

# STRETCH

A quarterly publication of the  
Malaysian Rubber Export Promotion Council

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**COMMITTED  
TO BUILDING  
MALAYSIAN  
BRANDS**



*T*aking stock, 2011 has been an eventful year for the rubber product industry, and for MREPC. In the face of continuing uncertainties in the developed markets, promotion of Malaysian rubber products in emerging markets was stepped up significantly. The Council also made presentations on the advantages of using quality Malaysian products to targeted groups of rubber product users in conjunction with trade shows and exhibitions as well at various seminars and workshops.

To assist exporters intensify their own market promotion efforts, an unprecedented RM 2.1 million was disbursed as incentives. This included incentives to encourage rubber product manufacturers to improve their websites and product brochures and to obtain certifications for quality management systems and products.

Research into markets for rubber products in developing countries was also heightened, with focus on the larger countries such as China and India. The research findings were presented to the industry in a series of market information seminars. Seminars and workshops on other topics of interest were also conducted as part of MREPC's capacity building program for rubber product manufacturers.

An outreach advisory service was also initiated, utilising the services of individuals with industry experience and knowhow to provide support for fledgling exporters to expand and grow.

In addition to the market promotion, research and capacity building activities undertaken by MREPC, the Council launched the MREPC Scholarship Awards and awarded 19 scholarships to undergraduates in Malaysian universities. These young men and women have undertaken to be employed within the rubber product industry on completion of their courses.

MREPC also initiated an advertising campaign in major markets to promote Malaysian rubber products and drive traffic to the new MREPC Marketplace, where catalogues of quality Malaysian rubber products are displayed by manufacturers. The MREPC website has been revamped and given a new and contemporary look, and the Resource Centre was placed online to give Malaysian rubber product manufacturers quick access to research and other materials from their homes and offices.

It is hoped that these initiatives will provide some support to industry members during these challenging times and contribute positively to our common goal of increasing Malaysian rubber product exports. We at MREPC look forward to your feedback on how the Council can play a more effective role in achieving that goal.



CEO of MREPC Dato' Teo Suat Cheng

## CONTENTS

From the CEO's Desk	<b>2</b>
MREPC Research Briefs	<b>3</b>
Malaysia's Exports of Rubber Products	<b>8</b>
MREPC Technical Seminars	<b>9</b>
Supermax - A Commitment to Branding	<b>10</b>
An Interview with Dato' Seri Stanley Thai - CEO of Supermax	<b>14</b>
Seminar on Enhancing Competitiveness	<b>15</b>
MICCOS 2011	<b>16</b>
Trade Shows and Exhibitions	<b>17</b>
Travelogue: Fuzhou - A City in Transition	<b>19</b>

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## 1. Opportunities in the South African Rubber Medical Devices Market

South Africa is the largest economy in the African continent, and the 24<sup>th</sup> largest in the world. With a population of 50 million, South Africa is generally regarded as the most socially and economically developed country in Africa. The mushrooming private healthcare businesses and changing trend towards better quality healthcare in recent years could present opportunities in the market for rubber medical devices in South Africa.

### Economic and Health Indicators for South Africa

Economic Indicators	2006	2011 (e)
GDP, USD billion	261.2	383.1
Population, million	47.4	50.5
GDP per capita, USD	5,511	7,585
Health Indicators	2006	2009
Healthcare expenditure, total (% of GDP)	8.5%	8.5%
Health expenditure per capita, USD	458	458
Prevalence of HIV, total (% of population ages 15-49)	18%	18%

### Healthcare in South Africa

Healthcare in South Africa varies from its most basic primary form, offered free by the state, to highly specialised hi-tech health services available in the private sector, mainly serving middle and high income earners. Although the standard of healthcare in South Africa is considered the best on the African continent,

public health facilities are still inadequate and often overused. The public sector, however, remains the major healthcare provider and serves around 86% of South Africa population. There are over 600 hospitals in South Africa, of which 380 are public hospitals largely located in highly populous provinces such as Eastern Cape where Port Elizabeth is the most notable city, Kwazulu-Natal (Durban), Limpopo (Polokwane) and Western Cape (Cape Town).

The private sector accounts for 57% of total healthcare expenditure in South Africa. Private healthcare is dominated by three large private hospital groups, Netcare Holdings, Mediclinic and Life Healthcare. Private hospitals have begun to take over many tertiary and specialist health services in the country. The demand for private healthcare is often attributed to the long waiting periods and the perceived lack of quality staff and facilities at public hospitals. Private healthcare is mostly funded by insurance schemes but the current health insurance penetration is low with most medical schemes mainly catering to corporate staff members. The Hospital Association of South Africa (HASA) was set up to represent the collective interests of 212 private hospital groups and independently-owned private hospitals in the country.

South Africa's healthcare is currently undergoing reform which has resulted in higher healthcare related spending by the government, with an average increase of 7.5% annually between 2007 and 2010. A Strategic Healthcare Plan for 2010–2014 has also been introduced to improve service efficiency, quality of care, access, health outcomes and equity with sustainability and lower healthcare costs to users.

