



International
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▶ Decent work challenges and opportunities in Malaysia's rubber glove supply chain



- ▶ **Decent work challenges and opportunities in Malaysia's rubber glove supply chain**

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Preface

The International Labour Organization is the United Nations agency for the world of work. We bring together governments, employers and workers to drive a human-centred approach to the future of work through employment creation, rights at work, social protection and social dialogue. The ILO delivers on its mandate through Decent Work Country Programmes, which bring together its knowledge, instruments, advocacy and cooperation at the service of its tripartite constituents in a results-based framework to advance the economic and working conditions that give all workers, employers and governments a stake in lasting peace, prosperity and progress. Through its Sectoral Policies Department, the ILO promotes decent work in 22 economic and social sectors at the global, regional and national levels.

As part of the Decent Work Country Programme for Malaysia, 2021–25, the ILO is implementing the global Sustainable Supply Chains to Build Forward Better project, which is a joint initiative of the ILO and the European Union Programme for Employment and Social Innovation. The programme has helped advance decent work in five global supply chains in the aftermath of the COVID-19 pandemic: coffee in Colombia; electronics in Viet Nam; textiles in Madagascar; fisheries in Namibia; and rubber gloves in Malaysia.

Malaysia is the largest producer of rubber gloves in the world. In 2021, Malaysia accounted for almost half of global rubber glove exports. The rubber glove sector in Malaysia employs around 66,739 workers, of whom about 60 per cent are migrant workers. The main importers of Malaysian rubber gloves are the United States and the European Union, which combined accounted for 61.5 per cent of Malaysian examination glove exports in 2021. This study focuses on the three tiers of the rubber supply chain that exist within Malaysia: smallholder farmers that grow and produce natural rubber latex and cup lumps; rubber processors that process latex concentrate, block rubber and synthetic rubber; and rubber glove manufacturers that produce natural rubber latex gloves and synthetic nitrile gloves.

The research provides an analysis of the decent work challenges and opportunities in the rubber glove supply chain in Malaysia as well as the impact of the COVID-19 pandemic. It concludes with recommendations for action by the Government of Malaysia, employers' and workers' organizations and other supply chain stakeholders. We trust that the findings and recommendations will be of use for the Government, employers' and workers' organizations and the other supply chain stakeholders in generating and implementing new policies, plans, tools and training to address the challenges and harness the opportunities for promoting decent work in the rubber glove supply chain.

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Gratitude goes to all the participants who attended the validation workshops on 17 January 2023 and 7 March 2023. For their valuable contributions and inputs, the ILO thanks the representatives from the following institutions: the Ministry of Human Resources; the Ministry of Plantation and Commodities; the Ministry of International Trade and Industry; the Ministry of Home Affairs; the Malaysian Employers Federation; the Malaysian Trades Union Congress; the Malaysian Rubber Board; the Malaysian Rubber Council; the Department of Labour Peninsula Malaysia; the Department of Trades Union; the Department of Industrial Relations; the Social Security Organization; and the Malaysian Rubber Glove Manufacturers Association.

This research methodology, analysis and draft report were prepared by Praxis Labs, based on primary data collected by a team of researchers led by Karma Tashi Choedron from the University of Nottingham Malaysia. The final report is the result of collaborative efforts of specialists in the Sectoral Policies Department, notably El'vis Beytullayev, Siu Ming Lee, and Kassiyet Tulegenova, under the overall supervision of its Director, Alette van Leur. This work benefited from valuable input, comments and guidance from a larger group of ILO colleagues in ILO headquarters and the ILO Decent Work Technical Support Team for East and South-East Asia and the Pacific, including but not limited to Casper N. Edmonds, Jude Peters, Yuka Ujita, Dong Eung Lee, Nilim Baruah, Napaporn Udomchaiporn, Weng Yin Chau and Hugo van Noord. Karen Emmons copy edited the final report.

Contents

| | |
|---|-----------|
| Preface..... | iii |
| Acknowledgements..... | iv |
| Abbreviations..... | vii |
| Executive summary | ix |
| 1. Introduction | 1 |
| 1.1 Overview and structure of the rubber glove industry in Malaysia | 1 |
| 1.1.1 Upstream: Smallholder rubber farms and rubber estates | 1 |
| 1.1.2 Midstream: Rubber processing | 2 |
| 1.1.3 Downstream: Rubber glove manufacturing..... | 2 |
| 1.2 Employment trends | 2 |
| 1.2.1 Smallholder farms..... | 3 |
| 1.2.2 Rubber processing | 3 |
| 1.2.3 Rubber glove manufacturing | 3 |
| 1.3 Production and trade statistics and trends | 4 |
| 2. Institutional and regulatory frameworks | 7 |
| 2.1 International standards | 7 |
| 2.2 National regulatory framework | 8 |
| 2.2.1 Ministry of Human Resources..... | 8 |
| 2.2.2 Ministry of Home Affairs..... | 11 |
| 2.2.3 Ministry of Plantation and Commodities..... | 12 |
| 2.2.4 Ministry of Rural Development..... | 12 |
| 2.3 Due diligence legislation | 13 |
| 3. Supply chain mapping and analysis | 15 |
| 3.1 Upstream: Smallholder farmers | 16 |
| 3.2 Midstream: Rubber processors | 17 |
| 3.3 Downstream rubber glove manufacturers | 18 |
| 3.4 Buyers | 19 |
| 4. State of decent work in Malaysia’s rubber glove supply chain: Research findings | 21 |
| 4.1 Employment creation | 21 |
| 4.1.1 Skills required and skill gaps | 21 |
| 4.1.2 Skills training | 22 |
| 4.1.3 Opportunities for green jobs | 23 |
| 4.1.4 Labour shortages | 23 |
| 4.2 Rights at work | 24 |
| 4.2.1 Fundamental principles and rights at work | 24 |
| 4.2.2 Employment relationships | 28 |
| 4.2.3 Working conditions | 30 |
| 4.2.4 Labour inspections | 32 |

| | |
|---|-----------|
| 4.3 Social protection | 32 |
| 4.3.1 Access to social security | 32 |
| 4.3.2 Access to health care | 33 |
| 4.3.3 Access to maternity and paternity leave | 34 |
| 4.4 Social dialogue | 34 |
| 4.4.1 Workplace communication channels and grievance mechanisms | 35 |
| 4.4.2 Access to remedy | 35 |
| 4.5 COVID-19 crisis | 36 |
| 5. Conclusion | 39 |
| Summary of findings: Decent work challenges | 39 |
| Recommendations: Decent work opportunities | 42 |
| The Government of Malaysia should consider the following action | 42 |
| References | 47 |
| Annexes | 51 |
| Annex 1. Research methodology | 51 |
| A1. Primary data collection methods..... | 51 |
| A2. Secondary data collection | 52 |
| A3. Data analysis | 52 |
| A4. Limitations | 52 |
| Annex 2. Additional industry background | 53 |

Figures

| | |
|--|----|
| 1. Malaysian glove production, by quantity, 2019–21 | 4 |
| 2. Malaysia's rubber glove supply chain | 15 |
| 3. Survey findings on rubber glove manufacturers' biggest concerns for the future viability of the rubber glove industry in Malaysia (%) | 18 |
| 4. Survey findings on the impact of the COVID-19 pandemic reported by rubber glove manufacturers (n=27) (%) | 37 |

Tables

| | |
|---|----|
| 1. Malaysian glove exports (HS4015), by quantity and value, 2018–21 | 5 |
| 2. Exports of Malaysian rubber gloves to primary trade partners, 2021 | 5 |
| 3. ILO Conventions Malaysia has or has not ratified | 8 |
| 4. Average price of gloves, latex concentrate and latex farm gate price in Malaysia, 2019–22 | 17 |
| A1. Malaysian natural rubber production, consumption and import trends, 2019–21 | 53 |
| A2. Consumption of natural rubber in Malaysia, 2019–22 | 54 |
| A3. Malaysian rubber processing production, imports and exports trends, 2019–21 | 54 |
| A4. Malaysian exports of technically specified rubber (HS400122) to top five importers, 2019–22 | 55 |

Abbreviations

| | |
|--------------|--|
| MAPO | Council for Anti-Trafficking in Persons and Anti-Smuggling of Migrants |
| MOU | memorandum of understanding |
| NGO | non-governmental organization |
| OSH | occupational safety and health |
| PPE | personal protective equipment |
| RISDA | Rubber Industry Smallholders Development Authority |

All \$ currencies are United States dollars.





Executive summary

Malaysia is the largest producer of rubber gloves in the world, the majority of which are exported to the United States and the European Union. At the onset of the COVID-19 pandemic, demand for rubber gloves increased rapidly. Pressure to hasten expanded production reportedly had ramifications on working conditions and recruitment practices. As of February 2023, the United States had banned the import of rubber gloves from six glove manufacturers in Malaysia on the grounds of “reasonable but not conclusive information that multiple forced labour indicators” were present.

Focusing on three tiers of the rubber glove supply chain in Malaysia – smallholder rubber farms, rubber processors and rubber glove manufacturers, the study reflected in this report sought to strengthen the evidence base on the decent work challenges and opportunities across the four strategic objectives of the Decent Work Agenda: employment creation, rights at work, social protection and social dialogue.

Background

Smallholder rubber farming. Malaysia is the seventh-largest producer of natural rubber in the world, the vast majority of which is cup lumps produced on smallholder farms. To a much lesser extent, farmers also produce latex. In recent decades, Malaysian rubber production has consistently declined.

Rubber processing. Some 17,441 people are employed in the rubber processing sector to process cup lumps into Standard Malaysian Rubber for use in tyre manufacturing and latex into latex concentrate for use in glove manufacturing. Although glove sales boomed during the pandemic and the price of rubber gloves increased by 62 per cent in 2020, the price of latex concentrate has only increased by 8.5 per cent. And the rising energy and raw materials costs have led to end-product prices that reportedly do not always cover the cost of production.

Rubber glove manufacturing. In 2020, 66,739 people, predominantly men, were employed in Malaysian rubber glove manufacturing, approximately 61 per cent of whom were migrant workers. Despite experiencing an economic boom during the pandemic, industry stakeholders are concerned about the future market situation as post-pandemic glove prices fall and supply outweighs demand due to the rapid expansion of production capacity.

State of decent work in the rubber glove supply chain

Employment creation

The 66,739 people who worked in rubber glove manufacturing in Malaysia in 2022 represented only 0.3 per cent of the country’s total workforce. This reflects how rubber glove manufacturing has become more and more automated and capital intensive in recent decades.

The numbers of smallholder rubber farmers and workers employed on their farms (who are usually employed informally on a profit-sharing basis) are much harder to determine. In 2013, according to the latest farm census data available, there were 283,683 smallholder rubber farms in Malaysia. However, this number has likely diminished in recent years due to the conversion of rubber farmland to palm oil farms.

Glove manufacturers and rubber processors face significant labour shortages. Although the manufacturers are incentivized to recruit Malaysian workers, the small number of national applicants and an apparent lack of interest among Malaysians to work in the sector results in a reliance on migrant workers. The terms of their work permit, however, restrict migrant workers to low-wage work in five sectors, which limits their opportunities for promotion and to earn more.

There is a range of skills required for different roles within rubber glove manufacturing and rubber processing. The primary skill gaps that glove manufacturers reported in this study cover technical skills related to a specific production process or machine and the efficient use of machinery. Glove manufacturers and rubber processors also reported that they provide in-house training to redress their skill gaps. There are also external skills training courses, which are offered by different rubber industry stakeholders. However, they primarily target workers in more senior positions rather than production line workers.

For workers with skills in high demand, such as in electrical engineering or environmental sciences, including the knowledge on how to reduce energy consumption, there are and will continue to be opportunities for green jobs.

Rights at work

The Government of Malaysia has made efforts to align its legal framework with the international labour standards. Nonetheless, aspects of the legal framework governing migration and employment do not yet fully align with the relevant international standards and contribute to the country's decent work deficits. Limited capacities and resources at the Department of Labour further restricts its ability to regularly inspect individual workplaces to monitor adherence to the labour laws.

And although there are several laws and policies to protect workers' rights, the rights to freedom of association and collective bargaining are not fully guaranteed under Malaysian law, especially those concerning workers' organizing. The rate of unionization in Malaysia is low. Glove manufacturing workers who participated in this study, however, expressed a desire to join a union if one were active.

Migrant workers are vulnerable to discrimination during their recruitment, employment and termination. Among them, women can experience multiple and intersecting forms of discrimination.

Workers employed in glove manufacturing and rubber processing can be exposed to significant occupational safety and health (OSH) hazards, including high temperatures, loud noise, corrosive chemicals and moving parts on machinery. Despite important government measures to improve the standard of workers' housing, further spearheaded in response to the COVID-19 pandemic, living conditions of migrant workers remains an issue of concern and requires attention. Dormitories housing migrant workers can be overcrowded and unsanitary, contributing to the already-high OSH risks.

The Government recently limited regular working hours to 45 hours per week, but the country's legal framework permits up to 12 hours of work per day, inclusive of overtime. Working hours in glove manufacturing thus can be long; they appear to have increased during the pandemic in response to heavier workloads. Legislative, regulatory and policy measures as well as sector- and enterprise-level programmes and initiatives on working time arrangements should ensure that the setting, monitoring and enforcement of hours of work and overtime work performed by workers occur within a framework that does not harm their health.

Interviewees in the study's research reported that rubber glove manufacturing wages are calculated on the basis of the minimum wage, which increased to 1,500 Malaysian ringgit per month for regular working hours (45 hours per week) on 1 May 2022. Some wage discrepancies, particularly in the number of hours paid at the overtime rate, have been documented. Smallholder farmers, too, have been facing challenges in earning adequate incomes. In the group discussions for this study, they reported very low earnings from rubber tapping, with some going into debt to cover their basic necessities and farm inputs.

Various media and academic reports have documented deceptive recruitment practices in the sector and the challenges related to the high recruitment costs. In recent years, the rubber glove industry made important steps to counter these challenges, including by moving towards a zero recruitment fee model. It is, however, still in the process of establishing a system of accountability to ensure that recruitment agents adhere to the relevant recruitment policies. Migrant workers' work permit continues to be tied to a single employer, and change of employment is restricted. And labour subcontracting remains common within glove manufacturing.

Social protection

Social security coverage available to Malaysian workers in rubber processing or glove manufacturing includes invalidity, employment injury and death insurance and retirement benefits. Since 2019, migrant workers are covered by the Employment Injury Scheme for Foreign Workers. Recently, the right to enrol in a social security scheme was extended to smallholder farmers.

Health care for Malaysian citizens is heavily subsidized by the Government (through the Department of Health), while employers must enrol migrant workers in a mandatory health insurance scheme. Nonetheless, migrant workers, particularly those with irregular migration status, can face difficulties in accessing health care.

As of 1 January 2023, the right to paid maternity leave that is inclusive of women migrant workers has been extended to 98 days. Further, dismissal on the grounds of pregnancy or of an illness arising out of pregnancy is an offence under Employment (Amendment) Act 2021. But because migrant women workers who become pregnant will have their work permit revoked and are subject to deportation, the right to maternity leave is, in practice, limited to Malaysian workers. Ensuring migrant workers' effective access to maternity leave within the broader social security schemes and laying out other laws or regulations to provide protection from discrimination based on pregnancy, maternity and family responsibilities, either at work or during recruitment, are both vital to strengthening the social and economic protection of workers and their families and to enabling them to exercise their fundamental rights and freedoms.

Social dialogue

There is limited formal tripartite and bipartite social dialogue, which is partly due to the weak presence of unions in the sector. In discussions for this study, employers reported that other and more informal channels for social dialogue exist within their workplaces, including worker-management meetings, meetings with representatives of workers' committees and daily worker-supervisor briefings. Employers also reported the existence of various grievance mechanisms through which workers are entitled to bring issues to management. Nonetheless, barriers to reporting, including the length of the investigation process, fears that an issue will not be treated with impartiality and the risk that an employer will not extend a migrant worker's contract or work permit, limit migrant workers' ability or interest to report grievances.

Workers can report issues and violations to the Department of Labour in person, online via the Working for Workers application, over the phone or in writing to national, state or district offices. However, labour grievances reported by migrant workers constitute a disproportionately small percentage of the registered complaints to date due to barriers to submitting a complaint, including a lack of awareness of the role and functioning of the Labour Court, language difficulties, requirements to submit documentary evidence and the risk of a revoked migration status if their employment is terminated in retaliation.

Opportunities for promoting decent work: Recommendations

The findings of this study led to many opportunities for strengthening decent work in the Malaysian rubber glove supply chain. Among them:

Strengthen rights at work, in particular, the fundamental principles and rights at work, by continuing to align Malaysian labour laws with the international standards and by improving enforcement capacity. In implementing relevant reforms in law and practice to advance decent work in the sector, particular attention needs to be paid to eliminating discrimination in employment and occupation; addressing the issue of working hours, especially overtime hours permitted; ensuring a safe and healthy working and living environment; and strengthening the capacity of the labour inspectorate to ensure compliance with labour laws.

Strengthen social dialogue, based on respect for freedom of association and the right to effective collective bargaining, to support employers in identifying and resolving workplace issues, to enable workers to collectively negotiate for better working conditions and to collaboratively improve OSH and other working conditions in the sector. This would require, among other things, permitting more than one union per industry to register and allowing migrant workers to hold leadership positions in them. Employers, workers' organizations and workers' representatives should strengthen workplace communication channels and establish effective grievance mechanisms so that issues are identified and remediated in a timely manner. Employers and unions should collaboratively promote strong OSH protection measures within the workplace and ensure that workers are aware of occupational risks and how to control them.

Promote fair recruitment practices in the sector, including through relevant labour law reform that would, inter alia, prohibit recruiters and employers from charging recruitment fees and related costs to workers. This would require adherence to the Employer Pays Principle and alignment with the Private Employment Agencies Act, with memoranda of understanding with labour-sending countries, with corporate recruitment policies and with the ILO definition of recruitment-related costs. **It also would require removal of restrictions on migrant workers' ability to change employer** without forfeiting their regular migration status. The Government, employers and workers could, through a dialogue, explore and agree on specific ways to address this challenge. But the general principle should be to ensure that migrant workers are able to move within a certain occupational category in which there is a recognized labour shortage while respecting their contractual obligations.

