



OPPORTUNITIES IN JAPAN MARKET FOR SRI LANKA'S RUBBER PRODUCTS – HS 4016 (ARTICLES OF VULCANIZED RUBBER OTHER THAN HARD RUBBER)

Prepared by:
Export Development Board (EDB), Sri Lanka
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1. MARKET OVERVIEW

1.1. Introduction

The traditional rubber growing areas of Sri Lanka are located at the wet zone in the low country and the total extent under rubber is 127,500 ha at present. A gradual improvement in the rubber sector of Sri Lanka could be seen throughout the last ten years. In addition to the contribution made to the Sri Lanka economy, as the rubber plantation can set an example to the afforestation and create environment friendliness and a beauty reducing the percentage of carbon in the atmosphere.

The total rubber production of Sri Lanka is about 1.2% of the total global rubber production. Approximately 70% of the said production is consumed by the local producers. Since the world demand for natural rubber is higher than the supply, there is a potential of further increase in the world rubber production.

A quantity of 76,775 mt of rubber was value added during the first eight months of the year 2012 and there was a more tendency of use for the production of tyre and tubes, rubber plates, sheets and belts, surgical and other gloves, carpets, mats and other value added rubber based products.

In 2012, Sri Lanka's trade with Japan amounted to US\$ 1.2 billion. Japan is Sri Lanka's 5th largest source of imports, and its 10th largest export destination. Sri Lanka's imports from Japan are dominated by vehicles, machinery, electronic goods, and audio/camera equipment; while Sri Lanka's exports to Japan are dominated by tea, fish, rubber products, apparel and textiles, and ceramics. This report emphasizes to provide summery detail of quantitative and qualitative information about 'opportunities in Japan market for export of Sri Lankan value added rubber products'. (Special reference for HS 4016 - Articles of vulcanized rubber other than hard rubber)

1.2. HS code description

HS 4016 - Articles of vulcanized rubber other than hard rubber

HS Code	Product description
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401610	Articles of cellular rubber
401691	Floor coverings and mats of rubber exc cellular and hard rubber
401692	Erasers (vulcanized rubber)
401693	Gaskets, washers and other seals of vulcanized rubber
401694	Boat and dock fenders, whether or not inflatable, of vulcanized rubber
401695	Rubber articles inflatable nes, vulcanized rubber
401699	Articles of vulcanized rubber nes, other than hard rubber

1.3. Global market size and trend for HS 4016, (last 5 years) value in US\$ thousands

Global imports	2008	2009	2010	2011	2012
Value	21,173,430	16,432,525	21,912,744	25,085,576	24,980,024

The world import of rubber products has been increased during last five years period. 2011 recorded the highest import value.

1.4. Main world importers of HS 4016, value in US \$ thousands

Importers	2008	2009	2010	2011	2012
World	21,173,430	16,432,525	21,912,744	25,085,576	24,980,024
USA	2,693,114	2,071,387	2,828,867	3,228,887	3,559,371
Germany	2,505,109	1,755,412	2,303,795	2,886,349	2,678,450
China	1,298,305	1,212,691	1,687,588	1,930,369	1,882,559
Mexico	964,406	750,901	1,082,118	1,206,444	1,361,756
Canada	752,912	612,306	741,886	874,240	947,945
France	1,046,103	769,168	864,048	975,044	867,804
Japan	719,134	523,676	711,082	771,861	837,818
United Kingdom	687,877	522,023	653,740	761,093	751,866
Russian Federation	322,168	208,918	365,084	536,805	613,553

Czech Republic	509,217	402,869	492,241	608,157	578,179
Brazil	440,723	344,991	462,107	536,241	564,035
Poland	620,373	458,021	522,176	628,042	554,769
Thailand	354,878	269,252	391,087	447,195	504,511
India	286,341	279,020	383,004	460,275	501,005
Italy	537,400	405,756	473,612	548,037	500,076
Belgium	471,103	358,543	397,647	469,753	401,285
Austria	403,514	318,731	373,809	433,145	397,278
Spain	420,280	307,186	396,871	461,928	392,615
Australia	318,347	278,925	337,342	384,273	390,565
Netherlands	410,575	285,181	328,331	402,266	377,649
Indonesia	191,873	161,921	256,487	325,479	364,666
Sweden	344,082	205,022	275,498	354,435	318,481
Singapore	226,434	183,212	241,387	290,380	309,543
Republic of Korea	273,698	199,487	267,481	325,128	306,329
Turkey	232,278	191,519	238,648	290,111	296,252
Switzerland	213,303	179,588	209,837	239,204	235,306

According to the above table, USA, Germany, China and Mexico are the main importers of rubber products. Japan is remaining as the 7th leading importer with the value of US\$ 8 million in 2012.

