



## High PAH Oil restriction in tyres

(1) Implication of the restriction for the EU -tyre industry

(2) ETRMA analysis & proposals to strengthen market surveillance

October 6 2011





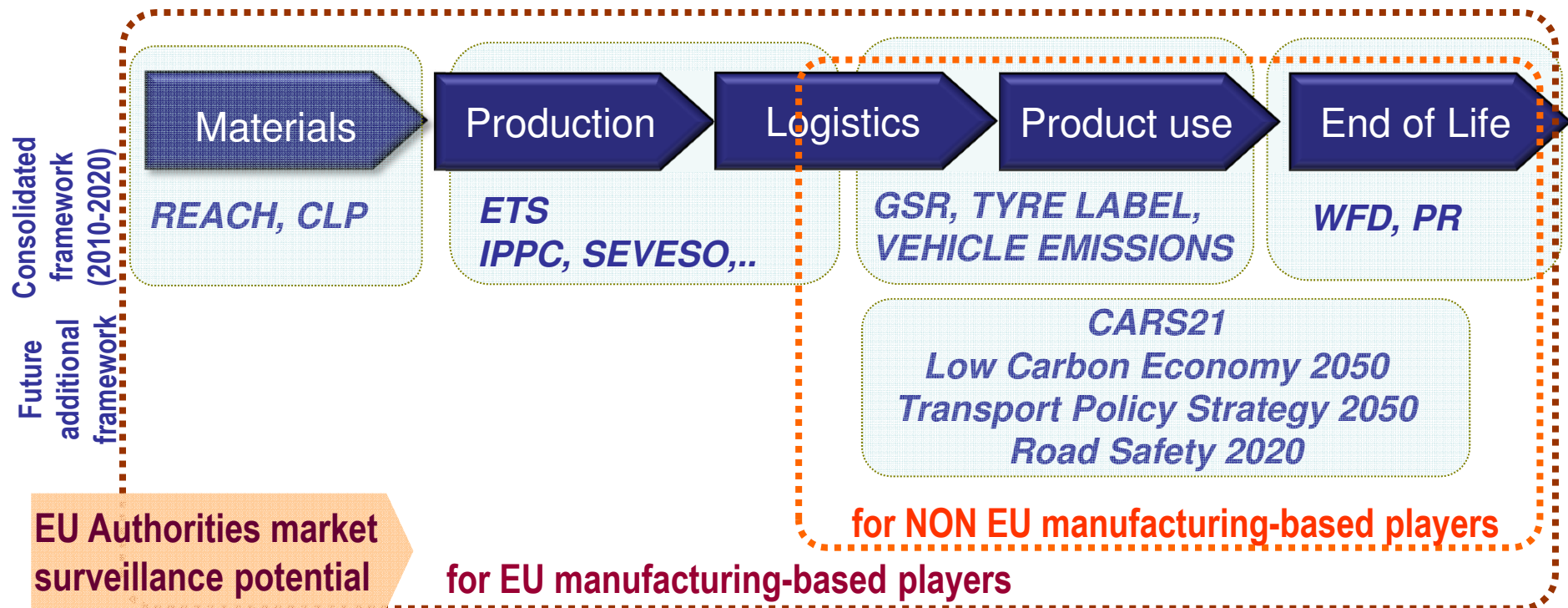
## General Principle

Current and forthcoming EU regulatory framework on the automotive sector, especially with regard to safety and environment, is an unprecedented challenge and an opportunity for both industry and consumers to contribute to EU goals.

Proper enforcement of this regulatory framework should be an integral part of it, in order to ensure the competitiveness of the EU market.

# EU: a challenging regulatory framework playground

- ETRMA supports the overall vision of EU policies on health, safety and environment.
- The rubber and tyre sector, like others, is indeed facing unprecedented regulatory challenges, especially from 2010 onwards.
- The same industrial sector, could be, directly or indirectly, significantly impacted by various regulatory policies AT ALL LEVELS OF BUSINESS.
- The potential market surveillance activity is necessarily different according to the location of the manufacturer .