Strengthen the capacity of employers to conduct due diligence in their supply chains, especially on the labour dimension, including on recruitment agencies and labour subcontractors, and to introduce systems of accountability to ensure that workers are not charged fees in labour-sending countries.

Improve access to remedy when labour rights are violated by ensuring that all workers, regardless of their migration status, can voice a labour rights concern, by employing interpreters in the Department of Labour offices and by enabling migrant workers and their representatives to remotely attend Labour Court hearings.

1.



Introduction

Malaysia is the largest producer of rubber gloves in the world. In 2021, Malaysia accounted for 49 per cent of global rubber glove exports, including 53.7 per cent of all examination gloves and 16 per cent of surgical gloves.¹ Such gloves were high in demand and widely used as personal protective equipment (PPE) during the COVID-19 pandemic.

Although recent studies and media attention shed light on indicators of forced labour in the rubber glove manufacturing sector, further research is needed to acquire a more nuanced understanding of the broader range of decent work challenges and opportunities in the supply chain, from natural rubber production and processing to rubber glove manufacturing. By focusing on these three tiers of the rubber glove supply chain, this report seeks to strengthen the understanding of the decent work challenges and opportunities throughout the Malaysian rubber glove supply chain in support of evidence-based policy and programme development.

1.1 Overview and structure of the rubber glove industry in Malaysia

The study represented in this report focused on the three tiers of the rubber supply chain that exist within Malaysia:

1. smallholder farmers who grow and produce natural rubber latex and cup lumps (rubber that is produced when the latex is left uncollected and allowed to coagulate under bacterial action);
2. rubber processors that process latex concentrate, block rubber and synthetic rubber; and
3. rubber glove manufacturers that produce natural rubber and synthetic rubber gloves.

1.1.1 Upstream: Smallholder rubber farms and rubber estates

Up until the 1990s, Malaysia was the largest producer of natural rubber in the world but is now the seventh-largest producer.²

Smallholder rubber farmers are the primary cultivators of Malaysian rubber.³ In 2021, smallholder farms produced 90.3 per cent of Malaysian rubber production.⁴ The average smallholder rubber farmer owns 2.5 hectares of rubber land.⁵ Smallholder farmers primarily produce cup lumps and, to a lesser extent, liquid latex. Cup lumps constitute more than 90 per cent of Malaysian rubber production.⁶

1 Calculated based on data from International Trade Centre's Trade Map 2022a.

2 Ali et al. 2021; Kai See 2021b.

3 The Department of Statistics Malaysia 2022a defines smallholder farms as rubber farms that are fewer than 40.47 hectares (100 acres) and under single legal ownership.

4 Percentages calculated based on 45,347 tonnes produced by estates and 424,322 tonnes by smallholders, of a total of 469,669 tonnes produced in 2021. See Ministry of Plantation and Commodities 2022.

5 Kai See 2021b.

6 Malaysian Rubber Board 2022b.

1.1.2 Midstream: Rubber processing

The rubber processing industry processes cup lumps into Standard Malaysian Rubber, which cannot be used in rubber glove manufacturing, and, to a much lesser extent, liquid latex into latex concentrate, which is the primary form of natural rubber used for making rubber gloves.

1.1.3 Downstream: Rubber glove manufacturing

Malaysian rubber glove manufacturers produce a variety of types of natural rubber latex and synthetic rubber gloves, including examination gloves, surgical gloves, household gloves, industrial gloves, clean room gloves and electrician gloves. Today, almost all glove manufacturers make synthetic gloves due to market benefits, including higher demand and pricing, while some companies also produce natural rubber latex gloves.

1.2 Employment trends

In 2021, Malaysia had a workforce of 15.8 million persons, of whom 15.06 million were in employment.⁷ The labour force participation rate stood at 80.6 per cent for men and 55.3 per cent for women.⁸

The majority of the Malaysian workforce (54.9 per cent, or 8.27 million persons) has completed secondary education, while 33.1 per cent (nearly 5 million persons) has completed tertiary education.⁹ By sector, 16.6 per cent of the workforce in 2021 was employed in manufacturing, including of rubber gloves. Approximately, 694,100 people were engaged informally in agriculture work, including workers on smallholder rubber farms.¹⁰

As of December 2019, the most recent data available, there were nearly 2 million regular (foreign) migrant workers in Malaysia.¹¹ Those employed in the manufacturing sector, including glove manufacturing, were predominantly from Nepal, Bangladesh, Indonesia and Myanmar (in order). In the agriculture sector, migrant workers primarily come from Indonesia and, to a lesser extent, from Bangladesh, India and Pakistan.¹² In addition to overseas workers with regular migration status, the World Bank estimated in 2019¹³ that there were 1.23–1.46 million migrant workers with irregular migration status in Malaysia. The number of migrant workers employed since the COVID-19 pandemic, whether regular or irregular, is unclear.

7 Department of Statistics Malaysia 2022b.

8 Department of Statistics Malaysia 2022b.

9 Department of Statistics Malaysia 2022b.

10 Department of Statistics Malaysia 2022d.

11 Ministry of Home Affairs 2020.

12 Ministry of Home Affairs 2020.

13 World Bank 2019.

1.2.1 Smallholder farms

There are 1,054,400 hectares of smallholder rubber farmland in Malaysia, but the number of farmers remains unclear, based on data from the Ministry of Plantation and Commodities.¹⁴ There is also lack of data on the number of workers employed on smallholder rubber farms, potentially due to the informal nature of employment. In contrast, the Department of Statistics Malaysia publishes monthly [data](#) on the number of workers employed on rubber estates, where workers are in formal employment.

1.2.2 Rubber processing

As of August 2022, 17,441 people were employed in the processing of natural or synthetic rubber into unvulcanized, vulcanized or hardened rubber or latex concentrate. In 2021, the workforce shrunk by 6.7 per cent from the 2020 volume.¹⁵ This decline appears to have continued into 2022, with the number of workers employed between January and August decreasing by a further 2.9 per cent.¹⁶ Employers interviewed for this study indicated that because the volume of natural rubber produced in Malaysia has declined, so has the rubber processing industry.

The workforce appears to predominantly consist of Malaysian men. One of the rubber processing company officials interviewed for this study reported that more than 85 per cent of their workforce is Malaysian and that only 10–15 per cent of their workers are women.

1.2.3 Rubber glove manufacturing

As of August 2022, 66,739 people were employed in the production of rubber gloves in Malaysia.¹⁷ Despite the slight increase in the number of people employed in the sector during the pandemic, the sector experiences a labour shortage each year. It is estimated that the industry needs approximately 25,000 more workers than it currently employs.¹⁸ The rapid expansion of glove manufacturing and the freeze on overseas recruitment have contributed to the labour shortage.¹⁹

The Malaysian Rubber Glove Manufacturers Association estimated that migrant workers in 2022 constituted approximately 61 per cent of the sector's workforce, while the remaining 39 per cent of workers were Malaysian.²⁰ Among the 27 glove manufacturers surveyed for this study, most reported that migrant workers constitute 50–70 per cent of their workforce. Two companies reported that 71–80 per cent of their workforce is migrant workers, and three companies said that 81–90 per cent of their workers are migrants. Only five companies reported that migrant workers constitute less than 30 per cent of their workforce.

Women workers are in the minority in the rubber glove manufacturing industry. Almost all of the glove manufacturers that completed the study's survey reported that women workers make up less than half of the workforce.

14 Ministry of Plantation and Commodities 2022.

15 Department of Statistics Malaysia 2022c.

16 Department of Statistics Malaysia 2022c.

17 Department of Statistics Malaysia 2022c.

18 Hutchinson and Bhattacharya 2020; Khadka 2020.

19 Khadka 2020.

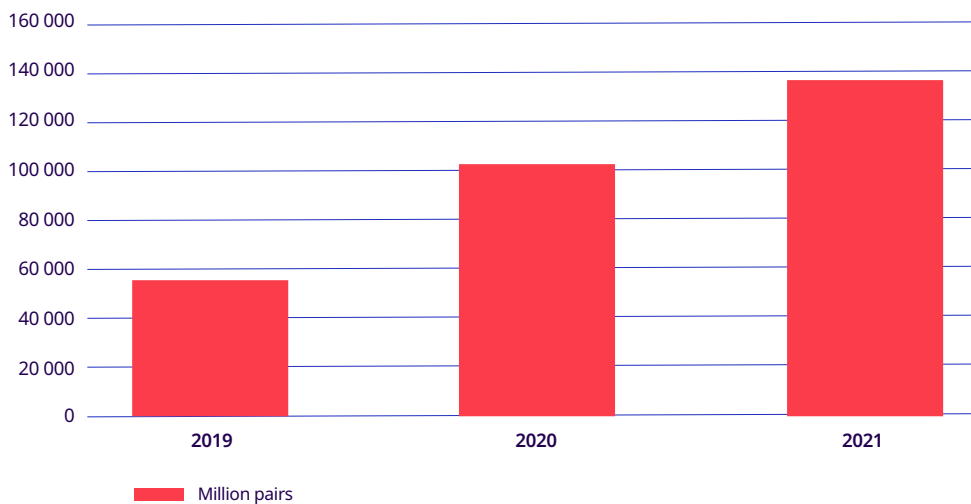
20 Hutchinson and Bhattacharya 2020.

1.3 Production and trade statistics and trends

At the onset of the COVID-19 pandemic, governments around the world, particularly for high-income countries, hastened to procure PPE for their health care workers as the World Health Organization called for a 40 per cent increase in manufacturing and warned of PPE shortages due to “rising demand, panic buying, hoarding and misuse”.²¹ In response, the Malaysian rubber glove industry dramatically increased its production. Despite that rapid expansion of production, the high global demand for rubber gloves continued to outstrip supply, leading to an increase in price.

In 2020, Malaysia produced 102,592 million pairs of gloves – an 85 per cent increase from the 55,404 million pairs produced in 2019.²² Year-on-year production increased by 33.3 per cent, to 136,796 million pairs in 2021.²³

► **Figure 1. Malaysian glove production, by quantity, 2019–21**



Source: Department of Statistics Malaysia 2022c.

Malaysia is the world's largest exporter of non-medical and medical grade rubber gloves.²⁴ In 2020, the total value of Malaysian rubber product exports exceeded 41 billion Malaysian ringgit (\$9.3 billion) for the first time, a 75.6 per cent increase from 2019 (table 1). Rubber gloves accounted for the majority of these exports, at 86.1 per cent of rubber product exports in 2020.²⁵ In 2021, Malaysian rubber exports grew by 50.6 per cent from the previous year, totalling 61.7 billion ringgit (\$14 billion). However, in 2022, the value of Malaysian glove exports declined by 66.9 per cent, suggesting that the post-pandemic market for rubber gloves has contracted.

²¹ World Health Organization 2020.

²² Department of Statistics Malaysia 2022c.

²³ Department of Statistics Malaysia 2022c.

²⁴ Malaysian Rubber Council 2021; Lee, Adam and Tuan Lonik 2020.

²⁵ Malaysian Rubber Council 2021.

► **Table 1. Malaysian glove exports (HS4015), by quantity and value, 2018–21**

| | Malaysia | | | Global | |
|------|------------------------------|--------------------------------|-----------------------|--|--|
| | Exported quantity, in tonnes | Exported value in \$ thousands | % year-on-year change | Total global export value, in \$ thousands | Malaysian exports as % of total global glove exports, by value |
| 2022 | 703 740 | 4 383 185 | -66.9 | | |
| 2021 | 935 780 | 13 250 344 | 57.5 | 26 858 408 | 49.3 |
| 2020 | 996 557 | 8 410 999 | 100.4 | 17 109 437 | 49.2 |
| 2019 | 777 678 | 4 197 472 | -4.8 | 8 270 722 | 50.8 |
| 2018 | 806 386 | 4 407 549 | 19.2 | 8 339 123 | 52.9 |

Source: International Trade Centre's Trade Map 2022a.

The main importers of Malaysian rubber gloves are the United States and the European Union, which combined accounted for 61.5 per cent of Malaysian examination glove exports in 2021 (table 2).

► **Table 2. Exports of Malaysian rubber gloves to primary trade partners, 2021**

| Trade partner | Value exported in 2021 (\$ thousands) | Trade balance 2021 (\$ thousands) | Share in Malaysia's exports (%) | Quantity exported in 2021 | Quantity unit |
|---|---------------------------------------|-----------------------------------|---------------------------------|---------------------------|---------------|
| HS401519 gloves, mittens and mitts of vulcanized rubber (excluding the kind used for medical, surgical, dental or veterinary purposes) | | | | | |
| World (total) | 12 775 370 | 12 445 286 | 100 | 886 329 | tonnes |
| United States | 5 017 315 | 4 933 263 | 39.3 | 289 461 | tonnes |
| European Union (27 countries) | 2 850 593 | 2 830 635 | 22.2 | 189 225 | tonnes |
| Japan | 697 797 | 687 724 | 5.5 | 36 044 | tonnes |
| United Kingdom | 558 062 | 556 850 | 4.4 | 35 863 | tonnes |
| Canada | 477 033 | 471 071 | 3.7 | 26 909 | tonnes |
| China | 368 493 | 358 911 | 2.9 | 41 490 | tonnes |
| Brazil | 268 825 | 268 660 | 2.1 | 29 169 | tonnes |
| HS401511 surgical gloves of vulcanized rubber (excluding fingerstalls) | | | | | |
| World (total) | 454 643 | 406 772 | 100 | 47 600 | tonnes |
| United States | 160 968 | 160 469 | 35.4 | 14 831 | tonnes |
| European Union (27 countries) | 92 247 | 92 742 | 20.4 | 9 544 | tonnes |
| India | 30 331 | 29 428 | 6.7 | 4 973 | tonnes |
| Japan | 14 304 | 14 267 | 3.1 | 1 154 | tonnes |
| United Kingdom | 12 993 | 12 993 | 2.9 | 1 479 | tonnes |
| China | 12 424 | 10 278 | 2.7 | 1 700 | tonnes |
| Canada | 11 137 | 11 137 | 2.4 | 788 | tonnes |

Source: International Trade Centre's Trade Map 2022a.

2.



Institutional and regulatory frameworks

The institutional and regulatory frameworks governing decent work in the Malaysian rubber industry include the international standards, the Malaysian legal framework and state regulations for specific markets.

2.1 International standards

Malaysia had ratified several of the international human rights treaties and labour Conventions related to the protection of human rights and labour rights within the rubber glove supply chain, including the Universal Declaration of Human Rights. Malaysia is party to the Convention on the Elimination of All Forms of Discrimination Against Women, the Convention on the Rights of the Child and the Convention on the Rights of Persons with Disabilities. But Malaysia is not party to the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families, the International Convention on the Elimination of All Forms of Racial Discrimination nor the International Covenant on Economic, Social and Cultural Rights.

Malaysia is an Association of Southeast Asian Nations (ASEAN) Member State and has ratified the ASEAN Convention Against Trafficking in Persons, Especially Women and Children. It is also party to the Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, supplementing the United Nations Convention Against Transnational Organized Crime (Palermo Protocol).

Malaysia ratified seven of the ten fundamental International Labour Organization (ILO) Conventions but has since denounced one of them: the Abolition of Forced Labour Convention, 1957 (No. 105). The six fundamental Conventions in force are the Forced Labour Convention, 1930 (No. 29), the Right to Organise and Collective Bargaining Convention, 1949 (No. 98), the Equal Remuneration Convention, 1951 (No. 100), the Minimum Age Convention, 1973 (No. 138), the Worst Forms of Child Labour Convention, 1999 (No. 182) and the Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187). In March 2022, the country ratified the Protocol of 2014 to the Forced Labour Convention, 1930. Malaysia has yet to ratify the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), the Discrimination (Employment and Occupation) Convention, 1958 (No. 111) and the Occupational Safety and Health Convention, 1981 (No. 155). In addition, Malaysia has ratified the Labour Inspection Convention, 1947 (No. 81) and the Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144). But it has not ratified the Migration for Employment Convention (Revised), 1949 (No. 97), the Private Employment Agencies Convention, 1997 (No. 181) or the Violence and Harassment Convention, 2019 (No. 190), which are essential Conventions for the protection of migrant workers.

► **Table 3. ILO Conventions Malaysia has or has not ratified**

| Fundamental Conventions ratified | Date | Status | Note |
|--|------------------|---------------|---------------------------|
| C029 – Forced Labour Convention, 1930 (No. 29) <i>P029 - Protocol of 2014 to the Forced Labour Convention, 1930 ratified on 21 Mar 2022 (in force)</i> | 11 November 1957 | In force | |
| C098 – Right to Organise and Collective Bargaining Convention, 1949 (No. 98) | 5 June 1961 | In force | |
| C100 – Equal Remuneration Convention, 1951 (No. 100) | 9 September 1997 | In force | |
| C105 – Abolition of Forced Labour Convention, 1957 (No. 105) | 13 October 1958 | Not in force | Denounced 10 January 1990 |
| C138 – Minimum Age Convention, 1973 (No. 138) <i>Minimum age specified: 15 years</i> | 9 September 1997 | In force | |
| C182 – Worst Forms of Child Labour Convention, 1999 (No. 182) | 10 November 2000 | In force | |
| C187 – Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187) | 7 June 2012 | In force | |
| Fundamental Conventions not ratified | | | |
| C087 – Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87) | | | |
| C111 – Discrimination (Employment and Occupation) Convention, 1958 (No. 111) | | | |
| C155 – Occupational Safety and Health Convention, 1981 (No. 155) | | | |

2.2 National regulatory framework

Malaysian ministries with a mandate and jurisdiction over the rubber supply chain include the Ministry of Human Resources, the Ministry of Home Affairs, the Ministry of Plantation and Commodities and the Ministry of Rural Development.

