SYNTHOMER ASIA
A WORLD LEADER IN NITRILE LATEX

We have expanded every year since 2007... today we have capacity to produce 220,000 tons of nitrile latex, which will increase to 300,000 tons in 2013.
These are uncertain times for most businesses, and certainly for the rubber products manufacturing sector. Our major markets are beset with financial woes, with the European Union facing its most serious challenge in decades, and the US grappling with a deficit that threatens to bring the economy to its knees. The price and supply of rubber trace an uncertain path, with rain and floods affecting immediate supplies, though there are prospects of increased supply from new plantings coming on stream in the medium term. Costs of other inputs have been trending upwards, and are likely to continue.

To provide an impetus to the marketing of Malaysian rubber products in these trying times, MREPC has initiated an extensive advertising campaign targeting potential buyers in specific markets. This campaign will drive traffic to the MREPC Marketplace, a website where buyers and sellers of rubber products can interact and rubber product manufacturers can upload their catalogues for potential buyers to view. It is hoped that manufacturers will take advantage of this free facility to present their products to the world and view enquiries generated by the advertising campaign.

Given these uncertainties, rubber product manufacturers need to be aware of opportunities in new and emerging markets, and to keep abreast of technical and scientific developments related to products and processes. MREPC will continue to play its role in providing market information, particularly with regard to market opportunities in emerging markets, and will strive to disseminate information on standards, market access, tariff and non-tariff barriers, and other technical aspects of marketing. To enable MREPC to do this effectively, Malaysian rubber product manufacturers should access the MREPC website from time to time, give attention to emails and news bulletins from MREPC, and participate in the seminars and workshops organised regularly by MREPC.

Malaysian rubber product manufacturers may also want to visit the MREPC Resource Centre, physically at our office, or on-line at <mrepc-eforum.com>, to obtain up-to-date information on markets and products.
1. The Market for Medical Gloves in India

The healthcare industry in India has grown rapidly in recent years, and is set to grow at an even greater pace. Government initiatives to improve access to facilities, a growing middle class who can afford quality healthcare and large investments by the private sector have meant that overall healthcare expenditure has increased significantly. Private healthcare facilities, including urban clinics, private hospitals run by hospital chains, both domestic and international.

The demand for rubber medical gloves is expected to grow significantly with increasing public awareness of hygiene and the need for safe practices among healthcare providers.

Current Market Scenario

The market size for medical gloves in India (equivalent to production, plus import less export) is currently estimated at 690 – 700 million pairs per year. Sales of medical gloves increased from 400 million pairs in 2006 to 700 million pairs in 2010, a CAGR of 15%. Local production accounted for over 86% of the total domestic sales.

In value terms, the Indian medical gloves market is estimated at USD115 - 120 million in 2010, up from USD50 - 55 million in the year 2006, at a CAGR of 21.5%.

The value of gloves imported into India increased from USD5.5 million in 2006 to USD20 million in 2010. Of the total value in 2010, non-surgical rubber gloves amounted to USD12.7 million, surgical rubber gloves USD 6 million and plastic gloves USD1.3 million.

The main sources of imports were Malaysia and Sri Lanka. Malaysia’s exports of gloves to India were valued at USD8.3 million in 2010, of which non-surgical gloves amounted to USD5.2 million while surgical gloves were valued at USD3.1 million.

In 2010, total exports of gloves from India were valued at USD24 million. India’s main exports were low priced surgical gloves. Of the total, surgical gloves amounted to USD21.6 million and non-surgical gloves USD2.4 million. Mozambique, Venezuela, Poland, Morocco and the US were the main export destinations for gloves from India.

Annual Demand for Medical Gloves by Type of Gloves (2010)

<table>
<thead>
<tr>
<th>TYPE OF GLOVES</th>
<th>MILLION PAIRS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surgical - Sterile</td>
<td>210 – 215</td>
</tr>
<tr>
<td>Surgical - Non-sterile</td>
<td>194 – 195</td>
</tr>
<tr>
<td>Latex Examination - Powdered</td>
<td>134 – 135</td>
</tr>
<tr>
<td>Latex Examination - Powder free</td>
<td>74 – 75</td>
</tr>
<tr>
<td>Synthetic / nitrile</td>
<td>64 – 65</td>
</tr>
<tr>
<td>Others include vinyl and plastic</td>
<td>14 – 15</td>
</tr>
<tr>
<td>TOTAL</td>
<td>690 – 700</td>
</tr>
</tbody>
</table>

Inadequate public investment in healthcare infrastructure in the past has provided opportunities for private hospitals to grow and capture larger market share. The private healthcare sector now accounts for more than 80% of new healthcare spending in India.

