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1. Global Production Chain: Auto and Supplier Industries

The global auto and suppliers' industry group consists of two very different entities: the automobile market and the automotive suppliers' market. The industry group is characterized by high fixed costs. Entry to the industry requires significant intellectual property and is unlikely to be successful on a small-scale. The importance of economies of scale and high levels of expertise deter potential entrants, while used cars represent a looming threat in the form of a substitute. The presence of large, powerful firms involved in the industry mean competition is high.

The auto and suppliers' industry group comprises sales of automobiles (including new cars, light trucks and commercial vehicles/vans, and motorcycles, as well as aftermarket components (including replacement tires). Buyers for auto components include warehouses and distribution centers, new vehicle manufacturers and service departments, and retail stores (that sell replacement parts directly to consumers), as well as vehicle manufactures, with respect to tires and rubber market.

The majority of manufacturers have invested in brand building, the strength of which serves to weaken buyer power considerably. The new cars market has a variety of manufacturers, with a high level of product differentiation and therefore a high level of choice for consumers. Buyers are likely to enter into contracts with certain manufacturers in order to meet consumer demand and boost their own sales. A number of market players have integrated forward in to retailing, as well as manufacturing their automobiles, putting pressure on buyers.

Inputs to the global industry include a variety of raw materials, energy, assembled and semi-assembled components, freight and transportation. Raw materials generally consist of steel, aluminum, resins, copper, lead, paint, plastics and zinc, usually purchased from a wide variety of domestic and international suppliers. Suppliers of materials such as steel and aluminum, and of energy (e.g. natural gas), tend to be large companies that operate in a diverse range of markets, reducing their reliance on the automobile industry.

Globally, prices of primary raw materials used, such as steel and aluminum, are fluctuating; putting pressure on manufacturers' margins and the increasing consolidation of the steel industry has the potential to lead to even higher raw material costs. The unstable situation in raw material costs is placing pressure on both market players and suppliers. In response to the increase, many market players are making efforts to reduce the amount of materials used in order to lower costs. A number of manufacturers have begun seeking alternative product designs and material specifications, as well as changing suppliers once contracts have expired. The backward integration displayed, i.e. by some tire manufacturers, has put significant pressure on suppliers. For example, Goodyear has synthetic rubber plants in North America and manufactures some of its own chemicals. Market players rarely rely on one supplier for the majority of their inputs.

There are various possibilities of entering the global automobiles and supplier industry group: i.e. by starting a new company, diversification of a company's operation or by acquisitions, hence, usually a cheaper way of expanding a business. Entry to the automobile and supplier industry group is unlikely to be successful on a small scale. Significant capital is required in order to set up large-scale production plans. Entry to the industry is further hindered by the difficulty in gaining access to distribution channels. Dealers and distributors generally stock well-established, branded automobiles, in line

with consumer demand. Moreover, the top market players, such as General Motors, hold licenses to use numerous patents, copyrights and trademarks. These regulations can have an adverse effect on the business, results of operations and financial condition of the company. The existence of some strong brands with a reputation for performance and quality also discourages new entrants. Sluggish automobile industry growth, especially within the luxurious cars segment, also influences parts and equipments sales and manufacturers struggle to remain afloat. The manufacture of automobiles requires skilled engineers and designers, and companies must be able to carry out continual research and development in order to compete with existing market players. The EU has recently introduced restrictions on the use of heavy metals due to environmental concerns, making entry more problematic. Furthermore, vehicle emissions regulations are becoming stricter due to environmental concerns making it more difficult for new entrants as they will be required to develop more sophisticated technologies. These regulations can have an adverse effect on the business, results of operations and financial condition of the company. The likelihood of new entrants is assessed as weak overall.

The global automobiles' and suppliers' industry group consists of a significant number of large-scale companies, between whom there is a high degree of competition. Competition in the industry remains intense due to the economic situation and is even fiercer due to glooming economy in the end of 2008 and forecast for 2009. The market is highly consolidated. In terms of car manufacture, recent years have seen significant pressure on the US industry. US car manufacturers used to dominate the global market. However, companies from geographies such as Japan have become increasingly globalized. Competition is reduced somewhat due to a high degree of differentiation, with many various segments present within the industry, including luxury, sports and economy. Companies also invest heavily in marketing to promote their models. High fixed costs and exit barriers together with changes in raw material costs has led to unpredictable production costs, putting pressure on market players. As consumers become more conscious of environmental issues and tough new ceilings on pollution, and fuel efficiency standards are being introduced in both the US and Europe, the growth of these 'green' trends puts further pressure on car manufacturers, particularly those who produce 'luxury' cars. However, many market players operate in a diverse range of markets. For example, Honda manufactures cars, water craft (e.g. jet skis), lawn and garden power equipment and engines for jet planes. This reduces their reliance on the automobiles and components industry group. Sluggish industry growth boosts the rivalry level further. Overall, rivalry in the industry is strong.

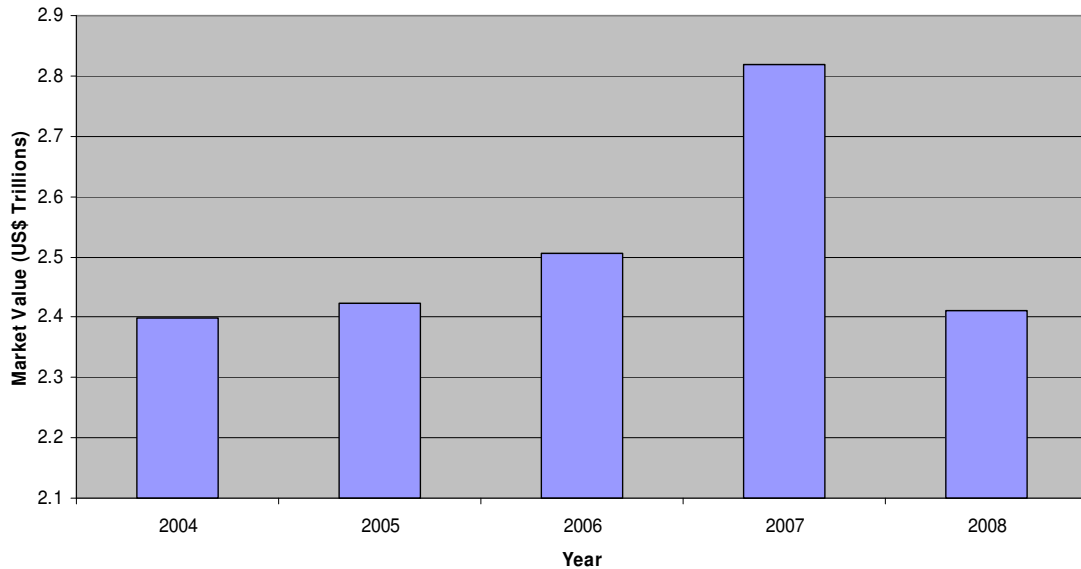
1.1. Auto and Auto Suppliers Industry Group:

The automobile industry is made up from the automobile manufacturers sector and the motorcycles market while the auto components industry is composed of the automotive parts and equipment market and the tires and rubber market.

The global automobiles and suppliers industry group's growth accelerated over 2004-2007 period. However, affected by the global economic downturn, it plummeted in value in 2008. The industry group is expected to recover fast, predicted to post increased growth rates up to 2013.

The global automobiles and components industry group generated total revenues of US\$2.4 trillion in 2008, representing a compound annual growth rate of 0.1% for the period spanning 2004-2008. In comparison, the European and Americas markets reached respective values of US\$648.8 billion and US\$824.5 billion in 2008.

Global Automobiles & Suppliers Market Value (USD)



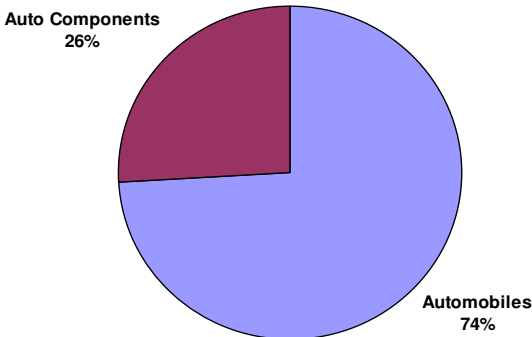
(Source: Data Monitor)

Automobiles sales proved the most lucrative for the global automobiles and components industry group in 2008, generating total revenues of US\$1.8 trillion, equivalent to 74.1% of the industry's overall value. In comparison, sales of auto components generated revenues of US\$625.2 billion in 2008, equating to the remaining 25.9% of the group's aggregate revenues.

The performance of the industry group is forecast to accelerate, with an anticipated annual growth of 3.5% for the five-year period 2008-2013, which is expected to drive the industry group to a value of US\$2.9 trillion by the end of 2013.

Automobiles sales dominate the global automobiles and components industry group, with 74.1% of the overall value. Auto components sales account for the remaining 25.9% of the industry group's revenue.

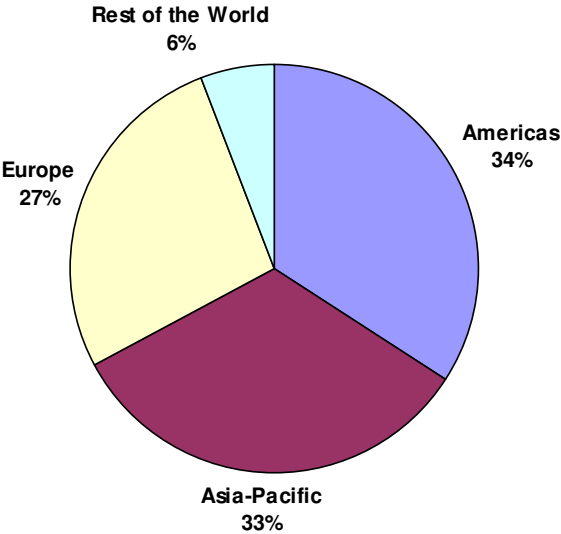
Global Automobiles & Suppliers Market Breakdown – Value in 2008



(Source: Data Monitor)

The Americas account for 34.2% of the global automobiles and components industry's value. In comparison, Asia-Pacific accounts for a further 33.1% of the industry group's revenue.

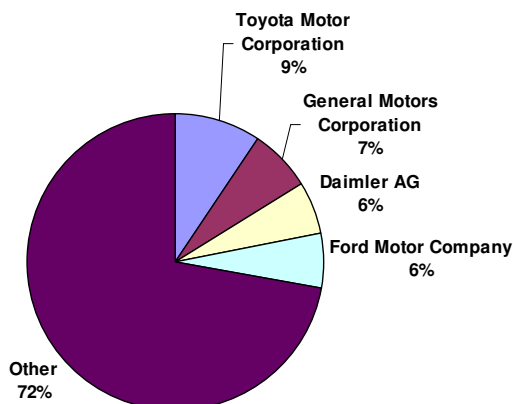
Global Automobiles & Suppliers Market Geographical Breakdown in 2008



(Source: Data Monitor)

Toyota Motor Corporation accounts for 9.4% of the global automobiles and components industry group's value. In comparison, General Motors Corporation accounts for a further 6.6% of the industry group's revenue.

