

Southern Africa

TREADS DIGITAL

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A portrait of a middle-aged man with a grey beard and mustache, wearing a dark blue shirt and a black blazer. He is looking directly at the camera with a slight smile. The background is a textured blue wall.

**VIPAL
RUBBER**
reaffirms
commitment to
African market

**CORONA
VIRUS**
to hit tyre
business hard

An Exclusive with Vival
Rubber's, Leandro Rigon

Illicit trade – what can
be done?

Maxxis Razr wins
recent Tyre Test



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Editor's Corner

Efforts to contain the deadly Covid-19 (Corona virus) do not seem to be having the desired effect. The virus has infected 88 000 people thus far, with more than 2 800 deaths reported in China alone and a further 85 deaths confirmed from 32 other countries. If the virus is not contained soon, the world could be hit with a major pandemic, the WHO is cautioning, claiming many lives and costing the global economy millions. Although there are no confirmed cases in South Africa as yet, the business community is already feeling the full force of the virus' impact. Our lead story on page 8 describes how the tyre sector could be affected.

Also, of major concern to the local tyre business, is the threat of illicit trade, with dubious business owners attempting to cut corners and avoid paying the required import duties and levies, on tyre consignments. Alarming, this practice is on the rise, posing serious risk to legitimate businesses that are operating 'by the book', whilst simultaneously striving to compete in a cut-throat market. What, if anything, can be done to curb illicit trading on the part of both industry and government? SA TREADS explore this issue.

Taking the stage in our Interview section, is Brazilian-based Vipal Rubber, which has mushroomed into a global enterprise, spanning five continents. Locally, Vipal is represented by Tyre and Retread

Supplies, who recently received a 15-year commemorative plaque by Vipal, to celebrate their partnership. In this exclusive interview, Leandro Rigon, Head of International Business for Vipal Rubber, describes the evolution of the company and its aspirations going forward, not least of all, for the South African and African markets.

Catch up on all the latest news from Europe, Asia, America in our global section on pages 24-26, with Australia also featuring in this issue, with the Maxxis Razr being declared overall winner in one of their recent 4x4 tyre tests.

Let us know what you think of the stories we are covering. We love hearing from you!

Liana



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interview

Vipal Rubber reaffirms commitment to African Market



AN EXCLUSIVE WITH INTERNATIONAL BUSINESS
DIRECTOR, **LEANDRO RIGON**

A company that started with humble beginnings in a Latin American emerging market, has gone on to become an impressive global enterprise that is the envy of many. Brazilian-based Vipal Rubber has amassed 45 years of experience with a presence on every continent, including Africa. So, what propelled them onto the global platform?

We caught up with Vipal's International Business Director, Leandro Rigon, to find out more about how this dynamic company came to be, what has led to its spectacular growth and what is to come.

More important, Rigon outlined Vipal's plans for the future, and in particular, the South African market.

Talk us through the evolution of the company, from its inception to now.

Vipal Rubber commenced its activities in 1973, in a small tyre patch plant in the city of Nova Prata, Rio Grande do Sul, southern Brazil, where it currently operates two of its four plants.

Vipal's history is based on two pillars: the experience acquired during these years on the road, and technical expertise, which is pursued constantly. Added to that is the value the company places on people.

Vipal's trajectory is supported by the permanent pursuit of innovation and proximity to its relationship groups: partners, suppliers, customers and employees. It was the first Brazilian manufacturer of products for repairing tyres and tyre tubes, and over the years, it expanded into the retreading segment.

Today, after 46 years in existence, Vipal Rubber is the leader in Brazil and Latin America and one of the leading worldwide manufacturers of products for retreading and repairing tyres, providing complete solutions for various markets, developed with its own proprietary technology and from constant investment in research.

In how many countries is Vipal Rubber currently available?

About 90 countries on five continents.

Please give us a summary of your product portfolio.

Vipal Rubber started its activities 46 years ago, providing products for tyre repairs. Today it offers a complete product solution for all types of tyres: passenger, commercial, agricultural or off-the-road (OTR). Quite diversified, Vipal's

portfolio combines knowledge and technology to generate savings for its partners.

This portfolio includes the full line of patches, with an emphasis on the Aramid Tyre Patches (RA) which ensure greater resistance and flexibility.

The company also provides machines for tyre retreading, rubber compounds, rubber flooring, industrial products and new tyres and tyre tubes for motorcycles. This is all accompanied by a permanent focus on professionalism, quality and operational excellence, while equally attentive to the environment and social responsibility.

Are there new product lines planned for the immediate future?

Vipal boasts a complete portfolio, always combining technology, innovation and

Aerial view of Vipal Rubber's headquarters and factory.



quality. The company's structure gives it the conditions to invest in the development of specific products for the best performance in different regions of the planet.

The tyre repair line, which is the most complete available on the market, serves all types of tyres and is an example of the company's ability to develop products. Likewise, the Vipal Machinery equipment line helps perfect the production of plants for retread tyres that are 100% developed by Vipal.

Among the factors that contribute to this high production quality is the Vipal's Research and Technology Centre, set up in one of its plants. New technologies applied to products are developed there. With a research centre comprising 13 laboratories and a highly qualified technical staff, the Research and Technology Centre combines knowledge with practice, conducting over 50 different types of tests and completing more than 28,000 tests per year.

The manufacturing structure also includes Vipaltec, a company affiliated with Vipal Rubber that is equipped with a high technology laboratory where it conducts tests for certification and research on new and retreaded tyres.



Accredited by Inmetro (Brazil's institute of metrology, standardization and industrial quality, with worldwide reputation), it caters to tyre companies in Brazil and abroad.

What are the company's long-term strategic goals for the various markets in which you operate?

Vipal Rubber looks at the future as a consolidation of the retreading business in some markets, as well as the improvement of the retreading concept as a qualified, environmentally friendly and cost-efficient product in other markets.

Also, the circular economy, being of high importance for the global economy, where the

retreading industry, undoubtedly plays a serious role. In this sense, Vipal will keep working on its projects and developments with no hesitation.

What is the company's short-, medium- and long-term vision for the South African market and for Africa in general?