2.2.1 Ministry of Human Resources

The Ministry of Human Resources is responsible for labour protection, skills development, occupational safety and health (OSH), industrial relations and social security. The Ministry of Human Resources consists of nine departments and five agencies, including the Department of Labour, the Department of Occupational Safety and Health, the Manpower Department, the Department of Skills Development, the Department of Trade Union Affairs, the Department of Industrial Relations and the Social Security Organization. There are three Departments of Labour: the Department of Labour Peninsular Malaysia, the Department of Labour Sarawak and the Department of Labour Sabah.

The Department of Labour Peninsular Malaysia is responsible for implementation of the labour protection laws. The Employment Act 1955 (Act 265), which applies to Peninsular Malaysia and the Federal Territory of Labuan, mandates that workers be provided with written contracts,²⁶ that the wage period should not

²⁶ Employment Act 1955, section 10.

exceed one month,²⁷ that workers be paid via a bank²⁸ and that workers get one day of rest per week.²⁹ Night work for female employees is prohibited.³⁰ Under this Act, employers can make a wage deduction of up to 50 per cent of a worker's monthly wage for the recovery of wage advances or payments to a third-party on behalf of the employee, for trade union membership fees, social security contribution and for rental accommodation and food provided by the employer.³¹ Under the Employment (Amendment) Act 2021, the upper limit on regular working hours has been reduced from 48 to 45 hours per week. In Sarawak, labour protection is regulated by the Labour Ordinance (Sarawak Cap. 76), under the jurisdiction of the Department of Labour Sarawak. Similarly in Sabah, labour protection is governed by the Labour Ordinance (Sabah Cap. 67), under the jurisdiction of the Department of Labour Sabah.

The Private Employment Agencies Act 1981 (Act 246) regulates private recruitment agencies in Malaysia, which must hold a valid license issued by the Ministry of Human Resources.³² Under the Act, the placement fee for migrant workers cannot exceed more than one month's basic wage, while the fee for Malaysian workers placed in a job in Malaysia cannot exceed 25 per cent of the first month's basic salary.³³ Either the jobseeker or the employer can be charged this placement fee; however, if the employer is charged, the jobseeker cannot also be charged.³⁴

The Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 (Act 446) sets out the minimum standard of housing that an employer must provide if employees are housed on-site. This includes that the accommodations be fit for human habitation,³⁵ have decent and adequate amenities,³⁶ have fire safety measures³⁷ and be separate for men and women.³⁸ Employers must also take preventive measures to ensure safety and well-being and to contain the spread of infectious diseases, ensure that workers can access necessary medical assistance and that they are given immunization against infectious diseases.³⁹ Employers are permitted to collect up to 100 ringgit per month in rent according to the Employees' Minimum Standards of Housing, Accommodations and Amenities (Processing Fees for Application of Certificate for Accommodation) Regulations 2020.⁴⁰ The same regulation further sets out minimum standards for workers' accommodations, including that electricity and water be provided, that basic amenities such as beds and cupboards must not be shared by workers and that the ratio of workers to one toilet cannot exceed 15.

The rights to organize and bargain collectively fall under the jurisdiction of the Department of Trade Union Affairs and the Department of Industrial Relations. The Trade Unions Act 1959 (Act 262) mandates that trade unions must register with the Government within a month of their establishment⁴¹ to enjoy the rights, immunities and privileges of being a trade union.⁴² Under the Act, however, the Director General can refuse to register a union if one already exists within the industry.⁴³ The Act also makes it a criminal offence to call or participate in a strike if two thirds of union members have not voted for

27 Employment Act 1955, section 18.

28 Employment Act 1955, section 25A.

29 Employment Act 1955, section 42.

30 Employment Act 1955, section 34.

31 Employment Act 1955, section 24.

32 Private Employment Agencies Act 1981 (Act 246), section 7.

33 Private Employment Agencies Act 1981 (Act 246), First Schedule.

34 Private Employment Agencies Act 1981 (Act 246), section 14(b).

35 Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 (Act 446), section 24(h).

36 Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 (Act 446), section 24i

37 Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 (Act 446), section 24j(c).

38 Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 (Act 446), section 24j(a).

39 Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 (Act 446), section 24(j).

40 See https://mpma.org.my/v4/wp-content/uploads/2020/09/pua_20200828_PUA248.pdf.

41 Trade Unions Act 1959 (Act 262), section 8.

42 Trade Unions Act 1959 (Act 262), section 20.

43 Trade Unions Act 1959 (Act 262), section 12.

strike action by secret ballot or if the Director General has not been notified at least seven days earlier⁴⁴ (section 25A). The Industrial Relations Act 1967 (Act 177) sets out the rights of union members and prohibits employers from refusing to employ, discriminating against or dismissing workers on the grounds of their union membership or from barring workers from unionizing.⁴⁵ The Act also regulates collective bargaining negotiations, which can be initiated by a union or an employer to discuss one of three topics: (i) training to enhance workers' skills and knowledge; (ii) an annual review of the wage system; or (iii) a performance-based remuneration system.⁴⁶ However, issues related to promotions, the transfer or employment of workers or the termination of employment cannot be subject to collective bargaining.⁴⁷ Once agreed, a collective bargaining agreement must be in writing and signed by both parties and must be in force for no less than three years.⁴⁸

The Department of Occupational Safety and Health is responsible for OSH throughout Malaysia. Under the Factories and Machinery Act 1967 (Act 139), employers are required to provide personal protective clothing and equipment to employees exposed to wet or dusty processes, to noise, to heat or to any poisonous, corrosive or other injurious substance.⁴⁹ They are also required to ensure training and supervision of any inexperienced workers assigned to any machine or in any production process that could cause bodily injury.⁵⁰ The Act prohibits the employment of young workers (any person who has not completed their sixteenth year of age) within the proximity of any machinery.⁵¹ Employers must also ensure that adequate precautions are taken to prevent fire and adverse health impacts.⁵² In line with the Occupational Safety and Health Act 1994 (Act 514), employers must ensure the safety, health and welfare of all employees.⁵³ Employers must provide information, instruction, training and supervision to ensure workplace safety,⁵⁴ develop a written safety and health policy⁵⁵ and, in enterprises with 40 or more employees, establish a safety and health committee within the workplace.⁵⁶

Social protection falls under the mandate of the Social Security Organization. Under the Employees' Social Security Act 1969 (Act 4), employers in all enterprises employing one or more employee⁵⁷ must pay social security contributions for each worker from the first month of their employment.⁵⁸ Workers registered with the Social Security Organization are entitled to financial support in the event of invalidity (certified by a medical board), disablement or death due to an employment-related injury, funeral expenses, carer's allowance for long-term disability due to an occupational accident or injury and medical treatment for employment-related injuries.⁵⁹ The Workmen's Compensation Act 1952 (Act 273) specifies the parameters of employer liability for compensation in the event of a work-related accident leading to a worker's temporary or permanent disability or death⁶⁰ or of certain occupational diseases⁶¹ and the amount of compensation that the worker is entitled to, calculated based on the worker's monthly salary.⁶² The

44 Trade Unions Act 1959 (Act 262), section 25A.

45 Industrial Relations Act 1967 (Act 177), section 5.

46 Industrial Relations Act 1967 (Act 177), section 13(2a).

47 Industrial Relations Act 1967 (Act 177), section 12(3).

48 Industrial Relations Act 1967 (Act 177), section 14.

49 Factories and Machinery Act 1967 (Act 139), section 24.

50 Factories and Machinery Act 1967 (Act 139), section 26.

51 Factories and Machinery Act 1967 (Act 139), section 28.

52 Factories and Machinery Act 1967 (Act 139), section 13,22.

53 Occupational Safety and Health Act 1994 (Act 514), section 15.

54 Occupational Safety and Health Act 1994 (Act 514), section 15(2).

55 Occupational Safety and Health Act 1994 (Act 514), section 16.

56 Occupational Safety and Health Act 1994 (Act 514), section 30(1).

57 Employees' Social Security Act 1969 (Act 4), section 3(1).

58 Employees' Social Security Act 1969 (Act 4), section 9A.

59 Employees' Social Security Act 1969 (Act 4), section 15.

60 Workmen's Compensation Act 1952 (Act 273), section 4.

61 Workmen's Compensation Act 1952 (Act 273), section 5.

62 Workmen's Compensation Act 1952 (Act 273), section 8.

Act covers workers employed through a third-party labour contractor, provided the accident occurred during the execution of work for the employer⁶³ and formally employed workers; informal workers are not protected by the Act.⁶⁴

Skills development also falls within the mandate of the Ministry of Human Resources. Its Manpower Department is responsible for pre-employment skills development and training, while the Department of Skills Development is responsible for coordinating and regulating the implementation of skills training. The National Skills Development Act 2006 (Act 652) established a council for national skills development⁶⁵ and mandates that national occupational skills standards be used to develop a national curriculum for skills training programmes, that all accredited programmes conform to these standards and that proficiency in these skills should lead to the awarding of a certificate.⁶⁶

2.2.2 Ministry of Home Affairs

The Ministry of Home Affairs is responsible for regulating immigration and the management of foreign workers. Departments and divisions with a mandate related to the rubber glove supply chain include the Immigration Department of Malaysia, the Foreign Worker Management Division and the Council for Anti-Trafficking in Persons and Anti-Smuggling of Migrants (MAPO). The Ministry is also the secretariat of the Cabinet Committee on Foreign Workers and Illegal Immigrants, which comprises 11 ministries that are responsible for policymaking in relation to migrant workers.

The Immigration Department oversees the enforcement of the Immigration Act 1959/63 (Act 155) and the Passports Act 1966 (Act 150). Under Immigration Act 1959/63, entry to Malaysia without a valid entry permit or valid visitor's pass is prohibited,⁶⁷ as is someone who refuses to submit to a medical examination or is in possession of fraudulent or altered travel documents (section 8(3)).⁶⁸ Anyone involved in conveying someone to Malaysia without a valid entry permit or valid visitor's pass is liable for the expenses involved in repatriating the person denied entry.⁶⁹ Under the Act, employing any person without a valid visitor's pass is a criminal offence with a minimum prison sentence of six months.⁷⁰ It is also illegal to accommodate or to permit an undocumented worker to remain at the premise.⁷¹ The Passports Act 1966 (Act 150) prohibits the holding of another person's passport, making passport retention a criminal offence.⁷²

The Foreign Worker Management Division is responsible for processing applications from employers seeking to recruit migrant workers. To legally work in the Malaysian glove manufacturing or rubber processing industries or in agricultural work, migrant workers are required to hold a visitor's pass for temporary employment, which is valid for 12 months but can be extended for a maximum of ten years. To obtain a visitor's pass for temporary employment, an employer must first obtain approval from the Ministry of Home Affairs' Local Centre of Approval, pay the migrant worker levy and then apply for a "visa with reference" and the visitor's pass. Migrant workers employed on a visitor's pass for temporary employment are prohibited from changing their employer without obtaining permission from the Ministry of Home Affairs. They are also not allowed to marry either a local resident or a foreign migrant worker working in Malaysia.

63 Workmen's Compensation Act 1952 (Act 273), section 19.

64 Workmen's Compensation Act 1952 (Act 273), section 2.

65 National Skills Development Act 2006 (Act 652), section 3.

66 National Skills Development Act 2006 (Act 652), section 22.

67 Immigration Act 1959/63 (Act 155), section 6.

68 Immigration Act 1959/63 (Act 155), section 8(3).

69 Immigration Act 1959/63 (Act 155), section 48A.

70 Immigration Act 1959/63 (Act 155), section 55B.

71 Immigration Act 1959/63 (Act 155), section 55E.

72 Passports Act 1966 (Act 150), section 12(1).

MAPO was established under the Anti-Trafficking in Persons Act 2007 (Act 670). MAPO consists of eight ministries: the Ministry of Internal Security, the Ministry of Foreign Affairs, the Ministry of Home Affairs, the Ministry of Women, Family and Community Development, the Ministry of Human Resources, the Ministry of Transport, the Ministry of Information and the Ministry of Internal Security, along with the Attorney General, the Inspector General of the Police and the Director Generals of Immigration, of Customs and of Maritime Enforcement.⁷³ Up to three non-governmental organizations (NGOs) with expertise in trafficking in persons and appointed by the Minister of Home Affairs can also participate in MAPO.⁷⁴ Under the Act, any person engaged in human trafficking commits a criminal offence,⁷⁵ as does anyone profiting from the exploitation of a trafficked person.⁷⁶ The Act protects trafficked persons from liability for illegal entry or unlawful residence in Malaysia or from the possession of fraudulent travel or identify documents.⁷⁷ Malaysian police officers, immigration officers, customs officers and maritime enforcement officers have the power to enforce the Act.⁷⁸

2.2.3 Ministry of Plantation and Commodities

The Ministry of Plantation and Commodities is responsible for overseeing the development of key agricultural commodity supply chains, including rubber, from cultivation to semi-processed, processed and finished products. The Ministry consists of six agencies, including the Malaysian Rubber Board, and five councils, including the Malaysian Rubber Council. Its primary regulation governing the rubber industry is the Malaysian Rubber Board (Incorporation) Act 1996 (Act 551), which established the Rubber Board.

The primary objective of the Malaysian Rubber Board is to provide state assistance to develop and modernize all tiers of the rubber industry: rubber cultivation, processing of raw rubber, manufacturing and marketing of rubber products. Its core activities are industry regulation, research and development (R&D) to promote innovation and technology transfer to support the adoption of new innovations. The Rubber Board also oversees the Rubber Product Certification System, which aims to facilitate international trade through a State-backed Certificate of Conformity that Malaysian rubber products adhere to international standards and specifications. Although it is a voluntary certification scheme, the Rubber Board is responsible for regular surveillance and inspection of product suppliers and for awarding its Product Certification Mark.

The Malaysian Rubber Council is responsible for the promotion and marketing of Malaysian rubber and rubber products in global markets.

2.2.4 Ministry of Rural Development

The Ministry of Rural Development is responsible for promoting rural development and for overseeing the rubber smallholder sector. The Rubber Industry Smallholders Development Authority Act 1972 (Act 85) established the Rubber Industry Smallholders Development Authority (RISDA). It is responsible for the growth and viability of the smallholder rubber sector, including by providing technical services, advice, training and education to smallholder farmers and by supporting them to adopt new technologies developed through R&D. The Authority is also responsible for improving the social and economic well-being of smallholder rubber farmers and aims to ensure an average monthly income of 4,500 ringgit per family by 2025.

⁷³ Anti-Trafficking in Persons Act 2007 (Act 670), section 6.

⁷⁴ Anti-Trafficking in Persons Act 2007 (Act 670), section 6(2).

⁷⁵ Anti-Trafficking in Persons Act 2007 (Act 670), section 12.

⁷⁶ Anti-Trafficking in Persons Act 2007 (Act 670), section 15.

⁷⁷ Anti-Trafficking in Persons Act 2007 (Act 670), section 25.

⁷⁸ Anti-Trafficking in Persons Act 2007 (Act 670), section 27.

2.3 Due diligence legislation

The emergence of expanding human rights due diligence requirements in key markets inevitably impacts the export-oriented Malaysian rubber glove industry.

Due diligence laws or regulations are being introduced in numerous major export destinations for Malaysian rubber gloves. These include the French Duty of Vigilance Act, the Norwegian Transparency Act and the German Supply Chain Due Diligence Act, all of which focus on investigating actual and potential human rights and environmental impacts and disclosing actions taken to mitigate them. Relevant supply chain transparency laws include, among others, the California Transparency in Supply Chains Act 2010, the United Kingdom's Modern Slavery Act 2015 and Australia's Modern Slavery Act 2018. These regulations are primarily about supply chain mapping and disclosure.

The European Union is in the process of developing a Directive on Corporate Sustainability Due Diligence. Adopted by the European Commission in February 2022, the proposed directive will apply to all European Union domiciled companies that have more than 500 employees and an annual worldwide or European Union-wide turnover greater than €150 million.⁷⁹ The proposed directive will apply to companies' own operations, subsidiaries and supply chains, including raw material sourcing. It will include a six-step due diligence process that companies will be required to conduct: (i) integrate due diligence into policies and management systems; (ii) identify and assess adverse human rights and environmental impacts; (iii) prevent, cease or minimize actual and potential adverse human rights and environmental impacts; (iv) assess the effectiveness of mitigation measures; (v) communicate due diligence measures; and (vi) provide remediation (section 16). At the time of writing, the final text of the directive had not been passed or published.

Importantly, the United States' Tariff Act of 1930 prohibits the importing of all goods that have been manufactured wholly or in part in any foreign country by forced labour (section 307). The United States Customs and Border Protection implements section 307 and can issue a Withhold Release Order to prevent the importing of goods if there is reasonable grounds for suspicion that it was produced under conditions of forced labour. The agency has a designated team responsible for corroborating evidence that it receives, which is used to inform the issuance of a Withhold Release Order. The United States Department of Labor compiles a List of Goods Produced by Child or Forced Labor, as required under the Trafficking Victims Protection Reauthorization Act of 2005, which may inform future Withhold Release Orders. The European Union is considering the introduction of a similar forced labour import ban.⁸⁰

⁷⁹ European Commission 2022a.