1.5. Sri Lanka's Exports of HS 4016 to World, in US\$ thousands

HS Code	2008	2009	2010	2011	2012
401699	42,532	25,249	38,876	56,250	52,401
401693	19,089	10,241	16,327	22,429	15,409
401691	9,984	5,829	6,944	10,531	8,766
401695	161	43	87	134	157
401610	26	24	10	13	53
401692	0	0	0	31	12

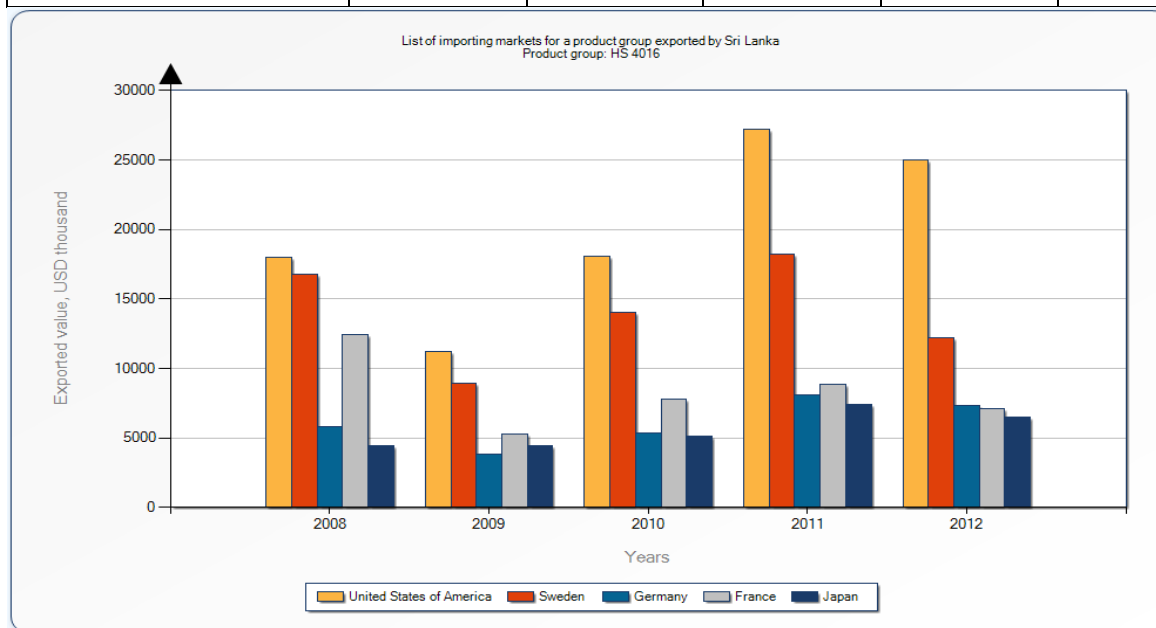
Total	71,792	41,386	62,244	89,388	76,798
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According to the above table, it is noticed that Sri Lanka's export of rubber products (HS 4016) has a drastic increase during last five years. However, all the product categories which are coming under this category are not profitable as same extent. And as such it is identifiable that, HS 401699/93 and 91 are the most profitable product ranges from the group.

1.6. Main importers of Sri Lanka rubber products (HS 4016), value in US\$ thousands

Importer	2008	2009	2010	2011	2012
USA	17,991	11,244	18,057	27,248	25,006
Sweden	16,742	8,929	14,002	18,190	12,239
Germany	5,851	3,831	5,375	8,118	7,310
France	12,471	5,315	7,765	8,825	7,081
Japan	4,414	4,426	5,100	7,394	6,482
United Kingdom	3,361	2,389	3,522	4,621	4,081
Canada	1,448	930	1,448	1,902	3,358
Austria	244	354	514	1,852	1,840
Italy	1,939	406	908	1,199	1,458
Australia	1,052	732	933	1,397	1,280
Belgium	1,402	445	895	2,202	1,253
India	1,011	465	552	763	712
Finland	80	116	111	532	699
China	70	124	591	1,103	668
Norway	769	146	240	292	648
United Arab Emirates	43	68	44	1,373	613
Netherlands	491	254	534	235	293

Republic of Korea	79	11	8	74	264
Denmark	285	246	427	341	184
Czech Republic	246	187	112	272	160
New Zealand	172	109	110	173	159
South Africa	46	38	46	121	133



According to the above table, it is noticeable that world leading nations including USA, Sweden, Germany, France and Japan are the main importers of rubber products exported by Sri Lanka. Japan remains as 5th largest export market for Sri Lanka for the products coming under HS 4016.

