

STRETCH

A quarterly publication of the
Malaysian Rubber Export Promotion Council

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This issue of STRETCH marks 15 years of MREPC that have seen the rubber product industry transform itself from being a minor player in the national economy to a significant contributor to exports, national income and employment. From relatively small beginnings with export values totaling RM5.4 billion in the year 2000, Malaysia's rubber products have established a worldwide reputation for quality and reliability and in so doing, pushed exports to 190 countries with a total value of RM15.2 billion in 2014. The industry has also provided employment to an estimated 72,000 people.



CEO of MREPC Low Yoke Kiew

This issue also pays tribute to the Malaysian manufacturers of rubber products who have played a major role in the achievements of the industry. The latex products sector, and specifically rubber glove manufacturers, has contributed the lion's share to export earnings. However, exports of general and industrial rubber goods have also seen some increase over the years, and contributed RM 2.97 billion to export earnings in 2014.

The MREPC Industry Awards, presented on 26 August 2015, gave recognition to the Malaysian rubber products manufacturers whose exports topped their respective categories over a period of three years. Some of these companies have shown remarkable progress over the years, and have become world leaders in terms of export volume as well as quality, efficiency and innovative products and processes. Their achievements stand as examples for the many SMEs in the industry that are looking to compete in an increasingly challenging world market.

As the world economy faces difficult times, with GDP growth declining in developed as well as developing countries, Malaysian manufacturers need to prepare for a more competitive environment, uncertainties in the cost of inputs and increasingly volatile exchange rates. MREPC will continue to provide support in these uncertain times, with market research, continuing promotion in targeted markets, and capacity building activities where required.



“The staging of this award ceremony marks a milestone in the history of Malaysia’s rubber product industry and highlights the contributions that the industry has made to Malaysia’s economy.”

YB Datuk Amar Douglas Uggah Embas, the Minister for Plantation Industries and Commodities at MREPC's 15th Year Anniversary celebrations

MREPC's 15th Year Anniversary was celebrated on 26 August 2015 at the Pullman Hotel, Bangsar, Kuala Lumpur, with a grand dinner and presentation of the MREPC Industry Awards 2015. YB Datuk Amar Douglas Uggah Embas, the Minister of Plantation Industries and Commodities was the guest of honour. Representatives from government agencies and members of the rubber products industry attended the event.

Since its inception in April 2000, MREPC has played a significant role in facilitating and promoting Malaysian made rubber products worldwide. Currently, Malaysian rubber products are exported to more than 190 countries and the total export value has grown from RM5.4 billion in 2000 to RM15.17 billion in 2014. Malaysian rubber products have acquired a reputation for quality and Malaysian rubber product manufacturers are known for reliability and competitiveness, particularly for latex products.

Over the years, the rubber product industry in Malaysia has had to grapple with many challenges, including changing consumer preferences, economic crises in consuming countries, rising costs, and increasingly stringent quality requirements. MREPC has always been there with market promotion activities to expand market share, introduce Malaysian products to new users, address consumer concerns and educate consumers. Industry support is provided through a wide spectrum of programmes such as market research, capacity building and talent development which directly or indirectly have helped the industry grow from strength to strength.

In recognition and acknowledgement of the contributions the Malaysian rubber product industry has made to the nation, in terms of foreign exchange earnings and employment opportunities, the MREPC Industry Awards 2015 were presented to the firms with the highest value of exports in various categories.

In his speech at the event, the Minister highlighted the significance of the rubber product industry. “The staging of this award ceremony marks a milestone in the history of Malaysia’s rubber product industry and highlights the contributions that the industry has made to Malaysia’s economy.” He also noted the support given government agencies to the industry, “Additionally, we should also acknowledge that the various agencies and councils that have been set up under the Ministry, notably the Malaysian Rubber Board and MREPC, have played an important role in bringing the industry to where it is today, and can continue to play a part in the further development of the rubber products industry in Malaysia”.

The MREPC Industry Awards 2015 were presented to Malaysian rubber product companies in recognition of their outstanding performance in growing the rubber products industry in Malaysia and their contribution to Malaysia's export earnings, in conjunction with MREPC's 15th Anniversary celebrations.

Top Glove Corporation Bhd.

From a single factory with three production lines, Top Glove has grown to become the world's largest rubber glove manufacturer, owning and operating 27 factories and 484 production lines, with a capacity to produce 45 million gloves per year. The company exports a wide range of rubber gloves to more than 195 countries. Top Glove has ventured into property development and rubber plantations in Malaysia as well as other countries to complement their operations. Total exports by Top Glove Corporation registered the highest value among all rubber product companies in Malaysia over the past three years.

Top Glove Corporation also won the Award for Malaysia's Largest Exporter of Rubber Gloves.

Malaysia's Largest Exporter of Rubber Products



Tan Sri Lim Wee Chai, Executive Chairman of Top Glove Corporation receiving the Award for Malaysia's Largest Exporter of Rubber Products from YB Minister of Plantation Industries and Commodities

Rubberflex Sdn. Bhd.

The company produces a wide range of quality latex threads for various applications in various industries. Set up in 1986, it has grown to become the world's largest manufacturer and exporter of rubber threads. Rubberflex has a world-wide distribution network and is able to manufacture products to a wide range of specifications, enabling the company to meet the requirements of a variety of customers.

Malaysia's Largest Exporter of Non-Glove Rubber Products



The Minister, YB Datuk Amar Douglas Uggah Embas, presenting the Award for Malaysia's Largest Exporter of Non-Glove Rubber Products to Mr. Eugene Kang, representing Rubberflex Sdn. Bhd.

Wellcall Hose (M) Sdn. Bhd.

In its early days, in the 1990's, Wellcall was primarily a manufacturer of air and water hoses, oil hoses and welding hoses. Today, the company manufactures and markets a wide range of rubber hoses internationally and to customers in Malaysia. Equipped with in-house research and development facilities, Wellcall is positioned to provide solutions for most hose and tubing requirements of end-users.

Malaysia's Largest Exporter of Dry Rubber Products



Mr. Leong Hon Chong, representing Wellcall Hose (M) Sdn. Bhd. receiving the Largest Dry Rubber Products Exporter Award

Supermax Corporation Bhd.

Founded in 1987 as a trading business distributing latex gloves, Supermax has ventured into manufacturing its own brand of rubber gloves. It manufactures and exports a wide range of medical gloves as well as rubber gloves for various other uses. Supermax also exports natural rubber latex gloves manufactured to SMG specifications to meet the stringent requirements of discerning users. The Supermax Group has its own distribution centres and corporate offices in the United States, Europe, Brazil, Australia and Canada.

Malaysia's Largest Exporter of Standard Malaysian Gloves (SMG)



Dato' Seri Stanley Thai from Supermax Corporation receives the Award for the Largest Exporter of Standard Malaysian Gloves (SMG)

Malaysia's Top 5 Exporters of Non-Glove Rubber Products

- Bard Sdn. Bhd.
- Karex Industries Bhd.
- Kossan Rubber Industries Bhd.
- Linatex Rubber Sdn. Bhd.
- Rubberflex Sdn. Bhd.

Malaysia's Top 5 Exporters of Rubber Gloves

- Hartalega Sdn. Bhd.
- Kossan Rubber Industries Bhd.
- Supermax Corporation Bhd.
- Top Glove Corporation Bhd.
- WRP Asia Pacific Sdn. Bhd.