Vipal Rubber has a well-established business with our distribution channel in South Africa and several other countries on the continent. As such, Vipal's trading and relationship with the South African market will continue along the same line.

Which are the most popular products in your offering to the African market?

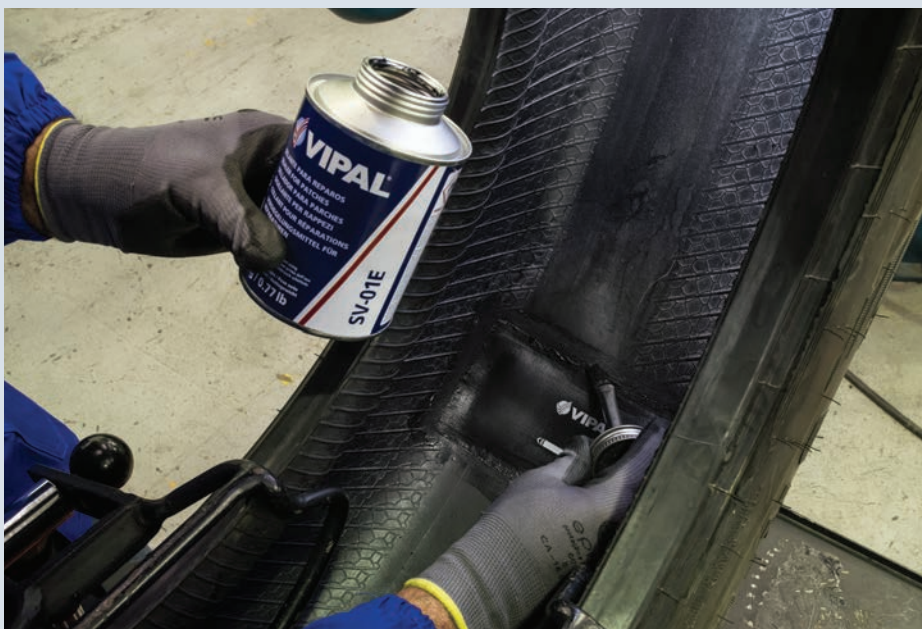
Vipal has great penetration in the African market, with a presence in 19 countries on that continent: South Africa, Angola, Algeria, Botswana, Egypt, Ethiopia, Malawi, Morocco, Mozambique, Namibia, Nigeria, Kenya, Swaziland, Sudan, Tanzania, Tunisia, Uganda, Zambia and Zimbabwe.

Especially in East Africa, Vipal has a strong retread line presence with strategic partners in each country. In southern and northern Africa, the most popular products are within the tyre and tube repair line, through partner distributors.

The leading products are the RAC tyre patches for truck tyres. Used for repairing tyres and making them fit for use again without losing their original characteristics, the tyre patches allow for easy application when retreading, with maximum flexibility and reinforcement of the repaired tyre, in addition to delivering safety and durability.

The RAC Patch is especially designed for radial tyres, with reinforcement that ensures minimal balance alteration and great flexibility to follow the characteristic movements of this type of tyre. Available with various sizes, it can repair up to four plies, depending on the size and depth of the damage.

More than 1 million repairs were made with Vipal products in Southern Africa in 2019, approximately 35% of those with the RAC patches.





In short, due to Vipal's expertise all over the world, it is possible to travel by land from the southernmost point in Africa (Cape Agulhas, South Africa) to Egypt, north of the continent, by roads where our products are found along the way. This is a privilege for the few, and Vipal Rubber's quality and technology ensure such an expressive presence.

Does Vipal Rubber aim to introduce treads in the African market?

The African market has been consuming Vipal treads for a long time, and it has a prominent share in the markets where it is present. Two other lines of Vipal products have also demonstrated strong penetration in Africa: the envelopes and the RA Patch.

The envelopes, suitable for tyre retreading via cold curing in autoclaves (curing chambers), have the function of wrapping the tyre, pressing the pre-cured tread over the casing. Thanks to their elasticity and very high heat

resistance, a single product can be used several times.

The RA Patch is made with aramid fiber, a textile



SA Distributors TRS awarded a 15-year commemorative plaque.

reinforcement used in bullet-proof vests and seat belts, among other products with extreme resistance. It is a material that withstands temperatures above 420 °C and is five times more resistant than steel, ensuring less interference in balancing and irregular tyre wear.

This tyre patch is extremely impact-resistant while simultaneously lighter and more flexible than traditional tyre patches, which prevents creases from appearing in the repaired region.

What are the main challenges your businesses faces currently?

Thinking globally, the competition that tyres of Asian origin represent for the retread segment. Apart from these tyres not having suitable quality to enable retreading after their service life, their low and uncompetitive commercial prices upset the pricing balance with buyers.

As a result, retreaders lose ground with their customers, transport companies, weakening the local tyre retreading market.

Which challenges are being faced in terms of your aspirations for growth in South Africa and in Africa as a whole?

The African continent, like South America, is made up of developing countries, which are constantly changing and which present similar challenges in infrastructure, financing, political instability, etc.

Vipal reached its leading position in South America by adapting its strategies and products to meet the challenges imposed by the market. This experience means that the company has faced challenges similar to those experienced in Africa.

One example that can be mentioned is the qualification of the workforce, because both tyre retreading and repair are processes that require qualified professionals in order for the products to deliver the performance for

which they were developed.

In the last years, Vipal has been investing heavily on the qualification of our customers, providing constant training in its facilities in Brazil as well as in destination countries, always for the purpose of qualifying operators.



What kind of support do you offer to your global distributors, and especially to your South African distributors?

Vipal's experience and structure are always at the disposal of its distributors. In South Africa specifically, Vipal works in synergy with Tyre & Retreads Supplies (also known as TRS), its local distributor in Johannesburg, to meet the demand for products and services in the regional market. Moreover, all of TRS' field employees undergo technical and commercial training programmes promoted by Vipal in its facilities in Brazil.

TRS was founded by entrepreneurs with excellent reputation and expertise in the South African market, and Vipal identifies with them just as they identify with Vipal. So much so, that Vipal recently delivered a plaque commemorating 15 years of partnership with the exclusive distributor of the Brazilian brand's repair products in South Africa.