### Market Potential for Rubber Medical Devices

For 2011, it is estimated that the market size of the South African medical device Industry is USD700 million based on estimates by a government funded organisation. Of this amount, the rubber medical device sector is estimated to account for around 20% in terms of total expenditure.

## Market Size for Rubber Medical Devices in South Africa (Estimated, 2011)

Rubber Medical Devices	Market Value <sup>1</sup> (USD million)	Quantity
Surgical gloves	67.5	54 million pairs
Examination gloves <sup>2</sup>	15.5	100 million pcs
Condoms	35.0	476 million pcs
Catheters (Latex)	29.0	16.5 million pcs
<b>Total RMD</b>	<b>147.0</b>	<b>18%</b>

<sup>1</sup> Except for condoms, the market value is estimated based on prices paid by end users. The market value for condoms is derived using cost price.

<sup>2</sup> Include both latex and synthetic gloves

### Medical Gloves

Consumption of surgical gloves has grown in volume by a CAGR of 14% from 2006 to 2010. Improved access to and delivery of quality healthcare contributes to the increasing use of gloves. Also, the high rate of transmission of HIV and related illnesses in the country has made the usage of gloves increasingly important. In addition, there is no significant concern with latex allergy among workers in health institutions in the country. In 2010, South Africa imported surgical gloves valued at USD16 million and examination gloves valued at USD12 million. Between 2006 and 2010, the growth in imports has been impressive with surgical gloves registering a CAGR of 17% while examination gloves grew at 24.5%. Malaysia is currently the largest exporter of rubber medical gloves to South Africa, supplying around 59% of the total imports of surgical and examination gloves. Other major exporters are Thailand, China and Indonesia. Export of rubber medical gloves from South Africa is minimal and is mainly to neighbouring African countries.

### Condoms

The market for condoms in South Africa, particularly in the public sector, is considered promising, with over 450 million condoms being distributed yearly by

the government. Nevertheless, the market is highly competitive with the presence of a few strong industry players in both the public and private sectors. The public sector still favours local South African companies. Rrt Medcon is the largest condom manufacturer in the country and supplies mainly to the public sector under the brand name 'Choice'. In the private sector, Durex, Lovers Plus, Trust, Lifestyle, Contempo and Casanova are the major brands. Condoms imported by South Africa were valued at USD15 million in 2010. Imports have increased by a CAGR of 14% from USD9 million in 2006. Approximately 53% of the condoms were from China while 20% were from Malaysia. Exports of condoms from South Africa are not significant.

### Latex Catheters

Catheters will continue to be in demand, but market players view the South African market to be reaching maturity levels or growing only at moderate rates. Larger private hospital groups have started replacing rubber catheters with higher priced silicone catheters due to some concern regarding latex allergy. Imports of catheters into South Africa, including both rubber and non-rubber catheters, were valued at USD75 million in 2010, an increase of 6% in CAGR from 2006. For latex catheters, the main suppliers are from Malaysia, China, India and Thailand.

## Market Outlook

For the next three years, it is projected that the rubber medical device industry in South Africa will grow at an average of 15% annually. By 2014, the consumption of medical gloves is forecasted to reach around 300 million pieces whilst demand for condoms will increase to 600 million pieces. The growth of the industry is likely to be driven by the country's health reforms, population growth, continued HIV prevention efforts as well as further development and growth of the economy. Meanwhile, the Department of Health has gazetted a Draft Medical Device Regulations in September 2011 for public comment, as part of South Africa's Healthcare Reforms. The new regulation is directed towards improving safety, quality and performance of all medical devices, including rubber medical devices, used in healthcare facilities.

South Africa also holds potential as a centre of distribution to the hinterland states of Botswana, Zimbabwe, and Zambia. The Southern African Development Community (SADC) is working towards a Free Trade Area covering 14 states in Southern Africa. This region is a market with a total GDP of US\$431 billion and a total population of 247 million (2008), with some countries growing at a rate of 7% per annum. As the most developed of the Southern African states, with transport and communication infrastructure to access most of the region, South Africa stands as the gateway to this growing market.

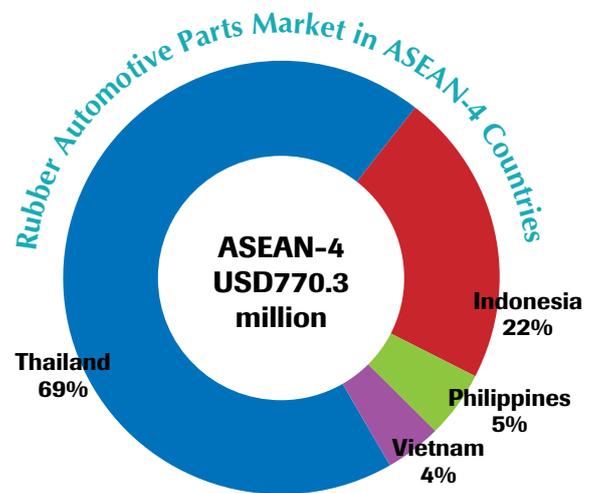
Nonetheless, the South African rubber medical device market does present some challenges to exporters. This includes the high cost of doing business in terms of logistics, labour and certification, red tape in public procurement and increasing competition from low quality and cheap products. The preferential treatment given to Broad-Based Black Economic Empowerment (B-BBEE) accredited companies in the supply of medical devices is also a constraint that needs to be considered, making it advisable to appoint a local partner to conduct business in South Africa.