PRIVATE SECTOR CONSUMPTION OF MEDICAL GLOVES IN INDIA

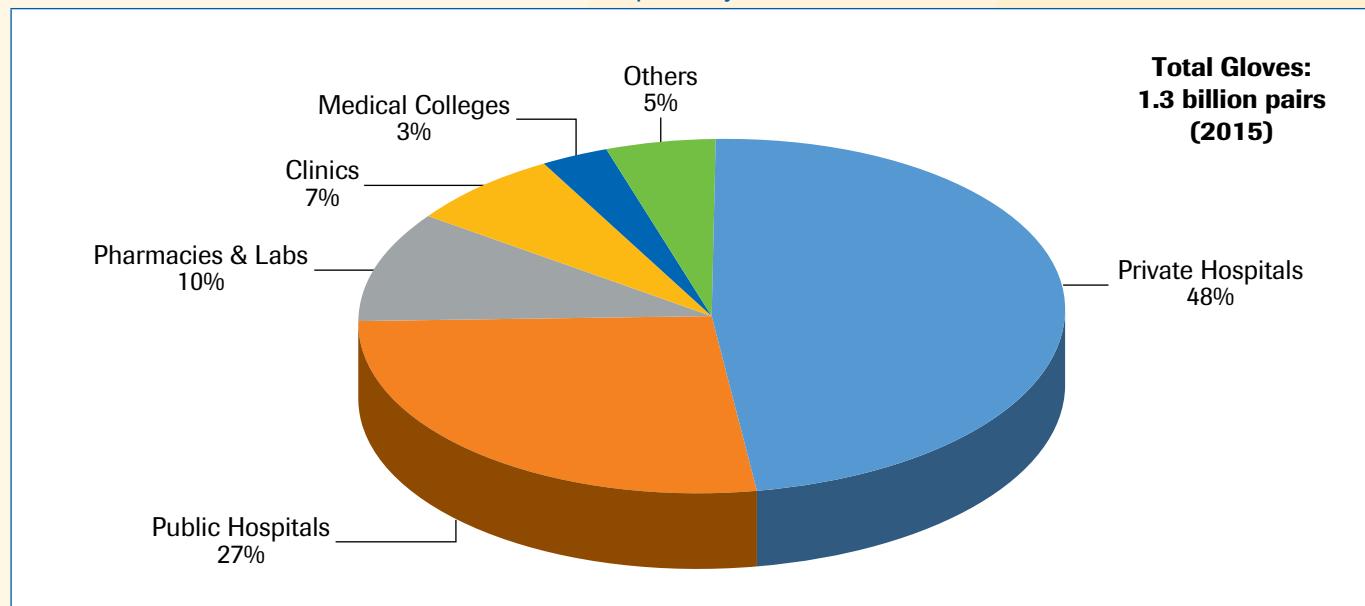
India has a large healthcare sector in terms of revenue and employment. The sector witnessed a 15% surge in health expenditure growing from USD60 billion in 2010 to USD104 billion in 2014. The growth has been driven by rising disposable incomes, growth in the elderly population, increasing lifestyle diseases, higher penetration of health insurance, and robust growth in the medical tourism sector.

The private sector provides majority of secondary, tertiary and quaternary care institutions with a major concentration in metros or Tier I cities and Tier II cities. The private healthcare sector which accounts for 68% of the total health expenditure has emerged as the major contributor to bridge infrastructure and service delivery deficits created by insufficient investments in the public healthcare sector. The public sector on the other hand, accounts for about 32% of the total health expenditure. The sector comprises limited secondary and tertiary care institutions in key cities. The focus of the public healthcare services has been on providing basic facilities in the form of primary healthcare centers (PHCs) in rural areas.

Overview: Consumption of Medical Gloves

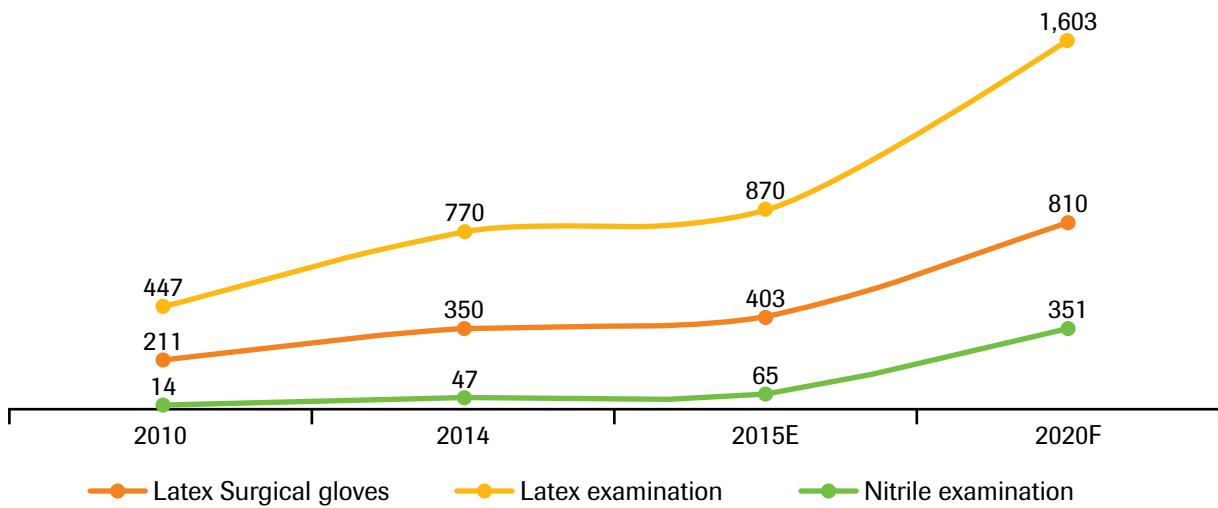
In 2015, the market size of medical gloves in India in terms of consumption in both the public and private sectors was estimated at 1.3 billion pairs or valued at USD106 million. Demand for medical gloves increased by a CAGR of 15% from 671 million pairs in 2010. Private hospitals are the largest consumer of medical gloves in India, taking 48% of the total demand for medical gloves in 2015. Public hospitals on the other hand, accounted for 27% of the total glove demand.

Chart 1: Glove Consumption by Health Facilities in India



Latex examination and surgical gloves currently account for 65% and 30% of the total glove consumption in India, respectively. Nitrile gloves, on the other hand, are an evolving market. Demand for nitrile examination gloves is expected to gain a foothold by increasing from a current share of 5% in 2015 to 13% in 2020 (Chart 2). Sales of nitrile examination gloves have been growing in recent years due to high acceptance of the gloves in key private facilities including Apollo, Hinduja and Jupiter.