TRS distributes tyre retreading and repair products in its home country and several others

in the region, such as Lesotho, Swaziland, Namibia and Botswana, and it is the market leader in Sub-Saharan Africa.

Does Vipal Rubber see itself as a Brazilian company or a global enterprise?

Global. Vipal Rubber is currently one of the leading manufacturers of tyre retreading products in the world. With 13 distribution centers located at strategic points around the globe, the company has a presence in over 90 countries on all continents.

It is the market leader in Latin America, with a network of over 300 authorized retreaders, and the only company offering a complete line of products for retreading and repairing all types of tyres, in addition to furnishing rubber compounds, rubber flooring, industrial products, and manufacturing machines for retreading commercial and agricultural tyres.

To meet the demands of the global market, Vipal has 4 plants in South America with an installed capacity of over 19,000 tons per month, with 3,000 employees working in a physical structure measuring 183,000 m².

One of Vipal's main distinctions is that it is prepared to meet the specific needs of each region in which it operates, from technical requirements to cultural, geographic and legislative differences, always investing in the development of specific products for better performance in different regions, in logistics and commercial structure, and also in its technological capacity, which already surpasses the vast majority of market players.

What is your vision for the next five years? Where would you like Vipal Rubber to be positioned?

As explained above, Vipal will keep on track to turn its projects into reality. Vipal Rubber is ranked within the world's top five companies in the retreading industry and there is still a lot of ground to dig.



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CORONA VIRUS

likely to hit tyre business hard

The latest outbreak of the Corona Virus (most recently named Covid-19) is of serious concern, not only because of the implications to public safety, but for obvious repercussions on the global business community. The number of fatalities now exceeds 2 800 with the count expected to rise significantly if the virus is not contained.

Covid-19's 10-day incubation period prior to notable infection, has virtually brought China to its knees, with fewer people returning to work following the Chinese New Year Holiday amid fears that the virus is spreading at an unprecedented rate.

This spells possible economic bedlam for the global market. For South African tyre businesses, the economic consequences of a long progressive pandemic are severe, both for local tyre makers who import a sizeable portion of product from other parts of the world, including China, but more specifically perhaps, for some tyre importers, who rely solely on imported product from China.

"I have received communication from more than one factory that they had planned to open this week, however only a handful have started production in one or two plants. My understanding is that the situation is complicated as they need approval from government before they can begin production," explained Charl de Villiers, Chairman Tyre Importers Association of South Africa (TIASA).

Even though the Shandong Province, where more of the tyre factories are situated, only has 544 confirmed cases of infection and three death (as at 19/02/2020), the challenge most of the factories are apparently facing is that their workforce returned home for the CNY and cannot return to work due to the travel ban.

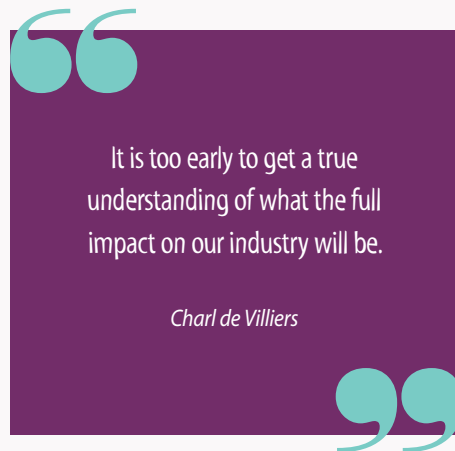
Added de Villiers: "The outbreak of the Corona Virus will have a definite impact on our members and the South African tyre industry as a whole, as supply will be affected."

More alarming still, pricing could be impacted, with some factories already

forewarning of possible price increases.

De Villiers went on to explain that shipping could also become an issue once things return to normal as everyone tries to get their cargo to their respective markets to avoid running out of stock.

Speaking of shipping, Transnet has implemented immediate measures and additional procedures for all vessels entering South African ports in a bid to contain the virus.



Additionally, Transnet port health employees have been sensitised to government's national response plan to diagnose infected persons and refer them to designated sites/hospitals.

That governments and their respective departments are taking the potential threat to public health seriously, provides some comfort, however, for the business community, the implications could be far reaching.

"It is too early to get a true understanding of what the full impact on our industry will be," mused de Villiers.

Neil Shearing, group chief economist at Capital Economics, agreed: "The outbreak has the potential to cause severe economic

and market dislocation. But the scale of the impact will ultimately be determined by how the virus spreads and evolves, which is almost impossible to predict, as well as how governments respond."

Already, multiple airlines have terminated their flights to China while international hotel chains are having to offer refunds. International retailers like Ikea and Starbucks have closed their Chinese operations and Hyundai, of South Korea, has suspended its car production, citing concerns over supply of parts from its Chinese operation.

What is more, car plants across China have been ordered to remain closed following the Lunar New Year, which will likely force carmakers to slash production by about 15% in the first quarter. Toyota has said that its factories will remain closed until at least February 17.

According to an article from CNN, dated February 10, 2020, because globalisation has encouraged companies to build supply chains that cut across national borders, thereby making economies much more interconnected, every corner of the world is likely to feel the economic effects of this epidemic.

Hopes are that the number of new cases will begin to slow. Should this be the case, and China's factories reopen soon, the economic losses are likely to produce a slowdown to the Chinese economy in the first quarter and a dent in global growth.

Conversely, should the virus continue to spread, economists warn the economic damage is likely to escalate.



ILLICIT TRADE

A THREAT TO TYRE BUSINESS

With the economic landscape worsening, unscrupulous traders are resorting to unsavoury means to remain competitive, even going so far as 'crooking the books,' to avoid paying import duties and levies on tyre consignments. This poses a serious threat to credible South African businesses that are operating legitimately. What, if anything, can be done to combat the practice of illicit trading? SA TREADS investigate.

We are led to believe that a growing number of importers of tyres are attempting to disguise their consignments by clearing under other non-tyre related codes in order to avoid paying the correct import duties and waste tyre levies of R2.3/kg. This, of course, hands them an unfair advantage, particularly as legitimate importers clearing goods under the correct tariff codes (specifically for tyres), are apart from paying the prescribed duties and levies also being subjected to reference pricing.

