



# Retreading in Europe

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# The general situation



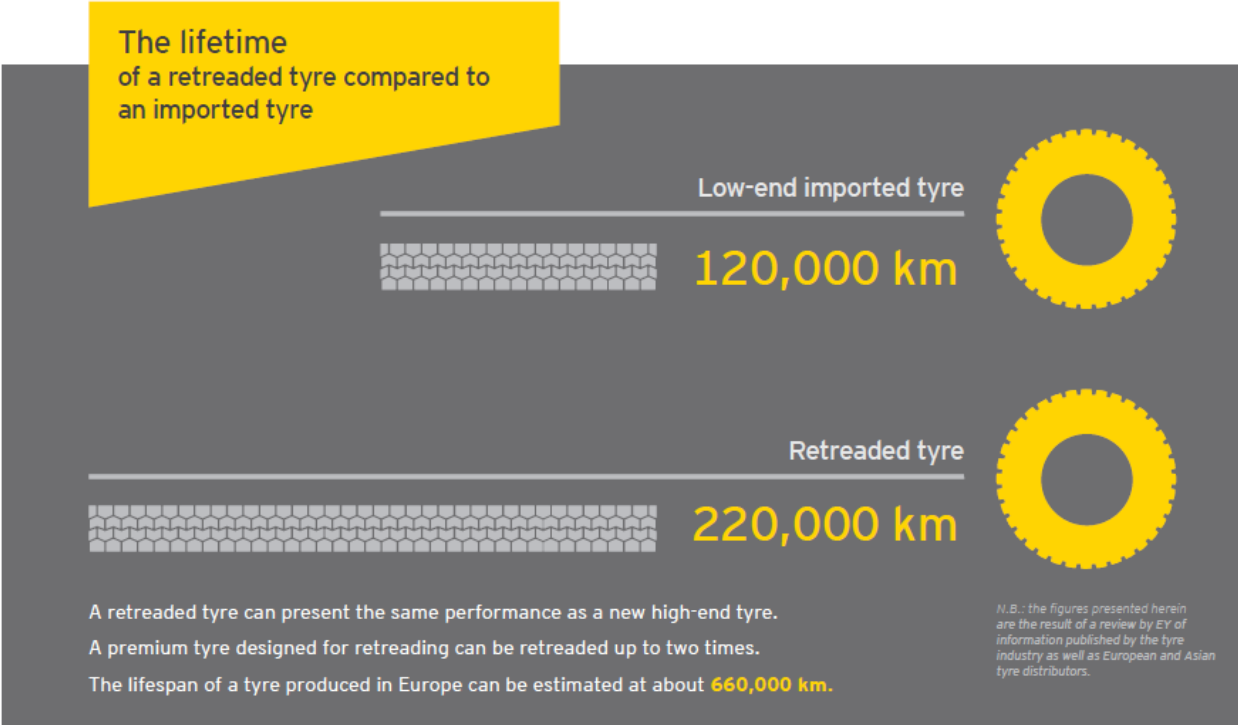
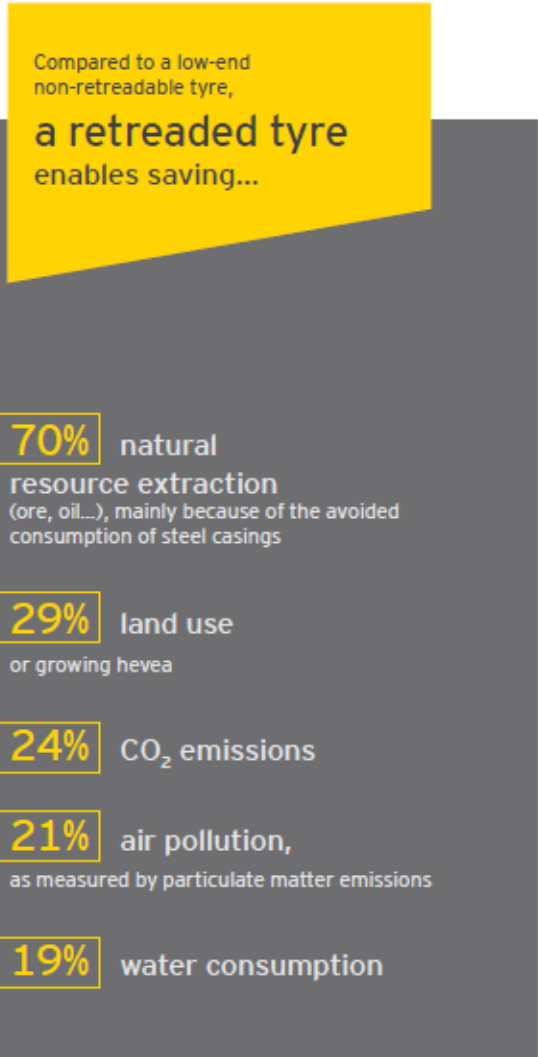
## **Retreading of *Passenger and Light Truck Tyres:***

