

What next for European carbon black market?

Regional trade issues 'a major factor in supply & demand situation'

From July 2024, the EU will ban carbon black imports from Russia, which are estimated to represent up to 30% of the European demand.

The shortfall is expected to be partly met by overseas supply, particularly with India raising capacity since the initial imposition of EU sanctions on the Kremlin in early 2022.

However, believes Paul Ita of Notch Consulting Group, regional trade issues are going to increase pressure on carbon black supply in Europe over the coming months.

The Notch principal estimates global demand for carbon black at 13.7 million tons in 2023, of which tires accounted for 73% of demand.

Between 2022 and 2027, carbon black demand from the

tire industry will show an average annual growth rate (AGR) of around 3.8%, forecast Ita.

The US-based analyst went on to describe 2023 as a "challenging year" for the carbon black industry, with volumes flat overall globally.

The situation, he said, largely reflected "prolonged destocking in the light vehicle and commercial vehicle replacement markets of Europe and North America."

Globally, plant utilisation fell to 69% in part because 1.6 million tons of new carbon black capacity was added in 2022/23.

But with Russia now shifting exports to Turkey, China and southeast Asia, Ita noted "a big shift going on globally in terms of trade flows."

Ita, for example, expects India "to become the swing producer for the world over the next few years, based on capacity expansion plans [there]."

To date, he continued, the overall impact of geopolitical disruptions has "been muted as demand has been very soft since the second half of 2022 and all through 2023."

However, noted Ita, there is currently "a premium on domestic supply in North America and the EU. [Local supply] is very prized right now, as people don't want to extend their supply-chains."

While this hasn't been such a concern amid sufficient material availability, he forecast pressure on domestic supply to intensify "as the market tightens



over next three-to-six months, which I believe will happen."

As an indicator, Ita presented Notch data showing that carbon black plant utilisation in the EU recovered to about 87% last year, from around 77% in 2022.

This, said Ita, reflected a reduction in Russian imports, as well as domestic suppliers "pushing hard to get as much material produced as they could because it was a good year for local demand."

Overall, EU plant utilisation is expected to remain in the "mid- to high-80s" in 2024, amid a pick-up in demand and 'declining' imports.



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Tire & rubber body urges EU policy support amid weak market data

Issues manifesto as figures show consumer tire pick-up but declines in other sectors

The European Tyre and Rubber Manufacturers' Association (ETRMA) has published a manifesto urging EU policymakers to recognise the "strategic role" of the European tire and rubber industry and support its sustainability agenda.

Targeting strategies for the 2024-2029 legislative period, the manifesto calls on lawmakers to do more to safeguard the single market "by effectively implementing and enforcing legislation."

ETRMA also called for investment incentives backed by "consistent and proportionate future regulation", as well as support for the industry's sustainability efforts.

Strategic policy measures are needed "to enhance the sector's industrial competitiveness

ETRMA: Sales development in the European replacement tire market

In '000 units	Q1 2023	Q1 2024	Change
Replacement consumer tires	54,667	56,224	+3%
Of which summer car tires	n/a	n/a	-4%
Of which all season car tires	n/a	n/a	+18%
Of which winter car tires	n/a	n/a	+26%
Replacement truck & bus tires	3,005	2,763	-8%
Replacement agricultural tires	213	212	-1%
Replacement moto & scooter tires	3,478	3,280	-6%

and support its pivotal role in fostering zero-emission mobility, circularity, and sustainability," said ETRMA.

The manifesto was issued ahead of ETRMA data showing that EU replacement tire market had remained "subdued" during the first quarter of 2024.

The lacklustre performance over the first three months was despite a marked recovery in the consumer tire segment, the

latest quarterly figures show.

After an 8% decline during 2023, the replacement consumer tire market managed a 3% year-on-year increase – driven by a rebound in demand for both all-season and winter tires.

However, replacement demand in the truck & bus tire market declined 8% year-on-year during the first quarter, according to the association's

figures.

ETRMA member companies also reported a 1% dip in the demand for agricultural equipment tire, while two-wheeler tire sales fell 6% compared to the same period last year.

"The general inflationary context continues to affect demand in all tire product lines," ETRMA secretary general Adam McCarthy commented in a 25 April announcement.

For the consumer segment, said McCarthy, "we continue to witness the recovery that started in the last quarter of 2023, primarily driven by winter tire sales."

However, the ETRMA leader said demand across the "whole segment" is 2% below the pre-Covid-crisis level recorded in the first quarter of 2019.

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