



Malaysian Plastics Manufacturers Association

Outlook of the Malaysian Plastics Industry

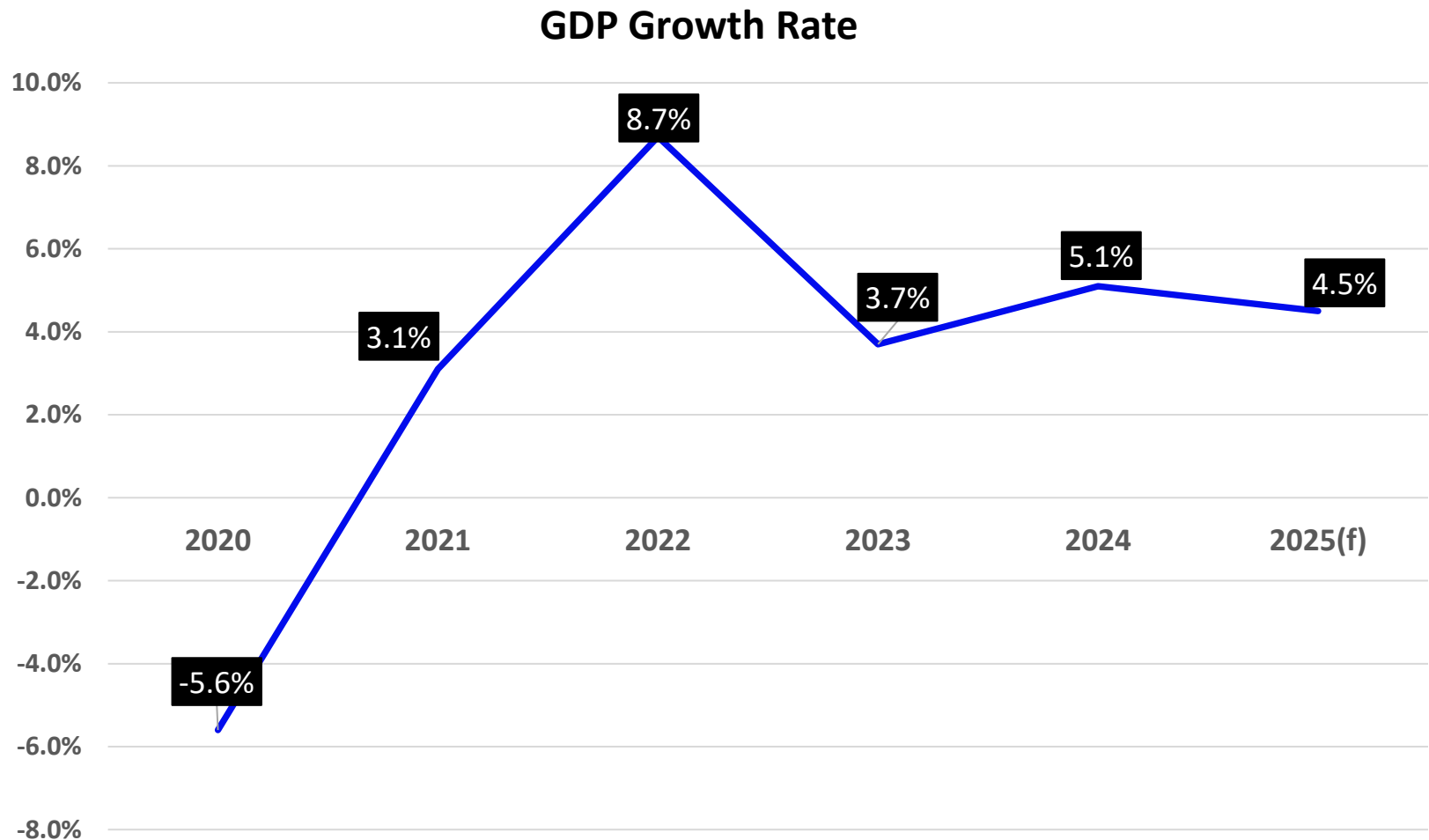
2025

Contents

- Malaysian economy and performance of the plastics industry
- Performance by market sub-sectors
- Key drivers and challenges impacting the industry
- Strategies in navigating regulatory challenges surrounding labour
- Conclusion

MALAYSIAN ECONOMY & THE PERFORMANCE OF THE PLASTICS INDUSTRY

Malaysian GDP 2020 – 2025(f)



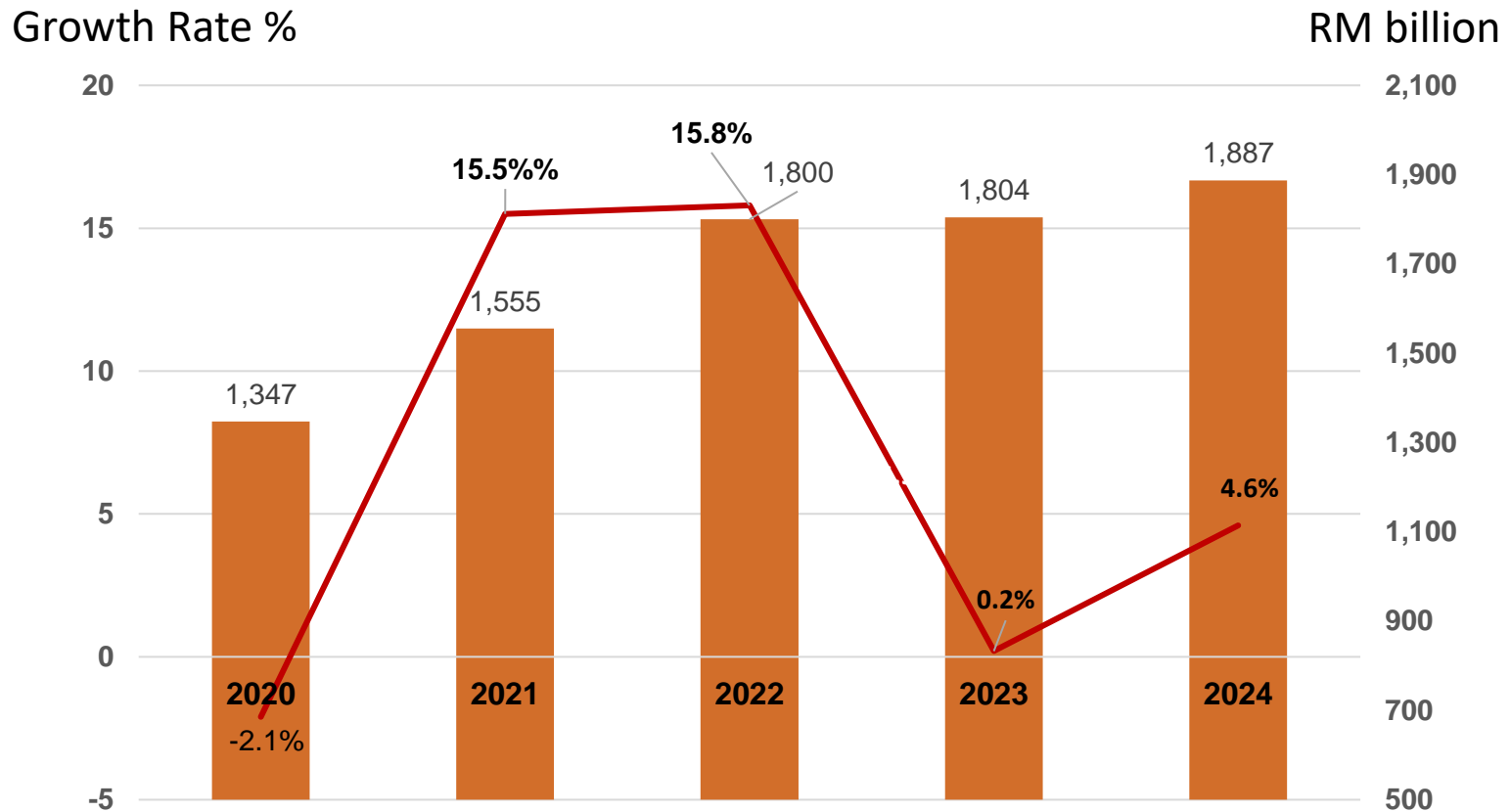
Note: 2025 forecast by World Bank

Performance of the Malaysian Economy in 2024

- Growth was mainly driven by continued expansion in domestic demand, increased investments and a rebound in exports.
- Construction sector have the highest annual growth at 17.5% followed by services (5.4%), manufacturing (4.6%), agriculture (3.1%) and mining & quarrying (0.9%).
- In 2024, Malaysia achieved a record high of RM378.5 billion in approved investments, a 14.9% increase from the previous year. The services sector attracted the majority of these investments, accounting for 66.8%, followed by manufacturing at 31.8% (RM120.5 billion) and the primary sector at 1.4%.
- In 2024, Malaysia's exports increased by 5.7% to RM1.508 trillion, exceeding RM1 trillion for the fourth straight year. Imports also grew by 13% to RM1.371 trillion, driving total trade to a record high of RM2.879 trillion, a 9.2% rise from the previous year.