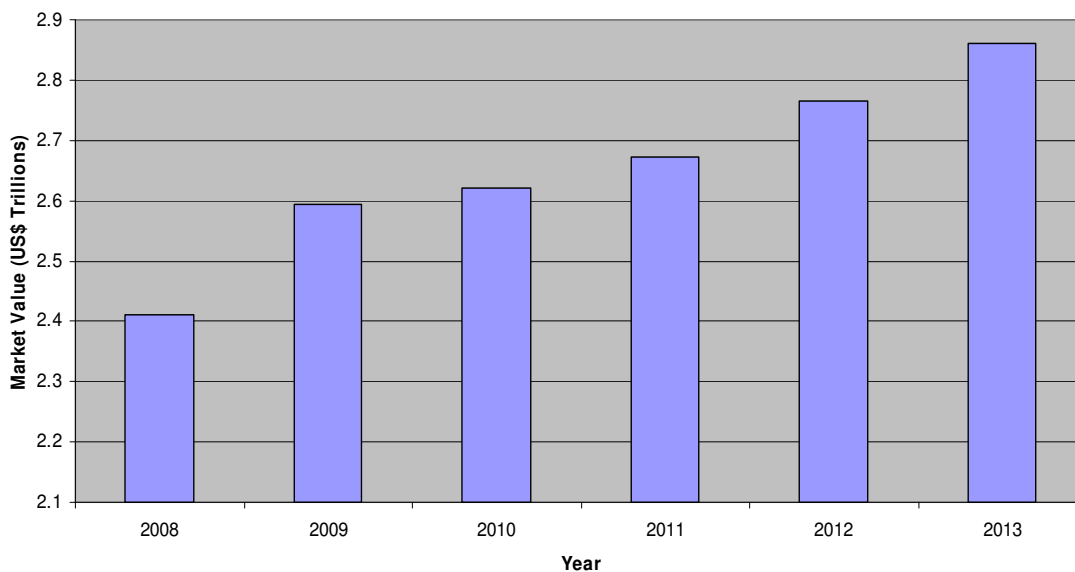
Global Automobiles & Suppliers Market Share - Value, 2008



(Source: Data Monitor)

By 2013, the global automobiles and suppliers industry is forecast to have a value of US\$2.9 trillion, an increase of 18.8% since 2008. The compound annual growth rate of the industry group in the period 2008-2013 is predicted to be 3.5%.

Global Automobiles & Suppliers Market Value Forecast (USD)



(Source: Data Monitor)

1.2. Auto Suppliers' Industry:

The global auto suppliers industry is defined for purposes of this profile as the sum of the automotive parts and equipment market, plus the tires and rubber market. The global market for automotive parts and equipment is defined as the automotive aftermarket for

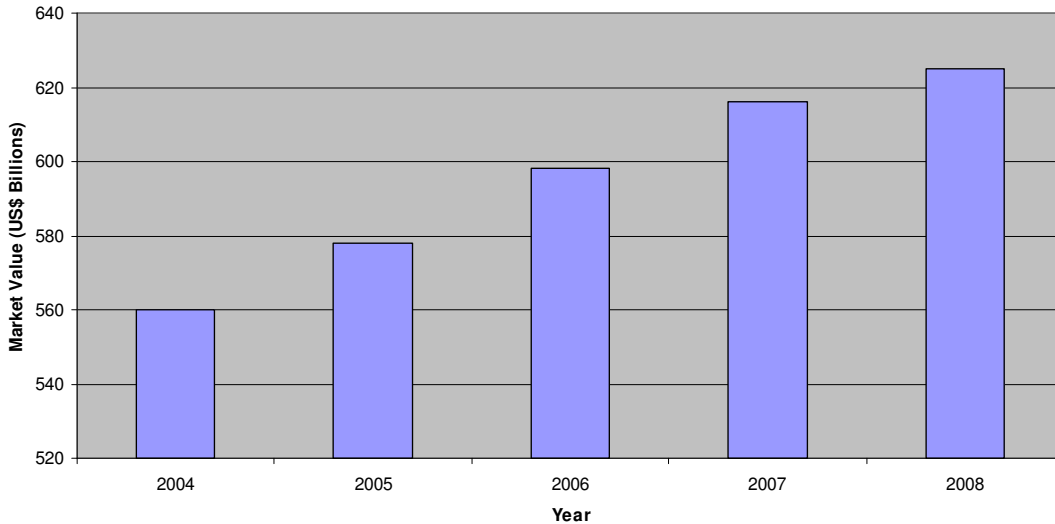
light vehicles only. It excludes original equipment parts for new cars and parts and equipment for medium and heavy vehicles.

The tires and rubber market consists of the revenues generated through the sale of both replacement and original equipment tires for cars, trucks, earthmoving equipment, motorcycles, scooters, bicycles, and aircraft. All currency conversions used in the creation of this report have been calculated using constant annual average exchange rates.

The auto components industry decelerated in 2008 and is anticipated to exhibit a decline in 2009 due to the global economic slowdown. Industry growth is anticipated to recover moving forward to 2013.

The auto supplier industry generated total revenues of US\$625.2 billion in 2008, representing a compound annual growth rate of 2.8% for the period spanning 2004-2008.

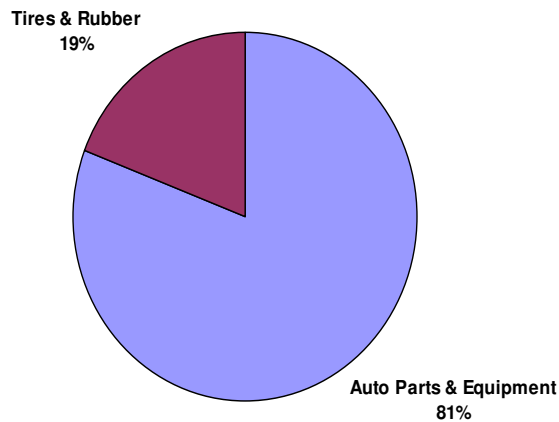
Global Auto Suppliers Market Value (USD)



(Source: Data Monitor)

Auto parts and equipment account for 80.9% of the total global auto suppliers' value, while tires and rubber accounts for the remaining 19.1% of the industry's value. The auto parts & equipment segment proved the most lucrative for the auto components industry in 2008, generating total revenues of US\$506 billion, equivalent to 80.9% of the industry's overall value. In comparison, the tires & rubber segment generated revenues of US\$119.3 billion in 2008, equating to 19.1% of the industry's aggregate revenues.

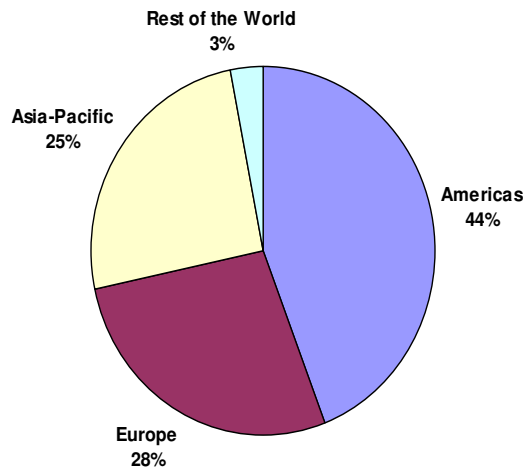
Global Auto Suppliers Market Segmentation - Value, 2008



(Source: Data Monitor)

In comparison, the European and Asia-Pacific industries reached respective values of US\$172.2 billion and US\$158.4 billion in 2008. The Americas generate 44.2% of the global auto components industry's value. Europe accounts for a further 27.5% of the global industry's value.

Global Auto Suppliers Industry Geographical Breakdown - Value, 2008

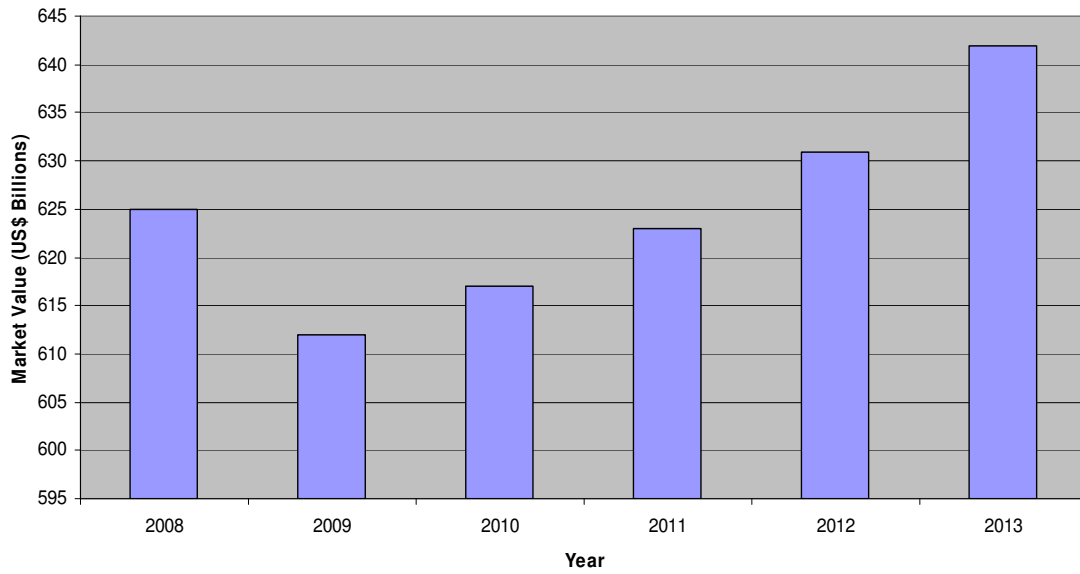


(Source: Data Monitor)

The performance of the industry is forecast to decelerate, with an anticipated growth rate of 0.5% for the five-year period 2008-2013. In 2013, the global auto components industry is forecast to have a value of US\$641.5 billion, an increase of 2.6% since 2008. The

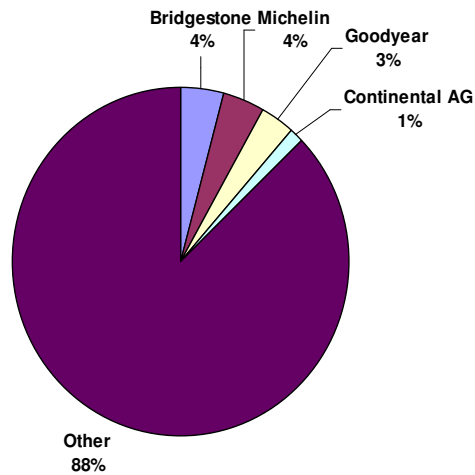
compound annual growth rate of the industry in the period 2008-2013 is predicted to be 0.5%.

Global Auto Suppliers Market Value Forecast USD



Bridgestone accounts for 4.1% of the global auto components industry's value, while Michelin holds a further 3.9% of the industry's value.

Global Auto Suppliers Market Share - Value, 2008



(Source: Data Monitor)

2. Tire and Rubber Industry

2.1. Global Market:

The global tire and rubber industry is heading towards concentration, and the top five players are: Bridgestone, Michelin, Goodyear, Pirelli and Continental, holding more than a 64% aggregate share of the market. Their presence, as well as the global economic crisis and increasing pricing pressure from automobile manufacturers to absorb more costs related to product design, engineering and tooling, are contributing towards a higher competition level.

The industry has some large international buyer companies - i.e. automobile manufacturers who tend to be large companies with significant financial strength who can put pressure on market players to keep prices down. Goodyear, for example, is one of the largest suppliers of tires for commercial, military and general aviation aircraft in the world. The company manufactures aviation tires for major aircraft companies like Boeing, Bombardier, Cirrus, Cessna, Embraer and Gulfstream. Loss of any one customer would adversely affect market players, which strengthens the buying power of such companies. Pricing pressure from vehicle manufacturers has become a recent characteristic of the tire industry. Many vehicle manufacturers adopt policies of seeking price reductions each year. This strengthens buyer power significantly.

Tires are usually mass-produced and mass-marketed, requiring significant capital outlay. Moreover, intellectual property is required, including a large number of patents, trademarks and copyrights. High gas prices are crippling to auto sales, and this has a trickle-down effect throughout the industry. The principal raw materials used by the tire market are synthetic and natural rubber. Other inputs include steel, carbon black, fabrics and petrochemical-based commodities.

