

Planned strategies in place



Haluk kizilay

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▲ By Haluk Kizilay*



The European Automotive industry is one of the best one globally regarding strategy development and strategy renewal based on changes happening in the market. The industry closely works with policy makers, which is one of the important points to take action for their business to progress. As you may know, the European Automobile Manufacturers' Association (ACEA) launched its manifesto for the future of the EU auto industry during the "Leading the Mobility Transformation" Summit in Brussels on Sep.5, 2019.

The 2019-2024 ACEA Manifesto puts forward the key pillars to foster collaboration with policy makers. It comes right at the start of a new political term in Brussels, with a newly-elected European Parliament in place and the next European Commission under formation. The four pillars are:

- Delivering clean and safe mobility, with the objective of enabling the transition to zero emissions and zero fatalities.
- Making road transport smart and convenient, with a view to establishing the EU as a world leader in consumer-focused, innovative mobility solutions.
- Ensuring affordable mobility and choice for all citizens, meeting the diverse needs of all Europeans, regardless of their financial means.
- To contribute to employment and economic growth in the European Union.

Tyre industry

The EU Tyre industry also follows similar path with the Auto industry to plan the future activities by considering many points such as investments in R&D, greener materials, digitalisation and others that refers to above four pillars.

The ETRMA members are well prepared themselves regarding economy slowdown. If we consider recent years, Brexit is the number one topic that is considered by tyre manufacturers. Michelin, Pirelli and Cooper have taken several steps in the UK to reduce production.

In addition to this, EU tyre manufacturers have also been working on plant modernisation by using Industry 4.0 elements since many years, which definitely takes efficiency several levels up. They use Horizon Europe programme to get supports for R&D activities.

Today, we are talking about "RD&I" in Europe, which stands "Research-Development and Innovation." A joint statement was signed on Sep 16, 2019 by 93 European Associations representing key European stakeholders to boost the industry activities within next five years. I am sure; EU tyre manufacturers would also participate and get benefits from that new strategy.

EU tyre industry has also been investing heavily to collaborate with high-tech companies on digitalisation as well as M&A like Bridgestone and Michelin.

Challenges

There are several important challenges in EU tyre

industry regarding R&D investments, new capacity addition and establishing new testing capabilities, such as winter testing that has been affected by industry slow-down.

The tyre industry now is trying to achieve highest level of optimisation for all kind of activities in order to reduce the effect of the global slow-down and ongoing trade wars. Optimisation and efficiency are key factors for tyre manufacturers to keep up the momentum and serve the automotive sector.

As we all know, some of the tyre manufacturing sites have been closed and some of the production capacities have been transferred to other facilities already, like Michelin and Cooper. I am sure new investments in low-cost countries, such as Serbia, would be also affected due to auto industry slowdown.

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About products getting diverted to different markets when a particular market is facing a slow-down: This could be true for passenger tyre segment but it is difficult for Commercial tyres such as TBR and AGR since the requirements are different market by market.

EU automobile industry

- 13.8 million Europeans work in the auto industry (directly and indirectly), accounting for 6.1% of all EU jobs.
- 11.4% of EU manufacturing jobs – some 3.5 million – are in the automotive sector.
- Motor vehicles account for €428 billion in taxes in the EU15 countries alone.
- The automobile industry generates a trade surplus of €84.4 billion for the EU.
- The turnover generated by the auto industry represents over 7% of EU GDP.
- Investing €57.4 billion in R&D annually, the automotive sector is Europe's largest private contributor to innovation, accounting for 28% of total EU spending.
- Passenger car registrations: -3.2% eight months into 2019
- Commercial vehicle registrations: +6.5% eight months into 2019

**** Haluk Kizilay is one of the registered researchers of TUBITAK, the Scientific & Technological Research Council of Turkey***