Source: DOSM, BNM, MITI, MIDA

Sales of the Manufacturing Sector 2019-2024



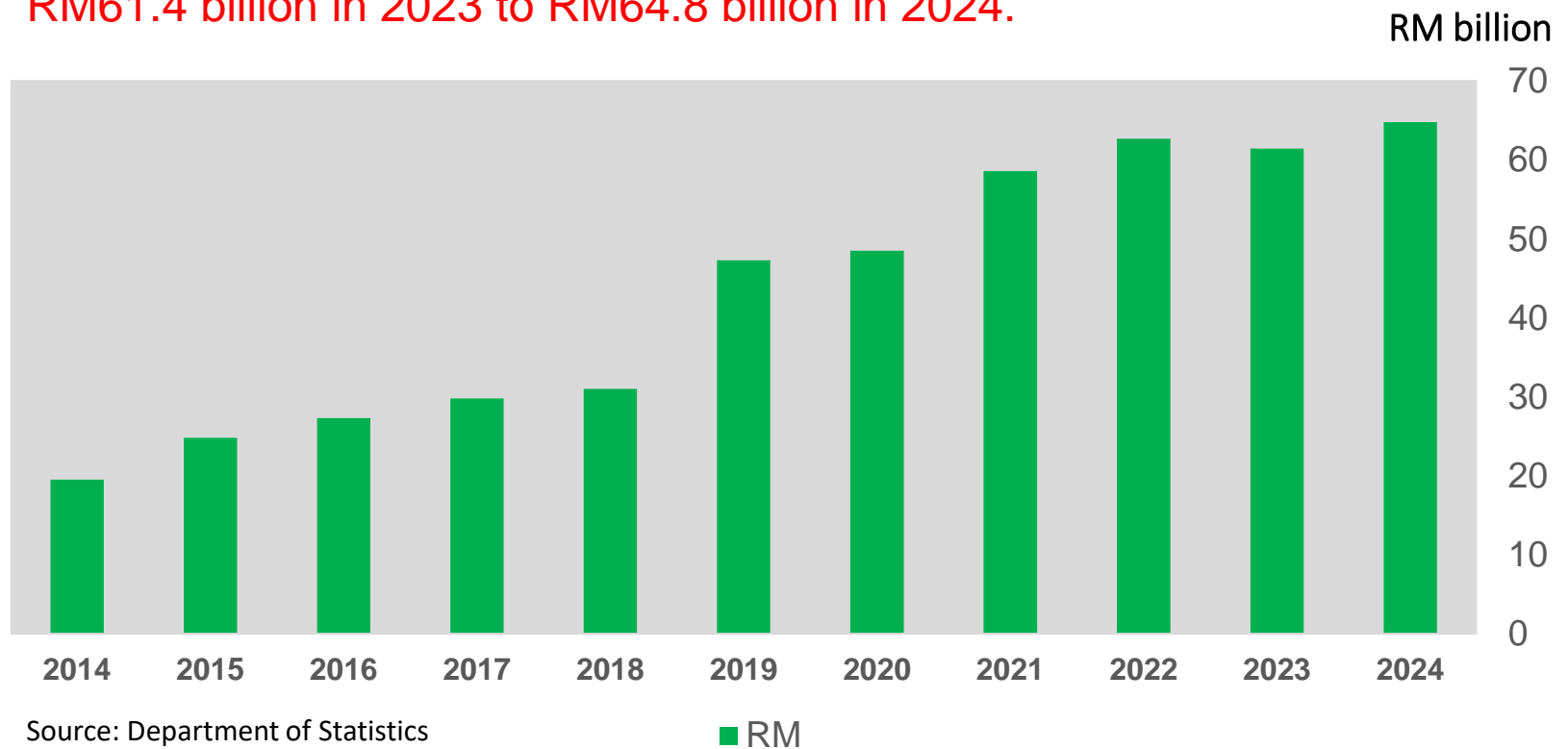
Source: Department of Statistics

Performance of the Manufacturing Sector

- The sales value of the manufacturing sector in 2024 recorded an increase of 4.6% from RM1,804 billion in 2023 to RM1,887 billion.
- Strong performance of the domestic sector, e.g., the F&B (9%) has contributed to the rise in the manufacturing sector.
- Other export oriented sub-sectors registered positive momentum including E&E (6%) and metal products (8%).

Annual Sales Turnover of the Malaysian Plastics Industry

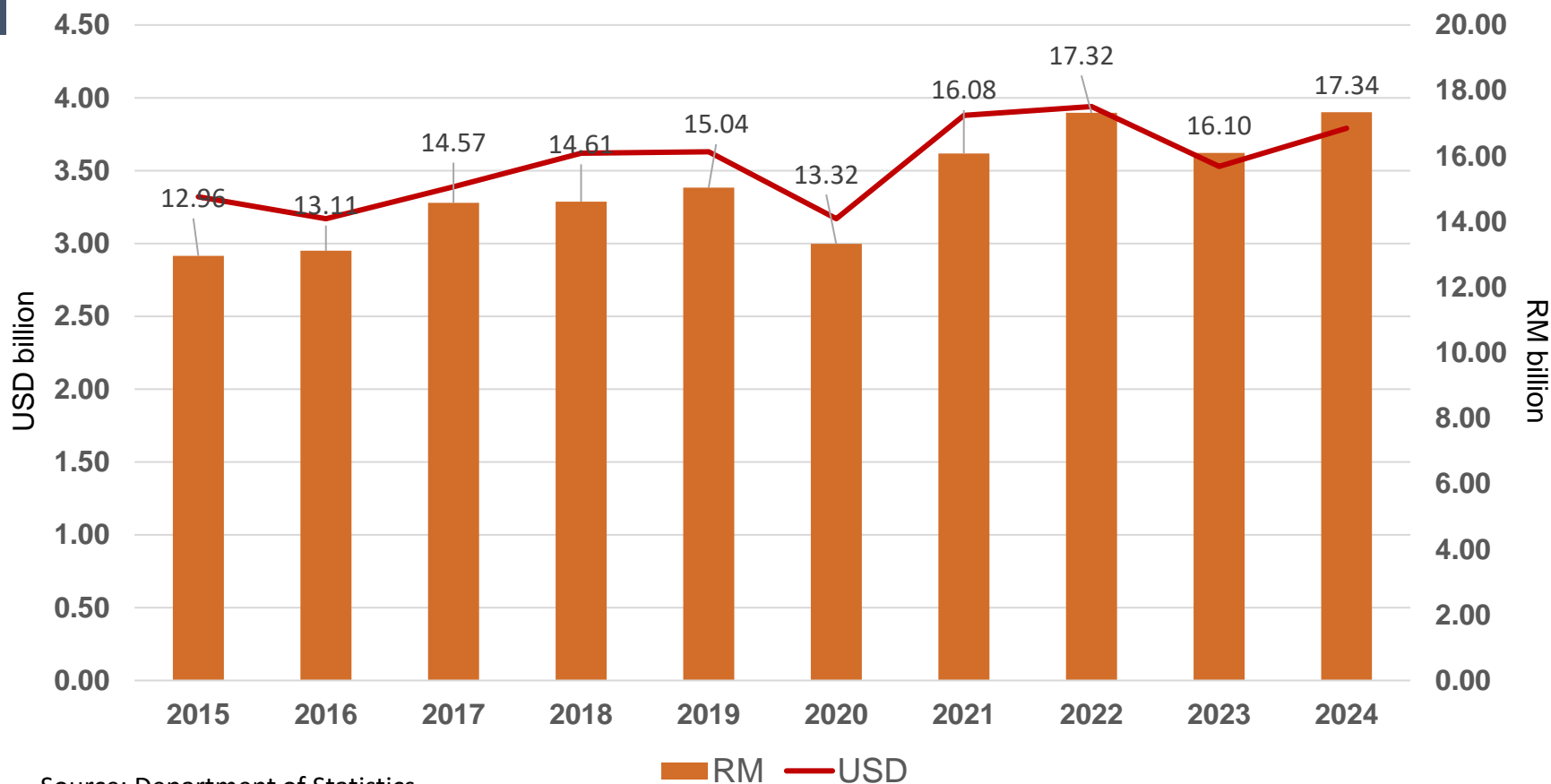
Sales turnover experienced an increase by 5.4% from RM61.4 billion in 2023 to RM64.8 billion in 2024.



Source: Department of Statistics

Note: The Department of Statistics has revised the method of compilation twice in 2015 and 2019

Exports of Plastic Products



Source: Department of Statistics

Export increased by 8% in 2024, driven by markets in EU, North America and South Asia

Factors Contributing to the Performance of the Plastics Industry in 2024

➤ Internal

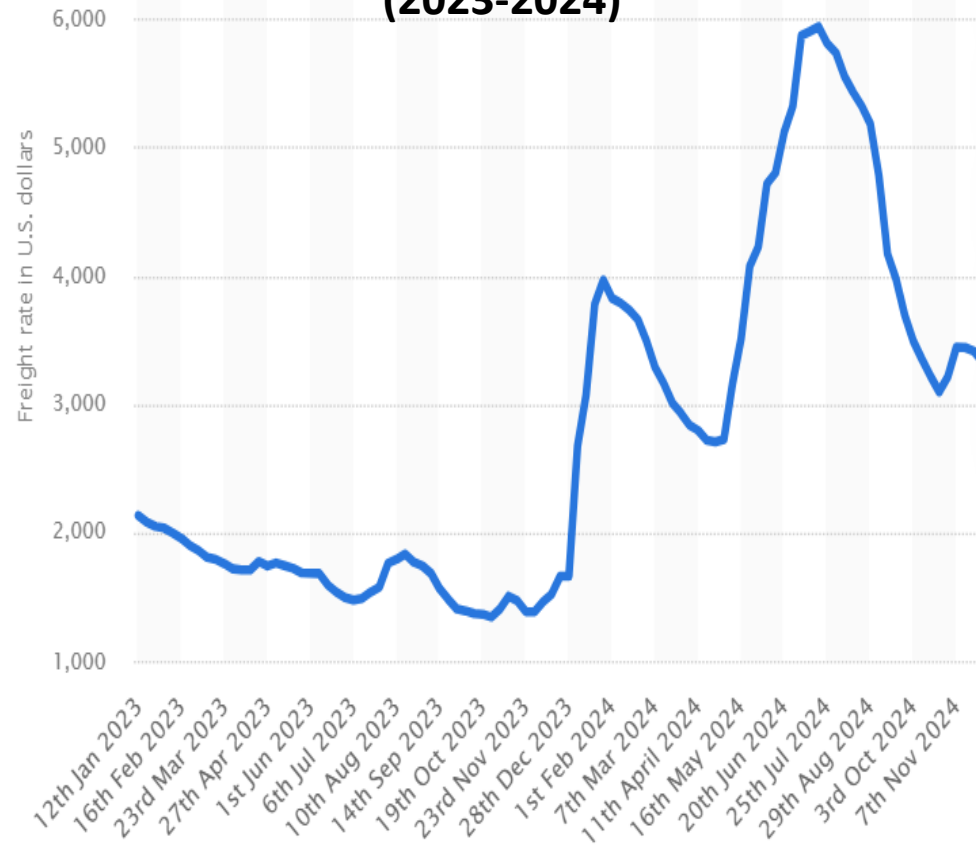
- Operating costs: Slight reduction in energy cost (ICPT revision from 17 sen/kWh to 16 sen/kWh in the second half of 2024.). However, transportation cost increased (diesel subsidy rationalisation).
- Strong demand from electronics, automotive and packaging sectors.
- Persistent foreign labor shortages, partly due to slow recruitment approvals and strict regulations.

Factors Contributing to the Performance of the Plastics Industry in 2024

➤ External

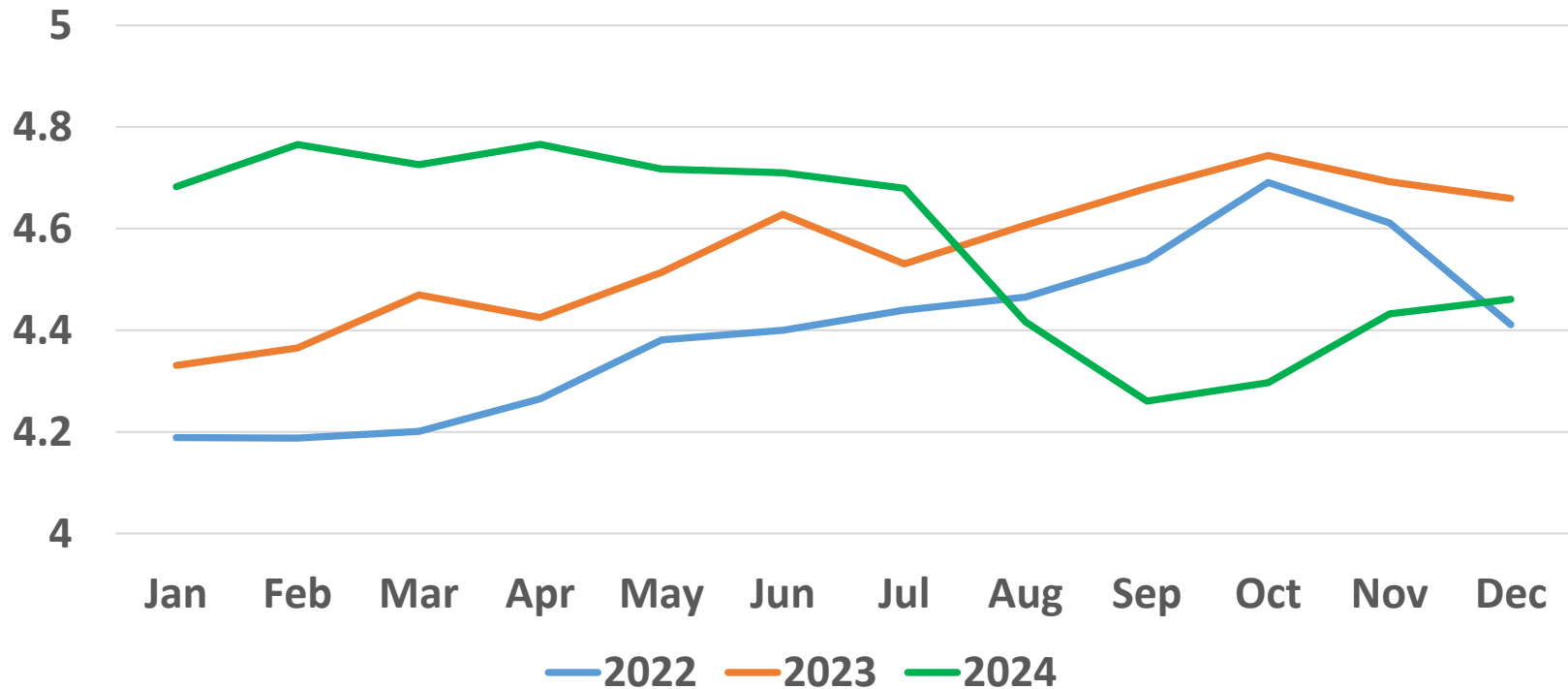
- Improved export demand on the back of record high Malaysian trade performance.
- Lower raw material prices – lower finished products selling prices.
- Rising tensions in the Red Sea increased **transportation costs** and supply chain vulnerabilities.

