



RUBBER INDUSTRY ROADMAP

VISION, GOALS, OBJECTIVES AND STRATEGIES

▪ **Strategic vision for the industry**

“Propel rubber products to become a key contributor to Philippine economic development”

▪ **Overall specific goals for the industry**

Quantifiable and measurable targets to achieve the vision for the industry:

Short Term (2013-2015)

- To designate PRIA as the government’s official private sector representative
- To mitigate the adverse effects of existing trade liberalization agreements
- To reverse low worker productivity
- To stabilize the supply of manufacturing inputs

Medium Term (2013 – 2017)

- To upgrade the technical expertise of sector players
- To partner with technical services provider

Long Term(2013 – 2030)

- To compete with foreign brands in the marketplace.

▪ **Development Objectives**

- Permanent private sector representative during ASEAN protocols on rubber products
- Minimize the impact of trade agreements detrimental to the growth of the sector
- Drive forward productivity of labor

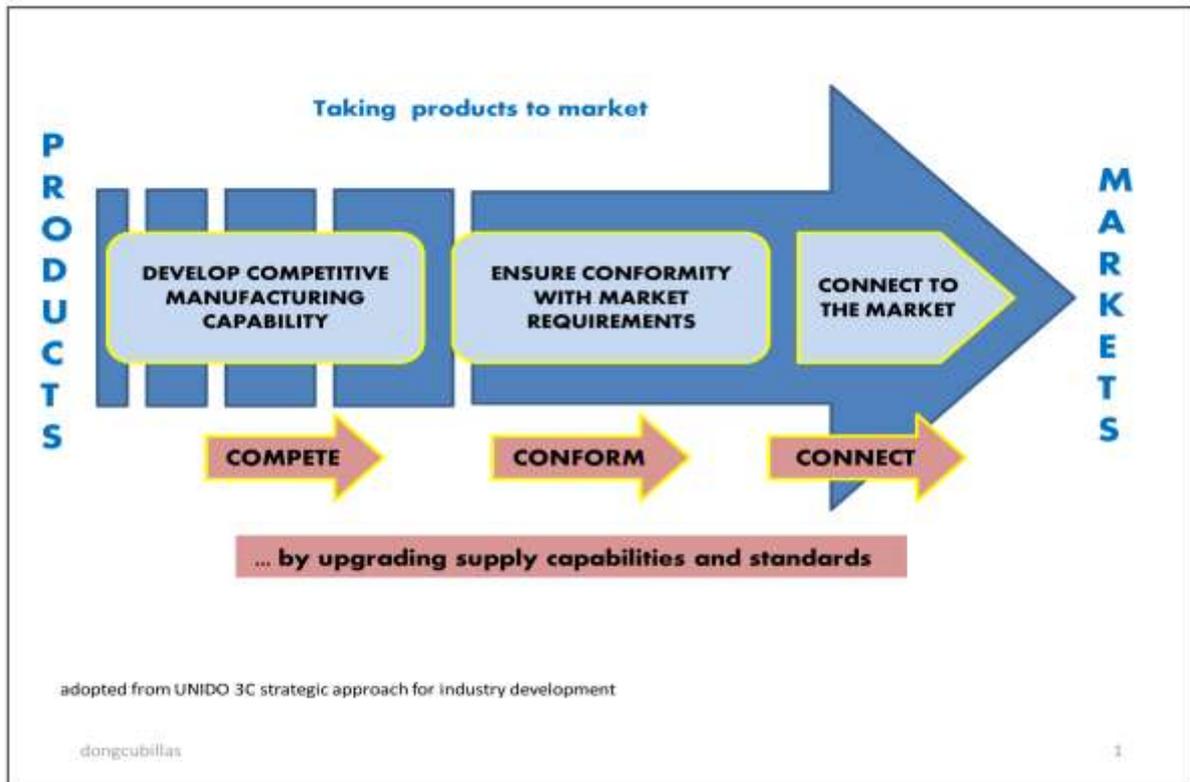


Philippine Rubber Industries Association

- Enhance knowledge and skills on ways to increase productivity
- Sector-wide availability of materials and supplies
- Stable price of certified crumb rubber
- Improve process skills in manufacturing
- Refurbish machinery and equipment
- Forge closer integration with the tool and die industry
- Develop new rubber products for the local and export markets
- Expand local sales of rubber products vis-à-vis imported brands
- Gain a foothold in foreign markets especially in the ASEAN region

