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The Rubber Letter

French tyre EPR raised to 97% collection, Michelin margins at 11.4% and silicone demand accelerating.



FROM THE EDITOR

The start of the 2026 season highlights two structural dynamics for the industry: tighter collection and recycling obligations for end-of-life tyres in

France, and a cautious lull in natural rubber prices after the second-quarter rise.

On the customer side, Michelin confirms the resilience of its margins in the first half despite pressure from customs duties and logistics costs, while demand for silicone elastomers keeps accelerating, driven by vehicle electrification and power electronics.

KEY FIGURES

97 %

New end-of-life tyre collection rate imposed in France for 2026 (up from 96% in 2025)

$1.68/kg

Average TSR20 price (Malaysia/Singapore), up in Q2 2026

11.4 %

Michelin segment operating margin in H1 2026, despite higher customs duties

Industry news

REGULATION

Tyre EPR: the bar set at 97% collection

The 2026 specification for the French tyre EPR scheme raises the collection rate to 97% (from 96%) and sets a 41% material recycling target. Producer responsibility organisations must now provide financial support to retreading operators that put retreaded tyres back on the domestic market.

PRICES

Natural rubber: the Q2 rise may pause

TSR prices gained between 2.3% and 3.2% depending on the market (Indonesia, Malaysia, Germany, Singapore) in the second quarter of 2026. Analysts nevertheless expect a moderate easing, as abundant imports meet more cautious buying by processors.

RESULTS

Michelin: resilient margins in the first half of 2026

The group reported revenue of €12.7bn (+0.5% at constant scope and exchange rates) and segment operating income of €1.45bn (an 11.4% margin). A favourable price-mix effect on raw materials was partly absorbed by higher logistics costs and customs duties.

MATERIALS

Silicone: demand accelerates with electrification

Several industry studies published this summer confirm accelerating demand for silicone elastomers (LSR, HCR) through 2035, driven by electric-vehicle battery protection, thermal management and consumer electronics.

Trends & outlook

01

Retreading support

Funding retreading through producer responsibility organisations opens a concrete path to lower raw-material consumption for professional fleets.

02

High-performance silicone

LSR and HCR are gaining ground in battery protection, thermal management and power electronics in electrified vehicles.

03

Logistics & customs costs

Despite favourable raw-material price effects, higher customs duties and transport costs continue to weigh on tyre makers' margins.

04

Cautious buying

Industrial buyers are weighing medium-term cover against waiting, in the hope of a possible easing in natural rubber prices in the second half.

TECHNICAL TIP OF THE MONTH

Prepare for the new tyre EPR regulation

01

Stronger traceability

Update your collection processes and supporting documents to meet the new rates (97% collection, 41% material recycling).

02

Retreading partnerships

Identify approved retreaders to benefit from the financial support of producer responsibility organisations and extend the service life of your tyre equipment.

03

Watch raw-material prices

Track TSR20/RSS3 through Q3 2026 before renewing your framework contracts; several analysts expect a moderate easing.

DID YOU KNOW?

Failing to meet end-of-life tyre collection obligations (dumping, handing tyres to an unauthorised operator) now exposes companies to fines of up to €150,000 for legal entities, with the risk of criminal proceedings where pollution is established.

Information provided for guidance only; it does not constitute legal or regulatory advice.