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Malaysian rubber products resilient in 2012

Total Malaysian trade in rubber products registered an increase of 5% in value to RM19 billion in 2012, compared to RM 18.1 billion in 2011. Exports of rubber products grew 2.4% to RM14.5 billion in 2012, from RM14.2 billion in 2011, while imports expanded by 14.4% to RM4.5 billion from RM3.9 billion in 2011. Malaysia's trade surplus in rubber products was RM10 billion in 2012, a slight drop from RM10.3 billion in 2011.

Malaysia's top five trading partners in rubber products in 2012 were USA, Thailand, China, Japan and Germany. These countries accounted for 50.3% of Malaysia's total trade in rubber products. Among Malaysia's top ten trading partners in rubber products, Thailand and Indonesia recorded the highest expansion in trade in 2012, increasing at 19.7% and 14% respectively, year-on-year.

The USA remained Malaysia's largest export destination for rubber products. Exports to USA accounted for 27.8% of Malaysia's total exports of rubber products compared with 26.2% in 2011. Exports increased by 8.5% to RM4.0 billion from RM3.7 billion in 2011, led by an increase of 8.6% in exports of rubber gloves to a value of RM3.6 billion in 2012. Other products exported to USA that registered significant growth in 2012 were catheters (53%, year-on-year), conveyor belts (31%), non-cellular rubber strips (30%) and rubber hoses (18%).

Exports of rubber products to traditional markets contracted year-on-year, to the EU by 3.5%, East Asia by 1.5%, ASEAN by 1.7%, South America by 1.8% and West Asia by 1.9%. Exports to the EU decreased due mainly to the effects of the euro crisis to major markets such as Spain, Italy, Belgium and UK.

Malaysia's exports of rubber products to East Asia contracted by 1.5% to RM1.91 billion in 2012, year-on-year. Exports to Japan, South Korea and Hong Kong decreased, contributing to the decline in exports to East Asia. However, exports to Central Asia increased by 305% in 2012, year-on-year. The increase in exports to countries such as Kazakhstan and Uzbekistan came from higher exports of rubber medical devices namely gloves, condoms and catheters, "Our promotional activities focusing on emerging markets had assisted in cushioning the effects of the economic slowdown in some of our traditional markets in the EU and East Asia. In 2012, MREPC increased

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promotional activities in emerging markets such as Kazakhstan and Russia by participating in trade exhibitions and organizing rubber medical device seminars in these countries. We are pleased to announce that exports of rubber medical devices to both countries expanded by 330% and 46% respectively in 2012,” Dato’ Teo Suat Cheng, CEO, MREPC noted.

Exports of rubber gloves exceeded RM10 billion in 2012, to reach RM10.6 billion from RM9.9 billion in 2011, reflecting a growth of 6.8%. Exports of rubber gloves accounted for 73% of the total exports of rubber products in 2012, an increase of 3 percentage points compared to 2011. In 2012, the USA alone accounted for 34.5% share of total exports of rubber gloves from Malaysia.

“Exports of rubber gloves is set to grow as demand is expected to continue to rise even during slow periods of growth in the world’s economy. MREPC is focused in intensifying our efforts to increase awareness of the importance of wearing gloves for occupational safety in the medical and healthcare sector as well as in non-medical industries. This campaign is especially significant in the growing economies of China, India and Indonesia where increased usage of gloves has the potential to increase demand by 50 billion pairs as their economies move towards a developed status,” added Dato’ Teo.

2012 was a boom year for the condoms industry in Malaysia. The value of Malaysia’s exports of condoms increased 22% to RM337 million compared to RM277 million in 2011. Malaysia has been the largest exporter of condoms to the world in terms of quantity since 2010. The higher export value was due to expansion in exports to some of Malaysia’s major export destinations namely South Africa (202%, year-on-year), Brazil (54%), USA (35%) and Germany (30%). China remained Malaysia’s main export destination for condoms, accounting for 12% of the country’s total exports of condoms.

Another rubber medical product that performed well was rubber catheters. Exports of rubber catheters increased by 39% year-on-year to RM220 million in 2012. Increases in exports to Germany, Brazil, China and USA contributed to the higher exports of catheters in 2012.

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“Malaysia is the world’s leading manufacturer of rubber medical devices and the combined exports of rubber gloves, condoms and catheters totaled RM11.1 billion. The rubber medical device industry in Malaysia is strong and very responsive to shifts in the world’s economy. I believe the industry will continue to grow at a pace surpassing overall growth in trade.” surmised Dato’ Teo.

As for general rubber goods, exports fell 11.6% in 2012 due primarily to a drop in exports of rubber sporting goods to Japan. Dry rubber products that showed good export performance in 2012 were conveyor belting and insulated cables and wire, which expanded 54% and 21%, year-on-year, respectively. The increase was due mainly to exceptional increase in exports of these products to Hong Kong, Taiwan and Thailand.

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