



Scrap Tire Market Overview

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RMA Scrap Tire Activities

- Began in 1990
- Scrap Tire Management Council = RMA
- Sponsored by all RMA tire manufacturers
- Work with governments, scrap tire users, NGO's, general public to accomplish mission



RMA Tire Company Members



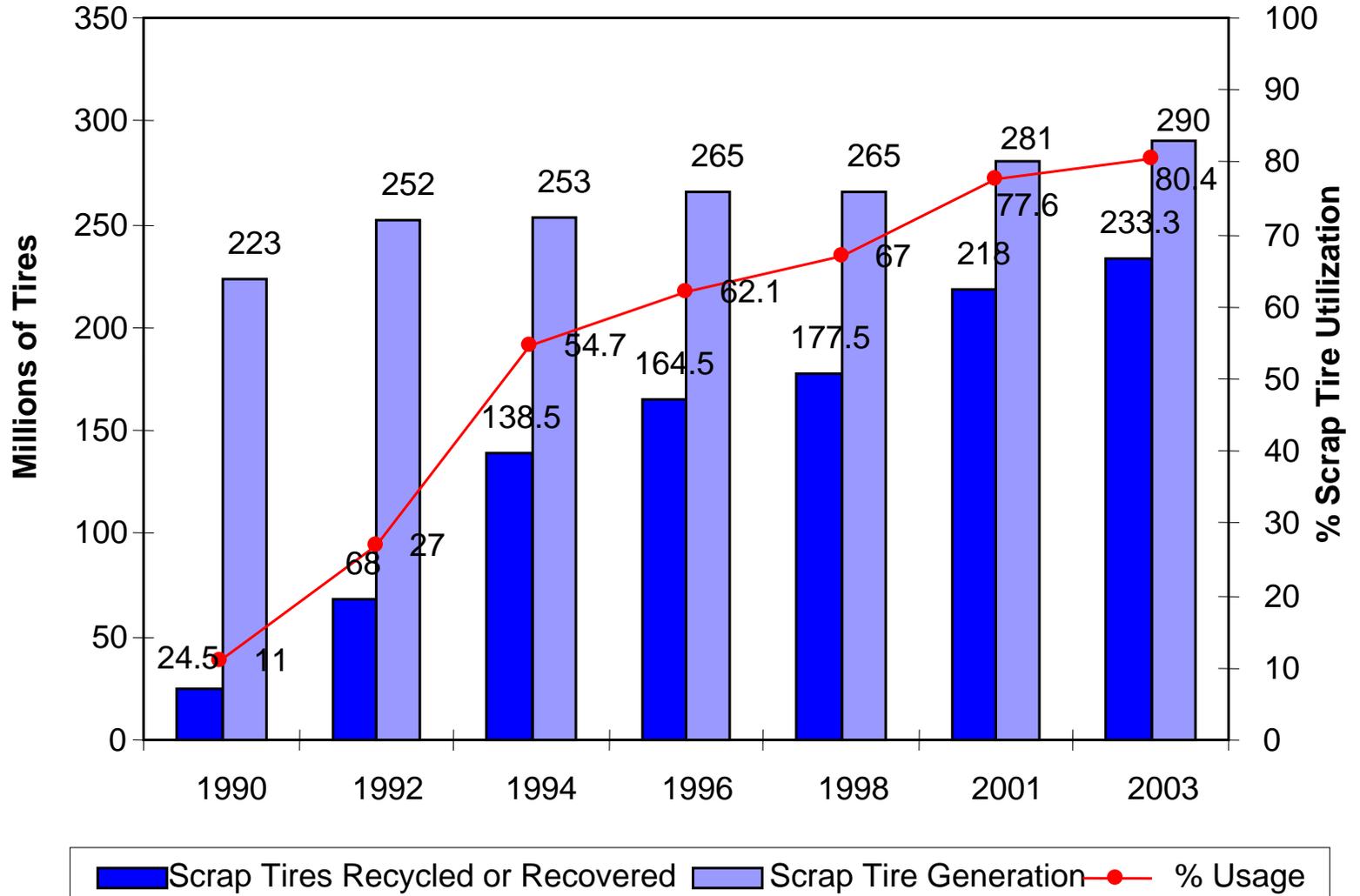


US Scrap Tire Overview

- Increased annual generation of tires
- Number of tires going to markets have increased steadily over time
- Markets vary from region to region
- There is no “1” market that can use all the scrap tires we generate
- Need to sustain market development



U.S. Scrap Tire Markets 1990 - 2003





Scrap Tire Markets

2003

- TDF: 130 Million
- CE: 56 Million
- GR: 28 Million
- EAFs: 1 Million
- Export: 9 Million
- Ag/Misc: 10 Million