- **over the last 15 years this segment lost gradually its importance**
- **today the overall market share in Europe is << 1% of the aftermarket (but with differences in the individual markets)**
- **no new tyre manufacturer is today active in that segment**
- **reasons: decreasing price level of budget imports, high diversity in tyre dimensions and designs, new regulations**

## **Retreading of *Tyres for Commercial Vehicles (mainly truck and bus):***

- **important for premium new tyre manufacturers, especially in mileage/leasing contracts**
- **large number of independent retreaders (often SME)**
- **high concentration rate over last decades (industry and independent)**
- **fierce competition from budget, often not retreadable new tyres**
- **growing challenges due to new regulations (Tyre label, 3PMSF, R109)**

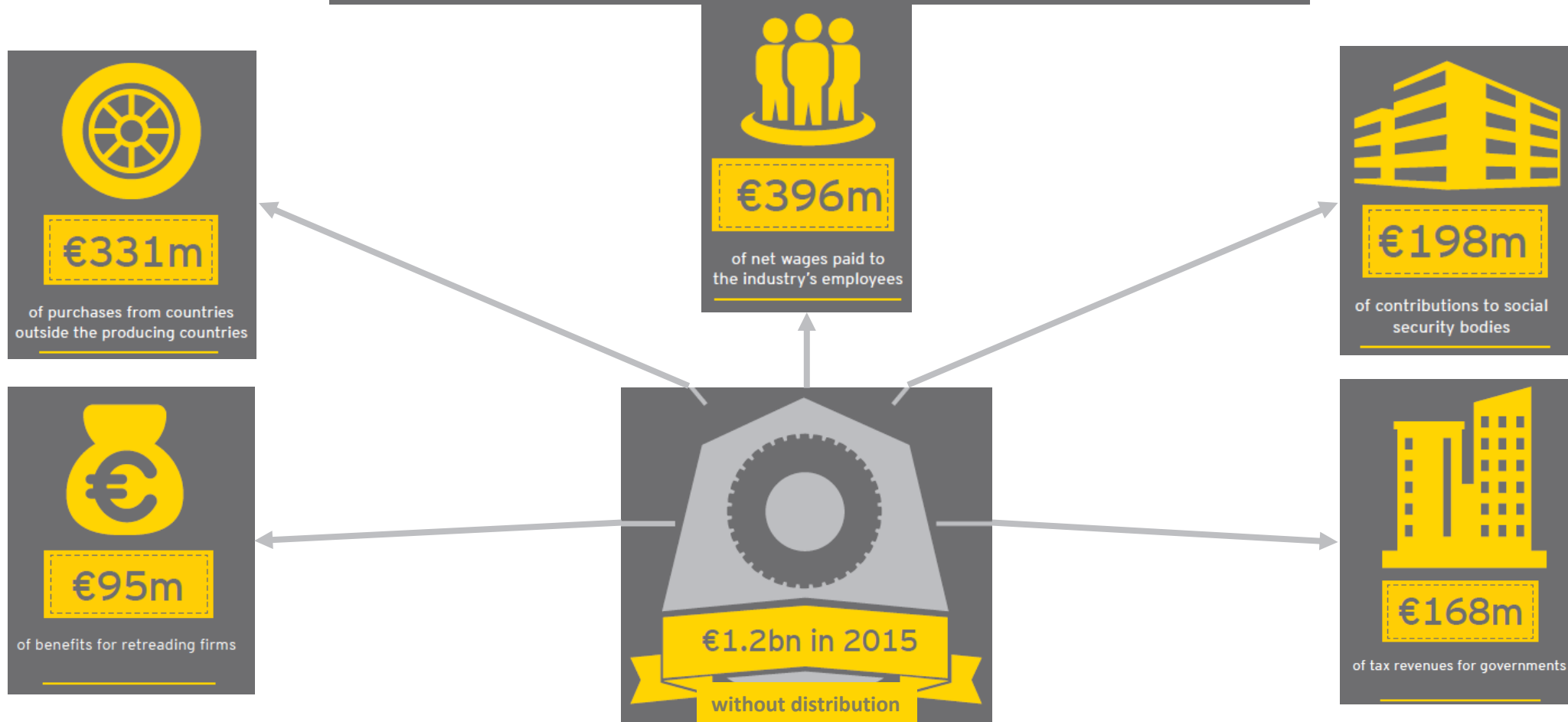
# The socio-economic impact\*



\* source: The socio-economic impact of truck tyre retreading in Europe by EY; October 2016