Suppliers are often large companies, of which there are not a great number. Supplier power is strengthened by the fact that there are often no substitute raw materials. Furthermore, market players require raw materials of high quality, and this provides an opportunity for suppliers to negotiate higher prices. However, the backwards integration displayed by some tire manufacturers has put significant pressure on suppliers.

For example, Goodyear has synthetic rubber plants in North America and manufactures some of its own chemicals. Moreover, an increase in raw material costs has led to many tire manufacturers decreasing their raw material usage by recycling their defective products. Supplier power is assessed as moderate overall.

Moreover, market players produce highly undifferentiated products, given it meets required criteria, and buyers can therefore go for the cheapest on offer. However, brand strength plays a role in reducing buyer power. Buyers often look for tires that have high recognition factor and a reputation for performance and quality. Overall, buyer power is assessed as moderate.

There are various possibilities of entering the global tires and rubber market: starting a new company, diversification of an existing company's operation into rubber manufacture, as well as acquisitions - usually a cheaper way of expanding a business.

The global tire and rubber industry benefits from significant scale economies. Tires are

usually mass-produced and mass-marketed, requiring significant capital outlay. Moreover, intellectual property is required, including a large number of patents, trademarks and copyrights. Large expenditure will be required for research, development and certain engineering activities relating to the design and development of products and services as well as to the formulation and design of manufacturing processes and equipment. Innovation is important to get customers attention.

In 2008, Pirelli announced its latest innovation: "chipped" tires. Sensors have been stashed in tires already for the hasty implementation of TPMS (Tire Pressure Monitoring Systems), but Pirelli has taken it a step further, putting a sensor package on the tire carcass itself. One implementation of the "Cyber Tire" is the "Lean," which harnesses power from the vibrations of the vehicle and beams information including tire pressure, temperature, and load to the vehicle's computer.

Cyber Tire Lean is setting things rolling for the eventual trotting out of full-blown Cyber Tire, which will be built into the tire. The high tech rubber will be more sophisticated and capable of communicating directly with stability control and anti-lock brakes to improve the effectiveness of dynamic safety systems. Cyber Tire will also carry a three-axis accelerometer that will facilitate real-time calculations of friction coefficients, contact force, and load.

A further barrier to market entry is the presence of regulations governing air emissions, discharges to surface and underground waters and the generation, handling, storage, transportation and disposal of waste materials and hazardous substances. Regulations also exist in different geographical areas regarding safety. For example, in the US, the National Highway Traffic Safety Administration has established various standards and regulations applicable to tires sold in the US and tires sold in a foreign country that are identical or substantially similar to tires sold in the US.

Environmental requirements are complex, change frequently and have tended to become more stringent over time. These regulations can have an adverse effect on the business results of operations and financial condition of the company. The existence of some strong brands with a reputation for performance and quality also serves as a barrier to entrants. Overall, the likelihood of new entrants is moderate.

Substitution is limited within the global tires and rubbers market as no real substitute for tires exists. The growth in awareness of environmental issues and the growing desire to prevent climate change could result in more people substituting automobiles for walking/cycling. However, this is unlikely to happen on a large scale and to become a complete substitute for automobiles, and therefore shouldn't have much of an effect on the tire and rubber market. The threat of substitutes is weak.

Competition between top market players exists on the basis of product design, performance, price and terms, reputation, warranty terms, customer service and consumer convenience. Competition has been intensified by the increase in raw material costs. Some of these costs have been passed on to customers, although there is typically a delay before this can be done. This has resulted in loss of earnings for some market players. The fact that products are highly undifferentiated serves to intensify competition further.

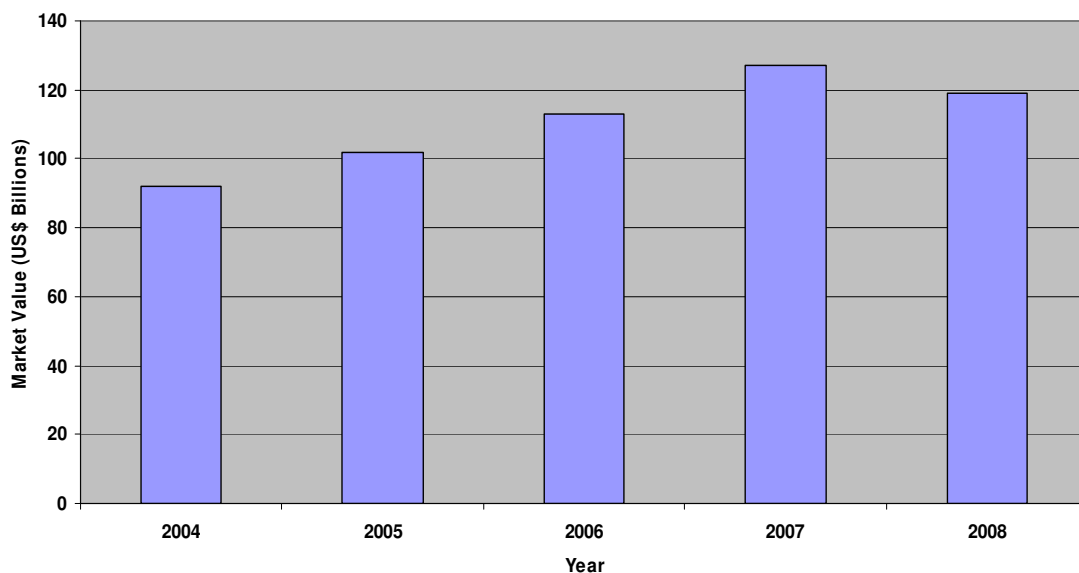
Some market players such as Goodyear operate primarily in tires. However, other

companies, such as Bridgestone and Continental, operate in a diverse range of markets. Additionally, the economic crisis and shrinking revenues of the competitive automotive industry environment is causing pricing pressures, which further intensifies rivalries.

Players are facing increasing pressure from automobile manufacturers to absorb more costs related to product design, engineering and tooling, as well as other items. Such pressures could reduce profit margins for the players. However, there are regions where demand for tires is rising - i.e. Asia, and this is partially driven by a shift to radial technology and strong economic growth in countries such as India and China. Overall, the degree of rivalry is strong.

The tire and rubber industry consists of the revenues generated through the sale of both replacement and original equipment tires for cars, trucks, earthmoving equipment, motorcycles, scooters, bicycles, and aircraft.

Global Tire and Rubber Market Value USD



(Source: Data Monitor)

The global tire and rubber market stalled in 2008 and is anticipated to exhibit a decline in 2009 due to the global economic slowdown. Market growth is anticipated to recover moving forward to 2013.

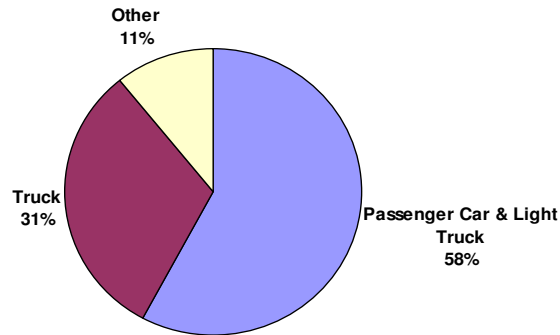
The global tires & rubber market generated total revenues of US\$119.3 billion in 2008, representing a compound annual growth rate of 7.03% for the period spanning 2004-2008.

The performance of the market is forecast to decelerate, with an anticipated growth of 3.3% for the five-year period 2008-2013, which is expected to drive the market to a value of US\$140.4 billion by the end of 2013.

The passenger car & light truck segment proved the most lucrative for the global tires & rubber market in 2008, generating total revenues of US\$69 billion, equivalent to 57.8% of

the market's overall value. In comparison, the truck segment generated revenues of US\$37.3 billion in 2008, equating to 31.3% of the market's aggregate revenues.

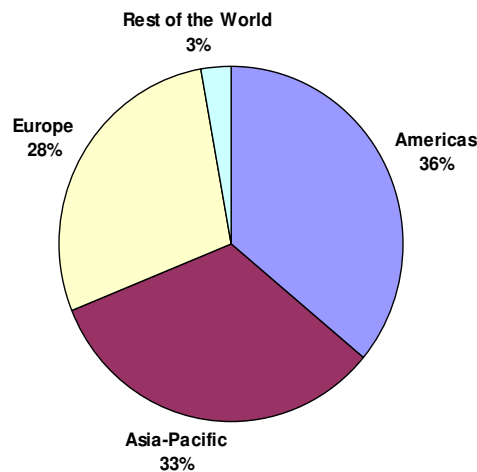
Global Tire and Rubber Breakdown - Value, 2008



(Source: Data Monitor)

In comparison, the European and Asia-Pacific markets reached respective values of US\$33.6 billion and US\$39.4 billion in 2008. The Americas region generates 36% of the global tire and rubber market value. Asia-Pacific accounts for a further 33% of the global market's value.

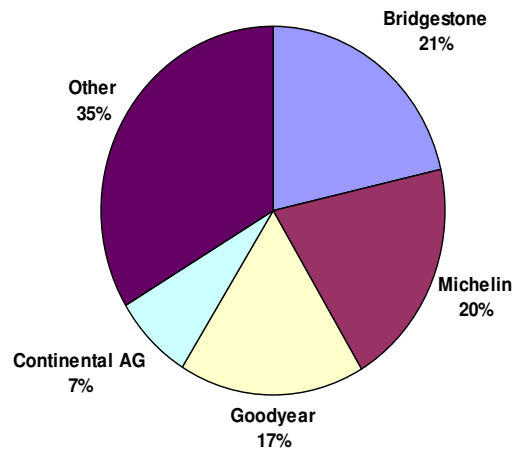
Global Tire and Rubber Geographic Breakdown - Value, 2008



(Source: Data Monitor)

Bridgestone accounts for 21.3% of the global tires and rubber market's value. Michelin holds a further 20.2% of the market's value.

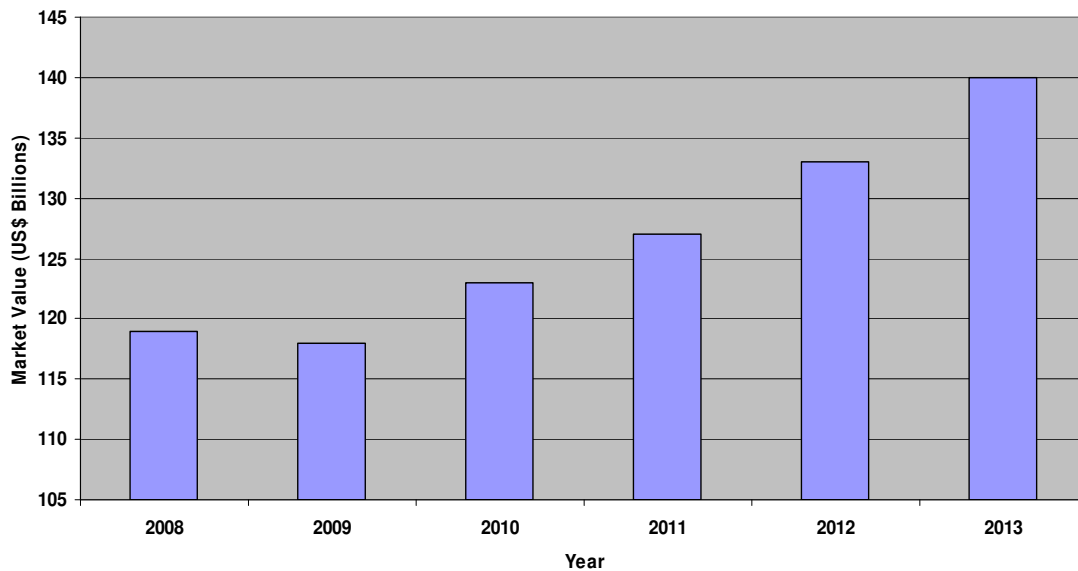
Global Tire & Rubber Market Share - Value, 2008



(Source: Data Monitor)

In 2013, the global tires and rubber market is forecast to have a value of US\$140.4 billion, an increase of 17.8% since 2008. The compound annual growth rate of the market in the period 2008-2013 is predicted to be 3.3%.

