

# **Performance of the Malaysian Plastics Industry 2018**

by

**Malaysian Plastics Manufacturers Association  
(MPMA)**

July 2019

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## 1. Performance by market sub-sectors

- **Electrical and electronics**
- **Automotive**
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- **Packaging**
- **Export**

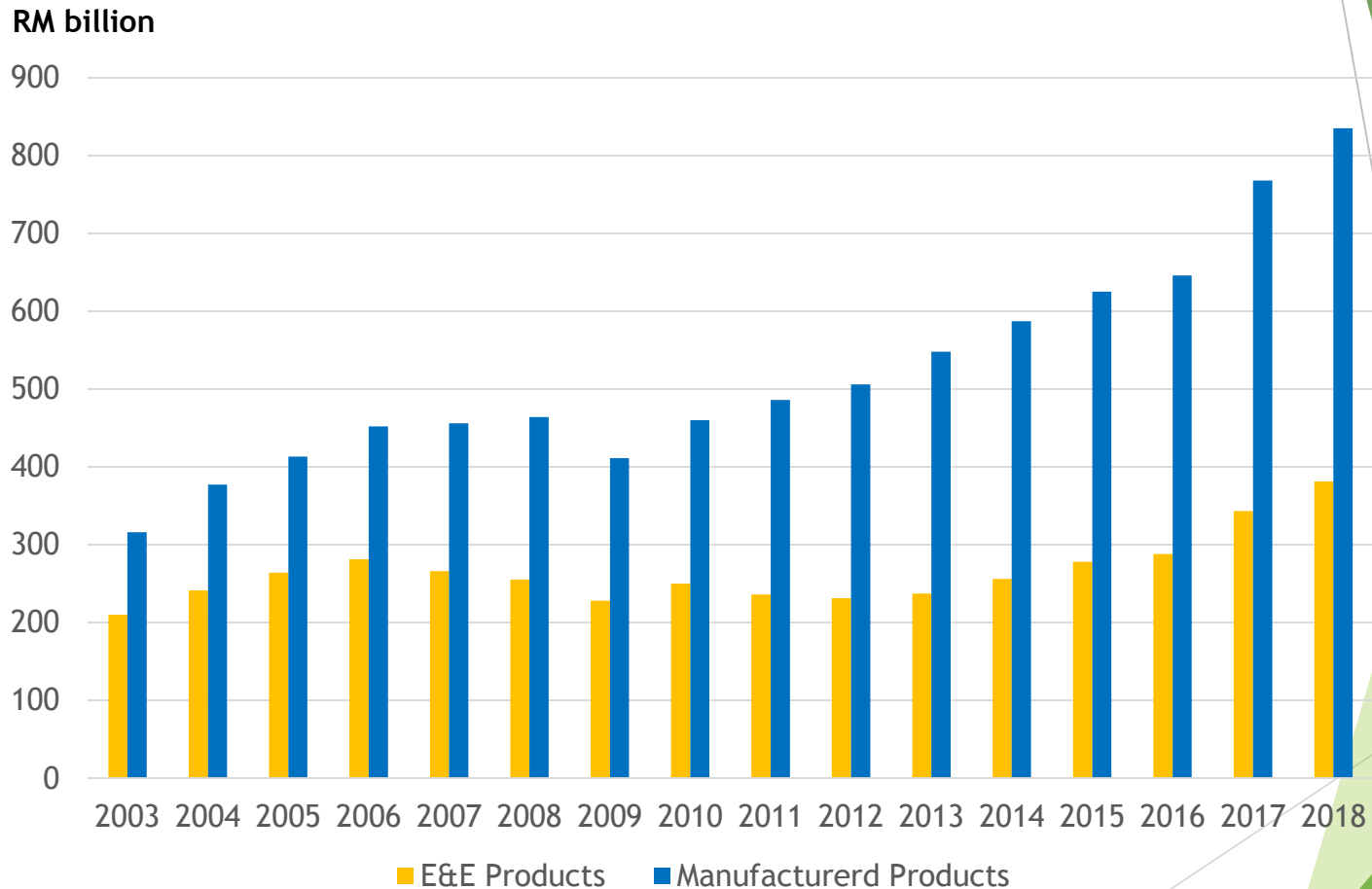
## 2. Overall performance

## 3. Outlook for 2019

# Electrical and Electronics Sector:

- ▶ TV and air-conds are the biggest users of plastic parts and components from the electrical and electronics sector.
- ▶ There is no direct data on the plastic parts and components produced, hence, the production data of TV and air-cond is used as an indicator, similarly for the automotive sector.
- ▶ E&E is the largest sector within the Malaysian manufacturing industry, accounts for 45% of total exports of manufactured goods.

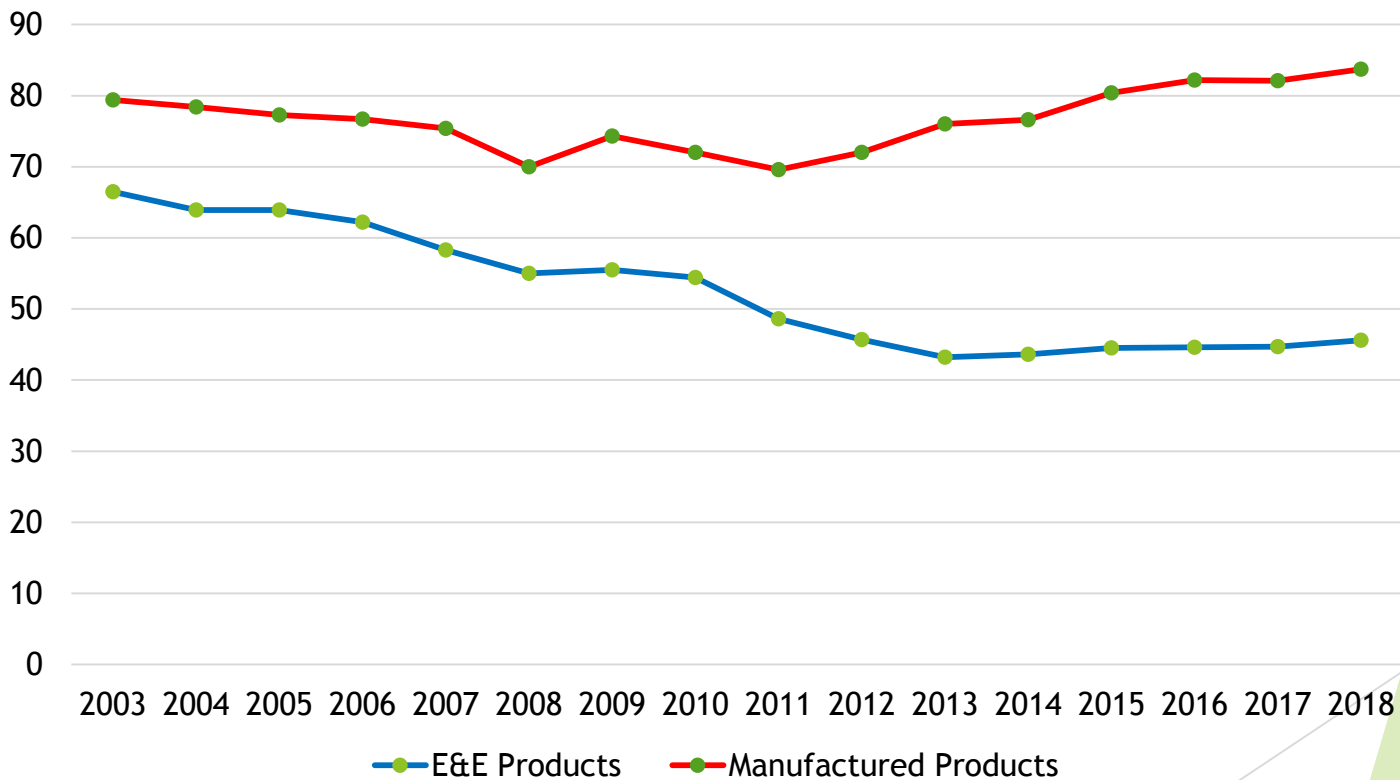
# Export of E&E Products against Total Export of Manufactured Products