# Economic impact

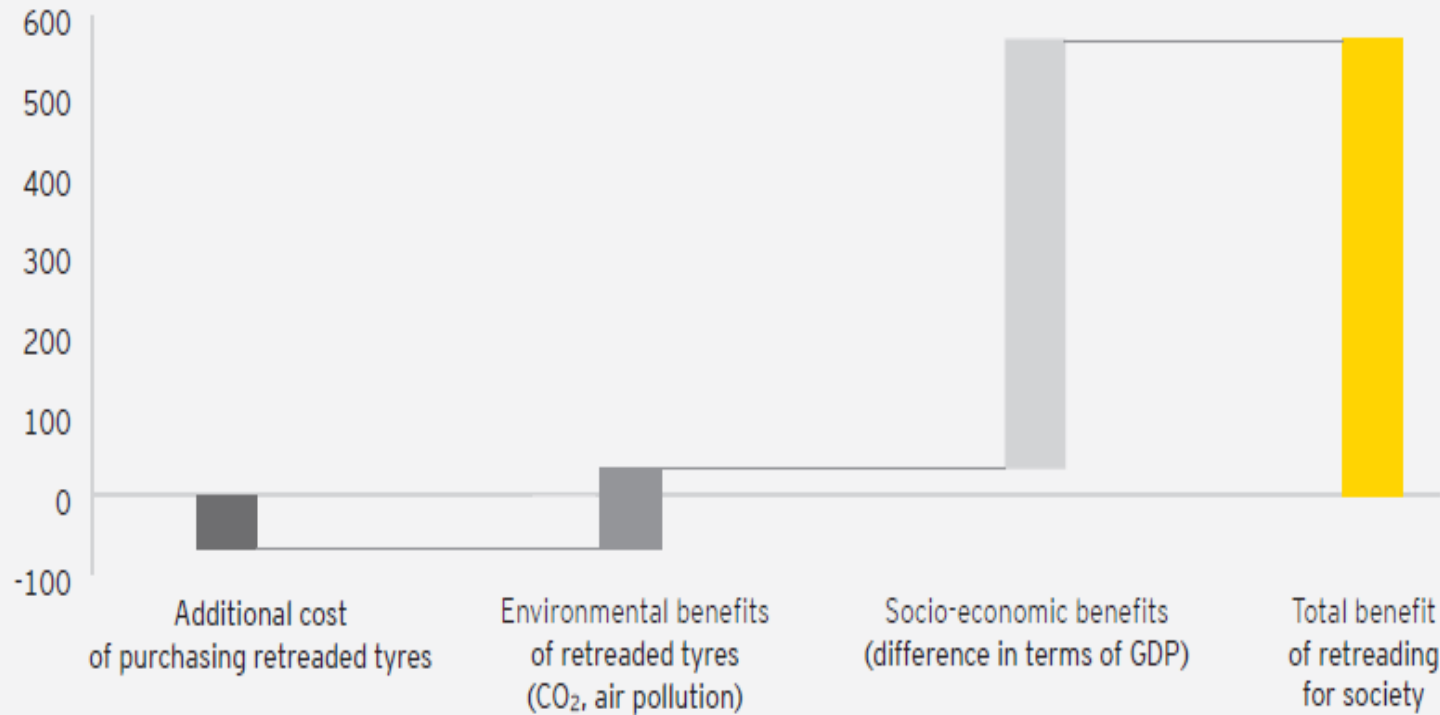
The distribution of the EU 27 retreading market to its stakeholders



\* source: The socio-economic impact of truck tyre retreading in Europe by EY; October 2016

# Economic impact

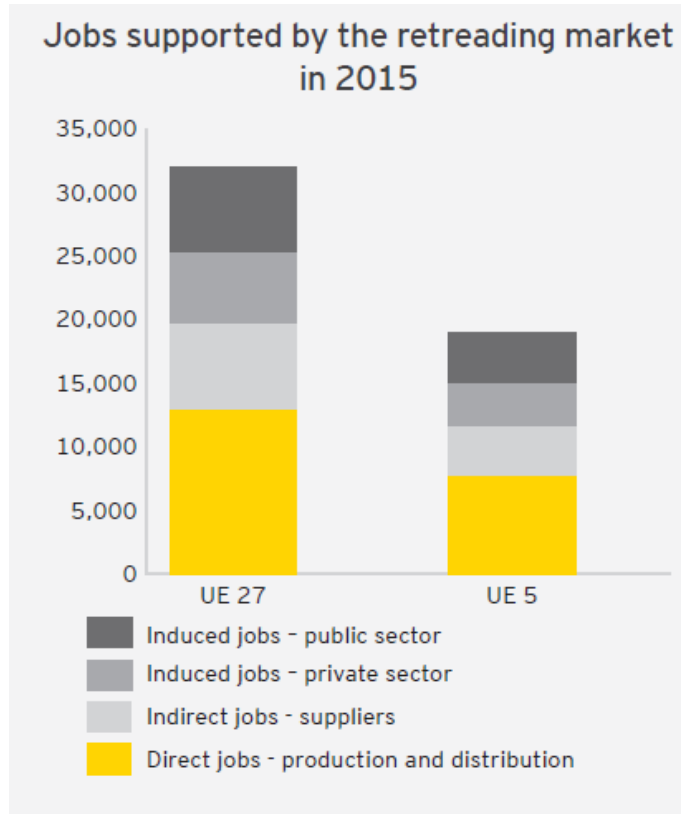
Societal value of retreading for the EU 5 in 2015, compared to a fictitious situation of full replacement with low-end imported tyres (in €M)



