



▶ Sustainable supply chains to build forward better

Advancing decent work in five global supply chains of key importance to the European Union for a fair, resilient, and sustainable COVID-19 crisis recovery

RUBBER GLOVES PRODUCTION IN MALAYSIA FOR THE THE EUROPEAN MARKET

About the EC-ILO cooperation

The European Union (EU) Programme for Employment and Social Innovation (EaSI) has partnered with the International Labour Organization (ILO) for a joint intervention that uses global supply chains as an entry point for advancing decent work.

Over two years, the ILO and its Decent Work Teams and Country Offices will support governments, employers' and workers' organizations and other stakeholders in five countries and in further tiers of the supply chains, with new knowledge, tools, guidance, policy advice, technical assistance and training to address decent work challenges and opportunities in five sectors: coffee, electronics, fisheries, rubber gloves and textiles.

The COVID-19 crisis has highlighted the need for resilient and sustainable global supply chains. Decent work – employment creation along with social protection, respect for rights at work, and access to social dialogue – is essential for inclusive growth and eliminating poverty.

This Action will support the EU's commitment to responsible global leadership, to the Sustainable Development Goals, and to promoting international labour standards.

The industry at a glance

As the COVID-19 pandemic causes human suffering around the world, it has become critical to ensure basic safety and hygiene standards, especially for healthcare and other high-risk workers.

The demand for rubber gloves keeps increasing, and manufacturers have to find new strategies to meet soaring orders. It contributes to a longer-term trend of

rubber consumption outpacing production. In 2018, consumption grew at 6.6 per cent on a year-to-year basis to 10.6 million tonnes, while world production grew at only 1.5 per cent to 9.8 million tonnes.



Before the COVID-19 pandemic, the global demand for rubber gloves was estimated to reach 300,000 million pieces in 2020. With the outbreak of the COVID-19 pandemic, the demand for rubber gloves has seen a dramatic increase, projected at 20 per cent. This growth is induced by the rising demand in medical rubber gloves that grew by 57 per cent, reaching 60 million pieces.

The EU and Malaysia

The EU is the third-largest trading partner of Malaysia, accounting for 11.6 per cent of the country's total trade. It is one of Malaysia's largest markets for rubber and rubber products, accounting for 24 per cent of Malaysia's total exports of these goods.

Since 2006, EU imports from Malaysia have gradually increased to €25.6 billion in 2018. Plastics, rubber and articles thereof represent 6.3 per cent of all EU imports from Malaysia, worth €1.475 billion in 2019.

Negotiations for a free trade agreement between the European Union (EU) and Malaysia were launched in 2010, but are currently on hold.

Malaysia is the world's third-largest rubber grower and is home to the world's top manufacturer of rubber gloves. Some 600,000 smallholders are engaged in the production of rubber. They own 96 per cent of all plantations and contribute 90 per cent of the country's total production.

Once the largest exporter of rubber, Malaysia now imports natural rubber to meet local manufacturing

demand. In 2019, the country imported 1.01 million tonnes of natural rubber worth €1.1 billion.

Malaysia exports rubber products to more than 190 countries and holds a share of 62 per cent of the global market for rubber gloves. Surgical and other types of rubber gloves constitute approximately three-quarters of all rubber goods exported by the country.

Structure of the supply chain

Malaysia is involved in upstream rubber production, as well as in midstream processing and downstream segments of the supply chain. The decline in Malaysia's natural rubber production and export volumes resulted from the decline in planted areas as rubber plantations were converted to housing and to other crops, especially oil palm. It was also because of the low price of the commodity, which was the result of declining demand from China and the USA, and low productivity, mainly due to insufficient replanting.

The midstream segment entails the processing of natural rubber into two types – latex concentrate and dry or solid rubber – as inputs for downstream producers. Malaysia has led key innovations that have improved the quality of both dry and liquid latex for use by downstream producers.

An important motivation for upstream improvement was the need to provide high quality feedstock for downstream rubber-based manufactured products. Malaysia is the world's leading supplier of medical gloves, meeting more than 50 per cent of the global demand.

Decent work challenges and opportunities

In order to meet the increased global demand, the industry is seeking ways to address labour shortage, including through increased automation and immigration.

Migrant workers, who make up a significant proportion of the workforce, including in the production of medical gloves, remain vulnerable to unfair recruitment practices, confiscation of passports, withholding of wages, forced labour, excessive working hours, poor occupational safety and health practices, and inadequate living conditions.

Over the longer term, the industry is faced with the opportunities and challenges that will come with the transformation it seeks to achieve. Increasing production in order to meet surging demands will require innovation, investments in technology and skills, securing stable rubber supplies, while improving the quality, and therefore attractiveness, of jobs in the sector.

Strengthening labour rights, promoting gender equality and non-discrimination and investing in decent and sustainable work will help the rubber industry reach its full potential.



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Workers washing bowls of latex.

COVID-19 and the rubber industry in Malaysia

With the outbreak of the COVID-19 virus, there has been a soaring demand for rubber gloves all around the world. Malaysia's rubber glove exports stood at €3.4 billion in 2019, and is expected to increase by approximately €1 billion in 2020. Since the beginning of the year, export figures to countries with high numbers of COVID-19 cases, including EU countries, have substantially increased.

At the same time, Malaysia's main producers have faced several challenges to keep their factories running. The closing of borders has resulted in a shortage of workers to keep production lines running.

Key constituents and stakeholders

The Action will work with different stakeholders in the EU, in Malaysia and along the supply chain. Key Malaysian stakeholders are the: Ministry of Plantation Industries and Commodities, Ministry of Human Resources, Malaysian Rubber Export Promotion Council, Malaysia Rubber Board, Malaysian Rubber Glove Manufacturers Association, Malaysian Employers Federation, Federation of Malaysian Manufacturers, National Union Of Employees In Companies Manufacturing Rubber Products, and Malaysian Trades Union Congress.

Using global supply chains as an entry point to advance decent work, the Action will also work with other key stakeholders in the rubber industry in Malaysia and across all sectors of its economy and with stakeholders in lower tiers, upstream and downstream, including in the EU.

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