

Disposable Medical Gloves, Indispensable Migrant Workers

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Introduction

The onset of the COVID-19 pandemic has increased the visibility of the contributions of migrant workers, including those engaged in lower-skilled work in essential sectors. Migrant workers play a key role in the systemic resilience of health care supply chains producing the protective and personal equipment (PPE) that is critical in dealing with health emergencies. According to the WHO, the global shortage of PPE is one of the most urgent threats to the efforts to contain the coronavirus.¹ Malaysia supplies 65% of the global demand of disposable gloves² and as the fifth largest producer of natural rubber accounting for 20% of the global rubber production, it has been able to leverage its comparative advantage in this sector.³ The sector is labour-intensive and estimates by the Malaysian Rubber Glove Manufacturers' Association (MRGMA) show that of the 71,800 workers employed in this sector, 61% are foreign workers.⁴ As a major supplier of PPE that has experienced a spike in global demand, the resilience of Malaysia's glove production amid the pandemic also translates into global resilience of this essential good. This makes it an interesting case study for the discussion on migration in the context of systemic resilience.

The onset of the pandemic has led to a surge in the global demand for rubber gloves, an important low-cost, high-volume PPE. Health response teams, for example, have an estimated demand of 80 million gloves on a monthly basis, which requires a 45% increase in global production capacity.⁵ In 2019, Malaysia exported about 182 billion gloves and the MRGMA estimates that over 240 billion pieces will be exported in 2020.⁶ This unprecedented increase in the global demand for gloves amid the lockdowns has put an enormous strain on manufacturers as they ramp up their labour-intensive production, which strongly relies on migrant workers. The crisis has also exposed pre-existing vulnerabilities associated with the treatment of migrant workers.^{7,8}

The resilience of the Malaysian medical glove sector depends on a series of factors including its own production capacity, the adaptability of its production and distribution operations, and the Malaysian Government's policies in the pandemic.⁹ In addition, given the transnational nature of labour migration and the supply chain, the resilience of the Malaysian medical glove sector also depends on the policies, institutions and developments across several

* Views expressed in this publication reflect the opinion of individual author(s) and not those of the European University Institute.

¹ <https://www.who.int/news-room/detail/03-03-2020-shortage-of-personal-protective-equipment-endangering-health-workers-worldwide>

² <https://www.reuters.com/article/us-health-coronavirus-malaysia-packaging/virus-fight-at-risk-as-worlds-medical-glove-capital-struggles-with-lockdown-idUSKBN21C11W>

³ <http://www.mpi.gov.my/mpi/en/rubber-news/rubber-malaysia-at-forefront-of-meeting-global-demand-for-medical-gloves-obg>

⁴ <https://www.nst.com.my/business/2020/07/610090/malaysias-glove-sector-produce-20b-more-pieces-year>

⁵ <https://www.who.int/news-room/detail/03-03-2020-shortage-of-personal-protective-equipment-endangering-health-workers-worldwide>

⁶ Ibid

⁷ <https://asiatimes.com/2020/04/slave-like-conditions-alleged-in-glove-factories/>

⁸ While this note only focuses on the production aspect of medical gloves, it is also important to note that the whole value chain of medical gloves includes a high reliance on migrants at each stage, from rubber plantations in Malaysia, glove production, packaging and distribution, to end-users in health institutions (foreign doctors or nurses) globally. Although beyond the scope of this paper, migrant rights abuse has also been widely reported in the Malaysian rubber plantations sector.

⁹ Anderson, B., Poeschel, F. and Ruhs, M. (2020), "Covid-19 and Systemic Resilience: Rethinking the Impacts of Migrant Workers and Labour Migration Policies", RSCAS Working Paper 2020/57, European University Institute. <https://hdl.handle.net/1814/68235>

countries and how these interact with national policies. In particular, the policies of labour migrants' origin countries such as Nepal, from where the medical glove sector sources its workers, matter for ensuring the resilience of the production. As gloves are important export goods, policies of third countries such as the USA, UK and New Zealand that import the gloves are also important. This paper highlights the interdependency between countries for the resilience of global supply chains, using the example of Malaysia's glove industry, which not only needs to maintain its production at pre-pandemic levels amid the pandemic but also ramp up its production in a short period of time to help with the global COVID-19 emergency response. It is not sufficient for the glove industry to "bounce back" to pre-pandemic levels but it needs to "bounce forward" to a higher production level while the crisis rages on.

