



LEMBAGA GETAH MALAYSIA

Kreatif • Inovatif • Progresif

International Panel Discussion

Rubber Scenario: What Lies Ahead?

India Rubber Meet 2016

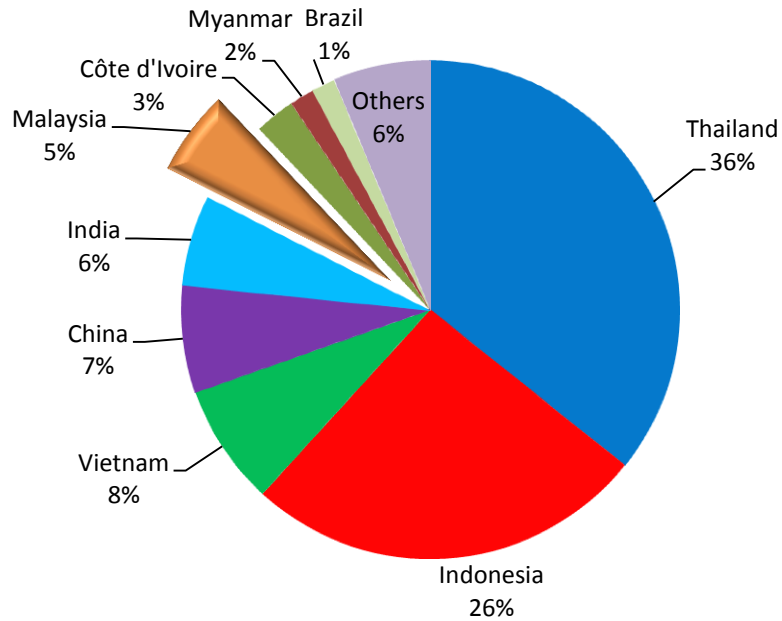
10 - 11 March 2016

Goa

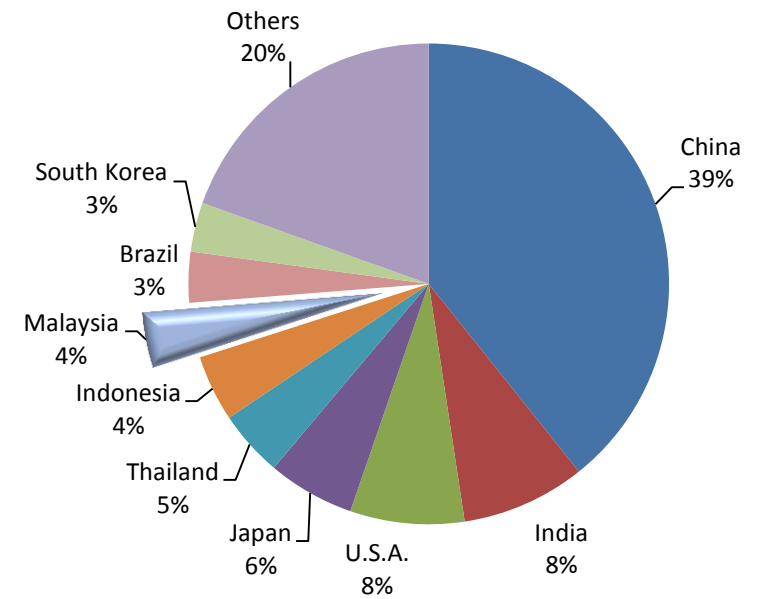


NR AS COMMODITY – MALAYSIA HAS ALL FOUR (2014)