## 2. The Market for Rubber Automotive Parts in Southeast Asia

The automotive industry in the Southeast Asian region has seen rapid development in recent years. The combined production of light vehicles in Indonesia, Malaysia, Philippines, Thailand and Vietnam hit an all-time high of 2.92 million units in 2010. With vehicle production estimated at over 3.3 million units in 2011, positive growth is expected in the automotive parts industry over the coming years. Growth in the automotive industry, particularly in Thailand, Indonesia and Vietnam, is driven by large investments by global automotive companies and the abolishment of localization policies.

### Current Markets

A recent study by MREPC on the market for rubber automotive parts in Indonesia, Thailand, Vietnam and Philippines found that the market is estimated to have a combined value of USD770.3 million in 2011. The original equipment manufacturers (OEM) segment accounted for about 90% of the total market while the aftermarket or the replacement parts segment (REM) accounted for the remaining 10%.



### Breakdown of Market size by Products

No.	Products	Value (USD million)	Market Share (%)
1	Weather Strips	195.7	25%
2	Engine Mountings	133.3	17%
3	Tubes & Hoses	119.7	16%
4	Bushes	84.8	11%
5	Transmission Belts	82.6	11%
6	Wipers	17.7	2%
7	Oil Seals	9.2	1%
8	Hoses	2.3	>1%
9	Others	125.0	16%
<b>Total</b>		<b>770.3</b>	<b>100%</b>

## Thailand

Dubbed as the “Detroit of Asia”, Thailand has the largest and most advanced automotive industry in the ASEAN region. Automotive manufacturers in Thailand are mainly concentrated in Bangkok (Samut Prakarn) and the South East (Rayong and Laemchabang) of Thailand. New automotive manufacturing facilities are being set up near the South East of Thailand with close proximity to Laemchabang Seaport. Manufacturers are also located in the Central North (Ayutthaya) and East (Chonburt and Chachoensao).

As the world’s largest producer of natural rubber, Thailand is able to produce and export a wide range of rubber automotive parts at very competitive prices. Exports of rubber automotive parts from Thailand amounted to USD463 million in 2010 with Japan, Indonesia, the United States and Malaysia being the main export destinations.

The market for rubber automotive parts in Thailand has an estimated value of USD530 million (2010). Despite the global automotive crisis in 2009, imports of rubber automotive parts into Thailand increased from USD61 million in 2007 to USD241 million in 2010, a CAGR of 10.1%. Hoses, anti-vibration parts, roof mouldings, mats and moulded rubber parts were the main imports into Thailand. Japan is currently the major import source given the presence of several Japanese automotive manufacturers in the country. Other main sources for imports are China, South Korea and Taiwan.

## Indonesia

Indonesia has the second largest automobile manufacturing industry in the ASEAN region. It is regarded as a nation with strong potential for growth in rubber automotive parts manufacturing. Most automotive product manufacturers in Indonesia are located in the Jabotabek area of Western Java. Jabotabek consists of Jakarta (the capital city), Bogor, Tangerang, Bekasi and Karawang. Manufacturers located in the Sunter area in Jakarta began to relocate outside of Jakarta after the 1990s. The country is expected to be a production hub

for Multi Purpose Vehicles (MPVs) for the ASEAN region and other developing nations, as this segment makes up to one third of Indonesian automobile production.

The rubber automotive parts market in Indonesia is valued at USD174 million. Imports of rubber automotive products registered impressive growth for the period 2006–2010, with a CAGR of 25.4%. The largest rubber automotive products imported into the country are hoses and anti-vibration parts, roof mouldings, mats and moulded rubber parts. As in Thailand, Japanese companies dominate the automotive parts industry in Indonesia. Imports from Japan accounted for more than 40% of the total imports in 2010. Singapore and China are other top exporters of rubber automotive parts to Indonesia.

## The Philippines

The Philippines is the fourth largest automotive manufacturing country in the ASEAN region. Domestic vehicle sales are growing but with the establishment of the ASEAN Free Trade Area (AFTA), local production continues to decline. More completely-built up (CBU) vehicles are being imported from other ASEAN countries, especially Thailand. In the Philippines, automotive OEMs such as Toyota, Hino, Nissan, Mitsubishi, Isuzu and Honda are centrally located in the southern part of the Island of Luzon. On the other hand, most rubber automotive parts manufacturers are located around Metro Manila and its surrounding provinces.