Source: MITI Annual Reports 2003-2018

# Export of E&E Products and Manufactured Products against Total Malaysian Exports

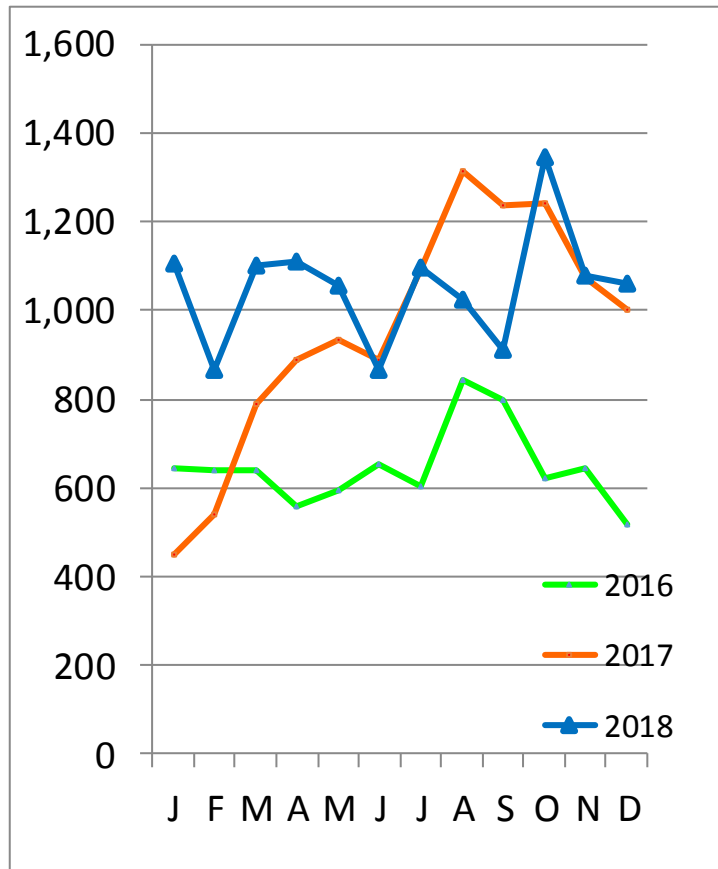
% against total export



Source: MITI Annual Reports 2003-2018

# Electrical and Electronics Sector: Monthly Production Statistics on TVs

“000 units

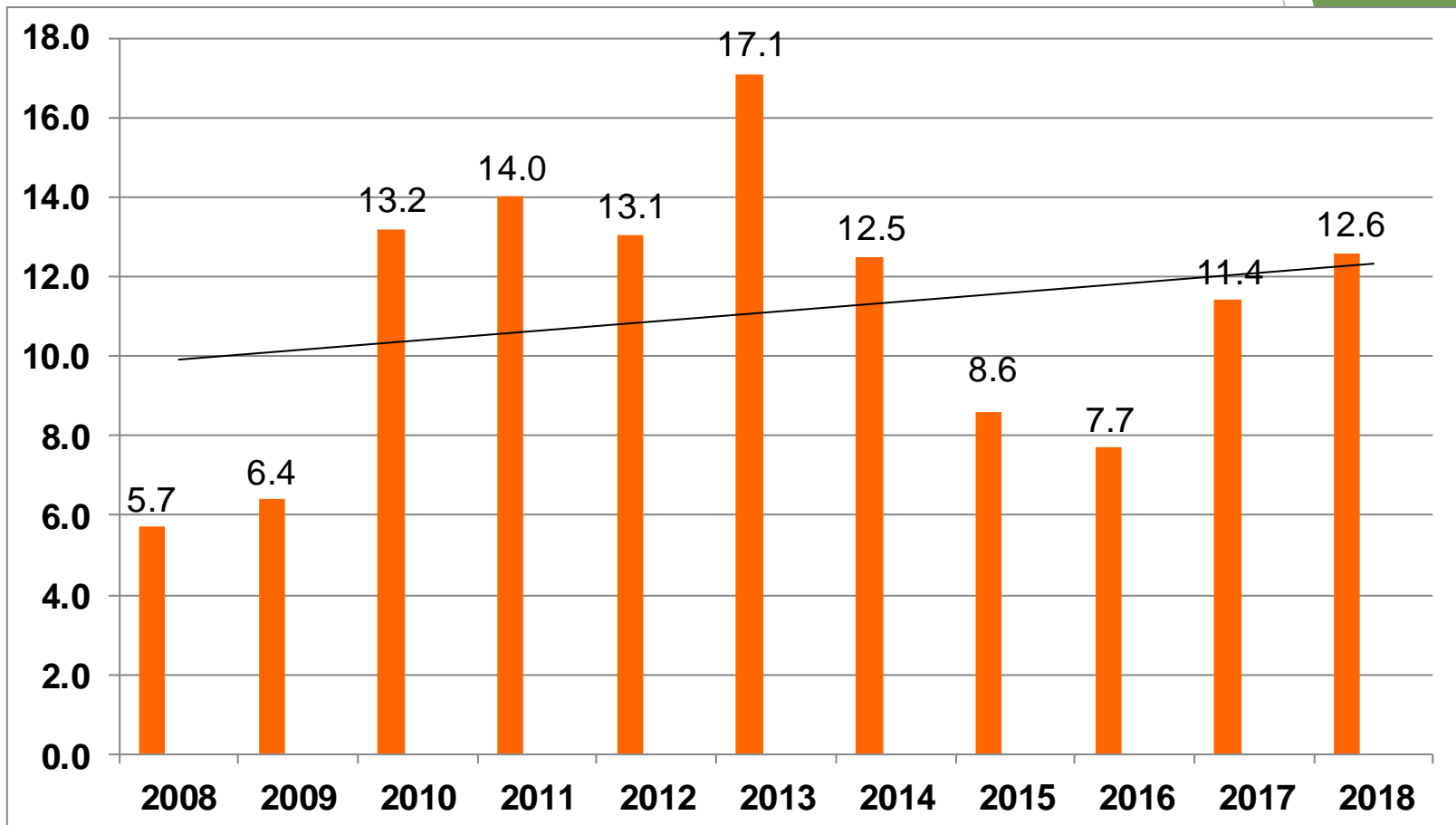


- Production of TV sets for 2018 increased by 10%, compared to 2017, from 11.45 million units to 12.61 million units.

Source: Department of Statistics

# Annual Production of TV Sets

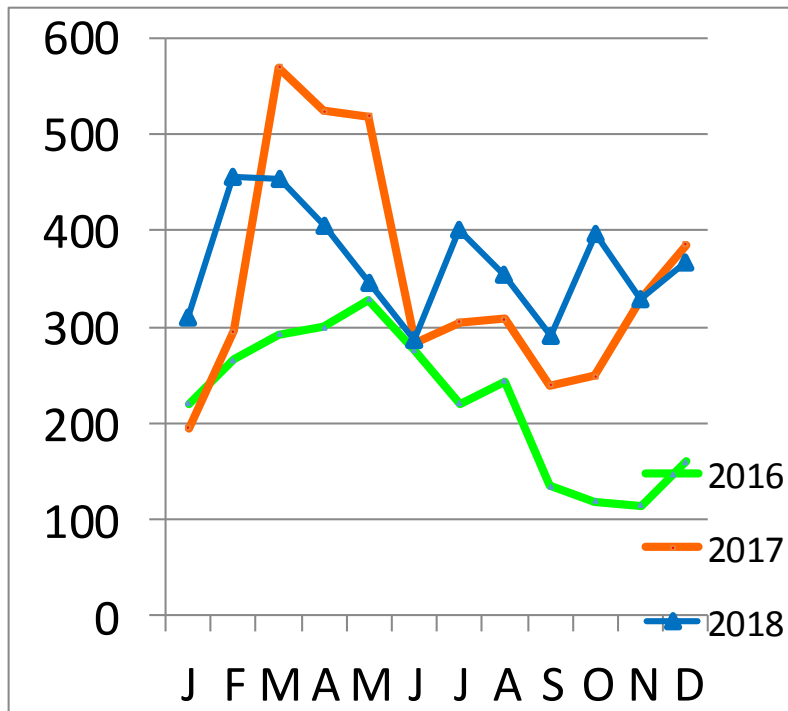
million units



Source: Department of Statistics

# Electrical and Electronics Sector: Monthly Production Statistics on Air-conds

Units ('000)

