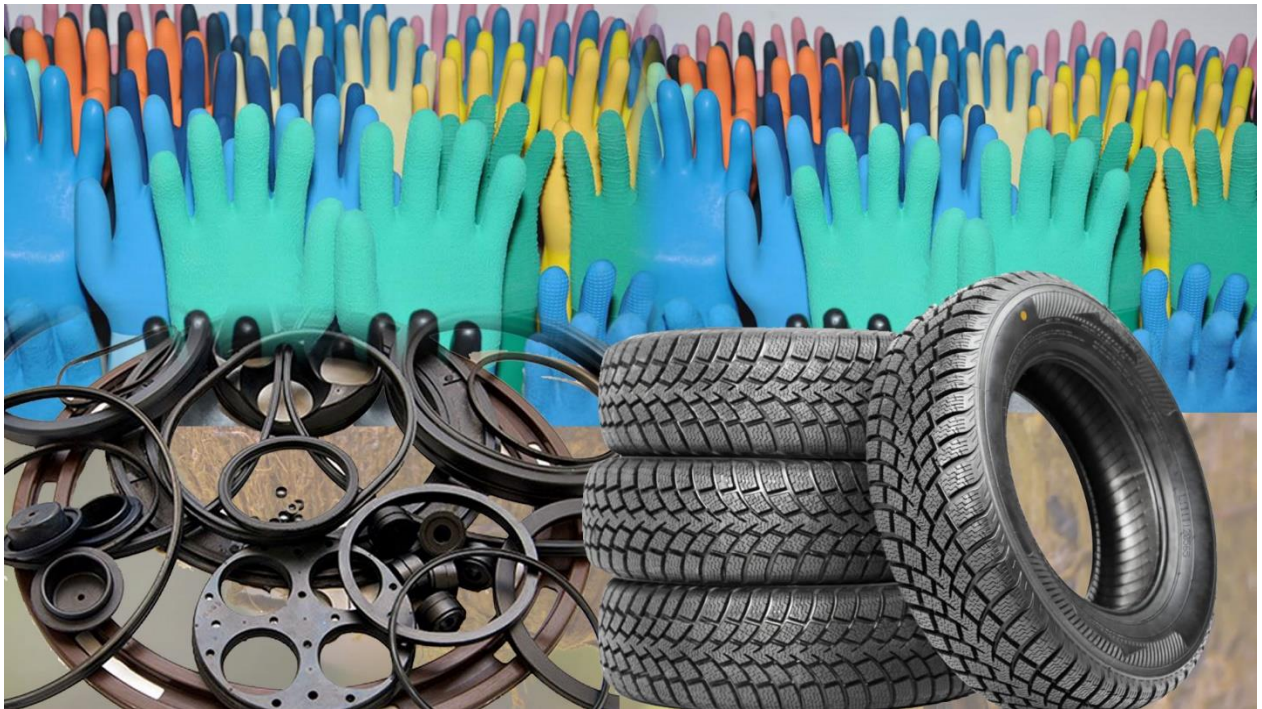




INDUSTRY CAPABILITY REPORT



Rubber & Rubber Based Products

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Contents

1. INTRODUCTION	1
2. TYPES OF PLAYERS.....	1
3. KEY PRODUCTS AND VARIETIES.....	1
4. SPECIALTIES ASSOCIATED WITH PRODUCTS	2
5. GEOGRAPHICAL DISTRIBUTION ACROSS THE COUNTRY AND KNOWN CLUSTERS IF ANY .	2
6. SIZE IN TERMS OF PRODUCTION (VALUE/QUANTITY)	2
7. KEY PLAYERS IN THE SECTOR.....	3
8. NUMBER OF PEOPLE EMPLOYED IN THE SECTOR.....	3
9. TOTAL INVESTMENT IN THE SECTOR IN LAST FIVE YEARS.....	3
10. GOVERNMENT POLICY AND SUPPORT AVAILABLE IN THE SECTOR.....	3
11. R&D AND PRODUCT DEVELOPMENT FACILITIES AVAILABLE	3
12. AVAILABILITY OF TECHNOLOGY AND SKILLED LABOUR	4
13. TOTAL EXPORTS OF PRODUCTS IN SELECTED CATEGORIES OF THE SECTOR.....	4
14. GROWTH IN LAST 5 YEARS IN EXPORTS AND MAIN IMPORTING COUNTRIES.....	4
15. POTENTIAL FOR EXPANSION IN THE SECTOR	4
16. STRENGTHS AND WEAKNESSES OF THE SECTOR.....	5