COVID-19 and Malaysia's Rubber Glove Industry

The Government of Malaysia imposed a Movement Control Order (MCO) that restricted movement and economic activities early on to curb the spread of COVID-19 from 18th March 2020. As an essential sector, glove manufacturers were given special exemptions to continue operations at limited capacity despite the MCO.¹⁰ The MCO was later modified into a Conditional MCO between 13th May and 9th June and a Recovery MCO between 10th June and 31st August, which gradually allowed increased mobility and resumption of economic activity.¹¹

When the MCO was first imposed, glove manufacturers were authorized to continue their operations but with certain pre-conditions such as only operating with 50% of the workforce. However, in late April, the Government waived this requirement after pressure from rubber manufacturers represented by the Malaysian Rubber Gloves Manufacturers' Association (MRGMA) to allow operating at full capacity, owing to the increased demand for PPEs both in Malaysia and globally.¹² Despite being an essential sector with profitable outcomes in the midst of a pandemic, the medical glove sector has been associated with non-compliance with social distancing and other MCO rules, occupational safety, working hours,

forced labour and living conditions of migrant workers.¹³ Migrant advocates have also warned that the global rise in the demand for medical gloves may translate into poorer working conditions including longer hours.¹⁴

Several alternatives are available to glovemakers in lieu of hiring migrant workers to promote the resilience of the sector, including hiring citizens or automation (Anderson, Poeschel, and Ruhs 2020). To keep up with rising demand, Malaysian employers have prioritized automation of manufacturing. Even before the pandemic, there were concerns regarding productivity in the manufacturing of rubber gloves and the slow pace of automation in this highly labour-intensive sector that negatively impact its competitiveness in the global economy. The pandemic has given an impetus to investment in better quality and intensified technology adoption. For example, the largest employer Top Glove has invested over 3 billion Malaysian ringgit (MYR) to add 450 new production lines by 2026, with an aim to increase annual output from 140 billion to 450 billion gloves.¹⁵ Automation is expected to be used in different areas such as quality control to reduce the volume of defective products and boost production efficiency.

Whether citizens can be recruited to work in this sector, currently dominated by migrant workers is a subject of public debate, especially in the context of an economic downturn when job losses are high and protection of employment of citizens is a priority. The Malaysian Rubber Council (MRC) has set up a RM 36 million fund to replace 10,000 foreign workers with national workers by providing a wage subsidy of RM 300 for 12 months.¹⁶ Explicit restrictions such as a ban on hiring foreign workers until the end of 2020 have been imposed to prioritize the recruitment of citizens. Public attitudes towards migration were grim even during pre-pandemic times. A 2019 survey in Malaysia found that 56% of respondents said there is no need for low-skilled migrants in the economy, with 47% considering them a drain the economy, 83% linking them to increased crime rates, and 68% perceiving them as a threat to the country's culture and heritage.¹⁷ Even in the midst of the pandemic, thousands of undocumented workers have been detained,

¹⁰ <https://www.mdbc.com.my/mco-updates/>

¹¹ *ibid*

¹² <https://uk.reuters.com/article/uk-health-coronavirus-malaysia-packaging/virus-fight-at-risk-as-worlds-medical-glove-capital-struggles-with-lockdown-idUKKBN2IC12E>

¹³ https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/briefingnote/wcms_741512.pdf

¹⁴ https://www.malaysiakini.com/news/519728?fbclid=IwAR2nqcVdA3XGYzi nme0ZGIQ6Cj_DkgGw2Lg2BK-ISnke5yB9k2o9H_1hTk

¹⁵ <https://www.theedgemarkets.com/article/top-glove-posts-record-3q-net-profit-rm348m-declares-10-sen-dividend>

