



Informal Tyre Dealers in South Africa: an Assessment of Their Contributions to a Circular Economy

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Abstract

Faced with extraordinarily high unemployment, the long-term unemployed in South Africa increasingly have been securing livelihoods outside of standard waged work. Many are establishing unregistered, micro-enterprises that provide low-cost goods and services to low-income households. This paper presents the results of an exploratory study of unregistered (informal) second-hand tyre dealers in three South African cities to better assess their role in urban economies. Interviews with informal tyre dealers were conducted to understand how their businesses are positioned along the waste tyre value chain, their prospects for generating employment, and their potential to contribute to product reuse and repurposing. By extending the useful lives of tyres, informal dealerships can be analysed through a circular economy framework that acknowledges their varied environmental, economic, and social benefits. Concerns, however, are raised about the unregulated sale of second-hand tyres, some of which are unsafe and pose risks for road users. This in turn gives rise to difficult trade-offs between on the one hand the economic and environmental benefits of informal tyre sales and road safety on the other.

Keywords Informal economy · Self-employment · Tyre industry value chain · Industry Waste Tyre Management Plan · South Africa

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Introduction: Informality in the Shadow of Mass Unemployment

South Africa has one of the highest unemployment rates in the world. The official unemployment rate has exceeded 20% since 2000, rising to 34.4% in 2021. Using an expanded definition of unemployment that includes discouraged jobseekers, in the second quarter of 2021, 44.4% of the working-age population was either unemployed or had discontinued their job searches because of poor employment prospects. In the shadow of stagnant employment growth, increasing numbers of jobseekers have been drawn to livelihoods outside standard waged work. Some have turned to informal employment, such as day labour and domestic work, while many others have established unregistered enterprises that compete in markets alongside conventional businesses. Informal enterprises in South Africa are now found in many industries, including retail trade (Rogan, 2019), and are the foundation of township economies across the country.

Globally, 61.2% of people in employment (approximately two billion) are working in the informal economy, of which the majority is in developing countries (ILO, 2018). In South Africa, it is estimated that 2.9 million workers are active in the non-agricultural informal sector (IEJ, 2018; StatsSA, 2022), an indication of how important informal employment has become as a livelihood strategy. Between the first and second quarters of 2022 alone, the informal economy grew by 5.2%, or an additional 147,000 jobs. Given the presence of vast labour surpluses in many parts of the world, it is now widely acknowledged that governments should more closely study informal employment (IEJ, 2018; Mashimbyi, 2021). Furthermore, Banks et al. (2020:227) contend that urban informality should be viewed as a “site of critical analysis, [which] requires a more complex understanding of the political economy of urban informality across spatial, economic and political domains”. Developing a broader conceptual understanding of urban informality that captures its complexity, in turn, requires an examination of “the close linkages and overlaps among different dimensions of informality, and between formal and informal worlds” (Banks et al., 2020:227). It is therefore no surprise that, during the Jobs Summit held by the South African government in 2018, many of the proposals put forward emphasised a holistic approach towards informality, focusing on the linkages between the formal and the informal sectors and strategies for increasing incomes of informal workers, improving infrastructure and working conditions, and increasing social protections for informal workers (IEJ, 2018).

This paper examines unregistered (informal) second-hand tyre dealers in major South African cities to better understand the role they play in urban economies. Using exploratory interviews to document and analyse their operations, we follow Meagher (2013) and Skinner and Rogan (2019), who emphasise the importance of analysing industry value chains, including segments classified as being in the informal sector, to better inform policy interventions. In contrast to studies of other groups of informal workers, such as street vendors (Roever, 2014; Roever & Skinner, 2016) and waste pickers (Schenck et al., 2019), the focus of studies on informal tyre dealers in trade publications, such as articles by Mavuso (2019),

Roets (2023), and Venter (2018), is less on the decent work agenda (ILO, 2013) and more on the concern for road users. This reflects what are commonly referred to as “morality issues” (Polese, 2021) that arise in the interstices between the informal sector and the state. The sale of second-hand tyres by informal dealerships reveals this tension (see Chirisa (2009)), with these businesses providing low-cost tyres, job opportunities, and incomes on the one hand, while on the other the sale of worn tyres exacerbates risks for road users. Because we do not find any social science research on informal second-hand tyre dealers either in South Africa or elsewhere, only reports in trade publications and articles in the popular press, we heed the call of Kanbur (in Fourie, 2018) for “good analysis” as far as the informal sector is concerned and aim to provide a novel perspective on the morality issue as it pertains to informal tyre dealers and their role in the tyre industry value chain.