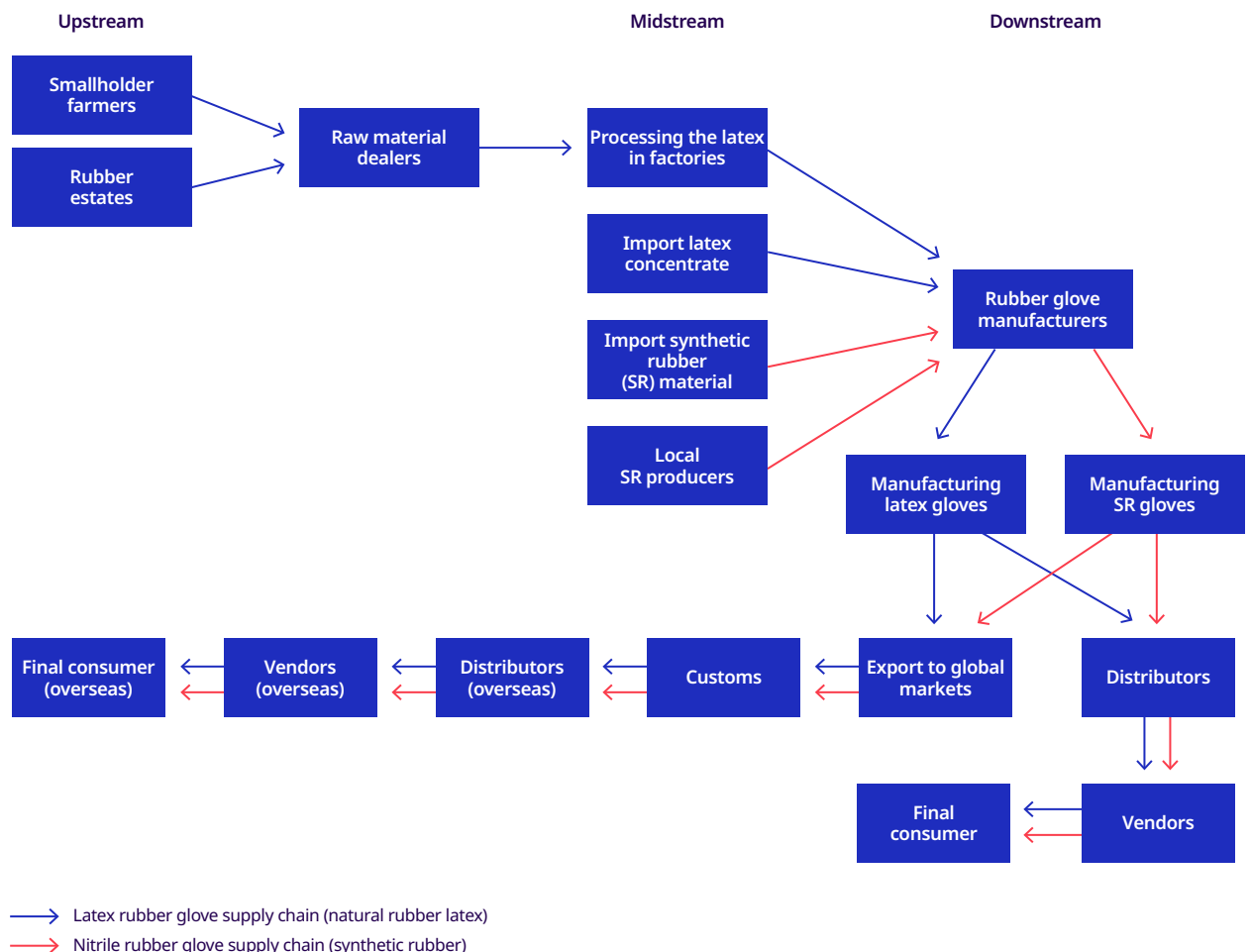
⁸⁰ European Commission 2022a.

3.

Supply chain mapping and analysis

The availability of raw materials and Malaysia's industrial policies had important roles in the development of the rubber industry and the vertical integration of the rubber glove supply chain.⁸¹ However, as the volume of rubber grown in Malaysia declined, the rubber glove supply chain became less vertically integrated, and inputs from smallholder farmers and rubber processors diminished.

► Figure 2. Malaysia's rubber glove supply chain



3.1 Upstream: Smallholder farmers

Several factors have contributed to the decline in Malaysian rubber production. With the average age of smallholder rubber farmers at older than 50, one of the factors is an ageing workforce of the sector. Higher wages in other sectors have reduced younger generations' participation in rubber farming.⁸² Agricultural factors, such as the variety of the clones planted, the age of the rubber trees (new trees typically take seven years before they reach maturity), soil type, terrain conditions, the use of fertilizers and the frequency of weeding, also have influenced the quality and quantity of rubber production.⁸³ Smallholder rubber farmers consulted for this study pointed out that the weather, particularly the level of acidity in the rain, affects the level of farm productivity, as does the age and size of the trees, the proficiency of the rubber tapper, the availability of fertilizers and the presence of wild animals that destroy trees, such as elephants, boars and monkeys. High rainfall frequency, flooding and fungal leaf diseases contributed to the reduction in rubber tapping.⁸⁴ Government interviewees also explained that the required infrastructure is less available than in the past because the number of latex collection centres have reduced.

Another significant factor in the decline of Malaysian rubber production is the financial viability of the sector due to low farm gate prices. The Malaysian Rubber Board sets the farm gate price based on the Singaporean rubber exchange. In the first half of 2022, the average farm gate price for latex was 7.22 ringgit per kilogram (\$1.64 per kilogram) and 5.89 ringgit per kilogram (\$1.34 per kilogram) for cup lumps in Peninsular Malaysia, which was a slight increase from the 6.33 ringgit per kilogram (\$1.44 per kilogram) for latex and 5.55 ringgit per kilogram (\$1.26 per kilogram) for cup lumps in 2021.⁸⁵ However, the farm gate prices remain too low to offer a sustainable livelihood. In one of its bulletins, the Plastics and Rubber Research Institute⁸⁶ estimated in 2021 that a smallholder farmer with a 2.5-hectare rubber farm will make an annual income of 11,000 ringgit (approximately \$2,500) before input costs are deducted.⁸⁷ The World Wildlife Fund for Nature similarly estimated in 2021 that the annual revenue from a 2–4-hectare smallholder rubber farm is 8,000–16,000 ringgit (approximately \$1,820–\$3,650).

Farm gate prices are influenced by various factors, including the global supply, the price of crude oil (which is used in the production of synthetic rubber) and the quality of the natural rubber latex or cup lumps.⁸⁸ The production of liquid latex is more labour intensive than the production of cup lumps, requiring three to four hours of additional work. But the price difference does not reflect the additional hours of work, which, according to government interviewees, has contributed to the decline in latex production. The low prices have led some farmers to abandon rubber farming and to convert their rubber farmland into oil palm farms, which offer higher returns and are less labour intensive.⁸⁹ Periods of low farm gate prices can create a cycle of reduced rubber tapping and farm maintenance (such as the use of fertilizers) and thus lower productivity and income.⁹⁰

82 Ali et al. 2021.

83 Ramli et al. 2021.

84 Ali et al. 2021; Kai See 2021b.

85 Malaysian Rubber Board 2022a.

86 Kai See 2021b.

87 The calculation is based on 1,000-kilogram annual yield sold at 4.5 ringgit per kilogram. As this would equal 4,500 ringgit, the basis for the 11,000 ringgit estimate is thus not entirely clear.

88 Kai See 2021b; Ali et al. 2021; Khin et al. 2019.

89 World Wildlife Fund Malaysia 2021; Ali et al. 2021.

90 World Wildlife Fund Malaysia 2021; Ali et al. 2021.

3.2 Midstream: Rubber processors

As the volume of rubber produced in Malaysia declined, the country's rubber processing industry reportedly also shrunk, with some rubber mills closing. For example, one rubber processor participating in the study reported that they previously operated 12 factories and now operate only four. When asked about the future of the sector, rubber processors expressed concern about the rising production costs and cash flow. Their biggest production costs are raw materials, wages, energy and fuel, factory maintenance and social compliance. One interviewed rubber processor pointed out that 20 per cent of their rubber products in 2022 sold at less than the cost of production because the price of raw materials was higher than the selling price.

The low price of latex concentrate suggests that the pandemic-related profits were not passed down the supply chain. Table 4 compares the year-on-year increase in the price of Malaysian rubber gloves, latex concentrate and the farm gate price of natural rubber latex, demonstrating much smaller increases in price upstream than in glove manufacturing.

► **Table 4. Average price of gloves, latex concentrate and latex farm gate price in Malaysia, 2019–22**

| | Gloves (HS4015) (\$/kg) | % year-on-year increase | Latex concentrate (\$/kg) | % year-on-year increase | Latex (farm gate price in Malaysia) (\$/kg) | % year-on-year increase |
|------|-------------------------|-------------------------|---------------------------|-------------------------|---|-------------------------|
| 2021 | 14.14 | 67.1 | 1.36 | 16.3 | 1.53 | 23.1 |
| 2020 | 8.46 | 57 | 1.17 | 7.0 | 1.24 | 7.3 |
| 2019 | 5.39 | -1.3 | 1.09 | 2.6 | 1.16 | 5.3 |

Source: UN Comtrade and Malaysian Rubber Board.

In addition to the uneven increases in the unit price set out in table 4, the year-on-year change in the total value of sales of gloves compared to rubber also differed significantly. While total rubber glove sales increased in value by 89.4 per cent in 2020, the total sales of rubber (natural or synthetic) only increased by 2 per cent.⁹¹ In 2021, the total value of rubber processing sales fell by 9.6 per cent, and there were further declines in the first two quarters of 2022 in the total value of Malaysian rubber processing.⁹²

The increasing stringency of and demand for private compliance was cited as a major challenge by rubber processors interviewed for this study. The processors explained that they are facing increasing pressure to ensure supply chain traceability to the farm level and to conduct a variety of external audit requirements, including enforcement of different ISO standards, the Sedex Members Ethical Trade Audit and the EcoVadis measurement system. They expressed hope that the Global Platform for Sustainable Natural Rubber will harmonize the different auditing requirements within the Malaysian context and reduce the costs involved in preparing for multiple audits.

⁹¹ Department of Statistics Malaysia 2022c.

⁹² Department of Statistics Malaysia 2022c.

3.3 Downstream rubber glove manufacturers

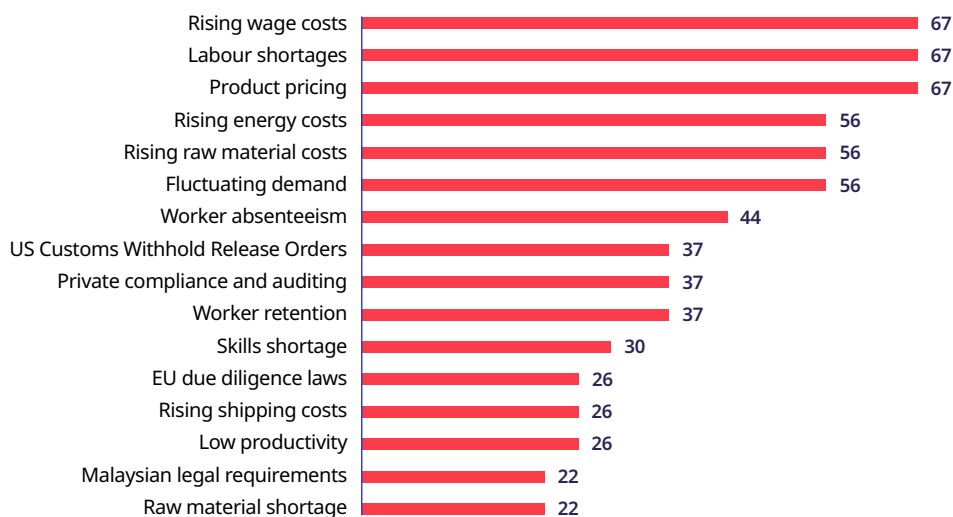
Four companies (the “big four”) dominate the Malaysian rubber glove market, one of which accounts for a quarter of all global rubber glove production, while another is the world’s largest producer of nitrile gloves.⁹³

In response to the demand for rubber gloves during the COVID-19 pandemic, the export price of rubber gloves increased dramatically (table 4). As a result, glove manufacturers reported significant increases in profit, with the big four each reaching a net worth surpassing \$1 billion.⁹⁴

Despite the economic boom during the pandemic, industry stakeholders expressed concerns regarding the future market situation. In response to the demand for rubber gloves during the pandemic, manufacturers sought to increase production capacity by expanding their production facilities and buying land to develop new factories.⁹⁵ But the pandemic-driven rapid expansion in production reportedly has led to a surplus in supply. One glove manufacturer argued that the market forecasts of a sustained level of demand for rubber gloves after the pandemic “were simply wrong”. Government interviewees explained that the surplus has had a detrimental impact on pricing and were concerned that the rising input costs and falling prices will result in factories shutting down or operating at 50 per cent capacity until the volume of production and the demand for gloves realign.

The three biggest production costs reported by glove manufacturers in the survey for this study are wages, raw materials and energy costs. The surveyed glove manufacturers reported that their three biggest concerns for the future viability of the Malaysian rubber glove industry are rising wage costs, labour shortages and product pricing (figure 3).

► **Figure 3. Survey findings on rubber glove manufacturers’ biggest concerns for the future viability of the rubber glove industry in Malaysia (%)**



93 Hutchinson and Bhattacharya 2020.

94 Hutchinson and Bhattacharya 2020.

95 Hutchinson and Bhattacharya 2020.

In the interviews for the study, glove manufacturers expressed concern that buyers will move to third countries in pursuit of lower prices. Other interviewees worried that competition from major glove producers, particularly China and Thailand, will place downward pressure on prices. One glove manufacturer argued that if they sought to compete with China, they would have to sell at a price that is below the cost of production in Malaysia.

Additionally, glove manufacturers discussed buyer pressure to simultaneously provide discount prices and higher social compliance, critiquing buyers' "best price" attitudes and unwillingness to pay for quality or higher labour standards. They argued that buyers are increasingly requiring social compliance certification but that there is currently no certification scheme that focuses on the glove industry.

3.4 Buyers

There does not appear to be one clear pathway for procuring Malaysian rubber gloves. Glove manufacturers can sell to third-party traders, to large corporate buyers, such as medical suppliers or catering supplies companies, or directly to health care systems through public procurement. Information on this tier of the supply chain is less readily available, and there is a lack of transparency regarding the actors involved in selling and distributing rubber gloves.

Public procurement

Malaysian glove manufacturers and medical supplies companies can directly supply public health services around the world by bidding on public tenders or indirectly via contracts awarded to traders. During the COVID-19 pandemic, the European Union centralized pandemic-related PPE procurement for member States. The European Commission waived public procurement procedures for COVID-19-related supplies so that "public buyers may negotiate directly with potential contractor(s) and there are no publication requirements, no time limits, no minimum number of candidates to be consulted, or other procedural requirements" that need to be met when procuring COVID-19-related supplies.⁹⁶ The guidance issued by the European Commission summarized that "this means that authorities can act as quickly as is technically/physically feasible – and the procedure may constitute a de facto direct award only subject to physical/technical constraints related to the actual availability and speed of delivery".⁹⁷ The paramount importance of speed of delivery was evident in one early call for tenders to supply PPE for health care workers that weighted it at 35 per cent of the contract-awarding criteria.⁹⁸ Although market States had to balance their obligations to protect their citizens from the spread of COVID-19, particularly health care workers at the front line of the pandemic response, short lead times have been found to have adversely impacted working conditions in the supply chains.⁹⁹

96 EUR-Lex 2020.

97 EUR-Lex 2020.

98 See European Commission's Directorate-General for Health and Food Safety contract: "[Luxembourg-Luxembourg: Supply of Personal Protective Equipment for Healthcare Workers for the Care of Patients with Suspected or Confirmed Novel Coronavirus \(Covid-19\): 2020/S 100-238631 Contract Award Notice](#)", 25 May 2020.

99 ILO 2017.

Launching Ceremony:

Guide for Malaysian

and Eliminating forced labour in the rubber

August 2022 | Ballroom, Hilton KL Sen

4.



Launch of the Addressing, preventing and eliminating forced labour in the rubber industry in Malaysia: A practical guide for Malaysian employers in 2022. © Malaysian Rubber Council

State of decent work in Malaysia's rubber glove supply chain: Research findings

This section explores four pillars of decent work: employment creation, rights at work, social protection and social dialogue.

4.1 Employment creation

The ILO defines employment creation as the generation of opportunities for full and productive employment and decent work. This can be achieved, inter alia, by boosting effective demand, active labour market policies and vocational and entrepreneurial skills programmes.

The 66,739 people who worked in rubber glove manufacturing in Malaysia in 2022 comprised only 0.3 of the country's total workforce. This reflects how rubber glove manufacturing has become more and more automated and capital intensive in recent decades.

The numbers of smallholder rubber farmers and workers employed on their farms (who are usually employed informally on a profit-sharing basis) are much harder to determine. In 2013, according to the latest farm census data available, there were 283,683 smallholder rubber farms in Malaysia.

4.1.1 Skills required and skill gaps

The skills required to work in glove manufacturing vary based on the job description. To work on the production line, workers need to manage production and quality assurance and have the physical strength to work in a hot environment. Technicians and engineers responsible for operating machinery need to have technical and basic engineering skills. The skill set required to become operational staff, responsible for testing and quality control of the latex and chemicals prior to production, include knowledge of polymer science and chemistry. At the more senior level, the skills required to become management staff include knowledge of regulatory frameworks, including legal requirements, quality assurances, market state standards, ISO standards and auditing. In the interviews for this study, an employers' organization representative pointed out that "they need to know the standards of each market". In the rubber processing sector, employers in a group discussion explained that at the production level, workers need to be fit to undertake physical labour and have basic literacy and numeracy skills. And smallholder rubber farmers clarified that the primary skills required to work as a rubber tapper are tapping technique and knowledge, particularly techniques for tapping without harming the trees and knowledge of when a tree can and should not be tapped.

Skill gaps were reported by employers in both glove manufacturing and rubber processing. The primary skill gaps cited by glove manufacturers were technical skills related to a specific production process or machine and the efficient use of machinery. One glove manufacturer official said that their primary skill gaps are in technical roles, such as mechanics and engineering, because they struggle to retain qualified engineers due to the lure of the IT sector. To improve worker retention, the company increased engineers' salaries and introduced specialized training courses on latex technology. A rubber processor representative reported that English language is a skill gap among top management, while another rubber processor noted skill shortages in relation to teamwork, communication skills and attention to detail in the production process. Smallholder farmers did not identify any skill gaps but acknowledged that they could benefit from improved business and marketing skills.

To be promoted, glove manufacturers explained that workers need to possess literacy skills, including the ability to prepare reports, and leadership skills. Rubber processors added that, to be promoted, supervisors and assistant managers require leadership skills, particularly the ability to manage workers from different educational backgrounds, along with a knowledge of rubber.