¹⁶ <https://www.malaysiakini.com/news/537368>

¹⁷ https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms_732443.pdf

and put in crowded detention centers with heightened infection risks¹⁸ although fear among this vulnerable population makes them reluctant to seek medical assistance.¹⁹ Politicians harp on the populist narrative to reduce reliance on foreign workers, further compounded in a crisis when there is heightened economic nationalism and pressure to address employment issues of citizens.²⁰

Despite these efforts, critics doubt that foreign workers are so easily replaceable and in the current context, the demand for foreign workers in this labour-intensive sector remains high.^{21,22} According to Nepali migrants working at glove companies in Malaysia who were interviewed for this paper²³ employers prefer Nepali workers in this sector due to their loyalty, work ethics and their amicable nature even when the tasks are physically demanding. However, they also report an increase in the hiring of Malaysian staff, which prompted internal transfers of migrant workers to the more difficult tasks. According to the interviewees, the scale of this change is small thus far, and there are many aspects of the jobs that are physically demanding, manual and monotonous, which would not be appealing to citizens. In addition, there are differences in wage scales between migrants and citizens for the same jobs despite equal treatment clauses in policies. In July 2020, the Malaysian Government announced that it would limit hiring of foreign workers to only three sectors, agriculture, construction and plantation work, in an effort to increase employment for citizens.²⁴ However, in August 2020, it lifted this restriction after pressure from employers,²⁵ including from the glove manufacturing industry.²⁶ While the intake of new foreign workers is restricted until the end of 2020, employers facing worker shortages have been permitted to rehire Malaysia-based migrants who have lost jobs and meet certain legal and health pre-conditions,²⁷ including COVID-19 screening.

Allowing migrants to change employers is a positive move as workers are legally tied to their original employers, but

the preconditions on who can be hired i.e., people with valid work permits to work in the same sector are considered restrictive by employers.²⁸ Migrant employment contracts are generally of two or three years, and during the lockdown when international flights were suspended the contracts of thousands of migrants in Malaysia expired. This pushed them into the “irregular” category, leaving them without valid work permits. Documented and undocumented migrant workers from the non-essential sectors also lost jobs. Therefore, the requirement that rehiring be from the same sector prevented workers laid off in non-essential sectors from benefiting from the program.²⁹

Transnational Interdependence

As discussed above, the transnational nature of labour migration and the supply chain points to the importance of expanding the focus beyond Malaysia to consider policies, institutions and developments across several countries. In Malaysia, the majority of the workers in the production of gloves are migrant workers whose recruitment depends on policies in Malaysia as well as in origin countries. Importing countries like the United States are facing a spike in demand for medical gloves but are also under pressure to ensure that the imported gloves are produced without incidence of forced labour conditions. Such interdependence among different countries matters for the resilience of this essential sector, as discussed below.

i) Migrant Sending Policies in the Origin Country:

While the Malaysian Government is facing pressure from its employers to lift the restriction on foreign worker intake imposed until 2020, policies of labour-sending countries also influence the labour supply. COVID-19 has led to disruptions in the outflow of migrant workers from origin countries due to lockdowns and suspension of international flights. Many origin countries have a complex emigration management system that requires

¹⁸ <https://www.reuters.com/article/us-health-coronavirus-malaysia-migrants/malaysia-seizes-hundreds-of-migrants-in-latest-lockdown-raid-idUSKBN22O1T5>

¹⁹ <https://www.thestar.com.my/news/nation/2020/03/24/covid-19-illegals-still-fearful-to-be-screened-says-doctors-without-borders>

²⁰ <http://documents1.worldbank.org/curated/en/753511468197095162/pdf/102131-WP-P158456-Box394822B-PUBLIC-final-for-printing.pdf>

²¹ <https://www.thesundaily.my/business/rubber-glove-shortage-to-worsen-if-foreign-worker-freeze-continues-top-glove-chairman-AI2802561>

²² <https://www.malaymail.com/news/malaysia/2020/07/12/top-glove-continued-freeze-on-foreign-workers-will-worsen-glove-shortage/1883696>

²³ For this paper, unstructured, informal interviews were conducted with 7 Nepali workers currently working in two glove companies in Malaysia under conditions of anonymity.