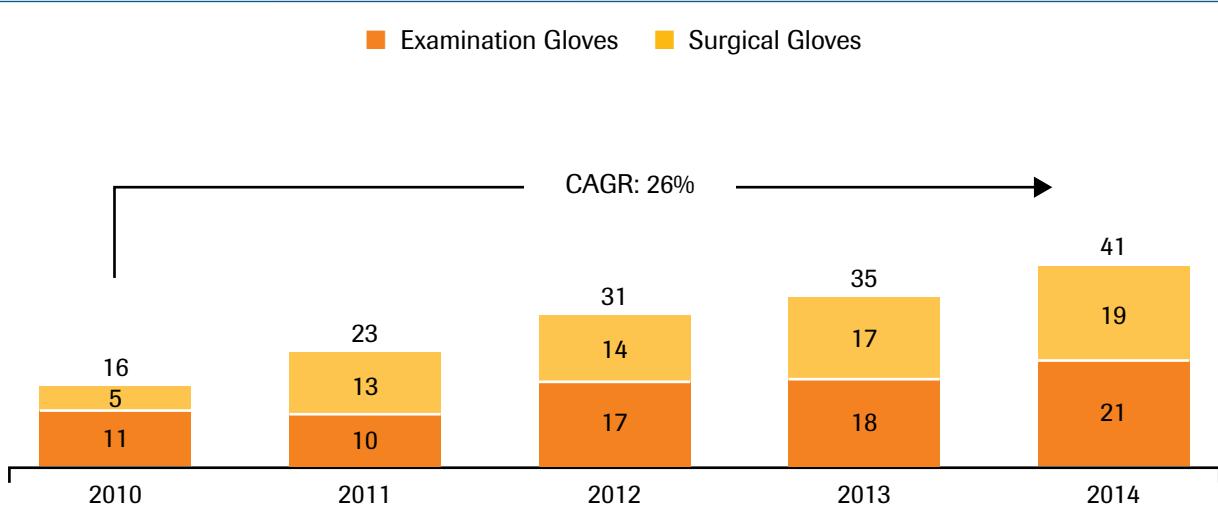
Chart 2: Estimated Consumption Trend by Types of Gloves (in million pairs, 2010 – 2020F)



Imports of Medical Gloves

Imported gloves accounted for nearly half the demand for medical gloves in India in 2014. Import of medical gloves (surgical and examination) in quantity terms increased at a CAGR of 13% to 538 million pairs in 2014 from 335 million pairs in 2010. In value terms, India's import of medical gloves rose to USD41 million in 2014 from USD16 million in 2010, a CAGR of 26%. Of the total imported value in 2014, non-surgical gloves (examination gloves) amounted to USD21 million, while surgical gloves were valued at USD19 million. Malaysia was the largest exporter of medical gloves to India with 64% import share in 2014. Sri Lanka and Thailand were the other major exporters accounting for 16% and 12% of the total imports, respectively.

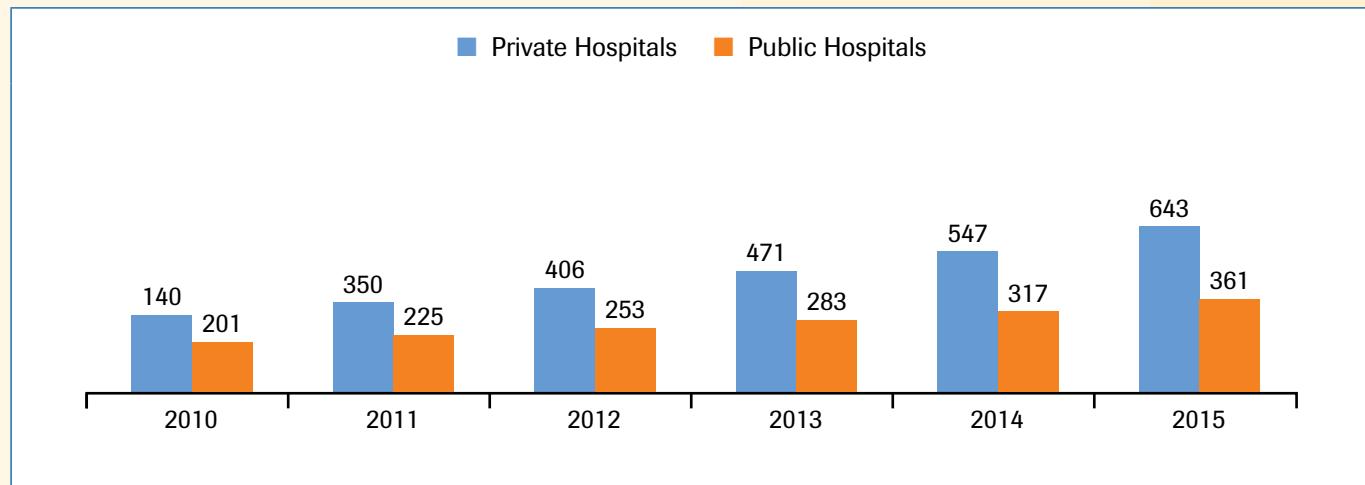
Chart 3: India's Import of Rubber Gloves by Type, 2010-2014 (USD million)



Glove Consumption Pattern in Private Hospitals

Over 2010 – 2015, the consumption of medical gloves in private hospitals increased by a CAGR of 16% and is likely to increase at a CAGR of 18% over the next five years (2016 – 2020). In comparison, demand from the public sector is expected to grow at a lower rate, by a CAGR of 11% (2016-2020). In terms of consumption per hospital bed, the average consumption of medical gloves per bed in private hospitals (at 643 pairs) is nearly twice the volume of consumption in public hospitals (at 361 pairs) in 2015 (Chart 4).

Chart 4: Comparison of Medical Glove Consumption in Private and Public Hospitals (average pairs of gloves per hospital bed annually)



Key users of medical gloves in the private sector are large corporate hospitals such as Apollo, Fortis Healthcare, Narayana Health, Manipal Hospitals and Global Hospitals. On average, these corporate hospitals consume over 1,500 pairs of gloves per bed annually as compared to the national average consumption of 500-700 pairs per bed per year.

Large consumption states such as Tamil Nadu and Maharashtra are witnessing infrastructure expansion on the back of high influx of foreign patients seeking relatively low cost of quality medical treatments in India. The top three states in India in terms of glove consumption are Tamil Nadu, Maharashtra and Kerala.

Table 1: Private Sector Consumption of Gloves by States (2015)

State	Population (million)	Number of Hospital Beds	Consumption (million pairs)
Tamil Nadu	68.6	114,000	104
Maharashtra	117.2	90,000	83
Kerala	35.4	82,000	74
Karnataka	61.2	72,000	67
Andhra Pradesh	87.0	67,000	62
Gujarat	62.3	58,000	53
Madhya Pradesh	75.6	19,000	18
Goa	1.9	3,000	2
Other States	729.7	697,000	199

Local Glove Industry in India

Despite featuring among the top five rubber-producing countries globally, India has a modest manufacturing base for latex gloves in comparison with its Asian counterparts such as Malaysia and Thailand. India produced 861 million pairs of medical gloves in 2014, with the top four players – Kanam Latex, MRK Healthcare, St. Mary's Rubber and Beta Healthcare accounting for a combined 68% of the total domestic production. The bulk of gloves produced by local players are surgical gloves, which accounted for 90–95% of the total medical glove production in the country. Meanwhile, examination gloves are predominantly imported which are in turn repackaged and sold in the domestic market.

The medical glove industry in India is currently deregulated. Hence, the glove repackaging business has become increasingly popular among local manufacturers and distributors. Furthermore, the easy imports of gloves into India have intensified competition, with a new distributor emerging every 2–3 months. Super-stockists and sub-distributors play a pivotal role in the supply chain of medical gloves, as end users, particularly small and mid-sized hospitals, prefer to procure gloves from local distributors.