Second-Hand Tyres and the Circular Economy

Rising demand for motor vehicles, combined with the need to furnish replacement tyres for existing vehicles, saw the global market for tyres reach US \$126 billion in 2022, a figure that is expected to rise to US \$176 billion by 2027 (Statista, 2023). As a stage in the product lifecycle, tens of millions of tyres annually reach their end of life and must be discarded, recycled, or reused (Kaur et al., 2021). In South Africa, an average of 13 million new tyres are sold each year (DFFE, 2022) through between 1400 and 2000 registered dealerships. At the same time, Jenkin (2022) estimates that 12 million tyres, or 312,780 tonnes, are entering South Africa’s waste stream annually. It is here, alongside the registered dealerships, that informal second-hand tyre dealers find their consumer markets, with dealers plying their trade on the streets of South Africa’s townships, in particular.

Observers have expressed concerns that the sale of second-hand tyres by informal dealers negatively impacts tyre safety (Arnoldi, 2018; News24, 2016; SRSA, 2018; Venter, 2018). Sumitomo Rubber SA’s (SRSA) Used Tyre Survey revealed that in 2017, more than 60% of second-hand tyres sold in South Africa did not meet the minimum legal tread threshold of 1.6 mm and were hence on the road illegally (Times Live, 2019). Another investigation (Roets, 2023) estimated that between 750,000 and 900,000 illegal tyres are on South Africa’s roads. Burger (2023), Mavuso (2019), Roets (2023), and Venter (2018) point to the lack of a regulatory system governing the condition of second-hand tyres being sold in South Africa as a reason for the presence of substandard tyres on South Africa’s roads. Concerns also have been raised that some second-hand dealers re-groove tyres themselves. This creates the impression that a tyre’s treads are sufficiently deep, when in fact the tyre is damaged and dangerous (News24, 2016). A further concern is that second-hand tyres may have been illegally imported from other countries. Ayadi (2015), for example, reports that 73% of all tyres sold in Tunisia reach the market through the informal sector, while the estimated value of tyres entering Pakistan through cross-border smuggling is 300 billion rupees (Hanif, 2022). Ayadi (2015) explains that lower

prices in the informal sector entice buyers, and this is likely the case in South Africa as well. The South African Tyre Manufacturing Conference (SATMC) regards the large number of substandard tyres on South Africa's roads as having fatal consequences, because worn tyres cause drivers to have difficulties steering and braking, are at great risk for punctures, and are prone to blowouts (Mavuso, 2019; Roets, 2023).

Unregistered tyre dealers are the main purveyors of second-hand tyres. In this paper, we use a circular economy (CE) framework to examine the activities of these informal enterprises in order to consider their position in the tyre industry value chain as well as their role in urban economies, particularly their potential to provide jobs and livelihoods. The CE framework has been developed both an analytical tool and an emergent policy paradigm aimed at transforming industrial systems, and we follow its three core principles: designing out waste, closing resource loops, and regenerating natural systems (Mokoena et al., 2021). An industrial system can be described as "circular" if it is "restorative or regenerative by intention and design" (World Economic Forum, 2014:15). Whereas the linear industry model of take-make-waste is harmful to the environment, CE promotes reuse, recycling, and repurposing (Halog & Anieke, 2021; Murray et al., 2017) and thus prioritises the circulation of resources to decrease resource consumption and waste generation (Halog & Anieke, 2021). Korhonen et al. (2018) describe CE as building on three pillars of sustainability. The *environmental* goal is to minimise waste generation and emissions and reduce raw material and energy consumption; the *economic* goal is to reduce material costs and increase business opportunities; and the *social* goal is to generate employment and income by creating a collaborative economy governed by participatory decision-making processes. In short, CE aims to restructure the predominant take-make-waste system through a holistic and sustainable process (Hoffman et al., 2022; Merli et al., 2018), as reprocessing products and extending the life of materials creates jobs and generates income, conserves energy, and lowers resource usage and waste.