1.7. Japan market position for export of Sri Lankan HS 4016, value in US\$ thousands

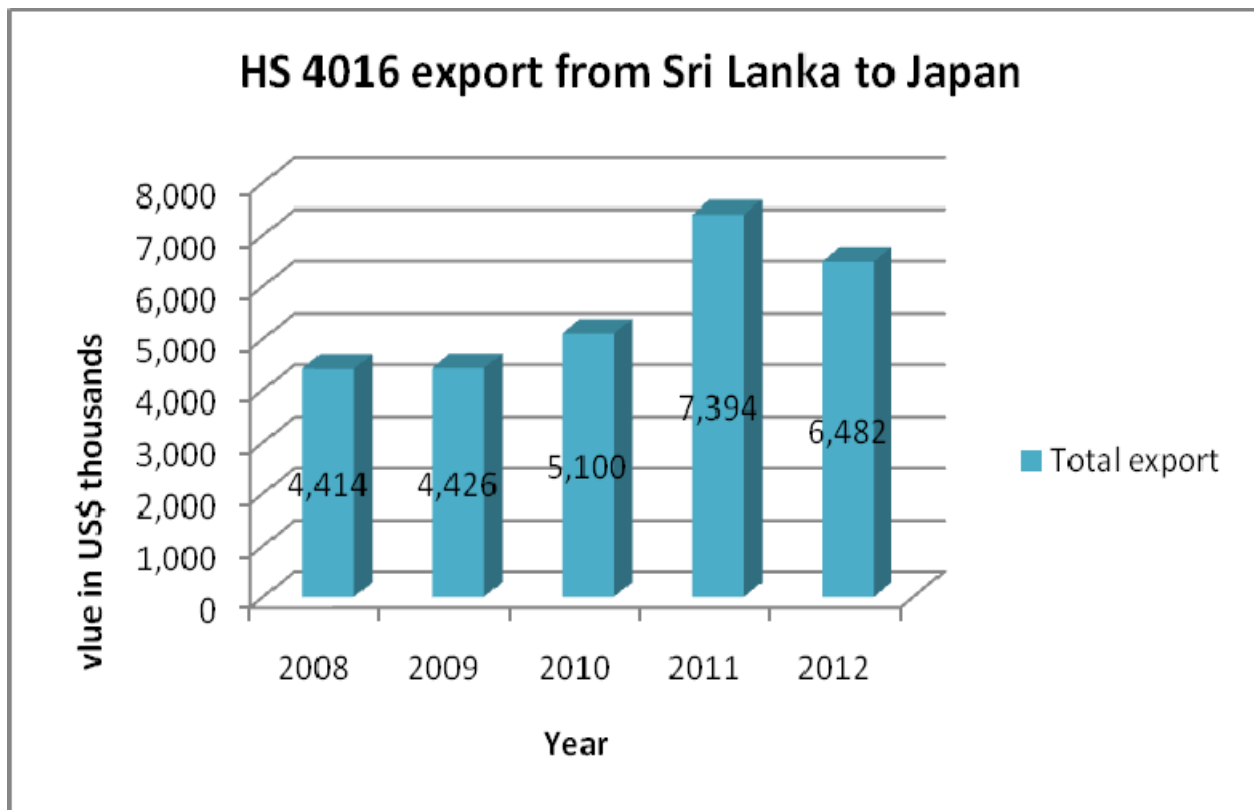
HS code	Sri Lanka's exports to Japan			Japan's imports from world			Sri Lanka's share in Japan market %		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
4016	5,100	7,394	6,482	711,082	771,861	837,818	0.72	0.96	0.77
401699	3,603	4,742	3,644	407,501	428,387	471,342	0.88	1.11	0.77
401693	1,320	2,391	2,585	273,617	312,097	323,247	0.48	0.77	0.80
401691	169	254	243	17,595	19,592	27,562	0.96	1.30	0.88