- **Development Strategies**
 - Official Designation Campaign
 - Trade Harmonization and Rationalization
 - People Productivity Campaign
 - Shop Floor Productivity Gains
 - Materials and Supplies Assurance
 - Price Stabilization Campaign
 - Manufacturing Process Enhancement
 - Equipment Retrofitting
 - Technical Services Partnership
 - New Product Development
 - Dominate the Local Market Campaign
 - Export Marketing Campaign

The diagram shown below is the proposed growth model for the rubber products sector.



The model stipulates that for the rubber products sector to grow and develop it needs to: (1) Upgrade manufacturing skills, (2) Adopt technical and market standards, and (3) Link with both the local and export markets.

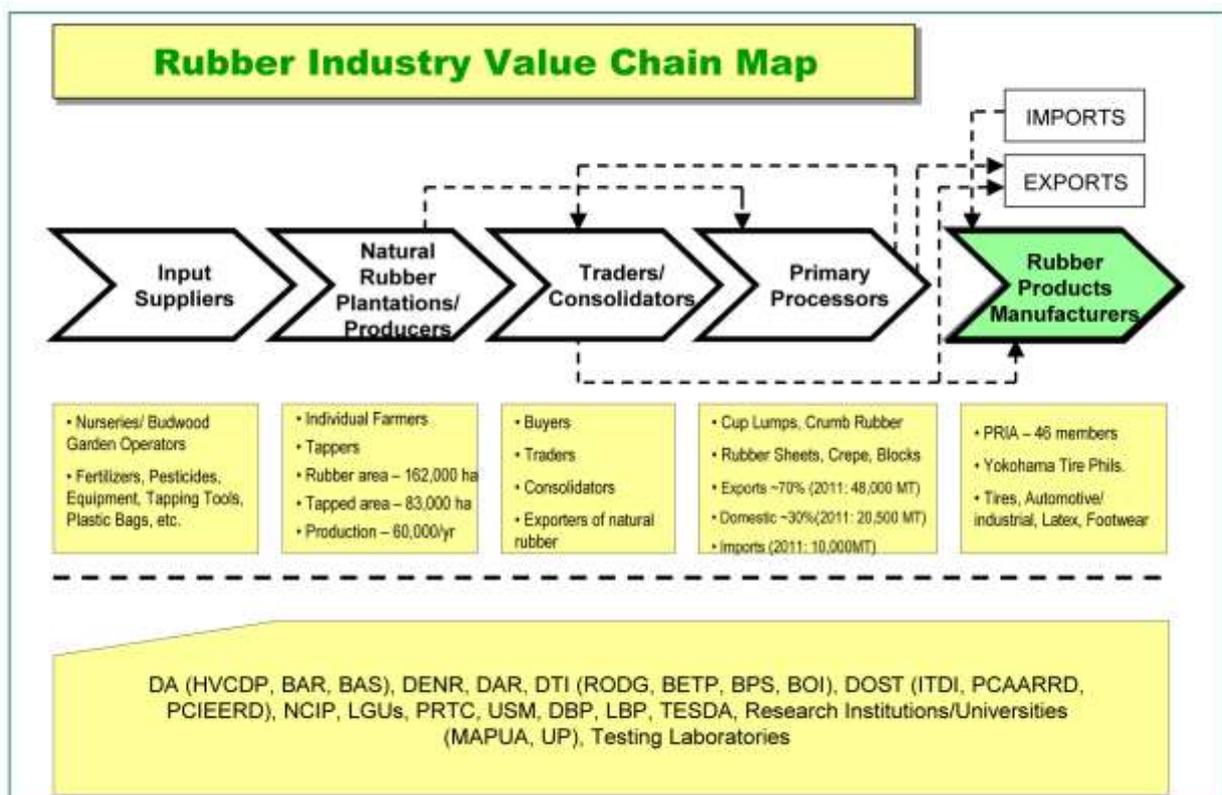
STATE OF THE INDUSTRY

■ Industry Performance

- The tire sub-sector (motorcycle and passenger cars), show an upward trend for the past three (3) years. The same upward trend is observed for the automotive/industrial subsector. On the downside, an interesting case is that of the camelback product. The trend of manufacturing output of camelbacks is on the decline. This product is used in retreading of used tires. Perhaps this is an indication of the on-going price war between local and imported tires where motorcycle owners and tricycle operators base their purchasing decisions on price rather than how long the tire will last.
- Yokohama Tire Philippines, Inc., the only non-PRIA member, has an on-going expansion project designed to add 9,000 tires a day to its current 21,000 daily manufacturing output.



- The production cost structure for the sector showed an average of 77% of the selling price. It ranges from 70% in the automotives/industrial subsector to 85 percent for latex.
- The firms employ a total of 3,915 (2,994 direct workers and 921 indirect employees). For direct workers, the technical skills required by the sector vary from “At least high school graduate” to “Vocational or engineering graduates.” Indirect employees, on the other hand, should be college graduate. Direct hiring and own recruitment are the means by which these companies source their manpower needs.
- **Supply and Demand**
 - In general, PRIA member firms are not aware of any trade agreements between the Philippines and its ASEAN neighbors, much less on trade agreements at the global level.
 - It turns out that the related industries affecting the sector’s performance include plastics, synthetic and carbon black manufacturers, as well as car manufacturers. On the other hand, the following are considered by sector players to be their allied industries: petrochemicals, packaging, and plastic coating. Meanwhile, industries offering substitute products are PVC, TPR, and PU plastics.
 - The critical drivers that influence the sector’s market are:
 - Quality of crumb rubber
 - Safety and warranty claims by customers
 - Competitive pricing
 - Industry standards
 - The general economic situation in destination countries





▪ **Challenges and Concerns**

- Landed cost of materials is high due to freight and trucking charges
- Materials are unreliable in terms of consistent quality
- Materials are price driven because of lack of regulation