Over the last decade, government initiatives to stimulate the domestic medical glove industry have further boosted exports, especially to Europe, the Middle East and African countries. Local players are expected to increase their production capacities to 1.2 billion pairs by 2020 to cater the growing needs. However, domestic manufacturers still have a long road ahead, as they are yet to capitalize on evolving market trends particularly for nitrile gloves and specialty gloves.

Market Outlook

The healthcare sector in India is set to rapidly grow, as healthcare providers, particularly in the private sector, seek to attract capital investments and aggressively pursue infrastructure expansion. India's healthcare expenditure, comprising infrastructure spending as well as out-of-pocket expenditure by private, public sector players and individuals, has the potential to grow to nearly USD 160 billion by 2017. A strategic partnership with the UK signed during Prime Minister Narendra Modi's visit to the UK in November 2015 will act as catalyst for investment in the healthcare sector by establishing high quality hospitals, nursing schools and medical colleges across India.

Consumption of medical gloves in India is projected to grow by a CAGR of 16% for the period 2016 – 2020 and to reach 2.7 billion pairs by 2020. Demand from private hospitals is expected to register a high CAGR (2016-2020) of 18%. Health infrastructure investments by private healthcare providers, growing medical tourism, better healthcare standard and practices as well as ageing Indian population will contribute to the growth in demand for medical gloves in India. Imports of medical gloves into India are expected to continue growing, given the limited capacity of local players to meet increasing demand.

OPPORTUNITIES FOR MALAYSIAN RUBBER AUTOMOTIVE COMPONENTS IN SOUTH AFRICA

The Automotive Industry in South Africa

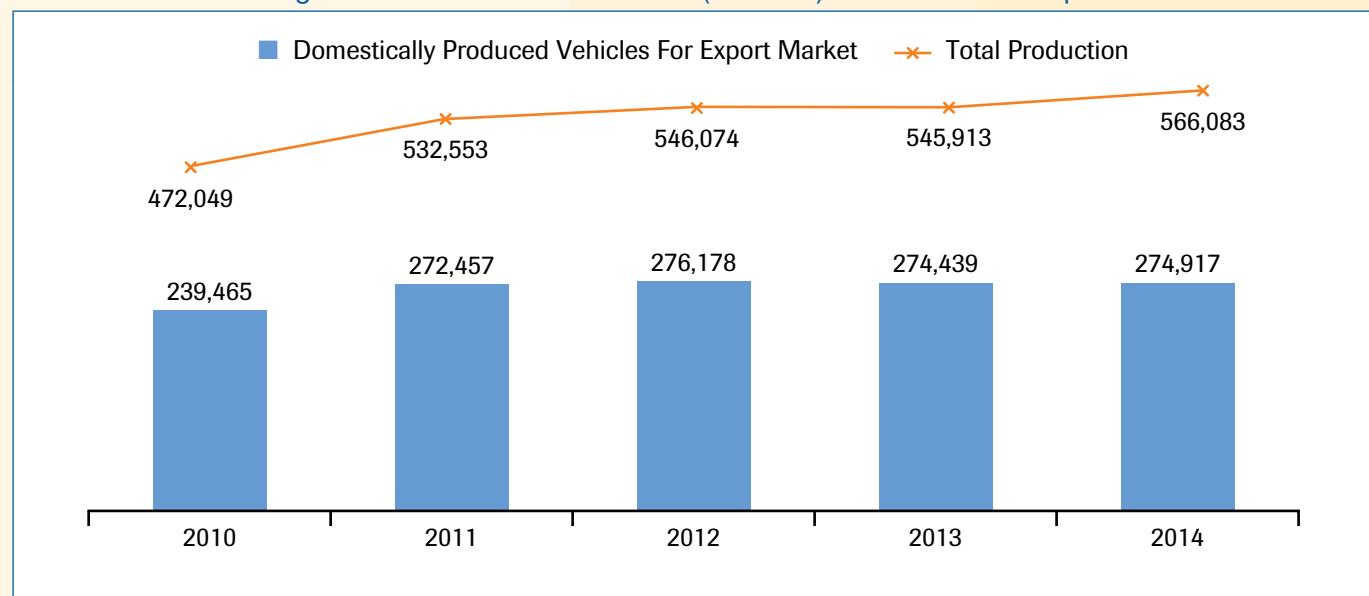
The automotive sector remains the backbone for the South African industrial sector and accounts for 30.2% of manufacturing output, 11.7% of all South African exports and contributes 7.2% towards its GDP. It is the 24th largest automotive producing nation in the world and the largest producer on the African continent. In 2014, the nation produced over 566,000 vehicles, or 85.7 percent of all cars produced in Africa.

Table 1: Total Passenger Car (PC) and Commercial Vehicle (CV) Production

Year	Passenger Car (PC) Production		Commercial Vehicle (CV) Production		Total	% Export In Total
	Units	% Export In Total	Units	% Export In Total		
2010	295,394	61.5%	176,655	32.7%	472,049	50.7%
2011	312,265	60.1%	220,288	38.6%	532,553	51.2%
2012	272,076	55.7%	273,998	45.4%	546,074	50.6%
2013	265,257	57.3%	280,656	43.7%	545,913	50.3%
2014	277,491	55.8%	288,592	41.6%	566,083	48.6%

Source: Automotive Industry Export Council (AIEC), South Africa

Figure 1: South Africa Automotive (PC + CV) Production and Export



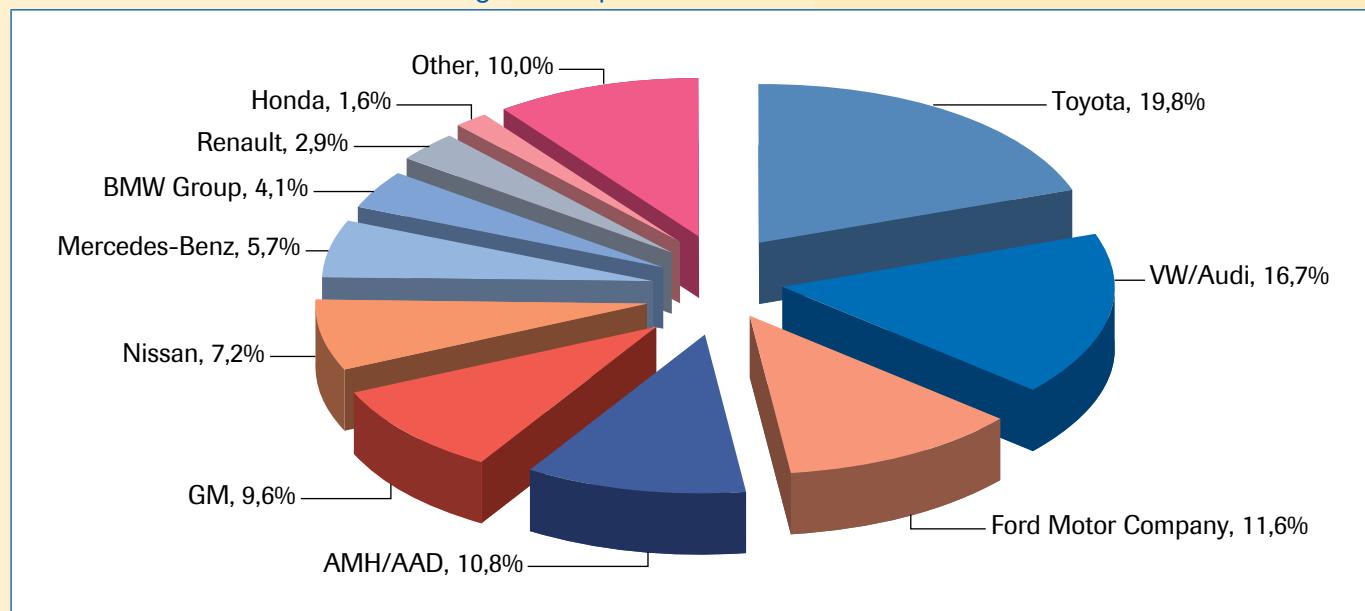
Source: Automotive Industry Export Council (AIEC), South Africa

The South African automotive manufacturing industry had total revenues of US\$8.8 billion (RM 28.42 billion) in 2013, representing a compound annual growth rate (CAGR) of 11.8% between 2009 and 2013. Industry production volume increased at a CAGR of 9.9% between 2009 and 2013, to reach a total of 545,900 units in 2013.