## A case study: restriction of high-PAH oils in tyres

- The EU **REACH** Regulation\* **prohibits the use of so-called “PAH-rich” extender oils in tyres** produced after **January 2010**.
- Extender oils used in tyre production, are derived from refining in the petrochemical industry. Their function is to **facilitate the processing** of the rubber compounds from which tyres are made. Extender oils significantly affect the **technical performance of the tyre**, in particular for its road adherence (or grip) and wear properties.
- **Switching from PAH-rich extender oils to cleaner oils required significant R&D efforts**, leading to the reformulation of the various rubber mixes in the tyre in order to maintain the crucial adherence and wear properties of the tyre (anticipating the more stringent rolling resistance and wet grip requirements of 661/2009 & 1222/2009)
- Producers of tyres throughout the EU stopped using the prohibited PAH-rich oils well before the EU marketing ban took effect on 1 January 2010.

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\* EC REGULATION 1907/2006 Annex XVII, entry 50 (repealing, EU Directive 2005/69/EC, amendment of 76/769/EEC)



## We need fair competition

- Extender oils:
  - Are used to facilitate the **processing of the rubber compounds**.
  - Are an essential component in the technical performance of the tyre, in particular for its **road adherence** (or grip) and **wear properties**, and ensure that tyres wear out more slowly
  - Contribute directly to the **quality of the tyre** and ultimately **driver safety**.
- A transition from PAH-rich oils to alternative oils (including oil extended polymer production) was a **great challenge requiring significant efforts**:
  - **chemical re-engineering**,
  - extended laboratory tests and complete **tyre tests and homologation**,
  - important changes to the **manufacturing process**



**Significant investment of  
over €100m from ETRMA members**



## Challenging rules require control

Stringent new policies are stimulating industry and consumers towards a better environment, but are meaningless or could even be severely detrimental for the fair players if not enforced.

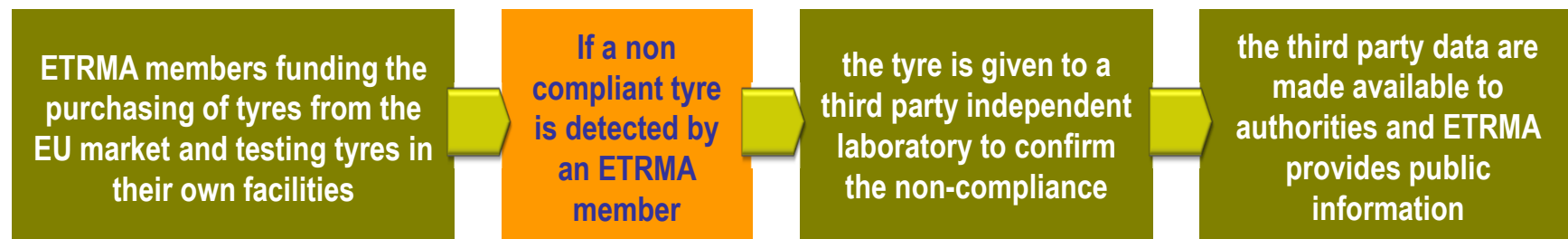
EU enforcement is suffering in general because:

- **Verification criteria and penalties differ** because implemented at local level under national laws
- National and EU **budgetary constraints** hinder market surveillance initiatives
- In some cases **limited awareness** of responsible authorities, about opportunities and practical actions that can be put in place to ensure a “compliant market” as well as a level playing field.



## ETRMA Actions

With the aim of ensuring a level playing field and compliance with the law,  
ETRMA proactively conducted a test program





## RESULTS of the ETRMA test campaigns (1/3)

- 204 tyres tested (produced from both EU and non EU countries)
- 339 tests
- Tyres purchased from available stocks at consumer retail outlets in major EU tyre markets
- Tyre segments: passengers, light truck, truck, motorcycle, earthmover, industrial, agricultural
- All tyres produced after 1st January 2010; in the second round, tyres were produced late 2010 and even early 2011.