²⁴ <https://www.reuters.com/article/malaysia-politics-labour/malaysia-to-allow-foreign-labour-in-only-3-sectors-says-deputy-minister-idUSL3N2F030F>

^{25,26} <https://www.voanews.com/east-asia-pacific/malaysia-urges-govt-to-lift-freeze-on-foreign-workers>

²⁷ <https://www.malaymail.com/news/malaysia/2020/08/13/hr-ministry-employers-allowed-to-rehire-foreign-workers/1893667>

²⁸ <https://www.voanews.com/east-asia-pacific/malaysia-loosens-migrant-labor-ban-after-business-blowback>

²⁹ <https://www.freemalaysiatoday.com/category/nation/2020/08/15/let-foreign-workers-switch-sectors-says-mef/>

workers to fulfill a number of criteria to obtain “labour permits” that are mandatory for a migrant to exit the country legally. The pandemic disrupted the issuance of labour permits in many origin countries sending workers to Malaysia, further compounded by stoppage in international flights. For example, Nepal stopped issuing labour permits from 12th March³⁰ partly in response to the confusion created as destination countries gradually started imposing travel restrictions. On 24th March, the country itself went into lockdown, while international flights were suspended from 20th March. In September the Government announced it will gradually start issuing labour permits to select destination countries.

In addition to emigration policies adopted by origin countries during the pandemic, several other foreign employment policies affect the flow of workers. For example, the Government of Nepal banned the outflow of workers to Malaysia in 2018 over allegations of unauthorized recruitment costs.³¹ Over 75% of Nepalis in Malaysia work in the manufacturing sector, including the rubber glove industry, and this move had an adverse effect on employers, disrupting the flow of incoming workers.

While there are alternative origin countries to recruit workers as a diversification strategy, there are also different factors contributing to path dependency such as employer preferences and established networks between private sectors across jurisdictions, which are important to consider in the recruitment of new workers. The ban by the Nepali Government was eventually lifted in 2019 when the two countries signed a comprehensive Memorandum of Understanding (MOU) between the Governments of Nepal and Malaysia that addresses some of the issues in ensuring worker protection throughout the migration cycle.³² This includes provisions for an “employer pays” model that requires employers to bear all costs associated with the worker’s recruitment, equality of treatment between Nepalis and Malaysians in their terms of employment, and a standardized contract of employment, among others.

ii) Policies of Third Countries:

Given the export-oriented nature of the Malaysian rubber glove sector, it is also important to shed light on the role

of the importing countries of Malaysian exports. Top Glove, for example, has customers in 195 economies. In July 2020, the US Customs and Border Protection (CBP) imposed a Withhold Release Order on imports from two subsidiaries of Top Glove (July 2020),³³ the world’s largest glove manufacturer, over evidence of forced labour. This was despite the surge in demand for medical gloves and the shortage of supplies in the US, as evidenced by its inclusion in the US Food and Drug Administration’s list of medical supply shortages. Under US Law, it is illegal to import products of forced labour also when there is unmet domestic demand for the product.³⁴

Even before the pandemic, Malaysia’s glovemakers came under the global spotlight for their use of forced labour. In October 2019, the CBP issued a similar Withhold Release Order against WRP Asia Pacific Sdn. Bhd. This was lifted in March 2020, after proof that the company had taken remedial actions.³⁵ Such measures by importing countries have spurred a series of pro-labour reform initiatives including reimbursement of recruitment costs paid by migrant workers to recruitment intermediaries and improvements in the working and living conditions of migrant workers.³⁶ A two-day strike organized by over 2000 Nepali and Bangladeshi migrant workers who had not been paid for months brought attention to this case. Activists also act as whistle-blowers for migrants and media, which raises awareness for worker-related issues.

The Nepali migrants interviewed for this paper said that the reimbursement of recruitment costs is a welcome move, as these can be equivalent to several monthly wages. However, they also consider the reforms insufficient, as they argue that working overtime through a pandemic should have made them eligible for hazard pay, especially when the profits of their employers have risen dramatically. They report that while they have been provided with PPE in the workplace, there is no social distancing at work, in their canteens or in their hostels, which puts them at risk. Migrants report that while they live among themselves in the company hostel and are thereby rather isolated, the Malaysian workers commute from their homes, raising concerns among migrants regarding the risks they may be exposed to.