In 2014, there were 55 brands and 4,406 passenger car models in South Africa that offered car buyers the widest choice to market size ratio anywhere in the world. Meanwhile, light commercial vehicles have 31 brands with 615 model derivatives to choose from. The car ownership ratio in South Africa is 180 vehicles per 1,000 persons. Toyota SA Motors is the market leader with 19.8% market share, followed by Volkswagen Group of SA (16.7%), Ford Motor Company (11.6%) and Associated Motor Holdings (10.8%).

In addition to local manufacturing, South Africa also imports automotive components for both OEMs and aftermarket sectors. In 2014, South Africa imported automotive components worth about R70.2 billion (RM22 billion) for OEMs and R48 billion (RM15 billion) for the aftermarket sector. Imports of replacement parts increased by 11.4 percent in 2014, compared to 2013. Most of the replacement components are imported, including tyres, automotive tooling, engine parts, transmission shafts, engines, gauges, brake parts and wiring harnesses. The following graph reveals the market shares of the top 10 OEMs in the country in 2014.

Figure 2: Top 10 OEMs in South Africa



Source: National Association of Automobile Manufacturers of South Africa (NAAMSA)

Germany, Japan, Thailand, China and USA are among South Africa's largest trading partners for automotive components. Some of these nations benefit from trade agreements including EU-SA Free Trade Agreement and African Growth and Opportunity Act (AGOA) between USA and South Africa.

Geographic Distribution and Consumption Pattern

The South Africa automotive industry offers a diverse range of OEM components and accessories that are manufactured by about 400 automotive component suppliers, including 120 first tier suppliers, in the country. These suppliers are represented by the National Association of Automotive Component and Allied Manufacturers (NAACAM).

The nation's automotive industry clusters are located in three provinces, namely Gauteng, KwaZulu-Natal and the Eastern Cape and in close proximity to its suppliers. These areas have been identified as the main demand areas for rubber components for the OEM and aftermarket segments.

Gauteng houses four OEMs and most of the automotive suppliers. The Automotive Industry Development Centre (AIDC) is responsible for the promotion of trade and investment and provides support to the automotive industry. AIDC was established as a government support centre to enhance the global competitiveness of the local automotive industry and to promote Gauteng as the automotive industry investment destination of choice. AIDC develops and operates the Automotive Supplier Park (ASP), which spans an area of 130 hectares and is located in the Tshwane region in Gauteng. The region boasts the highest concentration of vehicle manufacturers in South Africa, including BMW, Nissan, Ford and Tata. The ASP concentrates automotive component manufacturers, suppliers and service providers in one location to maximize synergies and cost benefits. Currently, there is no rubber automotive components supplier located in the ASP. Incentives are provided to investors by the Department of Trade and Industry (DTI) which provides a non-taxable cash grant of between 20% and 35% over a period of three to five years of investment.

KwaZulu-Natal (KZN) represents the second largest economy in the country after Gauteng. It houses two OEMs and around 80 automotive suppliers. Trade and Investment KwaZulu-Natal (TIKZN) is responsible for promoting trade and investment in the province. Within KZN province, currently there are Toyota and Tata manufacturing plants located in the South of Durban. TIKZN is also planning to have an Automotive Supplier Park within KZN province in the future.

Meanwhile, Eastern Cape houses four OEMs and around 100 automotive suppliers. The allocation of two of South Africa's five industrial development zones (IDZ) to the province namely The Coega IDZ and The East London IDZ has become the main catalyst for Eastern Cape socio-economic development and gateway to global markets. The East London IDZ has also established an Automotive Supplier Park in the area.

Table 2: Three Major Provinces of South Africa's Automotive Industry Cluster

	Gauteng	KwaZulu-Natal	Eastern Cape
Capital	Johannesburg	Mzunduzi (Pietermaritzburg)	Bisho
Population	12.91 million	10.69 million	6.79 million
% GDP Contribution of South Africa	33.5%	16.1%	7.6%
Number of automotive component companies	200	80	100
OEMs (Manufacturing Plants)	BMW SA, Nissan SA / Renault SA, Ford Motor Company of Southern Africa, Tata	Toyota SA Motors, Tata	Volkswagen Group SA, Mercedes-Benz SA, General Motors South Africa, Ford Motor Company of Southern Africa engine plant
Medium, heavy, extra heavy commercial and bus companies	Associated Motor Holdings (AMH), Babcock, Busmark 2000, Fiat Group, Ford, Freightliner, Fuso, Iveco SA, JMC SA, MAN Truck & Bus, MarcoPolo, NC 2 Trucks Southern Africa, Peugeot Citroen SA, Powerstar SA, Renault Trucks, Scania, Tata Motors, UD Trucks, VDL Bus & Coach and Volvo Trucks & Buses	Bell Equipment Co SA, Hino, MAN Truck & Bus (SA) and Toyota SA Motors	FAW, General Motors / Isuzu, Mercedes Benz SA and Volkswagen Group SA

Source: National Association of Automobiles Manufacturers of South Africa (NAAMSA)

Market Growth

The market size for rubber automotive parts in South Africa is expected to grow in tandem with the increase of automotive production capacity from the current annual output of 566,000 vehicles in 2014, to 1.2 million vehicles in 2020. The growth will be supported by the government's Automotive Production and Development Programme (APDP) whereby a degree of tariff protection will be provided to the industry, along with a local assembly allowance, production incentives and an investment allowance. For instances in tariff protection, import duties on vehicles and components will be frozen at 2012 levels (20 percent on components) through to year 2020.

The automotive market growth will be bolstered by South Africa's economic growth which is expected to rebound to 2 percent in 2015, as the large Rand depreciation may stimulate an export-led recovery and the global economy gradually improves. South Africa is also a global export hub for its vehicles and automotive components which are headed to developed countries like USA and Germany. In addition, South Africa acts as a gateway opportunity to tap into other emerging African markets. The size of the African continent's middle class is around 350 million people, or 34 percent of the region's population, making the continent suitable for development of a robust automotive market.