**Global Container Freight Rate Index
(2023-2024)**



USD/RM Exchange Rate for 2022 - 2024

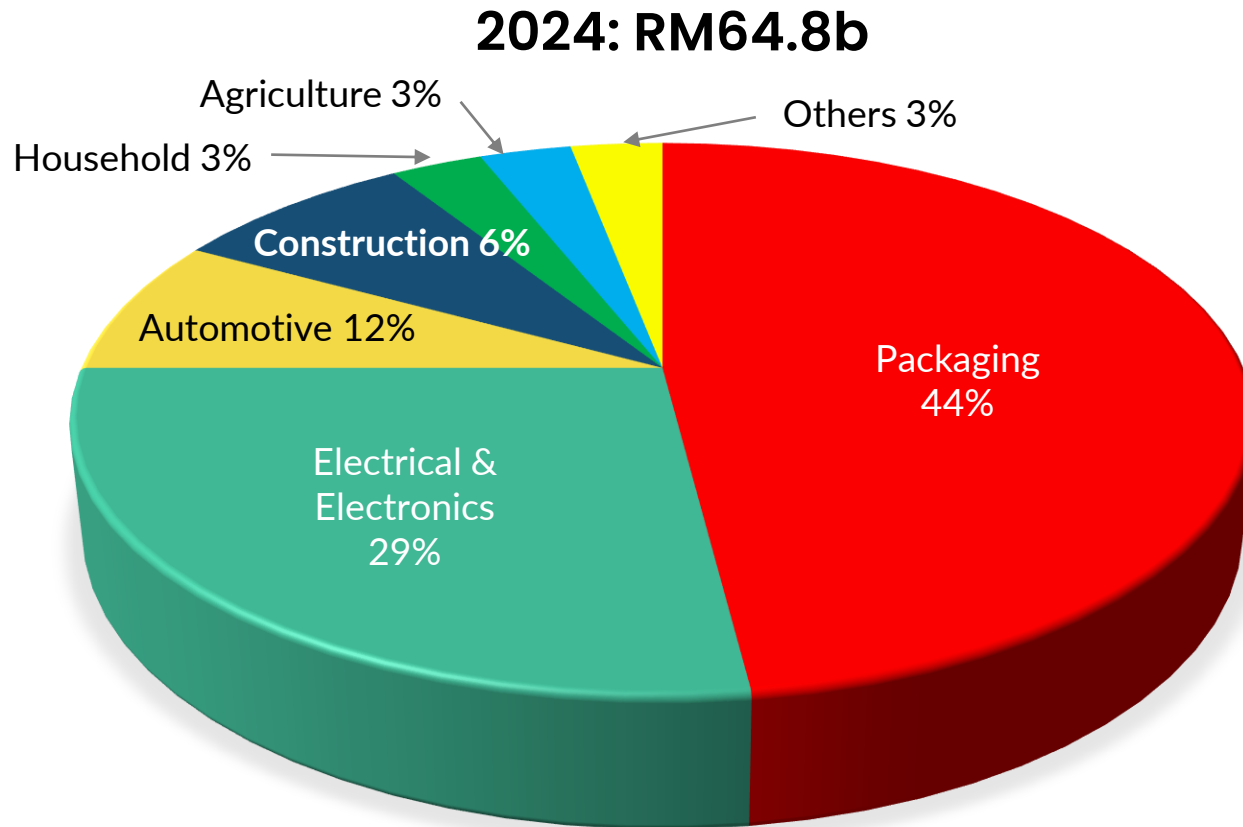
USDMYR Monthly Average



Ringgit was 0.2% weaker against USD in 2024 compared to 2023
(4.57 compared to 4.56).

PERFORMANCE BY MARKET SUB-SECTORS

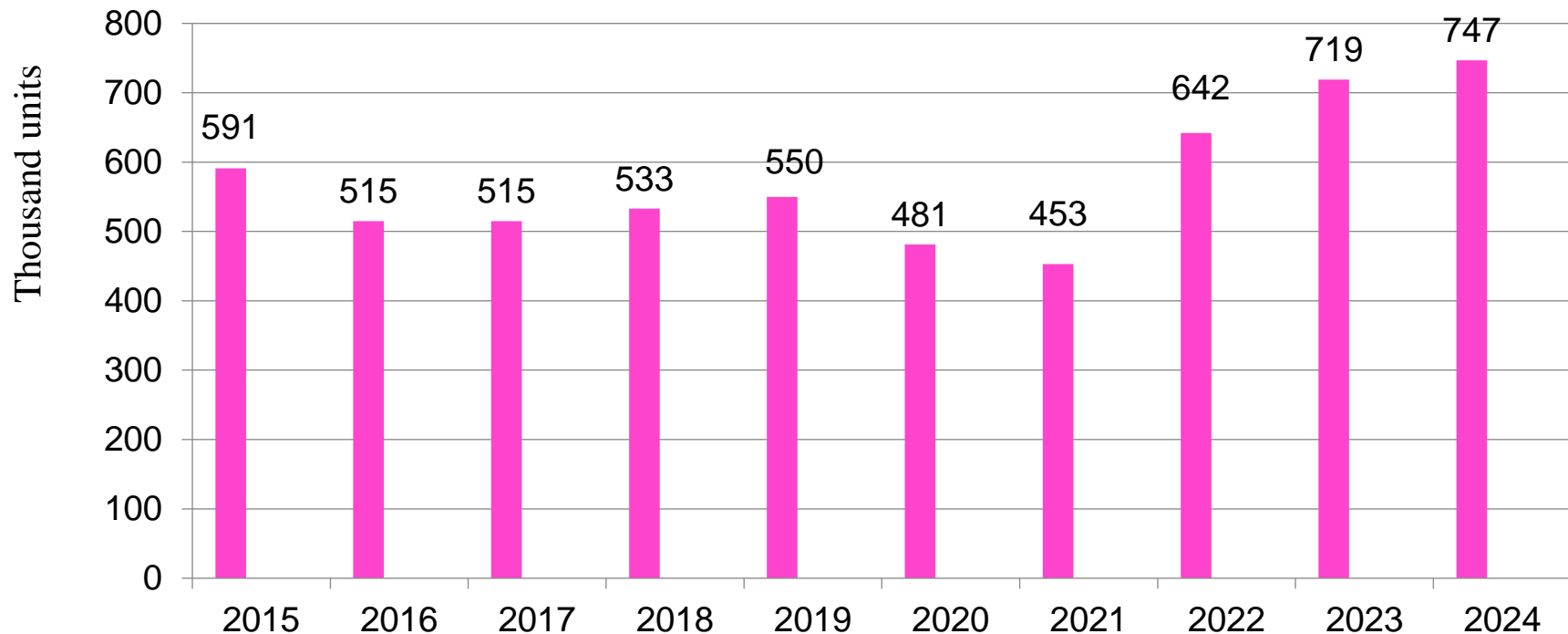
Major Market Segments for Plastics Products



Annual Production of Passenger Cars

- Production of passenger cars in 2024 increased by 3.9% to 747,189, from 719,145 units in 2023.

Note: Only passenger cars figures are taking into consideration as commercial vehicles consume minimal amount of plastics.

