

Industries in Malaysia

Rubber-based Industry

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The Malaysian rubber products industry is made up of more than 510 manufacturers producing latex products; tyres and tyre-related products; and industrial and general rubber products. The industry employed more than 68,700 workers and contributed RM10.58 billion to the country's export earnings in 2007. Rubber products accounted for 1.7 per cent of Malaysia's total exports and 2.3 per cent of Malaysia exports from the manufacturing sector.

Malaysia's natural rubber production in 2007 amounted to 1.20 million tonnes compared with 1.28 million tonnes in 2006. The major natural rubber consuming industries for 2007 were rubber gloves 63.8%, rubber thread 13.0% and tyres and tubes 11.8%. The total consumption of the three industries constitutes 88.6% of the overall domestic consumption of natural rubber. The rapid growth of the industry has enabled Malaysia to become the world's largest consumer of natural rubber latex.

The latex products sub-sector is the largest sub-sector within the rubber products industry and comprises 163 manufacturers producing medical, household and industrial gloves, catheters, latex threads, balloons, finger stalls and foam products. This sub-sector accounted for 72 per cent of the total value of exports, largely contributed by gloves, catheters and latex threads. Malaysia continued to maintain its position as the world's leading producer and exporter of catheters, latex threads and natural rubber medical gloves, supplying more than 80 per cent of the world market for catheters, 70 per cent for latex threads and 60 per cent for rubber gloves.

There are currently 126 companies in the tyres and tyre-related products sub-sector comprising nine tyre producers while the remaining companies produce retreads, tyre treads for retreading, valves and other accessories. There are three major tyre producers producing passenger car tyres, commercial vehicle tyres and earthmover tyres, and another six manufacturing other types of tyres. Exports value of rubber tyres, flaps and inner tubes in 2007 amounted to RM891.6 million.

The industrial and general rubber products sub-sector comprises 194 companies producing a wide range of rubber products such as mountings, beltings, hoses, tubings, seals, and sheetings for the automotive, electrical & electronics, machinery & equipment and construction industries, largely for the domestic market.

The rubber products industry will need to diversify further, emphasising on high value-added and high technology rubber products, such as products for engineering, construction and marine applications. As outlined in the IMP3, more R&D efforts need to

be undertaken in product development and downstream activities. New areas for promotion would include the extraction of biochemical products from latex using biotechnology. These efforts will ensure the continuous improvement in the products quality to maintain competitiveness in the export market.

The government continues to promote the development of Malaysia's resource-based industries to diversify the country's sources of growth. In addition to fiscal incentives which are currently available for promoted products and activities, the government has further fine-tuned the incentives to promote specific activities among which is the rubber products industry. To further encourage investments in resource-based industries, local companies in the rubber industry that reinvest to expand their projects are eligible for Pioneer Status or Investment Tax Allowance.

Sourced from: http://www.mida.gov.my/en_v2/index.php?page=rubber-based-industries