

STRETCH

A quarterly publication of the
Malaysian Rubber Export Promotion Council

First Quarter 2013

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A bit of history

KINTA RUBBER WORKS

RUBBER TIN ORE TUBS
LAST FOR YEARS
CORROSION-PROOF
CANNOT RUST
NOISELESS IN USE



MAKE - A) Standard type
Rubber with reinforced steel wire rim.

B) Reinforced type
Rubber with reinforced steel wire rim and body reinforced with strong canvas.

DIMENSION	Standard type	Reinforced type
Height	345 mm (internal)	345 mm
Top Dimension	242 mm	242 mm
Bottom dimension	5.90 Kgm.	22.72 litres
Nett weigh	20 mm	10 mm
Volume	A) Rim	
Thickness	B) Body	

Available from **KINTA RUBBER WORKS SDN. BHD.**
Jalan Tiang, 3rd Mile Off Jalan Ipoh, K. L.
IPOH.

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In 2012, MREPC implemented an extensive array of programs to address industry requirements, as directed by the Board and in response to feedback from industry members, including:

MREPC participated in a total of 16 international trade fairs and 4 trade promotion events held in Malaysia. Four Ministerial Missions and two working visits were also part of the market promotion program for the year. Participation by manufacturers in these events was most encouraging, with 89 manufacturers taking part in MREPC-led promotions. MREPC received 1778 enquiries related to Malaysian rubber products at trade fairs and missions, and these have been channeled to the respective product manufacturers for their action.



CEO of MREPC Dato' Teo Suat Cheng

In conjunction with participation at international trade promotion events, MREPC held presentations and seminars for industry professionals, importers and traders to provide information on Malaysian manufactured rubber products and provide exposure to Malaysian rubber product suppliers.

An extensive advertising program in international print media and the internet was undertaken to promote the MREPC Marketplace and Malaysian rubber product manufacturers.

A total of 12 seminars, workshops and market briefings were held in 2012. Topics covered technical aspects, marketing, management and productivity, and briefings on specific markets and market developments. Additionally, the Latex 101 series, comprising 9 sessions was held as part of MREPC's efforts to train employees working in the rubber product industry. This capacity building program benefitted 449 participants from 90 companies.

In 2012, the MREPC Incentives have directly benefitted 55 firms involved in rubber product manufacturing and export.

Industry support undertaken by MREPC also included the Scholarship Awards Program, which in 2012 provided scholarships to 27 undergraduates who will serve the rubber product industry after they graduate.

Market research for rubber products undertaken in 2012 included 8 studies initiated and 6 reports prepared for industry members. In addition, various product bulletins on trade data have been prepared and made available to manufacturers. Media bulletins (Media Sweep) have also been disseminated each week.

In addition to these core programs and activities, MREPC has continued to make representation on various issues that affect the rubber product industry and present industry views to relevant agencies and authorities. Industry associations, including MARGMA and MRPMA, have been supported in their activities and MREPC has also played a role in a number of CSR programs involving the rubber product industry.

In a constantly changing environment, MREPC will continue to provide support to the Malaysian rubber product industry and work together with members of the industry to develop new programs to meet the challenges that lie ahead.

In 2012, Malaysia's exports of rubber products were valued at RM14.5 billion, an increase of 2.56% over RM14.17 billion in 2011. Between 2008 and 2012, exports of rubber products from Malaysia grew at a CAGR of 6.6% in value.

Table 1: Rubber product exports from Malaysia, by type of products, 2008 – 2012

Year	Rubber Products (RM million)						Total
	Footwear	General Rubber Goods	Industrial Rubber Goods	Inner Tubes	Latex Goods	Tyres	
2008	573.4	932.7	420.7	32.9	8,452.3	826.6	11,238.6
2009	642.8	806.7	284.7	40.9	8,375.9	436.1	10,587.1
2010	653.3	882.6	396.4	24.5	10,361.9	544.6	12,863.3
2011	551.3	926.4	502.4	30.7	11,427.2	748.6	14,186.7
2012*	370.4	819.1	529.1	24.0	12,009.7	778.8	14,531.2

*Provisional

Source: Dept of Statistics, Malaysia

Exports of latex products increased by 5.1%, from RM11.4 billion in 2011 to RM12.0 billion in 2012. Tyres saw an increase of 4.0% from RM748 million to RM778 million and industrial rubber goods increased by 5.3% from RM502.4 million to RM529.1 million. Exports of footwear, general rubber goods and inner tubes decreased in 2012 compared to 2011.

Latex products sustained export growth

Latex products, the mainstay of the industry accounting for 82.6% of all rubber product exports in value terms, saw growth at a CAGR of 9.2% between 2008 and 2012.



The main products in this category were rubber gloves, rubber threads and cords and sheath contraceptives, with rubber gloves (surgical and non-surgical gloves) making up more than 87.9% of all latex product exports.

Exports of gloves other than surgical were valued at RM9,489.2 million in 2012, up from RM8,817 million in 2011, an increase of 7.6%, while surgical glove exports showed no significant change. The quantity of non-surgical gloves exported in 2012 was significantly more, at 526.3 million kg, compared to 446 million kg in 2011, while the quantity of surgical gloves exported did not show any significant increase, at around 40 million kg.

Exports of rubber thread and cord declined in value from RM848.2 million in 2011 to RM658.5 million, a fall of 22.4%. In terms of quantity, the decline in exports was less marked, from 60.4 million kg to 59.8 million kg, a decline of about 1%. Exports of condoms (sheath contraceptives) showed strong increase between 2012 and 2011, in terms of quantity as well as value. The export value increased from RM277.1 million in 2011 to RM336.8 million in 2012, an increase of 21.5%, and the quantity of condoms exported increased by 16.8%, from 10.7 million kg to 12.5 million kg.