Bear in mind, these dubious practices not only affect the legitimate importer, they are equally detrimental to our four local manufacturers who rely on sizeable volumes of imported product to supplement their offering to market.

Reference Pricing – an initiative (Tripartite agreement) between Government, Labour and Local Industry – came about some years ago. As TIASA did not exist back then, SARS could only consult with local industry on the matter, and so the SATMC was asked to come up with a formula, for the lack of a better word, to calculate a reference price per tyre size.

Simply put, a formula was agreed upon by local manufacturers as to what the breakdown of raw materials would be for a tyre, i.e. x% natural rubber, x% synthetic rubber, x% chemicals, x% conversion cost and so on, with the prices of raw materials updated on a quarterly basis, using international raw material prices and thereby setting the \$ price/kg. The \$ price/kg was then used to determine the reference pricing for a specific size by multiplying it with a specific weight for a size. Among other risk factors, this reference price, is being used to trigger stops by SARS.

In a bid to clamp down on import duty evaders, SARS are performing random checks at major ports, stopping any consignments deemed suspicious. While their efforts to halt illegal consignments is welcomed by industry at large,

“
 Period 1 April to 31 December
 2019, R93 million worth of
 consignment was stopped,
 resulting in losses to the tune
 of R4 million to the industry
 TIASA
 ”

it appears disputes are creeping in when it comes to the implementation and lookup of the reference pricing by Customs Officials, with the formula not being implemented correctly.

It has come to light that in some cases, light truck tyres are being confused for implement tyres or vice versa, resulting in unnecessary stops and expenses to the importer.

The Reference Pricing Formula, as such, is not the problem, says TIASA, but rather, the incorrect manner in which this being implemented by customs officials. TIASA argues the lookup table is not being applied correctly. They suspect that the reason behind this could be a lack of basic knowledge on the part of officials who frequently do not know the difference between a passenger tyre and a light truck tyre, for instance.

According to a recent SARS report, from the period 1 April to 31 December 2019, R93 million worth of consignment was stopped, resulting in losses to the tune of R4 million to the industry, (this equates to approximately R20 000 per container). No additional revenue was raised due to this.

To the contrary, the duty value was reduced by R -36 258 to R93 007 598, resulting in the duty collected reducing by a staggering R-312 268.67 after the correction was made. The stoppages were attributed to a number of factors, including importer behaviour, (continuously changing

clearing agents or being assigned a negative risk rating by SARS), products not being homologated as per NRCS regulations, border police suspecting possible smuggling and, of course, consignments being perceived to be in violation of the current reference pricing model.

Because of this, according to TIASA, the current reference pricing risk tool is not having the desired effect to reduce, illicit trade. As such, industry is asking for urgent consideration to be brought to the matter, in order to in order to explore more effective risk tools and remedies that can possibly be implemented by SARS in a bid to reduce illicit trade.

Subsequently, SARS has sent out an email asking both associations (TIASA and the SATMC), to provide input on the breakdown of raw material for tyres. The purpose of this is twofold. First, to provide a platform for industry to converge to discuss the best methods for resolution and second, to allow industry and SARS to engage with the intention to equip SARS in its efforts to implement and enhance the reference price method.

In addition, we are told that TIASA is in the process of exploring other risk remedies which they hope to table for discussion at their next meeting, to ensure that they do not rely on what they perceive to be an ineffective risk engine currently being used. We are told this will be an ongoing process that will involve the establishment of ‘The Illicit Trade Forum’ in the interests of arriving at more effective risk remedies.

The SATMC were invited to participate in this story. Regrettably, no comment was received.



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SECURING THE SUPPLY CHAIN:

Implementing effective risk management practices in the Tyre Vertical Market

Following our story on illicit trade practices, we invited one of the country's leading clearing agents, Savino del Bene, to share their thoughts and experience, on the risks hampering the South African tyre industry. Juanita Maree reports.

Before the influence of modern technologies and integrated transport networks, the prevailing manufacturing strategy of yesteryear - "Just-in-Case" - presented many shortcomings to manufacturers, retailers and other supply chain role players alike. Since demand often ended up being volatile (as perhaps even more so the case

today), considerable amounts of capital had to be tied up in inventory, resulting in instances whereby stock would run the risk of becoming redundant, stolen or even lost.

Other problems also prevailed, not least in the fast-moving sectors such as fashion or electronics, where product lifecycles are measured in terms of

months, not years. Subsequently, these sectors desperately required the manufacturing and transport flexibility to release new products on shorter lead times in comparison with other sectors.

Therefore, production strategies continually

evolved, notably in Japan. Starting in the 1980s and continuing through the 1990s, the rest of the world quickly began to adopt Japanese manufacturing processes for its efficiency; the best known of these originated within the automotive giant, Toyota.

In addition to these developments, smaller, modern production runs were adopted with production lines running on an “as and when” basis, which depend on demand. This is known as the ‘Kanban’ system. This Build-to-Order strategy did away (in theory at least) with the need for buffer stock.

Suddenly, customers were asking freight operators for more frequent services, as well as to move smaller consignments on a less predictable basis. Consequently, the flexibility of air, ocean and road services needed overhaul and was replaced by a singular module service. However, despite the increase of international and local transport costs, the overall benefit made the trade-off more than worthwhile in comparison with long production runs and buffer stock.

Consequently, supply chains have become more dynamic, which led to the question of how to align supply chain strategies to improve or facilitate the Customs Administration processes and establish a better understating of the extended supply chain.

Since the extended supply chain consists of multiple handover points and cargo movement within the supply chain, different operators within transactions can be accurately segmented and a verified, scientific view of transactions can be reached by categorizing them as low-, medium and high risk.

CAVEAT

The dynamic alignment within supply chains demanded segmentation processes of each transaction, as they no longer involve only

technology, warehouses and distribution centers of trucks, trains and plain in isolation. In effect, supply chains comprised of any combination of processes, handover points, functions, activities, relationships and pathways of product, service, information and financial transactions between organizations in both directions.