$$233/290 = 80\%$$

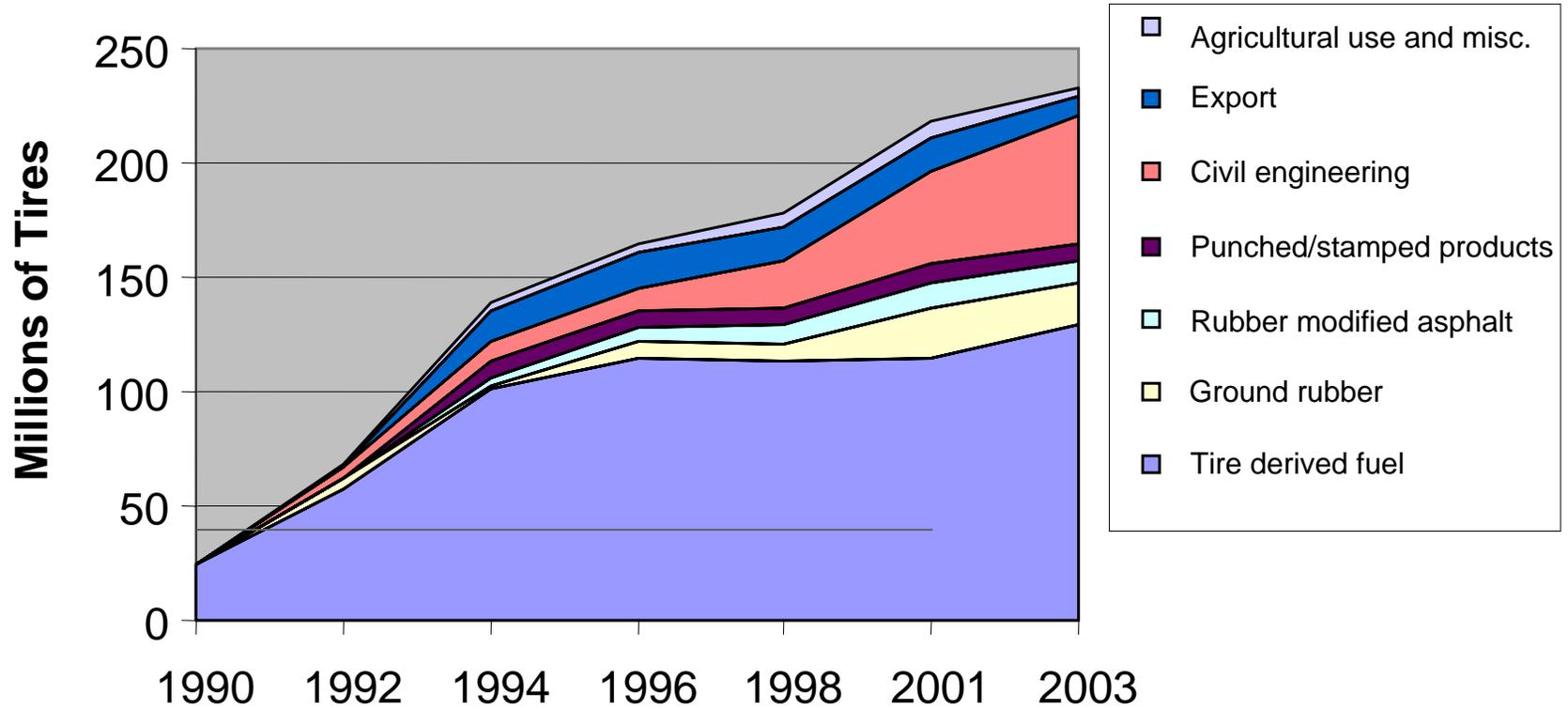
2005 (all estimates)

- TDF: 145 Million
- CE: 60 Million
- GR: 32 Million
- EAFs: 2 Million
- Export: 9 Million
- Ag/Misc: 10 Million

$$258/300 = 86\%$$



U.S. Scrap Tire Market Distribution Trends





China: An Impact on the Market?

- Most tire manufacturers building production capacity for export
- Several U.S. scrap tire-derived product manufacturers moved/moving there
- Ground rubber production operations reportedly constructed/being built
- Apparent demand for scrap tires
- Could become an exporter of GR



EPA Resource Conservation Challenge

- Effort by EPA to create interactive public/private partnership
- Program has undergone changes
- Scrap tires still a focus; working group
- 6 subcommittees (goals/stockpiles; TDF; ground rubber; RAC; Border; industry issues)



EPA Resource Conservation Challenge

- Goal: 85% to market by 2008
- Subgroups identified obstacles to market expansion
- Each subgroup working on solution scenario to overcome obstacles
- Last, best chance to address “institutional” obstacles



California Scrap Tire Situation

- Generates 41 million scrap tires/year
- Largest state scrap tire budget
- 1/4 of tires are landfilled: impact tip fees
- Lost major GR product manufacturer
- Very limited rubber industry presence
- 2001 – 2005 limited RAC applications



California Scrap Tire Situation

- Non-TDF markets have stagnated
- Once had 7 major GR producers
- 3 GR producers closed/limited capacity
- 25% of scrap tires go to TDF
- Limited use of tires in civil engineering
- Opportunities do exist to expand markets



What Does CA Need To Do?

- Focus on existing ground rubber markets (playgrounds; turf; RAC; products)
- Provide technical assistance to end current & potential end users and consumers
- Work w/industry to overcome institutional obstacles



What Does CA Need To Do?

- Leverage resources: Combine scrap tire activities with RMDZs & consider copolymer blending
- Develop a long-term market development strategy that will supports current programs



What Does Not Work

- Subsidies
- Increasing production capacity (w/o increasing demand)
- Reliance on single market
- Mandates
- Bans on any market



California & TDF





CA & Tire Derived Fuel

- 6 facilities use TDF: Major market
- TDF is the foundation upon which scrap tire infrastructure is based: Few markets can exist w/o TDF
- Passes environmental muster (reduces NOx) & provides economic benefit
- Current law disallows studies if they include TDF: Difficult to make policy decisions w/o realistic understanding of the marketplace



Final Comments

- Market diversification is key to successful scrap tire program
- Spend resources on increasing demand & removing technical obstacles
- Allow market to do what it does best
- TDF is part of all successful state programs



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