Export destinations

The United States was the most important destination for Malaysian rubber product exports, with exports valued at RM4040.1 million in 2012, comprising 27.8% of the total, up by 8.5% from RM3,723.3 million in 2011. Latex products made up the bulk of rubber products exported from Malaysia to the US (93.7%), and rubber glove exports valued at RM3,642.9 million (RM3,353.2 million in 2011) accounted for 90.2% of all exports.

Table 2: Malaysian rubber product exports, by destination, 2008 – 2012 (RM million)

Country / Region	2008	2009	2010	2011	2012*
United States	3,001.2	2,832.8	3,584.7	3,723.3	4,040.1
Total North America	3,302.7	3,103.6	3,913.2	4,098.5	4,415.5
European Union	3,244.9	2,847.5	3,341.4	3,600.4	3,475.2
Japan	691.7	586.4	718.5	834.4	800.7
Oceania / Australia	421.6	385.0	427.8	535.4	564.3
Developed markets	7,239.3	6,922.5	8,400.9	9,068.7	9,255.7
ASEAN	977.8	931.3	1,134.5	1,414.0	1,390.5
South America	591.6	729.7	949.7	973.7	956.3
West Asia	490.4	501.3	506.2	693.1	679.8
Africa	257.6	279.1	344.8	365.9	453.4
Eastern Europe / Russia	112.6	99.8	146.8	162.2	232.8
China	277.2	401.1	524.1	544.3	578.1
India	85.3	81.2	94.7	121.5	126.1
New and emerging markets	2,792.5	3023.5	3,700.8	4,274.7	4,416.6
Other countries	1,206.8	641.1	761.6	843.3	858.9
World Total	11,238.6	10,587.1	12,863.3	14,186.7	14,531.2

*Provisional

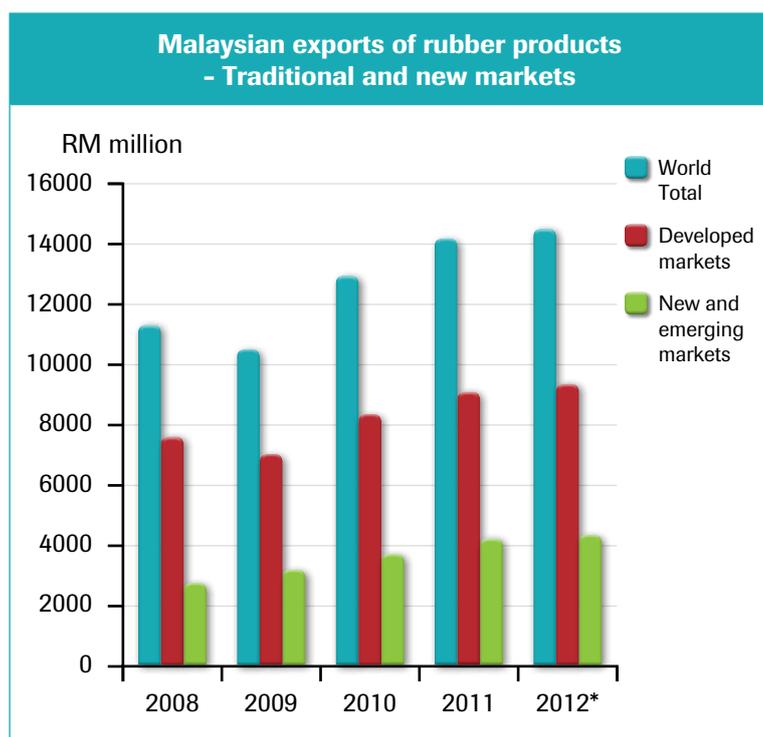
Source: Dept of Statistics, Malaysia

Exports of rubber products to European Union countries were valued at RM3,475.2 million in 2012, making up 23.9% of Malaysian exports, with latex products comprising 90.6% of the total. However, exports to the EU declined by 3.5% in 2012, from RM3,600.4 million in 2011. Rubber gloves valued at RM2,940.6 million made up 84.6% of rubber product exports to the EU. Exports of rubber products to Germany amounted to RM875.1 million and to the United Kingdom, RM571.4 million.

Japan was another significant destination, taking up Malaysian rubber products valued at RM800.7 million in 2012. Exports to Japan, however, showed a decline of 4.0% compared to RM834.4 million in 2011.

New and emerging markets

Malaysian exports to new markets continued to grow in 2012, though at a moderate rate of 3.3%, from RM4.27 billion in 2011 to RM4.42 billion in 2012.



Exports to these new and emerging markets, namely the ASEAN countries, South America, West Asia, Africa, Eastern Europe, China and India made up 30.4% of total exports, compared to 24.8% in 2008, growing at a CAGR of 12.1% between 2008 and 2012. The strongest growth was recorded in exports to China (20.2%), Eastern Europe/ Russia (19.9%) and Africa ((15.2%). The two largest new markets in terms of export value, ASEAN and South America grew at a CAGR of 9.2% and 12.2% respectively.

The bulk of exports to developing countries were latex products, primarily rubber gloves, especially to Brazil (97.0%), Turkey (97.3%) and Russia (93.5%). However, the proportion of exports of general rubber goods and industrial rubber goods to China (11.1%), India (13.9%), and Indonesia (29.4%) are significant.

