

Oliver Griffiths
Chief Executive at the Trade Remedies Authority
The Houses of Parliament
London SW1A 0AA

14/04/23

Dear Oliver

I thought I would take this opportunity to address an issue with you that is of important concern to the country. Let me start by giving you some background and apologies in advance for the length of this letter but trust me that this is the minimum I could do to do justice to the issue.

Retreading is one of the few industries that's genuinely sustainable. Through its commitment to providing exceptional resource efficiency, it significantly reduces the environmental impact of tyre usage and production.

The process of retreading consists of replacing the tread on worn tyres, whilst preserving the structure or 'casing' of the original tyre, and reintroducing them into the distribution chain with minimal use of raw materials.

This is based on the principle of circular economy, which benefits the environment by vastly reducing CO2 emissions, and provides a boost to local employment by offering job opportunities, often to those living in deprived areas of the country.

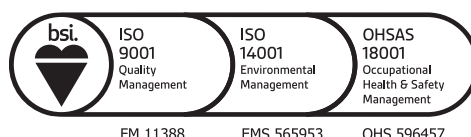
Socio-Economic Benefits

- Retreading is an environmentally conscious, labour-intensive industry that inspires technological innovation and drives sustainable growth
- It supports 5,500 highly skilled workers across the UK and 32,000 jobs in the EU
- 95% of truck retreads used in the UK are manufactured in the UK, which stimulates the country's economy

Despite recent challenges faced by the industry (which will be explored later in the report), in the last five years the UK retread industry has:

- Invested over 100,000 man hours in training that focuses on skills, flexibility, performance and capability
- And in excess of £30m in plant modernisation

Registered Office: Gonerby Hill Foot, Grantham, Lincs, NG31 8HE. Registered No. 00488961 England



Environmental Impact

- Retreads have a similar, or in some cases *longer*, life expectancy than the original tyre
- 85% of the returned tyre casing is reused, which saves 30 kg of rubber, up to 20 kg of steel and 60 kg of CO2

In my retreading factory in Grantham, we renew and reuse everything (within reason) so that very little goes to waste. In fact, every single tyre that we tread in our factory saves 76 litres of oil. Times that by 250,000 tyre casings, and that's millions of litres of oil and CO2 emissions saved by just one factory alone!

In 2022, we:

- Recycled 6,760 tonnes of waste tyres
- Achieved an overall emissions saving of 17,097 tonnes compared with using virgin materials

We've also:

- Taken action to reduce our energy usage by over 20%
- Cut carbon emissions by 950 tonnes per annum
- And we recycle 100% of our non tyre-related waste

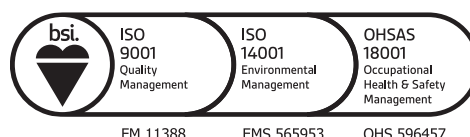
Therefore, the collective impact of the retreading industry in reducing global CO2 emissions and transitioning towards a more sustainable future cannot be underestimated, or ignored.

For example, a haulage fleet that uses single-use tyres uses more than *four times* as many tyres to cover the same distance compared to those who use retreaded tyres.

So, it's of little surprise that:

- 80% of civil airlines are fitted with retreaded tyres
- Along with 70% of UK supermarket delivery lorries
- And 25,000 of UK buses

Registered Office: Gonerby Hill Foot, Grantham, Lincs, NG31 8HE. Registered No. 00488961 England



Some countries in Europe are even promoting and applying legislation that requires a minimum percentage of retread tyres to be fitted to all municipal, council and public transport vehicles (whether waste trucks, tippers, buses, etc...). Such legislation aims to foster environmental actions, reduce carbon emissions in major cities, and instigate 'clean air' initiatives.

However, despite the fact that the industry thrived for many years in a highly competitive market, in recent years the market share of retreaded tyres has declined from almost 50% to less than 35%, largely as a result of waste crime and the influx of low cost single-use exports from Asia.

The majority of these cheap tyres are unsuitable for retreading, leaving little option but to dispose of them by incineration. Or worse still, due to the cost of safe disposal, they are often dumped on the side of the road or in unregulated tyre dumps. This waste presents serious environmental and safety issues, as highlighted by the huge toxic tyre fire that forced a mass evacuation in Madrid in 2016.

Compared to 2012, an estimated 500,000 additional end-of-life truck tyres now need to be exported for incineration in the UK every year, which releases approx 160,000 tonnes of CO₂ emissions.

