

Mis-declaration in UK truck tyre trade statistics

HMRC trade statistics are presented by tyre category (Car, Van / SUV, Truck, etc) and type (new, retread and used)
Analysis of unit weight and value / kg points to widespread mis-declaration between category and type,
particularly regarding tyre exports

Key findings

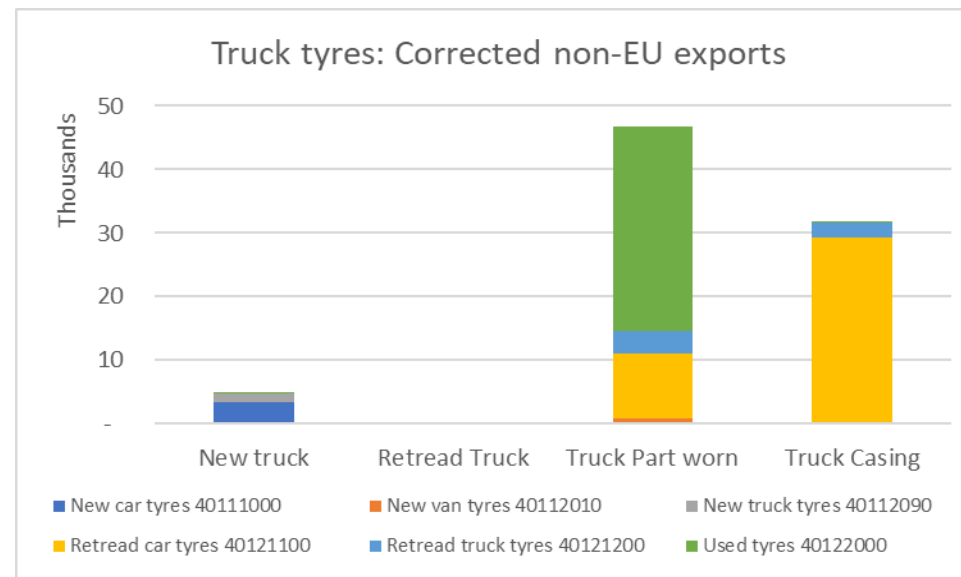
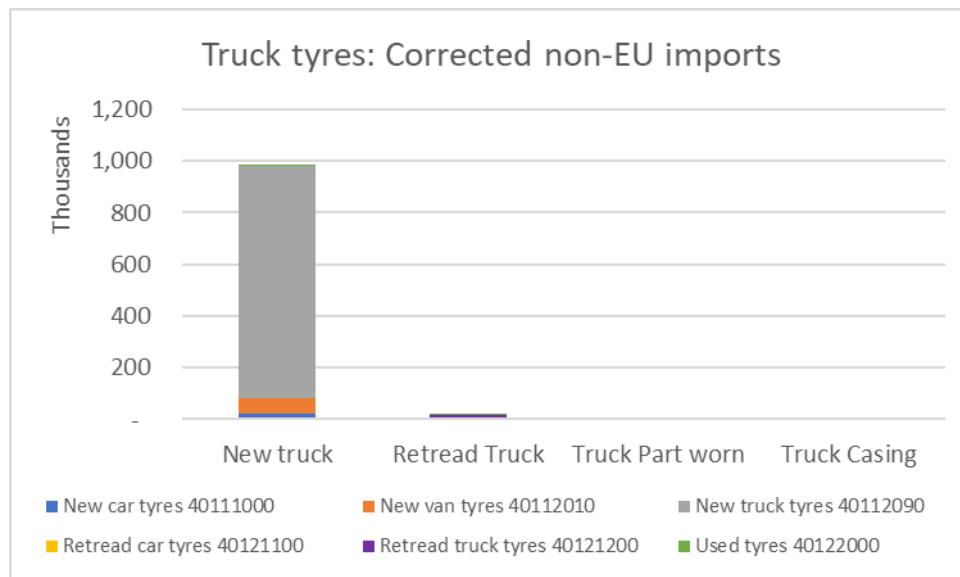
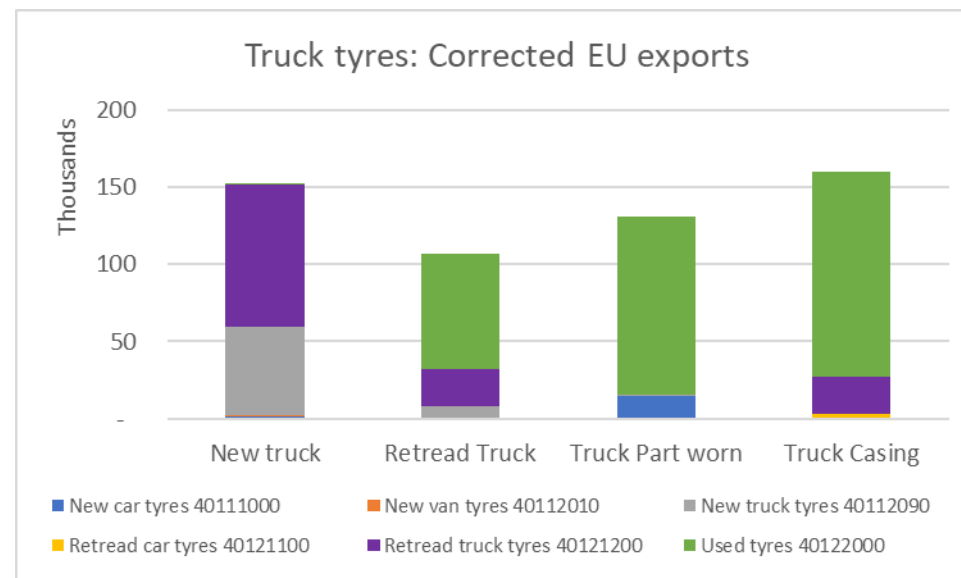
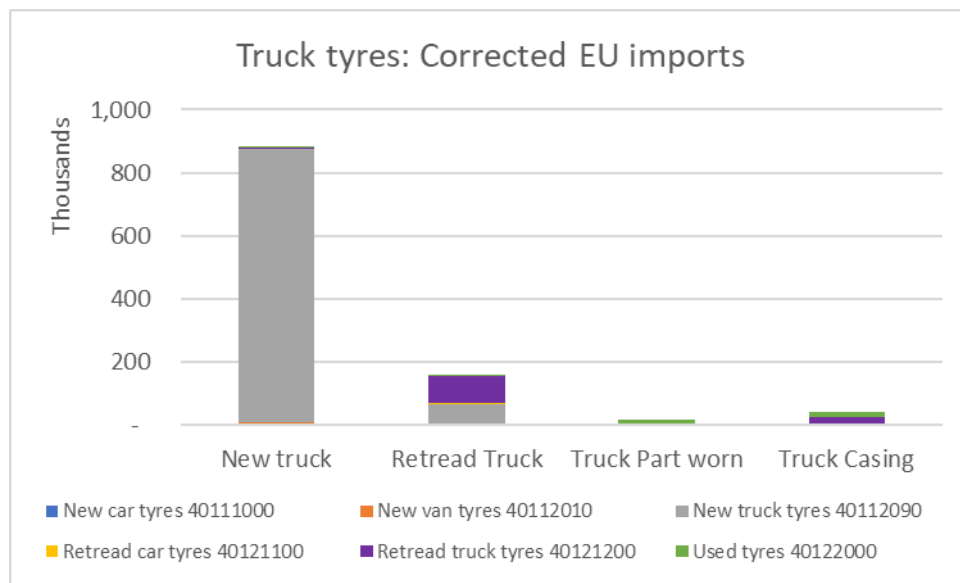
The export of a considerable quantity of new tyres declared as retreads points to the parallel trade (see next slide)
The analysis allows an improved estimate of the UK market size