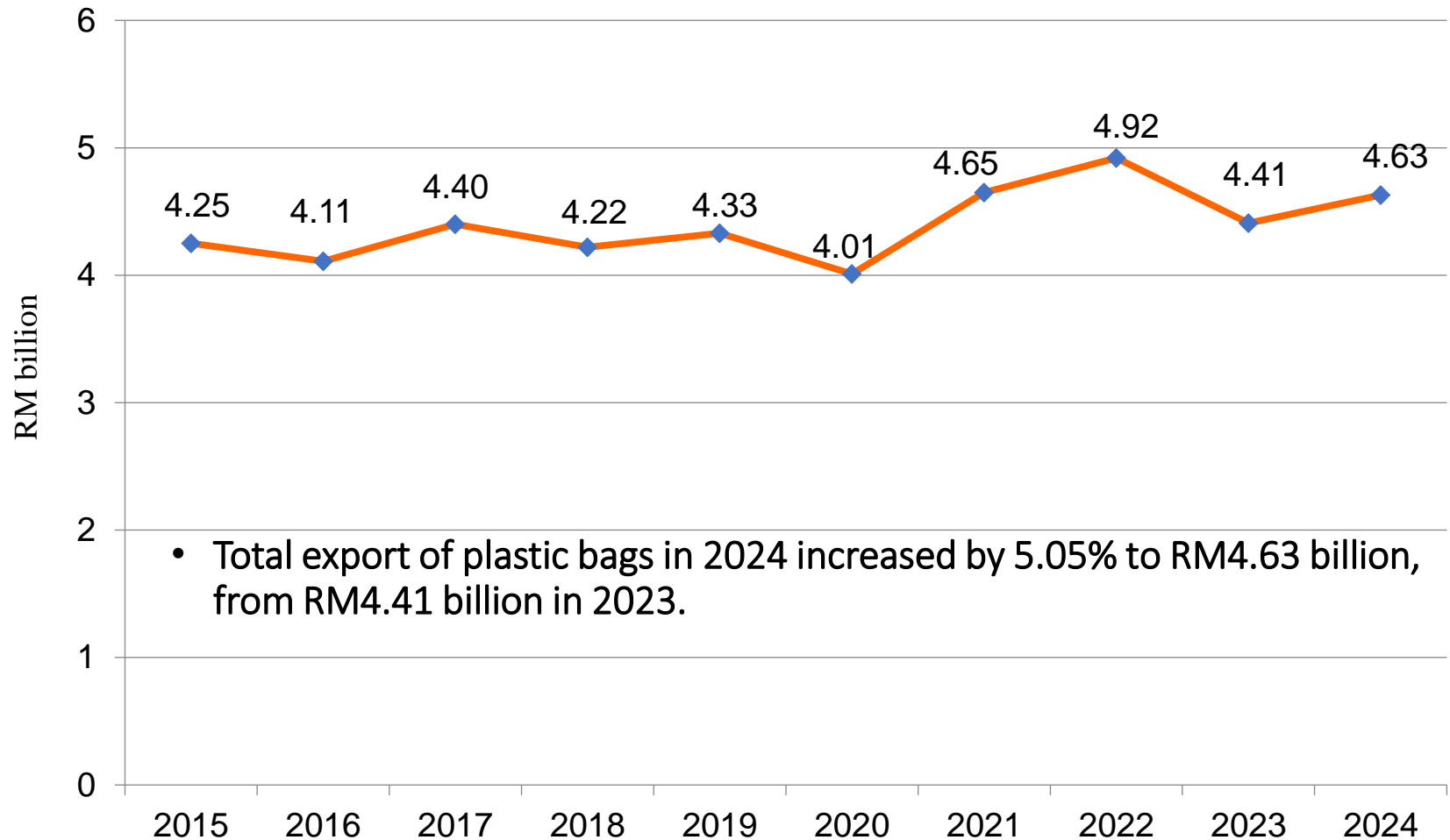


Source: Malaysian Automotive Association

Automotive Sub-sector – Outlook for 2025

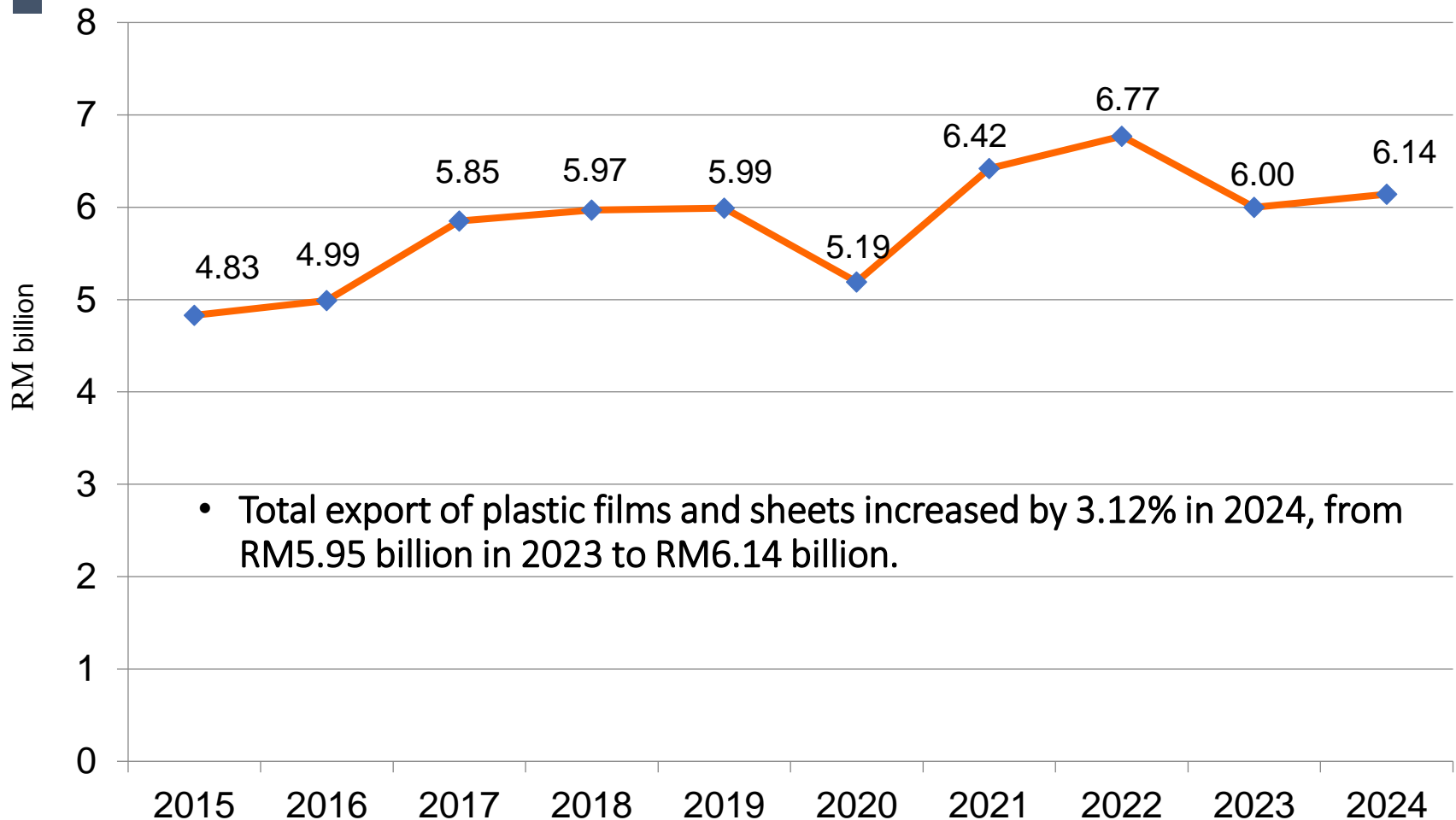
- MAA: The sales of TIV is expected to decline by 4.5% to 780,000 units in 2025 from 817,747 achieved in 2024.
- The forecast is based on the following economic and environmental factors:
 1. Malaysia's GDP growth forecast of 4.5% to 5.5% in 2025, with unemployment relatively stable at 3.2%.
 2. Overnight policy rate or benchmark interest rate seen at 3% to still be favourable towards vehicle demand.
 3. Uncertainty surrounding the US-China trade war, which would impact the country's economic prospects.

Annual Export of Plastic Bags



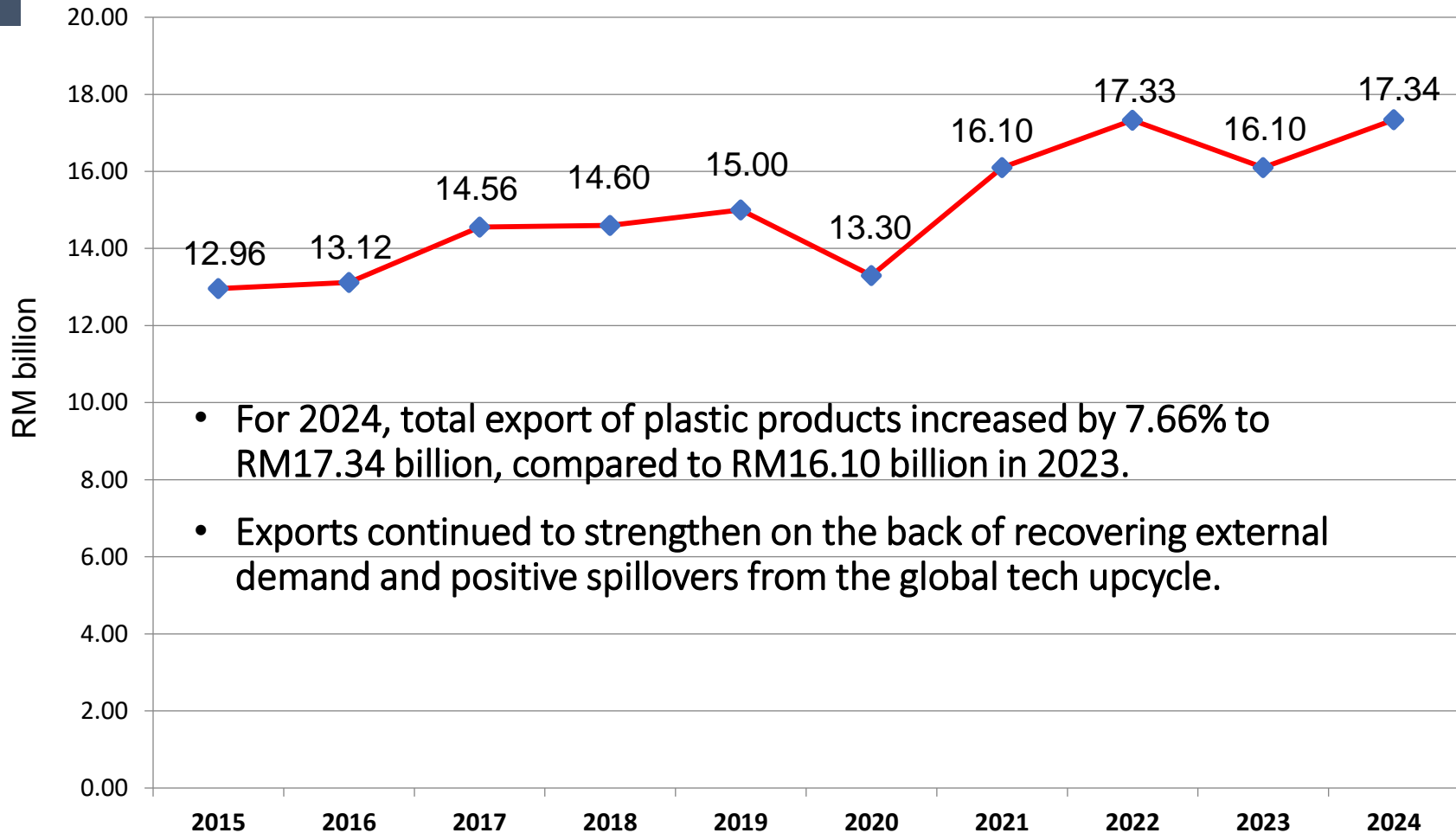
Source: Department of Statistics

Annual Export of Plastic Films and Sheets



Source: Department of Statistics

Annual Exports of Plastic Products (2015-2024)



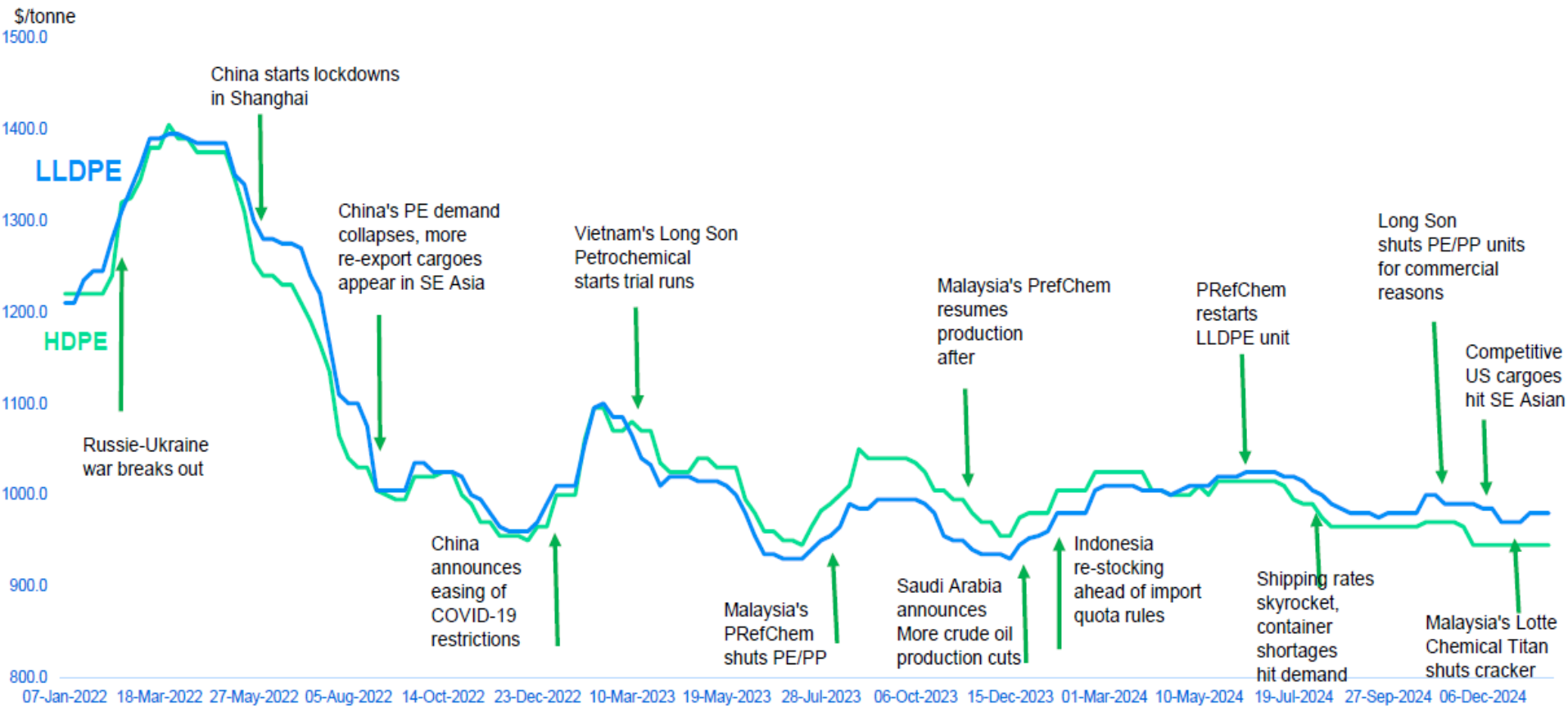
Source: Department of Statistics

KEY DRIVERS IMPACTING THE INDUSTRY

Key Drivers

- Lower/stable raw material (resin) prices due to increased capacities worldwide, particularly, new production in China and overall softened global demand.