When applied to the tyre industry, a CE perspective directs focus to links in the value chain that might be overlooked by more conventional depictions of the industry, in particular the role of unregistered (informal) second-hand tyre traders, whose operations are poorly understood and largely disregarded by policymakers and industry leaders. We posit, however, that these merchants have a substantial impact on tyre supplies and that they help to reduce waste by promoting reuse and extending the useful lives of tyres. The remainder of this paper seeks to remedy the lack of information about informal tyre dealers by delving into their operations in major South African cities. The next section considers linkages and interdependence between the formal and informal sectors in South Africa's tyre industry. This is followed by a description of the methodology used to collect information about second-hand tyre dealers and their activities. The results of the investigation then follow. The concluding section considers the policy implications of this study and makes recommendations for further research.

Linkages and Interdependence between the Formal and Informal Sectors in South Africa's Tyre Industry

Although South Africa's informal sector is smaller than that of other countries in southern Africa, the linkages and interdependence between the formal and informal sectors are nevertheless significant (IEJ, 2018; Mashimbyi, 2021). The tyre industry value chain in South Africa serves to illustrate these linkages. The value chain is constituted by formal sector enterprises—such as tyre producers and registered dealers that sell new tyres and dispose of used tyres and transporters, depots, and processers that are involved in waste tyre distribution—and informal dealers who sell second-hand tyres. Informal dealers, however, have largely been ignored in policy debates even though, according to Skinner and Rogan (2019), the ruling party in South Africa, the African National Congress (ANC), and the South African National Development Plan (2030) regard the informal economy as having the potential to generate jobs and income growth that at least partially compensates for the stagnation of formal sector employment.

Methodology

Within the CE framework, informal tyre dealers are a node within the tyre industry value chain. Given that only limited information could be found in either the academic literature or trade press on informal tyre markets and dealers in South Africa, an exploratory research design (Terre Blanche et al., 2012) was applied to conduct a preliminary investigation into this understudied sector. Exploratory research seeks preliminary answers to research questions without offering final conclusions (Creswell, 2009; Swedberg, 2020). It pursues an open, flexible, and inductive approach to research in an “attempt to look for new insights into phenomena” (Terre Blanche et al., 2012:44). As such, it helps us to gain a better understanding of a problem or condition while providing guidance for future research (Welman et al., 2005).

Three of the largest cities in South Africa were selected to investigate the activities of informal tyre dealers: Cape Town (Western Cape Province), Pretoria (Gauteng Province), and Durban (KwaZulu-Natal Province). A short interview protocol, consisting mostly of open-ended questions, was developed and used to collect information from dealers, including biographical data, area of operation, description of clientele, income, where tyres are sourced from, who tyres are sold to, value added to the tyres through repairs, acquisition and sale prices, and the business challenges they face. Two interviewers were recruited in each of the three cities, and they were trained to search for and identify second-hand tyre dealers. They then conducted the interviews. Both fieldworkers had previously conducted data collection for the research team on informal workers in the respective cities, thereby demonstrating their suitability for this work.

Table 1 Profile of informal second-hand tyre dealers

Race	Coloured	Black	Indian	No response			
	2	31	1	1			
Gender	Men	Women					
	33	2					
Language	English	Shona	Ndebele	Zulu	Shangaan	Tsonga	Afrikaans
	2	8	1	7	10	4	3
Age	Under 35	Over 35					
	16	19					

Convenience sampling, a form of non-probability sampling, was used to enrol subjects into the study. Harding (2019) views convenience as a sampling method that is used out of necessity in situations where the size of the population is unknown. The interviewers focused on townships and open areas where informal tyre dealers generally operate and interviewed those who were willing to be interviewed. Consent forms were signed to document voluntary participation. Thirty-five interviews were completed in October and November 2021. Six informal tyre dealers were interviewed in Cape Town, 14 in Durban, and 15 in Pretoria. The fieldworkers mainly interviewed informal tyre dealers in densely populated areas. For example, in Pretoria, 14 of the 15 informal tyre dealers were operating in Marabastad (sometimes referred to as the Asiatic Bazaar), which is a business centre near the inner city of Pretoria, and one in Mamelodi, a township outside Pretoria. Interviews in Durban were conducted in five areas, while in Cape Town, they were conducted in four areas. The fieldworkers reported that the informal tyre dealers did not express reservations about being interviewed, though a question exploring where the informal tyre dealers source their tyres from did pose a challenge, as 9 of the 35 did not reveal their sources. Furthermore, it is possible that not all sources were revealed. Questions pertaining to their challenges and strategies for business growth were welcomed. Descriptive statistics were used to construct a profile of the activities of informal tyre dealers. The answers to open-ended questions were used to clarify responses to some of the closed-ended questions in the survey, such as the challenges faced, and were analysed thematically.