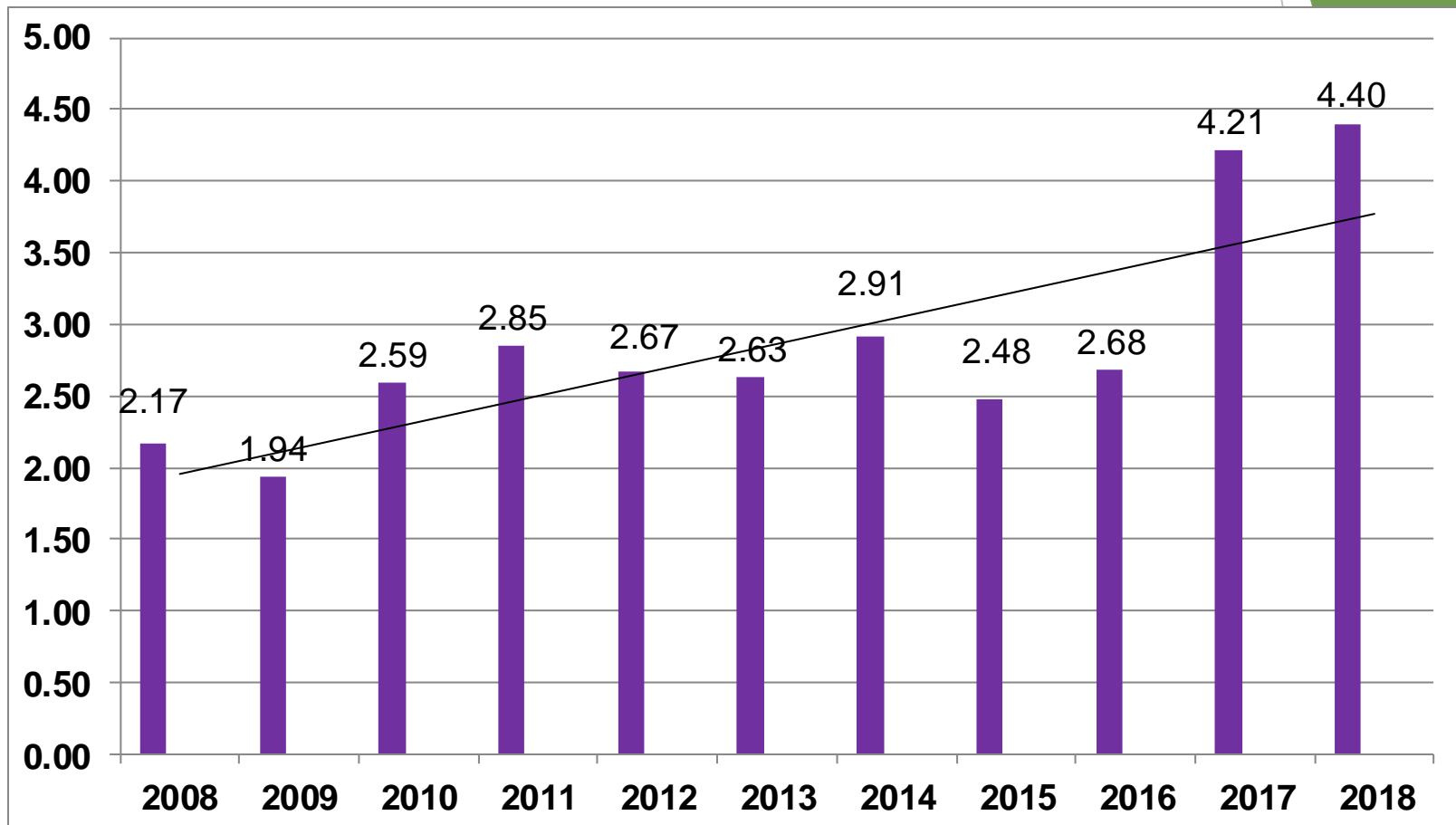


- Production of air-conds for 2018 increased by 4.4% compared to 2016, from 4.21 million units to 4.40 million units.



# Annual Production of Air-conds

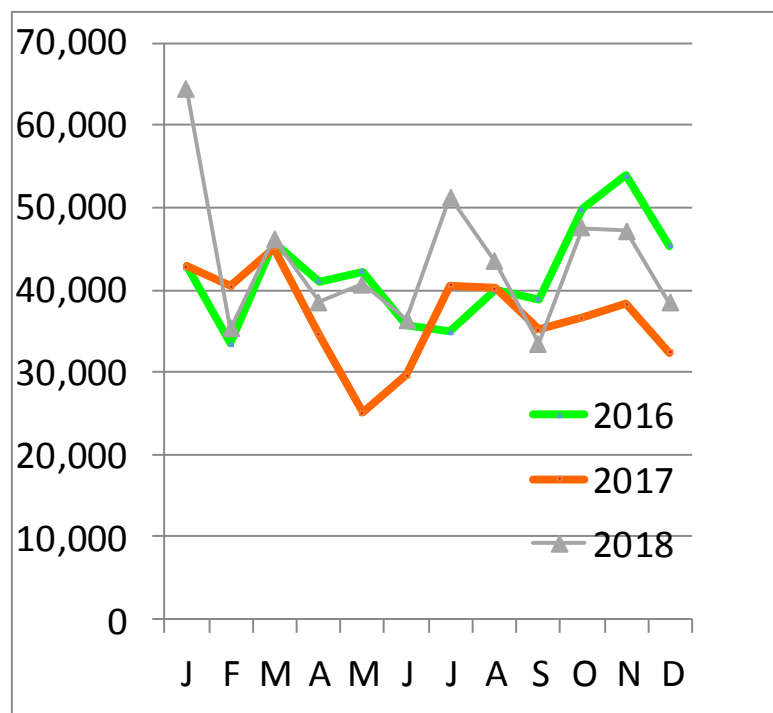
million units



Source: Department of Statistics

# Automotive Sector: Monthly Statistics on Total Production of Passenger Cars

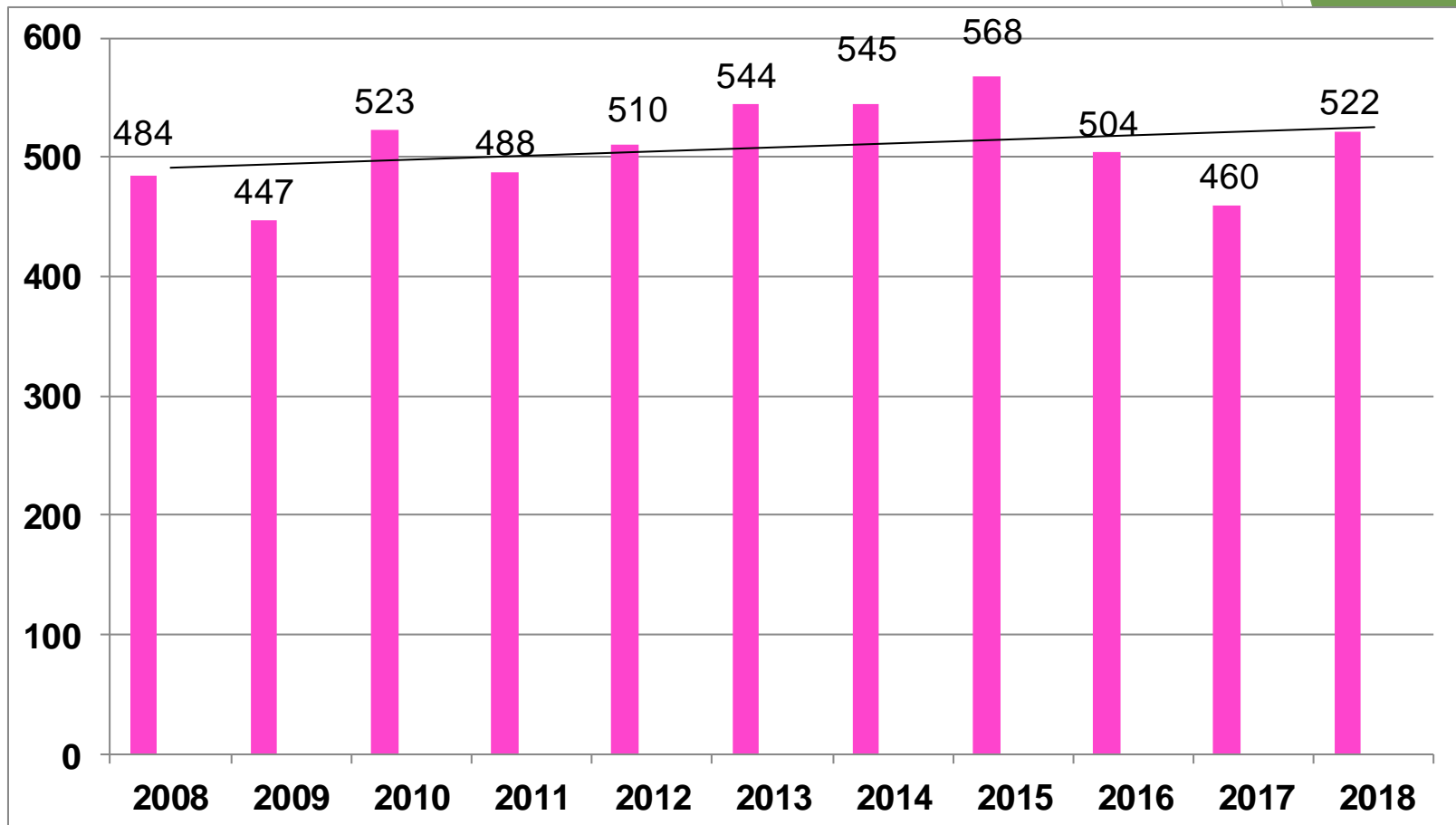
units



- Total production of passenger cars by the local car producers increased by 13.7% to 522,000 units for 2018, compared to 460,000 units in 2017.
- Sales of passenger cars increased by 3.6% from 515,000 units in 2017 to 533,000 units in 2018.
- This improvement is likely attributed to the 3-month tax holiday period (Jun-Aug) given to car buyers following the change of government in May.