TODAY’S REALITIES

Mitigating the risks presented by modern supply chains, the role of Customs Administrations is central to cargo movement and tied-in international trade transactions where taxes, regulations and other restrictions, to protect the citizens of countries, are involved in relation to importing and exporting of goods and services.

Considering that any Customs Administration has the power to stop goods from crossing international borders for the purpose of inspection (high-risk cargo), it could potentially, and significantly, disrupt too carefully designed “Just-in-Time” (the prevailing manufacturing strategy of today) supply chains where manufacturers and their component suppliers are located in different countries.

In preventing this negative impact on global trade and the economy, Customs Administration around the world have been changing their approach to less disruptive methods of inspecting compliant transactions (low risk) while reserving full inspection for perceived high-risk cargo to eliminate illegal trade. Customs Administration are changing their risk management methods from a 100 per cent inspection rate of all cargo moving through their borders to a more selective process by segmenting cargo and its related supply chain movements into more accurate and appropriate low-, medium and high risk indicators for the owners of supply chains and operators in the extended supply chain.

WHAT AND WHERE IS THE RISK?

The South Africa tyre import market has grown substantially over the last eight years, with many inherited risks accompanying this growth. These risks, which have severely hampered the industry, can be categorized into nine main areas of concern:

Tyre Data Analytics – Growth in SA Tyre Industry

YEAR	MRNs*	MRN GROWTH (Y-Y)	AVERAGE CUSTOMS VALUE	VALUE GROWTH (Y-Y)	TOTAL CUSTOMS VALUE
2010	11 510	-	R95 656	-	R1.1 billion
2011	13 566	18%	R103 003	8%	R1.4 billion
2012	13 530	0%	R119 032	16%	R1.6 billion
2013	13 229	-2%	R149 978	26%	R2.0 billion
2014	19 105	44%	R306 794	105%	R5.9 billion
2015	19 675	3%	R299 969	-2%	R5.9 billion
2016	20 720	5%	R353 046	18%	R7.3 billion
2017	24 723	19%	R400 055	13%	R9.9 billion
2018	25 951	5%	R403 055	1%	R10.5 billion
Total	162 009	9.45%	R247 843	17.33%	R45.5 billion

*MRN – Movement Reference Number (Bill of Entry)



1. Smuggling
2. Miss-declaration
3. Under valuation
4. Uncontrolled recorded movement in bond and in transit
5. Illicit money flow that does not correspond to the Customs Declaration
6. Ad Valorem abuse and the misuse of different declarations
7. Round tripping to get use of 'Country of Origin' preferential duty rates
8. Counterfeit goods
9. Not adhering to safety standards (which links to other Government agencies inspections)
10. Violation of security measure in Country of Origin and Country of Destination

POSSIBLE SOLUTIONS OR REMEDIES THAT NEED TO BE EXPLORED:

The prevalent supply chain risks are not isolated within any stage, nor does the responsibility to mitigate the risk only rest with one party involved. Partnerships between private and public sector stakeholders are, therefore, an important ingredient of successful international supply chains.

THE PROBLEM AREAS

Where are the problem areas in the supply chain?



The development of effective supply chain strategies is possible by grounding them on a combination of policing and partnering, as well as being supported by cargo reporting throughout all supply chain activities, when and where handover points occur, not to mention constant monitoring while cargo is at rest or moving through the supply chain.

However, Customs Administrations (SARS) have the unilateral power to decide when to replace partnerships with policing, or, in other words, law enforcement by way of inspections. A recurring tension exists, therefore, when trying to accommodate the role of customs administrations into the supply chain risk management strategy, where time, cost and no disruptions are required.

“
The development of effective supply chain strategies is possible
Juanita Maree
 ”

Replacing the role of Customs (SARS) from partnering to policing can be disruptive to supply chain reliability, flexibility and agility as the flow of goods between the point of origin, and the point of consumption might give the Customs Administration (SARS) a reason to intervene in the otherwise seamless flow of cargo.

To provide a workable solution to the risks outlined, 13 risk remedies can be suggested. These risk remedies are much more scientific in nature and will result in better end deliverables compared to the ridiculous and archaic notion (often erroneously and ill-informed quoted) that a 100% container inspection stop rate will establish a better compliant, safe and secure trading environment:

- Scientific profiling and screening of the trader and the role players in the extended supply chain
- Matching cargo reporting from origin with Customs declaration to reconcile the physical movement and the transaction layer of the goods
- Using reference pricing as a key tool in order to indicate instances where HS codes are better segmented to provide an accurate one-to-one relationship between Product & HS Classification. This will allow a quick reference table for verification to ensure accurate Customs Declaration are based on market related prices.



- Establishing multiple stronger post facto audit teams
- Deployment of the AEO program where Business takes on the role of regulating their own environment (compliance, safety and security), with more and better trade facilitation benefits
- Creating transparency in the sharing of non-confidential data
- Monitoring the movement in cargo and escalation delay via a Trade portal
- Implementing more efficient seal verification processes at origin, Portnet, Terminals and other identified handover points
- Creating a Single window, which will allow other Government law enforcement agencies to work on a single risk platform and therefore know the Trader base better
- Using validation tables in the Customs Declaration i.e. VAT indicators which links to the CIPC registration office
- Applying a Big data analytic teams under SARS to grow with new innovative intellect
- Making the Sector forums more alive and listening to the Business environment to enforce the different risk remedies available

Ultimately, since risk management is a layered approach and needs to evolve, outdated methods aren't able to combat new and innovative processes which criminals invent.

A new risk management journey should be discovered.