Results

This section provides a profile of informal tyre dealers, their operations, the challenges they face, and their ideas regarding business growth, as well as information about the final destinations of waste tyres.

Table 2 Source of tyres for informal dealers

Source of tyres	Number of respondents reported in each category
Formal tyre dealers	20
Scrapyards/spare part shops (cars that were in accidents)	5
Informal/illegal dumpsites	2
Auctions and repossessed cars	2
Other/non-identified suppliers	9

Profile of the Informal Tyre Dealers

The second-hand tyre dealers who were interviewed were overwhelmingly identified as men (33 of 35) and Black (31 of 35) (Table 1). The average age of the respondents was 35, with ages ranging between 21 and 49 years old. The most common languages spoken were Shangaan (10), Shona (8), Zulu (7), and Tsonga (4) and one participant indicated that he is English/French speaking. The languages spoken by the respondents suggest that half or more likely are migrants to South Africa. South Africa has a long history of in-migration, especially from neighbouring countries, and given the persistently high unemployment rate, growing numbers of locals and migrants alike are pursuing livelihoods in the informal economy (Crush et al., 2015; Fourie, 2018; Theodore et al., 2018).

The informal tyre dealers who were interviewed have been in business for between 1 and 21 years (one participant could not determine how long the business had been in operation, as he had taken it over from his father). Thirteen participants have been operating for more than 10 years, and the average time for the tyre dealers to be in business was 7.3 years. Informal tyre dealers provide employment both to themselves and to others. On average, respondents provide employment to 2.1 persons (ranging between 0 and 8 people who are employed). Six respondents indicated that they work on their own and cannot yet afford to employ workers, though each expressed the desire to grow their business and to employ workers to assist them.

Sources of Second-Hand Tyres for Informal Dealerships

Informal dealerships have multiple sources of tyres (Table 2), and these reveal some of the ways in which formal and informal dealers interact across the tyre industry value chain. Some registered dealers who sell new and slightly used tyres also sell used tyres to informal dealers and were the most common source of supply for informal tyre markets. Most participants mentioned several well-known, formal tyre dealerships as their primary source of obtaining tyres (to protect the identities of these dealers, their names will not be mentioned here). However, this link in the value chain is subject to state regulation. The Waste Tyre Regulations (R1064 of September 2017) provide registered tyre dealers with clear directions regarding the handling

of used tyres in their possession. The regulations stipulate that tyres with a load index of less than 121 (a load capacity of 1495 kg) should be mutilated, managed, or allowed to be managed as prescribed by the tyre management plan (DEA, 2017). Under current regulations, the tyres (after being mutilated) should be collected by transporters and taken to a depot where waste tyres are stored until processed.

Tyres from vehicles that were in major accidents are sourced from scrapyards, some are taken from repossessed vehicles or purchased by dealers at auctions, some are given to informal dealers by automobile service garages as a way for service stations to dispose of unwanted tyres, and others are scavenged from illegal dumpsites. As one interviewee remarked, “I drive around and look for tyres”. None of the participants mentioned that they source tyres from official landfills. State regulation likely is a factor in closing off this potential source of supply since the Waste Tyre Regulations ban the disposal of waste tyres in landfills (DEA, 2017). A few informal tyre dealers refused to reveal their sources, and others provided only vague answers to this question (for example, one dealer only indicated that he has bought tyres from a “bakkie” (pickup truck), which might be a transporter or another type of dealer distributing tyres). The results show that backward linkages exist between the formal and informal tyre dealers, as registered tyre dealers are informal dealers’ main suppliers (Mashimbyi, 2021). This is different from other waste streams where informal actors, such as waste pickers, are the main suppliers of recyclable waste to the formal sector (Godfrey, 2021).

