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World in our hands

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By HANIM ADNAN

Malaysian rubber gloves industry has achieved top spot in the world in exports and production.

ADHERENCE to stringent world-class quality standards has strategically positioned the Malaysian rubber gloves industry as the world's largest exporter and producer of both nitrile and natural rubber (NR) gloves.

Currently, over 40 active rubber glove manufacturers in the country have at least five domestic and international certifications/accreditations to secure better market access worldwide for their glove products.



A rubber tapper pouring latex into a mould at a plantation. Natural rubber gloves are still the material of choice for most export destinations.

The long list of certifications/accreditations based on critical stages of production (raw material control, processing control, product quality control and pre-shipment quality control) include the increasingly important Standard Malaysian Glove (SMG), ISO 9001 standards, TUV for Germany, the US Food and Drug Administration (US FDA) Quality System Regulation and the US ADA, CGSB for Canada and the latest ABNT for Brazil.

While the local rubber glove manufacturers possess the inherent entrepreneurial qualities enabling them to achieve technological excellence in production processes, government agencies like the Malaysian Rubber Board (MRB), Malaysian Rubber Export Promotion Council (MREPC), Sirim Bhd, Plantation Industries and Commodities Ministry, Ministry of International Trade and Industry (Miti), Malaysian Industrial Development Authority (Mida) and Malaysia External Trade Development Corp (Matrade) have also championed the cause of the local glove industry via incentives, research and development (R&D) assistance, seminars, trade missions and road shows abroad.

Malaysian Rubber Glove Manufacturers' Association's (MARGMA) new president Lee Kim Meow says the synergistic efforts between local glove makers and government agencies have contributed to the overall success of the local glove industry.

The local industry currently caters to 60% to 65% of the world's NR glove market and also supplies about half of the world's nitrile glove market.

The highly competitive industry was reflected by the consolidation from about 200 players back in the early 1990s to about 40 players currently.

Reinforcing the image



Synergistic efforts have contributed to the overall success of the local glove industry. LEE KIM MEOW OF MALAYSIAN RUBBER GLOVE MANUFACTURERS' ASSOCIATION

Those without economies of scale, poor quality control and inconsistent operational management will stand to lose out as more and more small to medium size factories leave the industry, adds Lee.

In the mid-90s, Malaysian glove makers were quick to jump on the going-public bandwagon which saw the entry of five top global industry players in the local bourse.

They were Top Glove Corp Bhd, Supermax Corp Bhd, Kossan Rubber Industries Bhd, Hartalega Holdings Bhd and Adventa Bhd which presence on the stock market lent further credence to the country's rubber glove industry.

Lee expects bright prospects for Malaysian rubber gloves in the long term with higher take-up rate as the emergence of new diseases like the A(H1N1) virus, SARS, variants of the bird flu and bioterrorism resulted in heightened awareness on hygiene both from the developed and developing countries.

Expanding gloves market

MREPC chief executive officer Datuk Teo Suat Cheng says: “To respond to current global trends, we are putting in place promotional activities that will send a message to the world to look at Malaysia for quality rubber gloves, be it NR or nitrile.

“We hope to make buyers worldwide *Think Malaysia First* when they want to source for quality rubber gloves.”

Malaysian manufacturers have always been nimble and quick to respond to markets trends and requirements, says Teo. For instance, many players saw the progression of demand from natural latex gloves to nitrile gloves in the United States and responded quickly to meet this need.



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DATUK TEO SUAT CHENG OF MALAYSIAN
RUBBER EXPORT PROMOTION COUNCIL

While NR gloves are still the material of choice for most export destinations, contributing to 75% of total exports of rubber gloves in the first quarter of 2009, nitrile gloves' export share has been growing; some countries in Europe have also increased their imports in nitrile gloves in recent months.

Teo says nearly 60%-65% of Malaysia's export of rubber gloves goes to the United States and the European Union, where demand for medical gloves is growing significantly.

“It is very clear that while the United States and Europe remain very important markets to Malaysia, countries like China, India and Russia, with huge populations and improving lifestyle trends, are the target markets for Malaysia's glove exports,” she adds.

Presently, exports to these emerging countries are small compared with the potential that these countries could offer.

In China alone, there are more than 75,000 healthcare facilities.

To this end, MREPC has appointed a representative in China to lay the foundation for linking up with potential distributors, buyers and government agencies to increase its presence in China. Similar promotional activities would also be carried out for India and Russia.

Lee of MARGMA concurs that its members would be exploring emerging markets like Latin America, the Middle East, Russia, Ukraine, Turkey and South Africa that have experienced strong annual growth of over 20% per year in the last five years.

Generally, the demand for rubber gloves, particularly in the medical sector, will continue to be healthy, as countries strive to improve their healthcare facilities.

Developing brands

Lee admits that predominantly, Malaysian gloves are sold to original equipment manufacturing (OEM) resellers.



Glove makers should consider attaining the
ISO 13485: 2003 Certification
DR YAP CHEE KEONG OF SIRIM
QAS INTERNATIONAL SDN BHD

The average requirement ratio among glove buyers is about 80% for OEM production versus 20% for original brand manufacturing (OBM) production.

Teo of MREPC adds: "Many glove players are content with the advantages of having a ready customer, such as savings in promotion and advertising expenditure and overcoming the hassle of developing a brand. However, the overdependence on the OEM market may not be good for the long term."

Hence, MREPC is strongly encouraging local glove manufacturers to develop their own brands, while at the same time promoting our national brand, the Standard Malaysian Gloves (SMG).