4.1.2 Skills training

There are several options available to Malaysians wanting to obtain the skills required to pursue a career in glove manufacturing or rubber processing. Employers explained that there is no specific university course that leads to work in rubber processing or glove manufacturing. But the Malaysian Rubber Council provides scholarships for Malaysian undergraduates pursuing a degree in engineering, environmental science, supply chain logistics, polymer science and technology, business studies or IT, among others. For persons already employed in the industry but with no formal qualification in polymer science, the Plastics and Rubber Research Institute Malaysia offers a one-year diploma in rubber technology that focuses on the theoretical study of rubber materials, rubber processing and polymer science. Enrolment requires a minimum of one year of industry experience, and classes are conducted in the evenings to enable workers to continue working during the day.

There are also several opportunities to undertake shorter further education courses and skills training within the rubber industry. For example, the Malaysian Rubber Council provides scholarships for enrolment at the Plastics and Rubber Research Institute Malaysia, and the University of Kuala Lumpur offers a Professional Graduateship of Rubber Technology course, which was developed to meet the needs of the Malaysian rubber industry and consists of two months of lectures and four months of industry placement. The Malaysian Rubber Board's Akademi Hevea Malaysia provides short-term courses (two to three days) on specific skills required in glove manufacturing, rubber processing or rubber farming.¹⁰⁰ The Malaysian Rubber Glove Manufacturers Association developed a training course on glove manufacturing that consists of one month of lectures and one month of practical training through an industry placement. These training courses, however, are only open to Malaysian workers and largely concentrate on upskilling workers in more senior positions rather than production line workers, many of whom are migrant workers.

Companies are financially incentivized by the Malaysian Rubber Council to run in-house skills training for workers.¹⁰¹ Most glove manufacturers and rubber processors surveyed for this study run in-house skills training. Interviewed glove manufacturers reported that skills training focuses on soft skills, such as management skills, while rubber processors reported that in-house skills training seeks to build up external communication skills, leadership skills and technical knowledge. One glove manufacturer said that it has commenced a skills training programme for upskilling migrant workers, whereby talented workers are identified, trained and placed on a path for promotion.

¹⁰⁰ For more information on Akademi Hevea Malaysia, see Malaysian Rubber Board 2022c.

¹⁰¹ Malaysian Rubber Council 2022b.

The surveyed glove manufacturers and rubber processors also cited additional in-house training, including OSH, fire safety, first aid, chemical management, environmental protection and sexual harassment prevention training.

Smallholder farmers can access skills training that the RISDA provides on planting techniques, fertilization, tree maintenance, tapping efficiency and safety. However, some smallholder farmers pointed out that only persons who hold the land deed are eligible for the RISDA assistance, which excludes workers who do not own the rubber farm they work on. Smallholder farmers reported that their families have been growing rubber for generations but that many do not hold an official land deed.

4.1.3 Opportunities for green jobs

As the world transitions towards a low-carbon economy, there may be opportunities for employment creation in rubber processing and glove manufacturing, even though the areas currently identified for potential employment creation remain limited. Employers in the study added that there are likely to be opportunities for green jobs in glove manufacturing for persons with the necessary skills, knowledge of engineering, a strong theoretical background and practical experience – for example, electrical engineers who can support factories to manage their energy consumption to meet reduction targets. One rubber processor explained that increased focus on environmental concerns, such as calculating the emissions involved in production, will generate new job opportunities for those with the related skills. The processor also mentioned opportunities for creating “green rubber” and that the Malaysian Government has offered an income tax exemption to increase the production of green rubber.¹⁰² But the opportunities for green job creation identified by employers require tertiary education and are unlikely to lead to a just transition for production line workers.

4.1.4 Labour shortages

Challenges related to the recruitment and retention of workers have led to labour shortages in the rubber glove supply chain. Among the employers surveyed for this study, 67 per cent (n=18) of the glove manufacturers and 75 per cent (n=3) of midstream enterprises cited labour shortages as an important concern for the future viability of the industry. Glove manufacturers face recruitment challenges due to the small number of applicants with the required skills and the low level of interest in undertaking this type of work among young people in Malaysia. In a group discussion, employers said that the challenges in retaining Malaysian workers also have contributed to the labour shortages. Government stakeholders noted that the turnover of Malaysian workers is high due to the “dirty, difficult and dangerous” nature of the low-skill work in the industry. A rubber processor added that local workers often “cannot stand the smell and it sticks to their clothes”. Issues regarding worker retention are mostly limited to Malaysian workers because migrant workers are not legally permitted to change their employer.

Employers in glove manufacturing and rubber processing are incentivized to recruit Malaysian workers to reduce the industry's reliance on migrant workers. In 2020, the Malaysian Rubber Council created a Fund for Hiring Malaysian Workers, under which glove manufacturers and rubber processors could claim 3,600 ringgit per worker hired between 1 August 2020 and 31 December 2021, for up to 200 workers. In December 2022, the scope of the fund was expanded to more stakeholders, including smallholder farmers, and employers can now claim for up to 2,500 workers.¹⁰³ Government interviewees reported that to claim from the fund, Malaysian workers must be recruited to permanent positions and earn between 1,500 ringgit and 2,500 ringgit per month.

¹⁰² For more information on the green rubber tax exemption, see Malaysian Green Technology and Climate Change Corporation 2022.

¹⁰³ Malaysian Rubber Council 2022a.

Automation of the production process is another approach that has been taken to counter the labour shortages in the industry. Interviewees noted that if, a decade ago, ten workers were needed to produce a million gloves, today the same amount could be produced by two production workers only. Industry stakeholders hope the move towards automation will continue and further reduce the number of production line workers required, thus reducing the labour shortage. The increasing automation of the production process may impact the nature of employment creation in the industry. One employers' organization representative argued that more production line work will be automated in the future but managerial roles will also increase. Not all stakeholders, however, agreed that automation would resolve the labour shortage. Some employers said that due to the labour shortage, the industry is likely to further increase its dependency on migrant workers, despite efforts to incentivize the employment of Malaysian workers.

4.2 Rights at work

Guaranteeing rights at work is one of the four strategic objectives of the Decent Work Agenda and is essential to a rights-based and human-centred approach to development of the sector. This starts with the promotion of the fundamental principles and rights at work as enabling rights and goes beyond into other labour standards related to specific employment and labour issues in the sector or specific categories of workers.

4.2.1 Fundamental principles and rights at work

Freedom of association and right to collective bargaining

Workers in the Malaysian rubber glove supply chain face barriers to fully exercising their rights to freedom of association and collective bargaining, partly because these rights are not fully protected. The right to form a union is subject to legal restrictions, including that the Government can refuse the establishment of a union and deem it an unlawful organization that is prohibited from organizing a strike or participating in a trade dispute.¹⁰⁴ The Government also can suspend any association in the interest of national security and public order.¹⁰⁵ As a result, only 6 per cent of the Malaysian workforce is reportedly unionized.

There are limited data available on the rate of unionization among migrant workers. Their right to freedom of association is further restricted. Although migrant workers can become members of a union, they may not become office bearers unless they obtain an exemption from the Ministry of Human Resources. They also are prohibited from forming their own independent union.¹⁰⁶ These factors act as barriers to organizing among migrant workers.

The stakeholder interviews conducted for this study indicate that various factors have contributed to the limited unionization within the rubber glove supply chain. In those interviews, civil society officers argued that the Trade Unions Act restrictions on the number of unions per sector can be a barrier to unionization because the existence of one union within the sector limits the options for organizing glove manufacturing or rubber processing workers. Workers' organizations representatives, on the other hand, explained that their struggles to organize workers in the sector relate to a lack of resources and difficulties in accessing migrant workers living in company dormitories and that they have resorted to waiting in cafés to talk to workers about organizing.

104 Trade Unions Act 1959, section 19.

105 Trade Unions Act 1959, section 18.

106 Trade Unions Act 1959, section 30.

Despite the challenges in organizing migrant workers and the legal restrictions on workers' right to strike, there are examples of migrant workers organizing within the industry. In January 2019, 2,000 Bangladeshi and Nepali workers employed in a glove factory went on a three-day strike to demand three months of unpaid wages.¹⁰⁷ In response to the strike, the Department of Labour investigated and found that the company had withheld the workers' wages from November 2018 to January 2019, did not pay overtime and made illegitimate wage deductions. The Department ordered the company to pay the workers' their unpaid wages by the end of February 2019.¹⁰⁸

In a rubber tyre manufacturing company, migrant workers were excluded from a collective bargaining agreement. When 65 of them filed a case with the Industrial Court, the company countered that migrant workers are excluded from the collective bargaining agreement on the basis of not being represented by a union. The migrant workers won the case and were collectively compensated 5 million ringgit in unpaid wages.¹⁰⁹

Elimination of all forms of forced labour and child labour

Several media and academic reports have brought attention to indicators of forced labour in glove manufacturing. In 2018, investigative journalists reported that they found excessive working hours, withheld passports, withheld wages, restrictions on workers' movements and high levels of recruitment-related debt at two large glove manufacturers in Malaysia.¹¹⁰ More recent academic research found nine indicators of forced labour present in the glove manufacturing industry: abuse of vulnerability, deception, intimidation and threats, physical and sexual violence, retention of identity documents, restrictions on workers' movements, isolation, abusive working and living conditions and excessive overtime.¹¹¹

Reports of forced labour indicators within the glove manufacturing industry led the United States Customs and Border Protection to issue a Withhold Release Order against six glove manufacturers between October 2019 and January 2022. As of January 2023, the Withhold Release Order against two of the companies had been lifted.¹¹² In response to the Withhold Release Orders blocking shipments into the United States, some large glove manufacturers took important measures to improve approaches to labour management and to reimburse recruitment fees; across the industry, reimbursements reportedly reached a combined total of 350–400 million ringgit. Top Glove developed a corrective action plan to reimburse an estimated \$32.77 million to migrant workers. Hartalega followed suit, and by July 2021, the company reported reimbursing 41 million ringgit to foreign workers who had been hired prior to the introduction of its zero recruitment fee policy in April 2019. Around the same time, Kossan reimbursed its workers 54 million ringgit. The Bhutta and co-researchers' 2021 study found a decline in the level of recruitment-related debt during the pandemic due to the recruitment fee repayment programmes that the large manufacturers had embarked upon.¹¹³

However, as noted, indicators of forced labour within the industry have not been limited to recruitment-related debt. In glove manufacturing, Bhutta and co-researchers found that 26 per cent (n=395) of workers they had surveyed had signed a document that stated they could not leave before their contract had expired, while 47 per cent (n=703) reported feeling unable to leave their employment due to contractual or other restrictions; 7 per cent (n=111) reported having been threatened or intimidated in the workplace; and 8 per cent (n=113) had their passport withheld.¹¹⁴ Indicators of forced labour in rubber processing have received less attention. During the group discussions for this study, workers employed in rubber

107 Chan 2019; Alhadjri 2019.

108 *Malaysiakini* 2019.

109 AP 2021.

110 Ellis-Petersen 2018b; Lih Yi 2018.

111 Hughes et al. 2022.

112 Bhutta et al. 2021.

113 Bhutta et al. 2021.

114 Bhutta et al. 2021.

processing and packaging suppliers indicated that they did not hold their own passport. Rubber processing workers reported that they can access their passport on request; this nevertheless remains a violation of the Passports Act and contributes to the risk of forced labour.

The division of responsibility within the Ministry of Human Resources appears to create challenges in responding to forced labour indicators that fall under the jurisdiction and mandate of different departments. For example, the Department of Labour can deal with issues related to the non-payment of wages but not the withholding of documents. This appears to have limited the successful identification of forced labour. Although the Department of Labour has issued 11 investigation papers into cases of forced labour, it has opened 347 investigation papers into the non-payment of wages and 1,150 papers into the minimum standard of housing. The Employment (Amendment) Act 2022, which falls under the mandate of the Department of Labour, includes a new section 90(B) prohibiting forced labour – a reflection of the Government's commitment to address this issue.¹¹⁵

There is limited research into or knowledge of child labour in the rubber industry in Malaysia. Department of Labour officials reported that they have not dealt with any cases of child labour in the rubber industry in Peninsular Malaysia. Civil society officers said that they had not witnessed child labour but expressed concerns regarding children working on smallholder rubber farms.

Non-discrimination

Migrant workers may face discrimination during their recruitment, employment and termination. Government interviewees explained that employers must advertise all vacancies on the job forum MYFutureJobs for 30 days to enable interested Malaysian workers to apply. And they must also demonstrate a need that cannot be filled with Malaysian workers before positions can be opened to foreign workers. Researchers have found that migrant workers are often paid less than Malaysian workers in similar positions or are moved to harder tasks when Malaysian workers are recruited.¹¹⁶ In the event of redundancies, employers cannot terminate the contract of a Malaysian worker before terminating the employment of all foreign workers in similar positions.¹¹⁷ This leaves migrant workers vulnerable to both mass dismissal and to becoming undocumented.¹¹⁸

Women migrant workers face intersecting forms of discrimination. Within 30 days of their arrival in Malaysia, all migrant workers must undergo a health screening that includes pregnancy testing (for women) before they can obtain a visitor's pass for temporary employment. This health screening must be repeated annually to renew their visitor's pass for temporary employment. If a migrant woman worker is pregnant, she will lose her right to work in Malaysia and be deported.¹¹⁹ One government interviewee summarized the different treatment that Malaysian and migrant women experience: "If the foreign workers are found to be pregnant, they will be deported back to their country because they violated the policy. But for Malaysian workers, it is okay." Government interviewees added that migrant women are also prohibited from getting married in Malaysia.

Occupational safety and health

Production line workers in glove manufacturing and rubber processing can be exposed to multiple OSH hazards that may result in short- and long-term negative health outcomes. Hazards in the sector include moving parts in the machinery, corrosive chemicals, fumes, vapours, rubber dust, noise and high temperatures. Temperatures on the production lines are often more than 45°C and can reach

¹¹⁵ Employment (Amendment) Act 2022, section 41.

¹¹⁶ Khadka 2020.

¹¹⁷ Employment Act 1955, section 60N.

¹¹⁸ Ethical Trade Initiative 2019.

¹¹⁹ Ethical Trade Initiative 2019.

70°C; the outbreak of fires within glove factories is not uncommon.¹²⁰ Exposure to rubber dust, rubber fumes and N-nitrosamines while working in rubber manufacturing has been shown to increase the risk of circulatory disease, including ischaemic heart disease and digestive diseases.¹²¹ Extended exposure to rubber during inspection and finishing tasks can cause contact dermatitis.¹²² According to the World Health Organization, occupational exposure in the rubber manufacturing industry can cause leukaemia, lymphoma and cancers of the urinary bladder, lung and stomach.¹²³

Every workplace is required to have OSH policies and an OSH committee responsible for reviewing OSH measures and investigating any incidents.¹²⁴ Most of the employers surveyed for the study said that their in-house OSH training is conducted for all workers. An interviewed rubber processor reported that eight hours of OSH training per year is mandatory. During the study's group discussions, workers in glove manufacturing and rubber processing said that free PPE, in the form of boots, masks and often gloves, is provided by their employer. Government interviewees admitted that although large companies have improved the working environment, issues remain in small and medium-sized enterprises.

In 2021, the manufacturing sector experienced the highest rate of occupational injuries in Malaysia.¹²⁵ Across all sectors, 4,232 occupational injuries (19.7 per cent) reported to the Department of Occupational Safety and Health in 2021 involved migrant workers, of which 97 of them were fatal.¹²⁶ The number of occupational injuries that occur, particularly among migrant workers, are likely to be higher because workplace accidents typically go unreported by employers.¹²⁷ Although the Department of Statistics Malaysia does not provide disaggregated data on the occupational injuries in glove manufacturing or in rubber processing, 16 per cent (n=235) of the glove manufacturing workers surveyed by Bhutta and co-researchers reported feeling unsafe in their workplace. And 5 per cent (n=76) had experienced or witnessed a workplace accident that included a gas blast, severe cuts (to hands, arms and fingers), broken limbs, chemical-related respiratory problems and worker deaths.¹²⁸

In addition to OSH risks in the sector's workplaces, there have been reports of inadequate living conditions in the migrants' dormitories. Stakeholders interviewed for this study cited overcrowded living conditions in the dormitories as a serious risk factor, particularly in the event of a fire, and argued that the ratio of inhabitants to a single toilet – which exceeds the legal maximum of 15 – creates an unsanitary living environment. The Ministry of Human Resources' inspections of migrant dormitories have raised concerns regarding congested accommodations that are poorly ventilated.¹²⁹ An employers' organization representative acknowledged in an interview that the unsanitary living conditions in remote areas, which are surrounded by fences and guarded by the company, have contributed to concerns regarding the use of forced labour in the industry.

Smallholder farmers reported that their main OSH concerns relate to the use of sharp tools, snake bites, wild animals and exposure to chemicals. The main forms of PPE used by smallholder farmers are boots, gloves, long sleeves, mosquito repellent and hats, which they purchase themselves. Health problems reported by the smallholder farmers consulted for the study include fatigue, dizziness, back and knee pain from walking up and down the hilly terrain and getting sick from the pesticides used.

120 Bhutta et al. 2021.

121 Hidajat et al. 2020.

122 Powers and Lampel 2015.

123 World Health Organization 2020.

124 According to the Occupational Safety and Health Act 1994, section 16 and sections 30–31: Every employer shall establish a safety and health committee at the place of work in accordance with section 30 of the Act if (a) there are forty or more persons employed at the place of work; or (b) the Director General directs the establishment of such a committee at the place of work.

125 Department of Statistics Malaysia 2022e.

126 Department of Statistics Malaysia 2022e.

127 Sunam 2022.

128 Bhutta et al. 2021.

129 Hutchinson and Bhattacharya 2021.

4.2.2 Employment relationships

Employment relationships and contracts

Workers in the rubber glove supply chain can have a direct employment relationship with the factory they work in or they can be employed via a labour-subcontracting agency. The latter employment relationship contributes to weaker labour protection. Among the surveyed glove manufacturers, 67 per cent (n=18) said that they directly employ all of their workers. Other companies directly employ the majority of their workers while relying on labour subcontractors to employ the remaining 10–40 per cent of their workforce. Three surveyed glove manufacturers, however, acknowledged directly employing less than 20 per cent of their workforce. A 2018 legal framework gap analysis highlighted that when subcontractors double as employers, accountability under the Employment Act becomes difficult and has led to confusion regarding who is considered the employer under the law.¹³⁰ The recent amendments to the Employment Act 1955 attempt to redress this gap by providing a rebuttable presumption of employment, but application of these provisions has yet to be tested.

