

Tire plant investment drive continues into 2024

New projects in response to import tariffs and strategies to locate production closer to customers

Capital spending in new tire production capacity and supply-chain capabilities looks set to continue apace in 2024, recent announcements from several major global suppliers indicate.

Pressures to avoid punishing import tariffs and locate production closer to customers are among the main driver for investments – as evidenced for example by Sailun Group's decision to build its first North American tire factory.

Sailun has signed a JV agreement with Mexico's TD International Holding (TDIH) for the construction of a €220-million tire plant in León, Guanajuato state, Mexico.

The project is slated to establish a unit with initial capacity to produce 6 million units of radial passenger car tires (PCRs) a year, said its filing to the Shanghai Stock Exchange.

The JV partners also aim to study the production of 1.65 million units per year of all-steel truck and bus radial tires (TBRs) in the future, according to the 16 Dec 2023 statement.

To be named SL & TD Tire Manufacturing, the JV will be 51%-owned by Sailun's Singapore subsidiary, while TDIH will own the remaining 49%.

The Mexican partner will also support the project via its subsidiary Tire Direct, which is claimed to be "the largest tire dealer in Mexico."

Sailun expects the project to provide "faster and better market services to customers in North America and improve its customer base in the region".

The investment will also enable the company to respond to 'international trade barriers' and improve its competitive-



Photo: Continental

ness and market-share, Sailun added.

In Asia, meanwhile, Jiangsu General Technology Co. (General Science) has unveiled a €190-million plan to expand its recently opened tire factory in Cambodia.

The 18-month project will add annual capacity for 3.5 million units of PCR tires and 750,000 TBRs at the plant, inaugurated in April last year.

The site in Sihanoukville Port Special Economic Zone will then have total capacity to produce 8.5 million PCRs and 1.6 million TBR tires a year, said a 28 Dec 2023 General Science filing.

General Science has previously indicated that tires manufactured at the Cambodian facility will be mainly exported to the US, Europe and Brazil.

At the same time, General Science announced that it had dropped plans to build a

€200-million tire plant in Baotou, Inner Mongolia due largely to unfavourable market developments.

Announced last May, the project was to have added capacity to produce 1.2 million truck & bus tires and 100,000 off-road tires a year.

Another Chinese tire maker, Jinyu Tire Group has broken ground on an expansion project to add passenger car and light truck (PLT) tire production in Vietnam.

At a ceremony 12 Dec 2023, the tire maker said it would expand its facility in Tay Ninh province, Vietnam through three phases, with the first PLT tires set to be rolled out in 2025.

Jinyu did not provide further details, but the project is an expansion of Jinyu (Vietnam) Tire Co. which started production in 2021 with capacity to manufacture 2 million TBRs a year.

The Shandong-based manufacturer had suspended its PLT operations over the past five years, to "focus on the development of TBR tires".

"Now the time is right to restart the PLT business and Jinyu has set ambitious goals and expectations [for] the market," said its new announcement.

"Jinyu's restart of the PLT business was a rational choice after careful consideration," commented Chang Xianxu, chairman of Jinyu Tire Group.

The project, he said, is in response to market demand, and will create "sustainable market competitive advantages."

Jinyu has targeted mainstream demand in European and American markets for the first phase of the project.

Elsewhere, Korean-based tire maker Kumho Tire Co. Inc. has rebuffed reports that it has decided to establish a production facility in Europe.

New tire capacity project announcements

Company (date)	Project location	Investment	Details
Sailun (Dec '23)	León, Mexico	€220m	JV to produce 6m/yr PCRs, study production of 1.65m TBRs
General Science (Dec '23)	Sihanoukville, Cambodia	€190m	Add capacity to make 3.5m PCRs, 750k/yr TBRs
Jinyu Tire Group (Dec '23)	Tay Ninh province, Vietnam	n/a	Add passenger car/light truck tire prod'n by 2025
ZC Rubber (Jan '24)	Indonesia	n/a	Construction of new tire plant
ZC Rubber (Jan '24)	Mexico	n/a	Plan to establish tire plant

At a recent meeting with US tire dealers, officials 'let slip' that Kumho Tire's board had approved plans to build a European plant, a well-placed source informed *ERJ*.

In response to *ERJ*'s enquiry, a Kumho Tire executive stated: "At this time, I would like to inform you that no official decisions have been made regarding [a] plant in Europe."

"We are currently in the process of exploring various options as part of our ongoing efforts to provide the best possible service to our valued customers."

Another driver for increased investment is predicted growth in automotive vehicle demand, and hence replacement tires, in many countries – not least China.

Zhongce Rubber Group (ZC Rubber) cited this trend, having rolled off first tires from its newly built 'green 5G digital factory' in Qiantang district, Hangzhou, China.

The production facility "fully utilises digital technology" to manufacture high-perfor-

mance radial tires, the Chinese group said in a December 2023 announcement.

Output from the 5G unit, added ZC Rubber, includes the company's flagship-series products, electric vehicle (EV) tires and OE tires for both domestic and international markets.

The tire maker also operates a "smaller future factory v1.0" in Qiantang based on 5G technologies, it noted in written comments to *ERJ*.

The new 5G factory, it explained, is an "upgraded version" in terms of production technology, automation level, and efficiency.

"The factory will have a larger production scale, higher production efficiency, better product quality, and reduced labour and energy consumption," said ZC Rubber.

Citing an on-going IPO plan, ZC Rubber declined to comment further on the capacity or investment size of the unit.

According to ZC Rubber, the new plant has been established in response to a growing au-

tomotive parc in China, which reached 319 million vehicles by the end of 2022.

"This number promises a huge aftermarket for passenger car tires," stated China's largest tire maker, noting that sales of new cars in the country are forecast to reach 31 million units in 2024, including 11.5 million EVs.

Rapid expansion

"The rapid expansion of Chinese EV cars market with [its] large car population guarantees a constant strong demand on PCR tires in China," said the tire major.

The 5G factory "will be ready for such a demand-increase and satisfy customers in both domestic and international market", ZC Rubber concluded.

Meanwhile, ZC Rubber is expanding its overseas production footprint, with the construction of a new tire plant in Indonesia and plans to establish a facility in Mexico also on the drawing board (See news report p5).

Linglong 'first'

Linglong has produced first giant radial tire with home-grown technology at its manufacturing plant in Jilin, China. The tire, in size 27.00R49, was rolled off the production line in Jilin 10 Jan, "filling a gap" in the company's range of engineering radial tires.

The achievement, said the group, signals "that Linglong's off-highway tire development has entered a period of rapid development," under its '3+3' expansion strategy.

Within the strategy, the Chinese tire maker aims to produce off-highway tires at three domestic plants in China and three overseas units.

Linglong started construction on the Jilin facility in 2020 and rolled off first tires (TBRs) at the site in late 2021.

The Yuan5 billion (€640 million) facility is slated to eventually reach a capacity to produce 12 million passenger car tires, 2 million TBRs and 200,000 retreaded tires.

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