# Annual Production of Passenger Cars

Thousand units



Source: Malaysian Automotive Association (MAA)

# Market Trends of the Automotive Sector

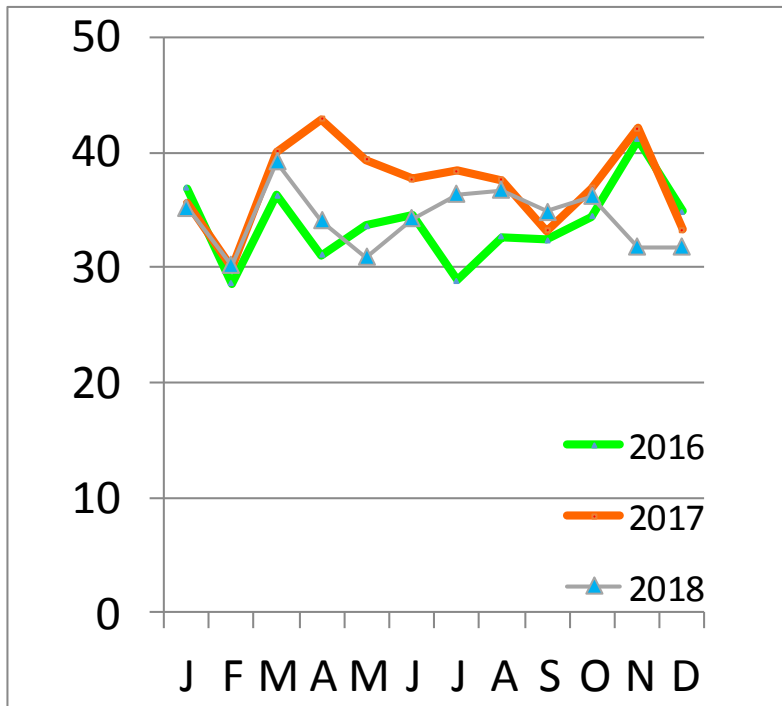
- ▶ Vehicle sales remained flat for most of the months, except for June to August period. Buyers took advantage of the price reduction during the GST tax holiday period.
- ▶ Outlook for 2019:
  - Uncertainties over the on-going trade tensions between US and China, global monetary tightening and slowing down of the global economic growth.
  - Persistent weak Ringgit will continue to affect business confidence and consumer sentiment.
  - Moderation in consumers' spending in light of economic uncertainties and inflationary pressure

# Market Trends of the Automotive Sector

- ▶ Outlook for 2019:
  - Stringent lending guidelines for hire purchase loans by the financial institutions.
  - Introduction of new models with latest additional specifications, design style and competitive prices could assist to sustain buying interest.
  - MAA forecasted that the sales of passenger cars for 2019 would be increased to 534,000 units from 533,000 units in 2018.

# Export of Plastic Table Wares, Kitchen Wares and other Household Products (HS: 3924)

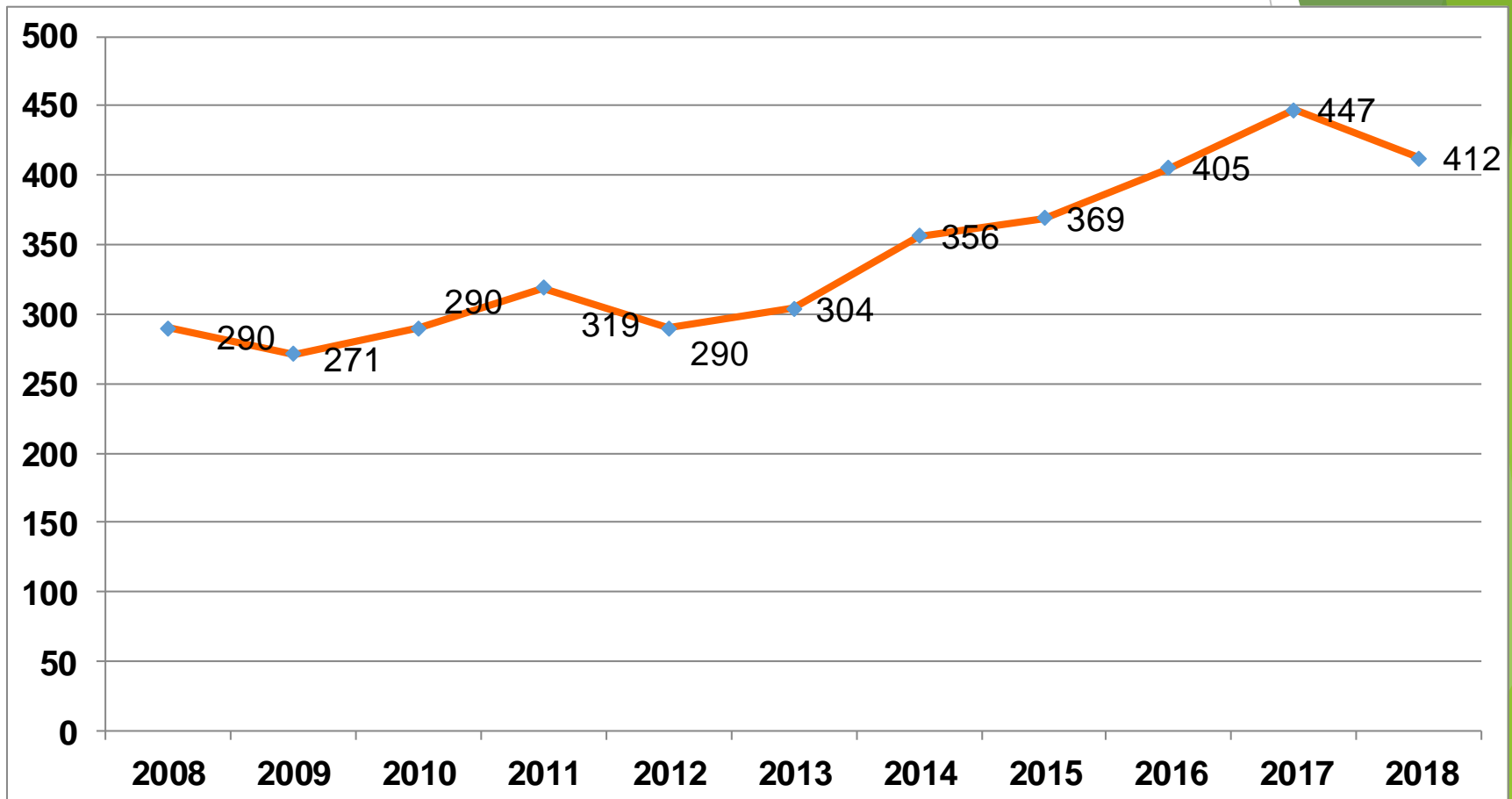
RM million



- Exports of plastic household products for 2018 amounting to RM411.7 million, declined by 7.9%, from RM447.2 million in 2017.
- Weaker consumer demand from the industrialised countries resulted in shrinking of exports of household wares.

