of RM3,000 per company per year

Accreditation of Laboratories

Matching grant, up to a maximum of RM5,000 for companies acquiring ISO 17025 accreditation for the first time

International trade shows in Malaysia

Matching grant for the cost of booth, up to a maximum of RM5,000 per exhibition. Two exhibitions per annum per company



Participants at the icebreaking exercise

Based on the feedback provided by the participants, the workshop was indeed beneficial, providing deeper insights on international trade and trade financing inclusive of banking facilities.

On the whole, the workshop created confidence among the participants to venture into the world market as the vagaries of international trade financing was somewhat clearer and easier to handle.

Workshop on A to Z of How to Export

(27-28 August 2008)

When the trainer asked the participants to blow balloons, there was an echo from a participant saying “Am I suppose to sit on it until it bursts?” For that, the trainer instantaneously responded “No, no please... don’t sit on it” and this amused everyone. This was how the two-day workshop on ‘A to Z of How to Export’ began. The balloons were used for the icebreaking session to explain how barter trade started and later evolved to international trade. The balloon exercise was not only to introduce participants to each other but also to highlight that in the business world we need the right product to enter the right market at the right time.

MREPC organized a two-day workshop on 27 and 28 August 2008 with the objective to equip the key workforce in the industry with in-depth knowledge on international trade and trade finances. For this purpose, the services of Mr. Hasril Nordin and Mr. Hijaz Abdullah from Murni Alliance Sdn. Bhd. were obtained to conduct the workshop.

Both the trainers had more than 25 years’ experience in the financial industry, and are specialized in trade bills and international banking. A total of 33 participants from rubber product manufacturers, specifically from international marketing and finance departments, participated in the workshop.

Among the major topics covered were international trade and trade financing, methods of payment, international commercial terms 2000 and cash flow in international trade. To further strengthen the understanding of participants, several case studies were discussed. The case studies on Letter of Credit (LC) and calculations of trade finance facilities like Trust Receipt, Bankers Acceptance, Foreign Bill Negotiation and Foreign Bill Purchase invited many questions from the participants. It was an interactive session as participants found the discussion very relevant to the issues faced in the real business environment. The most precious take-away from the workshop was the real life experiences shared by the trainers on issues between exporters and importers that could cause a huge impact on the business if overlooked.

Workshop on CE Marking

(11 September 2008)



Mr. Tony Low conducting the workshop

MREPC organized a workshop on CE Marking on 11 September 2008. The one-day course was conducted by Mr. Tony Low of BSi Management Systems. Thirty-seven participants from 25 rubber medical devices companies attended the workshop. The companies comprised mainly glove and condom manufacturers.



Participants at the workshop

The objective of the programme was to help manufacturers understand the CE Marking certification, which represents a regulatory requirement to export medical devices to the European Union (EU).

Generally the participants felt that the workshop had been beneficial to them as they had a better understanding and awareness of the CE Marking requirements, especially on the latest changes to MDD 2007/47/EEC. Several of the participants proposed that MREPC organize similar workshops and seminars in the near future for the benefit of the rubber medical devices industry.



An Update on Challenges Encountered by Natural Rubber Latex Gloves in the USA

(9 September 2008)



Participants at the briefing

MREPC organized a half-day seminar on “An Update on Challenges Encountered by Natural Rubber Latex Gloves in the US” on 9 September 2008. The presentation was made by Dr. Esah Yip, Director, of MREPC’s US Office. Dr Esah Yip was in Kuala Lumpur to attend the biennial International Glove Conference held from 2 to 4 September 2008.

The objective of the Seminar was to disseminate information to the glove industry on the challenges encountered by NR Gloves in the US and MREPC’s role in facing these challenges.

Twenty-nine participants representing senior management from 19 companies attended the seminar.