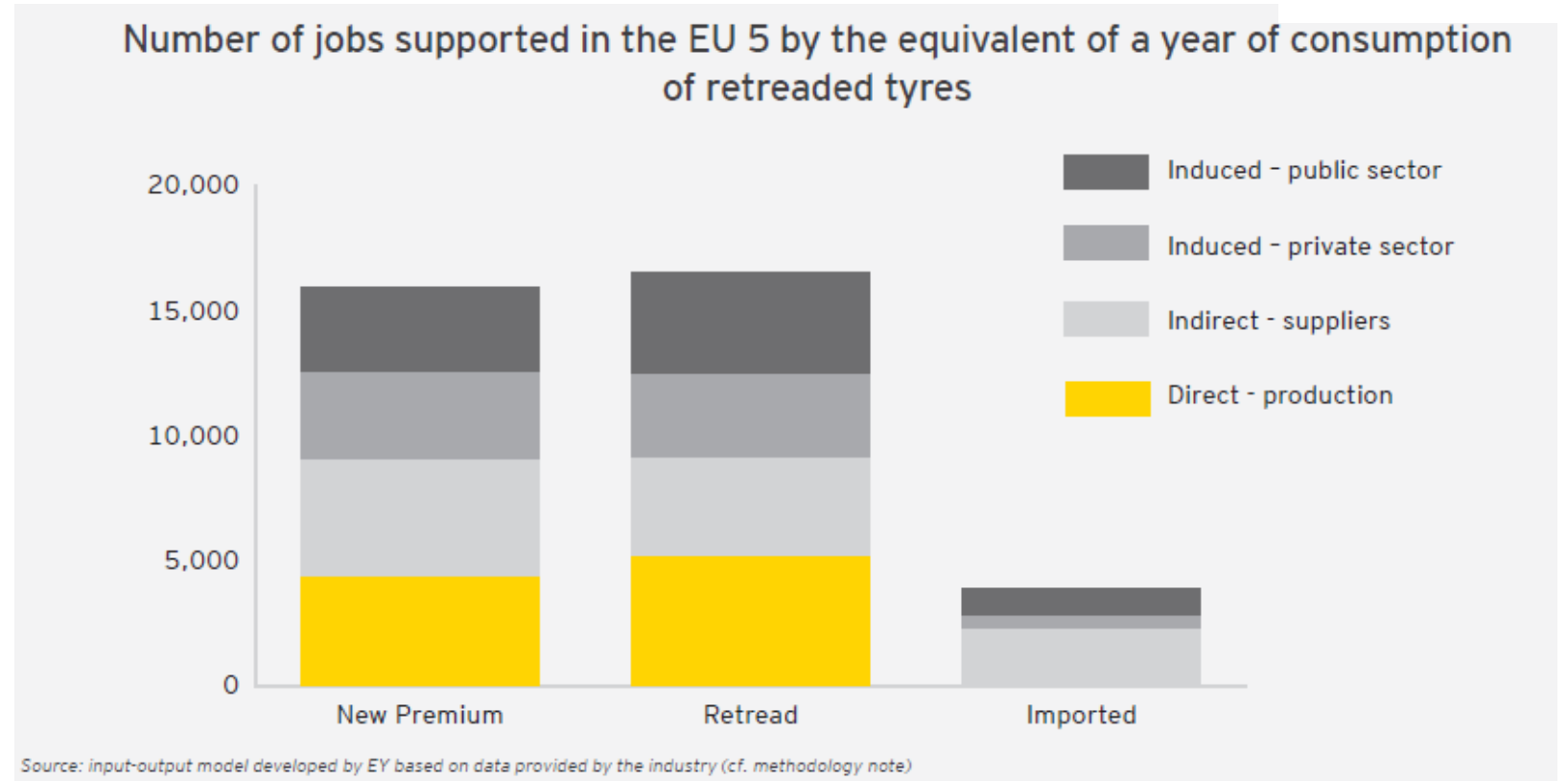
Source: socio-economic benefits based on an input-output model developed by EY based on data provided by the industry; environmental benefits based on a life cycle analysis (cf. methodology note)

\* source: The socio-economic impact of truck tyre retreading in Europe by EY; October 2016

