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Commentary

## China Tire Industry Still Recovering from COVID Lockdowns



By **Yogender Malik**  
December 20, 2022



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KUMHO TIRE

China has been the largest global producer and consumer of tires since 2005. Tire production and consumption has registered very healthy growth in the 21st century, yet in the last few years, especially the last two, the market has proven to be very challenging for domestic and foreign companies operating in the country.

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More than 300 big, mid-sized and small tire producers across all segments exist in China. The Chinese tire industry is the world's largest in value and volume. According to data from the China Rubber Industry Association Tire Branch, the 38 key member companies produced a total of 529.22 million tires in 2021, an increase of 11.28% as compared to 2020. Total output of passenger car tires was 378.42 million, a year-on-year increase of 14.25%, while output of TBR tires was 122.39 million, a year-on-year increase of 4.12%.

Tire output registered a sharp decline in China in 2020. Along with a decline in the domestic market, export markets also experienced a sharp decline. Though in 2021, the output recovered to a level on low base of 2020.

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mobile Manufacturers, the output was 1.1 billion, an increase of 3.4% year-on-year. Total output of passenger car tires was 275 million, an increase of 3.8% year-on-year. Though in 2021, the output recovered to a level on low base of 2020.

Major companies operating in the China tire market are Hangzhou [Zhongce Rubber Co. Ltd. \( ZC Rubber\)](#), [Giti Tire \(China\) Investment Company Ltd.](#), Sailun Jinyu Group Co. Ltd., [Kumho Tire Co. Ltd.](#), [Triangle Tire Co. Ltd.](#), Hankook Tire China Co. Ltd., [Double Coin Holdings Ltd.](#), Cheng Shin Rubber (China) Co. Ltd., Aelous Tyre Co. Ltd and [Prinx Chengshan \(Shandong\) Tire Company](#).

Raw material prices for Chinese tire producers registered a steep increase in 2021, impacting the profitability of tire producers. This along with rising RMB (Chinese Yuan currency) exchange rates created an undesirable situation for most of the tire producers in the country.



## Navigating Rough Waters

This year, the Chinese tire and automotive industry has experienced quite a few headwinds. Though specific figures for tire output have not yet been released, it is estimated that the tire industry in China has undergone significant decline as compared to the first six months of 2021.

China's economic growth has slowed sharply in Q2 2022, according to the government's official data, highlighting the colossal toll from widespread COVID lockdowns. Output contracted by 2.6% between April and June compared with the previous quarter, according to a statement from the Chinese Statistics Bureau.

On an annual basis, the economy grew 0.4% in the second quarter, the worst since the pandemic-hit first months of 2020. That was worse than the forecast by economists of 1% growth.

## Anti-Dumping Duties and Ongoing Investigations

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on, Brazil, India, Egypt, South  
anti-dumping duties or have  
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from China by increasing the  
e it very difficult for Chinese tire



To circumvent these trade and technological barriers, Chinese tire companies have gone abroad to build tire production units in Thailand, Indonesia, Cambodia, Serbia and other countries.

## Focus on Exports

China has emerged as the largest exporter of tires in recent years. Huge capacity addition by domestic companies during the first five years of the last decade created an oversupply in the domestic market, which forced tire producers to look for export markets.

Destination	2016	2017	2018	2019
United Kingdom	396,152	410,069	473,418	439,585
Germany	221,955	280,299	267,199	250,832
Saudi Arabia	149,971	144,435	160,078	242,614
Japan	117,189	145,986	191,046	222,321
Australia	200,228	207,272	226,675	217,988
Canada	170,757	214,830	234,024	204,032
Brazil	125,102	200,362	158,752	202,296
Mexico	188,712	184,723	210,422	201,295
Netherlands	144,412	155,413	189,641	187,744
Italy	121,833	139,702	181,131	160,997
United States	559,271	407,765	351,408	152,005
Total exports	4,620,978	5,030,454	5,430,204	5,571,778

*Value- in 1000 USD*

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### s During 2016-2019

ased by 13.6 percent during the  
verage annual growth of 3.4  
e all-time high exports of \$6.1  
he anti-dumping duties imposed



by the US, which led to a record exports decline in 2015 of \$4.9 billion. Exports in 2015 declined by \$1.2 billion or 19 percent compared to 2014.