Valued at USD39 million, the Philippines is the fourth largest rubber automotive parts market in the region. With insufficient capital investments, lack of technology and low demand for components and parts, local suppliers have difficulties achieving economies of scale. It is estimated that only 10% of the country’s requirements for rubber automotive products are produced locally, while the bulk (90%) are imported from China, Japan and the US. Anti-vibration parts, roof mouldings, mats and moulded rubber parts and hoses are the most imported rubber automotive parts into the Philippines.

## Vietnam

Vietnam's automotive parts industry is still considered to be in its infancy. The light vehicle production of slightly over 100,000 units per annum is indicative of a relatively small automotive industry. The rubber automotive parts market in Vietnam is estimated to be worth USD28 million (2010). Many local rubber automotive parts manufacturers set up their manufacturing operations in the south of Vietnam because of the availability of raw materials (natural rubber) in the area. Meanwhile, automotive assemblers are concentrated in major cities such as Hanoi and Ho Chi Minh City. They are mostly Japanese, South Korean, and Taiwanese companies. Despite the small industry and the global automotive crisis, imports of rubber automotive parts into Vietnam have been increasing, as shown by a healthy CAGR of 13% between 2007 and 2009. Japan and China are the

main sources of imports. Exports of rubber automotive products from Vietnam are also on an upward trend, with 11% growth in terms of value during the same period.

## Outlook

Thailand is expected to remain the largest manufacturer and exporter of rubber automotive parts in the ASEAN region. The market size of the products in Thailand is expected to reach USD732 million in 2014, followed by Indonesia at USD260 million. As for the Philippines and Vietnam, the markets are expected to remain small with relatively low growth. Among the products that have significant market size and that are expected to expand further are anti-vibration parts. These include engine mountings, expected to account for 20% of the total market for rubber automotive parts in the region.



# MREPC Scholarship Awards Programme 2012

The MREPC Scholarship Awards Programme 2012 is now open for applications.

We invite all rubber product manufacturers and exporters to become our partners to co-sponsor the Scholarship Awards for 2012. Start your recruitment drive with us now and you can choose your candidate from a pool of scholarship recipients who will serve with your company upon graduation.

Join us to nurture and develop a stream of bright and talented young professionals who will take on the challenges ahead and serve the interests of your company and the rubber product industry.

For more information, please contact Ms Nurhaiza Hamid at **03-2780 5888**.

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

	Exports		Imports	
	2011	2010	2011	2010
January	1,072,198	1,017,347	291,462	270,484
February	978,449	919,712	246,124	223,067
March	1,304,658	1,112,863	332,316	280,390
April	1,209,301	1,122,967	299,670	275,287
May	1,124,551	1,031,098	326,888	293,300
June	1,198,878	1,051,160	348,908	317,533
July	1,256,276	1,137,104	337,991	322,944
August	1,227,400	1,114,807	346,738	287,657
September	1,149,731	1,009,707	325,907	287,005
<b>January–September</b>	<b>10,521,442</b>	<b>9,516,765</b>	<b>2,856,004</b>	<b>2,557,667</b>
<b>% Change (January–September) 11/10</b>	<b>10.6</b>		<b>11.7</b>	

Source: Department of Statistics, Malaysia

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

Country	January–September 2011	January–September 2010	% Change	% Share (2011)
EU-27	2,770,525	2,522,023	10	26.33
USA	2,708,591	2,679,889	1	25.74
ASEAN	1,053,548	817,222	29	10.01
Japan	599,177	533,417	12	5.69
Brazil	425,269	437,611	-3	4.04
China, P.R.	410,898	361,451	14	3.91
Australia	338,122	268,633	26	3.21
Turkey	187,310	100,772	86	1.78
South Korea	181,651	155,453	17	1.73
Canada	174,070	179,801	-3	1.65
Hong Kong	160,846	149,950	7	1.53
UAE	86,413	83,824	3	0.82
<b>Subtotal</b>	<b>9,096,420</b>	<b>8,290,046</b>	<b>9.7</b>	<b>86.5</b>
<b>World Total</b>	<b>10,521,442</b>	<b>9,516,765</b>	<b>10.6</b>	<b>100</b>

