

# Malaysian Rubber Council

Medical Nitrile Gloves Section 232 Investigation

# Trade History

## American Nitrile Glove Market: 90%+ of gloves are imported

- Roughly 15 billion units are made stateside with 100 billion imported primarily from Southeast Asia
  - China has made post-COVID efforts to increase their global market share

The economic relationship between the United States and Malaysia in the medical supply sector is **mutually essential and beneficial**.

While the Malaysian economy is significantly supported by its vital role in the global medical supply chain, American medical manufacturers often characterize this trade relationship as granting Malaysia "implicit leverage" over the US. This view overlooks the **reciprocal dependence** inherent in the partnership.

Because the US-Malaysia trade relationship is deeply symbiotic, there is **little to no incentive** for a country like Malaysia, whose economic stability is interwoven with American demand, to compromise a long-standing, mutually profitable partnership for short-term gain. Both nations have a **vested interest** in preserving the stability and integrity of this essential trade link.

# Current Market and Global Players

- Malaysia has expanded US market share from 25-30% in 2024 to 60-70% by EoY 2025
  - Malaysia has dropped prices from \$0.05 per glove to \$0.03 per glove
    - Without tariffs, this allows the US to replenish emergency supply stockpiles
  - Malaysian manufacturers notably have fully-developed supply chains allowing them to offer the best prices globally
- China has attempted to undercut the market by promising new energy subsidies, tax incentives, and facilities support to its nitrile glove manufacturers
  - China is looking to grow its global market share at the expense of profitable operations
    - The Chinese market push differs from the US in that it can reliably keep prices low without artificial government inflation
      - Any US producer is reliant on national subsidies to come remotely competitive

# American Supply Demands

- 120 Billion units used annually with a projected 10% YoY growth
  - Projected increases are due to rising healthcare claims, aging populations, and increased medical and clinical research
- American still faces PPE shortages post-COVID despite stockpiles accrued prior to tariff implementation



# American Industrial Capacity and Competitiveness

- Only  $\approx$  15 Billion units currently made in the US with an ambitious goal of 30 Billion by mid-2026
  - Notably, Maxter who projects this amount has failed to meet prior goals at its Texas plant per financial disclosures
- \$574 Million federal investments since COVID has “failed to sufficiently bolster domestic output.”
  - Maxter, a glove producer in Texas, admits that the domestic supply cannot meet demand anytime soon
    - No amount of subsidy or tariff will reconcile this insufficiency in a global market

# National Security Implications

- Reshoring is impractical and would at best only meet 25% of American demand by 2026
  - Further, alienation of trade partners and short term tariffs would drive up healthcare costs while still failing to lower prices in the long term
    - Medical gloves have a fixed demand that will not be negated by a supply limited by tariffs leading to increased prices
- Where Chinese traders have shown willingness to undercut global markets, Malaysia has continuously worked with American partners
  - Malaysia recently entered into an Agreement on Reciprocal Trade with the US to protect shared interests and bolster meat and dairy exports from the US to Malaysia

# The Path Forward

The only profitable path for American Glove Manufacturers is to impose tariffs on other producers

- They have shown no resiliency in their supply chain and admit that their inability to predict demand will dampen any progress made

Malaysia has shown itself to be a cooperative trading partner with the administration and open to negotiations

- National Security concerns are unwarranted where Malaysia has shown good faith and fruitful negotiations and where the country has been a generous ally in procuring essential medical supplies

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