

## European Tyre and Rubber Industry Recommendations on an EU industrial action plan for the automotive sector

The **European Tyre and Rubber Manufacturers Association (ETRMA)** strongly supports any effort to ensure a competitive and sustainable future for the European automotive industry and welcome the possibility of sharing its views on EU industrial action plan for the automotive sector.

**The European tyre industry has been a stronghold of European manufacturing, with a total contribution of close to €44 billion to the EU GDP and creating a total employment of nearly 500,000 people.** It is an innovation driven sector with **more than 20,000 patents developed**, with direct effects on tyres' contribution to the decarbonisation and safety of transport. Through these efforts, it became, and it remains **the most advanced tyre industry in the world, with a local presence in 16 Member States**, without including the smaller retreading operations across Europe<sup>1</sup>

**Recognising that the tyre and rubber sector is crucial for the automotive sector and the mobility ecosystem at large is our priority.** Tyres are not like any other component of the vehicle, which drivers may never have to interact with. Tyres are **changed on average four times in the lifetime of a vehicle**, and on them **depends the performance of the vehicle when it comes to safety, impact on environment and consumption.** This is why they should be considered as a consumer product as well as a component, for which the consumer has the responsibility of choice as well as of maintenance.

**As many other industries of the automotive value chain, high energy, labour and raw material costs, paired with strong price competition from tyres produced outside the EU, have negatively impacted the competitiveness of our industry.** The announced closure of 8 tyre plants in Europe affecting more than 4800 people in past eighteen months coupled with the decrease in the market share of our members on the European market is a clear sign of this crisis and of the need to revert this trend.

**ETRMA would like to share the following recommendations** for each of the workstreams under the proposed EU industrial action plan for the automotive sector. These recommendations might not be no silver bullet, but they aim at creating a legislative environment that will be conducive to a gain in competitiveness, minimising the bureaucratic burden as well as promoting a **wider EU Automotive Action Plan, that considers the whole automotive supply chain as strategic.**

ETRMA stands ready to continue this reflection together with the European Commission in the upcoming months to ensure that this automotive strategy considers the **specificities of the tyre industry** and solves the **common challenges within the whole automotive value chain.**

### Clean transition - Promote best-performing tyres and tackle the high energy costs for the industry

#### **Promote best-performing tyres to reduce emissions and enhance safety**

- **Objective:** Encourage the use of best-graded tyres through **public procurement and financial incentives for consumers** (e.g., Germany introduced de minimis incentive scheme for best performing truck tyres<sup>2</sup>) as well as **consumer awareness campaigns.** Initiatives on **greening corporate fleet should include this aspect** as well as a possible revision of the Clean Vehicles Directive. Incentives designed to support decarbonisation of transport or the uptake of EVs should include supporting the demand of best graded tyres.

- **Rationale:** Best performing tyres can improve road safety, reducing stopping distances by up to 4 cars lengths, and **decrease CO2 emissions by 4 million tonnes a year, the equivalent of removing 1.3 million passenger cars from EU roads annually** (European Commission)<sup>3</sup>.
- **Impact:** Immediate benefits in terms of reduced carbon emissions and improved safety standards across the EU, supporting both decarbonisation and the EU goal to reduce road deaths to zero by 2050<sup>4</sup>.

#### Reduce energy costs of the tyre industry and help achieving a level playing field

- **Objective:** Introduce financial and regulatory incentives to tackle the high energy costs of the energy intensive industries, including downstream industries.
- **Rationale:** The tyre industry has a low ability to pass on the costs. Consumers are our direct customers for 70% of our replacement market - and they tend to make their purchasing choices based on price rather than performance. Furthermore, it is estimated that, in 2019, the production cost for a tyre was on average around 100 euros (indexed baseline) in Asia, 127 euros in the United States, and 134 euros in Europe. **In 2024 the same production in Europe has reached 191 euros compared to 176 in the US, while in Asia the cost remained the same**<sup>5</sup>. This results in a critical loss of competitiveness for the European tyre manufacturing based in Europe.
- **Impact:** Increase the competitiveness of the tyre industry by **lowering production costs linked to the energy consumption**.

### Technological and Digital Innovation – Establish sector-specific regulation for access to in-vehicle data

#### Establish a sector-specific regulation for access to in-vehicle data to boost innovation and enhance safety.

- **Objective:** Unlock the **potential of the data economy in the entire automotive ecosystem** to allow industry stakeholders to harness this information for innovation in transport safety and efficiency
- **Rationale:** Sensor-equipped tyres provide valuable data on road conditions, tyre status, driving patterns, and more (e.g., [Tyre Pressure Monitoring System \(TPMS\)](#); Tyre damage and road pothole mapping; Tyre wear & predictive maintenance; Remote tyre monitoring system for cargo van fleets). By enabling regulated and safe access to this data, businesses can **develop services that enhance predictive maintenance, fleet management, and eco-driving, benefiting both private users and public authorities**. Unlocking this proposal, **already part of the previous European Commission's work**<sup>6</sup>, will allow the development of new services for European drivers and consumers with a direct impact on the performance of tyres both in terms of safety and environmental performance.
- **Impact:** Facilitates a **safer, more efficient transport ecosystem while supporting the EU's goals for digital competitiveness and sustainability**. Empowers consumers to take active responsibility for their driving and safety.

### Industrial Value Chain - Support industry value chain strengthening its supply chain

#### Keep the European automotive value chain competitive through a balanced approach in CBAM

- **Objective:** Avoid further increasing the costs of producing in Europe and losing competitiveness by expanding the list of materials included under CBAM, particularly in case this would not be accompanied by the expansion to the corresponding finished products.
- **Rationale:** Expanding CBAM to cover materials intensively used in the tyre industry, such as carbon black and synthetic rubber, would further **increase the costs of producing in Europe at a time**

where our industry will lose access to free allowances. This would result in a **double direct impact on tyre manufactured in the EU**, whilst tyres coming from third countries would not have to bear any of these extra costs widening the competitiveness gap in terms of prices.