# Annual Export of Plastic Household Products

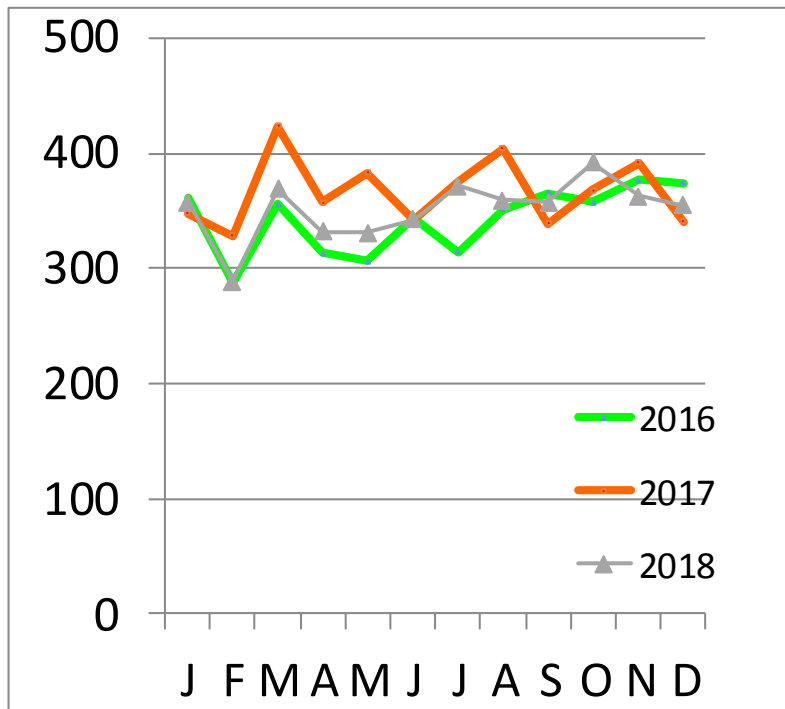
RM million



Source: MATRADE

# Packaging Sector: Monthly Export of Plastic Bags (HS: 3923)

RM million

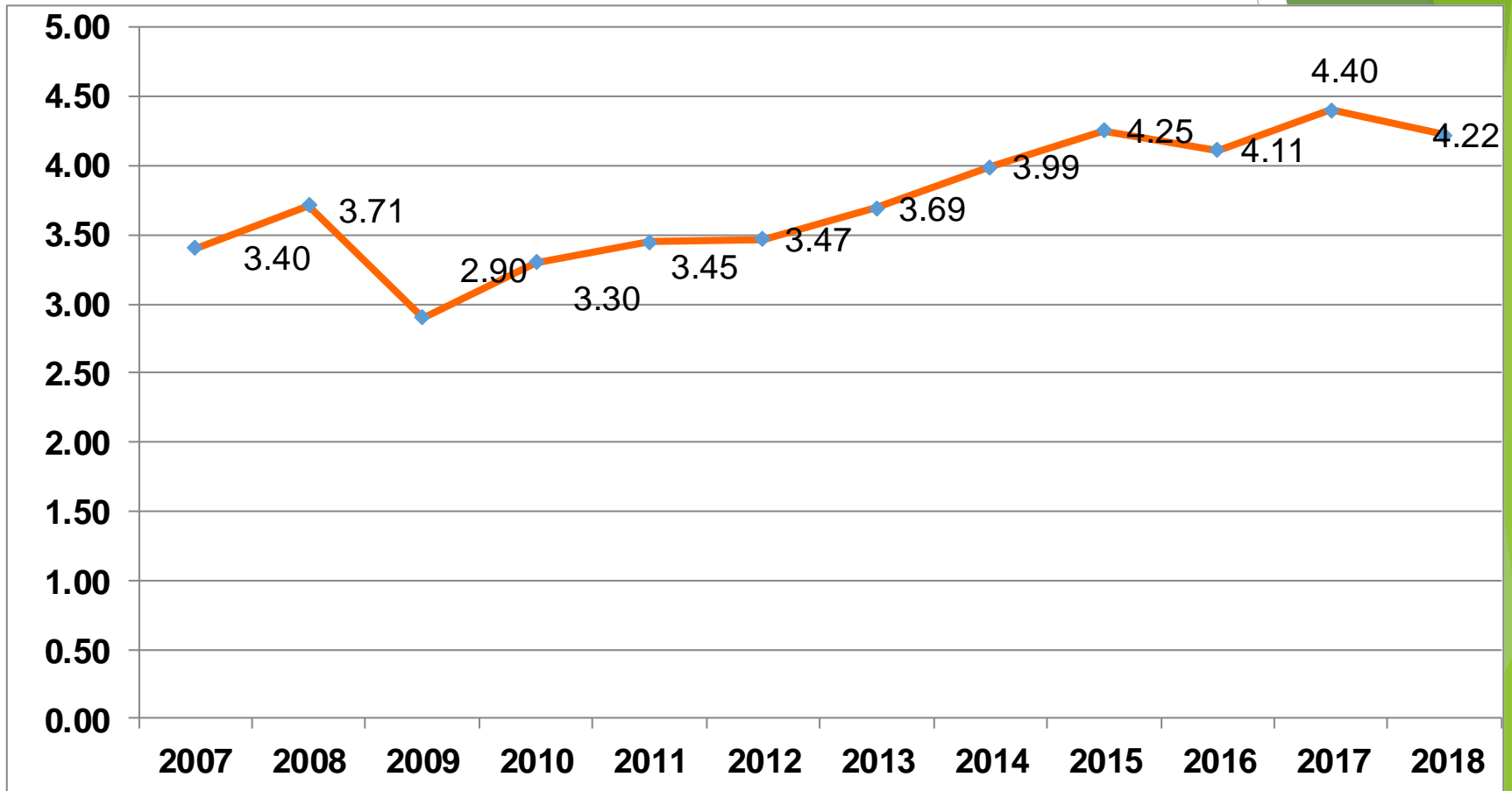


- Total export of plastic bags for 2018 declined by 4.1% to RM4.22 billion, compared to RM4.40 billion in 2017.
- Environmental policy – several EU countries had already implemented legislation to restrict the use of plastic bags.