Global Tire and Rubber Market Value Forecast USD



(Source: Data Monitor)

2.2 Developments on Rubber as Raw Material

More than 100 raw materials are used in the production of automobile tires, including raw rubber, tire cord, carbon black, bead wire and compounding ingredients. Approximately

60% of these materials are based on petroleum products, principally naphtha. As a result, the tire industry is highly dependent on petroleum.

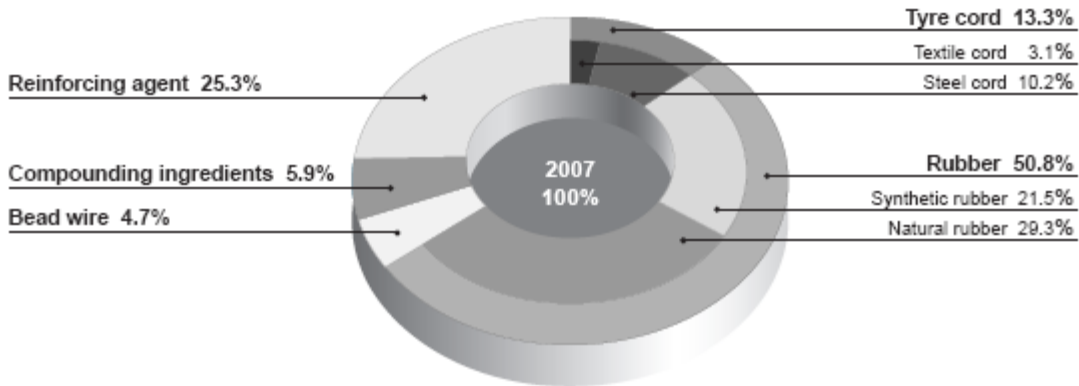
Basic Composition of Raw Materials

Composition	Examples
Rubber	Natural rubber, Synthetic rubber
Compounding ingredients	Vulcanizing agent, Vulcanizing accelerator, Vulcanizing accelerator aid, Antioxidant, Filler, Softener
Reinforcing agent	Carbon black, Silica
Tyre cord	Steel cord, Textile cord

Source: JATMA, Japanese Automobile Tire Manufacturers' Association

The% distribution of raw materials used in tires in 2007 was approximately the same as the previous year, rubber constituting about half of a tire (natural rubber 29% and synthetic rubber 22%), next comes the reinforcing agent 25%, and then tire cord 13%.

Tire raw material weight composition



Source: JATMA, Japanese Automobile Tire Manufacturers' Association

Tires accounted for 67% of natural rubber consumption last year, with conveyor belts, gloves, seals, carpets and condoms taking most of the rest. With the world economy now in recession, the decline in global rubber consumption accelerated in the final quarter of 2008. Between September and December, total global consumption declined by over one million metric tonnes to a moving annual total of 22.2 million tonnes, while the year-on-year growth rate plunged from 2.1% to -4.1%, a more abrupt fall in consumption than that seen in the 2001-02 global economic slowdown.

Global natural rubber (NR) consumption declined by over 0.3 million tonnes between September and December, with consumption growth reversing from 2.1% to -3.4% over

the period, while global synthetic rubber (SR) consumption fell back to 0.7 million tonnes, with consumption growth moving from 2.0% to -4.7%.

Global rubber production was 22.7 million tonnes in 2008, compared to 23.3 million tonnes in 2007, following a pronounced decline in output in the final quarter of 2008. The decline is attributed to a sharp reduction in world SR output, which fell below 12.8 million tonnes in 2008 compared to output of over 13.5 million tonnes in 2007; in the last quarter of 2008, production growth plunged to -5.6% from 1.0% in the previous quarter.

World NR output reached 9.9 million tonnes in 2008, an increase of 0.2 million tonnes compared to 2007; production growth only started to slow in the final two months of the year, although it was still running at around 2.0% at the end of the period.

With lower consumption and higher output in 2008, the global NR balance is estimated to have moved to a surplus of 392,000 tonnes from a deficit of 157,000 tonnes in 2007. SR consumption and production are estimated to have fallen abruptly (by -4.7% and -5.6%, respectively) in 2008 compared to 2007, in contrast to growth rates of over 6% seen in the previous year. Estimated global rubber stocks rose modestly in actual terms, but more steeply in relation to the level of consumption, at the end of 2008.

NR prices recovered in mid-December 2008, after plunging 65% from their peak recorded price in July 2008. Prices continued to track crude oil prices over the fourth quarter of 2008 and into early 2009. A combination of the global economic slowdown, a deepening slump in the global auto industry that raised concern over demand, and continued low oil prices reflects badly for the market. NR latex prices followed the same trend as solid NR prices.

The price of light crude fell to its lowest level in over five years to US\$31.41/barrel in late December 2008, before making a slight recovery and remaining, since then, range bound with a US\$45/barrel ceiling. Displaying a time-lag in some markets, butadiene prices fell continuously in the three months to February. Ultimately, the upstream producers felt the impact of the falling cost of feedstock, along with the reduction in demand, and prices of synthetic rubber fell to their lowest level since 2004 in the first quarter of 2009.

The overall downward trend in export volumes of selected latex general rubber products (GRPs) from the five leading producers may have eased over the fourth quarter, mainly due to a deceleration in the negative growth rates of exports of other gloves from China and Thailand. NR latex consumption was stable in 2008 compared to the previous year, while Malaysian and Thai NR latex production decelerated by 16% and 8%, respectively.

According to Bloomberg, the 42%, four-month rebound in 2009 rubber prices may be coming to an end as global tire demand plunges the most in three decades. Tiremakers, the biggest consumers of rubber, may report a 6.8% sales slump in 2009 as the global recession cuts auto demand, according to the government-funded International Rubber Study Group in Singapore. Supplies from Thailand, the top exporter, will increase after a seasonal drop, producers say. Prices of US\$1,530 a tonne are 18% higher than alternatives made from oil, data compiled by Bloomberg shows.

Rubber may decline toward US\$1,000 a tonne in the next year which runs a US\$1.2 billion commodity hedge fund. Demand will drop because people are buying fewer cars and delaying the purchase of replacement tires. US auto sales plunged 37% in March,

and the annual rate fell to the lowest in more than 25 years in February, according to Autodata Corp. Japan's sales tumbled 32% in March to a level not seen in more than three decades. US vehicle miles travelled fell by 7 billion, or 3.1%, in January from the year ago, the Federal Highway Administration reported.

Car production in Europe will probably drop 25%, and sales are likely to fall 20% this year, according to the European Automobile Manufacturers Association. Global sales of passenger car and commercial vehicle tires may tumble as low as 1.32 billion units in 2009 from 1.41 billion last year, said International Rubber Study Group, which represents producers and users. The drop would be the most since at least 1975.

Rubber imports to China, the largest consumer, climbed to 190,000 tonnes in March from 180,000 in the first two months, according to customs data. The rise was fuelled by a 10% increase in passenger car sales in March from a year ago to a record 772,400, according to the China Association of Automobile Manufacturers, after government subsidies spurred purchases. Japan, Germany and France are also offering incentives.

Rubber at US\$1,530 a tonne on the Singapore Commodity Exchange cost 18% more than the US\$1,250 to US\$1,350 a tonne for petroleum-based alternatives in Southeast Asia, according to ICIS, a pricing service, as of Apr. 17. The gap widened to 35% on Jan. 14, the most since July 2006, data compiled by Bloomberg show. Rubber fell 3.6% to US\$1.4750 a kilogram (US\$1,475 a tonne) today.

Global demand for both forms of rubber may slide 9% this year, more than double last year's drop, according to the International Rubber Study Group. Usage will shrink at least 6.1% to 20.8 million metric tonnes, and the slump likely will be greater if the recession worsens.

2.3. Leading Companies

2.3.1. Bridgestone:

The Japanese company is primarily engaged in the production and sale of tires and tubes for passenger cars, trucks and buses, construction and mining vehicles, industrial machinery, agricultural machinery, aircraft and motorcycles and scooters.

In addition, the company manufactures automotive components, industrial products, construction materials, parts and materials for electronic equipment, bicycles and sporting goods. The company primarily operates in Japan, Europe and the Americas. It operates through 449 subsidiaries and 182 associated companies.

Bridgestone operates through two business divisions: tires and diversified products.

The company's tire division is engaged in the manufacture and sale of reclaimed material, tires and tubes for passenger automobiles, trucks, buses, industrial vehicles, agricultural machinery, aircrafts and motorcycles, as well as the sale of tire-related products.

This division also provides automotive maintenance and repair services. The company has tire plants in North America, Latin America, the Middle East, Europe, Africa, Asia, Japan and Oceania. Its manufacturing and technology operations unit is responsible for research and development and design work.

Bridgestone's diversified products division is engaged in the manufacture of automotive products, industrial products, construction and civil engineering materials and electronic equipment parts. The company produces automotive parts such as vibration-isolating components (engine mounts); and air springs for trucks, automobiles and train carriages. Industrial products include polyurethane foam for automotive seats and interiors and other applications.

The company also produces construction and civil engineering materials such as inflatable rubber dams and waterproofing sheets, among other products. Its electronic equipment parts business includes precision rollers for office machines and functional films for solar cells and plasma displays. In sporting goods, the company markets golf balls and clubs and tennis balls and rackets.

According to Rubber&Plastics News, Bridgestone Corp.'s 2008 net income plummeted 92% to US\$114 million on a 5% drop in net sales to US\$35.5 billion, compared with a year ago. The tire maker blamed the results on the currency exchange impact of a stronger Japanese yen and a decline in unit sales.

Sharply higher prices on raw materials caused its year-end operating income to decrease 47% to US\$1.44 billion, compared with 2007. Operating income for the company's tire business segment fell 52% to US\$1 billion on a 5% drop in sales to US\$28.9 billion for the year.

In North America, Bridgestone's 2008 unit sales for passenger/light truck and commercial tires in both replacement and OE markets declined. However, there was a large increase in UHP replacement tire sales compared with 2007, the company reported. In the Americas geographic segment, Bridgestone reported a 58% slide in 2008 operating income to US\$237 million as sales slipped 6% to US\$15.6 billion, compared with 2007.

Bridgestone also reported an 8% decline in net sales in Europe but a 9% increase in sales in China and the rest of Asia for the year. Bridgestone expects a continued decline in sales and earnings for 2009, predicting a 71% drop in net income to US\$32.9 million on a 22% decline in net sales to US\$27.8 billion.

In an apparent effort to reduce costs, Bridgestone's board of directors has proposed to abolish its retirement benefits system for directors and corporate officers and instead implement payment of termination benefits and offer stock compensation incentives.

Bridgestone Europe has announced temporary plant shutdowns in Europe. The plants at Bethune, France; Bilbao, Spain; Burgos, Spain; Bari, Italy; and Poznan, Poland, will stop all production for 5-8 days per month during the first half of 2009. The plant in Hungary remains open, while Bridgestone's truck plant at Stargard, Poland, has not yet opened. The company will continue to keep the agricultural tire lines open at its Puente san Miguel, Spain, plant. Bridgestone will take the action to match production with demand and to ensure stock levels are appropriate to the market situation.