Workers are entitled to a written contract,¹³¹ but there is no legal requirement that the contract be provided in a language that a worker can understand. During one group discussion, workers employed in a midstream enterprise in the rubber glove supply chain reported that they could not understand the language their contract was written in.

For migrant workers, employment relationships are also influenced by their visitor's pass for temporary employment, which is tied to a single employer. To maintain their documented status for the duration of their contract, migrant workers are dependent on their employer to renew their visitor's pass for temporary employment annually. Irregularities in the visitor's pass paperwork, for example, the name of the employer, can render migrant workers undocumented and more vulnerable to both labour exploitation and deportation. Bhutta and co-researchers found that 36 per cent (n=540) of glove manufacturing workers surveyed for their 2021 study had a visitor's pass for temporary employment that listed a different employer due to factories having multiple sites or naming a subcontractor rather than the company. Failure by employers to renew a migrant worker's visitor's pass for temporary employment or paperwork irregularities can leave migrant workers open to abuse of their vulnerability due to their fear of being denounced to the authorities and deported.

Employment relationships in smallholder rubber farming appear to be informal and based on a profit-sharing agreement between workers and the landowner.¹³² One smallholder farmer in a group discussion for this study said that workers are often hired within the community by the owner of the rubber farm.

130 ILO 2018.

131 Employment Act 1955, section 10(1).

132 World Wildlife Fund Malaysia 2021.

Recruitment practices

In the glove manufacturing and rubber processing sectors, recruitment practices for hiring Malaysian workers differ from those for hiring foreign migrant workers. During the study's group discussions, Malaysian workers reported hearing about their job from friends or relatives or through walk-ins or open interviews, while migrant workers reported hearing about the job from a recruitment agent. A rubber processing company official said that they advertise locally through banners outside the factory and open the interviews for local workers but they use a recruitment agency to recruit overseas.

During the pandemic border closures, overseas recruitment was put on hold.¹³³ The recruitment freeze for migrant workers was lifted in February 2022, but the return of migrant workers has reportedly been slow.¹³⁴ Before a migrant worker arrives in Malaysia, their future employer must obtain permission from the Ministry of Human Resources, advertise the position locally, obtain approval from the Ministry of Home Affairs at the local and national levels, obtain permission from the embassy of the labour-sending country to recruit workers, apply for a visa with reference, pay the migrant worker levy and then pay a security bond to the Immigration Department. During the study's group discussions, employers said that some large employers have the capacity – both financial and human resources – to complete this process and hire migrant workers directly. But the small and medium-sized enterprises must rely on recruitment agencies to complete the complicated process involved in hiring migrant workers.

This complicated recruitment process appears to have led to recruitment practices that pose a challenge to decent work. Deceptive recruitment, whereby migrant workers are promised a different job, different terms of employment, pay or working hours or better-quality accommodation, has occurred.¹³⁵ High recruitment-related costs are a common feature of migration to Malaysia and lead to high levels of debt among migrant workers.¹³⁶

Bhutta and co-researchers found that 598 surveyed Bangladeshi workers paid an average of \$4,607 while 653 surveyed Nepali workers paid an average of \$1,427 to obtain glove manufacturing work in Malaysia. To pay these recruitment-related costs, 43 per cent (n=645) had taken out a loan, which took an average of 11.7 months to repay. And 31 per cent (n=455) of the surveyed workers had been threatened by their recruitment agency to discourage them from speaking about their recruitment fee, while 36 per cent (n=533) had been forced to sign a document or state on video that they had paid no recruitment fee or had paid less than they actually had. Subcontracted workers were more likely to have experienced threats or intimidation from their recruitment agency: 41 per cent of the subcontracted workers said they had experienced threats or intimidation in relation to speaking about their recruitment costs, compared to 21 per cent of directly employed workers.¹³⁷

Concerns regarding poor recruitment practices led the Government of Nepal to ban the migration of Nepali workers to Malaysia in 2018, at least until a memorandum of understanding (MOU) between the two governments addressing recruitment costs and worker protection was signed.¹³⁸ More recently, the Government of Indonesia halted the departure of Indonesian workers to Malaysia due to breaches of the MOU it had signed with the Malaysian Government and due to concerns regarding forced labour and trafficking in persons.¹³⁹

The industry has taken important steps towards improving recruitment practices. But more could be done to advance fair recruitment. The Malaysian Rubber Glove Manufacturers Association promotes a zero recruitment fee policy but is still in the process of establishing a system of accountability to ensure that recruitment agents adhere to the policy. One employers' organization representative argued that

133 ILO 2022c.

134 ILO 2022c.

135 Impactt 2021; Sunam 2022.

136 Bhutta et al. 2021; Verité 2014.

137 Bhutta et al. 2021.

138 Khadka 2020.

139 Channel News Asia 2022.

the different interpretations of zero recruitment fee across source countries and what employers are required to cover is a major challenge. Another employers' organization insisted that the industry needs transparent information regarding the recruitment fees charged in each source country, noting that "when it's arbitrary, that's where abuse will happen". The zero recruitment fee models of recruitment, whereby an employer pays the recruitment fee but the worker covers associated costs, does not align with the ILO's definition of recruitment-related costs, which should be borne by the employer and not the worker.

One glove manufacturer described how they have sought to improve their recruitment due diligence process by training recruitment agency staff on responsible recruitment and indicators of forced labour, conducting self-assessments, commissioning an external audit on recruitment agencies in source countries and collaborating with an NGO to conduct further training on what needs to be addressed through corrective action plans and to maintain oversight. Most employers in the study, however, reported struggling to conduct due diligence on recruitment agencies. Many of the surveyed employers nevertheless believe that more thorough employer due diligence on recruitment agencies will help to advance decent work in the industry.

4.2.3 Working conditions

Working hours

Working hours in Malaysia can be long: Inclusive of overtime, workers can legally work up to 12 hours per day.¹⁴⁰ Civil society representatives interviewed for this study raised concerns regarding the length of working hours in glove manufacturing because factories remain operational 24 hours a day. The length of working hours in glove manufacturing is an issue highlighted by investigative journalists, who have reported 12-hour working days up to seven days a week, and by labour inspectors.¹⁴¹ Bhutta and co-researchers similarly found in 2021 that their surveyed glove manufacturing workers had worked an average of 12.02 hours a day, with 8 per cent (n=119) reporting that their longest day was 14 hours of work, excluding breaks.

Migrant workers do not necessarily view long working hours negatively because the overtime hours increase their earning potential. During one group discussion for this study, more working hours was the main suggestion articulated by workers for improving their working conditions. And in a 2022 journal article, Sunam demonstrated how migrant workers feel financially compelled to work excessive overtime hours to remit money home and repay recruitment-related debt.¹⁴²

There is less information available regarding working hours in rubber processing. The group discussion participants in this study indicated that rubber processing workers work fewer hours than glove manufacturing workers. Smallholder farmers did not voice concern regarding the length of their working hours but noted that work tasks can be spread across the day. One smallholder farmer in a group discussion argued that their day spans from 7 a.m. to 11 p.m., with their rubber farm work and chores taking five to seven hours. Another farmer reported starting work at 6.30 a.m. to avoid the midday sun and working for approximately three to five hours throughout the day. A third farmer noted that the terrain influences the length of the working day, with normal hours ranging from four to six hours per day but with longer working hours in hilly areas.

¹⁴⁰ Employment Act 1955, article 60A(7).

¹⁴¹ Ellis-Petersen 2018b; Ananthalakshmi, Lee and Chu, 2021; Miller 2020.

¹⁴² Sunam 2022.

Access to leave

Under the Employment Act, workers have the right to one day of rest per week, ten days of public holidays and at least eight days of paid annual leave.¹⁴³ However, civil society officers interviewed for this study expressed concern that workers in the rubber glove supply chain face challenges in exercising these rights. Journalists and researchers have similarly highlighted how glove manufacturing workers encounter difficulty in taking leave days. In 2018, journalists reported that workers were only allowed one day off per month, rather than one day off per week.¹⁴⁴ Bhutta and co-researchers found that 40 per cent (n=596) of glove manufacturing workers in their study were unable to freely take annual leave without paying a deposit, particularly if they wanted to go home, in the event they do not return.

There is limited information available regarding access to leave within the rubber processing industry. One group discussion farmer said that they can take public holidays, annual leave and sick leave. As self-employed farmers, on days that smallholder rubber farmers do not tap rubber, they do not earn an income.

Wages and wage setting mechanisms

The interviews with government officials and employers' organizations representatives indicate that wages are set by the employer on a company-specific basis but must be above the minimum wage rate. Government interviewees explained that the minimum wage rate was increased in 2022 by 25 per cent, to 1,500 ringgit per month, in a bid to raise labour standards under the National Action Plan on Forced Labour.¹⁴⁵

Wage payment irregularities pose a challenge to the promotion of decent work. One civil society representative expressed concern that some factories do not pay the minimum wage. They further argued that, prior to media exposés, below-minimum-wage payments were commonplace in the industry. Government interviewees said that the majority of cases reported to the Department of Labour relate to the underpayment of wages. During the group discussions for this study, the small sample of consulted glove manufacturing and rubber processing workers reported receiving 1,500 ringgit or more but added that they need to be frugal in order to cover their cost of living, particularly with inflation pushing up food costs. Workers employed in a midstream supplier to the glove manufacturing sector said they were paid 900 ringgit per month, which is significantly less than minimum wage.

Earnings in smallholder rubber farming are well below minimum wage. One smallholder farmer in a group discussion explained that a farmer who owns 3.5 acres of land can earn up to 800 ringgit per month. Workers employed on smallholder farms also earn very little. The group discussion farmers reported that rubber farm workers typically earn 300–480 ringgit per month, less than a third of the minimum wage, from the split of the profit with the landowner. Due to the low earnings from rubber cultivation, many of the study's smallholder farmers said they have additional sources of income, such as planting other crops (bananas and lemongrass) or subsidies from the Malaysian Rubber Board or RISDA. Some farmers rely on their adult children's income. And some farmers also reported borrowing money to cover their basic necessities, such as food and bills, and for farm maintenance, such as cutting down trees and buying fertilizer.

143 Employment Act 1955, article 59, article 60D and article 60E.

144 Ellis-Petersen 2018b.

145 The Malaysian Minimum Wages Order 2022 came into effect on 1 May 2022, raising the monthly minimum wage from 1,200 ringgit to 1,500 ringgit.

4.2.4 Labour inspections

Government interviewees acknowledged that a lack of capacity of the labour inspectorate limits their ability to regularly inspect workplaces: There are fewer than 400 labour officers responsible for monitoring and enforcing labour rights across Peninsular Malaysia. This lack of capacity has been a long-standing limitation to effective enforcement. A 2016 ILO report, for instance, noted that there were only 350 labour inspectors responsible for monitoring conditions in more than 400,000 workplaces across Malaysia.¹⁴⁶ Government interviewees acknowledged that conducting regular workplace inspections requires more human resources and admitted that individual workplaces are typically only inspected once every ten years as a result.

Nonetheless, 52 per cent (n=14) of the surveyed glove manufacturers said that the Department of Labour had inspected one of their factories in the 12 months prior to the survey (in October 2022). In addition, 48 per cent (n=13) reported that the Department of Occupational Safety and Health had conducted an inspection within their enterprise in the same time frame, possibly due to outbreaks of COVID-19 in migrants' dormitories. Rubber processors also reported being inspected by the Department of Labour and the Department of Occupational Safety and Health.

Smallholder farmers reported being inspected by RISDA, although the RISDA inspections are not labour inspections. Some farmers said that inspections are infrequent while others described that RISDA visits their farm to inspect the rubber trees and the farm prior to providing technical or financial assistance.

4.3 Social protection

The ILO defines social protection as the set of policies and programmes designed to reduce and prevent poverty and vulnerability across the life cycle. Social protection includes nine main areas: child and family benefits, maternity protection, unemployment support, employment injury benefits, sickness benefits, health protection, old-age benefits, disability benefits and survivors' benefits.

4.3.1 Access to social security

The Social Security Organization administers two main social security schemes for workers earning less than 4,000 ringgit per month: the Employment Injury Insurance Scheme, which provides compensation to all eligible workers in the event of temporary or permanent disability or death due to a work-related accident, occupational disease or accident while commuting, and the Invalidity Pension Scheme, which provides support to eligible workers or their dependants in the event of invalidity or death from whatever cause.¹⁴⁷ Employees contribute 0.5 per cent of their wages and employers contribute 1.75 per cent to the Social Security Organization.¹⁴⁸ Benefits are calculated as a percentage of the wage that would have been earned by the worker, as set out in the Employees' Social Security Act 1969.

As of January 2019, the Social Security Organization's Employment Injury Insurance Scheme was extended to migrant workers, with the exception of domestic workers. Under the Foreign Workers Employment Injury Scheme, migrant workers are entitled to receive medical, temporary and permanent disablement, funeral and rehabilitation benefits but are not covered by the Social Security Organisation's Invalidity Pension Scheme. Because these social security benefits are distributed through periodic payments,

¹⁴⁶ Harkins 2016.

¹⁴⁷ Olivier 2018.

¹⁴⁸ KWSP (Employees Provident Fund) 2016.

concerns have been raised about the ability of repatriated migrant workers or their next of kin in the event of a worker's death to access these benefits from labour-sending countries.¹⁴⁹

The Employees Provident Fund, which provides retirement benefits, is a defined contribution pension scheme in which employers contribute 13 per cent for workers earning 5,000 ringgit or less per month and employees contribute 11 per cent. The Employees Provident Fund is compulsory for all Malaysian private sector employees and is voluntary for self-employed workers (such as smallholder rubber farmers), informal sector workers (workers on smallholder rubber farms) and foreign workers. Upon retirement, workers can withdraw their savings in a lump sum, monthly, annually or on a needs basis.

In the study's group discussions, workers reported that their employer had registered them with the Social Security Organization; and most of them said they were enrolled in the Employment Injury Insurance Scheme but not the Invalidity Pension Scheme. Only in one group discussion did the glove manufacturing workers report that their employer had enrolled them in the Employees Provident Fund. Rubber processing workers in another group discussion noted that only permanent workers are enrolled in the Employees Provident Fund.

The Malaysian Rubber Council has developed a new scheme to expand social protection to smallholder farmers, under which it will provide 1.7 million ringgit funding for insurance coverage for smallholders. It plans to start enrolling smallholders with the Social Security Organization. Smallholder farmers consulted during the study were mostly unaware that they can now register with the Social Security Organization, while one smallholder farmer in a group discussion said that only recently were they able to enrol in the Employees Provident Fund and the Social Security Organization's social security schemes. Many smallholder farmers cited benefits from RISDA, for example, 600 ringgit during the monsoon season, when asked about the social security benefits they could access.

4.3.2 Access to health care

Malaysia has a two-tier health care system: one for Malaysians and one for foreign nationals. The Ministry of Health operates a subsidized public health care system that provides universal health coverage to Malaysian citizens, while foreign nationals pay significant fees to access health care.¹⁵⁰ To make health care more affordable for migrant workers, employers are required to enrol them in a mandatory health insurance scheme – the Foreign Worker Hospitalization and Insurance Scheme (SPIKPA), which is private health insurance that covers hospitalization and surgery at public hospitals for documented migrant workers while they are employed, at a cost of 120 ringgit per year. It does not cover outpatient appointments, visits to private clinics or pregnancy-related health care.¹⁵¹

During the group discussions, workers reported that they have health insurance. Workers in rubber processing explained that a supervisor organizes their transport to a hospital, if they need it, while workers in a midstream enterprise said that if they need to access health care, they will go to the company's human resources for assistance. Glove manufacturing workers explained that a warden escorts them to hospital and pays for the treatment when they need health care; but because the warden's workload is heavy, there can be delays in accessing the health care. If workers want to seek health care quickly and go to the hospital on their own, they will have to pay for their own transport and treatment, which they said will not be reimbursed from their insurance. The costs involved in treatment, along with transport logistics and related costs, can act as barriers to their accessing health care. The involvement of company personnel, such as human resources, supervisors or wardens, in facilitating access thus may influence workers' ability to readily access health care.

149 Loganathan, Chan and Pocock 2020.

150 Loganathan, Chan and Pocock 2020.

151 Loganathan, Chan and Pocock 2020.

Because neither insurance policy documents nor an insurance card is provided to migrant workers, researchers have argued that there is a lack of clarity regarding what is and is not covered by the Foreign Worker Hospitalization and Insurance Scheme, which, along with the high fees for non-citizens, can deter migrant workers from seeking health care. Researchers have also noted that the national guidelines to report undocumented workers to immigration is a significant barrier to accessing health care due to the fear of being arrested and deported.¹⁵² Because migrant women workers who become pregnant can become undocumented when their visitor's pass for temporary employment is not renewed, access to maternity care comes with the risk of arrest and deportation.

4.3.3 Access to maternity and paternity leave

Under the recently amended Employment Act 1955, as of January 2023, pregnant workers are entitled to 98 days of maternity leave, up to five times in their lifetime. Maternity leave in Sabah and Sarawak are governed by their respective Labour Ordinances, both of which provide for 60 days of maternity leave.¹⁵³ During the maternity leave period, workers are entitled to be paid a sum equivalent to the wages they are entitled to receive for normal hours of work. Because migrant workers who become pregnant risk failing their medical screening and not having their visitor's pass for temporary employment renewed, the right to maternity leave does not appear to extend to them; however, this is not explicitly stated in the Employment Act. During respective group discussions, both employers and workers explained that migrant women workers who become pregnant can no longer continue to work and must return home. It can therefore be concluded that migrant workers cannot benefit from maternity leave or maternity pay.

