



Note from the field

Initiatives and challenges of a chemical industries council in a developing country: the case of Malaysia

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ABSTRACT

While the Malaysian chemicals industry has been progressively growing over the past few decades, the industry associations had not been actively engaged with one another. The Chemical Industries Council of Malaysia was established to form a stronger and more cohesive representation from other sub-sectors of the industry such as oleochemicals, industrial gases, petrochemicals, paints, coating resins, fertilizers, biodiesel and pesticides, as well as their respective chemical traders, distributors and other service providers. Among its initiatives is the Responsible Care programme which has proven to be a very useful tool in promoting responsible practices among signatory companies that protect the environment, human health and safety. While the chemicals industry and related industries have adopted most of the responsible best practices to reduce their environmental impact, participation from small and medium enterprises has been low. This paper aims to provide an overview of the initiatives of the Chemical Industries Council of Malaysia, and assess its current position with regard to providing environmental, health and safety services to its members in view of the expanding global chemicals sector and the challenges it poses. It will also identify the main challenges faced by the chemicals industry, and propose measures to overcome them for the future competitiveness and sustainability of the chemicals industry at both regional and international levels.

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1. Introduction

Malaysia's economy has transformed since the 1970s from an agriculture-based economy into an emerging industrial manufacturing entity. Manufacturing industries contributed 24.6% to the Gross Domestic Product (GDP) in 2010 (Department of Statistics, 2011). The chemicals industry is the second largest contributor to total manufactured exports, amounting to about 6% of the total Malaysian exports annually. The manufacturing of chemicals, including the manufacturing of refined petroleum products, vegetable and animal oils and fats; basic chemicals, fertilizers including nitrogen compounds; plastics and synthetic rubber in its primary forms, contribute 13.5%, 12.4% and 6.8% to gross domestic output, respectively (Abdullah, 2008).

The chemicals industry is a high technology and capital intensive industry and has very strong linkages to almost every other sector of the economy, thus requiring highly trained and skilled talent for operations, research and development to produce new

value-added products. As the government plans to further consolidate and strengthen the competitiveness of the manufacturing sector, the chemicals industry is likely to become increasingly relevant, so it must be well prepared to attract more investments (The Official Portal Malaysia External Trade Development Corporation, 2014).

Chemical products are used everywhere in our daily lives. However, if not managed properly, they can cause adverse impact on the environment, human safety and health (Kubota et al., 2011). Effective chemicals management calls for a preventive approach that takes into account all kinds of impact over the whole life cycle of products and services including all aspects of safe, responsible and economical handling of chemicals from its formulation through to its final disposal (Jodicke et al., 1999; Leppelt et al., 2013; Radonjic and Tominc, 2007).

The Chemical Industries Council of Malaysia (CICM) was formed to consolidate and promote collaboration and cooperation among all those involved in the chemicals industry. Incorporated as a company limited by guarantee on March 23, 1982, it caters for the expanding activities of the chemicals industry (Chemical Industries Council of Malaysia, 2014). Its primary aim is to organize the chemicals industry into a cohesive group to represent Malaysia's interest in the

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ASEAN Chemical Industries Council (ACIC) and in the global arena. Its registered members comprise manufacturers, traders, distributors and service providers from various chemicals industry sub-sectors. The following sections provide an overview of the CICM, its current position, its initiatives and challenges expected in the future.

1.1. The Chemical Industries Council of Malaysia (CICM)

The objectives of the CICM are: to promote co-operation among manufacturers of chemical products in Malaysia; to promote the development and interests of the local chemicals industry and its international links to the global chemicals industry; to serve as a channel of communication between the chemicals industry and government agencies and to promote excellence in environment, health and safety (EHS) and sustainable development of the chemicals industry under its Responsible Care Programme (RCP). The vision of the CICM is to become “*The Malaysian association championing sustainable growth for the chemicals industry*”. The three focus areas are Responsible Care, regulatory and trade affairs, and sustainable business development. The RCP is a voluntary initiative of the chemicals industry to continuously improve EHS performance based on feedback from the stakeholders. The focus of regulatory and trade affairs is on supporting members to keep abreast of current legislative issues, while the focus of sustainable business development is on promoting activities to create business value for the chemicals industry through dialogue and smart partnerships. Fig. 1 shows the relationships of the CICM with various chemicals industry sub-sectors and their related organizations. The corresponding remarks are shown in Appendix 1.