CONCLUSION

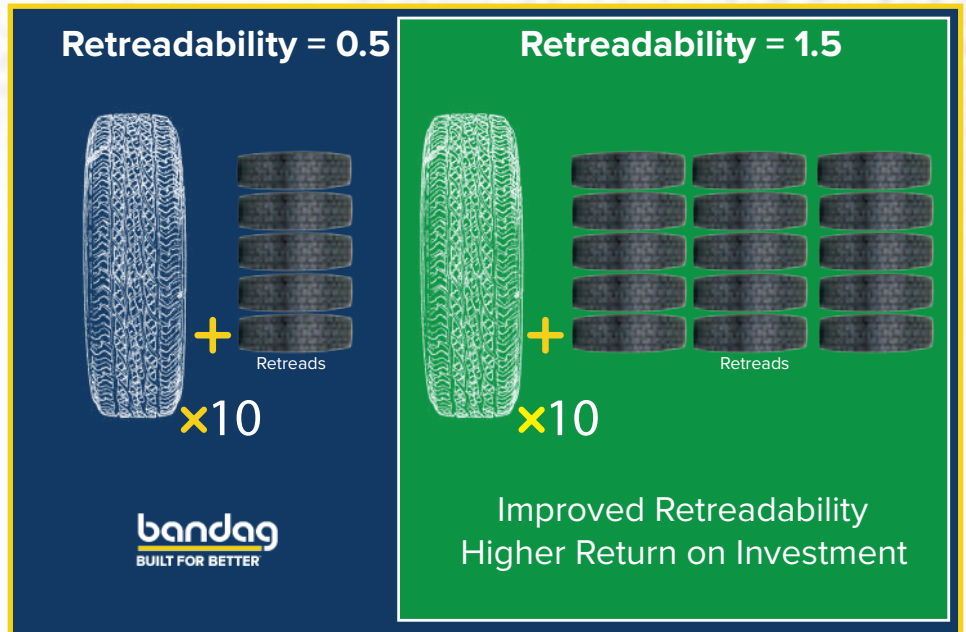
The vertical tyre market in South Africa has grown remarkably in the last decade. To limit the impact of cross-border regulations and allow the smooth flow of goods, traders within the vertical tyre market in South Africa have realised the need to address the fundamentals of compliance, safety and security. This can evidently be achieved by embedding interactive risk management practices into the extended supply chain processes from origin to final consumption.

What drives your tyre RETREADABILITY?

South Africa is a mature market when it comes to tyre management due to a high acceptance of retreading.

So much so that we have always maintained a high retread to new tyre ratio.

But this is changing to the detriment of fleets with the increased use of inferior quality new tyres, which offer little or no retreadability.



What is RETREADABILITY? And why is it important?

Retreadability is the number of times that a tyre can be retreaded. It is important because a low retreadability means your tyres get retreaded less, COSTING YOU MORE!

A retreadability of 1.5 means fifteen retread tyres can be produced for every ten new tyres purchased. A retreadability of 0.5 means only five retread tyres can be produced for every ten new tyres purchased. You 'throw' the rest away!

Choosing a premium new tyre with a higher retreadability ratio means you get many more tyre lives on your original tyre investment.

Some reasons to invest in RETREADABLE new tyres are:

- Increased kilometers
- Less downtime
- Less tyre changes
- Improved retreadability
- Less tyres in landfills - reduced carbon footprint

No matter how you look at it, investing in your tyres has a long term cost benefit!

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CLINCHES TOP SPOT AT RECENT TYRE TEST

When Australian magazine *Wheels & Tyres* decided to conduct a 4x4 Mud Terrain Tyre Test at the start of the year, featuring a range of mid-to-premium range brands, the results hailed a unanimous victory for Taiwan manufacturer, Maxxis, with the Maxxis Razr MT being declared as the overall winner, after taking the top spot in all but two testing categories.

Testing was conducted at Pheasant Wood Circuit, south of Sydney, using a stock Everest vehicle shod with 17-inch wheels and thereby providing access to a common 265/65R17 tyre size. Brands on test included Bridgestone, BFGoodrich, Kumho, Sunwide and Maxxis, with each tyre being put through wet and dry braking assessments, whereby the car is on maximum braking from 100km/h to a standstill.

They then conducted three dry cornering tests and two wet cornering tests, to evaluate how long it took the car to get through the curve.

For each test, the best tyre received a score out of 100, with the best getting the maximum score and others ranking according to how far they were from the winner.

Importantly, the price of each tyre also factored into their rankings, with a score out of 10 points to account for the big differences between cheapest and most expensive.

"The Maxxis Razr performed best in our tests, bearing in mind that we didn't test the off-road side of the equation," said Toby Hagon of *Wheels & Tyres*. "Instead, we focused on which tyres made the least compromises on-road. The decent grip in wet and dry made the Maxxis a solid performer in all disciplines, either leading or doing very well in each category. It was a clear winner, with the sharp pricing helping extend its lead over its quartet of rivals."

The Maxxis Razr placed first in Wet Braking, Dry Cornering and Wet Cornering, amassing a total 401.4 points over its rivals.

SUV rule the roost in European off-road tyre sales

Despite the overall fact that the passenger tyre segment in Europe has experienced disappointing sales figures in recent years. The same cannot be said about SUV tyres which over the past two years have simultaneously grown in sales by 7 per cent each year.

It is also interesting to note that SUV tyres with rim diameters of more than 18 inches have produced even greater growth performance at 10 per cent of this overall booming market.

Leading the charge in this off-road tyre momentum throughout Europe are the premium brand ranges which at present hold a highly impressive 60 per cent sales initiative. Whilst mid-range SUV patterns remain stable at 29 per cent and budget



By John Stone

brands at 11 per cent.

In fact when it comes to rim sizes over 18 inches the premium brand domination becomes even greater at 76 per cent but at the same time are directly responsible for driving price growth forward in not just the SUV but also the top end 4x4 market.



The SUV tyre market is flying throughout Europe

Further support for Continental's 'Dandelion Rubber Project in Germany

A number of innovative alternatives to natural rubber including Continental's 'Taraxagum' Dandelion project look set to benefit from a recent new Government policy in Germany which has now approved its national Bioeconomy Strategy which significantly paves the

way for further development in this area including funding and research for the future.

Continental currently receives Government Support to further develop a machine for harvesting the roots of Russian dandelion plants.



Danny Kirsten retires

Danny Kirsten, well known in the South African tyre industry, began his career in 1972, at Hi-Ho Vulcanising, Welkom, OFS, moved to Dales Tyres In Germiston.