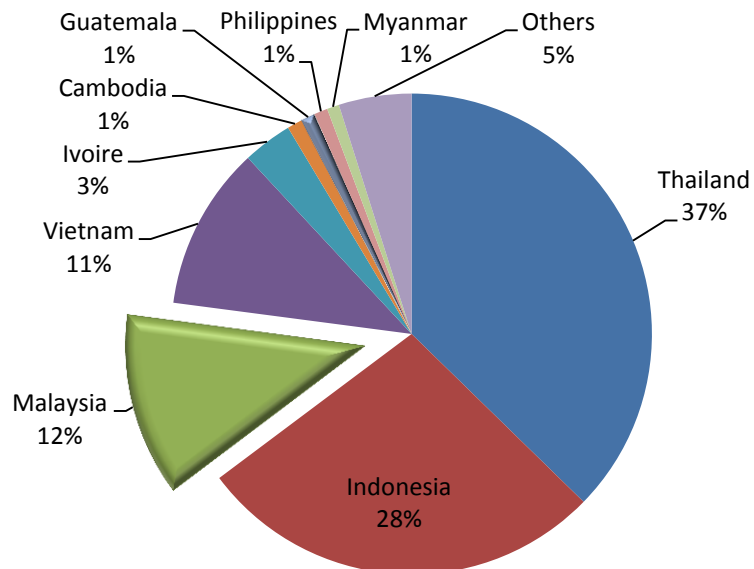
Top 10 NR Producer



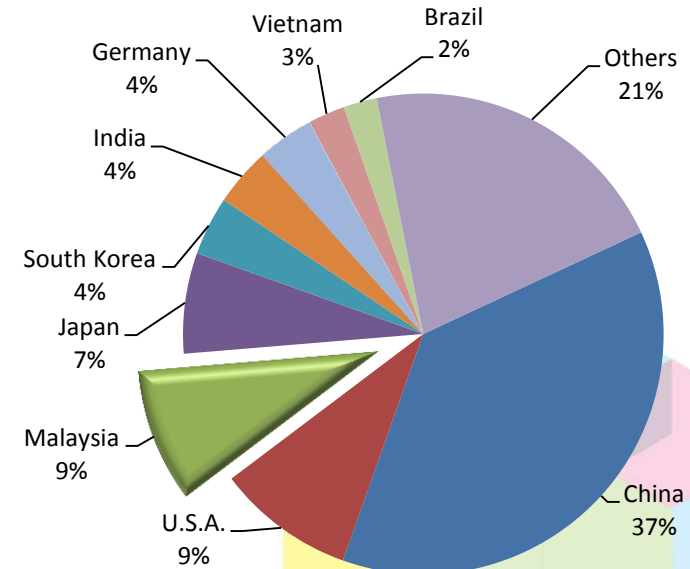
Top 10 NR Consumer



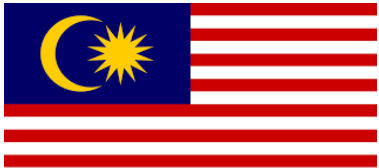
Top 10 NR Exporter



Top 10 NR Importer



Malaysia Current Positions in Rubber Industry

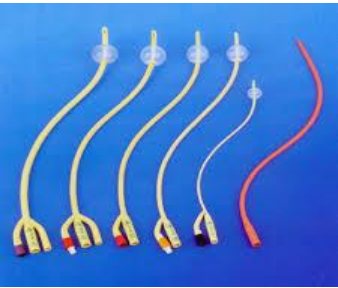


AS CUSTOMER

The World's Largest Consumer of Natural Rubber Latex

6th Largest Consumer of Natural Rubber

10th Largest Consumer of Rubber (Natural and Synthetic Rubber)