1. INTRODUCTION

Sri Lanka pioneered Asian Rubber industry in 1876 with planting of rubber trees in Henerathgoda Botanical Gardens - Gampaha. Rubber Product manufacturing pioneered by tire re-trading began in the 1950s and expanded rapidly after free trade policies and investment promotion zones were introduced in the late 1970. In last two decades privately owned and operated Sri Lanka industries have entered global markets for value added rubber products.

Sri Lanka pride itself in manufacturing a number of value-added rubber products by processing raw rubber. These range from extrusion products like rubber bands, beadings, latex products such as medical, industrial and household gloves, industrial products like hoses, auto parts, industrial components, tyres, tubes, automotive tyres and general rubber products like floor mats, carpets, sports goods, footwear, hot water bottles and related components.

The Rubber Product industry is the 4th largest export earning industry accounting for 8% of the total national exports and has established a reputation for its quality and reliability internationally. The rubber products exports show a 6.8 % decline in 2022 when compared to 2021. Average growth rate is approximately 4.3%. Compared to last three years. Major markets for Rubber products are USA, Germany, Italy, Belgium, France, Canada and UK.

2. TYPES OF PLAYERS

There are manufacturers and exporters of rubber products under the large-scale category as well as small & medium scale category. Most of the export-oriented rubber factories are large and medium scale and they are scattered mainly in the Western Province.

3. KEY PRODUCTS AND VARIETIES

Rubber products exported from Sri Lanka is currently dominated by solid tyres, which is over 25% of the global market demand. Other products are pneumatic tyres, latex gloves, rubber flooring, mats, automatic components, sealing rings, rubber bands, straps, hoses and hot water bottles for the export market.

4. SPECIALTIES ASSOCIATED WITH PRODUCTS

The main types of rubber produced in Sri Lanka are Ribbed Smoked Sheets (RSS), Latex Crepe, Sole Crepe, brown crepe, technically specified Rubber (TSR) and Centrifuged Latex. For its unique properties, Sri Lanka's Natural Rubber has a high demand in the world market.

Currently Sri Lanka is the only manufacturer of the best quality Latex crepe rubber in the world and also the largest exporter of same. Latex Crepe is the highest quality natural rubber and generally considered as the Rolls Royce of rubber and fetches a premium price over all other types and grades. This is the purest form of natural rubber and is ideal for manufacturing products that come into contact with food items, in pharmaceutical applications and in light coloured articles.

5. GEOGRAPHICAL DISTRIBUTION ACROSS THE COUNTRY AND KNOWN CLUSTERS IF ANY

Most of the Rubber Products manufacturing firms are situated in the Western and southern provinces of the country.

The following associations support the rubber products sector by addressing the sector related issues through coordination with the government institutions.

- Sri Lanka Association of Manufacturers and Exporters of Rubber Products (SLAMERP)
- Sri Lanka Society of Rubber Industry (SRI)
- Colombo Rubber Traders' Association (CRTA)
- Planters' Association of Ceylon (PA)
- Sri Lanka Association of Small & Medium Rubber Products Manufactures. (SLASMRPM)

6. SIZE IN TERMS OF PRODUCTION (VALUE/QUANTITY)

Sri Lanka's total production of natural rubber in the year 2022 was 70,867 MT. In 2022 rubber finished products industry earned an export income of US\$ 977 Mn which is a 6.8% deduction over the previous year. Sri Lanka is the leading solid tyre exporter in the world currently recording a 28.8 % of the world demand. Sri Lanka also well-known for latex based gloves in the global market. Presently Sri Lank has slow demand for medical rubber gloves with recovering Covid 19 Pandemic situation in the world and Tyre industry also fast-growing sector of the rubber product sector for construction and Agriculture sector.