³⁰ <https://dofe.gov.np/DetailPage.aspx/id/138>

³¹ <https://www.nepalitimes.com/here-now/nepal-and-malaysia-rewrite-rules-for-migrant-labour/>

³² *ibid*

³³ <https://www.hklaw.com/en/insights/publications/2020/07/cbp-issues-detention-order-on-top-malaysian-medical-glove-producer>

³⁴ *ibid*

³⁵ <https://www.cbp.gov/newsroom/national-media-release/cbp-issues-detention-orders-against-companies-suspected-using-forced>

³⁶ <https://www.nepalitimes.com/latest/global-glove-makers-compensate-nepali-workers/>

In addition, a number of third countries have laws for due diligence in global supply chains that hold parent companies liable for activities of subcontractors and suppliers, regardless of where they operate. These include the UK Modern Slavery Act (2015), the French Corporate Duty of Vigilance Law (2017), and the Australian Modern Slavery Act (2018). In a situation where sourcing decisions are made based on cost-cutting, there is no doubt that companies compromise on labour standards, the implications of which are borne by migrant workers in the form of debt bondage and lower remuneration. In this context, enforcement of these laws can lead to substantial reforms in procurement decisions in global supply chains as exemplified by the case of Malaysia.

Resilience of the Medical Glove Industry

A few lessons emerge from both the pre-pandemic and post-pandemic migrant experiences in this essential sector, especially the need for greater cooperation between states. On the one hand, recruitment practices and employment conditions of migrant workers can promote the resilience of this globally essential good. On the other, the demand for a product that relies on migrant labour also depends on employers' treatment of workers, given that importing countries and companies do not want to be associated with worker abuse. Therefore, there is an increased need for transnational cooperation between countries to promote the resilience of this essential sector.

To deal with the labour supply and demand aspects, bilateral labour agreements form an important platform for increased collaboration between sending and origin countries to maximize the mutual gains from migration. However, it is important to ensure that these agreements are not limited to normative, moral agreements on paper but that they include implementable, enforceable provisions. It is also important for governments to actively leverage such agreements especially during such an unprecedented crisis when cooperation is needed from both sides. This includes using the agreement as a base to increase the supply of labour in sectors that are facing skills shortages during a pandemic via redeployment and rehiring programs allowing workers to switch to sectors with growing labour demand. Crises also call for out-of-the-box approaches to maintain the operation of essential

services. The sectoral impact of the crisis is unevenly distributed - some sectors such as healthcare have seen demand rising especially sharply. Employment opportunities for migrant workers in essential sectors can also be favorable for the origin countries like Nepal, which suddenly faced the prospect of losing over 14% of remittance flows due to the pandemic³⁷ and an increased unemployment pressure domestically.

The role of third-country governments as well as importers is also important to pressure destination countries and glovemakers to ensure migrant workers are provided with proper working and living conditions, and that there is no incidence of modern slavery. Firms respond swiftly to measures that impact their profit margin or reputation, which should be leveraged by both Governments and corporate healthcare buyers in third countries. The proper implementation of the laws of importing countries or the vigilance of importers to ensure ethical procurement rests on proper social audits, active participation of media and civil society, as well as continuous dialogue.

COVID-19 presents an opportunity to explore the role of migrants in promoting the systemic resilience of essential goods and services. In the case of Malaysia, resilience of the system means “bouncing forward” to meet the increased global demand of PPEs, which is crucial in the fight against health crises like COVID-19 while also supporting the economy at a time when other sectors are collapsing. This may shape public attitudes towards migrants in the destination country, with implications for how they are perceived, accepted and treated.

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The Migrants and Systemic Resilience Hub ([MigResHub](#)) facilitates research and debates on how migrant workers affect the resilience of essential services during the Covid-19 pandemic and similar shocks in the future. MigResHub is a joint initiative of the EUI's Migration Policy Centre (MPC) and Migration Mobilities Bristol (MMB) at the University of Bristol.

³⁷ Ratha, D. K., et al. (2020). COVID-19 crisis through a migration lens. Migration and Development Brief 32.