Broad-Based Black Economic Empowerment (BBBEE)

Foreign investors that plan to set-up a direct investment, partnership or joint venture in South Africa need to take into consideration of the government's Broad-Based Black Economic Empowerment (BBBEE) policy. The main objective of BBBEE is to distribute wealth across as broad a spectrum of previously disadvantaged South African black people community. BBBEE is an integrated and coherent socio-economic process that directly contributes to the economic transformation of South Africa and brings about significant increases in the numbers of black people that manage, own and control the country's economy, as well as significant decreases in income inequalities. The code requires that all entities operating in the South African economy make a contribution towards the objectives of BEE. The first phase of the codes encourages all entities, public and private, to implement proper BEE initiatives through the issuing of licenses, concessions, sale of assets and preferential procurement. The second phase of the codes covers the seven components of the BBBEE scorecard, namely: ownership; management control; employment equity; skills development; preferential procurement; enterprise development; and socio-economic development.

Opportunities for Malaysian Rubber Automotive Component (RAC) Manufacturers

South Africa imported R550.3 million (RM170 million) worth of automotive components from Malaysia in 2014. The South African automotive and components industries are growing rapidly and Malaysian RAC manufacturers could look into export and investment opportunities such as establishing partnership with local distributors, set-up an office or even look into potential joint-venture collaboration. Malaysian manufacturers who are interested to make further inroads into the country through investment could obtain assistance from the Trade and Investment South Africa (TISA) division, which is under the South Africa's Department of Trade and Industry (DTI). TISA offers research and market information on sectors and industries, provides consultation on the regulatory environment, offer facilitation for investment and provide links to joint venture partners, make available information on incentive packages, provide assistance with work permits and logistical support for relocation. Further information of DTI and TISA is available at their website www.thedti.gov.za/default.jsp.

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

	Exports		Imports	
	2015	2014	2015	2014
January	1,417,141	1,246,393	374,323	362,064
February	1,244,202	1,091,568	463,869	305,352
March	1,482,894	1,271,409	390,389	405,508
April	1,450,638	1,239,069	460,360	421,736
May	1,407,174	1,284,341	530,180	476,143
June	1,463,961	1,222,057	588,292	434,720
July	1,455,879	1,190,785	518,800	400,265
August	1,637,530	1,359,494	490,255	424,788
September	1,604,751	1,230,220	515,726	422,129
October	1,727,610	1,309,456	583,208	393,347
November	1,467,263	1,300,310	533,174	387,769
December	1,629,269	1,425,792	567,080	436,513
January-December	17,988,312	15,170,894	6,015,656	4,870,334
% Change (January-December) 15/14	18.6		23.5	

Source: Department of Statistics, Malaysia

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

Country	January–December 2015	January–December 2014	% Change	% Share (2015)
USA	5,184,940	4,197,902	23.5	28.82
EU-27	4,431,867	3,777,731	17.3	24.64
ASEAN	1,575,182	1,336,380	17.9	8.76
Japan	1,092,847	988,144	10.6	6.08
China, P.R.	771,353	592,404	30.2	4.29
Australia	655,952	575,310	14.0	3.65
Brazil	561,893	545,870	2.9	3.12
Canada	345,165	287,029	20.3	1.92
Turkey	281,284	212,008	32.7	1.56
South Korea	273,632	230,930	18.5	1.52
Hong Kong	189,156	149,688	26.4	1.05
UAE	153,320	118,297	29.6	0.85
Subtotal	15,516,591	13,011,693	19.3	86.3
World Total	17,988,312	15,170,894	18.6	100.00

Source: Department of Statistics, Malaysia

MREPC at Medicall 2015, Chennai, India

Seven Malaysian rubber medical device manufacturers participated at Medicall 2015, one of India's premier hospital needs and equipment exhibition. The event was held at the Chennai Trade Centre from 31 July – 2 August 2015. The 3-day event introduced the latest, most appropriate and affordable technologies, for the benefit of hospitals. This 13th edition of the show drew participation from 710 exhibitors from 20 countries and attracted 12,000 of visitors.

The MREPC Pavilion at Medicall 2015 covered 90 sq meters and included some major Malaysian manufacturers of medical gloves and other rubber devices, including A1 Glove, Biomax Rubber Industries, Hartalega, Latexx Partners, Qube Medical Products, Titi Glove, and Top Glove. Visitors to the MREPC booth were given an overview of a wide range of rubber medical devices made in Malaysia while the participating manufacturers focused primarily on showcasing the top-notch Made-In-Malaysia medical gloves. The MREPC booth was able to draw a good number of visitors, with most visitors indicating that they were able to obtain much needed information during the event.



MREPC India Representative, Mr Samir Shah, attending to visitors at Medicall 2015

FIME 2015, Miami, USA

MREPC participated at FIME, the largest exhibition for medical devices and services in the United States. The exhibition, held in Miami, USA took place from 5 – 7 August 2015. The event received 52,850 visitors, mostly from the America, as well as Europe, Middle East, Africa and Asia Pacific.

Eight Malaysian manufacturers of rubber medical devices were located at the MREPC Pavilion, namely Alliance Rubber Products, Biomax Rubber Industries, Koon Seng, Kossan Latex Industries, Latexx Manufacturing, Multisafe, Sanctuary Health and Wear Safe Malaysia. Visitors to the MREPC Pavilion showed interest in medical gloves, exercise bands, condoms and catheters.

Other Malaysian manufacturers who participated on their own at FIME 2015 included Rubberex, Top Glove, Supermax, Adventa Health and Riverstone Resources.

MREPC also organized a seminar during the exhibition, conducted by the Director of MREPC USA, Dr Esah Yip, entitled "Today's Medical Gloves and Condoms: What You Need to Know" to explain issues related to use of medical gloves and disseminate the latest information on Malaysian rubber gloves and condoms among medical practitioners and distributors of medical devices.

A + A 2015, Dusseldorf, Germany

MREPC participated at the A+A 2015 exhibition held from 27 – 30 October 2015 at Messe Dusseldorf, Germany. Ten manufacturers of rubber personal protective equipment participated in the exhibition under MREPC Pavilion.

Visitors to the MREPC booth had the opportunity to view and source a wide range of Made-in-Malaysia household and industrial rubber gloves such as insulation gloves, chloroprene gloves, solvent resistant gloves and silver unlined gloves. Most of the visitors came from Europe and most of the enquiries received were for rubber gloves. A number of business matching sessions had also been arranged between potential buyers and Malaysian manufacturers during the exhibition.



Visitors to the MREPC booth at A + A 2015

Specialized Mission & Working Visit on Medical Gloves and Dry Rubber Products to South Africa & Italy

MREPC organised a specialised mission and working visit for medical gloves and dry rubber products to South Africa and Italy from 29 September to 8 October 2015. The mission was led by the CEO of MREPC, Ms Low Yoke Kiew. Representatives from seven Malaysian companies, including A1 Glove, Adventa Health, Bonric, Brightway, Koon Seng, Titi Glove and MALCORP, representing the medical glove and rubber automotive parts sectors, participated in the mission.

As part of the mission, a seminar on "Managing Infection Control" held in Johannesburg, South Africa for medical and healthcare professionals, drew 87 participants. As part of the event, a total of 36 business-matching meetings were arranged for the seven Malaysian companies.



Participants at the Seminar on "Managing Infection Control" in Johannesburg

For the automotive sector program, MREPC organized a roundtable discussion with local automotive suppliers and distributors in Johannesburg, South Africa. A total of 10 participants from 7 companies attended the meeting. The delegates also visited and met with several government agencies, medical devices and automotive related organizations to gather information on market regulations and explore new business prospects such as South African Medical Device Industry Association (SAMED), Department of Trade and Industry (DTI), Automotive Industry Development Center (AIDC) as well as Trade and Investment KwaZulu-Natal (TIKZN).