Japan has good market position for export of Sri Lanka's rubber products which highlighted a considerably high level of growth for last five years. Basically Japan is maintained a good demand for HS 401699 (Articles of vulcanized rubber nes, other than hard rubber), HS 401693 (Gaskets, washers and other seals of vulcanized rubber) and HS 401691 (Floor coverings and mats of rubber ex. cellular and hard rubber) from the seven categories. And also Sri Lanka's market share in Japan for selected rubber product is around 0.8%

1.8. Sri Lanka's export of HS 4016 to Japan, value in US\$ thousands

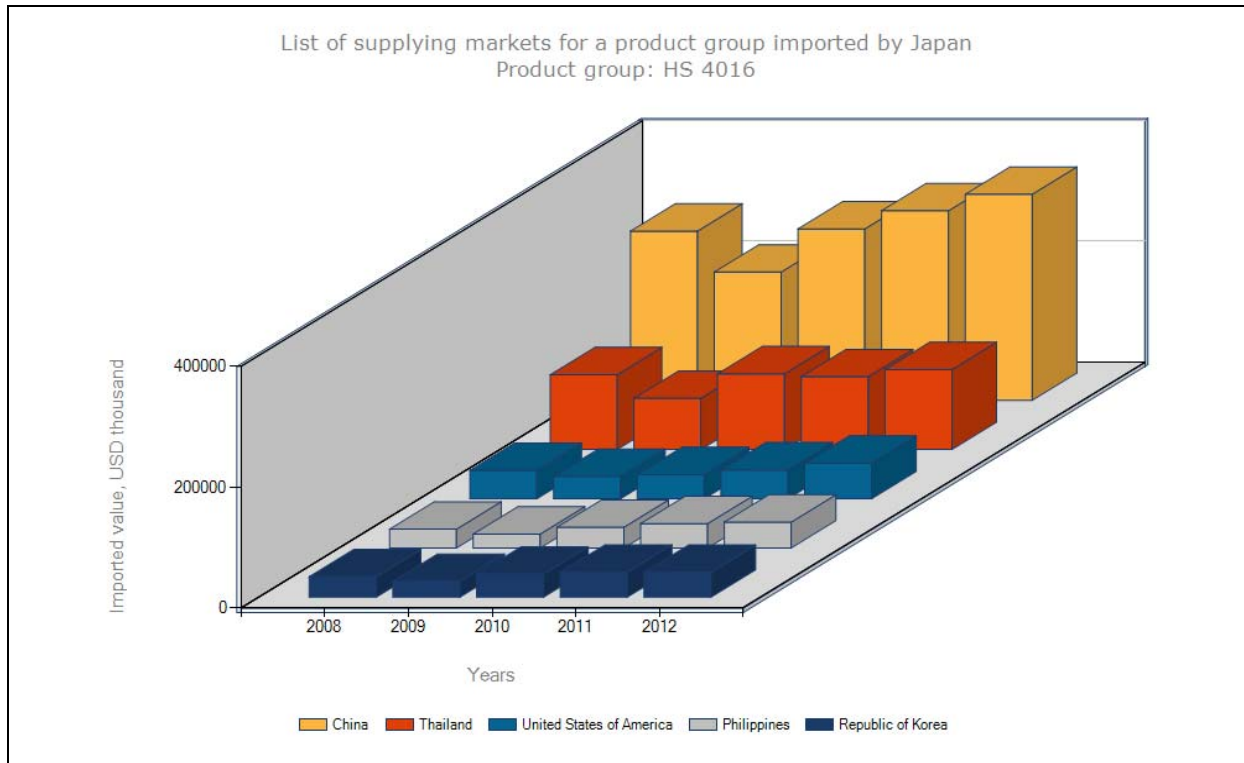
Year	2008	2009	2010	2011	2012
Total export	4,414	4,426	5,100	7,394	6,482

According to the above table it shows that export figures of chapter 4016 to Japan for last five years and it has a considerably high amount of value and following graph also provide the same information as the above table.