India has an estimated 99,400 healthcare establishments providing around 850,000 beds. Of the total beds, 64% comes from private hospitals while the remaining 36% are provided by public facilities. Nevertheless, the number of hospital beds and healthcare workers in India is still inadequate to meet rising demand.

Private hospitals are the main consumers of medical gloves, accounting for annual consumption of 450 - 455 million pairs (65% of total). Private hospitals comprise of corporate hospitals, medical colleges, nursing homes and clinics.
Tamil Nadu and Karnataka are the two states with the largest markets for gloves consuming 103-104 million pairs and 100-101 million pairs of gloves respectively. Tamil Nadu has the highest number of private hospitals, mainly located in Chennai and Coimbatore. Karnataka, on the other hand is a major destination for medical tourism, with a high number of quality private hospitals. Other major markets are West Bengal with the market size of 70-71 million pairs, Maharashtra (69-70 million pairs) and Kerala (51-52 million pairs).

Usage of gloves in rural areas is relatively low, estimated to be about half of the usage in urban areas, partly due to the practice of reusing gloves after cleaning and sterilisation.

Imported surgical gloves are more expensive than domestic brands after adding about 26% of all duties and taxes. On the other hand, imported examination gloves are marginally cheaper than locally produced gloves.

**Market Outlook**

With rising income levels and increasing medical tourism, the medical gloves market in India is expected to reach USD155 million or around 1 billion pairs by 2014, growing by a CAGR of 13.8% in value. The surgical gloves market is expected to grow at 14.9% while the market for examination gloves is expected to grow at 12.2% at the current rate of growth.

However, if glove usage practices change (i.e. reuse of gloves is restricted), growth in demand for examination gloves will be accelerated significantly.


2. **Russia and Ukraine: Opportunities in the Rubber Medical Devices Sector**

The growth in the medical devices sector in Russia and Ukraine has been driven mainly by economic growth. The Russian economy has been growing rapidly after the collapse of the Soviet Union, and is presently the eleventh largest in the world. Ukraine has also witnessed rapid economic growth in recent years. This growth has been sustained by growth in neighbouring Russia, its largest trading partner and export market, as well as by Ukraine’s large natural resources, particularly mineral deposits.

<table>
<thead>
<tr>
<th>Key Health Indicators</th>
<th>Russia</th>
<th>Ukraine</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health expenditure, USD billion (2011 est.)</td>
<td>92.4</td>
<td>10.4</td>
</tr>
<tr>
<td>Per capita health expenditure (2011/10 Growth)</td>
<td>658 (11%)</td>
<td>229 (22%)</td>
</tr>
<tr>
<td>Public hospitals</td>
<td>6,278</td>
<td>2,537</td>
</tr>
<tr>
<td>Private hospitals</td>
<td>265</td>
<td>10</td>
</tr>
<tr>
<td>Hospital beds (est.)</td>
<td>1.37 million</td>
<td>431,000</td>
</tr>
</tbody>
</table>

The governments of Russia and Ukraine recently implemented reforms in the healthcare service, to address the low level of medical care in the two countries in comparison with Western standards. The upgrading of the public healthcare system and infrastructure, as well as investments in new facilities are part of the reform plan. It is expected that these developments will further drive demand for medical equipment and devices.
Concurrently, private healthcare spending is expected to grow significantly, taking into consideration the present low quality of service at public hospitals, increasing incomes, increased availability of medical insurance and the ageing population. This will in turn increase demand for a wide range of rubber medical devices including gloves.

**Rubber Gloves**

In 2010, Russia consumed a total of 1.1 billion pairs of medical gloves, valued at around USD92.5 million, reflecting growth of 17% compared to 2009. Of the total value, surgical gloves amounted to USD27.5 million while the remaining comprised examination and other gloves. Only latex powdered gloves were used as surgical gloves in Russia.

In Ukraine, the medical gloves market is relatively small, valued at USD21 million or 204 million pairs in 2010. The market expanded by 27% compared to 2009. The market for examination gloves, which comprised about 60% of the total market value, witnessed an increase of 38% in demand from 2009 to 2010. This is greater than the growth in demand for surgical gloves, which stood at 4%.

The usage of powder-free latex examination gloves and nitrile examination gloves in Russia and Ukraine has increased recently because of growing concerns regarding latex allergy. The usage of nitrile gloves in Ukraine is quite significant as some private hospitals have replaced powdered examination gloves with nitrile.