## New Investments

After a few years where the pace of new investments had slowed due to both overcapacity and COVID, China is once again attracting major new expansions in the tire industry.

Some of the newly announced manufacturing facility projects include Giti Tire's \$1.1 billion project to move one of its five tire plants to Changfeng, Anhui; Guizhou Tyre's \$310 million truck and OTR tire project in Guizhou, Guiyang; Jiangsu General Science's \$472 million project in Anqing, Anhui; Shandong Linglong's \$950 million factory in Tongchuan, Shaanxi; and Sailun's \$142 million project in Weifang, Shando

Tags: [China](#), [exclusive](#), [featured](#), [market data](#)

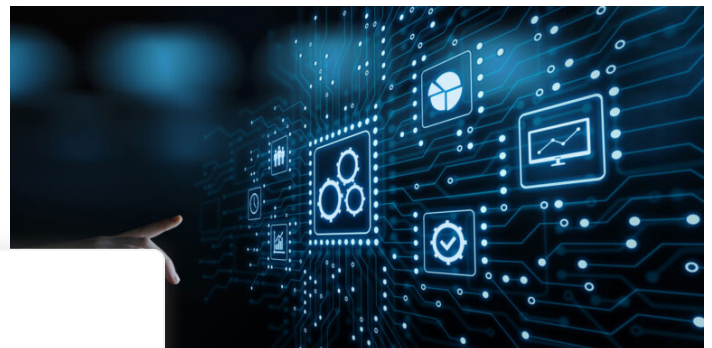
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Commentary

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By **David Stevens**  
February 1, 2023

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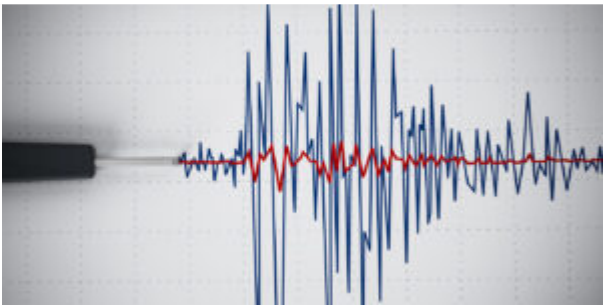
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industry, filling open positions in

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By Yogender Malik

December 19, 2022



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t catalysts and developing  
e major and mid-tier retail  
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expressed interest in obtaining a retail

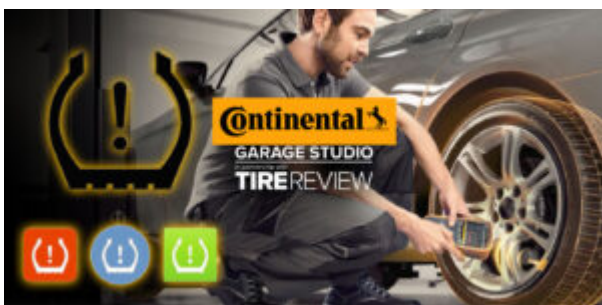




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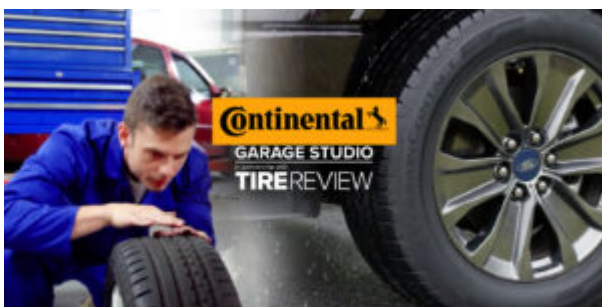


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