	<b>1<sup>st</sup> Round</b> September 2010 February 2011	<b>2<sup>nd</sup> Round</b> April 2011 September 2011	<b>Total</b> September 2010 September 2011
Tyres	110	94	<b>204</b>
Brands tested	45	51	<b>75</b>
Number of Tests	185	154	<b>339</b>
Manufacturing Countries	16	11	<b>20 (EU -10)</b>





## RESULTS of the ETRMA second test campaigns (2/3)

ETRMA dossier number	Brand Name	Made in	Country of purchase	Year/week of manufacture	Plant Code <sup>1</sup>	Tyre Size	Non compliant parts of tyre
<b>Passenger Car Tyres</b>							
111	Linglong	China	Italy	2010/34	0U	165/70 R14 81T	SIDEWALL
136	Linglong	China	Germany	2011/15	0U	195/60R15 88H	TREAD
160	Fullway	China	Italy	2010/47	83	205/65R15 94V	TREAD
204	Fullrun	China	Germany	2010/40	83	175/65R14 86T	TREAD, SIDEWALL
<b>Truck</b>							
140	Torque	China	UK	2011/16	83	295/80R22.5	TREAD, SIDEWALL
178	Chengshan	China	Germany	2011/4	4Y	385/65 R 22.5	SIDEWALL
179	Boto	China	Germany	2011/20	80	385/65 R 22.5	SIDEWALL
182	Austone	China	Germany	2010/51	4Y	385/65 R 22.5	TREAD, SIDEWALL
<b>Motorcycle</b>							
113	Golden Tyre	THAILAND	Germany	2010/31	1S	3,75-19	SIDEWALL, BEAD FILLER



## RESULTS of the ETRMA test campaigns (3/3)

- Both testing campaigns have confirmed that more than 10% **of the tyres tested are found non-compliant**. These are the results determined by independent certified laboratories according to ISO 21461 → The second TESTING PROGRAMME confirms **millions of imported tyres continue to flood European markets**
- In the second round, some non-compliant tyres were from brands (Fullrun, Linglong) which were already found non-compliant in the first round. In addition, one factory (DOT plant code “83”, which belongs to Shandong Hengfeng Rubber and Plastic Co. and is located in Guangrao Country, Shandong, China) has been shown to be systematically non-compliant with five tyres tested from four different brand names, both in passenger car and truck tyres.



## Specific results of the ETRMA test campaigns

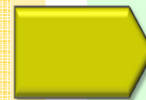
		1 <sup>st</sup> Round			2 <sup>nd</sup> Round		
		Total	Non-compliant	Share of Non-compliant	Total	Non-compliant	Share of Non-compliant
<b>Tested tyres</b>		<b>110</b>	<b>12</b>	<b>≈11%</b>	<b>94</b>	<b>9</b>	<b>≈10%</b>
<b>SEGMENT</b>	Passenger Car	72 (65%)	10		53 (56%)	4	
	Light Truck	28 (25%)	1		1 (1%)	0	
	Motorcycle	5 (5%)	0		2 (2%)	1	
	Truck	4 (4%)	1		11 (12%)	4	
	Earth Mover	1 (1%)	0		0 (0%)	0	
	Agricultural	0 (0%)	0		15 (16%)	0	
	Industrial	0 (0%)	0		12 (13%)	0	



# Market Surveillance –

## overcoming the constraints: ETRMA proposal

- **Verification criteria and penalties differ** because implemented at local level under national laws
- National and EU **budgetary constraints** hinder market surveillance initiatives.
- **Limited awareness** by responsible authorities, about opportunities and practical actions that can be put in place to ensure a “compliant market” as well as a fair playground



- EU or joint EU-industry case-specific **guidelines** to MS on verification criteria, facilities where to find expertise, how to perform the surveillance, possible PENALTIES
- Public-private **co-funded initiatives** for market surveillance: it is in the interest of both industry and authorities to identify:
  - resources
  - sampling criteria to balance cost and significance of surveillance
- Public-private co-funded awareness **campaigns** to stimulate all EU countries market surveillance actions. We have evidence of effectiveness of such initiatives.




## Market Surveillance for tyres: ETRMA future action plan

### Objective

Set a long term strategic compliance campaign stressing the importance of quality tyres

### Targets

Oil restriction → Tyre labelling → Type approval  
2010  2014

ETRMA calls for compliance with the EU legislation by everyone, both EU manufacturers and importers, ensured by consistent monitoring measures

Legislation, once it enters into legal force, must be effectively enforced on the market.

Surveillance should be achieved also through the **cooperation between EU and national authorities**, with support from the Industry, where possible

### Surveillance without sanctions?