The medical gloves manufacturing industry is very small in Russia and Ukraine due to high cost of producing the gloves, limited R&D activities, and negative consumer perception of the quality of local products. Hence, domestically produced gloves are not competitive and the bulk of medical gloves have to be imported. In 2010, at least 92% of the glove markets in Russia and Ukraine were made up of imported products. The trend in imports has been positive over the last few years. Imports into Russia and Ukraine have grown by a compounded annual average growth rate (CAGR) of almost 48% and 25% respectively between 2005 and 2010.

Malaysia is currently the largest supplier of examination gloves to Russia and Ukraine. For surgical gloves, Malaysia was ranked second in both countries. Other major suppliers to the two markets are Germany, Thailand, United Kingdom and China.

**Condoms**

Local condom manufacturing is not significant in Russia due to lack of technology. Imported condoms make up approximately 96% of the total Russian market for condoms. In 2010, Russia imported 303 million condoms valued at USD20.4 million for the domestic market as well as for re-export. Imports of condoms into Russia have increased by a CAGR of 12% between 2005 and 2010. Malaysia is not a major supplier of condoms to Russia but Malaysian condoms are said to be priced competitively along with condoms from China and India.

Ukraine’s relatively high HIV prevalence rate, the highest in Europe, is the key factor contributing to high demand for condoms. In 2010, the market for condoms in Ukraine was valued at USD5.2 million or 119 million pieces. Unlike, Russia, there is condom manufacturing in Ukraine with Perfekt Condoms being the only known producer in the country. Nevertheless, Ukraine still imported about 90% of its condoms requirements. Imported condoms are sourced mainly from India, Thailand, China, Germany and Malaysia.

**Entry Requirements for Medical Devices**

All medical devices including gloves and condoms must be registered with the Russian Ministry of Health or Roszdravnadzor and certified by the State Committee of the Russian Federation for Standardization, Metrology and Certification or Gosstandard prior to being distributed in Russia.

In contrast, access to the Ukrainian medical devices market is relatively easy. Although imported medical devices need to register with the Ministry of Health and to be certified with UkrSEPRO, certifications such as Gosstandard and CE are acceptable as a basis for registration.

*Source: The Market for Rubber Medical Devices in Russia and Ukraine, MREPC, 2011.*
INCOTERMS 2010 - The Background

INCOTERMS is the abbreviation for International Commercial Terms used in international trade. They are found in a publication of the ICC (International Chambers of Commerce). INCOTERMS is the product of rationalisation of the terms used in the RAFTD or Revised American Foreign Trade Definitions and the International Commercial Trade Terms.

INCOTERMS is the internationally accepted terminology for Terms of Sale or terms of trade. The first version of INCOTERMS was in 1936. Since then it has undergone seven (7) updates and INCOTERMS 2010 is the latest version which came into effect on 1 January 2011.

INCOTERMS 2010 - The Changes

INCOTERMS 2010 came with several revisions and they can be summarised as follows.

<table>
<thead>
<tr>
<th>INCOTERMS 2000 (13 rules)</th>
<th>INCOTERMS 2010 (11 rules)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXW</td>
<td>EXW – Ex Works</td>
</tr>
<tr>
<td>FAS</td>
<td>FAS – Free Alongside Ship</td>
</tr>
<tr>
<td>FOB</td>
<td>FOB – Free on Board</td>
</tr>
<tr>
<td>FCA</td>
<td>FCA – Free Carrier</td>
</tr>
<tr>
<td>CFR</td>
<td>CFR – Cost and Freight</td>
</tr>
<tr>
<td>CIF</td>
<td>CIF – Cost, Insurance and Freight</td>
</tr>
<tr>
<td>CPT</td>
<td>CPT – Carriage Paid To</td>
</tr>
<tr>
<td>CIP</td>
<td>CIP – Carriage and Insurance Paid</td>
</tr>
<tr>
<td>DAF</td>
<td>DAP – Delivered at Place¹</td>
</tr>
<tr>
<td>DDU</td>
<td>DAP – Delivered at Place¹</td>
</tr>
<tr>
<td>DEQ</td>
<td>DAT – Delivered at Terminal²</td>
</tr>
<tr>
<td>DES</td>
<td>DAT – Delivered at Terminal²</td>
</tr>
<tr>
<td>DDP</td>
<td>DDP – Delivered Duty Paid</td>
</tr>
</tbody>
</table>

DAP¹ and DAT² are new rules in INCOTERMS 2010

Mode of Transportation

INCOTERMS 2010 can be categorised by the respective modes of transportation. Do take note the different modes of transportation and the corresponding applicable rules.