# Annual Export of Plastic Bags

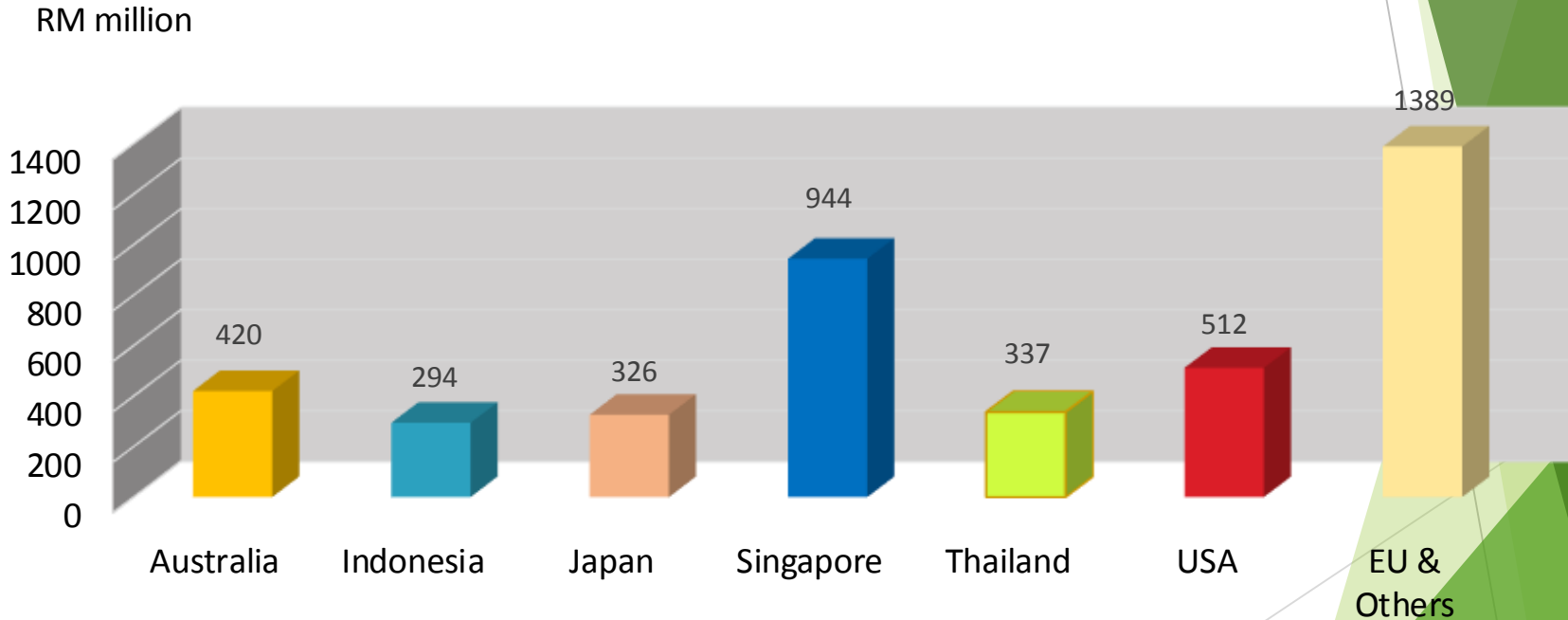
RM billion



Source: Department of Statistics

# Export market for plastic bags by countries

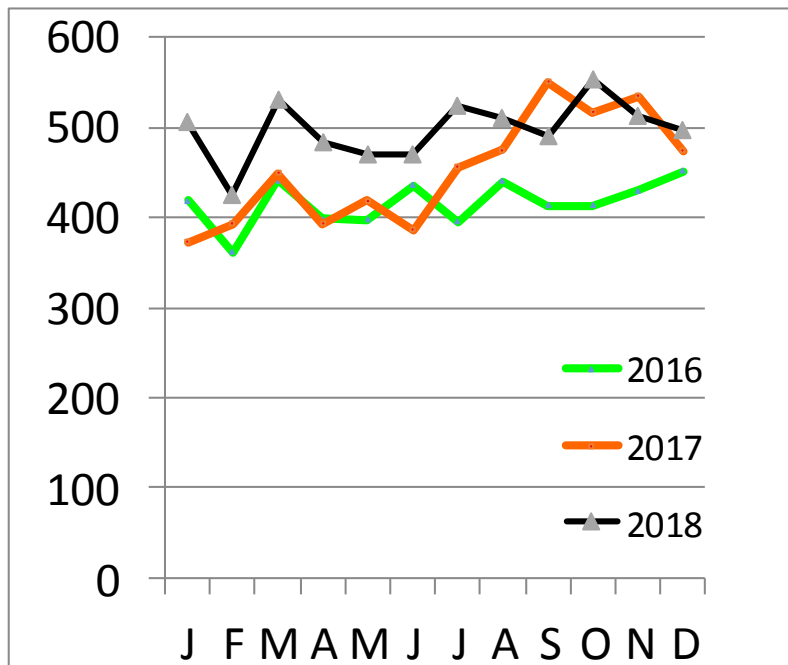
Total export 2018: RM4.22b



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# Packaging Sector: Monthly Export of Plastic Films and Sheets (HS 3919/20/21)

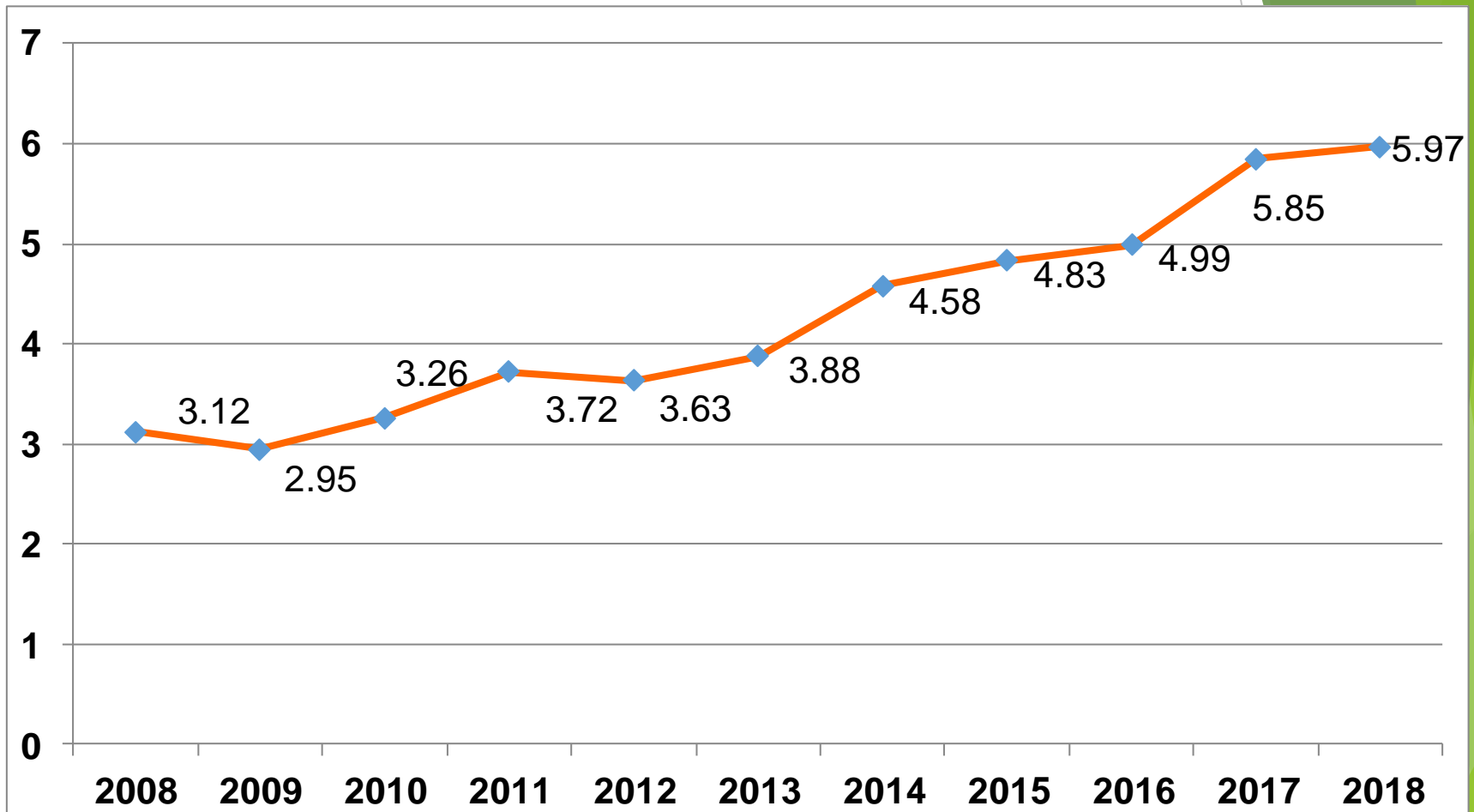
RM million



- Total export of plastic films and sheets increased marginally by 2.1% from RM5.85 billion in 2017 to RM5.97 billion in 2018.
- Export growth was slow due to the moderating economies in the main export market and a comparatively stronger Ringgit in 2018 compared to 2017.