AS PRODUCER

The World's Largest Manufacturer of Medical Rubber Gloves & Condom

2nd Largest Manufacturer of Rubber Catheters & Thread

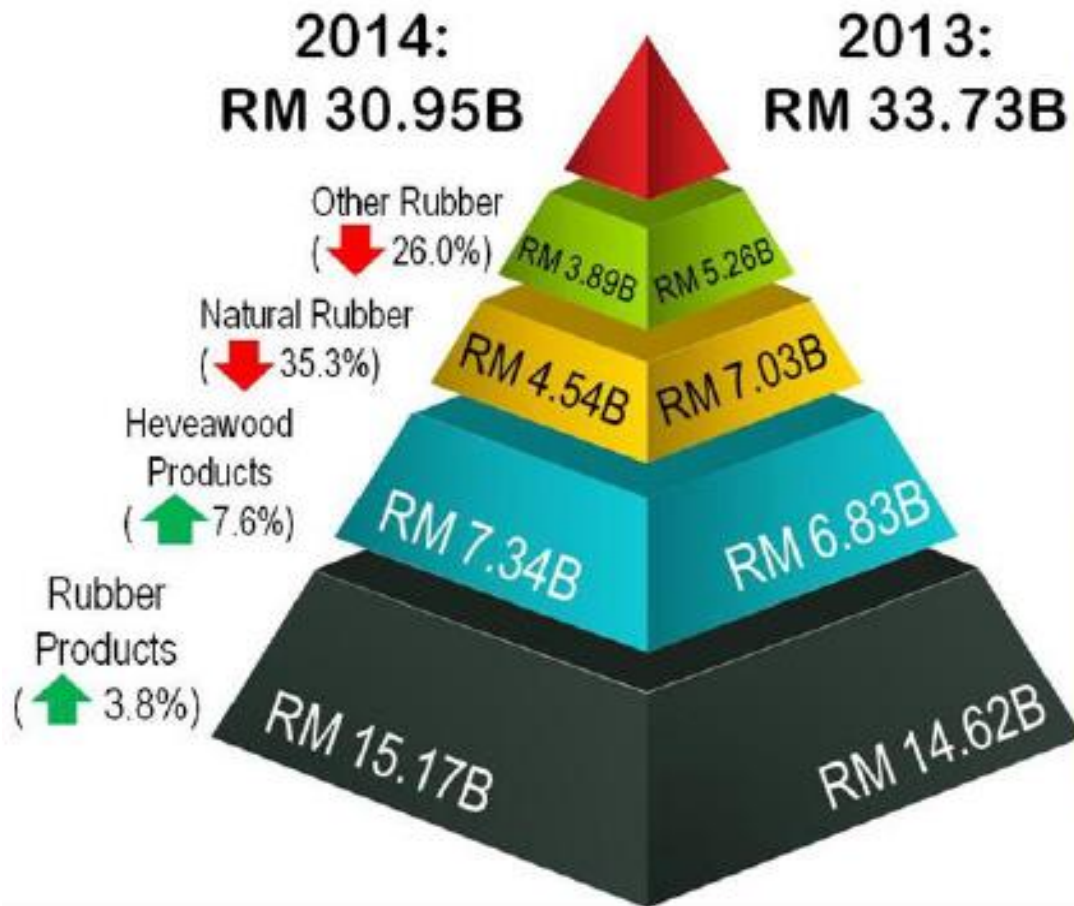
World's Largest Manufacturer Nitrile Butadiene Rubber (NBR)

6th Largest Producer of Natural Rubber

3rd Largest Exporter of Natural Rubber



Malaysia Rubber Industry Contribution



- Contraction in NR exports was due to the drop in NR price by 28.6%.
- Rubber product is the major contributor to the industry's exports earning 49% of the total.

Source: Department of Statistics, Malaysia

In 2015, total contribution of RM32.42 billion, increased by 4.8% compared to 2014 (contributions of rubber gloves of which sales are US dollar-dominated and a depreciating Ringgit)



EXPORT OF RUBBER PRODUCT BY SECTOR 2010-2014 (RM Million)

Year	Tyre	Inner Tubes	Latex Product	Footwear	IRG	GRG	TOTAL
2010	542.00	24.46	10,359.76	649.62	396.14	881.66	12,853.63
2011	745.52	30.63	11,426.00	549.01	502.23	926.73	14,180.12
2012	779.34	24.04	12,008.64	367.33	529.19	819.36	14,527.89
2013	792.62	17.28	12,054.48	344.85	518.04	891.23	14,618.51
2014	982.83	15.13	12,197.19	315.14	594.82	1,069.22	15,174.33
CAGR 2010- 2014	16.0%	-11.3%	4.2%	-16.5%	10.7%	4.9%	4.2%