2.3.2. Michelin:

The French-based company is a leading tire manufacturer. The company also provides travel assistance products and services, such as maps and guides. It develops and

markets lifestyle products such as cycle-related products, sports accessories, gifts, and collectibles.

The company operates in 170 countries. The company operates technology centers in the US, Europe, and Japan. Michelin operates two integrated tire distribution networks, Euromaster and TCI. The company also operates two business subsidiaries, ViaMichelin and Michelin Lifestyle.

The company has three business divisions: passenger car-light truck tires, truck tires, and specialty tires.

The passenger car-light truck tires' division manufactures passenger cars and light truck tires. It serves both original equipment and replacement markets. This division operates 38 facilities in 18 countries. The division operates as a strategic partner for original equipment manufacturers (OEMs) and helps the end users to replace their tires with the brand used by the original equipment manufacturers. The group is present in all replacement segments with 70% of its revenues from the replacement market.

The truck tire division manufactures truck tires and serves the original equipment, replacement, and retread segments. It has 28 facilities in 16 countries. The company maintains technological leadership in original equipment, replacement, and re-treaded tires. During 2007, the company generated 68% of the segment's revenues from the replacement market (radial tires).

The specialty tires division produces earthmoving equipment tires, agricultural equipment tires, motorcycle tires, aircraft tires, maps and guide, and navigation systems. This division also engages in the distribution of ViaMichelin, a navigation system, as well as operates Michelin Lifestyle, a licensing business to produce lifestyle products such as cycle related products, sports accessories, gifts, and collectibles. It also provides tourist guides and mobility assistance services.

The specialty division operates 18 tire manufacturing facilities in 9 countries. Further, the company markets more than 1,000 different products via a distribution network of more than 30,000 outlets.

According to Rubber&Plastics News, Michelin suffered double-digit drop in operating and net income in 2008 primarily because of the increased costs of raw materials, energy and transportation and declining sales in the fourth quarter. Anticipating continued low demand through the first half, Michelin has slashed its capital investment budget and will focus short term on manufacturing flexibility, inventory management and cash management.

For the year, Michelin's pre-tax operating income fell 44.1% to US\$1.35 billion and net income plunged 53.8% to US\$522.7 million. Sales were off 2.7% to US\$24 billion; sales volume fell 16% in the fourth quarter as a result of the steep fall-off in demand.

In addition to the higher raw materials and energy/transportation costs—up US\$1.18 billion and US\$240 million, respectively, over 2007—Michelin incurred more than US\$325 million in one-time expenses related to temporary idling of manufacturing capacity, primarily in the fourth quarter.

Michelin reported sales volumes in passenger/light truck tires that declined “sharply,” but at the same time the firm claimed market share gains for the Michelin brand in all regions. Sales were down 4.1% to US\$12.7 billion.

Truck tire sales volumes were down slightly, with share gains reported in Asia and North America. Sales fell 3.6% to US\$7.95 billion.

Business in specialty tires (OTR, motorcycle, agricultural, etc.) was up in all segments, although original equipment demand fell off in the fourth quarter. Sales grew 5.5% to US\$3.38 billion.

Michelin further announced it will cut its capital expenditures this year about in half to US\$900 million to help cope with a “prevailing bearish outlook” for the coming months.

Most of the cuts will be made in traditional markets of North America and Europe, according to Managing Partner Michel Rollier, although he declined to say which projects would be cut.

The company would maintain funding projects in Latin America, India and China as well as maintaining research and development and innovation-related spending at traditional levels. Michelin devoted US\$1.86 billion to capital spending in 2008.

2.3.3. Goodyear:

The American-based company develops, manufactures, markets and distributes tire for automotive and off-road applications. In the automotive segment, the company is engaged in both the original equipment segment and replacement markets. Goodyear also manufactures and sells rubber related chemicals for other applications.

Goodyear is one of the largest operators of commercial truck service and tire retreading centers in the world. In addition, it operates more than 1,800 tire and auto service center outlets, which retail its products and provide automotive repair and other services. Goodyear manufactures its products in 64 manufacturing facilities in 25 countries.

The company’s tire division is further segmented into five sub divisions. The North American tire sub division manufactures and sells tires for automobiles, trucks, motorcycles, buses, earthmoving equipment, commercial and military aviation and industrial equipment and other applications. The North American tire sub division manufactures tires in eight plants in the US and two plants in Canada.

The major lines of Goodyear brand radial tires offered in the US and Canada for sport utility vehicles and light trucks are Wrangler and Fortera, featuring TripleTred Technology and SilentAmor Technology. Additionally, the North American tire sub division also manufactures and sells several lines of Kelly brand, Republic brand, Remington brand and Fierce brand, other house brands, and several lines of private brand radial passenger tires in the US and Canada.

The NA sub division also operates approximately 1,000 retail outlets (including auto service centers, commercial tire and service centers and leased space in department stores) under the Goodyear name or under the Wingfoot Commercial Tire Systems, Allied or Just Tires trade names. Several lines of house brand tires and private and associate

brand tires are sold to independent dealers, national and regional wholesale marketing organizations and various other retail marketers.

The European Union, Eastern Europe, Middle East and Africa tire sub division develops, manufactures, distributes and sells tires for automobiles, motorcycles, trucks, farm implements and construction equipment in Western Europe, Eastern Europe, the Middle East and Africa; exports tires to other regions of the world; and provides related products and services. The EU sub division manufactures tires in 16 plants in England, France, Germany, Luxembourg, Poland, Slovenia, Turkey and South Africa.

Additionally in some markets, Goodyear brand tires, as well as Dunlop brand, Fulda brand, Debica brand and Sava brand tires are distributed through independent dealers, regional distributors and retail outlets of which approximately 250 are owned by Goodyear in Western Europe.

In some countries, Goodyear brand, Dunlop brand, Kelly brand, Fulda brand, Debica brand and Sava brand tires are sold through regional distributors and multi brand dealers. In the Middle East and in most of Africa, tires are sold primarily to regional distributors for resale to independent dealers. In South Africa and sub-Saharan Africa, tires are also sold through a chain of approximately 160 retail stores operated by Goodyear, primarily under the trade name Trentire.

The Latin American tire sub division manufactures and sells automobile, truck and farm tires throughout Central and South America and Mexico. It sells tires to export markets, retreaded tires besides commercial truck, aviation and heavy equipment tires and other products and services. This sub division operates six manufacturing facilities in Brazil, Chile, Colombia, Peru and Venezuela. Goodyear brand tires are sold in the replacement market primarily through independent dealers.

The Asia Pacific tire sub division manufactures and sells tires for automobiles, light and medium trucks, farm and construction equipment and aircraft throughout the Asia Pacific markets. It operates ten plants in Australia, China, India, Indonesia, Japan, Malaysia, the Philippines, Taiwan and Thailand.

The sub division sells primarily Goodyear branded tires throughout the region and also sells the Dunlop brand in Australia and New Zealand. Other brands of tires, such as Kelly, Fulda and Sava, are sold in smaller quantities. Tires are sold through a network of licensed or franchised stores and multi-brand retailers through a network of wholesale dealers. In Australia and New Zealand, the company also operates through a network of approximately 420 company-owned retail stores under the Beaurepaires and Frank Allen brands.

The company reported a loss of US\$330 million in the fourth quarter compared to net income of US\$52 million in the same 2007 period. Sales fell 26% to US\$4.1 billion in the quarter, despite increases in Goodyear's branded market share, the firm said.

Goodyear suffered a net loss of US\$77 million in 2008 compared to 2007 net income of US\$602 million. The 2007 results included an after-tax gain of US\$508 million on the sale of the company's former Engineered Products business.

Sales for the year were US\$19.5 billion, less than 1% lower than 2007's record US\$19.6 billion. Revenues in 2008 reflect the US\$1.3 billion negative impact resulting from an 8.5% reduction in tire volume, according to Goodyear.

Also impacting the sales slide was the 2007 divestiture of the company's T&WA tire mounting business, which contributed sales of US\$639 million in 2007, the company said, adding that favorable foreign currency translation positively impacted revenues by US\$383 million.

Goodyear's Asia Pacific Tire, Latin American Tire and Europe, Middle East and Africa Tire each achieved record full-year sales. North American Tire's fourth quarter 2008 sales decreased from 2007 largely because of tire volume declining 17% reflecting significantly lower industry demand.

Goodyear plans to cut its work force by another 5,000, freeze salaries and reduce capacity as part of a plan to trim costs and regain profitability in 2009.

Those and other actions are aimed at addressing a weak economy and losses in both the fourth quarter and for the full year, the company said when it released its financial reports for 2008.

Other moves the company plans on making in 2009 include: the launch of more than 50 new tires; implementing new cost control policies to eliminate nonessential discretionary spending; putting purchasing actions in place to lower the cost of both raw materials and indirect materials; cutting capital expenditures to between US\$700 million and US\$800 million; reducing inventory levels by more than US\$500 million; and pursuing the sale of non-core assets.

2.3.4. Continental:

Continental is one of the leading automotive industry suppliers. The company specializes in rubber, tire and brake technology, driving dynamics control, electronics, sensor systems, and telematics.

The company manufactures and supplies tires, brake systems, chassis components, vehicle electronics, and technical elastomers. Continental is the fifth largest automotive supplier in the world and the second largest in Europe. The company operates primarily in Europe and North America. Continental operates in 36 countries with over 200 plants, research centers and test tracks.

In 2007, the company had restructured its business division to six divisions which it currently operates through: chassis and safety, powertrain, interior, passenger and light truck tires; commercial vehicle tires; and ContiTech.

The passenger and light truck tires division develops and manufactures passenger and light truck tires for compact, medium-size, and full-size cars as well as tires for vans, light trucks, and RVs.

This division produces tires under the brand names of Continental, Uniroyal (except in the NAFTA region, Columbia, and Peru), Semperit, Barum, General Tire, Euzkadi, Viking, Gislaved, Mabor, Matador, and Sime Tires. It also includes the two-wheel (motorcycle and

bicycle) business and retail tire companies of Continental, with more than 2,000 specialty tire outlets and franchises in 18 countries.

This division is divided into five business units: original equipment, replacement business Europe, replacement business the Americas, replacement business Asia, and two-wheel tires. It operates through 22 locations in 14 countries.

The commercial vehicle tires division offers bus, truck, and industrial tires for the most diverse service areas and application requirements. In certain regions, it also provides OTR (off-the-road) tires. This division offers products for the original equipment and replacement markets. It produces the tires under the brand name of Barum, Semperit, Uniroyal, and Matador.

This division is divided into four business units: Truck Tires Europe, Truck Tires the Americas, Truck Tires Replacement Asia, and Industrial Tires. Continental manufactures commercial vehicle tires at 12 locations in 7 countries.

ContiTech is one of the market leaders for heat-resistant charge air hoses for cars, transportation hoses for use in large excavators and the oil industry, conveyor belts, air springs for rail vehicle technology, and foil for vehicle interiors in the world. Moreover, the division is the European market leader for vehicle hoses and hose lines, and air spring systems for commercial vehicles, as well as for timing belts and multiple V-ribbed belts.

This division develops and produces functional parts, components, and systems for the automotive industry, machine and apparatus manufacturing, rail vehicles, printing, the building trade, the chemical and petrochemical industries, maritime navigation and aviation, and mining. It is divided into seven business units: air spring systems, benecke-kaliko, conveyor belt group, elastomer coatings, fluid technology, power transmission group, and vibration control. It has manufacturing operations at 61 locations in 21 countries.