Exchange in the Second-Hand Tyre Market

The second-hand tyre market is characterised by small markups and tight margins. When sourced from formal tyre dealers or other registered suppliers, the cost to procure second-hand tyres ranges between R50 and R1,000 each, depending on the size and condition of the tyre. Some interviewees indicated that they acquire tyres at no charge from garages, and of course, tyres found at illegal dumpsites also are free. Informal tyre dealers reported selling tyres for between R50 and R1,500 each, depending on their size and condition, though, as one dealer remarked, “the expensive ones are hard to sell”. It appears that typical prices range between R200 and R800. Markups on previously purchased tyres are relatively modest in absolute terms; one participant mentioned that if he buys a tyre for R300, he will sell it for R400. Another explained that the price is determined by a tyre’s size and condition, and if value is added when they fit the tyre, a typical price will be R320 for the tyre and its installation on a vehicle. In comparison, the price of new tyres for SUVs tends to be in the range of R700 to R7,000, depending on the brand and quality.

One of the interviewees reported selling second-hand tyres at an average price of R250 per tyre, “depending on the condition”, but then qualified the response by adding that tyres sold to “BMW owners” are sold for between R1,200 and R1,500. It is possible that these are owners of BMWs that are being used in the popular drifting/spinning activities known as “isidudla” (meaning “fat”)¹, where

¹ The use of “isidudla” or “fat” may refer to the “fat” 8 shape or circle they spin with the car.

Fig. 1 Tyres being used for furniture by some of the dealers.
Source: fieldworker



the cars are driven by “petrolkoppe” (“petrolheads”) or “tyre smokers”. In contrast to registered dealers who have fixed prices, the prices set by informal tyre dealers can be negotiated. It “depends on clients’ negotiations – R200 to R300 – if the client is desperate, or even R150 ... if the client is stuck with a broken tyre and [just] needs to get home”.

Customers of the Second-Hand Tyre Dealers

Car owners and taxi drivers,² typically from nearby communities, comprise the majority of the buyers of second-hand tyres. Townships across South Africa are home to many lower-income households, and the second-hand dealers have become a primary source of low-cost tyres. One dealer was conveniently situated near a taxi rank, and his main clients were taxi drivers. A third group of buyers was identified as tyre dealers, mainly from Zimbabwe and Mozambique, who purchase and then export second-hand tyres to these countries. Very little is known about these operations, though they indicate that the South Africa-based tyre industry value chain extends across national borders. End of life tyres (ELTs) are sold for reuse for as little as R2 to, for example, shoemakers and furniture makers (Fig. 1), or for use in designing playgrounds or constructing walls.

² “Taxis” in the South African context refer to minibus taxis that transport 69% of South Africans daily (Schenck et al., 2022).

Fig. 2 Additional services at an informal tyre dealership. Source: fieldworker



Monthly Tyre Sales

Unsurprisingly, informal second-hand tyre dealers generally lack sales and financial records or even rudimentary information systems, making it difficult for them to precisely report sales volumes. Interviewees indicated that sales varied between 0 and as much as 400 tyres per month. We estimate that our interviewees each sold an average of 82 tyres per month. There are several factors that influence the number of tyres sold. These include dealers' working capital ("it depends how much money you have to buy tyres"), the available supply of waste tyres, and competition in the market for second-hand tyres ("sometimes all the good tyres are taken by competitors").

Value-Adding Activities by Informal Tyre Dealers

Some informal tyre dealers perform a range of value-adding activities, as well as supplemental services, such as car inspections (Fig. 2). After tyres have been acquired, they are sorted and classified according to their condition. Tyres that are in poor condition are examined ("testing") and repaired ("resoling" or "re-treading") before being sold and fitted onto cars or taxis. These services enable dealers to charge higher prices and are key ways that they are able to earn a profit from tyre sales.

