

# Executive Summary



The **Study on the Downstream Sector of the Rubber Industry in the Philippines**, commissioned by the **Department of Trade and Industry (DTI)**, provides a comprehensive assessment of the **rubber industry's manufacturing and processing segment**. The study examines **production capacity, market demand, industry constraints, and growth opportunities** to support **policy development and strategic investments**. With the Philippines contributing **only 1%** to the global rubber trade, the study aims to identify **challenges and interventions** to enhance the country's competitiveness in rubber processing and manufacturing.

## Objectives

- Analyze the **current state** of the downstream rubber industry, including processing and manufacturing.
- Assess **market demand** for rubber products, both locally and internationally.
- Identify **challenges and constraints** faced by rubber processors and manufacturers.
- Evaluate **opportunities for industry growth**, including new markets and product innovations.
- Provide **policy and investment recommendations** to strengthen the sector's competitiveness.

## Methodology

The study used a combination of **desk research, industry surveys, and interviews** with key stakeholders, including:

- Survey of 35 rubber manufacturing companies and 11 processing firms** to assess production, revenue, and market trends.
- Regression analysis** to forecast future production and demand for rubber-based products.
- Comparative analysis** of **global and domestic** rubber industry trends.
- Consultations with industry associations** such as the **Philippine Rubber Industries Association (PRIA)** and the **Philippine Rubber Farmers Association (PRFA)**.

# Executive Summary



## Key Findings

### Market Trends and Industry Performance

- The **Philippine rubber industry contributes PHP 39.5 billion** to the economy, with steady growth from 2016 to 2018.
- 77% of companies produce semi-processed rubber**, while only **23% manufacture finished rubber products** such as tires, footwear, and industrial components.
- The **local tire manufacturing sector is dominated by Yokohama Tires**, which produces **30,000 tires daily** and contributes significantly to domestic rubber consumption.

### Challenges Identified

- Underutilized Processing Capacity:** Rubber processing plants operate at **only 39% capacity**, limiting local value-added production.
- High Dependency on Exports:** **70% of cup lump production** is exported instead of processed domestically.
- Limited Product Diversification:** The **Philippines lags behind regional competitors** in producing high-value rubber-based products such as medical-grade latex, synthetic rubber, and automotive components.
- Weak Local Supply Chain:** **Footwear and tire manufacturers** rely on **imported raw materials**, increasing production costs.
- Policy and Infrastructure Gaps:** Industry growth is hindered by the lack of standardized quality control, processing facilities, and government incentives.

### Growth Opportunities

- Expanding Local Tire Manufacturing:** The **automotive sector is growing**, creating demand for **locally produced tires and rubber parts**.
- Developing Rubberized Asphalt:** Government infrastructure projects, including the **Build, Build, Build program**, present an opportunity to **introduce rubber-modified asphalt** for road construction.
- Increasing Production of Medical Rubber Products:** There is strong demand for **surgical gloves, condoms, and other latex-based medical supplies**, which are **currently imported**.
- Becoming a Key Supplier for Sports Equipment:** The Philippines manufactures **20% of the world's tennis balls**, with opportunities to expand local rubber sourcing.



# Executive Summary

## Recommendations

### Enhancing Rubber Processing and Manufacturing

- Invest in **modern processing facilities** to increase **domestic value-added production**.
- Encourage **joint ventures and technology transfer** to improve product quality.
- Develop **quality certification programs** to meet global standards.

### Strengthening Policy and Government Support

- Establish **targeted incentives for manufacturers** to increase **local rubber usage**.
- Support **research and development** on advanced rubber technologies, including **synthetic rubber and eco-friendly alternatives**.
- Implement a **national branding program** to position **Philippine rubber as a high-quality global product**.

### Expanding Market Opportunities

- Promote **public-private partnerships** to integrate **rubberized asphalt** into government infrastructure projects.
- Develop a **national latex processing plant** to **supply medical rubber products** domestically.
- Support local companies in **penetrating international supply chains** for **automotive, footwear, and sports equipment** manufacturing.

## Conclusion

The Philippine rubber industry has **strong growth potential** but faces **challenges in processing efficiency, product diversification, and global competitiveness**. By **enhancing local manufacturing, improving government policies, and expanding market opportunities**, the sector can shift from an **export-dependent industry to a value-added manufacturing hub**. Strategic investments and policy interventions will be crucial in **maximizing the economic contribution of the rubber industry** to national development.