Source: Department of Statistics, Malaysia

## MREPC TECHNICAL SEMINARS LATEX 201 AND RUBBER 101

<b>LATEX 201 – Prof. Dr. C.C. Ho</b>		<p><b>Prof. Dr. C.C. Ho</b> has a BSc (Hons) degree from Universiti Malaya and MSc &amp; PhD from the University of Bristol, England. Currently Prof Ho is Adjunct Professor at UTAR and a fellow of the Malaysian Institute of Chemistry (and it's Past-President) and a council member of the Academy of Sciences of Malaysia.</p> <p><b>Objectives</b> - This course is designed to provide course participants with advanced knowledge of latex, focusing on practical applications and innovations to meet the demand on new materials for the industry.</p> <p><b>Who Will Benefit</b> - This programme is tailored for those who are equipped with a basic understanding of latex technology and wish to enhance their knowledge of latex and the developments taking place in the industry.</p>
10 Jan	Practical Aspects of Latex Compounding	
08 Feb	Applications of Surfactants	
20 Mar	Rheology of Latex Dispersion and its Control	
17 Apr	Heating and Drying of Rubber Latex Products and Films	
15 May	Understanding Structure-Properties Relationship of Polymers	
<b>RUBBER 101 – Dr. Abdul Kadir Mohamad</b>		<p><b>Dr Abdul Kadir Mohamed</b> holds a Ph.D. in Materials Science from the University of London, and A.N.C.R.T. and Grad.PRI from the National College of Rubber Technology, London and is a Fellow of the Plastics and Rubber Institute of Malaysia. He has an impressive 19 years working experience with the Rubber Research Institute of Malaysia (RRIM) Dr Kadir is currently the Deputy CEO.</p> <p><b>Objectives</b> - Rubber 101 is structured to provide knowledge on rubber technology covering aspects of the types and properties of rubber, their compounding, processing and testing.</p> <p><b>Who will benefit</b> - The course will be useful for personnel working in the rubber product industry in a technical capacity on and those who would like to gain basic knowledge on technical aspects related to rubber product manufacture.</p>
<b><u>2012</u></b>		
20 Sept	Introduction to Polymers	
11 Oct	Natural Rubber	
08 Nov	Synthetic Rubber	
13 Dec	Testing of Unvulcanized Rubber and Compounds	
<b><u>2013</u></b>		
10 Feb	Compounding Ingredients and Vulcanization	
21 Feb	Fillers	
14 Mar	Mixing	
11 Apr	Testing of Vulcanizates	

Please log on to MREPC website at [www.mrepc.com](http://www.mrepc.com) for online registration.

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A primary feature of Supermax Corporation's business strategy is a strong commitment to developing its own brand identity. With a business model focused on branding, marketing and distribution of own brand gloves, the group has made a name for itself as a leading own brand manufacturer (OBM) exporting rubber gloves from Malaysia.

Over the years, the company has developed and marketed a range of products under brand names such as Supermax, Aurelia, Maxter, Medic-dent and Supergloves. Marketing as much as 68% of production under their own brands and using their own distribution centres has enabled the group to strengthen loyalty and customer allegiance.



Supermax brands



Committed to branding

Helmed by Dato' Seri Stanley Thai, Malaysia's CEO of the Year and Entrepreneur of the Year in 2010, Supermax began as a trading company marketing gloves in 1987 under the Supermax brand. Its first and second manufacturing facilities, both joint ventures, were set up in 1989 and 1990. In 1991, a fully owned manufacturing plant was set up, followed by three more in 1998. Growth has been steady over the years, organically with new plants, expansion of existing plants with additional lines and with technological improvements to increase efficiency and capacity. The acquisition of Seal Polymer Industries Bhd, completed in 2007 also contributed to increased capacity. Supermax was listed on the second board of the Malaysian stock exchange in 2000 and promoted to the main board in 2003.



Supermax Corporate Headquarters in Sungai Buloh

## SUPERMAX CORPORATION BERHAD

### DISTRIBUTION CENTRES



**SUPERMAX HEALTHCARE INC. USA**  
100%



**SUPERMAX DEUTSCHLAND GERMANY**  
90%



**SUPERMAX BRAZIL BRAZIL**  
50%



**SUPERMAX CANADA INC. CANADA**  
50%



**SUPERMAX EUROPE BELGIUM**  
50%



**SUPERMAX HEALTHCARE UK**  
100%

### SUBSIDIARIES

SUPERMAX GLOVE MANUFACTURING S/BHD.  
100%

MAXTER GLOVE MANUFACTURING S/BHD.  
100%

SUPERMAX LATEX PRODUCTS SDN. BHD.  
100%

SUPERMAX INTERNATIONAL SDN. BHD.  
(Formerly Aurelia Disposable Products Sdn Bhd)  
100%

SUPERMAX ENERGY SDN. BHD.  
100%

MAXWELL GLOVE MANUFACTURING BHD.  
(Formerly Spencer Glove Manufacturing Bhd)  
100%

SUPERMAX GLOBAL LIMITED  
100%

In addition to manufacturing of rubber gloves, Supermax has ventured into distribution as a source of earnings. To complement the development of its own brands, the group strengthened its marketing arm and undertook to distribute products in major markets, through subsidiaries or associate companies. Distribution centres were set up in USA, Canada, Brazil and Belgium in 2001 and in Germany in 2010. In December 2011, a sixth distribution centre was set up in U.K. Today, distribution is a critical function, contributing a solid 37% of total profits for the group. This distribution network gives Supermax an edge in marketing their brands of gloves, allowing them to build customer loyalty and ensure consistency in demand over the long term. Having their own distribution network also allows them to go further down the marketing chain and establish links with users, giving greater control over margins.

The success of this business model has earned Supermax a number of accolades over the years, including the Malaysian Company of the Year in 2010.