Any mode of transportation [7 rules]

EXW : Ex Works
FCA : Free Carrier
CPT : Carriage Paid To
CIP : Carriage and Insurance Paid
DAT : Delivered At Terminal
DAP : Delivered At Place
DDP : Delivered Duty Paid

Sea and inland waterway transportation [4 rules]

FAS : Free Alongside Ship
FOB : Free On Board
CFR : Cost and Freight
CIF : Cost, Insurance, and Freight

Commonly Used Terms of Sale

Generally, four rules (EXW, FOB, CFR and CIF) are most often used in international trade. These are highlighted below, with comments regarding the seller’s responsibility. In addition, the two new rules of INCOTERMS 2010 i.e. DAP and DAT are explained below.

<table>
<thead>
<tr>
<th>Terms of sale</th>
<th>Seller’s responsibilities</th>
</tr>
</thead>
</table>
| EXW – Ex Works, named place | • Export packaging and labelling  
• Ensuring that the goods are “made available” to the buyer at the seller’s premises                                                                                                                                                                                                                          |
| FOB – Free On Board, named port of shipment | • Export packaging and labelling  
• Risk of loss and damage to the goods until they have physically crossed the railing of the ship at the named port of shipment  
• Delivery to named port of shipment, export clearance and formalities                                                                                                                                                                                                                      |
| CFR – Cost and Freight, named port of destination | • Export packaging and labelling  
• Delivery to named port of shipment, export clearance and formalities  
• Cost of freight to named port of destination                                                                                                                                                                                                                                               |
| CIF – Cost, Insurance and Freight, named port of destination | • Export packaging and labelling  
• Delivery to named port of shipment and export clearance and formalities  
• Cost of freight to named port of destination  
• Cost of marine insurance coverage to named port of destination                                                                                                                                                                                                                                  |
| DAP – Delivered At Place, named place of destination | • Cost of freight and delivery of the goods to the named place or destination in the country of importation.  
• Ensure that the goods are delivered and placed at the disposal of the buyer on the arriving means of transport and ready for unloading by the buyer at the named place of destination.  
**Note:**  
- The “named place of destination” in this instance includes the destination port, container yard, railway terminal or air terminal.  
- Seller is not responsible for the payment of import clearance and formalities, customs import duties and taxes.  
- If seller is required to assumed the responsibility of import clearance and formalities, payment the import duties and taxes, then the contracting parties concerned should consider using DDP as the term of sale)  
• Risks and costs, until goods are unloaded at the named terminal or port of destination.  
• Demurrage or detention charges.  
**Note:**  
- The named terminal in this instance includes the quay (wharf), warehouse or yard at port of destination.                                                                                                                                                                                                                     |
| DAT – Delivered At Terminal, named terminal or port of destination | • Cost of freight and delivery of the goods to the named terminal or port of destination in the country of importation.  
• Ensure that the goods are delivered and placed at the disposal for unloading by the buyer at the named terminal or port of destination but excluding import clearance and formalities, payment of import duties and taxes.  
• Risks and costs, until goods are unloaded at the named terminal or port of destination.  
• Demurrage or detention charges.  
**Note:**  
- The named terminal in this instance includes the quay (wharf), warehouse or yard at port of destination.                                                                                                                                                                                                                     |
How to use INCOTERMS 2010

As an example if the term FOB is used in a contract, it should be specified as “FOB, Port Klang, Malaysia, INCOTERMS 2010.” When the above term is specified in a contract it means that the seller/exporter bears the responsibilities and costs to deliver Free On Board (the vessel) to the named port (in this case Port Klang). The terms of sale applicable in this case are specifically the latest version of INCOTERMS which is that of INCOTERMS 2010 - not INCOTERMS 2000 or any other earlier versions of INCOTERMS.

Validity of INCOTERMS 2000

According to ICC, INCOTERMS 2000 remain valid even after 1 January 2011, although contracting parties are encouraged to use the current version. Contracting parties however, may agree and choose to use INCOTERMS 2000 or any other any other earlier versions in their terms of sale.)


MREPC Marketplace is a website to link buyers and suppliers of rubber products. It is a directory and catalogue of rubber products from Malaysia as well as a means for rubber product buyers to post their enquiries and obtain responses from reliable manufacturers and exporters of quality Malaysian rubber products.

The website provides free access to Malaysian manufacturers and exporters of rubber products who wish to list their product catalogues online and to view enquiries posted by prospective buyers.

Buyers from around the world are invited to post their product inquiries on the website and to view the wide range of quality rubber products offered by Malaysian rubber product manufacturers.