# Annual Export of Plastic Films and Sheets

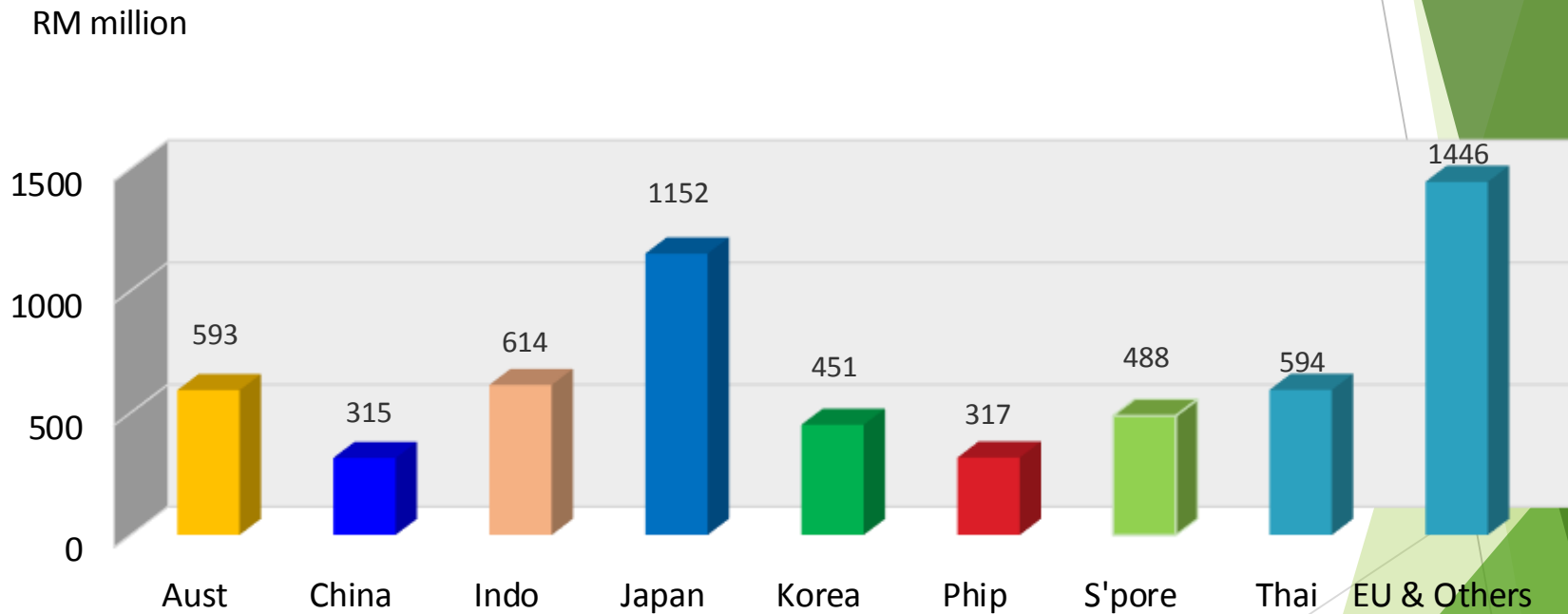
RM billion



Source: Department of Statistics

# Export market for plastic films and sheets by countries

Total export 2018: RM5.97b



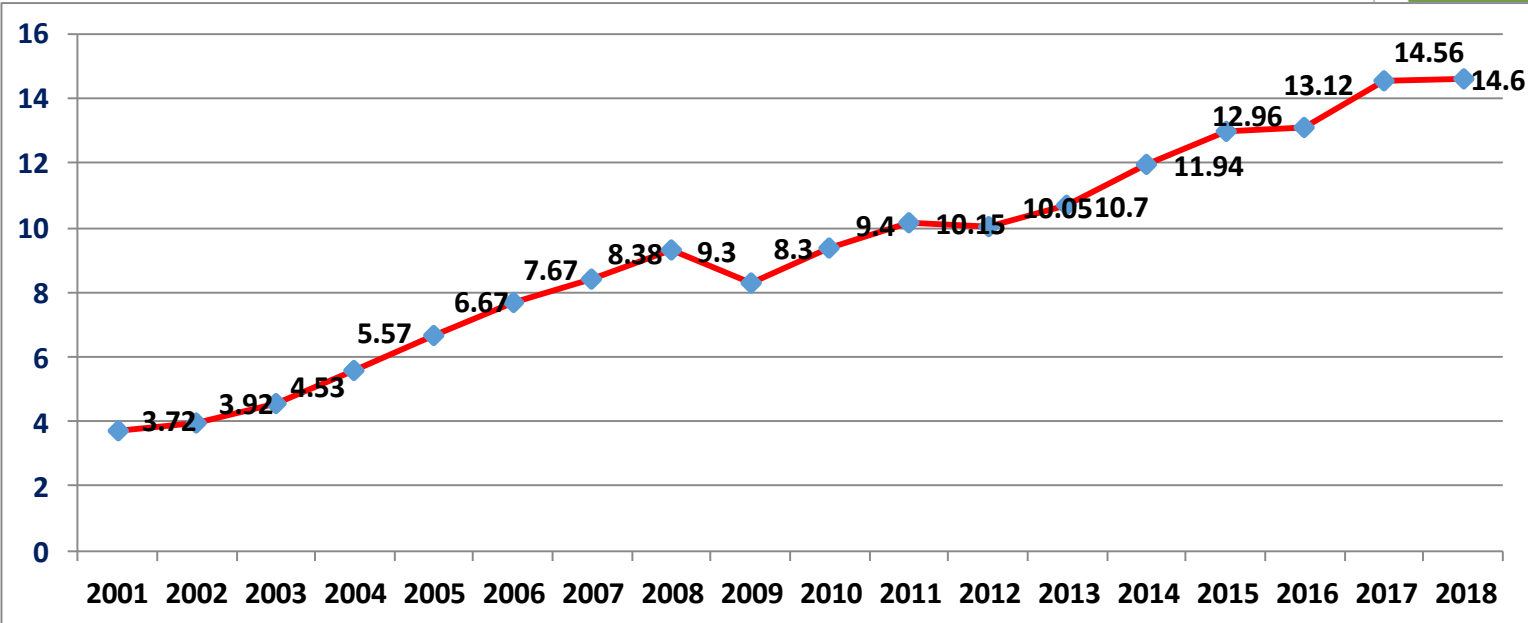
# Plastics Exports

- Exports have been steadily growing over the last 10 years.
- Major source of revenue for finished plastic products.
- Share of exports against sales turnover increased from about 40% in the late 1990s to more than 60% in early 2010s, before reducing to 50% in recent years due to the re-classification of product categories by the Department of Statistics.
- Major export markets: EU, USA, Singapore, Australia and Japan.