# Social impact



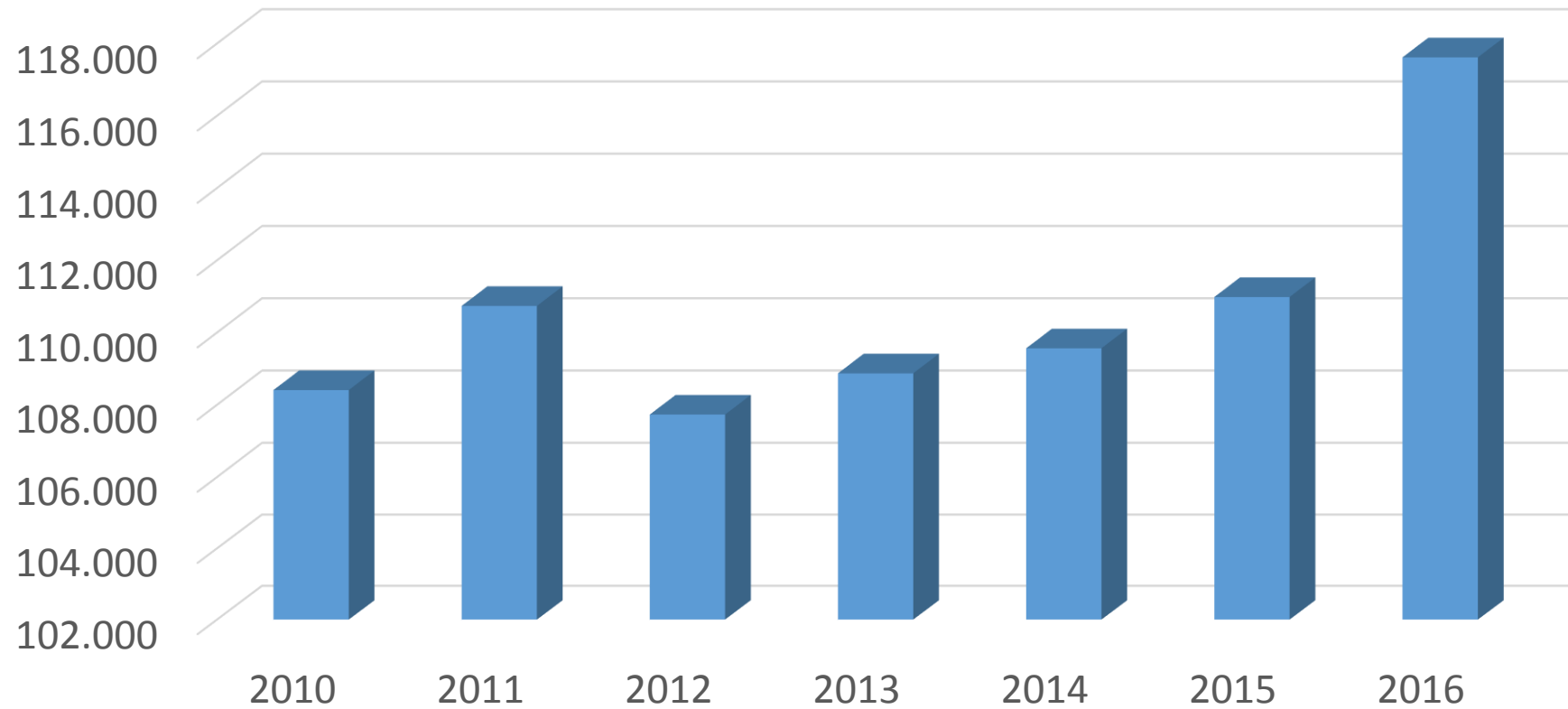
Source: input-output model developed by EY based on data provided by the industry (cf. methodology note)



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# Market volume EU27

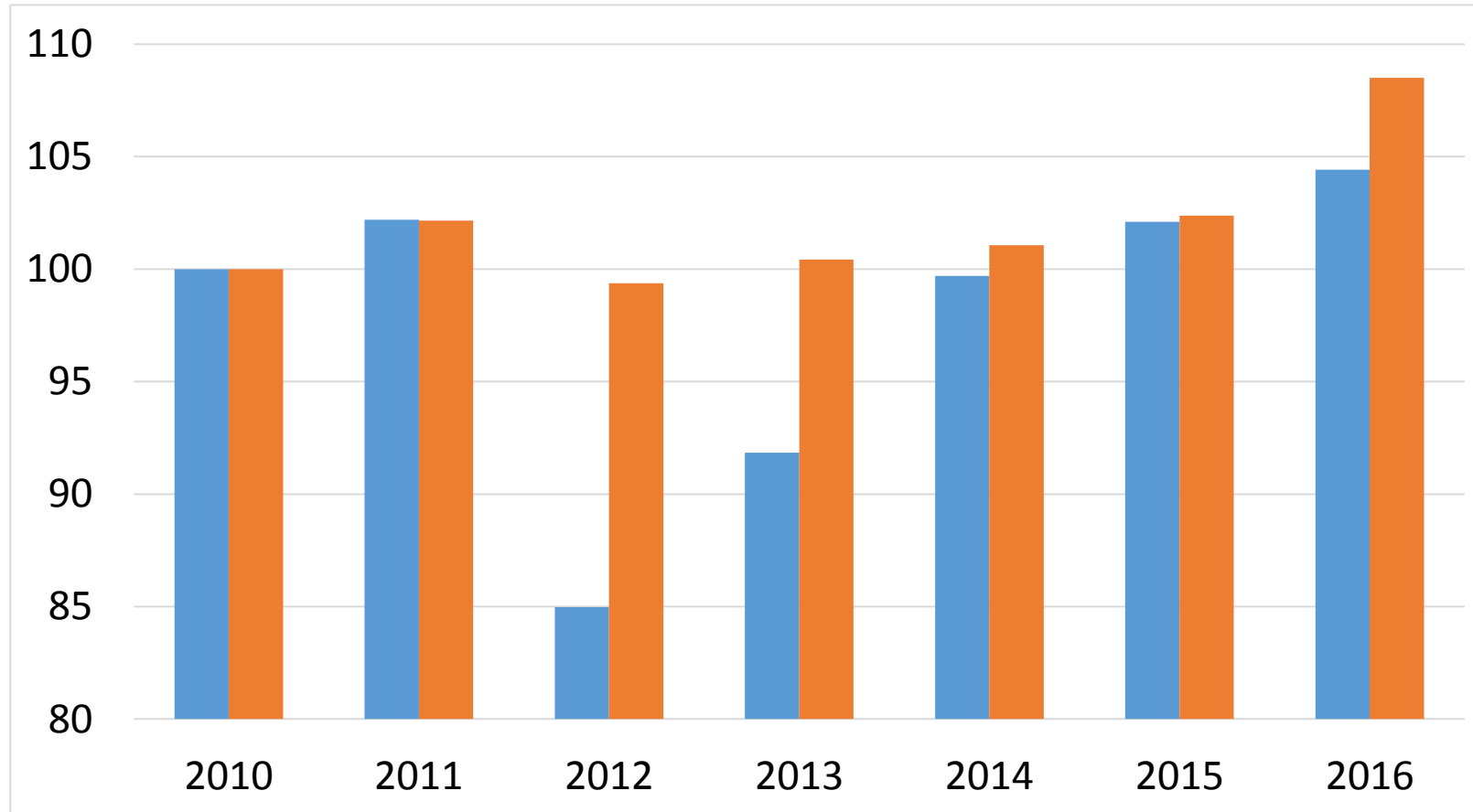
Annual road freight transport (Mio Veh-km)



