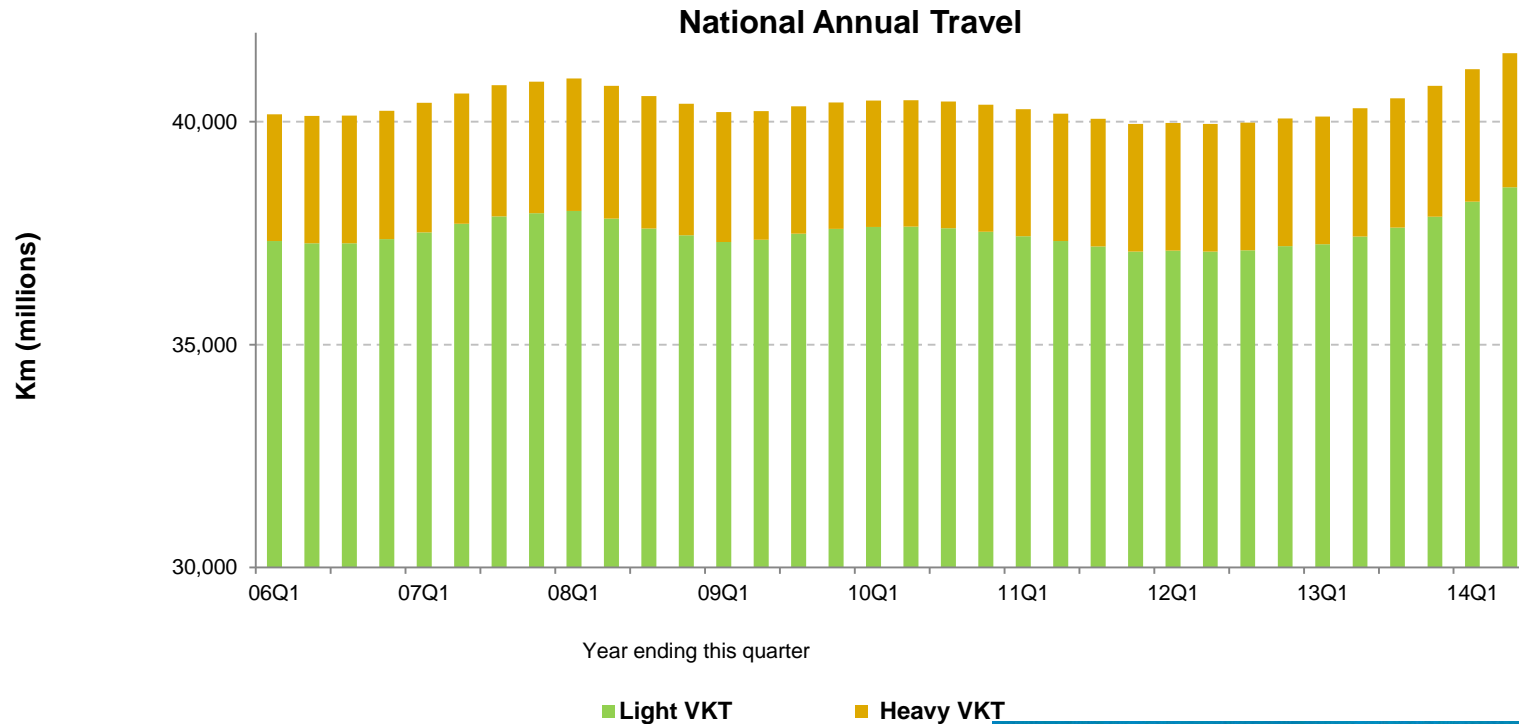


# NEW ZEALAND ELT 2017 MARKET FEEDSTOCK



# NZ TYRE MARKET IS MATURE

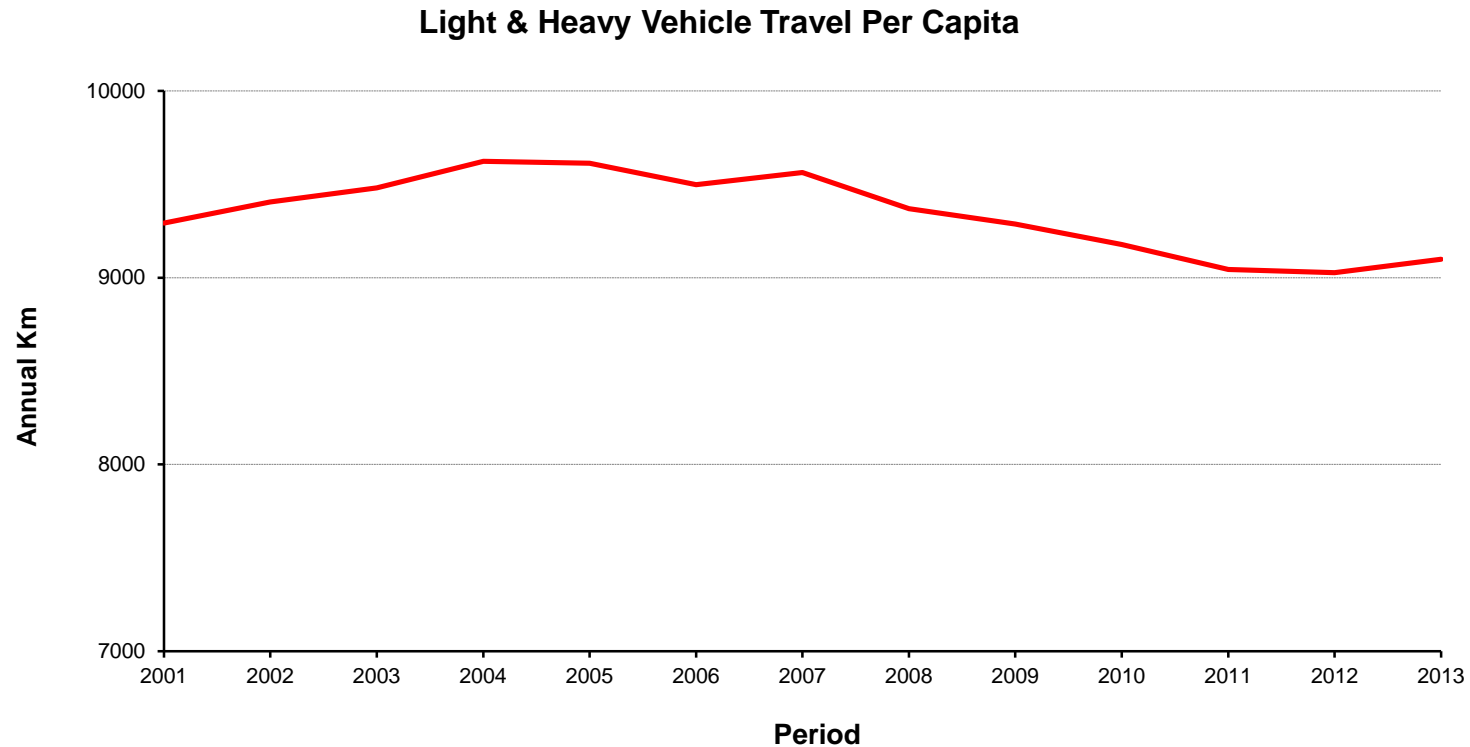
- Car park 100% radialised
- 1% car travel growth over last 12 years



Source: Ministry of Transport

# NZ TYRE MARKET IS MATURE contd

➤ **Average mileage low and reducing**



Source: Ministry of Transport

## HOWEVER THE CAR PARK HAS BEEN CHANGING

- **Trend toward smaller, lighter, fuel efficient vehicles**

	2007	2012
Under 1400cc	9.6%	15.3%
1401 to 2500cc	49.6%	50.5%
2501cc and over	40.8%	34.2%

Source: NZTA

- **But a significant increase in SUV sales**
  - **Taller diameter**
  - **Taller sidewalls**
  - **Heavier**
  - **Sometimes heavier belt packages, body ply, etc**

## W.O.F. WILDCARD

- **Vehicles < 3 years old: change from 12 to 36 months**
- **Vehicles > 3 years old: change from 6 to 12 months**
  - **NZ private car owners habitually service at WOF time**
  - **Service period is now extended by default**
  - **Government effort to communicate changes -TWIRL**
  - **Promised enforcement has not been visible**
  - **Anecdotal, tyres are being left running longer**
  - **Deteriorating tyre condition observed –**
    - **Reduced tread depth**
    - **Visible overlay**
    - **Visible steel belt edges**



## W.O.F. WILDCARD

➤ **If indeed current anecdotal evidence is indicative of future tyre removal patterns, there are potential outcomes -**

- **A volume reduction of car tyre feedstock**
- **A reduction of total tread rubber**
- **Water damaged / rusted belts**



## FUEL EFFICIENT TYRE WILDCARD



- The Energy Efficiency Conservation Authority in conjunction with the NZ tyre industry launched the voluntary Energywise F.E.T. initiative in October 2014