Continental AG reported it will increase cost-cutting measures this year after posting a net loss of US\$1.61 billion in 2008 compared with a profit of US\$1.49 billion in 2007. The company announced 2008 sales rose 45.8% to US\$35.5 billion after its acquisition of Siemens VDO. The company's rubber and tire group's operating result was "outstanding" in light of difficult economic conditions, Chief Financial Officer Alan Hippe said. The group posted sales of US\$13.7 billion and an earnings before interest and taxes of US\$1.44 billion.

Conti's automotive group achieved sales of US\$21.8 billion. Conti didn't specify where it will cut costs but noted it reduced its work force to 139,155 after laying off 12,499. Contracts with some 5,000 temporary workers were not extended.

Continental AG and its largest shareholder and industrial partner Schaeffler Group have begun to cooperate on purchasing in the hope of reducing costs in this area by more than US\$500 million over the next three years.

Conti and Schaeffler have combined annual purchases of goods and services of nearly US\$27 billion, the firms said, of which about US\$9 billion is in areas where the firms have common needs, especially in steel and other component supplies.

In addition to the purchasing volume for commodities and components, the firms said they lay out more than US\$5 billion annually in investments and nonmanufacturing materials, including logistics services, energy, office materials, IT hardware, telephone, travel and marketing.

2.3.5. Pirelli:

The Italian-based group is active in more than 169 countries. The Pirelli Group is the fifth largest tire manufacturer in the world, in terms of turnover, with 24 factories on four continents, and is a leader in the high end and high technology segments of the market. Pirelli also operates in the property sector in Italy and Central and Eastern Europe, and has new businesses created from the development of patents and technologies: broadband access, emission control technologies, environmental technologies, photonics, and industrial design.

Pirelli Tire designs, develops, manufactures and markets tires - for motor vehicles, industrial vehicles and motorcycles - and steelcord. The manufacturing structure of the company consists of 24 plants in 12 countries throughout the world, Argentina, Brazil, China, Egypt, Germany, United Kingdom, Italy, Romania, Turkey, Spain, United States and Venezuela, and a commercial network that covers over 160 companies.

The business of Pirelli Tire consists of two main segments: Consumer (about 70% of total revenues) deals with tires for motor vehicles, sports utility vehicles (SUVs), light commercial vehicles and motorbikes; and Industrial (about 30% of revenues), which means tires for buses, heavy trucks, agricultural machinery and steelcord, the fundamental strengthening element for radial tires. These businesses are in turn focused on two different sales channels: original fit, directly focused on manufacturers, and replacements, replacement tires for vehicles already on the road. Pirelli consolidates agreements with motor vehicle and motorbike manufacturers in the world.

According to the 2008 financial tables of Pirelli, consolidated earnings were realised with a drop 0.5% at 4.648 billion Euros, a pre-tax profit of 397 million Euros which is down 30% over the previous year, while trading profit tumbled 48% to 188 million Euros. The negative performance, the company reported, was a consequence of the global economic slump. Looking at current prospects, Pirelli expects 2009 to be a difficult year with a reduction in the volume of sales and production, while a positive impact from the lower costs for raw materials should begin to be felt in the latter part of the year. No significant recovery is expected by the company until 2011 when pre-tax earnings will again grow by 8-8.5%.

A total of 1,500 Pirelli Tire employees will be laid off in western Europe while Pirelli staff will be slashed from 1,473 to some 800, in part through the elimination of a mortgage company which employees 237. Pirelli said the cuts will be accompanied by a reduction in output and together this should result in savings of over 300 million euros for the company. The reduction in production and Labour costs will be the equivalent of a full factory in western Europe. Pirelli Tire will continue to focus its attention on expanding in emerging markets and Russia which remains a priority even though this has not yet produced important results.

Pirelli wants to be less affected by the economic malaise than some of its competitors because the slowdown is being felt less in the developing markets of China and South America, where Pirelli is strong.

Pirelli has 61% of its passenger car capacity in so-called low-cost areas and aims to increase that to 71% by 2011. In the truck sector 78% of capacity is in low cost areas, which will move to 89% by 2011. Pirelli will cut inventories, so production output likely will be even lower than the overall 12% decline in sales volume anticipated this year.

2.4. Industrial Policy and Sustainable Development

2.4.1: Tire Regulations

2.4.1.1. Global regulatory framework: United Nations Economic Commission for Europe (UN/ECE) has technical regulations for tires. The UN/ECE 1958 Agreement on 'vehicle type approval and its mutual recognition' is the unique international forum providing the legal framework under which 'tire' technical regulations are developed. Currently, 53 countries from various regions of the world have adhered to the UN/ECE 1958 Agreement.

The "tire" technical regulations are:

- UN/ECE Regulation 30: tires for motor vehicles and their trailers
- UN/ECE Regulation 54: tires for commercial vehicles and their trailers
- UN/ECE Regulation 64: temporary-use spare wheels/tires
- UN/ECE Regulation 75: tires for motor cycles and mopeds
- UN/ECE Regulation 106: tires for agricultural vehicles and their trailers Part 1; Part 2; Part 3
- UN/ECE Regulation 117: tires rolling sound emissions and adhesion on wet surfaces
- UN/ECE Regulation 108: retreaded tires for motor vehicles and their trailers
- UN/ECE Regulation 109: retreaded tires for commercial vehicles

The UN/ECE 1998 Global Agreement purpose is to further enhance the process of international harmonisation through the development of global technical regulations (GTR), which may cover countries that are not Contracting Parties to the 1958 Agreement.

2.4.1.2. European Union Regulations:

In the European Union, tires must comply with the following legislation:

- EC Directive 89/459 of 18 July 1989 requires a tread depth of the tread surface of at least 1.6 mm for passenger car tires.
- EC Directive 92/23 of 31 March 1992 sets conditions under which Member States shall grant EC type-approval to tires and to vehicles equipped with these tires. Provisions have been applied since 1 January 1993. This Directive and further amendments, is part of the compulsory whole-vehicle type-approval (WVTA) system requirements verifying compliance with the EU legislation before placing on the market.

- EC Directive 2001/43 of 27 June 2001 amends the EC Directive 92/23 in introducing tire-rolling noise requirements. Stepwise implementation is foreseen by the Directive.
- Further tire road noise limits are under discussion.
- EC Directive 2005/11 of 16 February 2005 amends the EC Directive 92/23 in laying down that type-approval authorities may accept Laboratories of tire manufacturers as approved test Laboratories.
- EC Directive 2005/69 of 16 November 2005 restricts the marketing and use of certain polycyclic aromatic hydrocarbons (PAH) in extender oils in tire production. Tires produced after 1 January 2010 will have to comply with the Directive requirements.
- Council Decision 2006/443 of 13 March 2006 makes the provisions of UN/ECE Regulations 108 and 109 as a compulsory condition for the placing of retreaded tires on EU Member States markets from 13 September 2006.

Type-approval requirements for the general safety of motor vehicles and tires In the framework of the European Commission initiative “Better Regulation”, which aims at simplifying, repealing or rewriting over 220 pieces of legislation, the car industry was identified as a priority sector. Practically, this process will target around 50% of the automobile legislation.

With a regulation last year, all new retreaded tires sold in the EU have to comply with regulations set down by the United Nations Economic Commission for Europe (UNECE), following a ruling by the European Commission. These regulations introduce similar standards of safety and quality control for retreaded tires as for new tires. The Council Decision’s to make the regulations mandatory in the EU is the first time the Commission has voted to adopt UNECE rules, which have only been recognised as alternatives to those contained in EU directives.

Recently European Union adopted a plan to improve the efficiency and noise of car tires, but has extended the time over which they must be introduced by manufacturers. The revised rules on car tires set new standards for rolling resistance and pressure, which have a significant effect on fuel efficiency and emissions.

Tire pressure monitoring systems (TPMS) will also become compulsory for cars. Accurately monitoring tire pressures is particularly important because small losses in tire pressure can have a large effect on fuel consumption.

While the move has been high on the agenda for environmentalists for some time, criticism has been levelled over which regulations will be introduced. Although the new regulation will come into force from November 2011, exceptions to a full transition apply until 2018 in some cases.

The European Parliament says the transition period is to allow manufacturers to adapt to the new regulation, and clear backlogs of already manufactured tires.

2.4.2. REACH Implementation in Europe

REACH is the new EU chemicals policy, which is build up out of four parts: Registration, Evaluation, Authorisation and Restrictions. As a highly original new integrated system,

REACH entered into force on June 1, 2007. It requires 'downstream users' such as the tire and rubber industry to gather information on the properties of the substances that they use, to promote their safe management and to progressively substitute the most dangerous substances with safer alternatives. The provisions of the REACH regulation will apply to all substances manufactured or imported in a volume totalling above one tonne/year per producer or importer of the substances that are placed on the market on their own in the form of preparations or in articles.

The obligation to register the substances lies with the producer or importer of the substance (on their own, in preparation or in articles), who has the obligation to register the substance for own use(s) as well as for the uses in which the producer/importer intends to place the substance on the market. A Downstream User (DU) has the right to assist in the preparation of a registration dossier and the DU also has the right to inform the supplier in writing of the use. The supplier has to take into account the use on the condition the DU is supplying sufficient information on the use and/or further downstream uses to enable the supplier to prepare an exposure scenario as part of the suppliers' chemicals safety assessment.

The supplier does however have the right not to include a certain use for reasons of protection of human health or the environment on basis of an assessment. As far as the Registration requirements are concerned, a distinction is first made between new and phase-in (existing) substances. For phase in substances, the registration will be spread over an 11 year-period.

Manufacturer in the tire and rubber industries are mostly considered and actually act as downstream users of the chemicals industry, but taking into account the global nature of the Chemicals industry, Rubber companies might fall under these various categories: Downstream user of chemicals, Producer and supplier of rubber compounds, Importer of raw materials (substances and preparations) and Producer or importer of articles. In the following chapter we will outline the main requirements each company has to comply with when acting under the REACH regulation in these different roles.

For imported substances, there are specific provisions in the REACH implementation. Some of the raw materials used for the production of rubber products/tires are already articles on their own, e.g. brass coated wire and textile fabric used as reinforcing materials.

2.4.3. ICEM's Position on Sustainable Development for the Rubber Industry

In 2008, responding to a resolution passed at its World Congress, the ICEM initiated the development of a sustainability plan that will allow the ICEM to weigh in on sustainability issues in a positive and progressive manner. The timing of our re-entry into this debate could not be better, since the global financial crisis of 2008 creates an opportunity to reinvent our current patterns of production and consumption along more sustainable lines and offers a real possibility of debating some of the economic dogma of deregulation, privatization, and globalization that has dominated politicians' thinking for so long.

The chemical, pesticide, pharmaceutical, plastic and rubber industries are value-adding industries that compete for their feedstock with those that simply want to burn them. While many people associate pollution, industrial disasters and other environmental problems with these industries, they have arguably contributed and continue to contribute greatly to

social and economic development. The chemical and rubber industries provide many of the materials out of which a sustainable infrastructure will be built.

The chemical and rubber industries are widely criticized (sometimes unfairly) for their emissions, wastes, and secondary environmental effects resulting from the use and disposal of their products (for example, plastic containers and used tires). Public opinion tends to hold that chemicals and chemical products are much more a part of the problem, than a part of the solution.

The chemical and rubber industries have introduced some 70,000 chemicals into widespread industrial use since the Second World War. Many more could be counted if small scale use were included. While some of these are relatively inert, others are persistent, bio-accumulative and/or toxic chemicals. The media are full of words that were rarely used a generation ago: "carcinogen", "mutagen", "teratogen", "endocrine disruptor", "hormone mimicker" and "reproductive toxin", for example. It is only for a handful of chemicals that we have even limited toxicological or human health data. Environmental effects are even less well understood.