Table3: Malaysian exports of rubber products to selected emerging markets, 2012*

Country	Footwear	General Rubber Goods	Industrial Rubber Goods	Inner Tubes	Latex Goods	Tyres	Total
Brazil	2,124,760	3,476,002	10,208,206	0	526,270,813	9,960	542,089,741
China	1,038,647	42,274,622	21,639,299	0	490,384,729	22,734,972	578,072,269
India	1,120,448	7,468,554	10,067,431	0	104,442,409	3,021,782	126,120,624
Indonesia	24,101,551	26,017,249	36,370,431	4,213,166	83,072,280	38,191,914	211,966,591
Russian Federation	405,621	1,750,663	222,409	0	172,881,830	8,799,753	184,060,276
South Africa	1,297,246	10,965,661	10,609,906	3,515,932	96,238,565	2,940,070	125,567,380
Turkey	953,239	1,695,967	1,286,480	1,573,632	231,461,193	377,147	237,347,658

*Provisional

Source: Dept of Statistics, Malaysia

A BIT OF HISTORY

KINTA RUBBER WORKS



Rubber buckets manufactured by Kinta Rubber Works

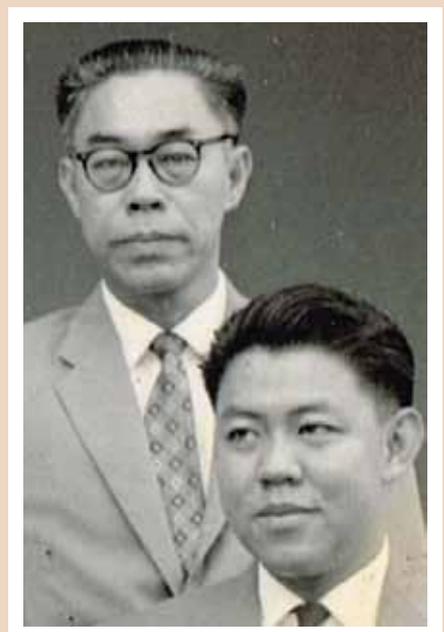
Kinta Rubber Works Ltd was founded in 1940, by E.A. Hodges, who patented conservancy buckets made of rubber, to replace wooden buckets, which tended to leak, and steel buckets that rusted. A factory was set up in Lahat Road, Ipoh, to manufacture the moulded rubber buckets as well as other rubber products. The factory was bought by Yeoh Ghim Cheow, for 20,000 Straits Settlement dollars. Yeoh Ghim Cheow was a partner in the stock broking firm of Botley and Company and the son of Yeoh Khuan Joo, the patriarch of the famous Yeoh family of Ipoh. P K Chan, who advised Yeoh Ghim Cheow on the purchase of the business, became manager of Kinta Rubber Works.

At the time the factory at No. 80, Lahat Road, Ipoh, had two units of roller mills with two rollers each. These were driven by 12 inch belts, which made a loud slapping noise when in operation. The main products were rubber buckets. These buckets were strong and could also be used in tin mines to carry tin ore. Other customized products for the tin mining industry were also manufactured.

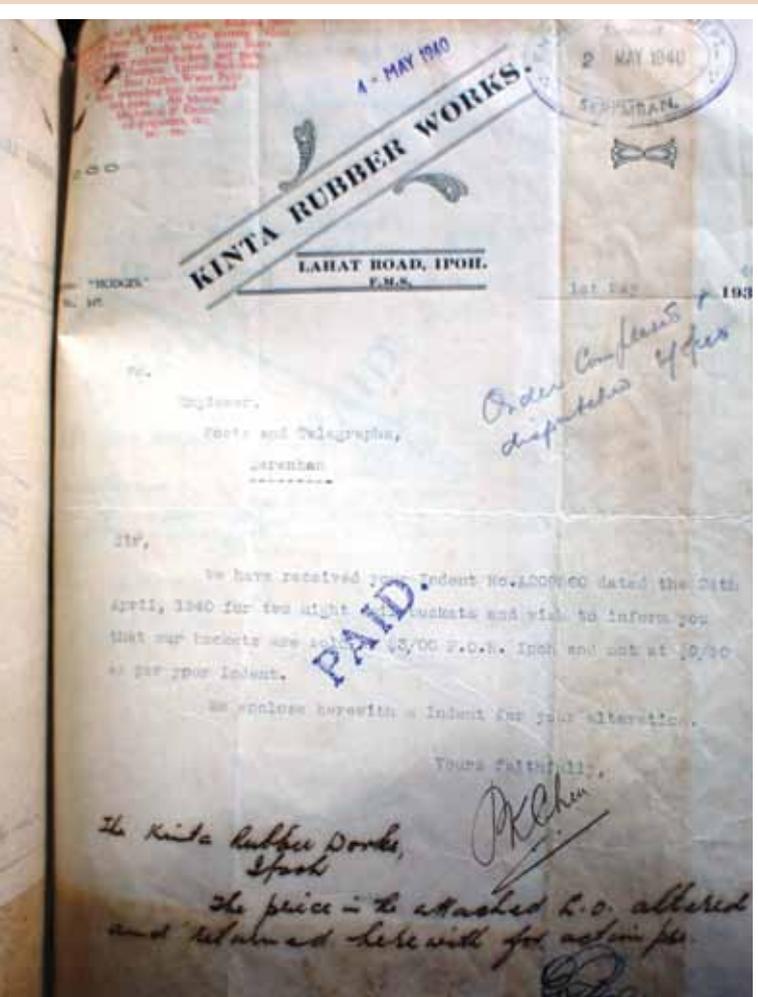
During the Japanese Occupation, the factory manufactured solid bicycle tyres. The tyres were formed by extrusion and cured in a steam vulcaniser and then cut to the size of the bicycle wheel before being joined at the ends. The tyres were for supply to the general public, while rubber compounds for retreads were supplied to the Japanese army. Accelerators were not available at the time and Yeoh Ghim Cheow used ash instead. Sulfur was plentiful, and was liberally added to the compounds, resulting in sulfur "blooms" on the products.

After the war, the managers of Kinta Rubber Works, in particular P K Chan, developed good relations with the British administration and were able to get contracts to supply rubber dust bins and other products to government departments.

An advertisement in a school magazine, the Old Michaelian, lists the products manufactured by Kinta Rubber Works in 1952 as "Rickshaw Tyres, Switchboard, Floor and motor car matting, Hose pipes and tubing, Dredge sand chute liners, Conservancy patented buckets and pails, Household dustbins, Latrine back door flaps, Five gallon water pails, Raw retreading tyre compound and gum, All mining mechanical and electrical requisites."