The recent amendments to the Employment Act also introduced the right to seven consecutive days of paternity leave.¹⁵⁴ However, only married fathers are entitled to paternity leave. Similar to maternity leave, paternity leave can be taken for the worker's first five children.

4.4 Social dialogue

The ILO defines social dialogue as inclusive of all types of negotiation, consultation or information exchange between or among representatives of the government, employers and workers on issues of common interest relating to economic and social policy. Social dialogue can be institutionalized or informal. Successful social dialogue structures and processes have the potential to resolve important economic and social issues, encourage good governance, advance social and industrial peace and stability and boost economic progress.¹⁵⁵

There is limited formal tripartite or bipartite social dialogue in the sector, partly due to the low rate of unionization among the glove manufacturing and rubber processing workers. During the study's group discussions, employers discussed how the lack of awareness of the benefits of unionizing, including among companies, may contribute to the low level of unionization and bipartite social dialogue. Human resource staff insisted that they do not actively block workers from joining unions but acknowledged that they do not actively encourage it either.

¹⁵² Loganathan, Chan and Pocock 2020.

¹⁵³ Sabah Labour Ordinance, section 83; Sarawak Labour Ordinance, section 84.

¹⁵⁴ Employment (Amendment) Act 2022, section 23.

¹⁵⁵ ILO n.d.

Only 11 per cent (n=3) of surveyed glove manufacturers said that they engage with a trade union. In an interview, a company official reported engaging with a workers' association but not unions. During the study's group discussions, glove manufacturing workers were not aware of a union operating within their workplace. The workers in one of the group discussions, nevertheless, said that they would like to join a union in the future.

One rubber processor reported that it has an active union with which, in the week prior to the study's interview, it reached a collective bargaining agreement to increase annual leave time by two days. During the group discussions, rubber processing workers were not aware of any unions operating in their workplace, nor were they comfortable discussing whether they would like to join a union in the future.

4.4.1 Workplace communication channels and grievance mechanisms

Although unionization is not common, employers said that more informal channels for social dialogue exist within their workplace. Among surveyed glove manufacturers, the most common channels for communication between management and workers were worker and management meetings (67 per cent, n=18), meetings with workers' representatives (67 cent, n=18) and daily worker and supervisor briefings (59 per cent, n=16). During the group discussions, employers admitted that language barriers pose a challenge to regular communication between migrant workers and management but said that interpreters are used in some factories. The most common channels for communication in surveyed midstream enterprises is daily worker and supervisor briefings (75 per cent, n=3) and worker and management meetings (50 per cent, n=2).

Employers also reported the existence of grievance mechanisms through which workers are entitled to bring issues to management; these include human resource-managed hotlines, suggestion boxes and reporting an issue to human resources, their supervisor or to the workers' committee. During the study's group discussions, employers highlighted that WhatsApp is the most popular mechanism among workers for reporting issues to management. Although employers reported the existence of grievance mechanisms, barriers, such as the length of the investigation process and fears that the issue would not be met with impartiality, typically deters workers from using them. During the group discussions, glove manufacturing workers explained that raising a grievance is a long process and that they are not always satisfied by the outcome. Bhutta and co-researchers found that 18 per cent (n=265) of glove manufacturing workers they surveyed in 2021 felt uncomfortable reporting a grievance for fear that it would be met with rudeness, threats, warnings or unpaid suspension.¹⁵⁶ The risk that employers will not extend a migrant worker's contract or visitor's pass for temporary employment, in conjunction with the legal restrictions on changing employer, could limit migrant workers' ability to speak out.¹⁵⁷

4.4.2 Access to remedy

When workplace disputes are not satisfactorily addressed through social dialogue or when workers' labour rights are violated, workers can seek remediation through the Department of Labour. The main avenues for reporting labour violations are submitting grievances in person, over the phone, online via the Working for Workers application or in writing (by email or letter) to the national, state or district Department of Labour office.¹⁵⁸ Once a complaint is submitted to the Department of Labour, labour officers examine the case and have the discretion to determine if a complaint should be investigated further and heard by the Labour Court. Cases of unfair dismissal, whereby a worker wants to be reinstated, are heard by the Industrial Court.

¹⁵⁶ Bhutta et al. 2022.

¹⁵⁷ Sunam 2022.

¹⁵⁸ Taylor-Nicholson et al. 2019.

Migrant workers can face multiple barriers to their successful access to remedy. Labour grievances reported by migrant workers constitute a disproportionately small percentage of the complaints brought to the Department of Labour.¹⁵⁹ The limited number of grievances submitted by migrant workers is attributed to migrant workers' limited awareness of the Labour Court and the language difficulties because the complaints procedure and the Department of Labour hotline are only available in Malaysian, Hindi and Mandarin.¹⁶⁰ The need to provide supporting documents, such as a copy of the employment contract, a payslip and their arrival card indicating when they arrived in Malaysia, might also deter workers from reporting issues. If a migrant worker's employment is terminated in retaliation, they lose their work permit and may have to leave Malaysia before their case is brought before the Labour Court. Because workers are required to attend Labour Court hearings in person – or their case is deemed to have been withdrawn – and because the cost of returning for hearings is often prohibitive, migrant workers' ability to successfully access remediation is reduced.

4.5 COVID-19 crisis

On 18 March 2020, the Malaysian Government introduced a Movement Control Order to curb the spread of COVID-19. As an essential industry to the pandemic response, the glove manufacturing industry was granted permission to continue operating with limited capacity. Within months, full resumption of economic activity was permitted.¹⁶¹ The Movement Control Order, however, restricted migrant workers' movements to the factory compound and back to their accommodations.

Living conditions in the migrant dormitories became a key concern for COVID-19 containment measures, resulting in Ministry of Human Resources inspections and fines for glove manufacturers that had been found in violation of the Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990.¹⁶² But the migrant workers were not eligible for state support during the pandemic.¹⁶³ Moreover, businesses were advised that if layoffs were essential, migrant workers should be laid off first.¹⁶⁴ Even though migrant workers were initially assured that undocumented workers could access free COVID-19 testing without being arrested, by 1 May 2020, this policy had been reversed, and undocumented workers were arrested in massive immigration raids in "enhanced movement control areas".¹⁶⁵ The pandemic also led to an increase in xenophobia, stigma and discrimination after migrant workers were accused of spreading COVID-19.¹⁶⁶

The most common impacts of the COVID-19 pandemic on the surveyed glove manufacturers were labour shortages as a result of workers quarantining, an increase in production and an increase in sales (figure 4). Although overseas recruitment was restricted, employers were permitted to re-hire migrant workers who were still in Malaysia but had lost their job, provided they met certain legal and health requirements, including testing negative for COVID-19.¹⁶⁷ Due to the demand for rubber gloves during the pandemic, 36 per cent (n=10) of the surveyed glove manufacturers acknowledged that the pandemic contributed to a heavier workload for workers. During the study's group discussions, glove manufacturing workers

¹⁵⁹ Taylor-Nicholson et al. 2019.

¹⁶⁰ Taylor-Nicholson et al. 2019.

¹⁶¹ Khadka 2020.

¹⁶² Hutchinson and Bhattacharya 2020.

¹⁶³ ILO 2022a.

¹⁶⁴ ILO 2022a.

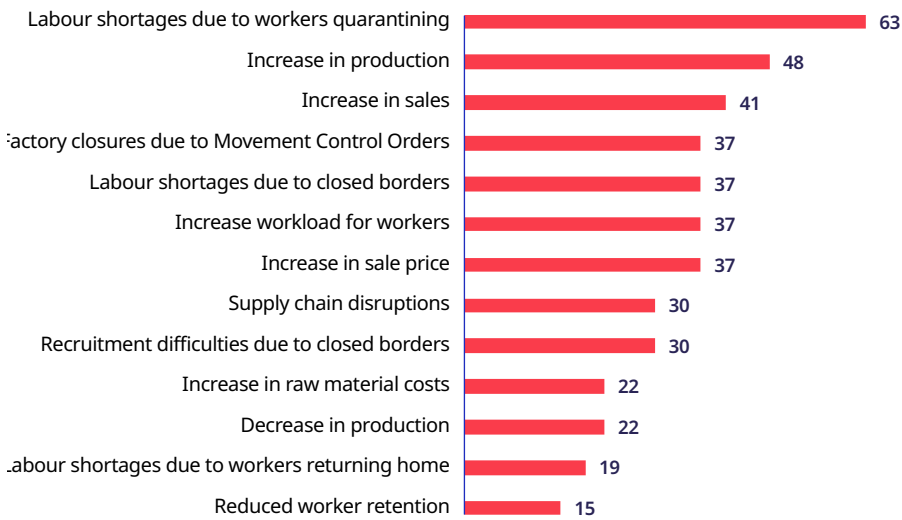
¹⁶⁵ Saidin and Omar 2021; Razali 2022.

¹⁶⁶ Saidin and Omar 2021; Razali 2022.

¹⁶⁷ Khadka 2020.

reported that they experienced longer working hours as a result of the pandemic. In 2020, a Channel 4 documentary reported that workers had to queue for half an hour prior to starting work to have their temperature checked and were being financially penalized if they were late as a result. Academic research found that restrictions on workers' movements, worker isolation, abusive working and living conditions and excessive overtime worsened during the pandemic.¹⁶⁸

► **Figure 4. Survey findings on the impact of the COVID-19 pandemic reported by rubber glove manufacturers (n=27) (%)**



The impact of the pandemic on midstream enterprises, based on the small sample that was surveyed or interviewed for this study, appears to differ depending on whether they supplied the glove manufacturing industry or the tyre manufacturing industry. One midstream supplier to the rubber glove industry reported that demand, and thus production and sales, increased during the pandemic, which, according to workers, led to a 30 per cent increase in working hours. However, rubber processors, particularly those processing Standard Malaysian Rubber, did not experience the same demand during the pandemic. One rubber processor reported that production declined by 30 per cent when the demand for tyres declined and China's Zero-COVID policy slowed shipments. Rubber processing workers noted that they experienced social distancing and that the factories closed briefly, but they did not cite any differences in workload.

Smallholder farmers reported that the Movement Control Orders made it more difficult to tap rubber trees, which resulted in lower yields and lower incomes. They also reported receiving little state social assistance from the Social Security Organization. Self-employed farmers have only recently been able to enrol in the Social Security Organization.

168 Hughes et al. 2022.

5.



The Sustainable Supply Chain to Build Forward Better project by the European Union and the ILO supports constituents and rubber sectoral stakeholders in various capacity-building activities. © ILO

Conclusion

Summary of findings: Decent work challenges

Within the three tiers of the rubber glove supply chain in Malaysia, there are different decent work challenges and opportunities.

Rubber glove manufacturing

In 2020, the volume of rubber gloves manufactured in Malaysia increased by 85 per cent and the value of Malaysian gloves exports grew by 103 per cent as governments around the world hastened to procure PPE for health care workers. Public procurement processes were fast-tracked, and glove manufacturers reported record profits. Journalists and researchers, however, documented how this pressure to rapidly expand production had serious ramifications for workers.

Challenges and gaps in decent work have been documented in the Malaysian glove manufacturing sector, which is heavily reliant on migrant workers. The Government and employers have started implementation of measures to address these challenges. The recent and earlier research have found that during recruitment in labour-sending countries, migrant workers pay exorbitant fees and often go into debt to migrate. Once employed in Malaysia, they might work long hours, be exposed to OSH hazards and have inadequate living conditions in migrant dormitories, access to which might be restricted and under company surveillance. Despite being illegal, passport retention has been documented within the industry.



ILO's remark at the Launch of the Addressing, preventing and eliminating forced labour in the rubber industry in Malaysia: A practical guide for Malaysian employers in 2022. © Malaysian Rubber Council

In response to the reports about the decent work deficits in the sector and the sanctions, some of the largest glove manufacturers have spent millions of ringgit reimbursing migrant workers' recruitment fees. While this positive step offers a rare example of migrant workers being remediated, glove manufacturers face ongoing challenges in conducting due diligence with recruitment agencies and ensuring that migrant workers are not charged high fees in the labour-sending countries. There is also a continued lack of clarity on what recruitment-related costs employers are responsible for paying, particularly when Malaysian law does not align with international standards. Although the one-off repayment of a recruitment fee is commendable, it is important to ensure that durable reforms are implemented and take into account complicated recruitment processes, limited due diligence on recruitment agencies and the continued use of labour subcontracting. The changing economic context may also have a knock-on effect on reforms: As the pandemic-induced demand for PPE decreases, the price of rubber gloves has once again fallen. Furthermore, the focus on recruitment fees, while very important, fails to address the gaps in decent work that migrant workers can experience during employment in glove manufacturing.

The Malaysian Government has taken important steps to align its legal framework with the international labour standards, including limiting regular working hours to 45 hours per week, extending maternity leave to 98 days and entitling subcontracted workers to a written contract. Further important amendments are in the pipeline, including lifting restrictions on the number of unions per industry and enabling migrant workers to hold leadership positions in unions. But some aspects of the Malaysian legal framework do not yet align with the international labour standards and may continue contributing to the decent work deficit. For instance, migrant workers legally can be charged one month's salary as a recruitment fee, exclusive of other recruitment-related costs, such as visa, obtaining a passport and airfare. And migrant workers are restricted to low-wage work in five sectors and are not permitted to change employer, increasing their vulnerability to labour exploitation. They are dependent on their employer to renew their visitor's pass for temporary employment annually and must undergo an annual health screening, including a pregnancy test (for women), to maintain their regular migration status. Despite reforms concerning working hours, the legal framework permits up to 12 hours of work a day, inclusive of overtime, which contributes to the long working hours within the sector. Because migrant workers' migration status is linked to their employment, if they raise a labour grievance with the Department of Labour and their employment is terminated in retaliation, the obligation to leave Malaysia can restrict their ability to seek remedy for labour exploitation.

Limited capacity of the labour inspectorate to enforce the labour laws, gaps in the legal framework that fail to sufficiently protect migrant workers, the complicated network of actors involved in recruitment and the limited employer due diligence on recruitment agencies, as well as the downward pressure from buyers to produce high volumes of gloves at speed at the onset of the pandemic have all contributed to the decent work deficit and the indicators of forced labour that have been documented within the industry.

Rubber processing and midstream suppliers

Although rubber glove sales boomed during the pandemic, the additional value and profits were largely not passed down the value chain. While the price of rubber gloves increased by 62 per cent in 2020, the price of latex concentrate only increased by 8.5 per cent.

Malaysia does not produce enough latex to supply the glove manufacturing industry. The sourcing of raw materials overseas during the pandemic, rather than locally, reduced the potential for Malaysian midstream enterprises to capture more of the profits generated by the increased demand for gloves. While a lack of supply necessitated the sourcing of raw materials overseas, the low prices in Malaysia disincentivized local latex production.

The rubber processing industry experiences many of the same labour-related challenges as rubber glove manufacturers, including difficulties recruiting workers to low-wage work that entails unpleasant odours from the production process and exposure to OSH hazards, such as dust and fumes that can lead to serious health issues. Gaps in the legal framework concerning decent work are also applicable to rubber processing.

Midstream suppliers to the rubber glove industry – for example, suppliers of packaging and chemicals – were also included in the primary data collection, which found that challenges to decent work include working hours that increased with the demand for rubber gloves during the pandemic, passports held by employers and below-minimum-wage payments. The findings indicate that greater attention to labour conditions further down the rubber glove supply chain is warranted.

Smallholder rubber farmers

In 2021, natural rubber latex constituted only 6.6 per cent of Malaysian rubber production. Thus, Malaysian smallholder rubber farmers now have a very small role in the rubber glove supply chain.

Once the largest producer of rubber in the world, Malaysia is affected by a variety of factors that have since led to the decline in its rubber production. The biggest factor appears to be low farm gate prices undermining the financial viability of the sector and the livelihoods of those who depend on it. Smallholder farmers reported earning up to 800 ringgit per month, while workers on smallholder rubber farms, who split the profits evenly with the landowner, reported earning approximately 300–480 ringgit per month. This is well below Malaysia's 1,500 ringgit per month minimum wage or RISDA's goal that rubber farming families earn 4,500 ringgit per month by 2025.

As self-employed rubber farmers or informally employed workers on smallholder rubber farms, rubber tappers must pay for their own input costs (such as fertilizers) and PPE against occupational hazards; some reported going into debt to do so. OSH hazards involved in tapping rubber trees include exposure to chemicals and wild animals. Periods of lockdown during the pandemic reportedly restricted smallholder farmers' ability to tap rubber and thus earn an income. Yet many did not receive state support because social security has only recently been extended to farmers.

Smallholder rubber farmers and their workers operate within the informal economy and thus confront a different set of decent work challenges to workers formally employed within rubber processing or glove manufacturing.



Recommendations: Decent work opportunities

Based on the findings of this study, this section presents opportunities that have been identified for strengthening decent work in the Malaysian rubber glove supply chain.

The Government of Malaysia should consider the following action

- Implement relevant reforms in law and practice to advance decent work in the sector by continuing to align labour laws with international standards and by ensuring decent wages and a safe and healthy working environment.
- Strengthen social dialogue by amending the Trade Unions Act to allow more than one union per industry to register,¹⁶⁹ and enable migrant workers to hold leadership positions within unions as a right.¹⁷⁰
- Promote fair recruitment practices in the sector, including through relevant labour law reform that would, inter alia, prohibit recruiters and employers from charging a recruitment fee and related costs to workers. This should include amending the First Schedule of the Private Employment Agencies Act to prohibit the charging of a recruitment fee to workers and align the legal framework with ILO definitions of recruitment-related costs. Further, when developing MOUs with labour-sending countries, a clause could be added stating that recruitment-related costs, in line with international definitions, will be borne by the employer and must not be charged to jobseekers. And develop enforcement mechanisms. At the same time, clear public guidance needs to be provided to employers on the costs involved in each step of the recruitment process, including for a migrant worker's visa, the visitor's pass for temporary employment and health check and the migrant worker levy, to ensure that employers do not pass these costs onto workers.
- Promote respect for the fundamental rights of equality and non-discrimination in employment and occupation for all workers in the sector. This would require, inter alia, amendment of the terms of the visitor's pass for temporary employment that discriminate based on gender, including the restrictions on becoming pregnant or getting married.
- Introduce greater flexibility concerning employer changes by migrant workers, particularly within sectors in which a worker is already employed and for occupations where there is a recognized labour shortage. This will lead to greater rights protection, as well as enhanced efficiency in the labour market and better management of migration. In particular, this may entail amending the terms of the visitor's pass for temporary employment to permit migrant workers to change employer without losing their documented status and providing implementation guidance to employers. Further, the extension of the pandemic reforms permitting employers to hire migrant workers who are still in Malaysia but may have lost their jobs should be considered.
- Undertake an effective regularization process that takes into account lessons learned in the region and from previous regularizations in Malaysia.