Malaysia’s Exports and Imports of Rubber Products (RM’000)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>1,072,198</td>
<td>291,462</td>
<td></td>
<td>27.0</td>
</tr>
<tr>
<td>February</td>
<td>978,449</td>
<td>246,124</td>
<td></td>
<td>223,068</td>
</tr>
<tr>
<td>March</td>
<td>1,304,658</td>
<td>332,316</td>
<td></td>
<td>280,390</td>
</tr>
<tr>
<td>April</td>
<td>1,209,301</td>
<td>299,670</td>
<td></td>
<td>275,287</td>
</tr>
<tr>
<td>May</td>
<td>1,124,551</td>
<td>326,889</td>
<td></td>
<td>293,300</td>
</tr>
<tr>
<td>June</td>
<td>1,198,878</td>
<td>348,908</td>
<td></td>
<td>317,533</td>
</tr>
<tr>
<td>January–June</td>
<td>6,888,035</td>
<td>1,845,369</td>
<td>10.1</td>
<td>100</td>
</tr>
<tr>
<td>% Change (January–June) 11/10</td>
<td>10.1</td>
<td>11.2</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Department of Statistics, Malaysia

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>EU-27</td>
<td>1,860,818</td>
<td>1,668,619</td>
<td>12</td>
<td>27.0</td>
</tr>
<tr>
<td>USA</td>
<td>1,726,850</td>
<td>1,719,949</td>
<td>0</td>
<td>25.1</td>
</tr>
<tr>
<td>ASEAN</td>
<td>701,320</td>
<td>532,057</td>
<td>32</td>
<td>10.2</td>
</tr>
<tr>
<td>Japan</td>
<td>394,994</td>
<td>346,605</td>
<td>14</td>
<td>5.7</td>
</tr>
<tr>
<td>Brazil</td>
<td>275,873</td>
<td>317,663</td>
<td>-13</td>
<td>4.0</td>
</tr>
<tr>
<td>China, P.R.</td>
<td>264,271</td>
<td>243,412</td>
<td>9</td>
<td>3.8</td>
</tr>
<tr>
<td>Australia</td>
<td>214,295</td>
<td>177,190</td>
<td>21</td>
<td>3.1</td>
</tr>
<tr>
<td>Turkey</td>
<td>131,097</td>
<td>67,494</td>
<td>94</td>
<td>1.9</td>
</tr>
<tr>
<td>South Korea</td>
<td>127,117</td>
<td>101,031</td>
<td>26</td>
<td>1.8</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>108,858</td>
<td>99,651</td>
<td>9</td>
<td>1.6</td>
</tr>
<tr>
<td>Canada</td>
<td>105,907</td>
<td>122,445</td>
<td>-14</td>
<td>1.5</td>
</tr>
<tr>
<td>UAE</td>
<td>60,555</td>
<td>56,473</td>
<td>7</td>
<td>0.9</td>
</tr>
<tr>
<td>Subtotal</td>
<td>5,971,955</td>
<td>5,452,589</td>
<td>9.5</td>
<td>86.7</td>
</tr>
<tr>
<td>World Total</td>
<td>6,888,035</td>
<td>6,255,147</td>
<td>10.1</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Department of Statistics, Malaysia
Synthomer Asia produces and markets emulsions and specialty polymers used in a wide range of industries. It is the world’s largest supplier of nitrile latex, used in the manufacture of nitrile gloves for the medical and healthcare sector as well as in other industries. Synthomer is focused on maintaining this leadership position through continuous expansion to meet the requirements of a fast growing market.

A part of Yule Catto PLC’s Polymer Chemicals Division, Synthomer Asia has five plants in Malaysia. Two of these, the original Synthomer plant in Kluang and the recently acquired Polymer Latex plant in Pasir Gudang, produce nitrile latex. The focus has been on increasing capacity, and on investment in production as well as research and development facilities in response to an ever expanding market.

Demand for nitrile latex has increased significantly over the last few years, largely to meet demand from rubber glove manufacturers. In recent years, the market for rubber medical gloves and other dipped products has grown rapidly, as the world faces a variety of infectious diseases, such as AIDS, and H1N1 type flu outbreaks. A growing market preference for nitrile gloves, particularly in developed countries seeking to address issues related to allergic reactions to latex proteins, has driven demand for nitrile. Developments in technology related to nitrile gloves, including thinner gloves with properties comparable to NR gloves have been a contributing factor. Also, the price difference between natural rubber and nitrile latex has eroded in recent years, as NR prices have risen considerably while nitrile has become more affordable.
We have expanded every year since 2007. From 45,000 tons, the Synthomer plant in Kluang has expanded to 120,000 tons capacity. With the acquisition of Polymer Latex, we have added another 100,000 tons and today we have capacity to produce 220,000 tons of nitrile latex.” says Dr. Brendan Catlow, Managing Director of Synthomer Asia.