Father and son: Yeoh Ghim Cheow and Yeoh Kean Cheng (1960)



Correspondence dated May 1940 – 2 “night soil” buckets at \$3.00 per bucket, F.O.B Ipoh, and not \$2.90 as indented”

As the number of cars and motor vehicles on the roads increased, the firm increased its production of compounds for retreaded tyres, initially supplying retreaders in Lahat Road, Ipoh. The Lahat road factory was found inadequate to meet the requirements of the expanding market, and a factory was rented in Sg. Pari in south Ipoh to set up mixing facilities. At the time, the business was managed by Yeah Kian Hin, the eldest son of Yeoh Ghim Khoon (later Dato’) and brother of Yeoh Ghim Cheow, who was responsible for successfully marketing retread compounds not only in Ipoh and Perak but all the way up to Singapore. Yeah Kian Hin later became MD of Tasek Cement and handed over Kinta Rubber Works to Yeoh Kian Cheng.

In 1965, Yeoh Kian Cheng moved the factory to a six acre site at Tasek Industrial Estate. The factory expanded its product range, manufacturing rubber liners, jigs, pump liners, hoses, water stops and other products for the mining industry. The new factory at Tasek Industrial Estate was set up with three creping mills and Kinta Rubber Works became a manufacturer of rubber shoes. At the time there were over 200 workers at the Tasek factory site. In the 1970s the product range included hand built rubber hoses, canvas shoes for the army as well as for school pupils, rubber sheeting for lining tin dredges (with teams going to the dredges to install the rubber liners on site), crash helmets, rubber bands, and civil engineering products like water stops used which were used in dams and reservoirs in Malaysia and Singapore.

When the tin mining industry collapsed in the 1980’s, the demand for rubber products for tin mining declined drastically. Investment into a braided hose plant and a Banbury mixer at around the same time the aggravated the problems faced by the company, further compounded by issues with the workers union. The braided hose plant was a failure was but the mixer saved the company as it attracted the attention of Bandag who bought compounds from Kinta Rubber for their pre-cured treads. A portion of the factory land was leased to Bandag to build a plant to produce pre-cured treads and cushion gum, and the company began to turn around. Yeoh Kian Cheng was prolific in designing compound formulations and always keen on acquiring new equipment to expand the company’s capabilities.



68” Inverted L calendaring line



The new management team at Kinta Rubber: Yeoh Lam Ewe, Yeoh Lam Swee and Patrick Yeoh

Yeoh Kian Cheng passed away in March 2012, after 55 years at the helm of Kinta Rubber, leaving the company in the hands of his three sons, Yeoh Lam Ewe, Patrick Yeoh and Yeoh Lam Swee.

Kinta Rubber now focuses on custom compounding and has added more mixing lines at a new plant at the Pengkalan 2 Industrial Estate in Pusing, Perak. Kinta Rubber can now produce over 1000 tons per month of compounds in wig-wag form, cut slabs, strips, calendered sheets and extruded profiles or built up as blanks. Calendered sheetings and large mouldings are expected to be the main products, to meet the new challenges in the rubber industry.

Kinta Rubber Works has come a long way from its origins in 1940. During its heydays in the 1970's, it was a leading rubber product company, manufacturing a wide range of products and even considering listing on the stock exchange, before facing a downturn with the collapse of the tin industry in Malaysia. Today it is again poised for growth, with a new management team, new investment and a vision for the future.



A view inside the new plant, showing two new mixing lines.

THE MARKET FOR RUBBER GLOVES IN SELECTED COUNTRIES OF CENTRAL AND EASTERN EUROPE

Overview

Present day Central and Eastern Europe (CEE) covers 171 independent countries which were former Eastern bloc countries west of Russia (excluding East Germany which is now part of Germany), the states of former Yugoslavia and the three Baltic States of Estonia, Latvia and Lithuania. These countries that make up the CEE have a total population of over 124 million and a combined GDP of over USD2.2 trillion. The countries in the region are diverse in size and population ranging from Macedonia, with a population of 625,000 to Poland, with a population of 38.5 million. Levels of development are also varied, with per capita income in Macedonia estimated at less than USD7,000 compared to USD28,648 for Slovenia.

The four countries with the largest populations in the CEE region have been identified as having significant markets for rubber gloves. These four countries, Poland, Romania, the Czech Republic and Hungary account for almost 65% of the population and close to 70% of the combined GDP of Central and Eastern Europe (Table 1).

Table 1: Economic profile of selected countries of Central Europe, 2012 (Estimates)

Country	GDP at Current Prices (USD billion)	GDP per capita (USD)	Population (Million)
Poland	528.46	14,039	37.64
Czech Republic	205.38	19,515	10.55
Romania	186.42	8,721	21.38
Hungary	129.96	13,045	9.96