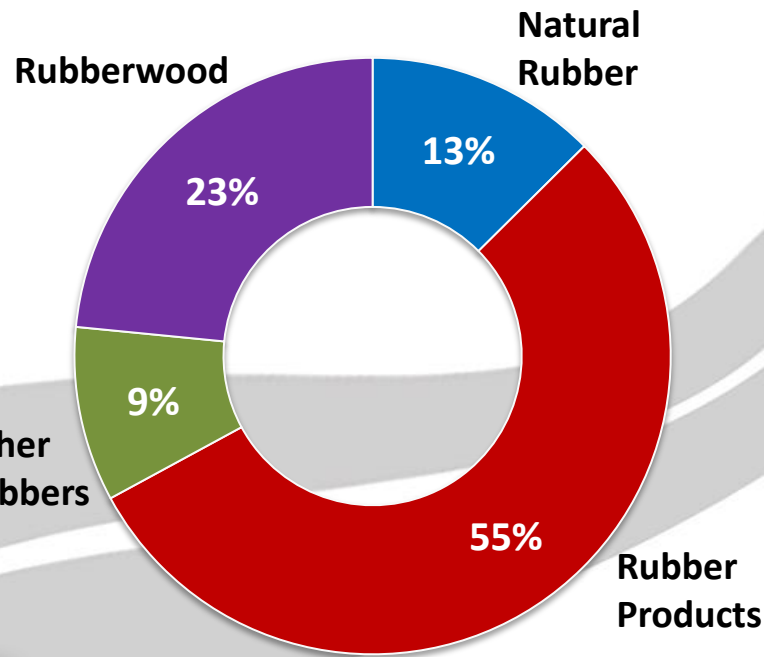
IRG - Industrial rubber goods

GRG - General rubber goods

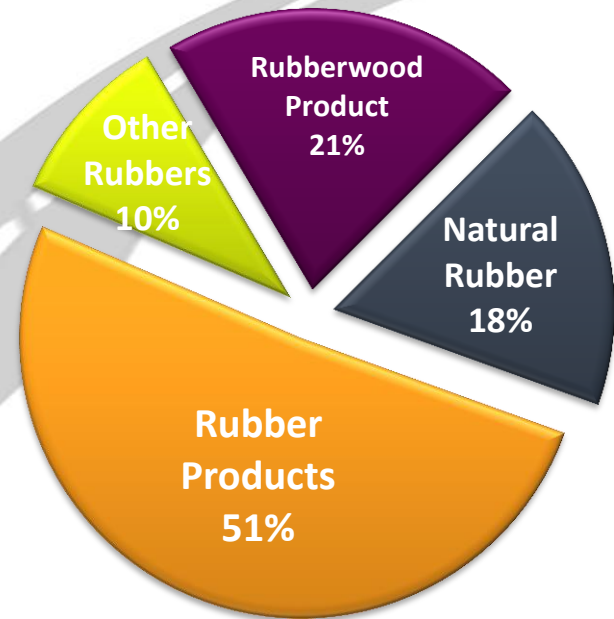


Contribution of Malaysia Rubber Industry in 2015 and Target for Year 2020

 **2020** 
RM 54.00 Billion

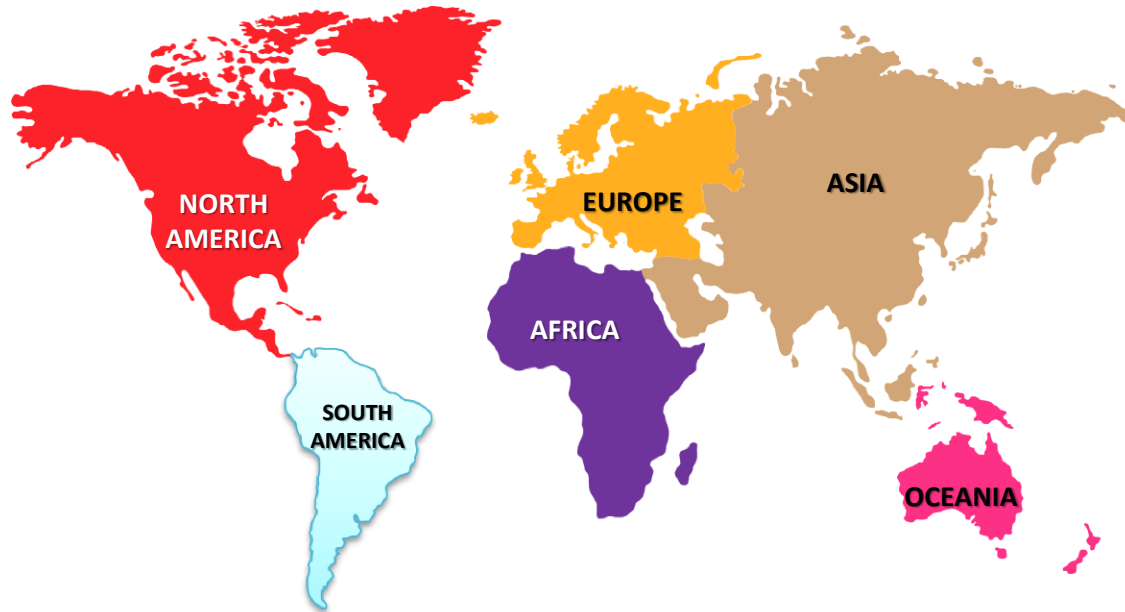


2015* : RM 32.77 Billion



- National Strategies (2015-2020):***
- 1. Economic Transformation Program*
 - 2. 11th Malaysian Plan*
 - 3. One Nation Rubber Strategy*

NR PRODUCTION AND CONSUMPTION BY REGION (2014)



North America
Production: 0.9%
Consumption: 9.5%

- U.S.A.
- Guatemala
- Mexico
- Canada

South America
Production: 1.8%
Consumption: 4.5%

- Argentina
- Brazil
- Bolivia
- Chile
- Colombia
- Peru
- Venezuela

Europe
Production: 0%
Consumption: 11.6%

- Austria
- Belgium
- Belarus
- Luxembourg
- Czech Rep.
- Finland
- France
- Germany
- Hungary
- Italy
- Netherlands
- Poland
- Portugal
- Romania
- Russian Fed.
- Serbia
- Slovakia
- Slovenia
- Spain
- Sweden
- Turkey

Africa
Production: 4.6%
Consumption: 0.9%

- Cote d'Ivoire
- Liberia
- Nigeria
- Cameroon
- Gabon
- Ghana
- Guinea
- Congo
- South Africa
- Egypt

Asian
Production: 92.7%
Consumption: 73.4%

- Bangladesh
- China
- Cambodia
- India
- Indonesia
- Japan
- South Korea
- Laos
- Iran
- Myanmar
- Papua New Guinea
- Pakistan
- Philippines
- Sri Lanka
- Thailand
- Vietnam
- Malaysia

