CALIFORNIA NORTH TIRE DEALERS ASSOCIATION

December 5, 2007

FUEL EFFICIENT TIRE PROCEEDING
Docket No. 07-FET-1

TESTIMONY BEFORE CEC TRANSPORTATION COMMITTEE
December 7, 2007

On behalf of the California Tire Dealers Association, I would like to thank the California Energy Commission for the opportunity to put forward the tire dealers' point of view in the debate about fuel efficient tires. The tire dealers' first concern is the safety of the consumer, and we will do our utmost to recommend the proper tire for the conditions it will serve.

The key concern about AB 844 – as far as tire dealers are concerned – is the proposal for a "tire energy efficiency program for replacement tires designed to ensure that replacement tires sold in the state are at least as energy efficient, on average, as Original Equipment (OE) tires . . ."

Such a mandate would severely impact tire dealers and their customers for the following reasons:

1. At the OE level, car manufacturers rely on low rolling resistance tires to achieve mandatory vehicle efficiency limits, and the tire manufacturers—who are contracted to make the original equipment tires—have to work within the parameters of the car manufacturer.

2. Replacement tires reflect the wishes of the consumer, which are usually determined by safety (expected road conditions), longevity and price.

3. By mandating specific tires with one focus in mind, namely low rolling resistance, the state would limit consumer choice and inevitably increase tire cost.

Additionally, the California Tire Dealers Association foresees the following problems instituting such a mandate:

- It would limit the import and sale of tires that do not have the required low rolling characteristics. Some may be high performance tires, but mostly it would affect economy tires.

780 Sea Spray Lane, Suite 309, Foster City CA 94404. Phone: (650)357 0600 Fax: (650)357 0601
E-mail: Ejnar@CaTireDealers.com Web Site: www.CaTireDealers.com

California Tire Dealers Association - North
780 Sea Spray Lane, Suite 309, Foster City CA 94404. Phone: (650)357 0600 Fax: (650)357 0601
E-mail: Ejnar@CaTireDealers.com Web Site: www.CaTireDealers.com

- It would virtually eliminate the used tire market for both passenger and light truck vehicles.
- It would virtually eliminate the retread market for passenger and light truck vehicles.
- It would inevitably increase the cost of tires sold in California because the production runs would be smaller and therefore more expensive.
- By eliminating so-called "economy tires," the mandate would punish those who can least afford the purchase of new tires. This, in turn, would cause some to drive on worn and unsafe "bald" tires. An influx of illegal and dangerous "re-grooved" tires would undoubtedly flood poorer regions of the state.

The above problems raise a number of obvious questions if California were to institute a low rolling resistance mandate by itself:

1. How would the state be able to enforce a ruling that only applies to it? How could the state force tire manufacturers to research and develop such tires—not sold in other parts of the country—without increases in tire pricing?
2. How could the state keep out tire imports that do not comply with the mandate?
3. How could the state prevent the purchase of non-conforming tires purchased over the Internet?
4. How could tire manufacturers, wholesalers, distributors and retailers that operate in other states carry inventory specifically intended for the California market?

Of the four requirements identified in AB 844 that need to demonstrated in order to institute a program that replacement tires sold in California be as energy efficient as OE tires, we find none.

- **Technically feasible and cost effective?** Feasible, yes, but with great difficulty should California go it alone and force manufacturers to develop a line solely for our state. Cost effective? To whom? The manufacturers who would be forced to develop a new line for California? The tire dealers who would be forced to carry limited inventory? The consumers who would be forced to pay higher prices for tires that would not last as long as current tires?

- **Does not adversely affect tire safety?** Greater traction (how the tire grips the road) is inversely proportional to lower rolling resistance. While OE tires perform fine on normal roads, in some areas where poor road conditions exist, particularly in rainy and snowy mountainous regions, safety depends more upon tread design, width, and natural rubber content of the tire than whether it is fuel efficient.

California Tire Dealers Association - North
780 Sea Spray Lane, Suite 309, Foster City, CA 94404 Phone:(650)357 0600 Fax:(650)357 0601
E-Mail: Ejnar@CaTireDealers.com Web Site: www.CaTireDealers.com

- **Does not affect the average life of replacement tires?** Greater tire longevity is inversely proportional to lower rolling resistance.

- **Does not adversely affect the state effort to manage scrap tires?** Low rolling resistance tires reduce tire longevity. Tires that do not last as long contribute to scrap tire generation.

That being said, we encourage the development of low rolling resistance tires and would strongly support educational campaigns both regarding the benefits of low rolling resistance tires and of proper tire pressure.

We are optimistic that tire manufacturers are heeding the call for more environmentally-friendly tires. Within the past month, there is evidence that, because of consumer interest, tire makers are responding.

- Michelin North America is working to double the tread wear life of its tires and thereby halve the amount of raw materials going into their manufacture. It proposes to reduce passenger tire rolling resistance by an additional 50 percent and "substantially" reduce its braking distance.

- Yokohama Rubber Company is experimenting with a new tire that would be made with natural rubber and citrus oil, thereby eliminating the petroleum that goes into the manufacture of a tire.

We tire dealers salute these developments and know that tire manufacturers are competing in research and development for environmentally-friendly solutions. We think this is the right way to proceed:

1) Tire manufacturers responding to environmental concerns and improving their product to reflect those concerns;
2) Providing consumers greater information about fuel efficient tires; and
3) Allowing consumers to make a choice.

We thank you for holding this workshop and allowing stakeholders an opportunity to provide testimony.

Tom Hanlon, President
Ejnar Fink-Jensen, Executive Director