Source: International Monetary Fund, World Economic Outlook Database, April 2012

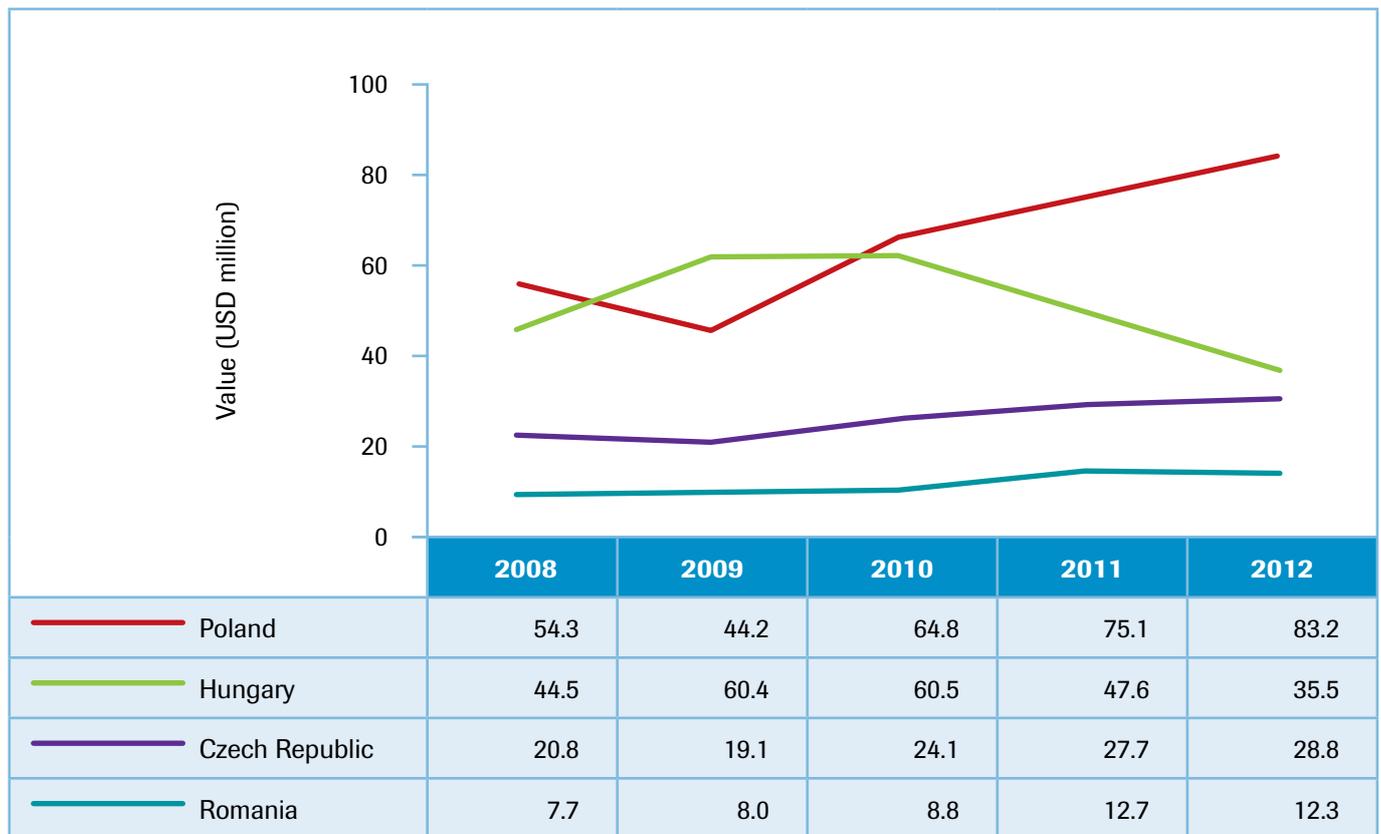
The 2008 global economic crisis and the subsequent Euro zone crisis led to a sharp but brief recession in most of the countries in CE. The four selected countries are expected to make a swift recovery, registering a GDP growth of 0.8% - 2.5% in 2013.

Trade in rubber gloves

Combined imports of rubber gloves into the four selected CEE countries were valued at USD158.8 million in 2012 (Figure 1). Of the total, 43.5% were imports of surgical gloves while other gloves including examination, household and industrial gloves constituted the remaining 56.5%. Poland is the largest importer, accounting for 52.3% of the total imports of rubber gloves into the selected countries.

¹ Estonia, Latvia, Lithuania, Poland, Czech Republic, Slovakia, Hungary, Romania, Bulgaria, Slovenia, Croatia, Bosnia and Herzegovina, Serbia, Kosovo, Albania, Montenegro and Macedonia

Figure 1: Imports of rubber gloves into selected countries of Central Europe, 2008-2012 (USD million)



Source: GTA

Poland

Table 2: Imports of rubber gloves, 2008 – 2012 (Million USD)

	2008	2009	2010	2011	2012
Surgical (401511)	8.3	7.3	9.3	16.3	16.4
Other gloves (401519)	45.9	36.9	55.5	58.9	66.7

Among the countries of Central Europe, Poland, with its sizeable population and a robust economy, offers a relatively large market for rubber gloves, especially medical gloves. The Polish government has been strengthening the country's healthcare system, with total healthcare expenditure amounting to USD33 billion, or 6.7% of GDP in 2011. Although per capita healthcare expenditure, at USD899, was relatively low in 2011, this is set to increase as incomes and expectations rise. The country is currently in the midst of transition to a general health insurance scheme.

Imports of rubber gloves into Poland grew by 11% on average annually during the period 2008 – 2012, from USD54.3 million to USD83.2 million. Non-surgical rubber gloves formed about 80% of total imports in 2012. Malaysia is the largest exporter of rubber gloves to Poland with approximately 42% share of total imports of the product. Germany and China were other major exporters of medical gloves to Poland. Exports of rubber gloves from Poland were relatively small at USD18.2 million, less than a quarter of its imports.

Czech Republic

Table 3: Imports of rubber gloves, 2008 – 2012 (Million USD)

	2008	2009	2010	2011	2012
Surgical (401511)	6.8	8.6	11.4	14.3	14.8
Other gloves (401519)	13.9	10.5	12.7	13.4	13.9

With the highest expenditure on healthcare as a percentage of GDP, at 7.9% in 2011, and among the highest per capita GDP of the CEE countries, the Czech Republic is a significant market for rubber gloves.

The Czech Republic imported USD28.8 million worth of rubber gloves in 2012. Imports of surgical gloves were a little higher than imports of other gloves, making up 51.6% of all glove imports. With 26% share, Malaysia was the leading exporter of rubber gloves to the Czech Republic, followed by Germany and Thailand, each with 17% share.

Romania

Table 4: Imports of rubber gloves, 2008 – 2012 (Million USD)

	2008	2009	2010	2011	2012
Surgical (401511)	3.4	4.3	4.1	6.1	5.9
Other gloves (401519)	4.2	3.7	4.7	6.5	6.6

Romania has the second largest population among the CEE countries. Although it is considered a middle income country, and per capita GDP is relatively low at USD8,721, it holds some potential as glove imports have grown at a high rate of 12.4% between 2008 and 2012.