PE Markets in Recent Years



Source: ICIS

What's behind in Asia Polyolefins markets?

Ethylene/ Propylene

- Economics, margins affect operating rates
- Maintenance turnarounds, unexpected outages cause supply fluctuations
- Shipping problems, geopolitical factors
- Downstream demand factors heavily influence upstream

Supply

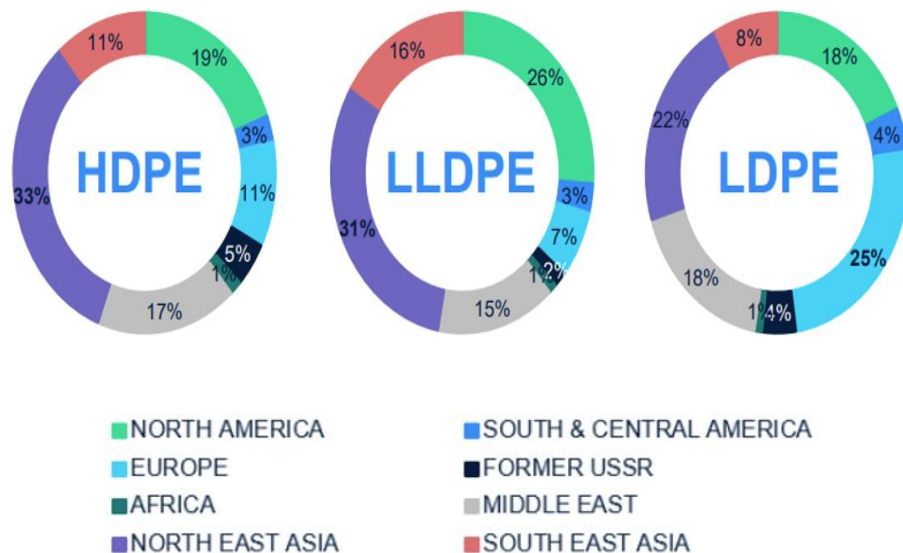
- Last 6 months saw multiple maintenance shutdowns in SE Asia
- Tighter supply especially for LLDPE and LDPE
- Higher netbacks to other regions make Asia esp China, less attractive as an export destination
- Upstream crude, monomer cost prices affect regional operating rates
- Stiff pricing competition between new producers

Demand

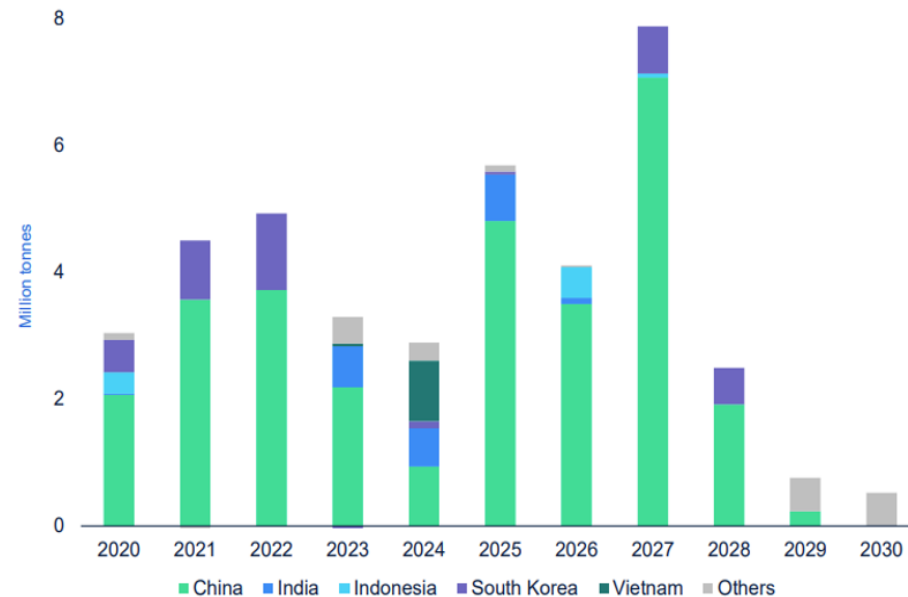
- Sustainability, plastics waste regulations remain key issues
- High shipping freight rates affect both suppliers and buyers
- Weak economic growth, high inflation rates, foreign exchange rates
- Slowing finished goods demand, less emergency stocks on-hand
- Imports dampened by relatively competitive domestic prices

China's a Key Driver Behind PE Capacity Additions

Distribution of global PE capacity by region (2023)



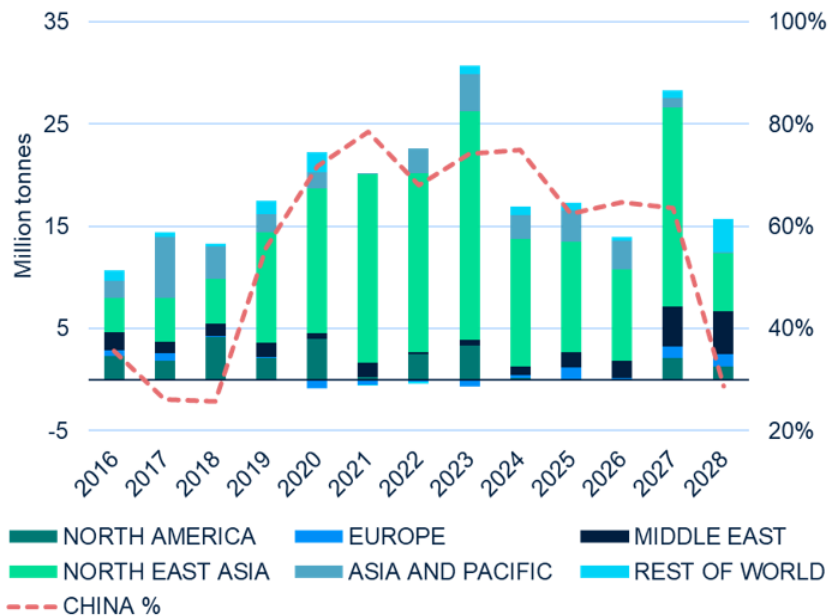
Asia incremental PE capacity (2024E-2030E)



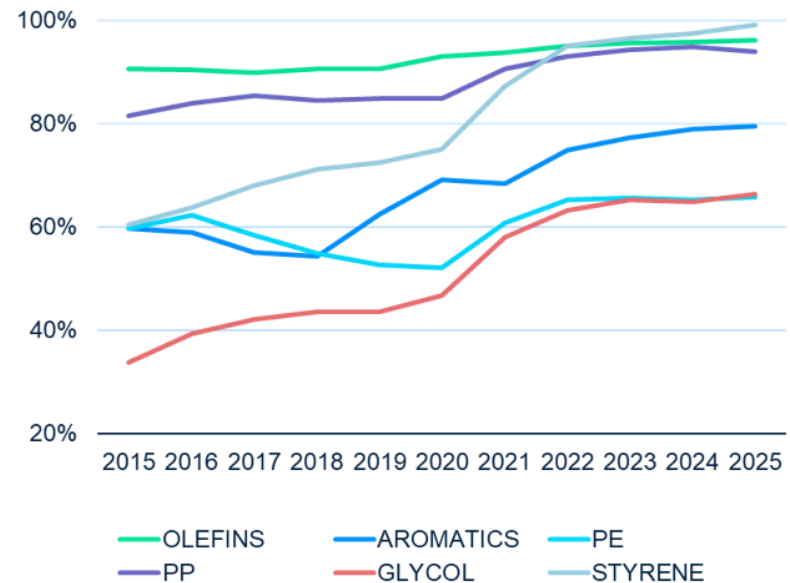
The combination of a high existing capacity base in Northeast Asia (left chart) and rapid incremental capacity growth (right chart) indicates that Asia will remain the dominant force in PE production and potentially shape global pricing and trade flows in the coming years.

Asia's Petrochemical Expansion and China's Path to Self-Sufficiency

Incremental Capacity Growth by Region (Ethylene, Propylene, Paraxylene)