Supermax supplies gloves primarily to the medical and healthcare sector and has a strong hold on the market for dental gloves in the US. With over 9.2% share of the market, it is set to challenge the leader, Microflex Corporation, in this lucrative segment. The North American market is a major destination for Supermax, with 40% of sales, followed by Europe with 28%. South and Central America, Asia and Africa and the Middle East are also growing, particularly Brazil, India and China which hold good prospects for the future.

## SUPERMAX MANUFACTURING STRUCTURE

SUPERMAX	MAXTER	MAXWELL (Formerly Spenser Glove/ Seal Polymer)
2 Factories in Sg. Buloh, Selangor	4 Factories in Klang, Selangor  1 Factory in Alor Gajah, Melaka	1 Factory in Lahat, Perak  1 Factory in Kamunting, Perak



A dipping line for gloves

In manufacturing, the group's nine factories produce an array of rubber gloves for a variety of uses that are exported to over 750 customers in 146 countries. At the end of 2011, installed capacity from 153 single equivalent dipping lines was 17.6 billion gloves. Most of the production lines are capable of switching between NR and nitrile latex. By the end of 2013, with planned capital expenditure of RM122 million on plant and equipment, capacity is expected to rise to 21.6 billion gloves. This will include new lines dedicated to surgical gloves, with capacity to produce 336 million pairs, up from 30 million pairs currently.



Testing for pinholes



Packing gloves for export

The Group is the world's second largest manufacturer and distributor of rubber gloves, in terms of capacity as well as revenue. In 2010, revenue was RM977 million, and is expected to hit RM1 billion in 2011. Focussing on optimising production efficiencies and productivity, prudent financial management and the OBM with distribution business model, Supermax Corporation looks set to build on its success and continue to be a leader in marketing its own brands of rubber gloves to the world.



Dato' Seri Stanley Thai

## An interview with Dato' Seri Stanley Thai, Managing Director of Supermax Corporation

### **1** What sets Supermax apart from other rubber glove companies?

Supermax is distinct in that it is predominantly an Own Brand Manufacturer (OBM). The founders of the company recognized the importance of building a brand even as it began its business way back in 1987 and today, Supermax has become a leading name in the global market for latex gloves. With a strong brand, Supermax has gone downstream into distribution with the setting up of six international distribution centres, in the United States, Canada, Brazil, Germany, Belgium and most recently in the United Kingdom.

Consumers recognise brands, and brands grow in value. As a brand owner, Supermax commands loyalty amongst its customers and this provides for long term business stability and continuity. As a manufacturer and distributor of gloves under its own label, Supermax has better control over product quality, distribution channels and profit margins and is less likely to be caught up in a price war that can often afflict the OEM market.

### **2** You started Supermax from scratch. Today it is one of the most respected names in the business. To what do you attribute your success?

The desire to strive for success and doing things differently. I started a RM2 company with little or no capital and armed only with some knowledge of the industry and global markets, and with dedication and focus, I made my first million at the age of 29, just 2 years after my wife and I founded the Company. It was pure hard work, but you must have vision.

When I set out to do something, I know I would have full determination to make it work. I believe in controlling my own fate and destiny. I know the world is my market and that an export driven industry such as medical gloves would certainly be successful. I believe I have done well and will continue to move up to the next level. To do well in business, you must also have courage, passion in what you do and be consistently focused on what you do.

To be an Own Brand Manufacturer, you need to be very consistent in product quality and maintain competitive pricing at all times; then market it well to ensure brand recognition. I believe these are some of the cornerstones of our success. Today, the Supermax brand is the second most popular glove brand in the US dental market while the Company itself is currently the second largest latex glove manufacturing company in the World, commanding some 12% of global market share.

Interview (Continued)

**3 Your mission statement reads “To be the global brand of choice among users of Medical Gloves.” What steps are being taken to accomplish this mission? How close is Supermax to getting there?**

Today Supermax is the no.2 most popular brand in the US dental market. Walk into a dental clinic in Brazil and chances are you will see a box of Supermax gloves in that clinic. We continue to grow and promote our brand globally. In fact, we have just incorporated our new distribution arm in the UK which now brings us to a total of 6 international distribution centres. Supermax continues to be marketed to 146 countries worldwide.

**4 What are the main challenges that you expect the glove industry to face in 2012?**

Fluctuations in the cost of rubber latex, the main cost component for any rubber glove manufacturer, which can form 60% to 70% of total costs, and also foreign exchange uncertainties, as this is an export oriented business, will continue to be the main challenges to this industry. Nevertheless, these are nothing new and the industry has managed well in the past and will continue to do so in the future.

**5 What would be your 2012 wish list for Supermax? For Malaysia?**

- i. I wish there is a more serious and concerted national effort in tackling the rising costs of doing business in Malaysia. The government needs to tackle the leakages and wastages, especially in the basic infrastructure needs of the industry. Infrastructure needs include having competitive electricity tariffs, uninterrupted natural gas supply at competitive prices, clean and uninterrupted water supply, as well as consistency in foreign labour policies.
- ii. We need government policies that are clear and certain, especially those affecting glove manufacturers operating in Malaysia.