- The cost trend of energy, mainly diesel and electricity, are inching up
- Lack of business development services to support the industry
- Unionized labor make the labor cost high
- Labor is somewhat inefficient
- Standards are not adequate
- No access to standards
- No testing facility to speak of, each company invest in their own QC laboratory
- Need to adhere to ECE R75 labeling of tires
- Would need to have an alternative to pallets or improved packaging to avoid rubber bales from getting contaminated with wooden splinters
- No real regulatory measures
- Footwear has seasonal demand
- Not properly being done since there is a lot of technical smuggling. Not doing much to protect the remaining surviving rubber product manufacturers. No exact standards
- Lacks facilities to check for standards unlike in countries where there are stringent rubber product testing. Lacks competent supporting industries such as machine manufacturers
- Encourage people to support Filipino products

SUPPORT TO INDUSTRY DEVELOPMENT

- Create a rubber crumb price index system
 - An internet-based market information system aimed to establish a national reference price for crumb rubber on a daily basis
 - Harness the power of the world-wide web to provide real-time data on the price movement of crumb rubber



- Prepare the research agenda for rubber products in partnership with DOST-PCIEERD
 - Define the sector's research directions
 - Partner with DOST-PCIEERD in matching research topics with DOST's engineering scholarship program
- Propose an equipment financing program in consultation with DBP
 - There is an urgent need to replace or rehabilitate the machinery and equipment used in the manufacture of rubber products
 - This move will enhance product design as well as process improvement for member firms of PRIA
 - DBP should adopt the risk-based lending model for the proposed financing window for the rubber products sector
- Lobby for a Balik Scientist/Balik Engineer Campaign
 - Identify and locate the technical people who worked in the sector 10 to 20 years ago
 - Since majority of them are now working abroad, prepare a Balik-Pilipinas package laden with attractive incentives
 - Entice them to come back and contribute their expertise to enhance the development of rubber products in the country
- Advocate for the inclusion of the downstream rubber industry (i.e., Rubber Products sector) in the implementation of DTI's National Industry Cluster Capacity Enhancement Project (NICCEP), a 3-year technical cooperation project funded by Japan International Cooperation Agency (JICA)
 - Prepare a position paper outlining the rationale for the sector's inclusion in NICCEP as an inherent part of the rubber value-chain
 - Treat the industry sector's development as a continuum - starting from tree planting down to manufacturing of rubber products
- The current PRIA website requires drastic overhaul
 - Design the website in such a way that using it encourages interactive and engaging engagement
 - Continuous posting of current issues and developments in rubber products technology from the ASEAN Region as well as from around the world
 - Engage the services of a professional web developer for this purpose