Dr. Esah Yip with her briefing

Dr. Esah’s presentation included a discussion on latex-safe and latex-free environment in the US, features of the FDA draft guidance published on 21 January 2008 and latest standards published by ASTM for gloves for food handling and preparation (ASTM D7329-07) and standard test method for Human Repeat Insult Patch Test (RIPT) of Medical Gloves for determining sensitization (ASTM D6355-07). Dr. Esah also outlined the efforts undertaken by MREPC to monitor anti-latex bills in the US and the steps taken to discourage the passage of such bills. Besides this, efforts by MREPC to promote latex gloves especially SMG gloves were also highlighted.

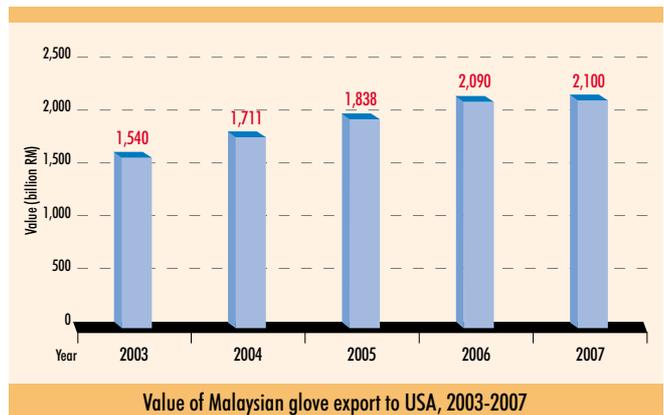
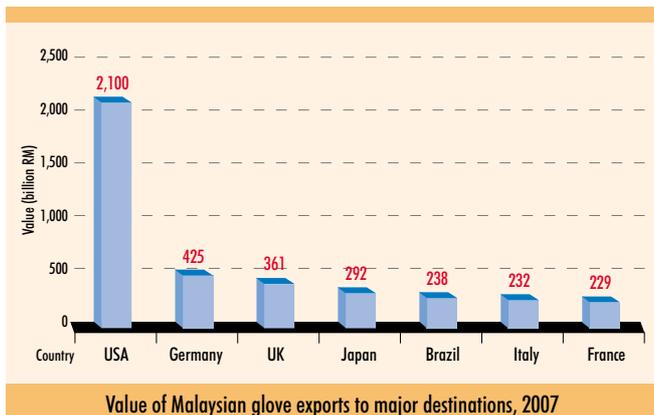
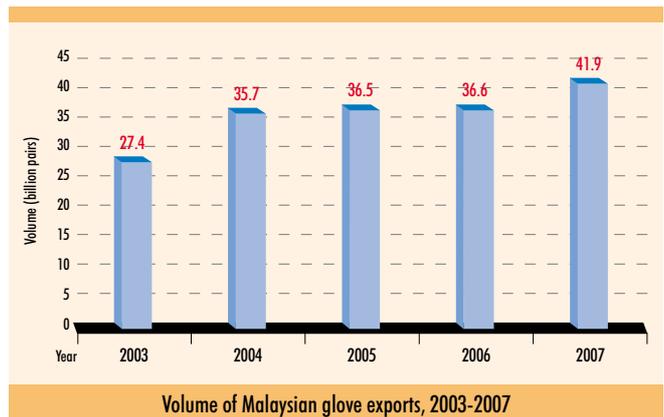
Following Dr. Esah’s presentation, Dato’ Teo Suat Cheng, CEO of MREPC, moderated a very lively Q&A session.

Thanks to the **FDA**, the quality of **Malaysian-made** medical gloves is unsurpassed