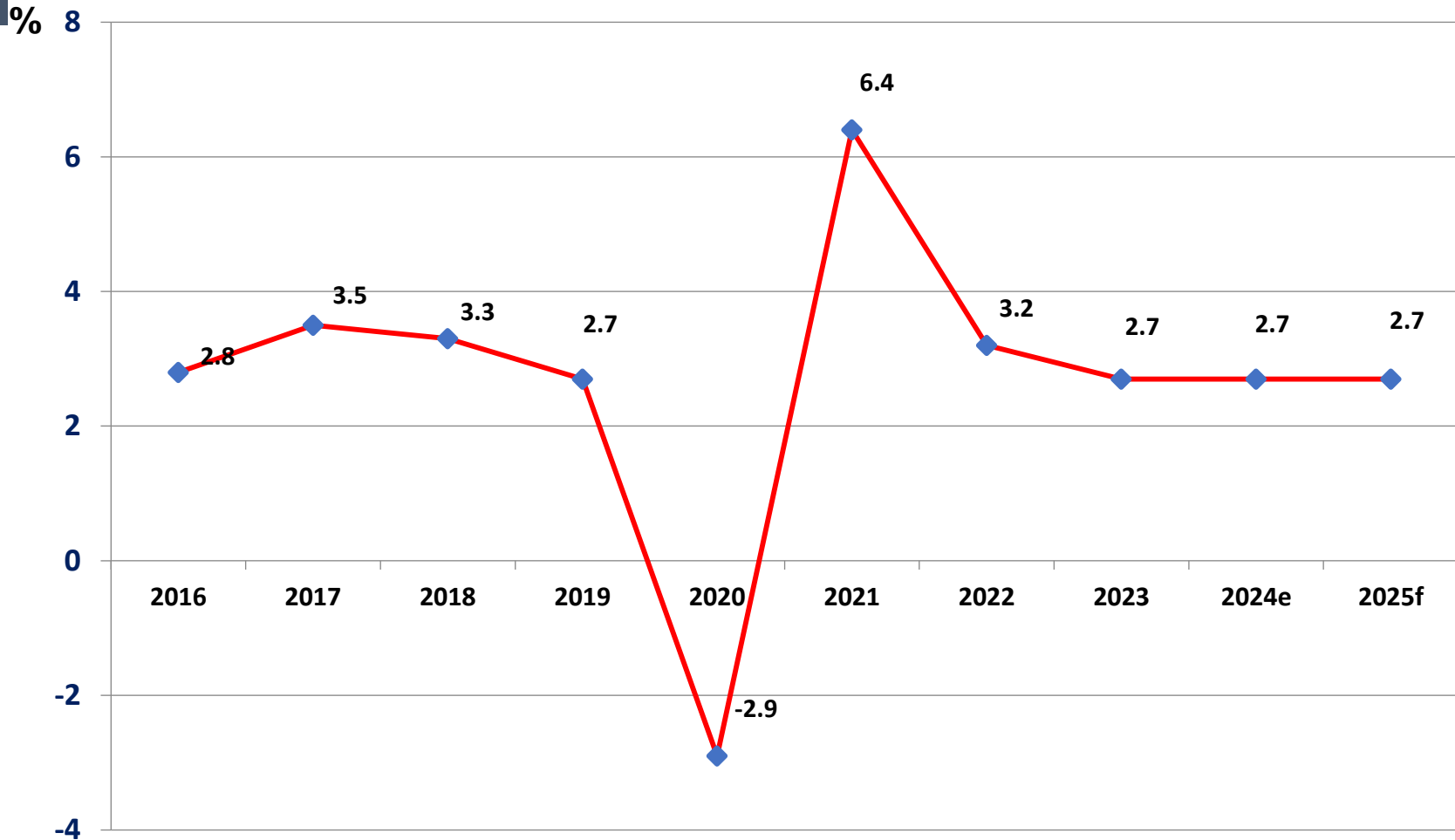


China Self Sufficiency



The incremental capacity chart (left Chart) indicates that the majority of new ethylene, propylene, and paraxylene capacity is concentrated in Asia. The right chart shows an upward trend in China's self-sufficiency for various petrochemicals, indicating reduced reliance on imports.

World GDP Growth Rates (2016 - 2025)



Source: World Bank

World GDP 2025 Forecast

- Global GDP growth is expected to stabilise from 2.7% in 2024 to 2.7% in 2025, the major risks are:
 - i. Heightened uncertainty relating to trade barriers that would disrupt global trade.
 - ii. Prolonged escalation of the conflict in the Middle East, which could disrupt oil and gas supply.
 - iii. Resurgence of inflationary pressures which includes effects from trade protectionism and conflict-related shocks.
 - iv. Weaker growth from China owing to prolonged property sector downturn and persistent weakness in consumption.

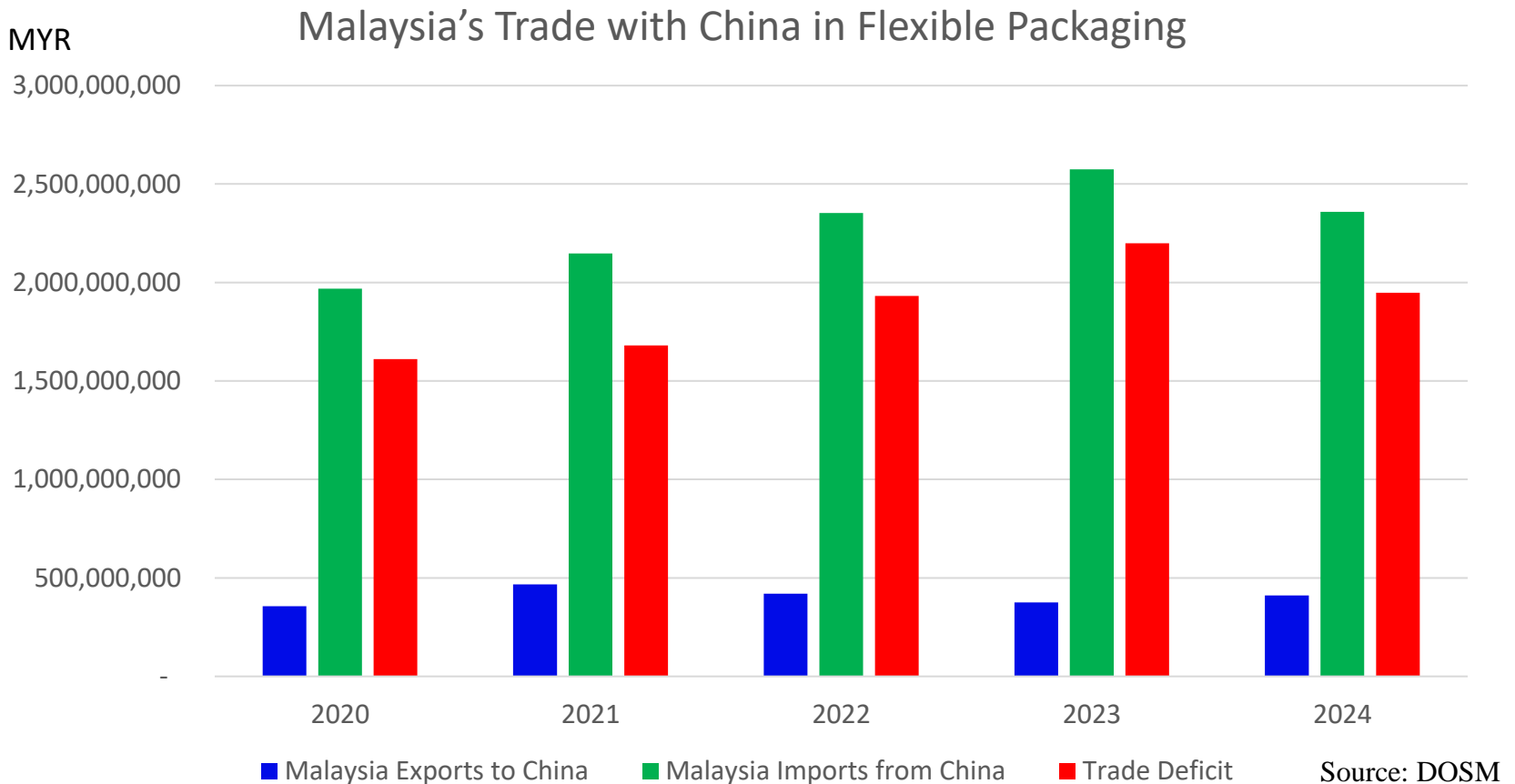
Source: World Bank

Malaysian Economy 2025 Outlook

- GDP growth is expected to be at 4.4-5% in 2025 from 5.1% in 2024.
- **Upside Potential**
 - i. Export-oriented industries, particularly the E&E sector, are poised to benefit from sustained external demand driven by the global tech upcycle.
 - ii. Domestically, steady growth is anticipated, driven by increased output in construction-related sectors alongside strengthening consumer spending and business confidence.
 - iii. The strategic implementation of initiatives such as the Chemical Industrial Roadmap 2030, National Energy Transition Roadmap, and NIMP 2030 will further accelerate manufacturing sector's growth.

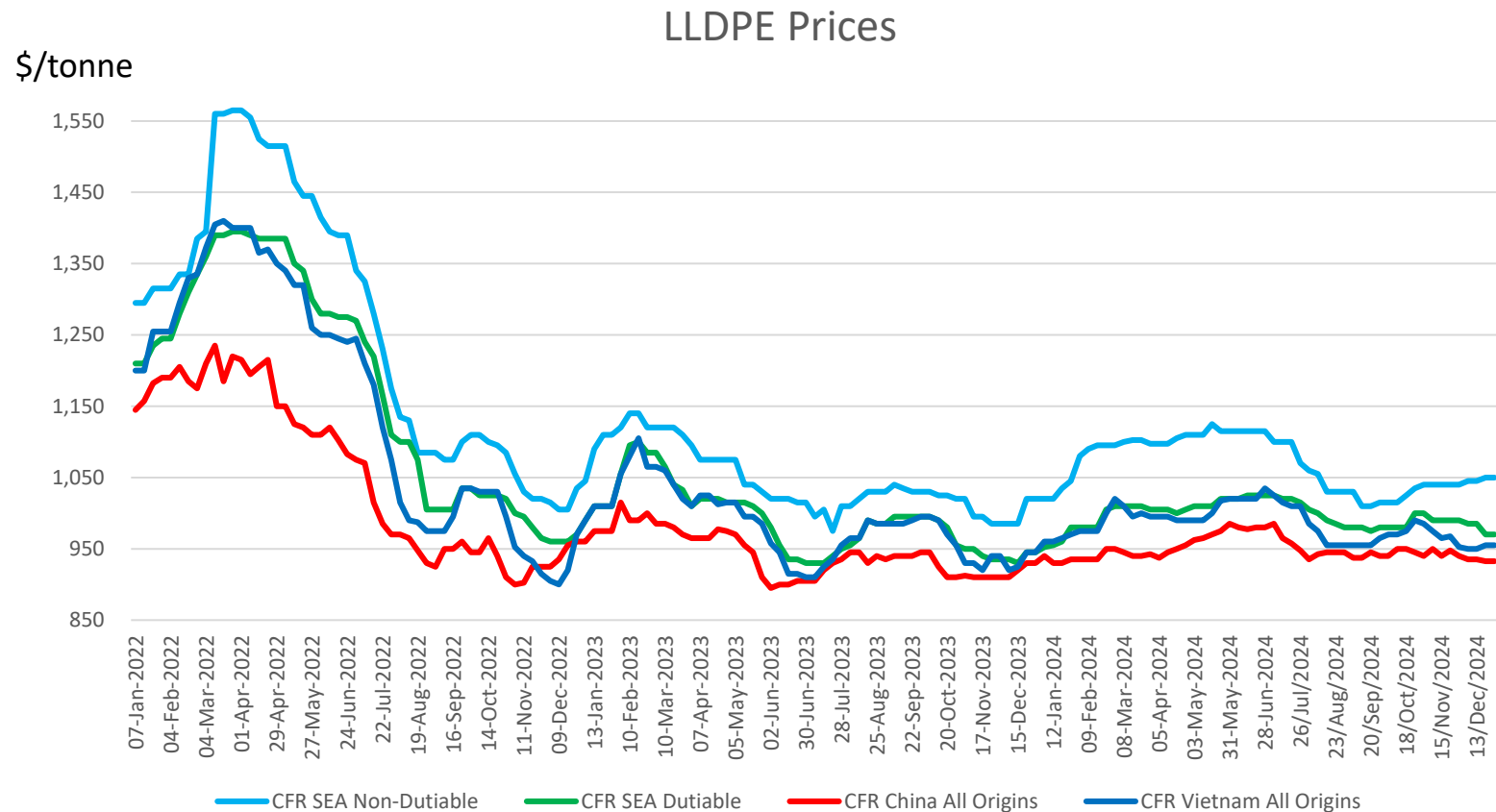
KEY CHALLENGES IMPACTING THE INDUSTRY

Cheap Plastic Imports from China



Trade deficit with China in flexible packaging increased from RM1.61 billion in 2020 to RM1.95 billion in 2024.

