

Natural rubber accounts for almost thirty per cent of elastomers used in the world rubber industry today. Production of natural rubber is concentrated in three or four South East Asian countries. Till recently these countries concentrated only on producing more natural rubber as per the demands in world rubber industry. But the position changed in the eighties. Some of the rubber producing countries found it essential to convert their raw materials to value added products and export to consuming centres. The manufacturers in developing countries also found it advantageous to tap the cheap labour and abundant availability of raw materials in rubber producing countries. Coupled with this favourable environment came the massive demand for latex based examination gloves in developed countries. The result was a remarkable growth in rubber goods manufacturing industry in NR producing countries.

Developments in Malaysia

Malaysia has played a key role in the impressive growth of the world's rubber manufacturing industry by being a major supplier of quality natural rubber to the consuming industries. Rubber manufacturing activities started in Malaysia around 1932. There was no noticeable growth in rubber goods manufacturing activities in this country till 1970. Till then the objective of the manufacturing industry was only to produce essential products like tyres needed for local consumption. This position changed by the eighties and Malaysia is today world's largest producer of examination gloves, latex thread and catheters. In 1985 the export

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Rubber goods manufacture

Impressive growth in NR producing countries

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earnings from rubber products in Malaysia was as low as 11 per cent of



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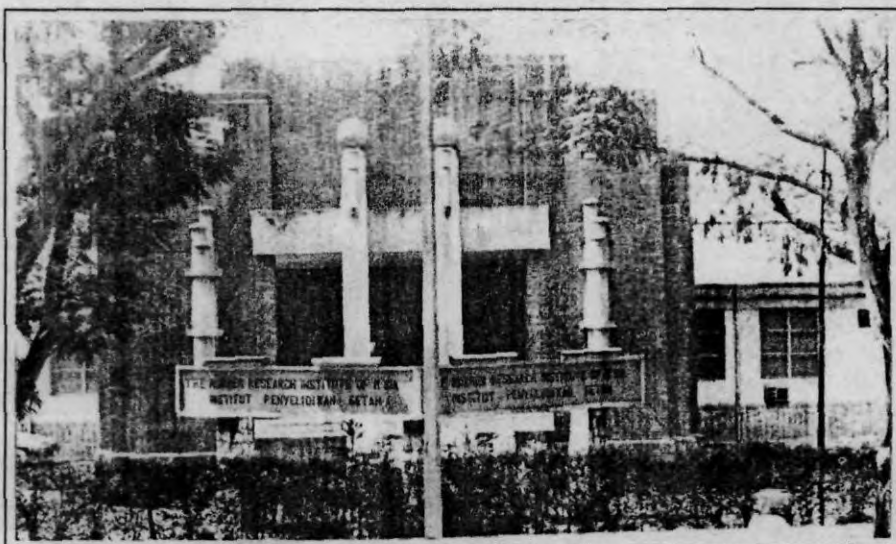
that from raw natural rubber export. But by 1990 the value of product export rose to 55 per cent of that for natural rubber export. Malaysian experience shows that they could make almost four times value addition on their primary produce by resorting to manufacturing activities.

The growth in rubber consumption in Malaysia between 1985 and 1990 was at an astonishingly high rate of 21.6 per cent per annum. The growth in latex goods industry during this period was at the rate of 39 per cent per year. Malaysia is now world's largest

user of natural rubber latex and accounts for 18.7 per cent of world NR latex consumption.

From a study of value of rubber goods, it is seen that gloves as a group accounts for 63.3 per cent of value of goods exported. Almost 79 per cent of earnings in rubber goods units is through export of products. USA is the main market for Malaysian rubber products. Malaysia has set a target of 300,000 tonnes rubber consumption by 1995. So far the targets set for the industry were surpassed. Malaysia is now concentrating on enhancing export of tyres. The target set in this area is to triple the export earnings on tyres in the course of next three years.

The success of Malaysian rubber goods manufacturing industry is due to the sound government policies, effective



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tive technology supporting facilities and the full participation of various sectors of the industry.

Indonesian scene

Indonesia has shown remarkable growth in tyre industry and footwear manufacture. The export value of footwear from Indonesia has exceeded that of the tyre sector.

thread. Some companies are trying to establish units for manufacture of these products in Indonesia. Total natural rubber consumption in Indonesia is only around 12 per cent of their production.

Thai tyre industry

There are over 300 rubber goods manufacturing units in Thailand including four big tyre factories. These tyre

in the country consuming over 500,000 tonnes of rubber per year. Among rubber producing countries, India has the distinction of being the only country which consumes all the rubber produced by it.

Although there are 5000 units in the country, nearly 45 per cent of rubber consumed in the country is through the thirty tyre factories. Most of the non-tyre units are small scale manufacturers. The industrial growth in the country was around eight per cent during the past few years although the position changed in 1991-92.