This enables Synthomer Asia to meet 40% of the world demand for nitrile, currently estimated to be about 550,000 tons. In Malaysia too, Synthomer supplies over 40% of the total market. The world market for nitrile latex is seen to be growing at a 15% per year, and Synthomer needs to keep expanding capacity to keep its share of the market.

Synthomer has recently announced further investments totalling MR110 million aimed at expanding capacity at its Pasir Gudang plant, making it the world’s largest plant for the production of nitrile for the dipping industry. The combined capacity of the two plants is expected to increase to 300,000 tons per year in 2013.

We want our customers to be confident that Synthomer will be able to support their developments with high quality and technically advanced products.
To stay on track, Synthomer works closely with its customers to ensure that their needs drive the company’s growth. Developments in glove processing technology, quality requirements imposed by regulatory bodies in glove consuming countries and resource limitations faced by manufacturers are some of the factors that have to be taken into consideration.

Nitrile latex prices are dependent on the cost of the primary raw material, butadiene. As prices of butadiene decline, it is expected that the price of nitrile latex will see lower trends in the near future. Managing the volatility of prices so that glove manufacturers and other end users are not unduly affected by constant fluctuations is an important aspect of Synthomer’s service. Synthomer also works to develop the products that their customers want, to differentiate the latex supplied to meet the specific requirements of rubber product manufacturers.

Many new glove production lines that are being installed are more flexible and are able to switch between NR latex and nitrile without major changes to their processes. This enables them to provide a wider range of products to meet end-user requirements and makes it incumbent on latex providers to also make available a range of materials. Revertex, Synthomer’s sister company, is able to provide NR latex concentrates and compounds as well as pre-vulcanised natural rubber lattices giving them an advantage in dealing with customers worldwide. Malaysian customers have the additional advantage of proximity to the world’s largest source of supply of nitrile latex, with shorter lead times and some savings in logistics.
Research and development to keep pace with the demand for new products and process improvements are seen as essential to the expansion that has taken place in recent years and that are being planned. Malaysia is Synthomer’s global centre for nitrile latex research. With over 50 scientists, the R&D undertaken at the Global Technical Centre has played a part in enabling nitrile to compete effectively with natural rubber latex in the market for rubber gloves.

The research includes work on innovative solutions, second generation latices to enable nitrile glove makers to stay ahead of competition, improved processes in dipping to reduce costs and better quality to address the challenges posed by a demanding market. While thinner gloves that do not compromise barrier properties and tactile sensitivity are important goals, research has also uncovered self cross-linking nitrile latex that does not require the additives that may cause allergic reaction in some users.

Dr. Catlow sees the industry as quintessentially Malaysian, where Malaysia owns the industry supply chain, being the world’s largest supplier of nitrile latex as well as the world’s largest exporter of nitrile gloves. He points out that while Malaysia is also the world’s largest supplier of NR latex gloves, supply of NR latex has to be complemented with imports, while the nitrile glove industry is Malaysian to the core.
Flanders is the northern region of Belgium. Brussels, the capital city of both the country and Flanders, is also the capital of the European Union. The region’s immediate neighbors are Wallonia (the southern part of Belgium) and the Netherlands, Germany, France and the United Kingdom.

The region has a thriving knowledge-based economy and a productive, highly educated and multilingual workforce. Flanders has the infrastructure to provide rapid access to leading markets and supplier. Flanders’ port of Antwerp houses Europe’s largest chemicals cluster, closely related to plastics and rubber. Flanders is also home to a large number of both international and local companies, ranging from worldwide pharmaceutical and medical imaging firms to small, focused biotech firms, device producers and support manufacturers.

Flanders has critical mass

Foreign rubber product manufacturers can find the necessary critical mass in Flanders to meet their targets, since the region boasts a booming plastics and rubber production and converting industry. Moreover, rubber already accounts for almost 10% of the main Flemish imports from Malaysia.

Most of the companies involved in the thriving plastics and rubber industry in Flanders deliver products directly to nearby packaging, automotive and building industries. The lion’s share of their output is made up of compounds and/or master batches for further processing.

An outstanding transport infrastructure

Flanders’ road, rail and inland waterway networks are among Europe’s densest. Its modern infrastructure allows fast connections with the European hinterland. In short, Flanders centrally located in an area from which a large portion of Europe can be supplied at competitive transport costs and within reasonable delivery times. Consequently, many European Distribution Centers (EDCs) have chosen this area as their base. For the past years, market research studies by Cushman & Wakefield have ranked Flanders as the top region for European logistics and distribution activities.

