

The Future of Plastics

The K'2004 was an opportunity for Malaysian companies to showcase their products and services amid increasing competition.

By Manik Mehta

GERMANY'S cold autumn wind howling outside the exhibition halls in Duesseldorf might not have deterred Malaysian corporate executives as much, compared to the fiercely competitive international business environment within – whether it was the price, the quality or the delivery terms. Malaysian exhibitors got a sampling of this changing global environment when they showcased their products and services at what has become the world's largest plastics and rubber trade fair, the K'2004, held from Oct 20 to Oct 27 at the Duesseldorf fair grounds.

The event, held every three years, also provided 21 Malaysian exhibiting companies with a good overview of global market trends, the latest technological prowess of their competitors and the behaviour of international buyers who sought the 'best quality at the lowest possible price'.

Despite the intense competition, Malaysians remained self-assured and optimistic about their products and services, confident that buyers would realise that their products were among the best in the world in relation to the prices quoted. The contingent of Malaysian exhibitors showcased a wide range of plastics and rubber products – from semi-processed base products for the automotive and packaging industries to machineries for processing plastics. 'Auto parts are, of course, the mainstay of our exhibits,' said Amran Yem, the Cologne-based Malaysian Trade Commissioner whose office organised the participation of Malaysian exhibitors under the aegis of the Malaysia External

Trade Development Corporation (Matrade).

Amran said that Malaysian exhibitors have received solid business enquiries not only from Germany but also from Australia, the Gulf, Southeast Asia and as far as the United States. 'The K'2004 show is not a German show per se. It has strong international patronage, with buyers coming from around the world,' he emphasised in an interview with

with the inclusion of former Soviet satellite states in Eastern Europe. 'For the past six months, for example, Poland's global rubber imports went up by 17%, which is quite significant after Poland's accession in the EU. There is a huge pent-up demand in Poland. Exports of rubber products from Malaysia to Poland rose 10.3% in 2003 over the previous year,' he said, adding that in their quest for business in Eastern



Trade exhibitors at a briefing

Malaysian Business at the show.

Amran urged Malaysian companies to shed their 'China obsession' and also concentrate on the markets of the European Union (EU). He emphasised that the EU has become attractive, particularly, after its expansion this year

Europe, Malaysians should not ignore Western Europe.

Roland Newell, a scientist at the Hartford-based British branch of Malaysia's Tun Abdul Razak Research Centre (TARRC), tried to put into perspective the global positioning of

Malaysia. 'Malaysia is wrongly perceived as disadvantageous after the advent of India and China in the global arena. But, Malaysia can be cost competitive, including in the automobile industry which is more competitive than any other industry. Malaysians may have slightly higher prices, but their quality and delivery terms are reliable,' he said.

MKF Metal & Plastics Industries Sdn Bhd, which is based in Ipoh, was represented by its Managing Director Uwe Glunz, a German national who has been living and doing business in Malaysia for the past 15 years. Glunz told **Malaysian Business** that the K'2004 show provided a good platform to not only showcase his company's products but also establish new contacts. 'We have had very good business enquiries,' he said.

Echoing such sentiments was Chiew Teng Hin, the chief of business development at Kumpulan Jebco (M) Sdn Bhd, based in Selangor. 'We design and provide elastomer and polymer solution (bushing for automotive parts, rubber metal bonded parts, etc). We have received very good response. Our presence here is fully justified this time,' an elated Chiew said.

Alex W K Leong, the executive director of Color Pigment (M) Sdn Bhd, based in Puchong, was displaying his company's biopolymers which are used in the manufacture of plastic bags and bottles. 'There is a good demand for our biopolymer products. We already have a distributor in the Netherlands, which distributes our products to other European countries. Biopolymer is seen as a "future product" because it is eco-friendly,' he said.

Shahrin Said, the senior marketing manager of Mardec Polymers Sdn Bhd based in Bayan Lepas, a producer of industrial and consumer rubber-based products such as swimming fins, bath and shower mats as well as hot-water bottles, spoke of the 'evolutionary change' undergone by the K'2004 show. He said, 'Most of the products at the show are geared towards the plastics rather than the rubber industry. However, I am now seeing a trend that rubber exhibitors are now making a greater impact than in the past.'

However, Shahrin confessed that



A visitor inspecting a sophisticated plastics machinery

despite the large turnout, his company received relatively fewer business enquiries. 'However, we have benefited from the good exposure to the latest technological innovations on display at the show,' he said.

Malaysia's plastics market is also, incidentally, experiencing changes. According to the Matrade office in Cologne, the packaging sub-sector, both flexible and rigid, remains the largest market for Malaysia's plastics industry. Total production of films (plain, printed and laminated), bags, rigid containers and bottles valued at RM3 billion, contributed to some 35% of total production of plastic products in Malaysia. The market share for the electrical and electronics consumer products declined from 30% to 28% because of a sharp decline of 10% in the production of television sets.

Similarly, the output for plastic household wares also declined by about 8%, resulting in a decline of the market share of this sub-sector from 13% to 12%, compared to a year ago. The sub-sectors that experienced an increase in their market shares are the automotive sector (up from 7% to 9%) and the construction sector (from 7% to 8%).

Malaysia's plastic exports had enjoyed a strong growth of more than 20% in the past five years before slowing down in 2001.

Total export of plastic products reached a historical high in 2000 amounting to RM3.8 billion, before declining marginally by 2% to RM3.7 billion in 2001. The only sub-sector which has enjoyed a steady export growth over the last five years is plastic bags. The main exported plastic items are extruded plates, sheets, films (29.8%), followed by other plastic articles (26.5%) and bags (23.3%).

However, Malaysia's export sector is facing greater challenges with the realisation of the Asean Free Trade Area (Afta) and the accession of China in the World Trade Organisation (WTO). Nevertheless, experts say Afta will also bring about business opportunities with the enlarged Asean market. With the abolition or reduction of import duties, more multinational companies will be practising regional sourcing policies, which will enable Malaysian producers to supply to multinational corporations in Asean countries.

However, Malaysian exporters, as most experts agree, will have to enhance their capabilities to produce high-quality products at competitive prices if they are to compete successfully under the so-called '10 + 3' formula – the three markets of China, Japan and Korea and the 10 Asean member countries. **mb**