This influx has already had a detrimental effect on local producers, but to allow the trend to continue would spell disaster, for both the economy and the environment.

EU Law

In 2018, when the UK was still part of the European Union, the EU imposed anti-dumping duties on new truck and bus tyres manufactured in Asia. The tariff of €50 was applied to every import, and paid prior to shipment. Of course, this significantly reduced the influx of low cost imports and helped prevent the UK market from becoming flooded by single-use tyres. Subsequently, the demand for environmentally sustainable retreaded tyres increased.

However, in 2019, CRIA and the CCCMC took legal action against the EU, arguing that it had failed to carry out fair price comparisons in its calculation of price undercutting and that the duties were therefore, discriminatory and counter to World Trade Agreements. The case was won on this technicality, and in May 2022 the European General Court announced that the legislation on anti-dumping and countervailing duties on truck and bus tyres manufactured in Asia must be repealed.

Duties on Asian tyres were suspended from July 2022, at which point the investigation was reopened to determine a new tariff, whilst also giving interested parties on both sides the opportunity to fight their case again. In the meantime, until a final decision could be reached, every import would be registered and the recalculated duties applied at a later date.

The tariffs were recalculated in January 2023, but the case is still being argued back and forth and a conclusive decision won't be reached until later this year. So, although there is technically a European law in place, it's somewhat muddled to say the very least. And this confusion and ongoing uncertainty has unsurprisingly made importing increasingly difficult.

Whilst this case is still ongoing, the UK has obviously since left the European Union, and are therefore under no legal obligation to comply with any subsequent changes in EU law. And so, perhaps due to more pressing global concerns, they chose not to review the issue and continued operating under the same legislation as before.

However, the UK government has now announced that the anti-dumping measures will expire on 23rd October 2023, unless a review is initiated before July 2023.

Conclusion

Although the EU law is purposefully muddled to ensure that it still technically complies with the May 2022 court ruling, the crux of the matter is that anti-dumping duties on tyres manufactured in Asia *will* still apply all across the European Union. So, if these duties are repealed in the UK, that leaves my business, and the British retreading industry, in a very precarious position indeed!

These laws shield the UK from unfair competition. Without them, the UK market would very quickly become overwhelmed with cheap single-use tyres from Asia. And due to the pandemic, there's a pent up need to supply and a surplus of product with which to do it. International anti-dumping laws prevent Asia from exporting to other countries, such as the USA, so the UK is the only viable market.

Such an influx of cheap single-use tyres would make the thriving retreading industry unviable, and my factory in Grantham simply wouldn't be able to compete. Therefore, I'd have no choice but to terminate the employment of nearly 200 people, most of whom are living in your constituency.

The energy and gas costs at my factory are rising (along with inflation) at an alarming rate in an already fractious and fragile economy, and that's before taking into account additional costs such as workers' wages and insurance. We aren't in a position to pass these costs on to our consumers, due to the competitive pressure that we already face from Asia.

And so, the simple fact is, if the anti-dumping laws are repealed, my factory and others like it will close. This will result in 1000s of job losses across the industry, and untold economic and environmental damage, all at a time when the UK can ill afford it.

As a country, we collectively face many socio-economic and environmental challenges that have only been exacerbated by the pandemic and cost of living crisis. So, on the surface this issue may seem trivial by comparison. However, Brexit provides the government with an invaluable opportunity to *do the right thing*, by maintaining legislative measures that will protect the environment, stimulate the economy, and improve the lives of people living all across the UK.

Consider the reduction in CO2 emissions that could be achieved if the law were to stay in place for the next 10 years? Much of the environmental damage caused by decades of unsustainable business practices could be offset by the retreading industry alone!



Vaculug Limited
Grantham, Lincolnshire, NG31 8HE, UK
Tel: (01476) 593095 Fax: (01476) 513809
Email: info@vaculug.com
Website: www.vaculug.com

This issue will directly affect the very people that you have been elected to represent, which is why I implore you Mr. Huddleston, to do everything within your power to ensure that the anti-dumping regulations are upheld for the next 10 years (at least), and help protect this thriving and sustainable industry from being destroyed.

Thank you for your time and consideration of this matter and I am available to discuss this with you at any time and venue of your choosing.

With all best wishes.

Yours Sincerely,

Haarjeev Kandhari
Chairman of the Board

Registered Office: Gonerby Hill Foot, Grantham, Lincs, NG31 8HE. Registered No. 00488961 England