Year 2012 List of PRIA Members, by Sub-sector

TIRE SUBSECTOR

| BUSINESS NAME | PRODUCT LINE(S) | CONTACT PERSON |
|------------------------------------|---|--|
| Johnson Mfg. Co. | <ul style="list-style-type: none"> • Tractor tire tubes • Motorcycle tires and tubes • Bicycle tires and tubes | Ms. Marina Chua |
| Manhattan Rubber and Plastic Corp. | <ul style="list-style-type: none"> • Motorcycle tires • Bicycle tires | Mr. Willy Li Mr. Kenneth Pua |
| Netruma Tire Management Inc. | <ul style="list-style-type: none"> • Tire tread materials | Ms. Prescilla Alice Samonte Mr. Prescilo Lazaro |
| MBPSTAR Corp. | <ul style="list-style-type: none"> • Motorcycle tires and tubes • Bicycle tubes | Mr. Peter Go |

AUTOMOTIVE and INDUSTRIAL PARTS SUBSECTOR including SPORTING GOODS

| BUSINESS NAME | PRODUCT LINE(S) | CONTACT PERSON |
|---|--|---|
| Cherubin Rubber Corp. | <ul style="list-style-type: none"> • Industrial rubber parts | Mr. Eddy Lee |
| Dela Torre and Co., Inc. | <ul style="list-style-type: none"> • Hoses • Expansion joints • Flexible connectors • Lining services | Mr. Pablo dela Torre Mr. Edwin dela Torre |
| Dunlop Slazenger Phils. Inc. | <ul style="list-style-type: none"> • Tennis and Badminton balls | Mr. Pompil Corsame Ms. Yoly Almacen |
| GHB Oil Seal Mfg. Inc. | <ul style="list-style-type: none"> • Oil seals • O-rings | Mr. Alvin Coo |
| Kings Rubber International | <ul style="list-style-type: none"> • Moulded and extruded linings | Ms. Josefina Ladao |
| Rhodeco Rubber Corp. | <ul style="list-style-type: none"> • Custom moulded products • Bushings and Grommets • Boots and Bellows • Bumpers and Edge guards • C and U-channels | Ms. Rhodora dela Cruz-Medalla Ms. Zosima Gojo Cruz |
| Mitsubishi Belting Phils. Corp | <ul style="list-style-type: none"> • Power transmission belts | Mr. Christopher Chan |
| Nihon Rubber Industries | <ul style="list-style-type: none"> • Engine support • Dumper pulley • Vibratory and oil seal • Automotive hoses | Mr. Jeremiah Lim |
| Philippine Belt Mfg. Corp | <ul style="list-style-type: none"> • Conveyor • Transmission V-belts | Mr. Pablito Chua |
| Polystar Industrial Sales Corp. | <ul style="list-style-type: none"> • Seals • Strips • O-rings • Gaskets | Mr. Nemy Cantero Mr. Jesse Cantero Mr. Roberto Cruz |
| Prolit Industry Corp. | <ul style="list-style-type: none"> • Sports balls • bladders | Mr. Arnold Choachuy Mr. Andrew Choachuy |
| ADLC Rubber Products | <ul style="list-style-type: none"> • Engine mountings • Bushings | Mr. Lemuel Ngo Dagdag |
| Showa Advance Corp. | <ul style="list-style-type: none"> • OEM parts • Silicone rollers • Moulded products | Mr. Andrew Escolar |
| RJ Spring Rubber and Metal Parts Mfg. Corp. | <ul style="list-style-type: none"> • Buffer chain • Gripper • O-rings • Seals • Moulded products | Engr. Jonathan Puma Ms. Ana Napoles |
| Sunshine Rubber Tech Resources Co. | <ul style="list-style-type: none"> • Moulded products • Extruded products • Elastomeric bearing pads | Engr. Henry Orate Ms. Florian de Guzman |