Almost 45 per cent of the rubber consumed in Indian rubber industry is in tyre sector. Cycle tyres is the next important product. Export of cycle tyres from India is fast picking up. Most of the other non-tyre products manufactured are used for domestic consumption.

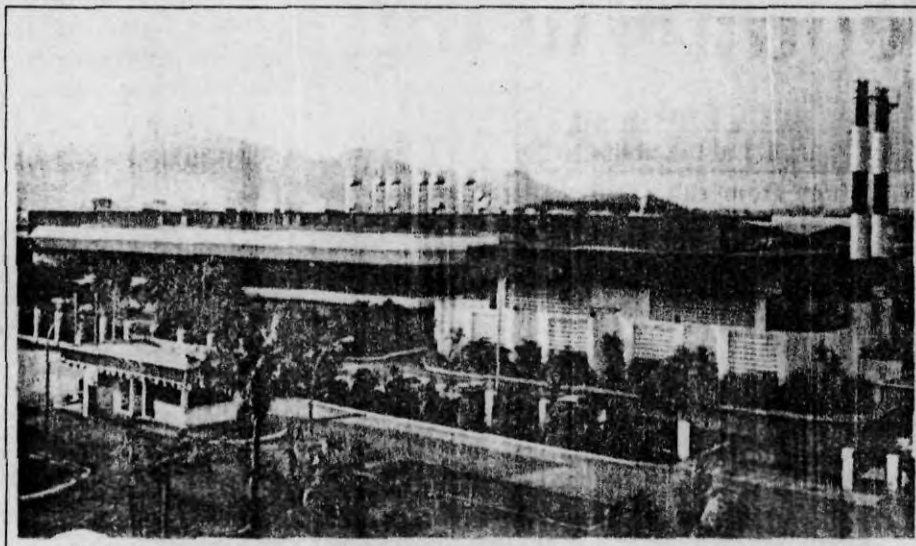
Value of tyres exported from India has almost doubled by 1991-92, thereby indicating almost hundred per cent growth. Similar results are shown by some latex products and cycle tyres.

Major challenges

All NR producing countries are now manufacturers of rubber products required in the international market. These are being sold to more or less the same users by different producers. This situation has resulted in unhealthy competition and the price realised for some

Producing countries have to adhere to international standards. They should impress upon the standard body the producer capability

products had become unremunerative. Examination glove manufacturing units in some countries had to be closed down because of this situation. The position can improve only if the producers in different countries enter into some kind of agreement in capacity utilisation and market exploitation. Some efforts in



A latex product manufacturing plant in Malaysia.

Indonesian motor vehicle tyre industry consists of 13 separate enterprises with a total installed capacity of 11.8 million tyres for four wheeled vehicles and 10.1 million tyres for two wheelers per year. Export of motor vehicle tyres from Indonesia recorded a growth rate of 99.4 per cent per year between 1986 and 1989. Cycle tyres also recorded an impressive growth during the period and in 1989-90 the growth rate in export value of cycle tyres was 31 per cent.

Footwear industry in Indonesia has shown maximum growth during the last five years. There are 270 companies in Indonesia engaged in footwear manufacture. The total installed capacity is 311 million pairs. The growth of footwear export was at an astonishing rate of 285 per cent.

The important latex products exported from Indonesia are examination gloves and surgical gloves. This country is importing both condoms and latex

factories produce a variety of tyres required both for domestic consumption and for the international market. Thailand has shown remarkable growth in rubber manufacturing activities during the last two years.

Sri Lankan plan

Sri Lanka is consuming around 23,600 tonnes of rubber annually for product manufacturing in the country. Most of the industrial units in the country are very small. There is only one tyre factory in Sri Lanka. There are five solid tyre manufacturing units and six glove units here. The country has ambitious programmes to enhance rubber consumption to 70,000 tonnes by 2000 AD.

India's distinction

Indian rubber industry has a history of over seven decades. There are over 5000 rubber goods manufacturing units

these lines are being taken by the Association of Natural Rubber Producing Countries (ANRPC).

Quality requirements

Importing countries in the West have become highly quality conscious and some of the measures appear to be protectionist in nature. Products exported to USA should meet FDA regulations - and those exported to Europe should conform to ISO 9000 systems of certification. Manufacturers in some of the producing countries have already risen to the occasion and strengthened their quality certification base. India has evolved the ISI 14000 series of standards, which is in line with ISO 9000 series of standards. The Bureau of Indian Standards is also helping manufacturers in getting certification under IS 14000/ISO 9000. The expertise available in this area with BIS can be shared by other rubber producing countries also.