Barriers to Growth

The informal sector is known for its low barriers to entry (Makaluza & Burger, 2018), and markets for second-hand tyres are no exception. Interviewees reported

Fig. 3 Informal tyre dealership on the street. Source: fieldworker



Fig. 4 Informal tyre dealership with limited operating and storage space. Source: fieldworker



that these markets are becoming increasingly crowded as greater numbers of dealers open “shops”. An example of possible market saturation can be found in Marabastad³ in Pretoria, where no less than 14 informal tyre dealers are operating.

Makaluza and Burger (2018) distinguish between two informal sector tiers, which they label “survivalist” and “growth-oriented”. The lower tier (survivalist) contains jobs in enterprises characterised by low wages, highly variable work hours, and a high proportion of self-employment with few or no employees. The upper tier (growth-oriented) is comprised of enterprises that have more employees, better working conditions, and higher wages. Makaluza and Burger (2018) found that, in South Africa, approximately 73% of workers who held informal sector jobs were employed by “survivalist” enterprises and 27% were employed by “growth-oriented” enterprises. Based on this typology, most informal second-hand tyre dealerships are survivalist enterprises, and it is probable that competition within the market for second-hand tyres will continue to increase as greater numbers of unemployed jobseekers turn to it for their livelihoods.

Informal enterprises are often constrained by infrastructural features that limit business expansion (Fourie, 2018; IIEJ, 2018). Such constraints were observed

³ Marabastad is a vibrant business district near the Pretoria city centre. There is a large taxi rank and a bus depot, which make it a popular shopping area for commuters seeking low-cost goods.

among second-hand tyre dealers, though each believed that they could sustain growth if they could overcome the challenges of not having access to appropriate equipment (for example, to fit and balance tyres) and sufficient storage space to expand their operations. Figures 3 and 4 show typical examples of the current circumstances in which informal tyre dealers operate.

The infrastructural features of second-hand tyre dealerships are not the only constraints faced by operators. Another barrier is the inability to access sufficient affordable, high-quality stock to sell: “Sometimes you cannot find the stock you want” and you “have problems [finding and] selling good tyres”. This may lead to customer dissatisfaction when high-quality tyres cannot be sourced. Some respondents complained about taxi drivers and car owners who seek deep discounts that the tyre dealers cannot afford to give due to their already low profit margins. Value-adding activities such as fitting and balancing tyres will help them increase prices and margins, as well as expand the variety of services they provide to customers.

As with other informal workers and enterprises, second-hand tyre dealers also identified law enforcement authorities as one of their greatest hindrances, since police sometimes confiscate their stock and the dealers must pay to get it back. Mhlotswa (2018) investigated the impact of law enforcement’s treatment of street vendors in South Africa, finding that police harassment, evictions, and confiscations are major problems confronting informal workers. Mhlotswa concludes that harassment by law enforcement authorities is a manifestation of the low regard South African government authorities hold for the economic contributions of the informal sector. The fact that the South African government focuses mainly on the formal sector and does not appreciate sufficiently the role of the informal sector in providing livelihoods is seen by some as a key reason that few policy supports have been implemented to benefit informal enterprises. This assertion is supported by Charman et al. (2019), Mbatha (2020), Rogerson (2016a, b), and Skinner and Rogan (2019), all of whom highlight the disjuncture between the more progressive government policies (e.g., lowering barriers to market entry and facilitating development opportunities for informal traders) that exist alongside highly restrictive and punitive practices related to street traders. Similarly, Roever and Skinner (2016:359) argue that “within self-employment, street trade is one of the most visible occupations, yet few cities successfully balance the need to support livelihoods with the need to manage public space”.

Finally, crime also was identified as a challenge for informal dealers. They refer to the “‘Nyaope boys’ [drug users] [who] steal their stock to resell to others who sell tyres”. In a study by Schenck et al. (2019), the “Nyaope boys” were also identified as stealing and reselling the more valuable collectables of waste pickers on landfills in order to sustain their drug use.