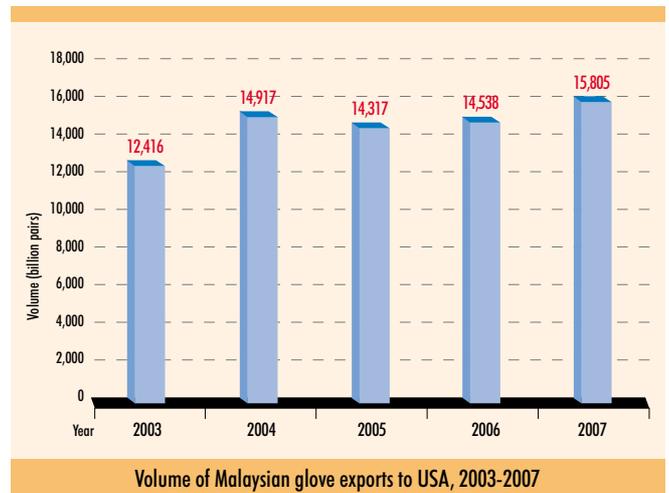
Quality means different things to different people. Philip B. Crosby, of Quality is Free fame, defines quality as “conformance to requirements”. Joseph M. Juran, the quality evangelist, promoted quality as “fitness for use”. If we asked the US Food and Drug Administration (FDA) what it means by quality, the answer we get would probably be along the lines of “compliance with FDA quality regulations”. We are putting words in FDA’s mouth, but we cannot be far wrong, considering that the FDA is a consumer protection agency, which fulfils its role using various regulatory approaches. Indeed, for export of products to the USA, which comes under the ambit of the FDA, this is the pragmatic definition of quality that exporters adhere to. This is also the definition of quality which influences the details of their manufacturing practices and process controls. The imperative is to meet the regulatory requirements of the FDA.

Malaysia is the world’s leading exporter of gloves. In 2007, Malaysia exported RM5.9 billion worth of gloves to the world, an increase of 9.2% from that of the previous year. This increase in value of exports was matched by a corresponding increase in the volume of gloves exported. In 2007, Malaysia exported 41.9 billion pairs of gloves, 14.0% more than the quantity registered in 2006. In both, value and volume, the trend of Malaysia’s export of gloves to the world is an increasing one.

The largest single market for Malaysia’s gloves is the USA. In 2007, Malaysia’s export of gloves to the USA was valued at RM2.1 billion or 35.7% of its total glove export to the world. Other markets for Malaysian gloves are small in comparison. For this reason, the FDA looms large in the psyche of Malaysian medical glove manufacturers. It is an inescapable fact that the FDA regards single-use examination gloves and surgical gloves as medical devices and, thus, they are subject to strict regulatory controls. Failure to meet FDA requirements could be disastrous. Malaysian glove manufacturers know this all too well.



The FDA has the authority to detain or refuse entry into the USA of surgical or examination gloves which, through its inspection, show evidence of defects. Offending companies will get their names on an import alert list. Firms that fail FDA analysis for the first time will be placed on Level 1. Habitual non-conformance to requirements, under specified conditions as laid down by the FDA, will result in firms being placed in the higher levels of detention. On the import alert list, firms on Level 1 detention will be assigned a “*” beside their names. A “**” indicates a firm on Level 2 detention and a “***” signifies that a firm is on Level 3.



Level 1 detention

*

Reason	Shipment of medical gloves failed FDA analysis
Removal	Five conforming shipments may be considered as adequate evidence for manufacturers to be removed from Level 1 detention

Level 2 detention

**

Reason	<ul style="list-style-type: none"> If manufacturer, while on Level 1 detention, has a non-conforming sample If, within 24 months of removal from Level 1 detention, a manufacturer has a non-conforming sample
Removal	Ten conforming shipments may be considered as adequate evidence for manufacturers to be removed from Level 2 detention

Level 3 detention

Reason	<ul style="list-style-type: none"> If manufacturer, while on Level 2 detention, has a non-conforming sample If, within 24 months of removal from Level 2 detention, a manufacturer has a non-conforming sample
Removal to Level 1	Evidence that the medical gloves are being manufactured in accordance with Good Manufacturing Practices

FDA

The requirements to get out of the detention list become more onerous the higher the level of detention. The best policy for glove manufacturers exporting to the USA is not to get on the FDA's import alert list and the best way of doing this is to ensure that good manufacturing practices and process controls are rigorously in place in their plants.