Currently, 29 members of MARGMA attained the SMG certification developed by the Malaysian Rubber Board in consultation with various relevant authorities to ensure the manufacture of powdered and powder-free latex examination gloves are of international standards for safety and reliability.

The SMG scheme establishes standards not only for barrier performance, the single most important function of medical gloves, but also for protein content.

To sum it up, the SMG represents a major marketing strategy to distinguish SMG products from that produced by other glove-manufacturing countries.

Meanwhile, according to Sirim QAS International Sdn Bhd head of chemical and material section Dr Yap Chee Keong, glove companies should consider attaining the ISO 13485: 2003 certification.

The ISO 13485 is intended for organisations that design, develop, produce, install or service medical devices with the primary objective of harmonising medical device regulatory requirements thereby reducing conflicting and different demands on manufacturers.

Compliance to ISO 13485 prepares an organisation to achieve compliance with regulatory requirements in Europe and the United States, says Dr Yap.

According to Lee, the ISO 13485 is similar to the ISO 9001 Quality Management System Requirements but for the medical devices industry, glove makers have to comply with the specific requirement of ISO 13485 Medical Devices Quality Management System.



The structure of the country's rubber product industry poses a major challenge as it is rather fragmented, largely because the various sub-sectors are confronted by wide-ranging issues peculiar to their sectors which call for different solutions as well as strategies.

Challenges ahead

To date, the industry in Malaysia has employed over 59,000 workers and contributed RM11.2bil to the country's export earnings in 2008. Of the 339 rubber product manufacturers, 56 are glove makers while 283 make other rubber products.

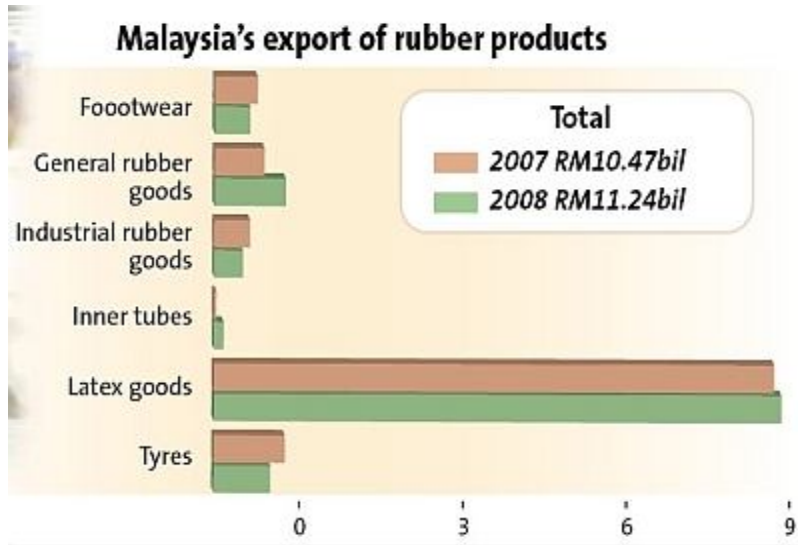
Malaysia's top 10 export destinations 2008					
Country	Surgical (RM mil)	% share of total export	Non-surgical (RM mil)	% share of total export	Value (RM mil)
Germany	103.6	20	419.5	80	523.2
Britain	40.9	10	351.4	90	392.3
Japan	53.0	15	304.8	85	357.8
France	68.5	24	219.5	76	287.9
Brazil	2.1	1	285.9	99	287.96
Italy	22.8	9	237.3	91	260.2
Netherlands	51.2	28	133.8	72	185.04
Spain	5.34	3	173.5	97	178.9
Canada	13.4	8	146.68	92	160.08
US	336.71	13	RM2.28bil	87	RM2.62bil

There are some common challenges faced by the rubber industry such as the low number of successful brands, inertia in moving towards higher value-added products, dependency on foreign labour, inconsistent gas supply and fluctuating raw material prices.

In this current gloomy economic scenario, most of the major rubber glove manufacturers providing medical gloves to the healthcare industry have come out frequently to indicate that their sector may not be negatively affected by the adverse economic conditions.

The nature of the product where its use is most often necessary, if not mandatory, keeps demand stable.

While this is so, as proven by the good export performance of rubber gloves from Malaysia to the United States and EU in the first quarter of 2009, the same could not be said for non-medical gloves.



The current global economic downturn has impacted on the electronics and other industries that use cleanroom gloves and industrial gloves.

Weaker demand

Demand for such gloves has hence weakened, says Teo. This particular sector of the glove industry together with the other rubber products sector such as tyres and rubber automotive parts (related to automotive industry), latex thread, (related to textile and clothing industry) have been adversely impacted with significant declines in exports.

The challenges facing these sub-sectors which comprise mainly small and medium enterprises are many.

The rising cost of doing business, financing, innovation, maintaining and finding new markets are some of the more pressing challenges.

MREPC believes rubber gloves will continue to be the main contributor to Malaysia's exports of rubber products in the next few years.

Malaysia exported rubber products valued at over RM11bil in 2008, out of which rubber gloves made up about RM7bil.

Malaysia's export of rubber gloves, in terms of value, has been increasing by 14% per year in the last five years and the percentage of the rubber gloves contribution to the total export of rubber products has also increased to 64% in 2008 compared with 56% in 2007.

Malaysian glove manufacturers are currently well placed to meet continued demand, and to provide quality gloves at reasonable prices, with their long experience in glove production and commitment to quality.

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