Factors Enabling Business Growth

In interviews with informal tyre dealers, the fieldworkers explored what is needed for dealers to expand their businesses and enable them to become “growth-oriented”, as postulated by Makaluza and Burger (2018). The first aspect identified

was more space to work and to store tyres. This would allow dealers to have “shelter to make the place nice for customers to sit and wait for their cars being fitted”. Expanded space also would allow dealers to add additional services, such as washing cars, which would attract additional customers. A second aspect concerned the need for equipment that would enable dealers to provide value-adding services, such as tyre fitting and balancing and wheel alignment, as well as compressors and cutters. Respondents reported that they lack the revenues needed to purchase “proper machines”, leading most to repair tyres using tubeless plugs, which might be adequate for small punctures but cannot be safely used on severely damaged tyres or on tyres that will be used for extended periods of driving. A third aspect was access to truck transport to haul tyres from suppliers. This is related to the need to increase stocks and to become sellers of higher-quality second-hand tyres.

Dealers also highlighted the need for financing to expand their operations and their desire to operate as a registered business. As one dealer explained, “I want a shop so people can respect me, because [currently] I work on the street. People even swear at me if they don’t like the price. They won’t pay R300 on the street but they pay R500 in a shop – same tyre”. The final aspect mentioned was the need for “education, marketing, and advertising”, referring to knowledge, skills, and systems to run a business. GRID-Arendal (2022:23) advocates capacity-building for informal enterprises, not only to improve day-to-day operations but also to strengthen operators’ participation in value-chain governance. This includes supporting informal worker organising so that they develop a collective voice that enables meaningful participation in governmental decision-making that impacts their livelihoods, something that typically occurs without their participation (GRID-Arendal, 2022).

Destination of End-of-Life Tyres

The closing feature explored in an open-ended question was what happens to end-of-life tyres (ELTs)—those tyres that dealers cannot sell. When asked what they do with unsold and ELTs, most respondents indicated that they “dump” them or “throw it away”. As mentioned, some of the participants keep ELTs so that they can be sold for the use of other purposes such as making footwear, furniture, playground equipment, and walls. A few also referred to REDISA⁴ transporters who collect the ELTs to be stockpiled at designated waste tyre depots.

Conclusion

Unregistered (informal) enterprises are an increasingly important source of livelihoods for residents of South African cities, as persistently high unemployment and sluggish job creation have left jobseekers with few opportunities beyond the

⁴ REDISA (Recycling and Economic Development Initiative of South Africa) managed the waste tyre value chain between 2012 and 2017.

informal sector. In the case of informal tyre dealerships, these survivalist enterprises establish their markets mainly within townships and inner urban areas where they meet the demand for low-cost goods and services. These enterprises also improve the circularity of local economies by extending the useful life of tyres, many of which would otherwise prematurely enter the waste stream. In doing so, informal tyre dealerships promote reuse and reduce waste and resource consumption while also generating needed employment. Despite these contributions, however, from a public-policy standpoint, dealerships can be said to be hidden in plain sight, operating as largely unacknowledged nodes of the tyre industry value chain. Government responses to the increasing number of informal tyre dealerships, as often is the case with other small-scale enterprises in the informal economy, tend to range from neglected to targeted crackdowns on unsanctioned trade.

To our knowledge, this is the first study examining the operation of unregistered tyre dealerships in South Africa. Although there are no measures of how many such dealerships are operating across South Africa, our interviews with informal tyre dealers in Cape Town, Pretoria, and Durban suggest that the sector is large and growing. Demand for low-cost services is high, particularly in South Africa's townships, while barriers to entry are fairly low given that dealers can acquire trade stalls in areas with demarcated zones for informal trade or they can ply their trade in public spaces or in self-built structures.

Studies on a national scale are needed in order to measure the size and the value of informal tyre dealerships as well as to evaluate the risks the sale of second-hand tyres might pose for road users. More needs to be known about the markets supplied by these dealerships, as well as the job creation potential of the enterprises serving these markets. Kanbur's (2018) call for "good analysis" that might inform policymaking thus requires a deeper understanding of the tyre industry value chain, particularly the informal dealerships that too often are overlooked by conventional understandings of this industry. A case in point is the new waste tyre disposal plan that is being prepared by the government. Informal second-hand tyre dealers are omitted in the Department of Forestry, Fisheries and the Environment's 2022 "Consultation on the Draft Industry Waste Tyre Management Plan". Excluding the informal component in the value chain will lead to an incomplete understanding of the tyre industry and perpetuate a regulatory void that has hampered the governance of this industry.

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Data Availability Data is available from the first author.

Declarations

Conflicts of interests There is no conflict of interest in the study.

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