Despite all the hype about zero defects, the probability of producing a defective product which escapes detection by the manufacturer is finite and there is also a finite probability that defective products could be detected by the FDA. For a country, like Malaysia, that exports some 16 billion pairs of gloves to the USA, it would be surprising if there is no case of detention by the FDA. But, Malaysian companies, which inadvertently enter the FDA's import alert list, would take corrective measures to get out of

the list in the shortest possible time. This is testimony that these companies inherently produce quality products, and that they themselves are quality companies. Indeed, thanks to the FDA, Malaysia not only exports quality gloves to the USA, but also to the world. If you could meet the requirements of the US market, it is a cinch to also adapt and meet the requirements of markets of the rest of the world.

Malaysia's exports of gloves continue to increase and its position as the leading producer of gloves in the world remains unassailable. There is no doubt that this happy state of affairs could be attributed to the unsurpassed quality of its medical gloves and the companies that produce them, and for this we need to thank the FDA.

(Article credit: Dr. A. Kadir – Dr. Kadir is the Deputy CEO of MREPC)

MREPC's European Representative, Roland Newell, has visited a number of countries in the past months in the course of MREPC business. Here he shares with readers a couple of his interesting 'Travelogues'

'An Italian experience – saved by the Godfather'

In a sense the organisation of my visit to Milan to make contact with the Italian office of MATRADE was arranged with the credit crunch in mind. In other words, try to be as careful as possible with my finances. I duly decided to travel by the budget airline Ryanair which is one of the more reliable airlines of its type. My flight took me to the interesting large town of Bergamo. I did know a little about Bergamo and so made the decision to stay the night there rather than the usually expensive alternative of Milan.

I arrived mid-morning at Bergamo airport with only 15 euros in my pocket apart from some English currency and US dollars; don't ask me why I had some American money, I can't remember. I knew from past visits that the airport bus from Bergamo to Milan central railway station cost around 8 euros and that the MATRADE office was just across the road from the station on Via Pisani. So in theory I should have been able to locate an ATM machine at the station to supplement the remaining 7 euros. How wrong could I be.

On arriving by bus at Milan central station, I discovered that the station, a massive structure constructed of what appeared to be white marble – it was probably built with Mussolini in mind – was undergoing complete renovation. There was not an ATM machine in sight. Never mind, I thought, I don't actually need much more money anyway, MATRADE will probably treat me to lunch and I can buy a rail ticket back to Bergamo by credit card.

I then thought that as I was at the station I might as well buy the rail ticket there and then. To my surprise, given that the journey is around 1 hour, the ticket only cost 4 euros and so I paid by cash. To those of you who can do simple arithmetic that left me with 3 euros. So all was going well, the MATRADE office was just over the road and I duly had a useful and informative meeting with Razida and Paolo. After lunch at an elegant cafe on Via Pisani, which surprisingly gives one the impression of being in America, not Italy, I decided to make my way immediately back to the rail station and resolved to improve my cash situation in Bergamo.

*To be truthful, most of the journey was uninspiring, taking one through what seemed to be an endless stream of industrial areas, and I was just getting to be a little bored, along with most of the other passengers, when the ticket inspector appeared. No problem, I thought, as I presented my ticket for him to check. He looked at the ticket, mumbled something in Italian which I ignored, and proceeded to check other passengers' tickets. I was just settling down to finishing off the Daily Telegraph crossword when the inspector came back to me. He requested my ticket once more, began to get extremely irate, and said something that sounded like 'penalty'. I honestly had no idea what he was talking about until, in broken English, he mentioned the phrase **non convalide**. Now my Italian is virtually non-existent but I realised what he meant. To those readers of Stretch that do not know, and to be honest I should have known, a rail ticket in Italy is not valid until the ticket itself is validated at a machine on the platform at departure. Be warned, because these machines are not exactly obvious; I mean, have you ever tried to find a post box in a strange country? It's the same with validation machines.*