\* source: Eurostat



# Market volume EU27



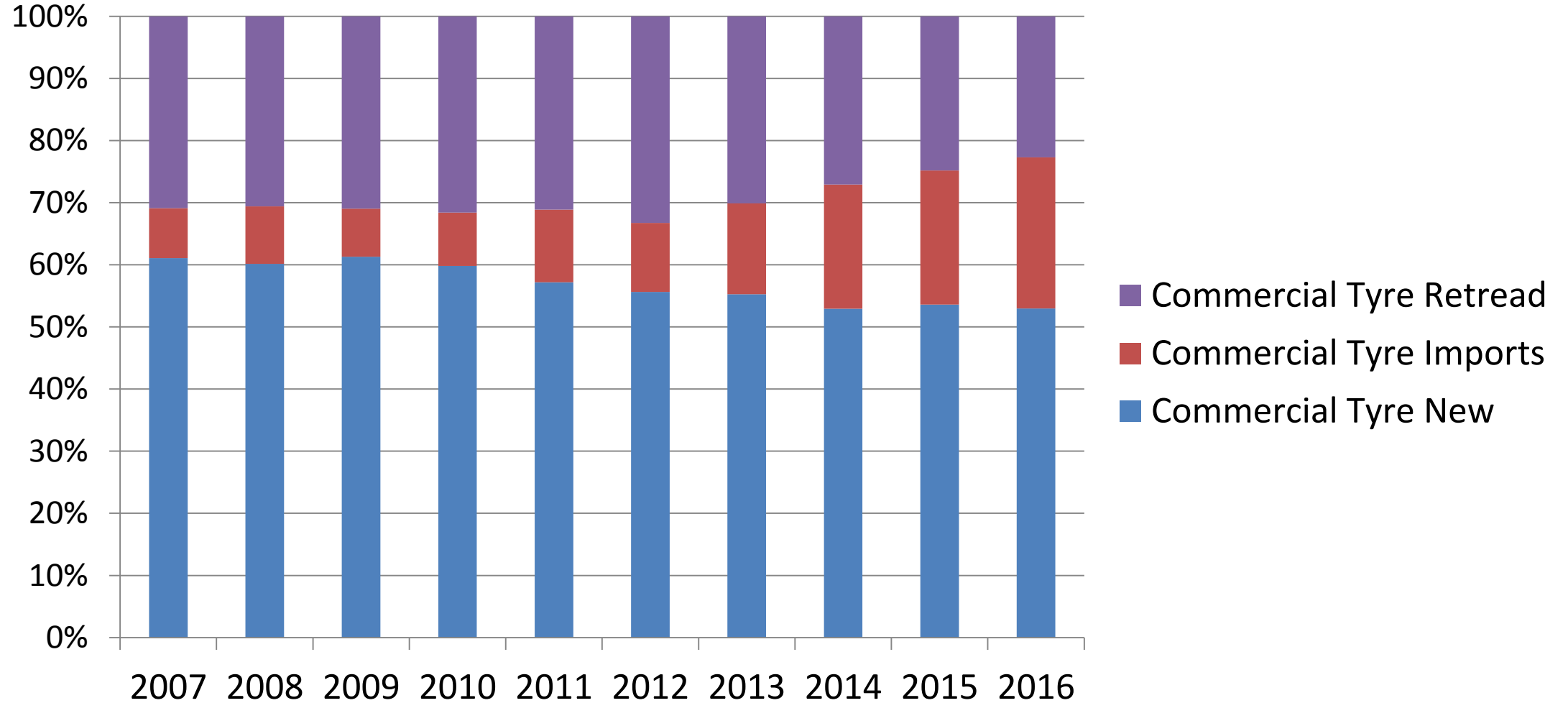
\* Index: 2010 = 100. Blue = commercial tyre sales , red = road freight transport km's