10th August 2023

Analysis of 2022 data reported in tyre-related customs categories

- Initial analysis by average unit weight showed anomalies (car tyres in truck tyre categories, etc). Further analysis by average value per kg has enabled a more refined differentiation between new-, retreaded- and part-worn tyres and casings for retreading
 - The analysis is also informed by geographic considerations eg with a few exceptions the retread and casing trades are concentrated in Europe
 - Commercial considerations are also integrated regarding alternative product attributions eg it is unlikely, particularly post-Brexit, that low-cost tyres from Asia are re-exported from UK into Europe and vice-versa
 - In differentiating between new and retreaded tyres (where the ranges of value/kg overlap) the approach gives the benefit of the doubt to the initial attribution. IE only if the evidence is strong is the trade re-allocated
- This means that in all likelihood the corrected figure for new truck tyres is an overstatement (containing some retreads valued between £2.4 and £3.2/kg) and that as a result the corrected figure for retreads is a corresponding understatement
 - The analysis reveals the operation of the parallel market where typically new premium brand tyres (that have been imported into the UK, no new truck tyres have been made in the UK since 2018) are bought under beneficial terms in the UK and re-exported for sale at a profit elsewhere in Europe:
 - Consider EU exports of new truck tyres: out of 151k units (corrected value), 92k were mis-declared as retreads but valued above the value range of retreads, so are new tyres, 43k are new tyres in transit to Ireland. The balance (16k) could be retreads declared as new tyres