# Exports of Plastic Products (2001-2018)

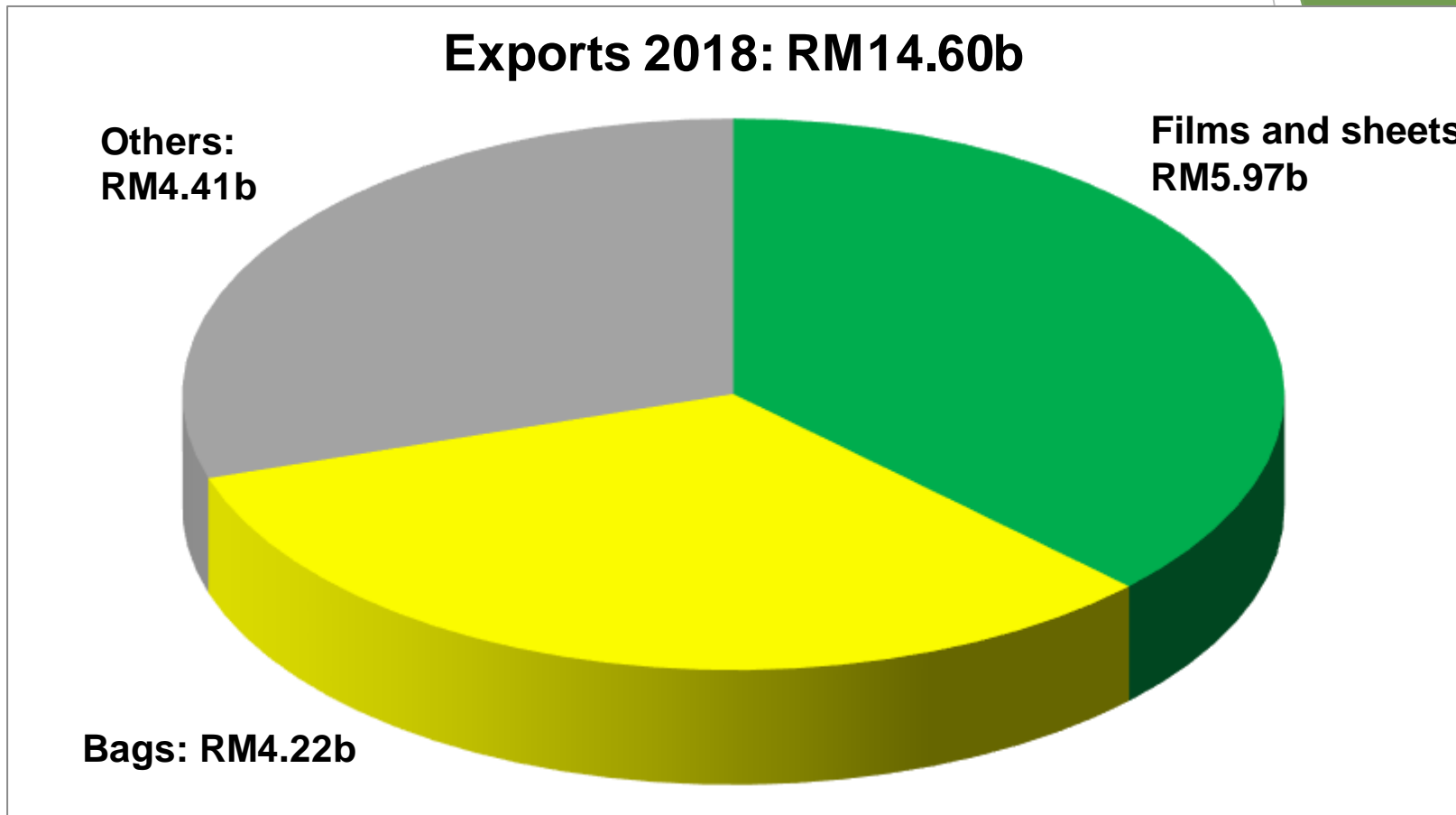
RM billion

Export



Source: Department of Statistics

# Main Exports of Plastic Products



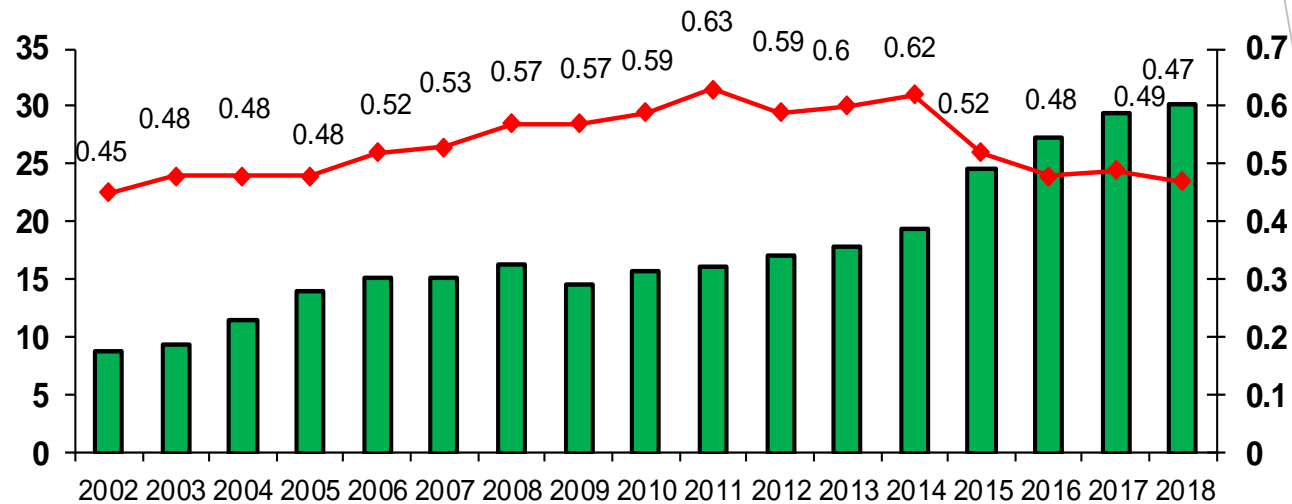
<http://trade.stats.gov.my/tradeV2/>



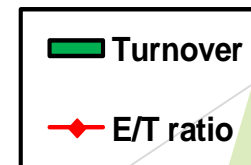
# Exports/Sales Turnover Ratio

**Turnover**  
RM billion

**E/T  
Ratio**



*Note: The Department of Statistics has revised the basis of data compilation, resulting in a 27% increase in total sales turnover for 2015 and 10% increase in 2016.*



# Overall Performance

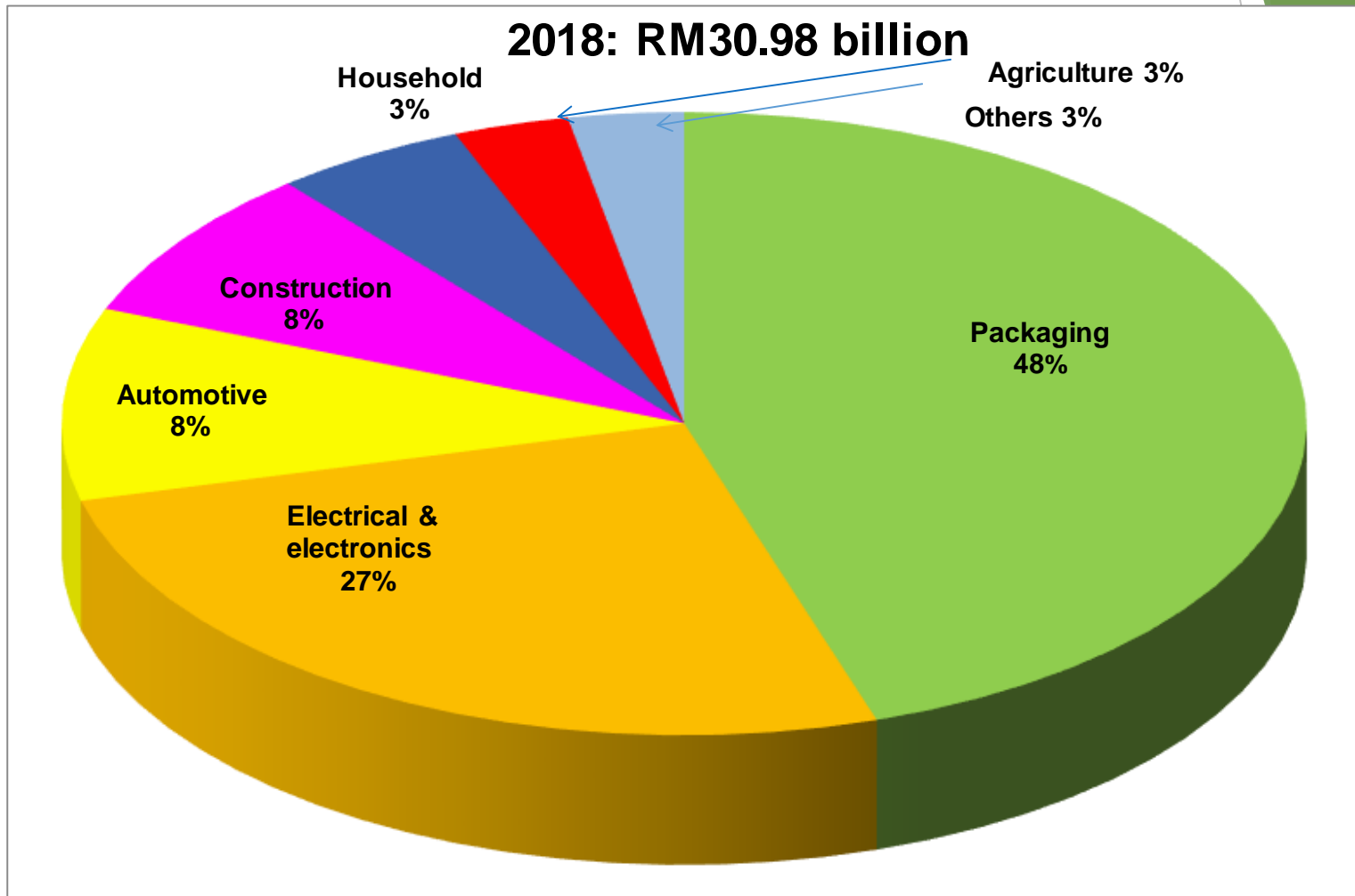
- The plastics industry registered a mild growth due to the slowing global economy. Sales turnover increased by 4% from RM29.80 billion in 2017 to RM30.98 billion in 2018.
- Export was flat in 2018, partially attributed to the restrictions on the use of plastic bags in certain EU countries.
- Growth was mainly driven by the domestic sectors, namely, the E&E as well as the automotive sectors.
- Rising labour and raw materials costs remained the main issues of concerned.

# Key Data of the Malaysian Plastics Industry

	2014	2015	2016	2017	2018
Malaysia's gross domestic product (GDP) growth	6.0%	5.0%	4.2%	5.9%	4.7%
Number of plastics manufacturers	1,300	1,300	1,300	1,300	1,300
Employment	82,000	80,000	79,000	84,000	81,500
<b>Turnover</b>	RM19.46b (+7.3%)	*RM24.77b (+27.3%)	*RM27.32b (+10.3%)	RM29.80b (+9.1%)	RM30.98b (+4%)
<b>Export</b>	RM11.94b (+11.5%)	RM12.96b (+8.5%)	RM13.11b (+1.2%)	RM14.58b (+11.2%)	RM14.60b (+0.14%)
<b>% of export against turnover</b>	62%	52%	48%	49%	47%
<b>Resin consumption</b>	2.15m MT (+2.5%)	2.22m MT (+3%)	2.26m MT (+2%)	2.35m MT (+5%)	2.45m MT (+3%)
<b>Per capita consumption of resin</b>	71kg	72kg	72kg	74kg	76kg

Note: Revised basis of data compilation by the DOS

# Major Market Segments for Plastic Products



# Outlook for 2019

- The increasing legislation against single-use plastics may affect certain fast-moving consumer products but the overall impact would not be significant.
- Production cost will escalate due to new policies on minimum wage, general employment and foreign workers.
- Raw material and energy costs are also expected to rise due to the rising crude oil prices.
- With an anticipation of the slowing global and Malaysian economies, the plastics industry is expected to grow at about 2% in 2019. Export growth will remain flat due to the challenging environmental issues.

# Thank you

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