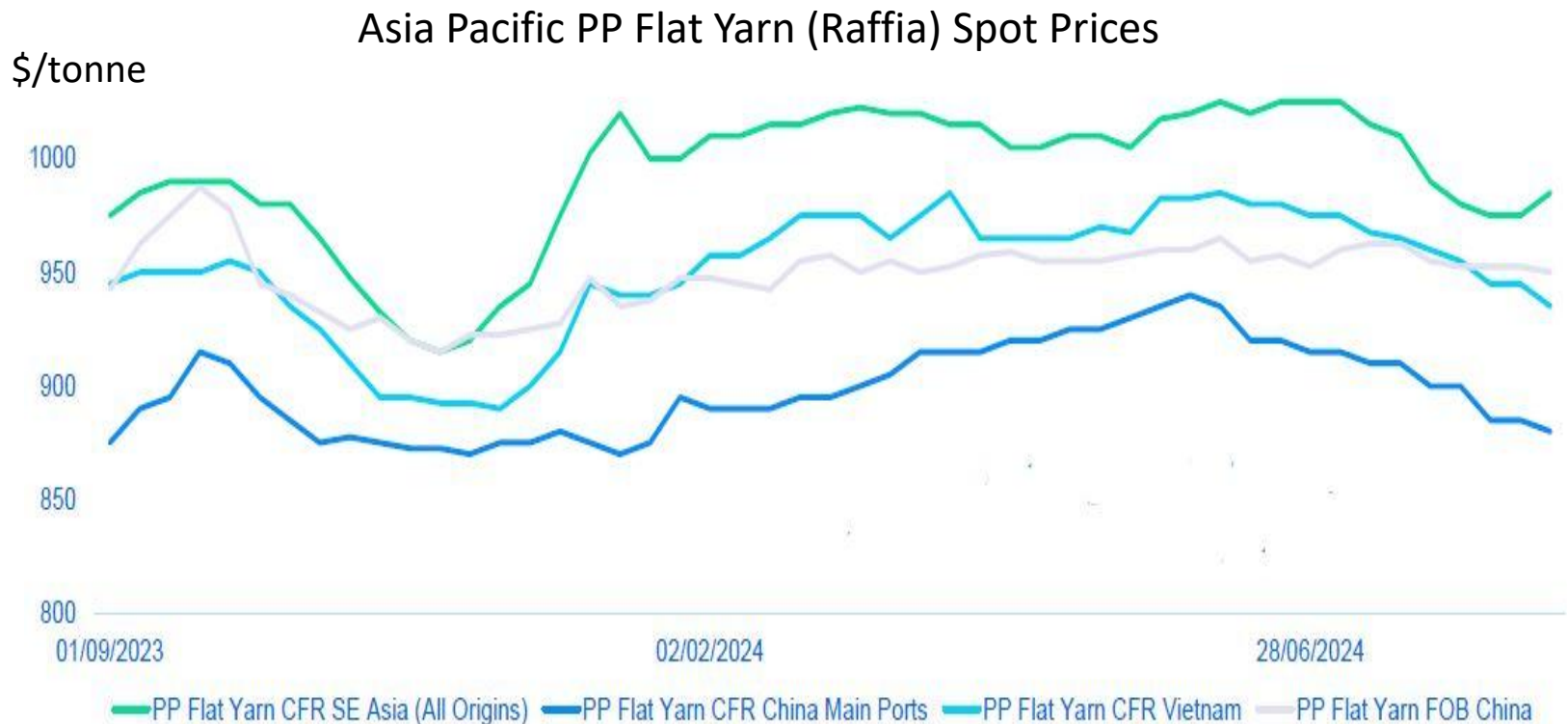
ASEAN Resin Prices Struggles to Compete with China



Source: ICIS

ASEAN non-dutiable resins is consistently 13% higher than Chinese prices for PE

ASEAN Resin Prices Struggles to Compete with China



Source: ICIS

Southeast Asia PP resins is also consistently higher than Chinese prices

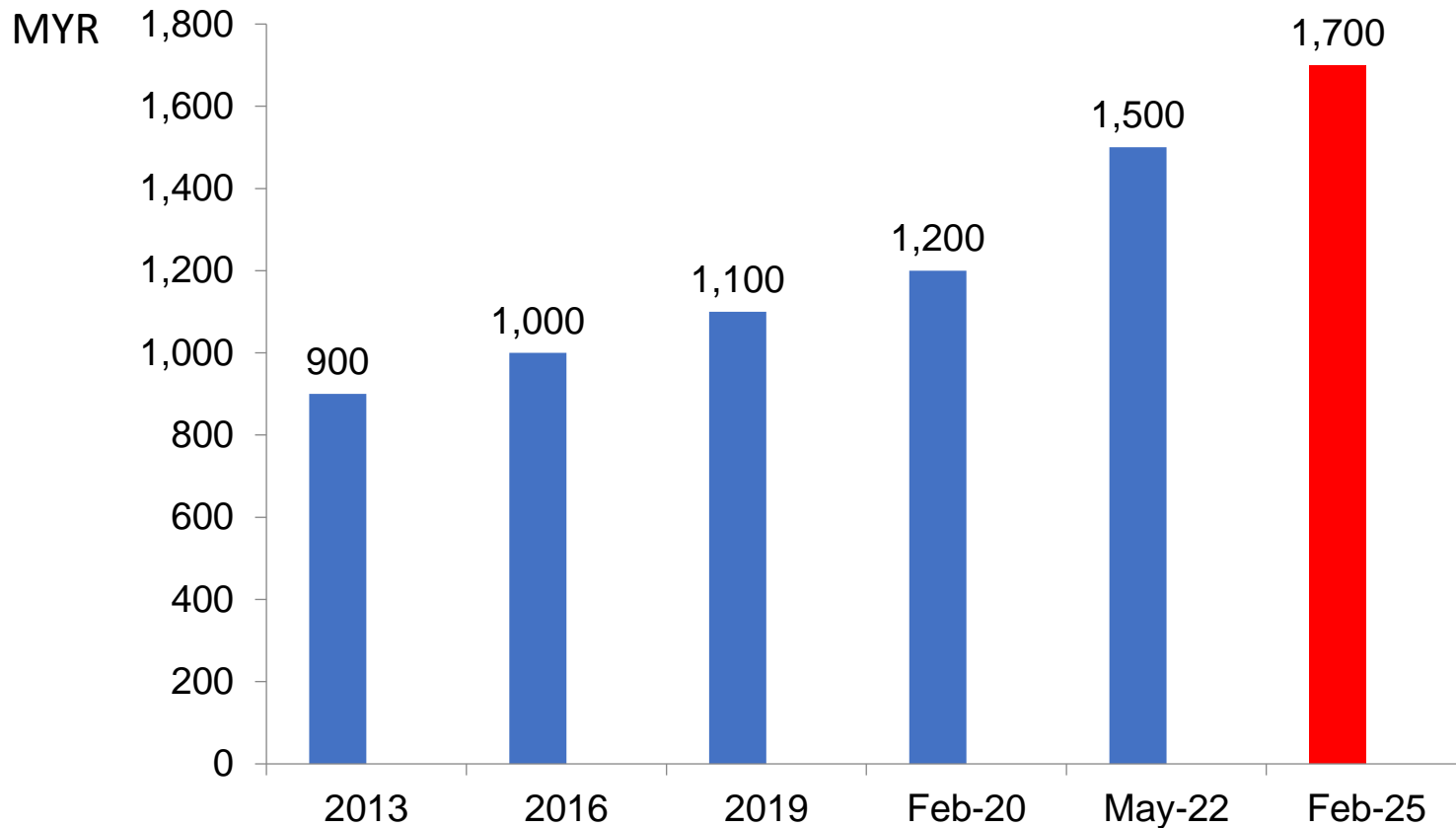
ASEAN Resin Prices Struggles to Compete with China

- ASEAN non-dutiable resins is consistently higher than Chinese prices for PE and PP.
- This price disadvantage has significantly contributed to Malaysia's growing trade deficit with China and Vietnam, which has been expanding at an annual rate of approximately 15% over the past five years.
- If this trend persists, the long-term sustainability of Malaysia's plastic industry could be at risk, potentially leading to its decline within the next decade.
- MPMA has brought this up to MIDA and pending further discussions. MPMA branches should bring this up to local state governments and MIDA/MITI offices.

ICIS Reporting System

- One of the challenges stems from the Independent Commodity Intelligence Services (ICIS) reporting system, specifically the inclusion of ICIS Southeast Asia (SEA) non-dutiable prices, which is creating significant difficulties for members engaged in global sales.
- To address this issue, we have proposed to ICIS that they revise their reporting framework to exclusively feature SEA dutiable prices, aligning it with the reporting standards for China dutiable prices.
- Additionally, we recommend the removal of SEA Vietnam, all origins, and non-dutiable price references from the reporting system to ensure greater consistency and fairness in market comparisons.

Increase in Minimum Wage



As of February 1, 2025, the minimum wage in Malaysia is RM1,700 per month. This is a 13% increase from the previous minimum wage of RM1,500.

Foreign Worker Multi-tier Levy

- Rate: RM2,500? RM3,000? or RM3,500?
- Rate either based on total number of FW employed or % against total workforce.
- FW quotas will be based on the actual needs for certain sectors.
- Expected to be implemented in January 2025.
However, the Ministry of Human Resource has not released any details yet.

Mandatory EPF Contribution for Foreign Workers

- The government has proposed to implement a mandatory 2% EPF contribution rate for foreign workers.
- Rising Costs: Labor expenses, making up 15-20% of total production costs, will rise, potentially leading to higher product prices and reduced global price competitiveness.
- Workforce Uncertainty: Industry players are uncertain whether the policy would lead to reduced hiring of foreign workers, further complicating workforce planning and operational stability.

RON95 Subsidy Rationalisation

- To address these imbalances and reduce the fiscal deficit, the Malaysian government announced plans to rationalise the RON95 subsidy.
- The government plans to target subsidies more effectively, focusing on lower-income groups and has not clarified whether SMEs will be eligible under the targeted system.
- Cost-Push Inflation: RON95 price hikes could significantly impact transportation costs (11.3% of Malaysia's CPI basket)

Base Electricity Tariffs by TNB

- The base electricity tariff in Peninsular Malaysia will increase by 14.2% starting July 1, 2025, rising from 39.95 sen to 45.62 sen per kilowatt-hour (kWh).
- The tariff increase is part of TNB's expected gas & coal price and rise in CAPEX and OPEX in the three-year regulatory period 2025-2027 (RP4).
- As an energy-intensive industry, most players in the plastics sector operate on razor-thin profit margins of just 3-6%. Additional electricity costs would exacerbate the existing financial strain.

Trump Presidency

- Under the Trump administration, policies often leaned toward protectionism, which could create several export market risks.
- Increased Tariffs: Potential higher tariffs on plastic products or raw materials exported from Malaysia to the U.S. as part of efforts to protect U.S. industries.
- Reshoring policies: Policies encouraging reshoring or strengthening U.S.-based manufacturing might reduce reliance on imported plastics and components particularly from Malaysia.

Sustainability Challenges

Regulation and Enforcement

1. Continued implementation of single-used plastics (**SUP**) bans such as on plastic bags.
2. Restrictions and bans on **importation of plastic scraps** for the recycling sector, e.g., EU Waste Shipments Regulation.
3. Uncertainties surrounding **Global Plastic Treaty** negotiation, e.g., plastic production cut, phase out and elimination of chemicals of concern and problematic and unnecessary plastic products, compliance to standards, etc.
4. Upcoming:
 - **Extended Producer Responsibility (EPR)** – a critical element under KPKT and MITI's Circular Economy policies
 - **Plastic Act** – NRES proposed for feasibility study under RMK-13

Sustainability Challenges

Education and Awareness

1. Continued **negative perception** towards plastic by the public – affecting talents joining the plastic industry
2. Adverse media articles on plastic

Waste management and recycling

1. Weak enforcement of mandatory waste **separation at source (SAS)** in households
2. Strict and complicated rules and procedures surrounding plastic **recycling** sector

MARKET TRENDS IMPACTING THE PLASTIC INDUSTRY

Market Trends - Data Centers

Plastics play a crucial role in the design and operation of modern cloud and data centers.