Overview of corrected results: 2022 data

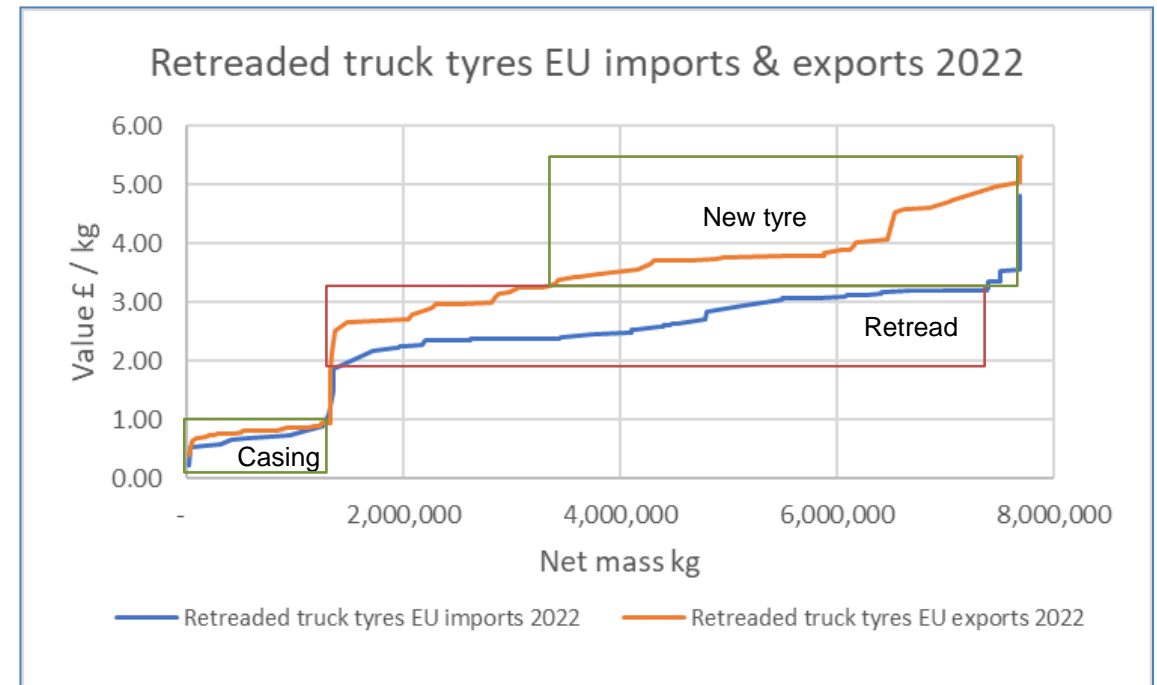


Result of search for truck tyres (25 - 110kg) in tyre-related customs categories

<i>Units: No of tyres</i>	Re-allocated total	New car tyres 40111000	New van tyres 40112010	New truck tyres 40112090	Retread car tyres 40121100	Retread truck tyres 40121200	Used tyres 40122000
EU - Exports							
Declared		1,719,324	554,107	90,972	8,455	140,331	989,404
Of which 25 - 110 kg	550,249	16,627	907	66,137	3,183	140,012	323,383
New truck	151,620	1,642	907	57,068	-	92,000	3
Retread Truck	107,191	-	-	8,149	48	24,190	74,804
Truck Part worn	130,953	14,884	-	850	-	47	115,172
Truck Casing	160,305	-	-	-	3,135	23,766	133,404
Value > £7/kg	180	101	-	70	-	9	-
EU - Imports							
Declared		14,323,640	1,298,810	943,774	247,890	139,208	2,346,049
Of which 25 - 110 kg	1,091,343	1,164	10,234	933,588	1,207	117,333	27,817
New truck	878,657	1,163	6,633	866,622	19	4,170	50
Retread Truck	154,789	-	-	66,829	1,188	86,729	43
Truck Part worn	17,254	-	3,596	-	-	1,496	12,162
Truck Casing	40,228	-	-	120	-	24,938	15,170
Value > £7/kg	415	1	5	17	-	-	392
Non EU - Exports							
Declared		516,855	413,773	2,376	110,591	11,174	376,791
Of which 25 - 110 kg	83,886	3,531	722	1,671	39,610	6,105	32,247
New truck	4,828	3,429	17	1,360	-	-	22
Retread Truck	-	-	-	-	-	-	-
Truck Part worn	46,721	45	703	-	10,366	3,416	32,191
Truck Casing	31,664	-	-	-	29,244	2,400	20
Value > £7/kg	673	57	2	311	-	289	14
Non EU - Imports							
Declared		27,620,194	632,269	912,832	14,636	62,512	176,657
Of which 25 - 110 kg	1,008,247	22,904	63,797	901,087	2	18,242	2,215
New truck	983,159	22,904	60,349	899,719	-	-	187
Retread Truck	17,859	-	-	-	-	17,550	309
Truck Part worn	5,829	-	3,448	-	-	692	1,689
Truck Casing	24	-	-	-	-	-	24
Value > £7/kg	1,376	-	-	1,368	2	-	6

Tyres declared as Retreaded truck tyres 40121200

- Retread truck tyre trade is overwhelmingly European
 - Use EU trade as proxy for all countries (except Thailand – handled as an exception)
- Trade considered to be retread if declared as retread and value is between £1.95 and £3.20/kg
- Tyres with value between these value limits could be mis-declared low-cost new tyres but
 - It is unlikely that there is an economic case to import tyres from Asia to re-export them and
 - the export curve starts at £2.50/kg which is consistent with exports of premium retreads rather than of new tyres from low-cost countries (would start at £2.00/kg)
- Conversely, tyres above £3.20/kg are presumed to be new tyres, probably premium brands



Tyres declared as New truck tyres 40112090

- Considered to be a new truck tyre if not otherwise classified as a retread and
 - trade is in Europe and value is between £2.40 and £7.00/kg
 - trade is not in Europe and value is between £1.95 and £7.00/kg
- Note in the left-hand part of the curve the blue line (EU imports) is below the orange (Non-EU imports) which suggests that this portion of the blue curve corresponds to retreads rather than non-EU imports
 - trade in Europe between £1.95 and £2.40/kg is considered to be retreads