This is an environmental problem with an occupational aspect. Many environmental chemical problems were first identified as the result of occupational illnesses.

Local authorities are frequently only minimally aware of, or concerned by, the kinds of industries in their midst, and are utterly unprepared for major industrial accidents.

To their credit, chemical companies have implemented programs such as "Responsible Care" to try to "work together to continuously improve health, safety and environmental performance, and to communicate with stakeholders about their products and processes." Even though "Responsible Care" is not an unqualified success, especially in its ability to engage workers and in its performance in the developing world, it has shown promise.

In developed countries, this industry grouping has in general a fairly good record of adherence and compliance with national and international regulations and environmental agreements. This record is not quite so good in developing nations. Frequently, the industry has changed its behaviour and its attitudes towards regulations as a result of trade union pressure, or following an industrial disaster such as Sandoz' 1986 spill of chemicals into the Rhine, or Union Carbide's methylisocyanate disaster at Bhopal.

The rubber industry has enormous opportunities for recycling and re-use of rubber products. Tires can be retreaded rather than scrapped. Scrapped tires can be directly used in certain types of construction, or to make other products such as ground rubber which has many potential uses. Finally, scrap tires can be burned for the fuel value in controlled conditions, such as cement kilns.

Opportunities for recycling and re-use of other chemical products are an under-explored field.

Over the last two or three decades, the chemical and rubber industries have invested significantly in the developing world, and in emerging economic powers such as China and India. These areas have tended to attract a disproportionate share of toxic production and toxic waste disposal sites, sometimes at the expense of investment and jobs in

developed countries. The industry has also been increasing its use of contract and agency labour, rather than permanent work forces.

These industries compete for access to non-renewable resources that are also used as fuels. Value-added production and job creation should be considered preferable to burning this resource. In some parts of the world, the viability of the chemical and rubber industries has been threatened by a shortage of affordable feedstock, while at the same time that same feedstock is being burned in increasing quantities as fuel.

The chemical and related industries have an uneven track record of relations with their unions. In developed countries the industry often has a mature relationship with its unions. In both developed and developing countries, the industry could do more in contributing to social progress through apprenticeship training, adult literacy and education programs, public health programs, and the like. Trade unions could be effective partners in these social initiatives.

Much more, and better, information about the human and environmental effects of chemicals is needed. Programs such as Europe's REACH program are to be applauded even though care must be taken that regional industries are not unfairly disadvantaged. Banning certain chemicals may be justified in some cases, such as dioxin or asbestos, but it is a "supply side" chemicals management strategy that should be used judiciously - the benefits of a particular chemical may outweigh its risks. Equally, there must be recognition that there is no such thing as "clean production" if by that is to mean zero discharge of all pollutants (including heat and carbon dioxide) simultaneously. There is, however, the promise of "cleaner production". The industry should commit to much more research into so-called "green chemistry". In brief, this is the search for synthetic routes, processes and products that have, inherently, less potential to damage the environment.

The chemicals industry is proud of its "Responsible Care" initiative although it has not been entirely effective in engaging either the majority of the industry, or perhaps more importantly, a large segment of the public (including its workers). "Responsible Care" will never be fully credible until there is formal participation of trade unions. The industry and the IChemE must resume dialogue about the role of workers in the "Responsible Care" program.

The pharmaceutical industries could, and should, contribute to improved healthcare systems. One particular example is the HIV/AIDS epidemic which could be mitigated through the supply of low- or no-cost drugs, especially in developing countries.

3. Global Framework Agreements and Networks

3.1. Global Framework Agreements:

During last three Congresses of the ICEM, signing Global Framework Agreements with major multinational companies has been defined as one of the priorities of the International. The ICEM currently has 13 such agreements, with one of them in the rubber industry, namely Freudenberg, the German-based rubber, auto accessories, nonwovens, and engineering multinational company.

ICEM's last World Conference for the Rubber Industries, which took place in Istanbul, Turkey, in April 2006 gave special attention to the subject in the action plan: "The ICEM will continue to ensure that health, safety and environmental protection are well catered for within the global agreements signed by the ICEM with multinational companies, including those workers employed as contract or agency labour. The health, safety and environmental standards within global agreements will be strengthened where possible and as necessary".

The ICEM's Global Framework Agreement with Freudenberg Group was improved in 2008 by including a special clause to the agreement about neutrality on union organising. Together with ICEM's German affiliate IGBCE, ICEM met with company management to review and update the agreement with Freudenberg.

Regarding proposals put forth to the privately-held company by the ICEM, it was agreed to continue discussions on most of those issues. However the company accepted a provision in the agreement on neutrality with immediate effect.

The new clause states: "The Freudenberg Group respects the right of its employees to freely decide whether or not to establish or to associate with any legitimate trade union of their choice. The Freudenberg Group shall remain strictly neutral concerning its employees' choice in the matter."

The agreement also contains a provision, stating, "ICEM and IGBCE agree to use their best efforts to promote constructive approaches in local organising drives in the spirit of social dialogue and to achieve positive Labour relations as expressed in this Agreement."

To establish the mutual trust and constructive approach in Labour relations, the ICEM helped to arrange a meeting in Pittsburgh, Pennsylvania, USA on 1 October 2008 that brought managers of Freudenberg together with some of ICEM's North American affiliates, including the United Steelworkers (USW), United Electrical, Radio and Machine Workers of America (UE), and the Communications, Energy, Paperworkers (CEP) Union of Canada. At the end it was agreed that a model case would be implemented and executed regarding social dialogue procedures based on neutrality.

Aside from the Freudenberg agreement, there were some other initiatives in the industry to develop dialogue with multinational companies. Through the efforts of ICEM's Swedish affiliate IFMetall, an informational meeting was held with Swedish based rubber company Trelleborg in October 2007.

3.2. Networks:

It is the ICEM policy to build union networks within major multinational companies in ICEM sectors. These networks covering issues such as human and trade union rights, equality and health, safety and the environment are at the same time considered as important tools to develop dialogue with and to reach Global Framework Agreements with multinational companies.

For such kind of networks, ICEM-affiliated unions based in the company's headquarters country assume responsibilities for administering the network. A Global Corporate Network is primarily a means of communication for those working for the same employer across the world, and for their trade unions, allowing them to cooperate and coordinate.

ICEM's last World Conference for the Rubber Industries in April 2006 included networking activities into its plan of action by saying "The ICEM will audit the existing networks with a view to ensuring their effectiveness of operation, in particular the administration of these networks and the exchange of information carried out within them." The same Conference also stressed dialogue with multinational companies in the rubber sector.

3.2.1. Global Company Networks:

3.2.1.1. ICEM Bridgestone Global Union Network:

The steering committee of the network has met three times: in Johannesburg, South Africa in 2006; in Tokyo, Japan in 2007, and in Las Vegas, USA in 2008. ICEM affiliated trade unions from Brazil, Japan, South Africa, Spain and the US have been represented on the steering committee, and Gomurengo, the Japanese Rubber Workers' Union Confederation, chairs the network.

The agenda of the network has been composed of main developments and challenges in the global rubber industry, Bridgestone's economic situation, Labour relations and particularly health and safety issues.

The network also dealt with ongoing trade union struggles and collective bargaining rallies in different countries.

3.2.1.2. ICEM Goodyear Global Union Network:

The Network, coordinated by the United Steelworkers (USW), convened in Akron, Ohio, USA in March 2007 with participation of 50 trade union leaders from 12 countries.

The Network produced a statement which included a call for management to begin discussions on a global agreement, starting with talks on occupational health, safety, and environmental issues. Reports on a recent 86-day strike in North America were heard, and Labour situations in which Goodyear has displayed disagreeable human relations conduct were also reported. Trade unionists also heard longstanding problems that exist in Goodyear's Bangkok tire factory.

The expanded Goodyear Network elected Tom Conway, USW Vice President, as chairman. Other trade union leaders elected to join the steering committee include Brazil, Japan, Germany and South Africa.

Through the efforts of the Network Chairman, the company management agreed to hold a joint global health and safety conference which is supposed to take place in summer 2009.

3.2.2. Regional Company Networks:

3.2.2.1. Freudenberg Brazilian/Latin American Regional Network:

In October 2007 a country-wide network of Freudenberg workers was launched in the rubber, chemicals, metals, and textile sectors. The meeting was attended by six unions through the organisation of ICEM affiliate Rubber Workers Union of Brazil, (FUB).

The meeting included representatives from all six Freudenberg plants in São Paulo state, the Latin American Rubber and Tire Workers' Federation (FUTINAL), and ICEM affiliate IGBCE from Germany as well as secretary and the chief workers' representatives from the Freudenberg European Works Council.

Brazil is the major manufacturing country of Freudenberg in Latin America, where 1,400 company workers are employed. The German company also has manufacturing operations in Argentina, Chile, and Venezuela. The aim of the meeting was to establish a workers' network in Brazil, and then to expand network activities to the other Latin American countries.

3.2.2.2. Pirelli Latin American Regional Network:

Latin America is the second largest production and marketing area for Italian-based Pirelli with production units in Brazil, Argentina, and Venezuela. The region's rubber workers' unions decided to get together to form a network of workers through a meeting in October 2007.

Twenty-five workers' representatives launched the regional network that includes these trade unions: Rubber, Tire and Related Industries Workers' Union (FUB) of Brazil, Tire Workers Union of Argentina (SUTNA), Bahia Rubber Workers Union of Brazil, and the São Paulo Rubber Workers' Union of Brazil.

The meeting also included Italian trade union representatives. The network elected FUB Vice President Márcio Ferreira of Brazil as coordinator of the network. The network's focus was defined as exchange of information, such as health and safety data, collective agreements, and contract and agency Labour trends and data.

3.2.2.3. Goodyear Asia/Pacific Regional Network:

The fourth regional meeting of the Asia-Pacific Goodyear Regional Network was held in Jakarta, Indonesia, in October 2008 with 20 delegates from Japan, Indonesia, Malaysia, India and Thailand. Previous network meetings were held in Manila, Philippines, in 2005; Singapore in 2002; and Kuala Lumpur, Malaysia, in 2000.

Toshiaki Hojo, President of the Japanese Rubber Workers' Union Confederation (GOMU-RENGO) was elected as chairman. Delegates evaluated past activities of the global and regional networks, and the meeting received a detailed report on Goodyear's financial

situation and the Labour relations. Delegates on 28 October identified specific situations in their plants by giving current figures on salaries, working hours, and collective bargaining developments.

The meeting decided, through an action plan, to escalate targeting of joint organising efforts, to focus on training and education programmes, as well as to engage in regular and detailed information exchange through electronic means.

The regional network also adopted a special announcement toward further action for reinstatement of Thai and Malaysian colleagues, workers who have been unjustly fired by the company.

3.2.3. Regional Sectoral Networks

3.2.3.1. FUTINAL, Latin American Rubber Unions' Network:

ICEM affiliate FUB, Brazilian Rubber Workers Union, invited delegates from several Latin American rubber workers' unions to the Conference of FUTINAL at Praia Grande/São Paulo in October 2006. Roughly 100 delegates, mostly from ICEM affiliates, including from Argentina, Brazil, Chile, Mexico, Peru, Uruguay and the USA held discussions, among other things on the need to set up more trade union networks for multinational companies. Unions organising Continental AG plants in Brazil, Mexico, Argentina and USA, used the time to coordinate their ideas and activities for the coming International Action Day for all Continental tire unions from the western hemisphere. At the end of the conference, an action plan was adopted for future work.

Some 84 representatives from 15 rubber unions in Argentina, Brazil, Chile, Mexico, and the US were together in October 2007 again in São Paulo upon invitation of FUB to attend the Congress of FUTINAL.