A positive fiscal environment

With a wide range of tax benefits and financial grants, the corporate taxation climate of Flanders is ideal. A unique tax incentive, the notional interest deduction, which brings the effective corporate tax rate below 26%, is available to all companies using their own capital to finance their activities. The notional interest deduction relatively simple and has an important impact on the investment decisions of large companies.

The Flemish human factor

Flanders has a productive and flexible multilingual workforce. Belgium, and Flanders as a region, have among the highest overall productivity (in GDP per person employed), attributable to the education system. Flanders is home to seven universities which enjoy an international reputation in a wide range of scientific research fields. These universities have forged partnerships with numerous companies in a variety of industries to equip graduates with a strong package of applied skills. The social fabric in Europe’s central region is strong and people are open-minded. Medical and education facilities are such that expatriate families can be sure of a high standard of living.

In conclusion

For Malaysian rubber product manufacturers looking to establish operations in Europe, the region of Flanders - the northern region of Belgium - offers a suitable location supported by a dynamic, knowledge-based economy.
## Trade between Malaysia and Flanders

### Flemish exports to Malaysia

In 2010, Flanders exported goods worth approximately EUR 394 million to Malaysia. This record amount represents an increase of as much as 30.55% compared to 2009.

The most important Flemish export products to Malaysia were machinery and mechanical equipment (11.94%), pharmaceuticals (10.35%), fertilizers (9.48%), electric machinery (8.69%) and organic chemical products (8.62%).

### Flemish imports from Malaysia

In 2010, Flanders imported goods worth more than EUR 500 million from Malaysia. This represents an increase of 16.01% compared to 2009.

The main products imported from Malaysia were, electric machinery (19.90%), mineral fuels (10.02%), rubber (9.58%), wood and charcoal (8.73%) and aviation and travel products (8.58%).

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### The MREPC Resource Centre

Malaysian rubber product manufacturers are invited to visit the MREPC Resource Centre and to use the materials available at the centre to assist them in their planning and marketing activities. The Resource Centre contains materials which are related to rubber and rubber products as well as several general interest items. The Resource Centre is being developed by MREPC as a part of its function to provide Malaysian manufacturers and exporters with up to date and reliable information on markets for rubber products and market related issues.

**The MREPC e-Library** is an online facility for members to access materials from the MREPC Resource Centre. Materials may be viewed online or downloaded, or viewed at the Resource Centre. Access to the e-Library requires registration. Registration is free for eligible Malaysian rubber product manufacturers and exporters.

The Resource Centre may be visited during office hours at the MREPC office at Block 2A, Level 13A-1, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur, or accessed on-line at [www.mrepc-elfibrary.com](http://www.mrepc-elfibrary.com)
Seminar on International Marketing & Supply Chain Management

A two day seminar on International Marketing & Supply Chain Management was held on 27 & 28 July 2011. The programme was conducted by Mr AB Teoh, a well known Export-Import consultant, trainer and author of the book, “Exporting and International Trade”. Twenty-four participants from 12 companies participated in this two day programme aimed at improving decision making skills and developing strategic thinking on supply chain management as well as understanding the core elements of international marketing. Among the topics discussed were linking long and short term decisions, factors affecting supply chain success, strategic planning and analysis of international business models. Several case studies were discussed to strengthen the understanding of participants. Participants commented that the case studies were useful in reinforcing their newly acquired skills and knowledge through practical applications, albeit in a classroom setting.

Briefing on Rubber Product Markets - Developments in the US and EUROPE

MREPC’s annual seminar to update manufacturers on the developments related to the market for rubber products in the US and Europe was held on 8 Sept 2011. The seminar was conducted by Dr Esah Yip, the director of MREPC US office and Dr Hafsa Ghazaly, the MREPC Europe representative. The response from the industry was very encouraging, with 54 participants from 22 companies attending the seminar. Dr Esah and Dr Hafsa highlighted efforts to address latex allergy issues in the US and in Europe and discussed ongoing and proposed promotional programs.

Latex 101 Series of 2011

The 2011 Latex 101 Series has been successfully completed by 39 participants from 18 companies. The series, consisting of 9 lectures, began in January and was completed on 20 September 2011.

The series was conducted by Dr Ho Chee Cheong, an expert with over 40 years of research experience on green materials, clean processes and various other aspects of latex technology, including AFM techniques in visualizing the surface morphology of thin latex films. His wealth of knowledge and experience in the field proved invaluable for participants who needed advice on specific technical issues and solutions to problems encountered at the workplace.