# The EU commercial tyre market



European Commercial Tyre Market					
1.000 Units	Commercial Tyre New	Commercial Tyre Imports	Commercial Tyre Total	Commercial Tyre Retread	Totals
2007	11.453	1.503	12.956	5.796	18.752
2008	10.050	1.550	11.600	5.114	16.714
2009	8.895	1.119	10.014	4.495	14.509
2010	10.411	1.494	11.905	5.499	17.404
2011	10.172	2.081	12.253	5.532	17.785
2012	8.225	1.643	9.868	4.920	14.788
2013	8.830	2.343	11.173	4.811	15.984
2014	9.180	3.470	12.650	4.700	17.350
2015	9.522	3.839	13.361	4.408	17.769
2016	9.626	4.423	14.049	4.124	18.173
Source: EUROSTAT		Commercial Tyre New = Manufactured in Europe			
		Commercial Tyre Imports = Manufactured in China			

# The EU commercial tyre market



# Reported closures of retreaders per country since 2014



Country		Country	
D	13	DK	1
UK	3	HR	2
A	2	HU	4
F	3	BG	4
SE	4	RO	5
FIN	4	IT	13
PT	5	CZ	3
ES	9	<b>Total</b>	<b>75</b>

**Appr. 20% of the independent retreaders closed within 3 years.**

# Anti-dumping and anti-subsidy



## Anti-dumping procedure

- **Complaint launched 30-7-2017**
- **Supported by >45% of new and retreaded truck and bus tyre manufacturers in Europe**
- **Investigation started 11-8-2017**
- **Sampling of:**
  - **11 EU producers (new and retread)**
  - **4 exporting producers in PRC**
- **Brazil selected as analogue country**
- **Registration regulation per 3-2-2018**
- **Provisional measures per 8-5-2018**
- **Definitive measures latest per 10-11-2018**