¹⁶⁹ This amendment is included in the current version of the Trades Union Act Bill.

¹⁷⁰ This amendment is included in the current version of the Trades Union Act Bill.

- ▶ Undertake measures to promote wage protection, including establishing an electronic wages system.
- ▶ Strengthen the capacity of the labour inspectorate to ensure compliance, to inspect workplaces annually and to verify that all workers are paid minimum wage for regular weekly working hours and time and a half for all overtime hours worked, at a minimum.
- ▶ Continue strengthening the national OSH system through targeted national OSH programmes and by promoting an OSH preventive culture. This should include strengthening the capacity of the Department of Occupational Safety and Health to inspect rubber processing and glove manufacturing facilities to monitor for workers' exposure to OSH hazards that can lead to occupational accidents and diseases.
- ▶ Conduct regular and independent inspections of recruitment agencies to ensure that they have registered with the Ministry of Human Resources, in line with the Private Employment Agencies Act.
- ▶ Enable migrant workers and their representatives to attend Labour Court and Industrial Court hearings remotely.
- ▶ Extend the pandemic reforms that permitted employers to hire migrant workers who were still in Malaysia but may have lost their job.
- ▶ Strengthen the training of border officials to identify indicators of trafficking in persons from a human rights-based perspective.
- ▶ Improve enforcement of the Passports Act and penalize employers who hold migrant workers' passports.
- ▶ Conduct research into the impact of climate change on rubber tree productivity, and work with smallholder farmers to develop mitigation strategies.
- ▶ Promote the creation of employment opportunities in rural areas to diversify income sources for rubber tappers.
- ▶ Ensure that all rubber tappers, regardless of whether they hold the land deed, are eligible for and can access skills training, support to replant rubber trees and purchase fertilizers, and RISDA technical assistance. This would include access to skills training courses run by the Malaysian Rubber Board and the Institute of Malaysian Plantation and Commodities.
- ▶ Ensure that all children have access to free, compulsory, quality basic education as well as early childhood education, where applicable, along with opportunities for knowledge and skills development as an essential means to mitigate the risks of child labour among children who are working on rubber farms to supplement family income.
- ▶ Ensure access to social security schemes for all workers in the rubber supply chain, including smallholder farmers.
- ▶ Conduct research into the impact of climate change on rubber tree productivity, and work with smallholder farmers to develop mitigation strategies.

For rubber glove manufacturers and rubber processors

- ▶ Commit to the Employer Pays Principle, and align commitments to zero recruitment fees and related costs with the ILO definition of recruitment-related costs.
- ▶ Conduct thorough due diligence on all recruitment agencies, both in Malaysia and in labour-sending countries, and verify through interviews with workers that they have not been charged a recruitment fee.
- ▶ Employ all workers where possible, and conduct sufficient due diligence when using labour subcontractors.
- ▶ Ensure equal pay for work of equal value, that all workers are paid for every hour they work and that any overtime hours are remunerated accordingly.
- ▶ Ensure that overtime work is always voluntary and that workers who refuse to do overtime on a particular day are not penalized or restricted in their future opportunities to work overtime.
- ▶ Increase opportunities for workers, including migrant workers, to upskill, be promoted and earn more income.
- ▶ Protect the free movement of all workers by ensuring that they are free to leave their workplace and/or place of accommodation during their free time. Ensure that no worker has signed a document stating that they cannot quit before their contract expires and that no worker will be financially penalized if they do quit.¹⁷¹
- ▶ Promote a zero-tolerance environment for discrimination, violence and harassment, including sexual harassment at work. This may require the development of training on violence and harassment, including sexual harassment, that all supervisors and workers in positions of authority would need to complete.
- ▶ Implement an OSH management system, including the development of workplace OSH policies, workplace OSH committees, regular OSH training and the provision of free PPE.
- ▶ Strengthen bipartite social dialogue, including supporting unionization within the workplace, effective internal factory communication channels between workers and management, the use of independent interpreters and by regularly consulting workers about the issues they face.
- ▶ Ensure that effective grievance mechanisms are available and that any grievances raised are treated with respect and confidentiality and are satisfactorily remediated in a timely manner. This may include facilitating workers' access to third-party grievance mechanisms, such as local civil society organizations. It is key to ensure that migrant workers do not fear for the security of their migration status and employment if they raise a grievance with management.
- ▶ Conduct human rights and environmental due diligence within your own operations and on suppliers upstream.

¹⁷¹ Stakeholders suggested that there should be a mechanism to transfer expenses that an employer has incurred in the hiring process to the new employer if a migrant worker leaves the company before the contract ends.

For workers' organizations and civil society stakeholders

- Improve efforts to unionize and represent migrant workers in the glove manufacturing and rubber processing sectors.
- Support workers, particularly those facing language barriers, to fully understand the terms of their contract and their rights while in Malaysia.
- Ensure that workers are aware of the extent of their rights to social protection and access to health care while in Malaysia.
- Cooperate with employers to promote a preventive safety and health culture and workers' participation in the development and implementation of an OSH management system.
- Support workers to document incidences of labour rights violations and to compile the documentation required to report an issue to the Department of Labour.
- Support workers who want to pursue a case at the Labour Court.

For recruitment agencies

- Conduct due diligence in overseas counterparts to verify that jobseekers are not being charged fees in labour sending countries.
- Ensure that no workers feels coerced into signing a document stating they did not pay a recruitment fee; terminate relationships with overseas counterparts that use coercion or threats to discourage workers from disclosing recruitment fees.
- Conduct due diligence on workplaces where jobseekers are being placed to ensure no worker is inadvertently being placed in a situation of forced labour.
- Ensure that no jobseeker has signed a document before being placed with an employer stating that they cannot leave their job.

For buyers of Malaysian gloves

- Prioritize labour rights protection over speed of delivery.
- Conduct thorough human rights and environmental due diligence on working conditions in glove manufacturing, in midstream suppliers to the industry and on rubber farms in Thailand and Malaysia, in line with the requirements of due diligence legislation.
- Develop corrective action plans with a set timeline for addressing issues identified that include follow-up verification by a buyer.
- Incorporate adherence to international labour standards in all contracts and public procurement tenders.
- Publicly disclose volumes of rubber gloves sourced from Malaysia (at an aggregated level), any due diligence conducted and efforts to ensure that purchasing practices enable the protection of labour rights.



A worker examining glove formers in a production line. © Shutterstock

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Annex 1.

Research methodology

The study was conducted using a mixed-methods methodology. Data collection was conducted between July 2022 and December 2022.

A1. Primary data collection methods

Primary data collection methods included an employer survey, key informant interviews and focus group discussions.

Employer survey: An employer survey was completed by 27 rubber glove manufacturers and four midstream enterprises involved in either processing rubber or supplying the rubber glove manufacturing industry. Most of the companies (77 per cent, n=24) were large enterprises, while the remainder were small- or medium-sized enterprises. The 30-question survey focused on labour demographics, business sustainability concerns, skills gaps and training opportunities, factory inspections, social dialogue, the impact of COVID-19 and the future of the Malaysian rubber glove manufacturing and rubber processing industries.

Key informant interviews: A total of 22 semi-structured interviews were conducted with representatives of the Department of Labour Peninsular Malaysia, the Department of Occupation Safety and Health, the Ministry of Human Resources, the Ministry of Plantation and Commodities, the Malaysian Rubber Board, the Malaysian Rubber Council, the Plastics and Rubber Research Institute Malaysia, employers' organizations, private sector initiatives, workers' organizations, civil society organizations, an international organization and three market States, two rubber glove manufacturers, two rubber processors and one packaging company supplying the rubber glove industry. Interviews were conducted in English or Malay.

Focus group discussions with workers: Four group discussions were conducted with 23 workers employed in glove manufacturing, rubber processing and in a midstream supplier. Discussion topics included migration, recruitment, working conditions, OSH, wages, social protection, social dialogue and the impact of COVID-19. Group participants included both Malaysian and migrant workers.

Focus group discussions with employers: Two group discussions with employers were conducted in November 2022. Group participants represented 17 companies.

Focus group discussions with smallholder farmers: Three group discussions with 48 smallholder farmers were conducted. The group discussions took place in Kedah, Perak and Kelantan. Participants were primarily smallholder farmers who owned the land, rather than workers employed on smallholder farms, and ranged in age from 30 to 75.

A2. Secondary data collection

Secondary data collection methods consisted of a desk-based academic and grey literature review and a review of the legal framework.

Literature review: A scoping literature review was conducted to inform the design of the research tools, triangulate the primary data collected and support the data analysis. It focused on a range of topics, including labour conditions, market dynamics, OSH and recruitment, along with literature that focused more broadly on migrant workers in Malaysia, the impact of COVID-19, social dialogue and social protection in Malaysia. Compiled literature included academic reports and papers, along with reports by international organizations and NGOs. In addition, publicly available information regarding production trends, trade and market dynamics, labour demographics, supply chain actors and public procurement processes was compiled. Key data sets consulted included the Department of Statistics Malaysia, the International Trade Centre's Trade Map, Eurostat and UN Comtrade. The desk review also included media coverage on glove manufacturing, rubber processing and smallholder farming; market state public procurement policies, tenders and publicly available contracts; corporate policies, modern slavery statements and annual reports; and bulletins, reports and data published by rubber industry stakeholders, such as the Malaysian Rubber Board, the Malaysian Rubber Council and the Plastics and Rubber Research Institute Malaysia.

Review of the legal framework: A review of the Malaysian legal framework was conducted to situate the report findings within the regulatory context and to understand the mandate and jurisdiction of stakeholders. Relevant laws governing labour rights, social protection, housing and immigration were reviewed and articles are summarized in the report. The informant interviews and previous legal framework analysis were used to support the interpretation of the legal framework and stakeholders' mandates. A comprehensive legal analysis, however, fell outside of the scope of this study.

A3. Data analysis

Quantitative primary data from the employers survey was cleaned and coded, with data disaggregated by downstream (glove manufacturers) and midstream tiers of the supply chain. Qualitative data from the informant interviews and the group discussions was coded thematically. Primary data were triangulated by both contrasting the perspectives of different stakeholders and by situating the perspectives within the findings of the literature review and desk-based review.

A4. Limitations

The findings of this study are limited by a number of factors. First, the national research team had limited access to workers. Most of the workers who participated in the group discussions were selected by their employers, introducing reporting bias. To address this limitation, the study used secondary data from previous research, including an academic study that surveyed 1,491 rubber glove manufacturing workers between August 2020 and April 2021.¹⁷² Second, because data were collected in English or Malay, only workers who spoke English or Malay were selected for participation, limiting the inclusion of migrant workers who face language barriers while employed in Malaysia. Third, many of the employers' surveys were completed by human resource personnel who acknowledged that their knowledge of the business dynamics, such as raw material sourcing, production costs and buyer relations, is limited. The authors aimed to mitigate this limitation through the inclusion of publicly available information on pricing and trade flows.

172 See Bhutta et al. 2021.

Annex 2.

Additional industry background

Natural rubber

The volume of natural rubber produced in Malaysia is declining.¹⁷³ In 2021, Malaysia only produced 30,842 tonnes of natural rubber latex, which marked a 63.4 per cent decline from 2006 (table A1).¹⁷⁴ As a result, rubber glove manufacturers now rely on latex imported from Thailand.

In total, Malaysia imports more than a million tonnes of natural rubber each year.¹⁷⁵ Because the volume of natural rubber produced domestically has declined, the volume of natural rubber imports have increased as rubber processors resort to sourcing raw material overseas.

► **Table A1. Malaysian natural rubber production, consumption and import trends, 2019–21**

| Total Malaysian rubber production (in tonnes) | | | |
|---|-------------------------|----------------------|-----------|
| | Total rubber production | Natural rubber latex | Cup lumps |
| 2021 | 469 669 | 30 842 | 438 827 |
| 2020 | 514 702 | 33 708 | 480 994 |
| 2019 | 639 830 | 36 193 | 603 637 |

| Total rubber imports (in tonnes) | | | | |
|----------------------------------|--------------------|-------------------|--------------|------------------|
| | All natural rubber | Latex concentrate | Block rubber | Synthetic rubber |
| 2021 | 1 207 301 | 337 254 | 615 822 | 1 925 844 |
| 2020 | 1 221 893 | 348 311 | 644 146 | 775 042 |
| 2019 | 1 082 700 | 312 006 | 497 358 | 956 969 |

Source: Department of Statistics Malaysia 2022a.

¹⁷³ Ali et al. 2021.

¹⁷⁴ Malaysian Rubber Board 2022a.

¹⁷⁵ International Trade Centre's Trade Map 2022b.

Processed rubber

The volume of latex concentrate produced in Malaysia has been consistently declining (table A3). Malaysian latex concentrate production constitutes a tiny proportion of the latex consumed by the rubber glove manufacturing industry (table A2). In 2021, Malaysia produced 34,054 tonnes of latex concentrate, but the glove manufacturing industry consumed 480,488 tonnes.¹⁷⁶

► **Table A2. Consumption of natural rubber in Malaysia, 2019–22**

| Total Malaysian rubber consumption (in tonnes) | | |
|--|---|--|
| | Natural rubber consumption (incl. latex and cup lumps) | Natural rubber consumed by rubber glove manufacturers (latex) |
| 2021 | 501 961 | 380 488 |
| 2020 | 518 732 | 401 566 |
| 2019 | 515 466 | 391 007 |

Source: Malaysian Rubber Board 2022b.

Standard Malaysian Rubber constitutes the vast majority of Malaysia's natural rubber production and exports (table A3). The Standard Malaysian Rubber processing sector did not see the same increase in demand as the rubber glove or latex processing sectors during the COVID-19 pandemic. This has been attributed to the fall in car and tyre manufacturing.¹⁷⁷ Although the year-on-year production of Standard Malaysian Rubber increased by 8.4 per cent in 2020, but the volume of Standard Malaysian Rubber production fell in 2021 by 15.9 per cent.¹⁷⁸ In that year, exports of Standard Malaysian Rubber made up 95.6 per cent of the natural rubber exported from Malaysia, exceeding \$1.03 billion.¹⁷⁹

► **Table A3. Malaysian rubber processing production, imports and exports trends, 2019–21**

| Malaysia total production (in tonnes) | | | |
|---------------------------------------|-------------------|---------------------------|-------------------|
| | Latex concentrate | Standard Malaysian Rubber | Synthetic rubber* |
| 2021 | 34 054 | 817 560 | 221 600 |
| 2020 | 34 453 | 972 584 | 205 300 |
| 2019 | 41 338 | 897 171 | 159 300 |
| Malaysia total exports (in tonnes) | | | |
| | Latex concentrate | Standard Malaysian Rubber | Synthetic rubber |
| 2021 | 21 106 | 624 334 | 611 881 |
| 2020 | 19 674 | 544 465 | 709 980 |
| 2019 | 23 188 | 605 056 | 630 677 |

Note: *approximate data from the Malaysian Rubber Council.

Source: Department of Statistics Malaysia 2022b.

¹⁷⁶ Malaysian Rubber Board 2022b.

¹⁷⁷ Kai See 2021a.

¹⁷⁸ Department of Statistics Malaysia 2022c.

¹⁷⁹ International Trade Centre's Trade Map 2022.

The main export market for Standard Malaysian Rubber is China, followed by the European Union (table A4).

► **Table A4. Malaysian exports of technically specified rubber (HS400122) to top five importers, 2019–22**

| Importers | 2019 | | | 2020 | | | 2021 | | |
|-------------------------------|---------------------------|--------------------------------|------------------------------|---------------------------|--------------------------------|------------------------------|---------------------------|--------------------------------|------------------------------|
| | Exported quantity, tonnes | Exported value in \$ thousands | % of total exports, by value | Exported quantity, tonnes | Exported value in \$ thousands | % of total exports, by value | Exported quantity, tonnes | Exported value in \$ thousands | % of total exports, by value |
| World | 605 056 | 858 389 | | 544 465 | 737 022 | | 624 334 | 1 031 356 | |
| China | 301 790 | 422 878 | 49 | 287 097 | 378 016 | 51 | 306 111 | 493 959 | 48 |
| European Union (27 countries) | 131 500 | 190 455 | 22 | 101 575 | 142 423 | 19 | 115 970 | 200 615 | 19 |
| United States | 24 868 | 35 894 | 4 | 18 520 | 26 566 | 4 | 37 348 | 64 609 | 6 |
| United Arab Emirates | 10 958 | 15 476 | 2 | 26 622 | 36 330 | 5 | 36 800 | 59 573 | 6 |
| India | 17 366 | 23 847 | 3 | 12 799 | 17 301 | 2 | 22 717 | 37 574 | 4 |

Source: International Trade Centre's Trade Map 2022a.

In addition to producing and processing natural rubber, the Malaysian rubber industry also produces synthetic rubber. In 2021, 32 per cent of the rubber produced in Malaysia was synthetic.¹⁸⁰ Although the overall production of Malaysian rubber is falling, the production of synthetic rubber is increasing. As glove manufacturers rushed to stock up on raw materials, the value of Malaysian synthetic rubber imports rose sharply during the COVID-19 pandemic, increasing by 133.6 per cent, from \$1.06 billion in 2020 to \$2.48 billion in 2021.¹⁸¹

¹⁸⁰ Malaysian Rubber Council 2022d.

¹⁸¹ International Trade Centre's Trade Map 2022.

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