He then joined a company called Thermofort that later became Chemical Vulcanising Systems. This was followed by a brief two-year break

at Myers Tyre Supply, before re-joining Chemical Vulcanising Systems, where he later became Sales Director. After 34 wonderful

years working

with John and Lynda van Niekerk, he joined the Leader Rubber Co. More recently, he spent the last six and half years, (and what he describes a great period of his working career), working with Roy & Wendy Olivier's company, Patch Tech.

During his career in the tyre service industry, which spanned 47 years, he travelled extensively in South Africa & Namibia, into Africa and even the USA, meeting and working with amazing

customers, colleagues, suppliers and representatives that became firm friends over the years.

Danny would like to extend his greatest thanks to all and sundry that allowed him to become part of their lives, their businesses and even their homes

over all these years...Now, Danny is starting a new chapter in his life – retirement.

May our Lord Bless You and Keep you all.

Danny Kirsten

Davanti appoint Sales Director for Africa and the Middle East as part of future growth momentum

Leading UK and European tyre producer and distributor – Davanti Tyres has appointed Najib Chakhtoura as Sales Director for Africa and the Middle East as part of the companies drive to establish a permanent presence in the region.

Najib has previously held similar senior positions developing premium brands in the UAE, Egypt, Saudi Arabia, Jordan, Kuwait and both North and East Africa and will now be concentrating on building relationships with both existing and new distributors in Africa and the Middle East to further increase the brands international sales volume.

Davanti Tyres General Manager – Peter Cross says, “As Davanti enters a new phase of growth



Mr Najib Chakhtoura Davanti new sales director for Africa & the Middle East

and investment. We believe now is the right time to establish a permanent presence in Africa and the Middle East. Najib adds, “I believe

Davanti will evolve into a leading brand in this part of the world and this dynamic and exciting opportunity was impossible to turn down.

Further modifications to the EU Tyre Label to be introduced in 2021

The Council of the European Union has recently announced confirmation of new changes to be implemented to the EU tyre label that will be introduced in next year throughout all member countries.

The major changes to the existing label design include the provision of retreaded tyres plus the rescaling of rolling resistance and wet grip values and the further inclusion of mileage performance and ice grip performance.

There will also be additional information on tyre abrasion as soon as reliable, accurate and reproducible methods to test and measure the readings become available.



Correction

An error crept in in our Summer Edition. The South-African based Mathe Group recycle 150 000 radial truck tyres per annum, and not per day, as published.

New Advantage ranges from BFGoodrich for Europe

BFGoodrich Europe have announced the launch of their new Advantage summer and SUV ranges in 2020 to celebrate the company's 150th anniversary. In effect they are renewing their entire product portfolio for Europe.

Both ranges were specifically manufactured with a particular emphasis on wet and dry grip, road-holding and handling along with increased low rolling resistance.

Both of these new exciting BFGoodrich tyre designs have been accredited with An EU tyre label rating of 'A' for wet grip whilst the improved rigidity provided by special self locking sipes ensures an overall reduction in rolling resistance and in turn fuel consumption.

The BFGoodrich Advantage passenger tyre will offer 99 size options and the Advantage SUV series will have 23 different sizes with an additional 20 sizes due to be introduced in 2021.



The new BFGoodrich Advantage range

Pirelli presents Paolo Roversi's "Looking for Juliet", the 2020 Pirelli Calendar, in Verona



Paolo Roversi's 2020 Pirelli Calendar "Looking for Juliet" was presented to the public recently at Verona's Teatro Filarmonico.

Drawing inspiration from Shakespeare's timeless drama, Paolo Roversi has tapped into the "Juliet that exists in every woman" with Claire Foy, Mia Goth, Chris Lee, Indya Moore, Rosalía, Stella Roversi, Yara Shahidi, Kristen Stewart and Emma Watson as the protagonists of this 47th edition of The Cal™.

This year represents the first time the calendar merges photography with cinema as it is accompanied by a short film. In the 18-minute film, Paolo Roversi plays himself as a film director interviewing candidates for the role of Juliet, who pass

one-by-one before the director's lens to portray the multifaceted character with a broad gamut of emotions and expressions.

The scenario unfolds in two phases. In the first, the protagonists are shown arriving at the set, without makeup or costume. They sit and talk with Roversi about the project under way, each one vying to be chosen, telling the director about their personal experiences and how they envisage Juliet. In this way, the actresses reveal their intimate, personal side. In the second phase they put on the costumes devised to transform them for their personal interpretation of Shakespeare's heroine. The idea is to portray a story in which reality and fiction dovetail and their distinctions blur, as in a hazy photograph.

The photo-shoot took place in May, and the 2020 Pirelli Calendar is the first to be created by an Italian photographer, who chose Verona for the setting, the city that is indelibly tied to the young woman's fate; but also Paris, where Roversi has lived for the past forty years.

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Goodyear introduces Complete Tyre Management for Fleets



The Goodyear Tire & Rubber Company recently introduced Complete Tyre Management for commercial fleets in North America.

By combining its monitoring, insights and service capabilities, the company says Goodyear Tire Management offers a complete solution customised for a fleet's needs.

Goodyear Tire Management currently focuses on four primary products:

Goodyear Tire Optix – This digital inspection toolset helps fleets detect tyre data such as tyre pressure, tread depth and tyre wear conditions with

real-time alerts and detailed inspection results.

Goodyear CheckPoint – The drive-over reader device provides automated inspections of tyre pressure and tread depth. Positioned at a fleet yard entrance, this in-ground device scans passing trucks and triggers alerts to fleet maintenance if there are any immediate tyre concerns. This solution enables large numbers of vehicles to be inspected efficiently.

Goodyear TPMS Plus – This on-vehicle, active monitoring system evaluates tyre conditions in real-time using Goodyear's fleet-specific

algorithms. TPMS Plus helps fleets identify issues such as tyre air leaks and high temperatures, while also providing predictive tyre maintenance analytics to help reduce tyre-related roadside breakdowns.

Goodyear TireReady – A tyre subscription programme custom-designed to meet the specific needs of an individual fleet. Goodyear and its dealer network will manage and optimise the entire lifecycle of a tyre – from new tyre choices to retreads, monitoring, service, analytics and more.