The inspector was clearly not happy and went on to utter something like "50 euros for Italianos, 5 euros for foreigners," which I took to be a penalty fine. Five euros doesn't sound like a lot of money until one realises that one only has 3 euros left from the original 15 euros. I tried to explain this to the inspector, even offering English money and American dollars. No chance, he wanted 5 euros and that was that. I apologised once more saying that it was a genuine mistake but when he grabbed

hold of my jacket lapels and tried to lift me out of my seat I knew I was in trouble. I brushed him aside but he made a gesture that I was to leave the train at the next stop, validate my ticket there, and presumably get on the next train to Bergamo. As the train service was once every 2 hours, this did not seem like a good idea. I indicated to him that I was staying in my seat until I got to Bergamo whereupon he got seriously upset and I was getting a little concerned for my well-being when another Italian gentleman appeared on the scene. Now this man looked as though he was an extra in the **Godfather**. Fortunately for me he spoke perfect English, albeit with a Marlon Brando accent. He was also dressed immaculately in a pin stripe suit, with a yellow polka dot tie and matching pocket handkerchief. He was, indeed, the archetypal Milanese gentleman.

I explained my predicament and requested that he try to talk some sense into the inspector, after all it was a genuine mistake. This he attempted to do with, sadly, no effect. The **Godfather** explained that until the inspector received his 5 euros I was in trouble. I told the **Godfather** that I was not paying, in fact I couldn't pay because I only had 3 euros. I also made it clear that I was not leaving the train until Bergamo and if the inspector wanted to involve the Italian police then so be it. The **Godfather** indicated to me that involving the Italian police was not a good idea, and that if I did, my accommodation that night would almost certainly be free but would involve a night in a cell. The **Godfather** then handed over a 5-euro note to the inspector on my behalf. Amazingly the inspector accepted the money willingly. I left Bergamo the following morning thinking that I had had a lucky escape, but more importantly, with my faith in human nature restored. I mean, would you have helped out a complete stranger? Thank heavens for the **Godfather**.

So to the readers of *Stretch*, the morale of the story is always carry enough local currency and please remember to validate your ticket in most, if not all, European countries.

'A walk on the wild side'

My second recent experience again was largely as a result of trying to economise. I was due to visit Dr. Henning Allmers, Director of the Department of Occupational Medicine in the German town of Osnabruck. Now Osnabruck is a perfectly nice, although undistinguished, sort of a town but importantly does not have a local airport. The

nearest is around 50 miles away in Munster. Not too much of a problem, you might think, until one realises that connecting to Osnabruck via a budget airline entails arriving at a time approaching midnight. I resolved to change my itinerary to fly by EasyJet to Hamburg and catch the train from Hamburg to Osnabruck. This necessarily involved an overnight stay in Hamburg and, as I was due to catch an early morning train, I decided to stay somewhere near the local Hauptbahnhof.

I logged on to my favourite hotel booking site and found what looked like a reasonable hotel near to the station. The cost of the hotel was also extremely credit crunch friendly at 49 euros for the night, including breakfast. Now those of you who have stayed in Germany recently will be amazed that such prices are still available. Believe me, you would not be surprised if you saw the hotel, or rather should I say the location. On arriving at the hotel, my first thought was that the taxi driver had taken me to the wrong address. The street reminded me of the **Reeperbahn**, an area of Hamburg that I remember visiting in my youth. For the uninitiated, the **Reeperbahn** is a mile-long street packed on both sides with bars, sex shops, strip clubs and other seedy attractions. But no, I could see the Hotel Terminus clearly and just beyond the end of the street, the Hauptbahnhof was clearly visible. This must be the right place. The hotel was sandwiched between a strip joint and an establishment of even more ill repute. The least said about the hotel the better but one thing is for sure, its classification as 2 star was 3 stars too high! I decided to spend as little time in the hotel as possible. However, I soon discovered that simply walking on the street and surrounding areas was not a pleasant experience. There were rent boys, I think that is the expression, seemingly everywhere, and virtually every man around was constantly being asked by the opposite sex if they "had the time". When I replied "it's half past nine" to one such question, I received a torrent of abuse from the lady. I use the word lady, actually I wasn't that sure it was a lady. Still, I had a very pleasant train journey to Osnabruck and reminded myself that I should travel by train more often. In a sense, the stay in Hamburg was not totally wasted – although I did not realise it at the time, the experience was invaluable as an introduction to the soon-to-be-visited exhibition **Venus Berlin**.