Romania's imports of rubber gloves were valued at USD12.3 in 2012, with surgical gloves making up about 47% of the total imports. Poland and Malaysia are presently the two largest suppliers of rubber gloves to Romania.

Hungary

Table 5: Imports of Rubber Gloves, 2008 – 2012

	2008	2009	2010	2011	2012
Surgical (401511)	36.2	52.8	50.9	36.5	24.8
Other gloves (401519)	8.3	7.5	9.6	11.1	10.6

Healthcare expenditure as a percentage of GDP was high in Hungary, at 7.7%. GDP, although relatively low at USD130 billion in 2012, is expected to increase to USD142 billion in 2013, an increase of 9.35%. As such domestic demand for gloves is expected to increase but the quantity and value of gloves imported into Hungary, particularly surgical gloves, does not reflect the demand for gloves within the country, as Austrian-based Sempermed has a glove repackaging centre in Hungary. Hence, a large proportion of rubber gloves imported into Hungary are sourced from Austria and re-exported. Thailand and Germany are other major suppliers of rubber gloves to Hungary.

Generally, imports of rubber gloves into Hungary were on a downtrend, registering a negative CAGR of 5.5% between 2008 and 2012. Surgical gloves made up almost 70% of the value of total imports in 2012.

Market Prospects

As a region, the CEE countries have shown higher rates of growth than the traditional markets of Western Europe. World Bank estimates for GDP growth in 2013 for countries in the region range from 3.34% (Montenegro) to 9.36% (Hungary). As these countries become increasingly integrated into the European Union and their populations aspire to European levels of health care, expenditure on healthcare institutions, services and products, both private and public, is set to increase. Greater access to healthcare and improved services will in turn lead to increased demand for healthcare related products and medical devices, including rubber gloves.

MALAYSIA'S FREE TRADE AGREEMENTS

Overview

Free Trade Agreements (FTAs) are agreements made between two or more countries under which the countries involved undertake to give and are given preferential market access to the partner country or countries. The partner countries of the FTAs may agree to provide each other with favorable treatment not only on trade, but also on investments, provision of services and movement of workers. Often, trade facilitation, including economic and technical cooperation, may be a part of such agreements. For Malaysia, as an export-oriented nation, the objective of such agreements is quicker and higher levels of trade liberalization and increased access to markets.

Benefits of FTAs to Malaysian Rubber Product Companies

Through FTAs, Malaysian manufacturers and exporters of rubber products may enjoy benefits such as:

- ☑ Access to the FTA markets at a comparatively lower/zero tariff vis-à-vis competitors from other countries without similar FTAs
- ☑ Enjoy cost savings from elimination or reduction of customs duties on imported machinery or materials used in the production of rubber products
- ☑ Non-tariff barriers such as “Technical Barrier to Trade” can also be addressed through mutual recognition arrangements (MRA)

Malaysia and ASEAN

At the regional level, Malaysia and her ASEAN partners established the ASEAN Free Trade Area (ASEAN) in 1993. Aside from that, Malaysia also participated in ASEAN-related free trade agreements such as the ASEAN-China (ACFTA), ASEAN-Korea (AKFTA), ASEAN-Japan Comprehensive Economic Partnership (AJCEP), ASEAN-India (AIFTA) and the ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA). The AANZFTA was signed on 27 February 2009 and became effective on 1 January 2010.

Table 1: ASEAN FTAs with Other Countries

Type of FTAs	Effective Date	Tariffs on Rubber Products (2013-2014)
ASEAN – China (ACFTA)	1 July 2005	Zero
ASEAN – Republic of Korea (AKFTA)	1 July 2006	Zero
ASEAN – Japan Comprehensive Economic Partnership (AJCEP)	8 October 2003	Zero
ASEAN – India (AIFTA)	1 January 2010	Normal Track: 0-4% (To be eliminated by 2019) Sensitive list: 6-7% (To be reduced to 5% by 2019)
ASEAN – Australia – New Zealand (AANZFTA)	1 January 2010	0-15% (To be eliminated by 2020)

Source: MITI

Bilateral Agreements

Malaysia has also signed and implemented five bilateral agreements, with Japan (MJEPA), Pakistan (MPCEPA), New Zealand (MNZFTA), India (MICECA) and Chile (MCFTA). The MCFTA was signed in November 2010 but came into effect in February 2012. It is the first bilateral trade agreement between Malaysia and a Latin American country.

Table 2: Malaysia's Bilateral Trade Agreements

Type of FTAs	Effective Date	Tariffs on Rubber Products (2013-2014)
Malaysia-Japan Economic Partnership Agreement (MJEPA)	13 July 2006	Zero
Malaysia-Pakistan Closer Economic Partnership Agreement (MPCEPA)	1 January 2008	0-20%
Malaysia-New Zealand Free Trade Agreement (MNZFTA)	1 August 2010	0-10% (To be eliminated by 2016)
Malaysia-India Comprehensive Economic Cooperation Agreement (MICECA)	1 July 2011	0-7%
Malaysia-Chile Free Trade Agreement (MCFTA)	25 February 2012	0-3.6%
Malaysia-Australia Free Trade Agreement (MAFTA)	1 January 2013	Zero

Source: MITI

While Malaysia has regional FTAs (under ASEAN) with some of these countries such as India and Japan, bilateral trade agreements are expected to further facilitate and enhance two-way trade in goods and services, investment and economic relations between the two parties. In addition, the bilateral agreements will provide additional benefits in terms of immediate or accelerated elimination of duties for products. Most recently, Malaysia concluded an FTA with Australia (MAFTA) on 30 March 2012 which outlines the commitment of both countries to liberalize trade in goods. Australia is to eliminate 100% of its imposed import tariffs upon entry-into-force effective 1 January 2013 while Malaysia is to gradually reduce and eliminate import tariffs by 2020.