**Seminar on Enhancing International Competitiveness through Branding & Protection of Intellectual Property Rights**

The one day seminar on “Enhancing International Competitiveness through Branding and Protection of Intellectual Property Rights” was held on 15 November 2011 at MREPC attended by 20 participants. Among the major topics discussed during the seminar were on brand strategies, brand equity, brand valuation, global branding, intellectual property (IP) systems, managing IPs, value of IP and corporate identity through IP.



The seminar was conducted by Mr AB Teoh, an export-import consultant, trainer and author, of the book “*Exporting and International Trade*”. The seminar was lively with interactive sessions among the participants and it was made more interesting with short quizzes and lucky draws where participants had opportunities to win the book on “*Exporting and International Trade*”.

*Lucky prize winner receiving the book, “Exporting and International Trade” from Mr Brandon Chan, MREPC’s Director of Industry Relations and Public Affairs (IRPA), witnessed by Mr AB Teoh*

## MALAYSIA INTERNATIONAL COMMODITY CONFERENCE & SHOWCASE (MICCOS) 2011

**MICCOS**, the premier event for Malaysian commodities was held for the fourth time from 28 to 30 October 2011, at the Malaysia Agro Exposition Park Serdang (MAEPS), Selangor. Organized by the Ministry of Plantation Industries and Commodities (MPIC), the biennial event presented the latest technological developments and innovations from the Malaysian commodity sector. With the theme **“Creating Wealth Through Innovation”**, MICCOS 2011 provided an excellent platform to showcase the performance of the plantation and commodities sector in Malaysia.



The Deputy Prime Minister, YAB Tan Sri Muhyiddin Yassin at the MREPC Pavilion

In addition to the Government agencies dealing with palm oil, timber, rubber, cocoa, pepper, tobacco and kenaf, participation from small and medium enterprise producers, manufacturers and exporters was an important feature of the exhibition. Public response was good, with over 33,000 visitors.



YB Tan Sri Bernard Dompok, Minister for Plantation Industries and Commodities with CEO of MREPC, Dato' Teo Suat Cheng

MREPC participated under the Rubber Pavilion. With the objective of creating awareness and publicising MREPC's role in promoting Malaysian rubber products, MREPC displayed information on the various programs it undertakes, as well as the development of the Malaysian rubber product industry over the years.

Distinguished visitors to the MREPC stand included the Deputy Prime Minister, YAB Tan Sri Muhyiddin Yassin and the Minister for MPIC, YB Tan Sri Bernard Dompok. MREPC also invited some foreign buyers for business matching meetings with Malaysian rubber product manufacturers. The seven rubber product manufacturers who participated with MREPC at the Rubber Pavilion were able to meet these buyers from Benin, Iran and Italy.



(18 – 21 October 2011)

**Dusseldorf Germany**



Dr. Hafsa with visitor to A+A 2011

MREPC participated for the first time in the A+A (Arbeitsschutz + Arbeitsmedizin), the world's largest and most important specialist international trade fair on all aspects of safety and security. The Malaysian contingent comprised 5 manufactures, Masif Latex Products, Supermax Glove Manufacturing, Safetyware, Alliance Rubber Products, and Comfort Rubber Gloves Industries.

The MREPC booth exhibited a wide-range of gloves for the Personal Protection Equipment (PPE) market, including electrical insulation gloves, industrial gloves, household, multipurpose food handling gloves, radiation gloves and cleanroom gloves. Industrial finger cots, disposable overshoes and pool socks were among the other products displayed. With over 60,000 trade visitors this year, MREPC and the participating Malaysian companies drew inquiries from a wide range of international buyers.

The 66<sup>th</sup> China International Medical Equipment Fair (CMEF Autumn 2011) was held at the Fujian Strait International Conference & Exhibition Center, Fuzhou, Fujian Province, China, from 31 October – 3 November 2011, concurrently with the 13<sup>th</sup> International Component Manufacturing & Design Show (ICMD 2011). MREPC set up a promotional booth and organized a seminar to educate the medical practitioners, distributors, buyers and nursing students about the importance of selecting the right gloves.

## CMEF Autumn 2011 – Fuzhou, China



Audience at MREPC Seminar at CMEF 2011

## MEDICA 2011



Visitors to MREPC Stand at MEDICA 2011

MREPC's promotional booth at MEDICA, from 16 to 19 November 2011, at Messe Dusseldorf in Germany, attracted a record number of international visitors and drew numerous inquiries from prospective buyers of gloves and other rubber medical devices. With over 4570 exhibitors from 60 countries with strong participation from Germany, Italy, China, USA, United Kingdom France and The Netherlands, MEDICA remains the largest and most important medical fair in the world.

Despite a marginally lower total visitor turnout compared to last year, the response from Malaysian manufacturers as well as visitors was generally positive. Fourteen Malaysian rubber product manufacturers were also present at MEDICA 2011.