1.9. Imports of HS 4016 by Japan from world wide countries, value in US\$ thousands

Exporters	2008	2009	2010	2011	2012
World	719,133	523,676	711,082	771,861	837,818
China	279,934	212,200	283,687	313,720	340,954
Thailand	123,751	84,768	125,341	120,542	132,253
USA	47,021	37,022	39,911	47,798	58,811
Philippines	31,141	23,060	34,291	40,340	42,780
Republic of Korea	34,011	26,299	38,343	41,251	41,206
Malaysia	32,263	23,841	34,952	39,210	36,217
Indonesia	30,100	20,843	30,501	29,552	35,547
Viet Nam	18,317	10,973	16,816	26,389	31,700
Chinese Taipei	23,453	17,313	24,968	25,968	29,864
Germany	26,310	18,859	19,582	20,811	21,957
Sri Lanka	6,464	5,584	6,588	9,923	10,115
Belgium	5,551	3,787	6,431	7,270	9,336
Italy	4,727	5,531	6,579	8,018	7,989
United Kingdom	14,406	5,162	6,518	6,976	6,411
Sweden	9,962	6,368	6,884	6,257	5,193
France	5,026	2,552	3,188	4,495	4,597
India	1,585	1,757	1,937	2,293	3,103
Canada	2,271	2,287	4,011	3,425	2,638
Denmark	2,769	2,201	2,021	2,101	2,298



Supplying partners of the rubber based products in Japan are remaining as the world leading trading partners including China, Thailand, USA and Philippines. Sri Lanka is proud to maintain 11th position in the Japan market by improving the export value from US\$ 6 million to US\$ 10 million for last five years period.

3. EXPORTING COMPANIES IN SRI LANKA - HS 4016

Name of the Company	Products
Load Star Pvt Ltd	Pneumatic & retreaded tyres & tubes
Trellborg Lanka Pvt Ltd	Pneumatic & retreaded rubber tyres & tubes
Ansell Lanka Pvt Ltd	Industrial & Surgical gloves of rubber
Lalan Rubber Pvt Ltd	Industrial & Surgical gloves of rubber
Eastern Merchants Pvt Ltd	Sheet rubber & other natural rubber etc
Associated Ceat Pvt Ltd	Pneumatic & retreaded tyres & tubes
Eu Retec Pvt Ltd	Pneumatic & retreaded tyres & tubes
Global Rubber Industries Pvt Ltd	Pneumatic & retreaded tyres & tubes

Industrial Clothing Ltd	Industrial & Surgical gloves of rubber
Elastomeric Technologies Pvt Ltd	Gaskets, washers, seals of hard rubber
Dipped Products PLC	Industrial & Surgical gloves of rubber
Vechenson Pvt Ltd	Pneutic & retreated tyres & tubes
SAmsonn Rubber Industries Pvt Ltd	Pneutic & retreated tyres & tubes

4. IMPORT COMPANIES IN JAPAN HS - 4016

HS Code	Product description	Company name
401610	Articles of cellular rubber	EJ CO., LTD. Ichikawa Rubber Industry Co., Ltd.
401693	Gaskets, washers and other seals of vulcanized rubber	Fukoku Co., Ltd. Kyodo Co., Ltd. Sawakyu Industries Co., Ltd SKF Economos Japan K.K A & A Material Corporation Japan Leonard Distributors Ltd.
401694	Boat and dock fenders, whether or not inflatable, of vulcanized rubber	Kyoei Sangyo Co., Ltd.
401695	Rubber articles inflatable, vulcanized rubber	Re-Ment Co., Ltd.
401699	Articles of vulcanized rubber, other than hard rubber	Fukoku Co., Ltd. Kyodo Co., Ltd. Sawakyu Industries Co., Ltd

Analysis of importing companies in Japan under the HS code 4016 is facilitated for local exporting partners to identify the most suitable import partners based on the product categories.

5. CONCLUSION

In addition to the foreign exchange earning, a significant service is rendered by this sector in respect of the fields such as business promotion, employment generation, food safety, rural social and economic development, poverty alleviation and environmental conservation. According to the Association of Natural Rubber Producing Countries, Sri Lanka is the seventh largest producer of rubber in 2012. Thailand, Indonesia and Malaysia are the top three world production countries in 2012.

Sri Lanka is ready to capture 2 % of the global market of the rubber manufacturing sector. Presently, the rubber manufacturing industry accounts for approximately 4.5 % of total export earning of the country. This industry targets a turnover of over US\$ 1,200 million per year by 2015 and a competent workforce with right attitudes and aptitude is a key driver in realizing this target

6. SOURCES

- www.trademap.org
- Sri Lankan custom statistics
- Progress Report 2012/ Ministry of Plantation Industry

Prepared by:

S.A.G.Anuradha /Assistant Director, Market Development

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