The main objective of the course was to provide in-depth information on latex. The lectures and the ensuing discussions with Dr Ho and among the participants met the objectives and provided participants with insights that would be of practical use in their work.
Two representatives from The High Commission of the Republic of Zambia, Ms Anna Regina Monteira (First Secretary - Trade) and Ms Imbawa Sianga (Second Secretary - Tourism) visited MREPC on 15 September 2011. The objective of the meeting was to encourage trade between Zambia and Malaysia, specifically trade in rubber products.

Zambia, a democratic country strategically located in Southern Africa, is among the region’s fastest growing economies. The country has attracted substantial foreign direct investment in mining, manufacturing, construction, power, financial services agriculture and tourism. The mining sector, led by copper, accounts for nearly 80% of the total exports of Zambia. It was suggested that this sector would hold good prospects for rubber hoses from Malaysia. The embassy representatives also highlighted that sheath contraceptives are another product that would have potential in the Zambian market.

The representatives suggested that to get an overview on the potential of the Zambian market, Malaysian manufacturers should participate in the Zambia International Trade Fair (ZITF) in Ndola and Zambia Agriculture and Commercial Show (ZACS) in Lusaka. The meeting provided an initial platform for further collaboration between MREPC and The High Commission of the Republic of Zambia.

Diploma of the Plastics and Rubber Institute of Malaysia (DPRIM)

Cultivate a learning culture in your organisation and develop your employees’ skills. Encourage your employees to enhance their knowledge. Enroll in a course leading to a Diploma of the Plastics & Rubber Institute of Malaysia (DPRIM).

MREPC is offering Incentive SBIM 13 – A subsidy of RM1,000 per person, subject to a maximum of 2 persons per company per year, claimable upon successful completion of the course.

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Contact MREPC for details or visit our website http://www.mrepc.com/incentives
MREPC presented a paper on the usage of medical gloves at the China Medical Seminar held in Beijing, China from 21 to 22 July 2011. As a seminar sponsor, MREPC was invited to present the paper to an audience of medical device manufacturers, distributors, government agencies, regulatory bodies, private entities and research organizations as well as medical practitioners. The MREPC presentation was part of an ongoing program to educate glove users, traders and distributors as well as regulators in developing countries about the advantages of rubber medical gloves and the difference between rubber gloves and vinyl gloves in the healthcare environment.

FIME Expo, the showpiece of the Federation of International Medical Equipment Suppliers (originally known as the Florida International Medical Exposition), is one of the leading medical equipment tradeshows for the United States, with exhibitors and visitors from North, South and Central America. MREPC participated in the FIME 2011 show held from 10 – 12 August 2011 in Miami, Florida, with five Malaysian glove manufacturers and a condom manufacturer. An educational seminar on medical gloves was also presented by MREPC to update medical practitioners and distributors on the differences between various types of medical gloves.
THE VIETNAM AUTO EXPO, HANOI

22 – 25 JUNE 2011

The 8th Vietnam International Automobile & Supporting Industries Exhibition & Conference, an international exhibition and conference held annually, is a platform for both local and foreign companies to promote products and technology to the Vietnamese automotive sector. This year the Vietnam Auto Expo was held at Vietnam Exhibition and Fair Centre, Hanoi from 22 – 25 June 2011. A total of 118 exhibitors from 5 countries participated in this show which attracted approximately 5000 visitors.

MREPC participated with six (6) Malaysian rubber automotive parts manufacturers namely HML Auto Industries Sdn Bhd, Associated First Rubber (M) Sdn Bhd, Sarpi (M) Sdn Bhd, Tong Yong Rubber (M) Sdn Bhd, Schmaco Auto Parts Sdn Bhd and Dunia Polymer Extrusion Sdn Bhd.

MINING INDONESIA 2011, JAKARTA INDONESIA

21 – 24 SEPT 2011

The Mining Indonesia 2011 Exhibition, the 15th in its series, attracted nearly 700 exhibitors from over 35 countries. Approximately, more than 40,000 trade visitors visited the show. The exhibition was organized to support the increase in demand, development and growth of the mining sector in Indonesia. MREPC participated with three (3) Malaysian rubber product manufacturers, MALCORP, Sun Rubber Industries and Kinta Rubber Works Sdn Bhd. The joint booth showcased retread materials, conveyor belts and components and industrial hoses and disseminated information on Malaysian-manufactured industrial rubber products to visitors. The response from visitors, both the government and the private sector, was encouraging, with over 230 visitors and 66 trade enquiries received.
For quality rubber medical devices manufactured to international standards, look to Malaysia. Malaysia – world’s No. 1 in medical gloves, world’s No.1 in condoms, world’s No. 1 in rubber catheters.