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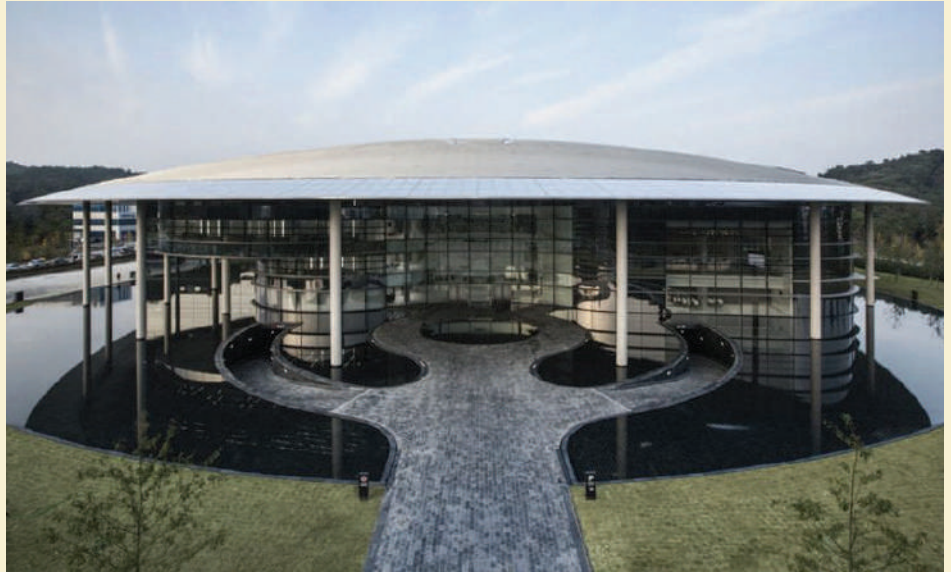
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HANKOOK partners with AMAZON for Tyre Compound Prediction Modelling

Hankook Tire is partnering with Amazon Web Services (AWS) to incorporate more digital technologies such as artificial intelligence and big data.

Hankook Tire recently developed a Virtual Compound Design (VCD) system, which predicts the characteristics of tyre compounds and finds an optimal combination through artificial intelligence analysis, the company says. The AWS Cloud platform will enable Hankook to store, process and analyze huge amounts of data such as that gathered from the VCD system.

Through the collaboration with AWS, Hankook will actively introduce high-tech digital solutions such as the machine learning platform "Amazon SageMaker" to strengthen cooperation



with AWS to develop tyres that have the best performance, the company says. Amazon SageMaker is a service that provides developers and data scientists with the ability to build, train and deploy machine

learning models, Hankook says.

The company says it is securing future-oriented innovative technology by utilizing its global R&D network built around its high-tech facility, the Hankook Technodome.

YOKOHAMA named on 2019 Climate Change A list

The Yokohama Rubber Co., Ltd. has been named to the 2019 Climate Change A List by CDP, a global environmental impact non-profit organization (NPO) that aims to promote the realization of a sustainable economy.

Inclusion on the CDP A List of companies with outstanding environmental performance recognizes Yokohama Rubber's efforts to mitigate climate change as being of the highest global standard. This is the second time Yokohama Rubber has been included in the CDP Climate Change A List, following its first listing in 2016.

CDP A List selection is based on companies' responses to the NPO's questionnaire on climate change. Of the

more than 8,000 companies that responded to the 2019 questionnaire, only 179 made the A List, including 38 Japanese companies.

At the Japan meeting announcing the results of the CDP's 2019 survey on corporate climate change action, Yokohama Rubber's Gota Matsuo, a member of the board and managing officer who is also in charge of corporate social responsibility division, told the audience that Yokohama Rubber has been working to achieve a sustainable society through the CSR activities being conducted as part of its Grand Design 2020 (GD2020) medium-term management plan, which was launched in fiscal 2018, the company says.

Yokohama says two recent actions cited by Matsuo that reflect the company's efforts to protect the earth's environment were



the installation of a solar power generation system that uses the bilateral credit system at its Philippine subsidiary's tire manufacturing plant and cooperative efforts with business partners and local communities to realize the sustainable procurement of natural rubber.

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*Source: Automobile Association of South Africa.

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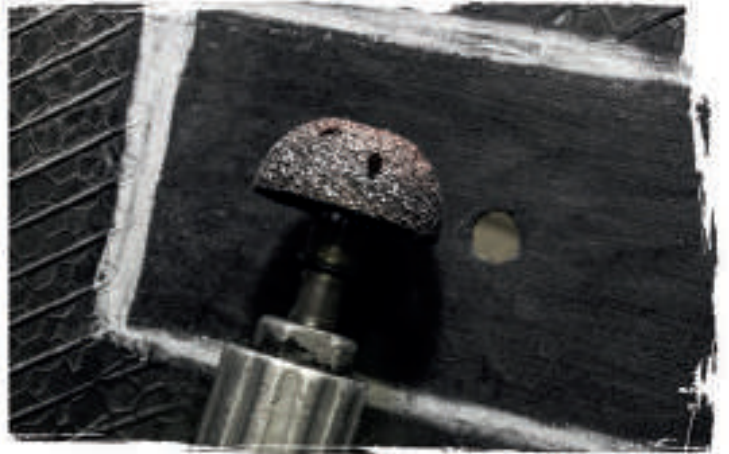
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- Tyres & Treads** 22 Pioneer Street, George, Port Elizabeth. Tel: 044 878 0222
- Stoney's Wheel & Tyre** 50 Frikkie van Kraayenburg Street, East End, Free State. Tel: 051 432 1054
- Auto Tyre** 1 Transvaal Road, Barkley West, Northern Cape. Tel: 053 531 0681
- Tonnesens Parow** 394 Voortrekker Road, Parow, Western Cape. Tel: 0219 308 250
- Commercial Retreaders** 74 Willow Road Unit5 Stikland, Bellville, Cape Town. Tel: 021-948 5320
- Protea Tyres Middelburg** 84+86 Zuid Street, Middelburg, Mpumalanga. Tel: 013-2822200
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