## Anti-subsidy procedure

- **Investigation started 14-10-2017**
- **No provisional measures**



# Product scope and segmentation

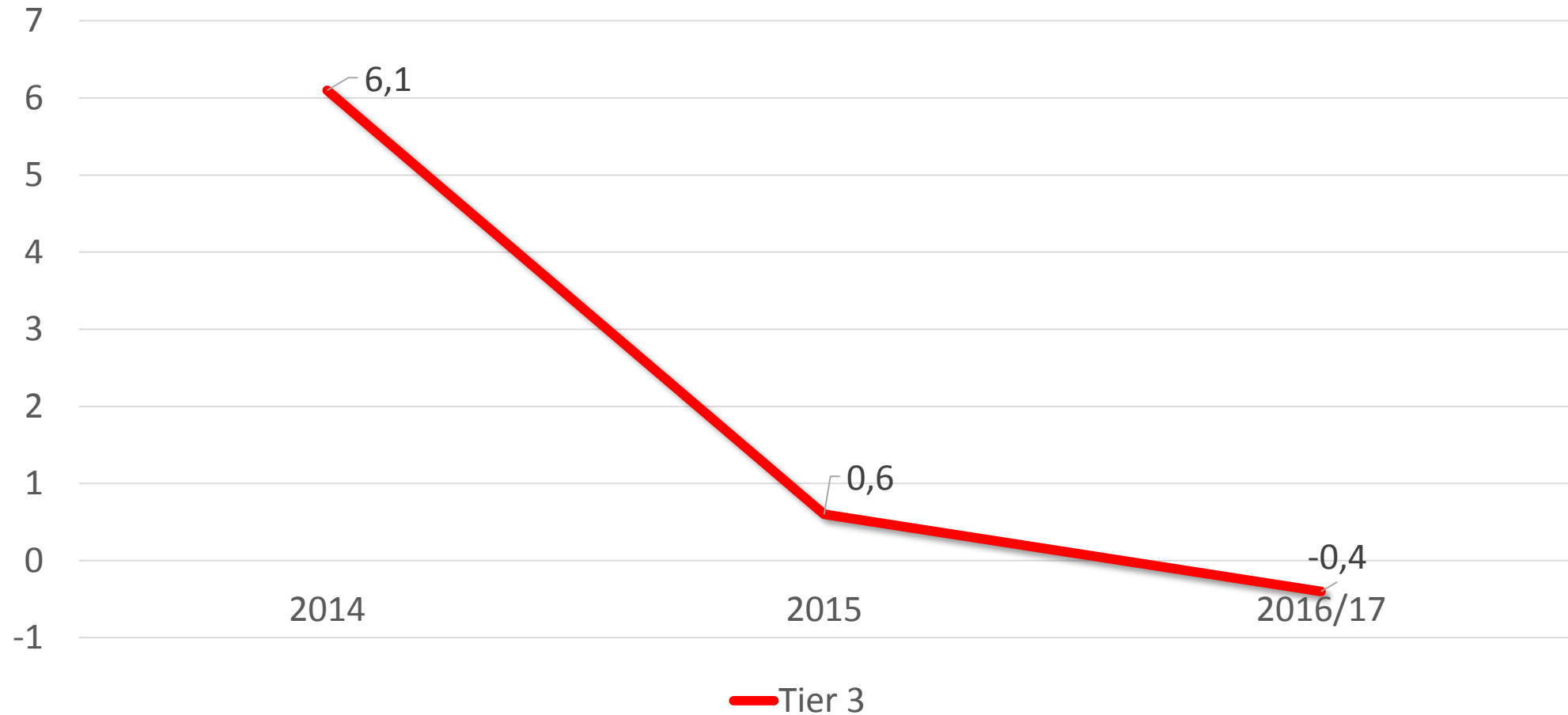


- **Bus and lorry (= truck) tyres, load index >121**
- **New and retreaded**
- **Segmentation into 3 tiers, based on price, retreadability, use for OE, mileage, marketing and after sales service:**
  1. **Premium new, designed for multi-life**
  2. **Non-premium, new and retreaded**
  3. **Budget, new and retreaded (independent)**



# Profitability of sales in EU

Profitability per tier (% of sales turnover)



\* source: European Commission

# Conclusions of the EC



- **“...the Union industry as a whole has been under intensive pressure.” (208)**
- **“Market share was gained by imports [ ] at the expense of the Union industry, irrespective of segmentation, resulting in over 4 200 jobs lost.”**
- **“The negative development was most felt in the tier 3 where many SMEs retreaders exited the market and could not benefit from the economic recovery in the sector, which was ultimately captured by the low-priced imports.” (209)**
- **“The losses of tier 3 are not sustainable and put the survival of the entire retreading activity in the Union at risk.”**



# Provisional measures

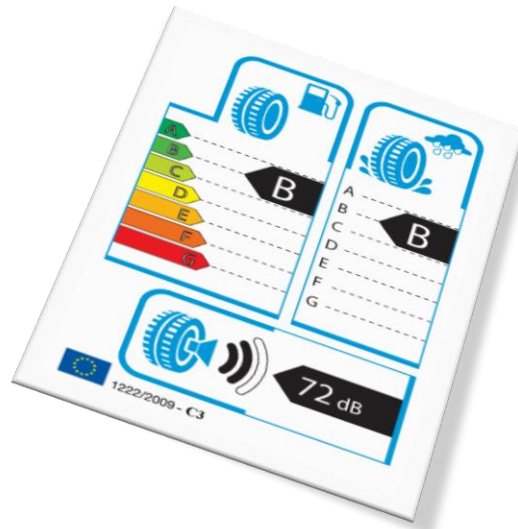


- **Provisional, fixed duties ranging from € 52,85 - € 82,17 per tyre**
- **Duties differ per manufacturing company, regardless of segment/tier, brand or product type/size**
- **Introduction of separate codes for import of tyre fitted wheels**
- **Continuation of registration**
- **Retroactivity undecided**

# Regulatory developments



- **Labelling for retreads**
- **3PMSF (snowflake) testing/marketing for retreads**



# Labelling for retreads



- **On 17-5-2018 the EC proposed amendment of Regulation 1222/2009 (tyre labelling)**
- **Allows inclusion of retreaded tyres, once an appropriate test standard is finalized**
- **Working Group of BIPAVER/ETRMA/ETRTO still working on this**
- **Rolling resistance is most difficult to determine**

# 3PMSF-marking for retreads



- **Update of R109 has passed GRRF in February:**
  - **more details about application for R109 extension**
  - **document management and COP/responsibilities**
- **Supplement of R108 has also passed GRRF**
  - **until supplement of R108 is ratified, there is no legal base to test/mark passenger retreads, but national winter tyre regulations demanding 3PMSF are already in place**

# National support mechanisms



## Italy:

- **Law of December 21st 2001 n. 448 (clause 52, subsection 14): all public institutions in Italy have to reach a **quote** > 20% with retreads of their tyre purchases (car, LT, TBR)**
- **the Italian association AIRP is actually trying to achieve a **tax relief** for retreads to support their use in private fleets but the approval is still outstanding**

## Germany:

- **Funding program “**De-minimis**” of BAG (Federal Office for Freight Transport) for German Hauliers with vehicles > 7.5 t, registered in Germany for various safety, ecology or efficiency improving measures (varying every year)**
- **Funding limited to 2.000 €/Veh. and 33.000 €/company-**
- **Scheme for retreads (in 2017): 40% of net purchasing cost, max. 80% of net cost if retread has “M+S” on not driven axles or “3PMSF” marking on all axles**

# Other support mechanisms



## The Netherlands

- Since March 2017 retreading is part of the guidelines for **public procurement** of transport services

## Finland:

- **Financial benefits** on recycling costs:  
7.65 € for new TBR tyres (net)  
4.60 € for retreads incl. casing  
0 € for customer own casing retreads
- All public institutions normally quote for retreads, but no general rules apply

**Other mechanisms? Please report them to BIPAVER!**



**Thank you for your attention!**