1.2. Initiatives of the CICM

The initiatives driven by the CICM are: liaising with the government; serving as the centre for trade and business contacts; providing a forum for members; and stewarding the RCP.

Acting as a communication channel, the CICM maintains close working relations with various government agencies to discuss and resolve issues, i.e. industrial policies, export promotion, monetary and fiscal policies, manpower training and EHS issues. Various dialogues, meetings and joint collaborations with the relevant government departments on initiatives of interest to the industry have been conducted over the past three years (2010–2012), as shown in Table 1.

The CICM also serves as the trade and business contact centre for the chemicals industry, receiving trade and business enquiries through incoming missions and the numerous private organizations in the country, and directing overseas enquiries to members. It provides an avenue for members to meet and discuss mutual issues and problems, promoting co-operation among the chemicals industries in ASEAN through information sharing among members. The CICM also identifies possible projects for ASEAN industrial joint ventures and reduces tariff under the ASEAN Common Effective Preferential Tariff to promote intra-ASEAN trade.

The Responsible Care Programme (RCP), launched on 29 April 1994, is the flagship initiative of the CICM, and is adopted voluntarily by various chemical companies in promoting good chemicals management as well as to continuously improve EHS performance in terms of their operations and products in a manner that is responsible and sensitive to public concerns. It achieves these objectives by meeting and going beyond legislative and regulatory compliance, and by adopting cooperative and voluntary initiatives with the government and other stakeholders. The RCP also requires member companies to attend to public concerns, publicize their progress and assist one another to achieve optimum performance (Willems, 1994).

Fig. 2 shows the activities and progress of the RCP implementation since the launch. From 1994 to 1999, the CICM developed the RCP guiding principles, codes of management practice and a self-assessment format with which member companies are required to comply (Rampal and Nizam, 2006). The Six Codes of

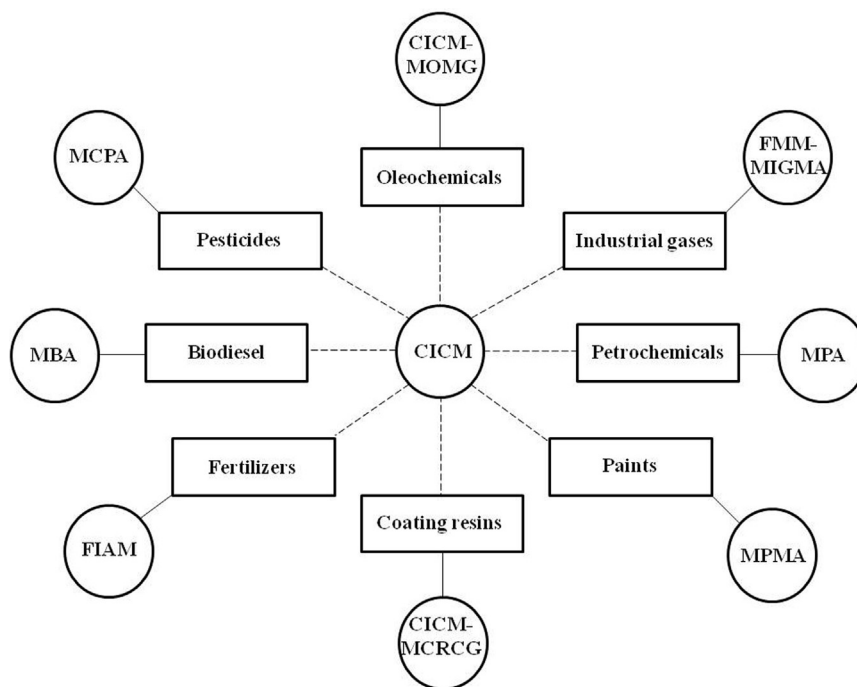


Fig. 1. The relationships of CICM with various chemicals industry sub-sectors and their related organizations. Legend: CICM: Chemical Industries Council of Malaysia CICM-MOMG: CICM-Malaysian Oleochemicals Manufacturers Group FMM-MIGMA: FMM-Malaysia Industrial Gases Manufacturers Group MPA: Malaysian Petrochemicals Association MPMA: Malaysia Paints Manufacturers Association CICM-MCRCG: CICM-Malaysian Coating Resins and Composite Group FIAM: Fertilizer Industry Association of Malaysia MBA: Malaysian Biodiesel Association MCPA: Malaysian Crop Life and Public Health Association.

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