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Handling the Shortage of Nitrile and Latex Gloves

For want of a nail the shoe was lost,
for want of a shoe the horse was lost;
and for want of a horse the rider was lost;
being overtaken and slain by the enemy,
all for want of care about a horse-shoe nail.

Benjamin Franklin

Like the proverbial nail, there is a critical shortage of nitrile and latex gloves today that few are paying any attention to that could slow the re-opening of many economies and shutter many businesses.

Unfortunately, this glove shortage is about to get worse.

Seventy percent of all nitrile and latex gloves are produced in Malaysia. My Kuala Lumpur trading company, Seagate Global Trading, Sdn Bhd, has contacts at all 26 of the large glove manufacturers there and authoritatively informed me that large well capitalized state and corporate players are quickly buying up what little supply is left as well as pre-paying orders for hundreds of millions of boxes of gloves on a contract basis. They are cornering capacity for the next two years. This is not hype; this market is about to be fully sold out and is a serious potential health and security risk for those countries that run out of supply.

This article will provide a path for wholesale buyers of a million boxes or more with proof of funds to protect against the failure of their franchise for “want of a nail.”

First off, don’t think of the glove shortage as similar to the mask crisis we had at the beginning of the pandemic. That got fixed pretty quickly as most masks are low tech and can be produced quickly in size. Supply flooded the market within a month. Presto, no mask crisis. Latex and nitrile gloves, while perhaps less critical, are none-the-less important to safely re-opening an economy, and unlike masks, supply cannot be quickly ramped up.

Rubber is the key ingredient in latex gloves. To increase the supply of rubber one needs to plant more rubber trees and wait at least five years for the tree to produce rubber. The amount of rubber is fixed for any given year. Unlike masks, manufacturing latex and nitrile gloves is a high-tech process requiring expensive precision machinery, a large factory and a large skilled labor force. This all takes time and money to ramp up. Nitrile gloves do not require rubber but require a large amount of liquid natural gas to produce as well as the same high-tech factory needed to produce latex gloves, so again, the ramp up time is substantial.



Whatever extra capacity there was has been deployed. Glove factories in Malaysia are operating at 90-95% capacity. At the same time, many analysts expect demand to remain high and even increase as the economy starts to open up and gloves are required in new protocols to protect the public when they were not used before Covid-19. For example, I had breakfast at a Marriott Hotel recently and the server had on latex gloves. She told me she uses 4 sets of gloves per table. That is at least one box of 100 gloves per shift, per server! That is new demand that did not exist pre-pandemic. You do the multiplication to estimate coming demand.

More bad news, The Wall Street Journal reported the crisis is so bad that;

“Brokers are peddling counterfeit medical gloves as a shortage of this critical commodity has tripled prices and pinched other front-line workers as schools and businesses reopen.”¹

The WSJ article said many brokers in the market simply cannot be trusted.

Worse yet, Malaysia is closed to international travelers due to the pandemic, so buyers cannot go to Malaysia to try and book new orders or vet brokers. And once inside Malaysia, movement is restricted.

Call factories directly and if you are lucky enough to get through you will be told the earliest delivery date is in 200 days and many of the larger manufacturers have wait times for new orders of over 600 days.

Simply stated, this is a train-wreck in progress. Easy to see with a high degree of probability.

Now a little good news. If you act NOW and use one of the few trust-worthy and connected Buyer's Agents inside of Malaysia, you can still secure some of the limited supply of spot gloves at reasonable prices. For better pricing and larger orders, a sharp Buyer's Agent can negotiate a monthly supply contract out to 2 years for you.

A good Buyer's Agent will have direct relationships at all the largest glove manufacturers as well as large wholesalers. They will take your order, canvas the market for you, report to you the size, price, and terms at which you can execute. Once you agree on the price and terms, SGS or other international certification company of your choice will go to the warehouse with the Agent to certify the gloves are genuine and meet your requirements. If acceptable you will make payment versus delivery. An Escrow Account or LC can be used to protect you. Shipment can be arranged by the Agent on your behalf. All transparent and above board.

¹ Wall Street Journal, September 15, 2020, "Brokers Peddle Face Medical Gloves Amid Coronavirus Shortages.



The selection of your Buyer's Agent is key to your success. We recommend five simple criteria for your Buyer's Agent:

- 1) A five year or longer track record in the supply business in Malaysia (fully licensed);
- 2) Relationships at the 26 largest international standard glove manufacturers and wholesalers to directly negotiate supply contracts on your behalf;
- 3) Official Supplier to the Government of Malaysia;
- 4) Endorsed by the Government of Malaysia;
- 5) Associated with a reputable US or European consortium that insists on international standards of good governance.

There is only one such Malaysian company we know of that meets those criteria: [Seagate Global Trading Sdn Bhd](http://www.SeagateGlobalTradingSdnBhd.com). Visit www.SeaGloves.com for more information on their Disposable Glove Buyer's Agent Program.