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Softening scrap tire market prodding industry to adapt



Tire Business file photo

WASHINGTON (May 30, 2013) — The recession of the past several years has changed the fundamentals of the scrap tire market in several ways, forcing the industry's key players to respond in kind, according to the Rubber Manufacturers Association's (RMA) chief scrap tire expert.

"Our focus is shifting toward rubber-modified asphalt, and to finding new and different markets for ground rubber," RMA Vice President Michael Blumenthal told *Tire Business*. "This is where the future has to be."

Over the past several years, scrap tire recycling has been one of the major success stories for both the tire and recycling industries. In 1990, an estimated 11 percent of scrap tires generated in the U.S. found a productive end-use. By 2007, according to RMA figures, that rate had risen to 89.3 percent.



Tire Business file photo
Michael Blumenthal, vice president, Rubber Manufacturers Association

However, the association's 2009 and 2011 reports have shown a marked softening of scrap tire markets. In 2009, scrap tire usage was 85.3 percent, and two years later it had dropped to 81.6 percent.

Of the 265.8 million scrap tires generated in the U.S. in 2011, the RMA estimates 35.1 million, or 13.2 percent, were pulled aside as used tires.

Of the remaining 230.7 million, 37.7 percent were used as tire-derived fuel (TDF); 24.5 percent went to ground rubber applications, such as asphalt rubber, rubber mulch, playgrounds and athletic surfaces; 13 percent were landfilled; 8 percent were exported overseas; 7.8 percent went to civil engineering applications; and 8.9 percent went to other, or unknown, uses.

It was no surprise that TDF commanded the largest market share. For years it has been the most robust scrap tire market by far.

In 2011, however, TDF usage was down considerably, according to Mr. Blumenthal.

"The recession took out a lot of TDF use," he said. "In the cement industry, a lot of the older kilns were using TDF. It was good for them because it kept expenses down and burned more efficiently than coal or other fuels.

"However, the older kilns were less efficient in producing cement. When the downturn came, the older kilns were the first to be shut. They were not just mothballed, but closed—they will never come back into operation."

With the improvement of the economy, TDF use is beginning to increase again in pulp and paper mills and in industrial boilers, according to Mr. Blumenthal, but he predicted that TDF use in the cement industry will continue to dwindle.

Bleak times

The drop in TDF was the overriding cause of the decrease in scrap tire usage, Mr. Blumenthal said. "When you have a 40-percent drop in your biggest market, that's going to have an effect."

But other scrap tire applications suffered proportionately, he said.

"When tax revenues go down, schools stop spending. That means no new playgrounds or athletic fields, and no new crumb rubber surfaces for them. When tax revenues go down, road construction gets hit, meaning no new rubberized asphalt is used.

"Asphalt rubber, mulch, playgrounds and athletic surfaces are the four biggest ground rubber markets, and all of them took a hit," he said.

Three factors — none necessarily good — offset the loss in TDF and other markets in 2009 and 2011, according to Mr. Blumenthal.

First, he said, "People were keeping their cars and their tires longer. There were fewer scrap tires out there, mitigating the percentage loss of scrap tires used."

Second, exports of scrap tires removed about 8 percent of the total, or about 25 million tires, he said.

Third, the economic downturn caused more scrap tires to be culled for use as used tires, he said.

A change in markets

While TDF remains a viable scrap tire market, new TDF users will be relatively limited, according to Mr. Blumenthal.

"We'll see good increases in TDF, but I don't think we'll see the levels of usage we saw in 2005," he said.

For that reason, ground rubber and the products that can be made from it must be the industry's future focus, he said.

Some sources are enthusiastic about the future of tire-derived aggregate (TDA) for civil engineering applications, but Mr. Blumenthal said prospects for TDA are also somewhat limited.

TDA offers a low return on investment compared with ground rubber, he said. "Also, TDA requires processors to store large quantities of tires and rubber, so the logistics are very difficult."

TDA will continue to find use in landfills and in roadbeds in rural areas, according to Mr. Blumenthal. Also, states such as Colorado — which still have large stockpiles of scrap tires — will use TDA in important projects, he added.

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