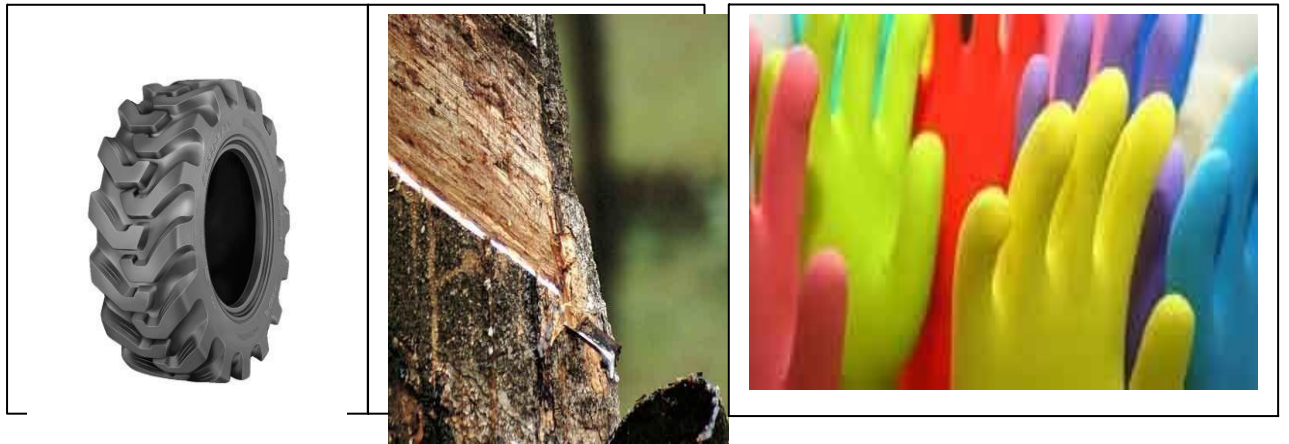




## **INDUSTRY CAPABILITY REPORT**



## **SRI LANKAN RUBBER PRODUCTS SECTOR**

Prepared by:  
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## **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 three 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 rubber gloves (medical, industrial and household gloves), Mattresses and pillows, 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 5<sup>th</sup> largest export earning industry accounting for 6.4% of the total exports in 2020. The rubber products exports show a 33 % growth in 2021 (Jan.-June) when compared to 2020 (Jan.-June). Major markets for Manufactured Rubber products are USA, Germany, Italy, Belgium, France, Canada & 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 western province.

## **3. KEY PRODUCTS AND VARIETIES**

Rubber products exported from Sri Lanka is currently dominated by solid tyres, which is approximately 30 % of the global market demand.

Other products are pneumatic tyres , latex gloves, rubber flooring, mats, automotive 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, Latex Crepe, Sole Crepe, 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 colored articles.

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

Most of the Rubber Products manufacturing firms are situated in the South West 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)
- The Colombo Rubber Traders' Association (CRTA)
- The 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 2020 was 78,206 MTs. In 2020 rubber finished products industry earned an export income of US\$ 786 Mn which is 6.4 % of the total exports in 2020. Sri Lanka is the leading solid tyre exporter in the world currently recording a 25% of the world demand. Sri Lanka also well-known for latex based gloves in the global market and presently there is high demand for medical gloves with the Covid 19 pandemic situation in the world.

## **7. KEY PLAYERS IN THE SECTOR**

- Camso Loadstar (Pvt) Ltd.
- 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 Products (Pvt) Ltd
- Dipped Products PLC
- Marangoni Industrial Tyres Lanka (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 and joint ventures are successful operations in Sri Lanka, which assists in the expansion and 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. 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.

## 14. EXPORTS (VALUE IN US\$ Mn )

Product Sub Categories	2016	2017	2018	2019	2020
Pneumatic & Retreated Rubber Tyres & Tubes	479	513	549	515	424
Industrial & Surgical Gloves of Rubber	176	198	188	207	248
Gaskets, Washers, Seals etc. of Hard Rubber	88	99	113	118	91
Rubber Plates, Sheets Rods of Vulcanized or Unhardened Rubber	22	23	25	24	21
Other Rubber Products	1	2	1	1	1
Hygienic or Pharmaceutical Articles	1	1	1	1	1
<b>Total :</b>	<b>768</b>	<b>835</b>	<b>875</b>	<b>866</b>	<b>786</b>

(Source :Sri Lanka Customs )

## 15. GROWTH IN LAST 5 YEARS IN EXPORTS

Rubber Products (US\$ Mn )	2016	2017	2018	2019	2020	% Avg. Growth
Total :	768	835	875	866	786	0.83

## 16. POTENTIAL FOR EXPANSION IN THE SECTOR

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

## 17. STRENGTHS AND WEAKNESSES OF THE SECTOR

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

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