FTAs under Negotiation

As reported by MITI, Malaysia is currently in negotiations to establish FTAs with the European Union (EU), Turkey and ten countries under the Trans-Pacific Partnership Agreement (TPP) namely Australia, Brunei, Canada, Chile, Mexico, New Zealand, Peru, Singapore, the United States and Vietnam. Once the agreements materialize, these FTAs will provide Malaysian exporters of rubber products with the platform for easier access to a large market of approximately 1 billion people.

Malaysia is also a signatory of the Developing Eight Preferential Trade Agreement (D8 – PTA) that comprises eight Islamic countries, namely Bangladesh, Indonesia, Iran, Malaysia, Egypt, Nigeria, Pakistan and Turkey that will see a gradual reduction of tariffs and other barriers to trade among these countries upon coming into effect. Similarly, the Trade Preferential System – Organisation of Islamic Conference (TPS – OIC) is expected to enable Malaysian exporters to gain preferential treatment in the participating countries when the Agreement comes into effect upon ratification of the Rules of Origin (RoO – TPS-OIC) by the 10 member countries.



Kuan Mun Leong, MD of Hartalega

Hartalega named “Best Managed Mid-Cap Company” by Asiamoney

Hartalega Holdings Bhd has been again named the best managed medium cap company in Malaysia by Asiamoney, after winning the award for the first time in 2010.

The award recognizes companies with excellent management, based on criteria ranging from profitability to market leadership and innovation. Kuan Mun Leong, Hartalega’s Managing Director, attributes the company’s continued growth to “...their key strengths, superior product and manufacturing technology.” Hartalega is Malaysia’s

leading manufacturer and exporter of synthetic (nitrile) rubber medical gloves, and is the only glove company in the Asia Pacific region to win the prestigious award.

The Group delivered strong results for the third quarter ended 31 December 2012, reporting a profit after tax (PAT) of RM60.62 million, compared with RM50.66mn in the corresponding quarter of the previous financial year. For the first nine-months of its current fiscal year, profits after tax amounted to RM172.63 million, compared to RM151.58mn in the corresponding period the previous year.

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

	Exports		Imports	
	2011	2010	2011	2010
January	1,059,666	1,072,198	307,775	291,462
February	1,150,189	978,449	310,868	246,124
March	1,268,148	1,304,658	360,001	332,316
April	1,197,895	1,209,301	336,177	299,670
May	1,203,810	1,124,551	371,152	326,888
June	1,299,381	1,198,878	371,060	348,908
July	1,255,491	1,256,276	395,728	337,991
August	1,192,991	1,227,400	415,548	346,738
September	1,232,431	1,149,731	422,648	325,907
October	1,242,685	1,207,762	424,240	353,629
November	1,174,278	1,140,614	394,173	340,021
December	1,254,283	1,316,867	392,197	351,635
January-December	14,531,248	14,186,685	4,501,567	3,901,289
% Change (January-December) 12/11	2.4		15.4	

Source: Department of Statistics, Malaysia

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

Country	January-December 2012	January-December 2011	% Change	% Share (2012)
USA	4,040,149	3,601,860	12.2	27.80
EU-27	3,476,845	3,723,305	-6.6	23.93
ASEAN	1,390,653	1,413,999	-1.7	9.57
Japan	800,706	834,378	-4.0	5.51
China, P.R.	578,072	544,294	6.2	3.98
Brazil	542,090	566,864	-4.4	3.73
Australia	470,316	457,965	2.7	3.24
Canada	263,485	236,902	11.2	1.81
Turkey	237,348	251,015	-5.4	1.63
South Korea	212,472	242,699	-12.5	1.46
Hong Kong	196,102	215,206	-8.9	1.35
UAE	136,740	121,249	12.8	0.94
Subtotal	12,344,978	12,209,736	1.1	85.0
World Total	14,531,248	14,186,685	2.4	100

Source: Department of Statistics, Malaysia

India Rubber Expo & Tyre Show 2013 (IRE), Mumbai, India

..... 22 – 24 January 2013

The largest rubber show in Asia, the India Rubber Expo (IRE) was held from 22 to 24 January 2013 at Bombay Exhibition Centre, Mumbai, India, concurrently with Tyre Expo and more than 50 seminars and conferences.

IRE provided a platform for the rubber industry in India and neighboring countries to showcase developments and source rubber related machines, chemicals and raw materials. Also displayed were a variety of rubber products. Exhibitors from India, Sri Lanka, China, Malaysia and other countries were at IRE 2013, with 550 participating companies attracting more than 25,000 visitors.

MREPC exhibited at IRE 2013 with five Malaysian rubber products manufacturers, namely Cooltec Marketing, Kossan Rubber Industries, Kumpulan Jebco, MALCORP and Schmaco Auto.

With Malaysia's strong reputation as a supplier of quality rubber and rubber products, the Malaysian participants received enquiries for natural rubber (SMR and Latex Concentrate) and rubber gloves, as well as for rubber automotive components, tyre retreading materials and rubber medical devices. More than 90% of the enquiries received by MREPC were from Indian rubber products manufacturers or distributors in India.



Visitors to a Malaysian stand at the India Rubber Expo 2013

The 9th China International Automotive Aftermarket Industry and Tuning Trade Fair 2013, Guangzhou, China

..... 26 – 28 February 2013

The 9th China International Automotive Aftermarket Industry and Tuning Trade Fair (AAITF) took place at the China Import and Export Fair Complex in Guangzhou, China. AAITF, the largest auto aftermarket show in China showcased 10,300 kinds of products from over 3,000 exhibitors and attracted around 250,000 visitors from all over the world this year.

The five Malaysian auto part manufacturers who participated in the trade show together with MREPC gave positive feedback regarding visitor turnout and inquiries received. The business meetings organized by MREPC China for this show were also well received as the Malaysian companies at the MREPC pavilion were able to meet with a number of Chinese companies who were interested in sourcing various rubber automotive parts.

Four Malaysian companies participated in a working visit to Guangzhou Automobile Group Motor Co (GAC). The response from GAC was excellent as they showed considerable interest in Malaysian rubber auto parts, particularly for a new Chinese brand, Trumpchi, which was launched in 2010.