| | | |
|------------------------------------|---|---|
| | <ul style="list-style-type: none"> • Compressible pads • Rings and gaskets | |
| Titan Rubber Industrial Mfg. Corp. | <ul style="list-style-type: none"> • Radiator and fuel hose • Extruded and moulded products | Mr. Kwan Ming Dee Mr. Kwan Shing Dee |

FOOTWEAR SUBSECTOR

| BUSINESS NAME | PRODUCT LINE(S) | CONTACT PERSON |
|--------------------------------|--|--|
| Global Footwear Manufacturing | <ul style="list-style-type: none"> • Soles for footwear products | Mr. Wilson Valdez Ms. Lai Chun Valdez |
| Paramount Vinyl Products Corp. | <ul style="list-style-type: none"> • Footwear (Celtic and Bantex brands) • Shower Curtains | Mr. Charles Tiu Mr. Peter Tiu |
| San Mateo Rubber Corporation | <ul style="list-style-type: none"> • Sandals | Ms. Rita Co Ms. Jocelyn Ang |

LATEX SUBSECTOR

| BUSINESS NAME | PRODUCT LINE(S) | CONTACT PERSON |
|-----------------------------|--|------------------------------------|
| Gonzalo Int'l Inc. | <ul style="list-style-type: none"> • Baby feeding nipple | Mr. Willy Arcega Mr. Joseph Lao |
| Latex Products Co. Inc. | <ul style="list-style-type: none"> • Gloves • Baby nipples • Rubber bands • Balloons • Medicine dropper | Mr. Alyson Sy Mr. Enrique Lim |
| Sirawai Rubber/ Dacon Group | <ul style="list-style-type: none"> • Processor of NR and Latex | Ms. Mely Samsin |

CHEMICALS MANUFACTURERS and SUPPLIERS

| BUSINESS NAME |
|---------------------------------------|
| Art-Chem Industrial Sales Corp |
| Uni-Dravo Commercial |
| Brenntag Ingredients |
| Connell Brothers Co. Pilipinas, Inc. |
| Himmel Industries Inc. |
| Jebsen & Jebsen Chemicals Inc. |
| Mitsui & Co. (Asia Pacific) Pte. Ltd. |
| Shiraishi Calcium Kaishia Ltd. |
| Sytengco Enterprise Corp. |

SUPPLIERS OF RUBBER MACHINERY & TRADERS OF NATURAL RUBBER and CHEMICALS

| BUSINESS NAME |
|--|
| Farma Rubber Industries Inc. |
| MBH Trading and Mfg. Corp. |
| MJ Rubber Agricultural Products Phils. |
| Ozone Chem Industry |
| Pioneer Amaresa |
| Raco Trading Philippines Inc. |
| R.P. Martinez Development |
| Solid State Multi-Products Corp. |
| Trans World Trading Co. Inc. |
| Traders Trust International |
| TR Auto Care Systems, Inc. |



Philippine Rubber Industries Association

CONTACTS

BOARD OF INVESTMENTS (BOI)

Mr. Dexter Pajarillo

Industry and Investments Building

385 Senator Gil Puyat Avenue,

Makati City, Philippines

Tel. No. :(632) 895-83-22 loc. 259

Email: DSPajarillo@boi.gov.ph

PHILIPPINE RUBBER INDUSTRIES ASSOCIATION

Mr. Rhodora Medalla - President

10-J, LPL Condominium, 17 Eisenhower St., North Greenhills

San Juan, NCR - Second District

Tel. No. :(632) 727-7482

Email: pria@info.com.ph

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