Rubber & Rubber Based Products

7. KEY PLAYERS IN THE SECTOR

- Michelin Lanka (Pvt) Ltd (Camsol Loadstar)
- Ansell Lanka (Pvt) Ltd
- Trelleborg Lanka (Pvt) Ltd
- Industrial Clothings Ltd
- Eu Retec (Pvt) Ltd
- Lalan Rubbers (Pvt) Ltd
- Global Rubber Industries (Pvt) Ltd
- Samson Rubber Industries (Pvt) Ltd
- Dipped Products PLC
- Samson Rubber Products (Pvt)Ltd

8. NUMBER OF PEOPLE EMPLOYED IN THE SECTOR

The industry provides direct and indirect employment opportunities to over 300,000 persons.

9. TOTAL INVESTMENT IN THE SECTOR IN LAST FIVE YEARS

Foreign direct investments & joint ventures are successful operations in Sri Lanka, which assists in the expansion & development of the sector. There are around 50 companies registered under the Board of Investment (BOI) projects for rubber product manufacturing sector.

10. GOVERNMENT POLICY AND SUPPORT AVAILABLE IN THE SECTOR

The government support is extended through several institutions for development and promotion of the Rubber & Rubber Products industry. Government Agencies include Ministry of Plantation Industries, Rubber Development Department, Rubber Research Institute of Sri Lanka, Ministry of Industries, Industrial Development Board, Sri Lanka Export Development Board etc. are involved in the development of the sector by implementing different strategies.

11. R&D AND PRODUCT DEVELOPMENT FACILITIES AVAILABLE

Rubber Research Institute of Sri Lanka (RRISL) is the major government agency which conducts research and development for increasing raw rubber productions and the development of manufactured rubber products. Other than RRISL several universities and Sri Lanka Institute of Nano Technology (SLINTEC) are engaged in R & D projects with Private sector involvement.

12. AVAILABILITY OF TECHNOLOGY AND SKILLED LABOUR

Sri Lanka has veteran rubber technologists and trained workforce.

The Plastic and Rubber Institute of Sri Lanka is the only institution which conducts graduate, diploma and certificate programmes for Rubber sector related workforce.

13. TOTAL EXPORTS OF PRODUCTS IN SELECTED CATEGORIES OF THE SECTOR

The products within the rubber sector are categorized in the following table.

EXPORTS (VALUE IN US\$ Mn)

Product Sub Categories	2018	2019	2020	2021	2022
Pneumatic & Retreated Rubber Tyres & Tubes	549	515	424	595	597
Industrial & Surgical Gloves of Rubber	188	207	248	365	296
Gaskets, Washers, Seals etc. of Hard Rubber	113	118	91	65	62
Rubber Plates, Sheets Rods of Vulcanized or Unhardened Rubber	25	24	21	23	20
Other Rubber Products	1	1	1	1	1
Hygienic or Pharmaceutical Articles	1	1	1	1	1
Total:	875	866	786	1050	977

14. GROWTH IN LAST 5 YEARS IN EXPORTS AND MAIN IMPORTING COUNTRIES

Rubber Products (US\$ Mn)	2018	2019	2020	2021	2022	% Avg. Growth
Total:	875	866	786	1050	977	4.13

Main Importing Countries are USA, Germany, Italy, Belgium and France.

15. POTENTIAL FOR EXPANSION IN THE SECTOR

- Availability of uninterrupted natural rubber to manufacture rubber products
- Availability of trainable skilled workforce helps to meet the needs of the international Markets
- Development of Infrastructure facilities
- Government policies to attract foreign direct investments.

16. STRENGTHS AND WEAKNESSES OF THE SECTOR

Strengths	Weaknesses
<ul style="list-style-type: none">• Established Industry in Sri Lanka as well as world wide• Availability of Natural Rubber• Trained workforce in the products industry.• Incentives to attract foreign investment• Availability of labour force• Compliance with labour standards and ethical practices• Rubber is environmentally friendly raw material• Government support to develop and promote the sector	<ul style="list-style-type: none">• Inadequate raw material and the price fluctuations• Insufficient Research and Development• High cost of testing and certifications• High cost of machinery and technology transfer• High cost of energy• High Cost of production

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