MREPC representative in discussions at AAITF 2013

Medical Fair India 2013, New Delhi, India

..... 8 – 10 March 2013

Medical Fair India is recognized as India’s No. 1 trade fair for hospitals, health centres and clinics, held annually alternating between New Delhi and Mumbai. Medical Fair India 2013, the 19th edition of the show, was held at Pragati Maidan, New Delhi, India.

The Malaysian pavilion comprised MREPC with six rubber medical devices companies, most of whom promoted medical gloves. During the event, MREPC arranged business meetings between Malaysian manufacturers and major distributors and importers of healthcare products in India. MREPC received a considerable number of enquiries during the three-day event, most of which were from visitors representing Indian companies.

MREPC also presented a paper on “Medical Gloves: What You Need to Know” at a seminar with the theme “Medical Care Advancing with Society” held in conjunction with the exhibition.



MREPC officer attending to a visitor at Medical Fair India 2013

5th Indonesia International Auto Parts, Accessories and Equipment Exhibition (INAPA), Jakarta, Indonesia

..... 26 – 29 March 2013

INAPA, ASEAN’s largest trade fair for automotive parts, accessories, equipment and services, is organized by PT. Global Expo Management (GEM Indonesia). It runs concurrently with six other exhibitions dealing with tyres and rubber industry, heavy duty vehicles, bike parts and accessories, electronic components and technology, and agricultural equipment and machinery. There were more than 800 exhibitors from 22 countries at these shows. The INAPA exhibition alone had 426 exhibitors.

MREPC, with the assistance of MATRADE, arranged business matching meetings for the rubber automotive component manufacturers with potential buyers from Indonesia.



The audience at the seminar in conjunction with INAPA

MREPC also conducted a seminar at the exhibition entitled “Rubber Automotive Parts Industry in Malaysia”, attended by more than twenty (20) participants, including some major manufacturer and distributors of automotive products. A working visit to PT Astra Otoparts Tbk, the largest manufacturer and distributor of auto parts for two wheelers and four wheelers in Indonesia was also arranged in conjunction with the participation in INAPA. Malaysian rubber parts manufacturers were well received by the management of Astra Otoparts.

Automechanika Kuala Lumpur 2013, Kuala Lumpur Convention Centre

7 – 9 March 2013

Automechanika Kuala Lumpur, held at the Kuala Lumpur Convention Center from 7 to 9 March 2013, is one of the leading trade fairs for automotive products, equipment, and services in ASEAN.

MREPC's promotional booth at Automechanika Kuala Lumpur 2013 showcasing a wide range of rubber automotive products attracted visitors from Europe (United Kingdom, Italy, Bulgaria, Turkey, Russia and Denmark), Asia (China, India, Pakistan and ASEAN countries), the Middle East (Saudi Arabia and Yemen) and South Africa.

Business meetings were arranged by MREPC between foreign visitors to Automechanika who were seeking suppliers of automotive parts and Malaysian rubber product manufacturers.

The Malaysia Automotive Institute (MAI) organized a Conference on "Automotive Aftermarket: Towards Sustainable Development" in conjunction with Automechanika Kuala Lumpur 2013. Some of the topics presented at the Conference were World Trends and the 2013 Aftermarket Outlook, Benchmarking the Global Automotive Aftermarket from Recyclers' Standpoint and Developing the Malaysian Automotive Aftermarket towards Sustainable Development.



MREPC staff with visitors at Automechanika Kuala Lumpur

The Implementation of Minimum Wages Order 2012

22 January 2013



Participants at the seminar on Minimum Wages

The seminar on the Implementation of Minimum Wages Order was held at MREPC on 22 January 2013. The objective of the seminar was to provide an understanding and knowledge on the terms, procedures and processes for the implementation of the Minimum Wages Order 2012.

A total of 42 participants from 23 companies attended the seminar, conducted by Ms Aida binti Bakar, the Principal Assistant Secretary II of the National Wages Consultative Council (NWCC) of the Ministry of the Human Resources (MOHR).

Among the topics covered during the seminar were guidelines on the implementation of the Minimum Wages Order 2012, methods of restructuring wages and allowances, Schedules of the Employment Act 1955 and the Malaysian Standard Classification of Occupations (MASC0).

Talent @ work: From Intergenerational Conflict to Productivity

26 February 2013



The trainer interacting with participants

A training seminar on “Talent @ Work: From Intergenerational Conflict to Productivity” was held at MREPC on 26 February 2013. The key objectives of the seminar were to provide insights on the different generations at the workplace and their characteristics, and develop strategies and new approaches in harnessing the strength of each generation to enhance work productivity. Ways of dealing with current and potential intergenerational tensions and challenges were also addressed.

Fifteen participants attended this course, conducted by En Ahmad Fakhri Hamzah, a Certified Professional Trainer (CPT) from the Malaysian Institute of Management (MIM) and an NLP (Neuro Linguistic Programming) Practitioner certified by the American Board of NLP.

Rubber Products Market and Trade Opportunities in Turkey

26 March 2013



Mr Guven Togan, Vice-President of the Malaysian Turkish Business Association addressing the seminar

A seminar on the market for rubber products in Turkey was held on 26 March 2013 at MREPC. The objective was to provide updates on the market for rubber products in Turkey and give insights into the investment climate and trade regulations. A total of 34 participants from 15 companies attended the seminar.

Speakers at the seminar included Ms Yap Siew Hong, Director of Corporate Planning & Research, MREPC, who presented a paper on the Rubber Medical Devices Market in Turkey, Mr. Izwan Zarik Mohammad Sapari, Deputy Director of Corporate Planning and Research at MREPC, who spoke on the Rubber Automotive Components Market in Turkey and Mr Guven Togan, Vice President of the Malaysian Turkish Business Association, who made a presentation on Doing Business in Turkey. Mr Denis Low of Supermax served as moderator for the seminar.

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