- **Impact:** Help European tyre manufacturers to **avoid severe financial and operational difficulties**, potentially leading to reduced production in Europe, **job losses, and increased reliance on imports from regions with lower environmental standards.**

#### **Support the European automotive value chain with ad hoc strategy on key raw materials, such as natural rubber**

- **Objective:** Develop an **EU Rubber Strategy** to secure supply chain of raw materials such as natural rubber, including it in list of critical raw materials.
- **Rationale:** **Rubber is essential for tyres and numerous automotive components**, collectively weighing as much as the four tyres combined. With natural rubber being grown exclusively outside of the EU and Russia being traditionally a heavy weight in the production of synthetic rubber, complementary strategies need to be put in place to **ensure a smooth implementation of the EUDR and to support the availability of Rubber** – whether natural or synthetic - in the European market by monitoring the market and supporting the circular economy.
- **Impact:** Ensure the **long-term strategic autonomy of the EU rubber market.**

### Skills and Social Considerations - Support upskilling and reskilling of the industry

#### **Enhance workforce upskilling and reskilling in the twin transition**

- **Objective:** Equip the current and future workforce with the skills required to meet increasing demands for automation, digitalisation, and sustainable material use within the tyre industry. Keep funding projects that are supporting these goals (e.g., Chemskills<sup>7</sup>, TRIEME<sup>8</sup> EU funded projects) and make further use of the **Automotive Skills Platform** when devising skills strategies for the EU.
- **Rationale:** **Upskilling in areas like circular economy, sustainable raw material sourcing, and digitalisation will ensure a resilient and competitive workforce.**
- **Impact:** Prepares the sector for the **demands of the green and digital transitions**, contributing to employment security and industry adaptability.

### Trade - Boost European competitiveness through trade and market access

#### **Encourage FTAs and tackle TBTs to boost European exports towards global markets**

- **Objective:** Achieve fair and open access to global markets for European tyres, with a focus on emerging high-growth regions like **India and Indonesia.**
- **Rationale:** EU tyre manufacturers face restrictions such as import quotas and local content requirements, which hinder access to expanding markets. **Promote free trade through FTAs**, but also **fair trade through trade defence instruments** and **addressing technical trade barriers (TBTs)** is essential for maintaining EU market share and competitiveness.
- **Impact:** Supports a **level playing field and safeguards European jobs**, contributing to economic resilience and strengthening the EU's position in global trade.

### Simplification - Avoiding Double Regulation and Prioritizing Global Standards

#### **Align with well-established international rules, simplify and clarify EU rules**

- **Objective:** simplify the tyre regulatory environment through complementary strategies:

1. The tyre industry is global and is heavily regulated at UN level (e.g. UNECE). **Favour the use of the UN regulations and align with them both in terms of objectives and timelines.** Ensure the shortest transposition timing for UN Regulations. These are extensively discussed at UN by all stakeholders, and in most cases do represent a competitive factor for the EU industry.
  2. **Simplify rules where implementation is complex: the EU Deforestation Regulation is a good example,** where the reporting obligations down the supply chain could be eased both in terms of transactions within the same Group and in terms of responsibility of players further down the value chain.
  3. **Clarify definitions to avoid double regulation (e.g., definition of plastic and rubber)** to ensure that legislations are designed and assessed, for the industry they mean to target.
  4. **When implementing tyre regulations, use the date of production (clearly visible on the tyre sidewall) instead of the date of placing on the market.**
- **Rationale:** Tyres are the most regulated part of the vehicle, covering safety, environmental emissions and circularity, from the way you produce tyres to its end of life, passing through its use and performances. When designing further regulations, there is the need to **ensure that the right products are targeted, impact assessments are meaningful, international legislation is leveraged, and that implementation is simplified by taking into account the specificities of our industry.** This will help avoiding fragmentation and ensure European tyre manufacturers remain competitive on international markets.
  - **Impact:** Reduce implementation costs, and legal uncertainties making investing in R&D and producing in Europe more attractive.

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<sup>1</sup> <https://www.oxfordeconomics.com/resource/the-economic-impact-of-the-eu-tyre-manufacturing-industry/>

<sup>2</sup> <https://www.bohnenkamp.com/detail/n/de-minimis-foerderung-jetzt-bis-zu-80-prozent-zuschuss-fuer-lkw-reifen/>

<sup>3</sup> [https://road-safety.transport.ec.europa.eu/eu-road-safety-policy/priorities/safe-vehicles/tyres\\_en](https://road-safety.transport.ec.europa.eu/eu-road-safety-policy/priorities/safe-vehicles/tyres_en)

<sup>4</sup> <https://institutdelors.eu/en/publications/the-road-to-a-new-european-automotive-strategy-trade-and-industrial-policy-options/>

<sup>5</sup> [https://videos.senat.fr/video.4971215\\_67908c457f43e.crise-de-la-filiere-automobile--audition-du-groupe-michelin-](https://videos.senat.fr/video.4971215_67908c457f43e.crise-de-la-filiere-automobile--audition-du-groupe-michelin-)

<sup>6</sup> [https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/13180-Access-to-vehicle-data-functions-and-resources\\_en](https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/13180-Access-to-vehicle-data-functions-and-resources_en)

<sup>7</sup> <https://www.chemskills.eu/>

<sup>8</sup> <https://project-tireme.eu/>