

Glove makers rule out price war

They say competition remains healthy, there is already pricing mechanism

KUALA LUMPUR: Despite oncoming capacity numbering in the billions of gloves, Malaysian rubber glove makers, which produce the majority of the world's gloves, are ruling out a price war although they say competition is set to intensify.

"There is already a pricing mechanism for glove prices. The talk of a price war is more hype than reality.

"The industry is mature enough to work it out," Malaysian Rubber Glove Manufacturers Association (MARGMA) vice-president Denis Low Jau Foo told reporters at the opening of the International Rubber Glove Conference and Exhibition 2014.

MARGMA officials also stressed that there was a three-year lag before new capacity commitments could be put onstream, meaning any new supply would grow at a measured pace.

Hartalega Holdings Bhd executive chairman Kuan Kam Hon said competition remained "healthy".

"A price war means that some people will go out of business. I don't think competition has reached that level," he told *StarBiz*.

Supermax Corp Bhd executive chairman and group managing director Datuk Seri Stanley Thai, however, said he expected competition to worsen next year.

He said the industry could see average profit margins for nitrile gloves dwindle to

between 9% and 11% during the remainder of the year from above 15%.

"Those who have been enjoying high profit margins will be hard-pressed due to pricing pressure from the new capacity, not only in Malaysia but also China, Thailand and Indonesia," he said on the sidelines of the conference.

Kuan explained that the aggressive push into nitrile production by various players would hurt margins.

"Everyone is in a hurry to sell. Many of those who had not expected the switch from natural to nitrile to be permanent are playing catch up now.

"It is not that the market is that good but rather they had lost out on business," he pointed out.

MARGMA president Lim Kee Shyan said global glove demand would continue to grow at between 8% and 12% per year.

"At this rate, we hope demand will exceed 300 billion pieces in less than 10 years, or before 2020.

"This is an opportunity for both natural and synthetic rubber glove players. Related and supporting industries will benefit as well," he noted.

Malaysia's rubber glove exports this year were expected to top last year's RM10.5bil as demand for gloves grew 8% to 178.6 billion pieces this year, MARGMA officials said.



From left: Supermax staff Shenny Lee, Rygin Lee and Janise Low showing the company's range of gloves at the exhibition.