In Italy, MREPC visited organizations that were related to seismic bearings and dry rubber products such as FIP Industriale, K-Flex and Eucentre to explore potential collaboration and opportunities. FIP Industriale manufactures and supplies various structural bearings and anti-seismic devices to construction projects around the world. This company is interested in outsourcing some of their products to Malaysian manufacturers. K-Flex specializes in the production of thermal and acoustic elastomeric insulation materials and currently they have a plant in Malaysia. Eucentre is a European centre for training and research in earthquake engineering. Eucentre has a lab that is certified to ISO standards and shaking table to test seismic bearings. Malaysian seismic bearings manufacturers may be able to collaborate with Eucentre to get their products tested and verified for CE mark certification.



With the management of FIP Industriale

Hospital Expo 2015, Jakarta

MREPC set up a pavilion at the Indonesian International Hospital Expo 2015, at the Jakarta Convention Center, Indonesia, from 21 – 24 October 2015. This year, the Indonesian Hospital Expo, was the 28th edition of its series, and combined three major events, namely the 13th Indonesian Hospital Association Congress, 9th Annual Seminar Patient Safety and 28th Indonesian International Hospital, Medical, Pharmaceutical, Clinical, Laboratories Equipment & Medicine Exhibition. The exhibition attracted 516 exhibitors (309 local and 207 international) and 48,808 recorded visitors.

Six Malaysian manufacturers were located under the MREPC Pavilion. All six companies were rubber gloves manufacturers, showcasing quality Malaysian-made products. Most of the visitors to the MREPC booth were Indonesian traders, hospital suppliers and end-users. MREPC received favorable responses from visitors on learning about the services that are provided by MREPC and the Malaysian products that are promoted.



MREPC officer, Jeffrey Cheong attending to visitors at the MREPC Booth at the Hospital Expo Jakarta

MEDICA 2015, Dusseldorf, Germany



Dr. Esah Yip, Director of MREPC USA, attending to a visitor

MREPC was at MEDICA 2015 in Dusseldorf, Germany from 16 to 19 November 2015. MEDICA is the world's leading exhibition and conference dedicated to medical and pharmaceutical products, medical technology and health care service, featuring the latest developments in medical and healthcare technology, services and systems from around the world. This year's MEDICA attracted around 4,800 exhibitors and over 130,000 visitors from more than 120 countries.

MREPC's promotional booth received visitors from UK, Turkey, Germany, Spain, Iran and Saudi Arabia, among others, who showed interest in Malaysian made medical gloves, condoms and catheters, as well as the other rubber medical devices that were displayed. The Malaysian presence at MEDICA was strong, with participation from 24 Malaysian manufacturers of rubber medical devices. They exhibited a wide range of rubber medical devices from medical gloves, cleanroom gloves, catheters, condoms, probe covers, finger cots to breathing bags.

Automechanika Shanghai 2015

Automechanika Shanghai 2015, the world's second largest automotive trade fair, was held at the National Exhibition and Convention Center, Shanghai, China from 2 – 5 December 2015. This year, MREPC participated at Automechanika Shanghai together with nine rubber automotive components manufacturers to promote Malaysian rubber automotive components to China and the global market.

Approximately 5,300 exhibitors from 39 countries exhibited at this four-day show. The show attracted visitors from China, Malaysia, Iran, Egypt, Spain, Colombia and Pakistan. Most of the enquiries received at MREPC booth were related to rubber hoses, rubber bellows, engine mountings, o-rings, rubber car mats and weather strips. MREPC also arranged business matching sessions between Malaysian manufacturers and potential buyers during the show.



MREPC staff attending to visitors at Automechanika Shanghai

Our New E-Library Website is Now Online!

The MREPC E-Library is an online facility set up for Malaysian rubber product industry members to access the MREPC Resource Centre. As a registered member of the MREPC website, you can access the E-Library and view on-line a wide selection of materials, including market reports, journals, seminar papers, updated industry's statistics, as well STRETCH, at your convenience.

Industry members are invited to register at the MREPC website, if you have not done so yet.

For first-time users, the MREPC E-library provides an online video tutorial to help users explore the website. As a registered user, you will be informed by email of new materials available in the resource centre.

The MREPC Resource Centre is located at the MREPC office at Q Sentral, Kuala Lumpur. It is open from 9am to 5pm, Monday to Friday.

MREPC Resource Centre
Unit No. 36-02, Level 36, Q Sentral
2A Jalan Stesen Sentral 2, KL Sentral
50470 Kuala Lumpur

Briefing on trade developments and market opportunities for rubber products in the US, China and India

A briefing to update Malaysian rubber product companies on trade developments and market opportunities for rubber products in the United States, China and India was held on 1 July 2015. Five papers were presented, as follows:

1. The Market Outlook for Rubber Products, by Izwan Zarik, MREPC Director for Corporate Planning and Research, examining the trend in world imports of rubber products between 2010 and 2014;
2. The Market for Rubber Products in the United States, by Dr. Esah Yip, Director of MREPC USA, focusing on the trade in rubber products between Malaysia and the US, including issues related standards development and the current promotional and other activities undertaken by the MREPC US office;
3. The Market for Rubber Products in China, by Sam Goh, MREPC Representative in China, covering rubber medical devices and market consumption of medical gloves in China, engineered rubber products and rubber automotive parts;
4. The Market for Rubber Products in India, by Samir Shah, MREPC Representative in India, who touched upon opportunities and growth drivers in the healthcare sector, the automotive sector and the infrastructure, transportation and construction sectors.
5. MREPC Programs for 2015, by Foo Tew Nam, MREPC Director for Industry Relations and Public Affairs, who outlined MREPC's services and planned activities.

The market briefing was well attended, with over 50 industry representatives from 30 companies taking part and interacting with the MREPC officers.



Dr. Esah Yip presenting on the US market for Rubber Products



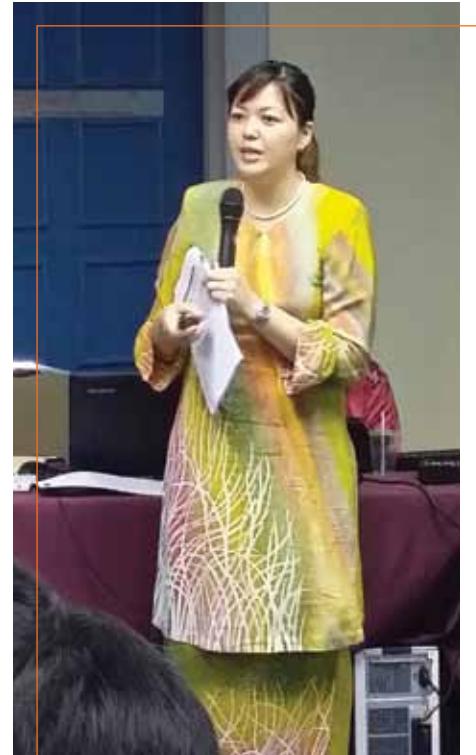
Mr Foo Tew Nam on MREPC's Services and Activities

Market briefing on Malaysia-Turkey Free Trade Agreement (MTFTA)

A briefing on the Malaysia-Turkey Free Trade Agreement (MTFTA) was held on Thursday, 13 August 2015, with two presenters, Ms Nazlinda Zamani, from Ministry of Plantation Industries and Commodities (MPIC) and Mr Ariffatri Mohammad, from Ministry of International Trade and Industry Malaysia (MITI). Staff from 33 rubber product companies and from MREPC attended the briefing.