- The program objective is to move buying behaviour from standard to fuel efficient tyres – from current 6% SOM to 12% by 2016



## FUEL EFFICIENT TYRE WILDCARD



- Such conversion will in greatest probability be at the expense of lower cost tyres
- The downstream potential is an increase in average tyre life, potentially reducing the available feedstock
- However, early days. It will take time to modify behaviour and understand potential downstream feedstock effects





## FUEL EFFICIENT COMMERCIAL TYRES

- **A different beast. There is interest, but there are challenges –**
  - **NZ configurations are significantly different to other territories**
  - **Tyre sizes used are generally outside mainstream EU and NA FET**
  - **NZ regional and rural operators require lug tyres for winter traction**
  - **NZ operators are wed to both deep tread designs and retreading to optimise tyre cost/km**
  
- **If there is an uptake of FET commercial tyres, a fair assumption is the ELT feedstock will increase, as current technology broadly relies on FE compounds with lighter, shallower and less aggressive pattern designs than used by many regional and rural operators.**
  
- **Conversely, uptake in fleet driver training programmes focussing on fuel efficient driving behaviour and tyre pressure maintenance will directly influence tyre life, with consequent usage reduction**

## INNOVATIVE TECHNOLOGY

- Tyre manufacturers actively seeking green answers
- Some recent examples –

- Goodyear's concept thermo and piezoelectric tyre for EVs



- Goodyear will source silica generated from rice husk ash IPO traditional silica sources



- It will in future become increasingly important for tyre manufacturers and recyclers to maintain close dialogue

**Bill Prebble** Head of Technical, Product and Aviation

**bill\_prebble@goodyear.com**