Oceania
Production: 0%
Consumption: 0.05%

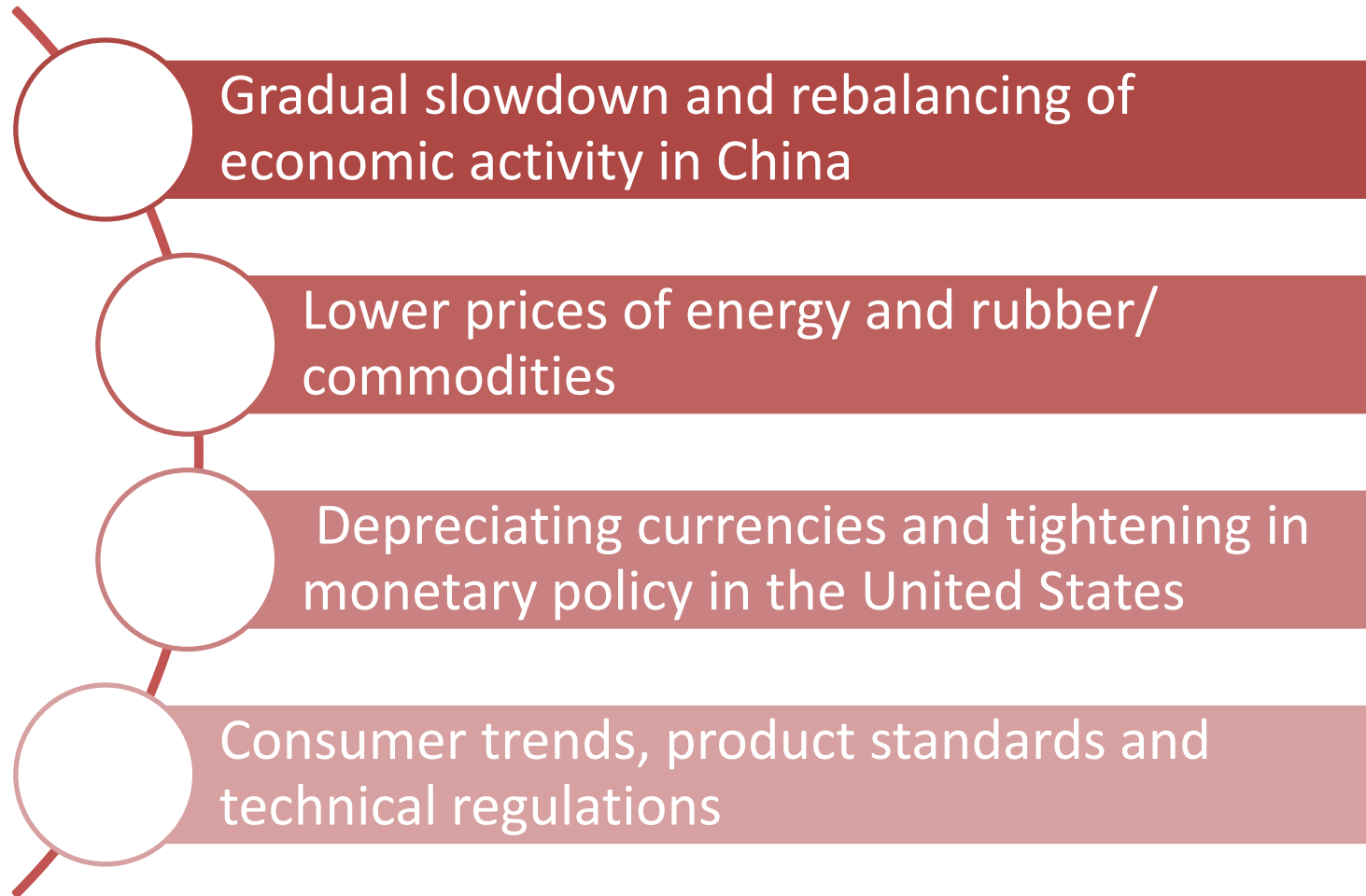
- Australia

Total World
Production : 12,125 Million Tonnes
Consumption : 12,103 Million Tonnes



Rubber Industry: Global Scenario

Key transitions continue to influence the global outlook



Growth in China is expected to slow down to 6.3% in 2016 and 6.0% in 2017 (IMF)

- *Future performance will have spillovers to other economies through trade channels and weaker commodity prices*

Rubber Industry: Current Trends

- Worldwide demand for rubber is expected to rise 3.9%/year through 2019 (due to rising levels of tyre manufacturing)

- Asia Pacific region
 - i. to outstrip global demand growth, rising 4.8%/year (2 and 5 times than expected growth in North America and in Europe, respectively)
 - ii. to account for 65.2% global demand by 2019 from 62.5% in 2014
 - iii. growth in manufacturing activity increases demand for non-tyre applications (automotive, medical, industrial rubber products)
 - iv. fastest growing national rubber markets – Indonesia, India, Thailand, China, Malaysia and Vietnam
 - v. China remains the world's largest market and is expected to represent more than 50% of the Asia Pacific region

International Tripartite Rubber Council (ITRC)



Sustainable Industry: Prices and Global Rubber Supply and Demand

ITRC

Implementation of Agreed Export Tonnage (AETS) to cut export by 615,000 tonnes in 6 months (March to August 2016)

Joint implementation to result in recovery of rubber prices to be fair and remunerative to smallholders and other stakeholders (NR price shows an increasing trend from 2 - 8 March 2016 with 10% increase)

Strategic initiatives to increase domestic consumption of 300,000 tonnes (applications in rubberized road, construction and transportation), sharing and exchange of technologies

Rubber Industry: Local and Regional Developments

Cluster Approach through Development Rubber Cities (Malaysia & Thailand)

An integrated initiative to:

- increase domestic consumption
- enhance downstream sector, value-added product manufacturing
- export contributions from rubber products

Producing countries providing social safety nets and incentives

- financial assistance for smallholders
- ensure continuous supply of rubber

Implementation of trade blocks (Trans-Pacific Partnership Agreement (TPPA) and Asean Economic Community (AEC))

- Positive economic prospects in rubber sectors for member countries (producing and consuming countries)
- Investment opportunities and market access to member countries





Thank you