Ms Nazlinda provided an introduction to FTAs in general and the MTFTA specifically. Malaysia signed the bilateral trade agreement with Turkey on 1st August 2015. This agreement helps to set purchase guarantees, removes tariffs and other trade barriers. She noted that rubber products fell under the "Fast Track Category", with immediate tariff elimination.

Ariffatri Mohammad's presentation was titled "Rules of Origin and Application of Preferential Certificates of Origin (PCO) MTFTA". He explained the guidelines for MTFTA to the audience. He provided examples of the significance of the ex-works price in determining if the product to be exported is considered to have been sufficiently worked or processed. An example of the form for certificate of origin (CO) was shown and the procedure for issuance of the form was explained, including the process flow for application of preferential certificate of origin (PCO), as well as verification or proof of origin.



Ms Nazlinda giving an introduction to the MTFTA



The audience listening attentively to Capt A Rajkumar

Seminar on Global Medical Device Registration and Regulation Process

A seminar on 'Global Medical Device Registration and Regulation Process' for the rubber and rubber product industry was presented by Captain A. Rajkumar at the MREPC Multipurpose Hall on 29 September 2015. Capt A Rajkumar is a registered audit trainer approved by TUV Rheinland and an expert on process and systems audits, ISO classifications, and a member of ISACA as well as SIRIM Training Services. Staff from 26 rubber product companies attended the seminar, primarily from the regulatory and quality assurance and marketing departments.

Briefly, he outlined that a manufacturer seeking to register a medical device in any country needs to have a Quality Management System (QMS) in place, certified with ISO 13485 by an approved certification body. For the EU market, products need to comply with EN ISO 13485:2012 with CE marking, while for the US market, products need to conform to FDA Chapter 21 CFR 820, a quality system regulation. It is important to appoint a local representative or agent in the US to ease the approval process. The new version of ISO 13485:2016 will be released in 1st Quarter 2016 as there will be few changes to the current ISO version.

He also touched on the International Medical Device Regulatory Forum (IMDRF) and its role in medical device regulatory harmonization. The current members of the IMDRF consist of Australia, Brazil, Canada, China, Europe, Japan, Russia and the USA.

Latex 101 Series 2015

The Latex 101 Series is an annual training programme organized by the Malaysian Rubber Export Promotion Council. The 2015 programme consisted of 9 classes with the first class held on 6 January 2015 and the final class on 8 September 2015. This year's Latex 101 Series received a total of 48 participants from 19 companies. The speaker for this programme is Dr Ho Chee Cheong, a Professor at University Tunku Abdul Rahman who is also a fellow of the Malaysian Institute of Chemistry, the Academy of Sciences of Malaysia, the Royal Society of Chemistry, Britain.

Prof Dr Ho addressed nine different topics throughout The Latex 101 Series, providing participants with an understanding of the materials, processes, and products related to natural and synthetic latex.



A group photo taken with the participants and Prof Dr Ho after the final class of Latex 101

Seminar on Key Performance Index for employee performance appraisal and management

A seminar on Key Performance Index (KPI) for employee performance appraisal and management was held on Thursday, 22 October 2015, with Mr James Warren from Global Intelligence Network (M) Sdn Bhd, as the trainer. Mr. Warren introduced and explained different aspects of performance management including rewards, goal setting, executive and non-executive coaching and team building. He also discussed human resource policies, the performance management process and Porter's five competitive forces.



Mr. Warren assessing group activities

The workshop included group activities, video presentations, games, brainstorming, case studies and role plays to allow participants to have better understanding on the concepts being discussed. Twenty participants from 13 rubber product companies, as well as MREPC staff, attended the workshop.

Dry Rubber Products: Cost competitiveness benchmarking and markets for rubber products in the automotive and construction sectors

A briefing for Malaysian rubber product companies on Cost Competitiveness Benchmarking of Dry Rubber Products and Markets for Rubber Products in the Automotive and Construction Sectors was held at the MREPC Multipurpose Hall on Thursday, 8 October 2015. Izwan Zarik, MREPC Director of Corporate Planning and Research presented a paper on Cost Competitiveness Benchmarking for Manufacturing of Rubber Products, Foo Tew Nam, MREPC Director of Industry Relations and Public Affairs presented a paper on Rubber Parts for Two-Wheelers in Southeast Asia: Indonesia, Philippines, Thailand and Vietnam, and Tuan Haji Azman Bin Idris, Director of Ikram QA presented a paper on Ikram QA Services.

A total of 25 participants from 13 rubber product companies as well as MREPC staff attended the briefing.



Mr. Foo Tew Nam on "Two Wheelers in South East Asia"

Rubber 101 Series 2015

The Rubber 101 Series recently completed its yearly programme which comprised of 8 classes, held from March till November 2015. Forty-one participants from 15 companies manufacturing various rubber products participated in this training. The trainer for this programme was Dr Abu Bin Amu who is a consultant at Malaysian Rubber Export Promotion Council where he regularly provides technical training to industry members. The topics covered in the series included Introduction to Polymers, Natural Rubber, Synthetic Rubbers, Testing of Unvulcanized Rubber and Compounds, Compounding Ingredients and Vulcanization, Fillers, Mixing and Testing of Vulcanizates.



Dr. Abu Amu with some of the participants of Rubber 101 2015 after the final class of the series

Seminar on Waste Management for the Dry Rubber Sector

MREPC held a seminar on Waste Management for the Dry Rubber Sector at the MREPC Multipurpose Hall on Thursday, 10 December 2015. The presenters were Dr Norlinda Mohd Zawawi, Assessor for EMS, QMS & OSHMS, VP and EMS Consultant with Environ-List Services Sdn Bhd and Puan Mazwin Binti Mohamad, Deputy Director of Domestic Waste, Commercial, Institution and Public Cleansing Division, Department of Standards Malaysia, Ministry of Science, Technology and Innovation. Dr Norlinda's presentation was on 'Environmental Management System ISO 14001:20015' while Puan Mazwin's presentation was titled 'Handling and Managing Waste'.

The seminar was attended by 18 participants from 13 companies in the rubber product industry as well as MREPC staff.



Dr. Norlinda Mohd Zawawi making her presentation

MREPC ONLINE TRADE SHOWS REGISTRATION

In an effort to provide better service to industry members, MREPC has introduced the online trade shows registration for MREPC-led trade shows application.

This online trade shows registration will provide a one-stop centre for industry members to register and check their application, billing as well as payment status for MREPC-led trade shows. Industry members just need to follow a few simple steps to gain access to the online trade shows registration webpage.

- 1 Visit MREPC's official website at www.mrepc.com and enter the member's area. Then log in at the member's area using your company's dedicated ID and password. Those who do not have a member ID and password will need to register at the member's area.
- 2 After you have logged in, proceed to the online trade shows registration page by clicking on the link to the page. The link can be found on the front page of the member's area.
- 3 At the registration page, members may view a list of MREPC-led trade shows for the current year as well as the registration status for each show, i.e., whether the show is open for registration, or if registration is closed. Members may proceed with registration for shows that are still open.
- 4 Registered members may revisit the page at their convenience to check on their application status as well as look for updates related to participation in the selected MREPC-led shows.





We're Now Located
at

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