## INTRADE 2011



Business matching session at INTRADE 2011

The International Trade Malaysia (INTRADE) Exhibition held at the MATRADE Exhibition & Convention Centre, Kuala Lumpur from 22 to 24 November 2011. has grown to be one of the main regional general trade exhibitions for international buyers to source products and services from Malaysia and the region, and for Malaysian companies, especially SMEs, to showcase their products to the global market.

MREPC took up a promotional booth at INTRADE 2011 to exhibit a wide-range of rubber products including rubber medical devices, automotive products, sporting goods and rubber products. An international business matching program (IBM) held in conjunction with the trade show provided opportunities for MREPC to meet with potential buyers from Japan, Canada, India, Columbia, Mexico and other countries, and to put them in touch with Malaysian suppliers of rubber products.

MREPC participated in the International Plastics & Rubber Trade Fair (M-PLAS), held in Kuala Lumpur from 9 to 11 of November 2011. Although primarily a Malaysian show, the MREPC promotional booth attracted visitors from Iran, India, Pakistan, China, France, UAE, South Africa, Russia, Ghana, Germany and Taiwan. Inquiries received for both latex and dry rubber products were referred to Malaysian manufacturers for their further action.

## M-PLAS, KUALA LUMPUR, MALAYSIA

(9 – 11 November 2011)



MREPC stand at M-PLAS 2011

## automechanika

SHANGHAI 2011

(7 – 10 December 2011)



Malaysian participants at MREPC stand at Automechanika 2011

Automechanika Shanghai, Asia's largest trade fair for manufacturers and suppliers of automotive parts, accessories, equipment and services, with 3,619 exhibitors this year, attracted around 60,000 visitors from 130 countries and regions. Six Malaysian auto part manufacturers participated in the trade show under the MREPC banner. Feedback from the participating manufacturers was positive regarding visitor turnout and inquiries received. A seminar held in conjunction with the trade show highlighted interest in green and sustainable products, quality in manufacturing and advances in electronics and mechatronics.

# Fuzhou

*a city in transition*

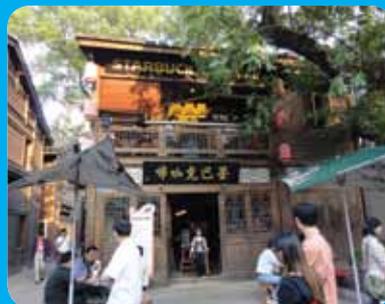
Fuzhou used to be an old port city, relatively small by Chinese standards, but in recent years the city has grown rapidly, with high rise buildings dwarfing the old streets and historical sites. Today, Fuzhou is the capital and administrative center of Fujian Province. Fuzhou city, with about 5.5 million people, is still a friendly place and travelling around in taxis is very convenient and relatively cheap. The people are approachable and welcome foreigners. Upon arrival, I was told that Fuzhou is well known for its tea, shoes, and sunflower seeds.

Local people whom we met recommended that we should visit the “Three Lanes and Seven Alleys” or “Sanfang-Qixiang”. Each lane and alley in this ancient complex has its own special name which has its own story. The three lanes are Wenru Lane, Yijin Lane, and Guanglu Lane, while the seven alleys are Huang Alley, Gong Alley, Yangqiao Alley, Langguan Alley, Ta Alley, Anmin Alley, and Jipi Alley.

The Three Lanes and Seven Alleys or Sanfang-Qixiang is located in downtown Fuzhou, from north to south, covering an area of 40 hectares with 268 ancient houses. This cluster of ancient residential buildings has a well preserved historical heritage. There are many cultural relics and historic sites in this area, including the former residences of famous persons such as Lin Zexu, a famous politician and national hero during the Qing Dynasty.



South entrance of Three Lanes and Seven Alleys or “Sanfang-Qixiang”



Starbucks at the Three Lanes and Seven Alleys



Various popular local dishes



Night boat cruise at the Minjiang River

Many of the residences in Three Lanes and Seven Alleys are private residences and club houses; thus, tourists need to request permission from the residents to enter those ancient residences and in some cases, entrance fees need to be paid.

Walking through the Three Lanes and Seven Alleys, you can enjoy a variety of popular local food, including Fuzhou fish balls, “ban mian” or noodles with peanut sauce, “yan pi” – a small boiled dumpling, and “go bien hu” – large steaming hot soft rice noodles with soup.

While in Fuzhou, I had the opportunity to take a night boat cruise at the Minjiang River which took about 60 minutes. Along the Minjiang River is the 7.5 mile-long Minjiang Riverside Park which is the largest park in Fuzhou City. The park is composed of seven tourist zones from west to east with various kinds of natural landscapes as well as buildings and gardens. Local people enjoy having group exercises, dances and other activities along the riverside.

The Fuzhou city area is surrounded by fine mountain scenery and a number of temples and renowned scenic attractions. Unfortunately my stay in Fuzhou was all too short and left me with little time to sample the many attractions of Fuzhou and Fujian Province.

# 3 words inspire confidence

Made in Malaysia



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.



MALAYSIAN RUBBER EXPORT PROMOTION COUNCIL

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