Cooling and Thermal Management

- Plastics like PVC are widely used for piping systems that circulate coolant fluids to dissipate heat generated by servers.

Cable Insulation and Protection

- Plastics like PVC and polyethylene are used to insulate and protect electrical cables.

Structural Components and Enclosures

- Plastics are used to manufacture lightweight and durable rack enclosures and cabinets that house servers, networking equipment, and other IT components.

Market Trends – Other Sectors

Electric Vehicles

- Plastics enable weight reduction, improved aerodynamics, and enhanced battery protection, contributing to increased efficiency and range.

Electrical & Electronic Components

- Plastics are used in electrical components for their insulating properties, which prevent electrical leakage and maintain circuit integrity.

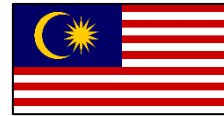
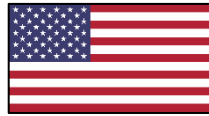
Healthcare

- Plastics are used in medical devices, implants, and packaging, offering benefits like biocompatibility, sterility, and cost-effectiveness.

Operation Clean Sweep (OCS)



A global industry-led programme that supports companies in their goal towards achieving zero plastic resin loss in operations



Founded in the US in 1991 and launched in Malaysia on 8 December 2022

To be implemented by **raw material suppliers, plastic manufacturers, recyclers, transporters, shippers, warehouses, etc.**, that are handling plastic resin in the form of pellets, flakes and powder



Current signatories (as of February 2025):
33 facilities from 25 companies

Operation Clean Sweep (OCS)



Best practices:

- **Containment systems** to prevent plastics resin from escaping plant boundaries



Install aluminium screen as drain filter to prevent resin flow into drain



Install resin grease trap at end outlet of drainage

- Identify activities and areas where spillage occurs more often

Handling Materials

Forklift Stopper

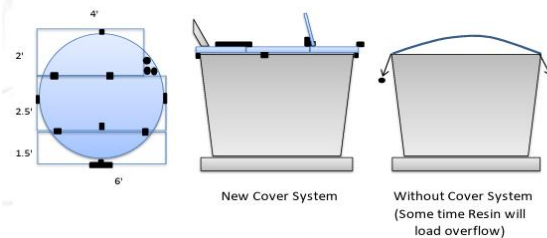


- Identify activities and areas where spillage occurs more often

Storage of Materials

Loading Material System

Every Material Tank With New Cover System



- Employees have ready access to equipment where spills may occur



Outfitting forklifts with cleanup kits, i.e. brooms & dustpans



Repair Tape provided to tape leaks immediately

A clean work area reduces slips and falls and improves employee morale

Source: Thong Guan Industries Berhad

Operation Clean Sweep (OCS)



Signatories successes and benefits:

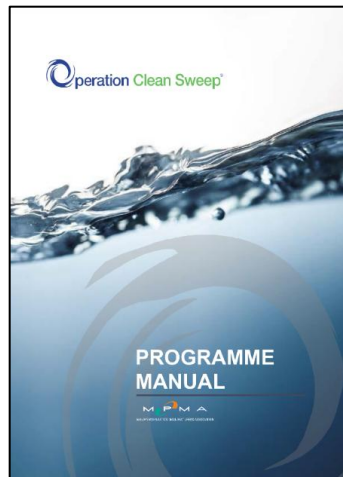
Reduction of
more than 40%
of **plastic resin**
loss

Cost savings
between
RM1,890 to
RM300,000

Improved
circularity of
materials

Boost
company's
image with
commitment
towards
sustainability

**NO
FEES**



Register here:



Don't Be A Litterbug Campaign



- A public campaign launched in 2015 to address the need for individual responsibility in waste disposal
- Throughout the campaign, the public were educated on how to correctly separate waste into recyclables and non-recyclables to encourage the adoption of waste separation at source (SAS) and the practice of the 3Rs (Reduce, Reuse, Recycle)

Community service sentences for littering to start this year, says minister

By MANJIT KAUR



NATION

Sunday, 23 Feb 2025

1:29 PM MYT

IPOH: Community service sentences for littering offences are expected to be implemented this year, says Nga Kor Ming.

The Housing and Local Government Minister said repeat offenders might be required to wear special uniforms while cleaning streets, drains, and other public spaces.

Last Saturday of September is Malaysia Cleaning Day



NATION

Thursday, 13 Feb 2025



PETALING JAYA: The last Saturday of September has been designated as Malaysia Cleaning Day.

- The campaign complements Government's initiative to combat littering and promote cleanliness

Don't Be A Litterbug Campaign



In planning by MPMA HQ:

- One session with Ministry of Natural Resources and Environmental Sustainability (NRES)
- One with Ministry of Housing and Local Government (KPKT)

Litter Free Chingay 2025 by MPMA Johor Branch

Branches and members are urged to organise and support Don't Be A Litterbug campaign to continue to stress **littering as the root cause of plastic pollution** and to support Government's initiative

STRATEGIES IN NAVIGATING REGULATORY CHALLENGES SURROUNDING LABOR

Automation & Digitisation

- Businesses can enhance competitiveness by adopting new technologies.
- Automation can reduce reliance on foreign workers, while digitisation facilitates faster data collection and analysis.

Available Incentives:

- Automation Capital Allowance incentive of 200% on expenditure up to MYR 10 million from MIDA.
- RM3.8 billion SME loan fund via BNM's SME Automation and Digitalisation Facility to support entrepreneurs transitioning to digitalisation and automation.

Training & Development

- Enhance the skills and competencies of existing workers - development of collaborative certification programmes that align academic curriculum with industry standards and practices.
- Provide industry-relevant training and skills development opportunities for new hires and unemployed graduates, facilitating their entry into the workforce.





Training & Development

About MaPITAC

- An initiative of the Malaysian Plastics Manufacturers Association (MPMA).
- Established on 16 May 2019
- To improve the overall quality and standards for skills training for the Malaysian plastics industry.
- To approve and accreditate programmes and courses with the objective of improving the overall quality and standards for the plastics industry.
- To register trainers and training providers to deliver approved and accredited programmes and courses.
- To strengthen the relationship with stakeholders to improve the overall quality of TVET.




Training & Development

Training Calendar 2025 (January-June)

	Training Programme	Days	Method	Dates
TECHNICAL TRAINING PROGRAMMES				
	Systematic Injection Moulding Process	4	Hybrid	18 – 19 & 24 – 25 February
	Lean Manufacturing Advanced Tool Box Training Programme	3	Face to Face / Online	16 – 18 April
	Plastics Product Design	2	Face to Face	12 – 13 June
	Understanding Plastics Programme	1	Face to Face	30 April
SAFETY & HEALTH TRAINING PROGRAMMES				
	Occupational Safety & Health Coordinator (OSH-C)	3	Face to Face	7 – 9 May
	OSHA Risk Assessment (OHSA 2022 AMMENDMENT)	2	Online	6 – 7 Mar

Training & Development

Training Calendar 2025 (January-June)

	Training Programme	Days	Method	Dates
IN-HOUSE TRAINING PROGRAMMES				
	Systematic Parameter Setting for Injection Moulding	4	Face to Face	As per request
	Systematic Injection Moulding Machine Operation	2	Face to Face	As per request
	Mastering Sustainability Through Strategic GHG Accounting and Reporting	2	Face to Face	As per request

- Public training programs can be scheduled based on demand.
- In-house training programs can be customized to meet specific company requirements and conducted at your premises.
- Hybrid training programs combine online and face-to-face sessions for greater flexibility.

For further details and registration, please contact the Training Department:

Email: malathy@mpma.org.my | mandy@mpma.org.my


Phone: 03-7876 3027

Website: mpma.org.my/training

ACADEMY IN INDUSTRY

The Academy in Industry (ADi) initiative, under the guidance of Malaysia Productivity Corporation (MPC), is a powerful work-based learning programme designed to bridge the gap between education and industry needs.


Tuesday, 11 March 2025

 8.30 am to 1.00 pm

 MPMA Head Office

- ☒ Solutions for talent development
- ☒ Unique industry-government-academia partnership
- ☒ Insights into real-world applications and opportunities

 +603 7876 3027

 malathy@mpma.org.my/
mandy@mpma.org.my

FREE ADMISSION

ELIGIBILITY FOR PARTICIPATION

① New Hires

Malaysian citizens between the ages of 18 and 40.

② Current Employees

- Employed for fewer than two years at the company.
- Lacks any skills certifications.

Advantages of the Academy in Industry



TALENT
Professional
Competencies



1

Route option one:

Malaysian Skills Certification (SKM)



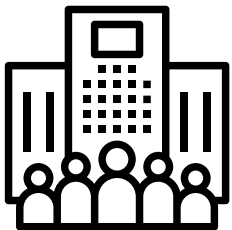
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Route option two:

Professional Diploma



**Skills
Acknowledgment**



COMPANY



**Industry-focused
competencies**



**Qualified to receive
incentives from the
Government**



**Global Continuous
Matching and
Placement**



**Qualified for tax
deduction**



**Employee retention
strategies**



**In accordance with
ESG/SDGs**

What Incentives Are Rightfully Yours...

3



Number of Payments	Paid on	Talent	Company	Training Facility	SKM 2 (twelve months)	SKM 3 (eighteen months)
1	First month	1,500	200	300	✓	✓
2	Ninth month	500	200	300	✓	✓
3	18th month	500	200	300	✗	✓
Total (RM)		2,500	600	900	3,000	4,000

All amounts are expressed in Malaysian Ringgit (RM).

Incentive claims must be submitted by the Company to the MPC/JPK in accordance with the established procedures.

Incentives will be awarded to the Company, which is responsible for their distribution to Candidates and Training Centers.

Spotlight on Malaysia



Chinaplas® 2025
国际橡塑展

Strategic Partner
战略伙伴



Spotlight on **Malaysia**: Buyer Program

聚焦 **马来西亚** — 买家参观激励计划



Chinaplas



**20
25**

**15.04
18.04**

SHENZHEN, CHINA
World Exhibition &
Convention Centre

HIGHLIGHTS

- 130 twin-sharing rooms for 4 nights
- Factory visits
- Transportation airport-hotel-fair ground

REGISTER BY FRIDAY, 28.02.2025

+603 7876 3027 

franv@mpma.org.my 
punitha@mpma.org.my
mandy@mpma.org.my

CONCLUSION

Conclusion

- Overall, Malaysia's plastics industry performed well in 2024. The plastics industry experienced a 5.4% increase in sales turnover and an 8% rise in exports, supported by demand from electronics, automotive, and packaging sectors.
- However, 2025 will continue to be a challenging year for the industry due to anticipated increase in operating costs and global uncertainty.

Conclusion

- Finding opportunities in emerging sectors:
Increased demand for plastics in EVs, data centers and healthcare.
- Explore automation and digitisation to reduce foreign labor dependency and improve efficiency.
- Focusing on employee skill enhancement to enable them to adapt to and contribute to future advancements in product development, technology, and business operations.

*Thank
you!*

Malaysian Plastics Manufacturers Association
37, Jalan 20/14, Paramount Garden, 46300 Petaling Jaya, Selangor, Malaysia
Tel: +603-7876 3027 Fax: +603-7876 8352 www.mpma.org.my plasticsdirectory.org.my