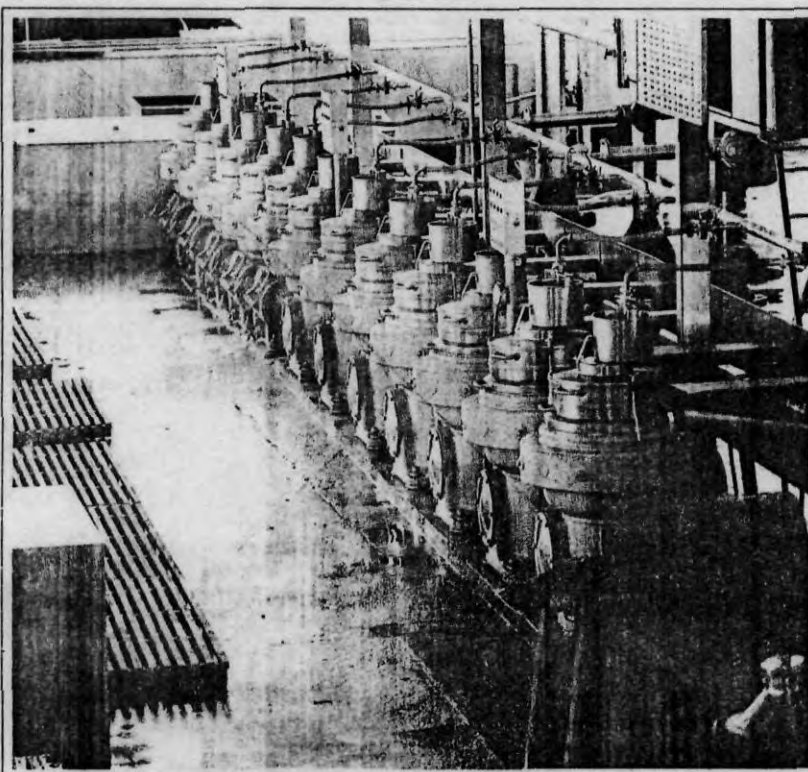
Very recently some reports of allergic effects of proteins present in natural rubber based products are finding place in specifications drafted by some countries. It is surprising to note that products which were successfully used for several decades with the proteins in them are suddenly becoming source for allergic reactions. But producers have to make every effort to supply products as per consumer expectations. When international standards are evolved, the producing countries have to adhere to them. They should impress upon the standards body the producer capability. Thus the standards evolved should be a compromise of consumer requirement and producer

capability. Very often these are finalised for ideal conditions of consumer requirements.

Market assessment

Rubber goods manufacturing industry is comparatively a new activity in many NR producing countries. A study was recently conducted by the ANRPC to evolve strategies for modernising rubber based manufacturing industries in these countries. From the study it became clear that all rubber producing countries together account for only 12 per cent of world NR con-

Producing countries also will have to assess market requirements and changes occurring in markets at various intervals for making modifications in their production operations. NR producing countries other than India have no good market within their territory for the rubber products. Although free market economy will help all countries to produce goods and market any where, tariff protection and other trade barriers will exist at various consuming points in different countries. There should be data bank giving details of trade regulations in different consuming countries.



A latex centrifuging Plant view

Rubber industry in NR producing countries have very bright future. Some of the industries in Taiwan and Korea are getting relocated to countries like Thailand, Indonesia and Malaysia. But these small countries were only exporters and had no good market for the products within their territory. But the position is different for the major rubber product manufacturers in USA, Europe and Japan. For them rubber product from other countries are not welcome materials. They cannot also stop their business as is being done by manufacturers in Taiwan or Korea. But cost of manufacture of products in developed countries is becoming prohibitively high.

sumption although 85 per cent of NR is produced in their territory. So the manufacturers in these countries will have to compete with their counterparts in other areas for successful marketing operations. So successful producing countries are always associating their manufacturing activities with major multinational product manufacturers. Such collaborations will ensure not only production of articles as per needs of users but also guaranteed market.

The labour component in cost of production of a tyre in developed countries is several times the cost of rubber used in it. So the manufacturers in these countries are eager to shift their factories to low wage countries. This will be a slow process and the countries who move fast in accepting industries thus getting shifted will be benefited. All the rubber producing countries in South East Asia are eager to welcome

industries from the developed world and in that process the multinational companies are able to extract attractive terms from the host countries. There are several areas where the rubber producing countries should evolve common strategies for the healthy and viable growth of rubber industry in their area.

Before concluding, I would like to emphasise again the need on the part of natural rubber producing countries to accelerate the pace of utilising their wonder raw material namely natural rubber for the manufacture of value added rubber products for their internal consumption as well as for exports.

While aiming for exports it has to be well understood that goods for export

NR producing countries other than India have no good market within their territory for the rubber products. Although free market economy will help all countries to produce goods and market anywhere, tariff protection and other trade barriers will exist at various consuming points in different countries

must be produced with consistency in

quality and in conformity with the international standards and specifications. It has to be borne in mind that exporting is not a casual business and international markets are not places to get rid of occasional surplus. The enormous wealth of information available on rubber goods manufacture and marketing in different natural rubber producing countries can be pooled for their mutual gains. The NR industry had passed through troubles and struggles in the past but had always emerged successful and it will continue to overcome any challenge it may have to encounter through cooperation among the NR producing countries.

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