After country reports, the Congress heard the activities of the Global Union Networks of Goodyear and Bridgestone from Carlos Antonneio da Silva, Latin American representative to the ICEM's Goodyear Workers' Network steering committee, and Daniel Demetrio, Latin American representative on the Bridgestone Network. Delegates also applauded the creation of the recently inaugurated Pirelli Latin American Regional Network.

The Congress conducted discussions on the new status of FUTINAL, to which the regional rubber workers' network now becomes a Brazil-based association open to all democratic Labour organisations in Latin America and the Caribbean organised in the rubber sector. On the final day, elections were held for the Executive Committee, composed of ten secretaries.

In cooperation between ICEM and FUTINAL, a workshop was organised in Buenos Aires, Argentina, with 35 trade union representatives from Brazil and Argentina with a view to shape an action plan for the region's rubber industry on Contract and Agency Labour. The meeting was hosted by SUTNA-CTA, the Rubber Workers' Union of Argentina, and attended.

Following a presentation on the general, regional, and national trends in the rubber sector by ICEM Chemicals and Rubber Officer Kemal Özkan, workshop participants heard about

the ICEM's global campaign on Contract and Agency Labour, as well as examples from different industries throughout the world.

It was agreed to work on a special project on outsourcing in the rubber industry in Latin America.

3.2.3.2. Asia-Pacific Rubber Workers' Unions Regional Network

Twenty-Five trade union representatives from Japan, Indonesia, India, Malaysia, Thailand, and Vietnam organising rubber workers' met in Jakarta, Indonesia, in October 2008 and formed the ICEM Asia-Pacific Rubber Unions' Network.

The meeting focused on ICEM's global and regional company networks, as well as Global Framework Agreements. Using global agreements as tools in organising was thoroughly discussed, while company networks were considered to be crucial instruments to organise solidarity and the exchange of information. Questionnaires were distributed prior to the meeting, so country reports given had a firm base for discussion on the situations unions faced in the various countries.

The topic of networking was emphasized in regards to experience on other topics, such as collective bargaining, health and safety, employment, and general work conditions. Elected to chair the newly-founded Asia-Pacific Rubber Workers' Network was Toshiaki Hojo, President of the Japanese Rubber Workers' Union Confederation (GOMU-RENGO).

The meeting also adopted an action plan of follow-up activities, which includes the regular circulation of information and targeting rising multinational companies such as Korean-based Hankook and Kumho, and Apollo from India. Contract and Agency Labour was also a key topic discussed since its use has spiraled upward in the rubber industry of Asia. Delegates decided to further their work on this challenging issue that faces global labour.

3.2.3.3. Central European Rubber Unions' Regional Network

Over the past decade, multinational tire companies considered Central Europe as an investment utopia, shifting production and expanding factories at a rapid rate. Recently, US-based Goodyear invested US\$100 million in its existing plant in Debica, Poland, while Bridgestone of Japan moved to construct a second plant in Poland.

In Hungary, Hankook of South Korea, established a production unit, and Bridgestone's new plant is close to start-up. Apollo Tire of India is also a plant in Hungary. Similarly, in Romania, Pirelli just started an operation in Slatina, where the Italian company has teamed with Continental AG in steel-cord production.

This Central European growth, however, brings with it some consequences concerning job conditions and trade-union representation. Wages, working conditions, health and safety regulations also fall short of the level common in West European countries. In some of the new plants, trade union rights are denied or companies prefer plant-level and company-based unions.

This has led the ICEM to boost national trade unions to challenge these circumstances by creating a regional network of rubber unions. Trade union leaders from Hungary, Slovakia, Romania, and Slovenia came together to discuss these challenges, as well as the effects

of the economic crisis at a meeting in Budapest on 8-9 April 2009. Hosted by ICEM Hungarian affiliate VDSz, the meeting was attended by French and Spanish trade union representatives and ICEM's sister organisation, EMCEF.

4. Major Struggles and Solidarity Actions since last World Conference

Since the last ICEM World Conference for the Rubber Industries in Istanbul, Turkey, in April 2006, the rubber industry witnessed a number of struggles and the International engaged in many solidarity actions.

Here are the major struggles and actions:

4.1. UK – Poland: Downsizing at two Goodyear plants (April 2006)

The day before the opening of the ICEM World Conference for the Rubber Industry in Istanbul, Goodyear announced its intention to close two European plants. Goodyear Dunlop was to end production at its Washington factory in Tyne and Wear, UK, with the loss of 585 jobs. A further 39 jobs was going to be lost at another company plant in Wolverhampton, UK, which is a supplier of components to the Washington factory. Goodyear would also stop the production of bicycle tires in its Polish factory in Debica with the loss of 320 jobs. Together with planned savings from other business units, Goodyear cut a total of 1,500 jobs.

The delegates at the ICEM world conference expressed serious concern about this plan. They fully support their sister trade unions in the UK and in Poland in their fight for the workplaces of their members.

4.2. Thailand: Contract Workers Triumph at Goodyear (April-May 2006)

Contract workers for Goodyear in Thailand won victory for fairness and justice with order by the country's Industrial Relations Commission (IRC) to reinstate 18 contract workers, some working up to 10 years under single-year term agreements. They had been sacked for attempting to exert collective bargaining rights. The contract workers were members of the Tire Makers Union, affiliated to ICEM member union Petroleum Chemical Federation of Thailand (PCFT).

The workers, employed in rubber stock and warehouse operations of Goodyear's 40-year-old factory in Bangkok, now will press again for collective bargaining rights. A hearing on that matter was held in a separate court on 26 April, but an outcome was delayed by a new judge who was just assigned to the case.

But Goodyear Thailand refused to reinstate 18 contract workers it sacked last year, despite an Industrial Court Commission (IRC) ruling that it must do so. Sixteen of the 18 reported for work at Goodyear's Bangkok tire factory on 3 May, but management refused entry.

Later, the workers received letters stating that the company disagrees with the IRC directive and intends to file papers in Thailand's central labour court to reverse the decision. "The IRC's order is not final," the letters read, "not until we exhaust the labour court mechanisms and the company cannot reinstate you at this time."

The ICEM continued to press for permanent employment at Goodyear for the Thai rubber workers.

4.3. USA: Continental Conflict (Summer 2006)

Continental AG, the German tire manufacturer, wasted little time in slamming shut the negotiation process by announcing the closure of a union-represented plant in the US. Despite an offer by the United Steelworkers (USW) to cut labour costs by US\$16 million in order to keep an auto and light-truck tire plant in Charlotte, North Carolina, operating, the company said the cuts were not enough.

Managers then stormed out of talks and issued a formal letter stating negotiations had reached impasse. On 1 May, a day after expiration of a collective agreement for 800 rubber workers, Continental implemented its basket-load of cuts, totalling US\$32 million, and announced tire production in Charlotte would cease altogether by the end of September.

On 5 May, USW took its fight for job retention and fairness in Charlotte to the company's AGM in Hannover, Germany. The USW was joined by rubber manufacturing representatives of IGBCE in planning and implementing a protest and setting up a press conference denouncing Conti's harsh and abrupt actions.

Then Continental announced it would no longer manufacture auto and light truck tires at the Kentucky plant. The closure, which took effect 1 January 2005, cost 730 USW members their jobs. But Continental said it was not obligated to negotiate severance pay or other benefits for the sacked workers because it was retaining 100 jobs in Mayfield's moulding and warehousing departments.

Continental bought the Mayfield plant in the 1980s from General Tire Corp. The operation once employed 2,400 rubber workers

Continental also eliminated 800 union jobs this summer by closing a US tire plant in Charlotte, North Carolina. The company demanded US\$32 million in cost savings from the USW at this location, including 35% across-the-board wage and benefit cuts for each worker.

USW expressed its displeasure with Continental AG at a pair of rallies. Continental was cited by the US National Labour Relations Board with violations of the country's labour law when it refused collective bargaining with the USW over a new contract for 800 workers in Charlotte. The USW had attempted to reach a new labour agreement and keep the Charlotte plant open by offering the company US\$16 million in cost-savings. But the company refused to consider the proposal and used 1 May as the date to announce all tire production would cease at the plant.

In early August, the USW formally called on the US State Department to initiate an investigation over alleged breaches of work practices under guidelines of the Organisation for Economic Cooperation and Development (OECD). "The conduct of this German company and its apparent belief that it can violate US laws and (OECD) Guidelines with impunity is shocking," wrote USW President Leo Gerard to the US OECD National Contact Point (NCP). "The full force of the US Government, including NCP intervention, should be brought to bear."

4.4. Mexico: International Solidarity for Continental Struggle (October 2006)

Seven trade unions representing Continental AG rubber workers in six countries gathered 18-19 October in San Luis Potosi, Mexico, to discuss the company's labour practices upon invitation of independent union SNTGTM in Mexico.

A declaration resulted from the conference on undertaking future work, including a Day of Action at Continental's global worksites on 13 December 2006. The declaration includes a call to IGBCE of Germany, as the major trade union of Conti workers there, to conduct a meeting of Continental trade unions in order to work toward creation of a global union network.

Trade unionists from Argentina, Brazil, Ecuador, Germany, Mexico and the US attended the meeting in San Luis Potosi. The host union described how management at this plant sacked some union leaders, with SNTGTM taking the matter to court in order to get reinstatements. With that successful, the union has still found it difficult to bargain with the company each year.

4.5. Thailand: Goodyear Thai Contract Workers Case (November 2006)

A central labour court in Thailand ruled that Goodyear Thailand's termination of contract worker Chalom Kongnok was illegal, and ordered the company to reinstate him and award him backpay and full collective bargaining benefits for the past ten years.

This case is one of 16 cases that ICEM affiliate Petroleum and Chemical Workers' Federation (PCFT) now is pursuing on behalf of long-term contract workers employed in the warehouse and rubber stock department of Goodyear's Bangkok tire factory. They were fired in October 2005 for attempting to exert their legitimate right to collective bargaining.

The ICEM continued to stand with the PCFT and its plant-level affiliate, the Tire Makers' Union, in its rightful quest for full rights and permanent employment for all contract workers at Goodyear Thailand Ltd.

Seventeen contract workers in Bangkok won a mixed decision on 30 November in a central labour court case dating back nearly three years. Goodyear Thailand Ltd. was ordered to pay more than one year's backpay to the 17, who were sacked by the US-based company in October 2005 for exerting their legitimate right to collective bargaining.

Despite several of the 17 contract employees working at Goodyear's tire-making plant back to 1996, the court ruled that backpay awards should only be granted them from the effective date of the collective agreement inside the factory, August 2004, to their dismissal dates. The union representing the workers, the Tire Makers' Union of ICEM affiliate Petroleum and Chemical Workers' Federation (PCFT), is studying an appeal to the decision, while Goodyear has appealed the ruling.

4.6. USA: Goodyear Strike and Collective Agreement (December 2006)

The 86-day strike by members of the United Steelworkers (USW) at 12 Goodyear Tire and Rubber Co. plants in the US ended 29 December, after rubber workers voted to approve a new accord at America's biggest tire producer by a two-to-one margin. USW announced

yesterday that 10,000 of 14,000 striking union members voted in balloting, and that approval of the new three-year labour agreement was gained by a majority of members at all 12 branch locals.

Some 500 Canadian USW members at four rubber accessory plants in the province of Ontario are voting on a separate contract proposal. Both the US and Canadian Goodyear workers were on strike since 5 October 2006.

The strike in the US centered on health care coverage and job security. USW won a guarantee from Goodyear that it would commit US\$550 million in capitalisation investments at the 12 plants over the next three years.

During the strike, Goodyear announced that it would close a tire plant in Tyler, Texas, in 2007, thus making 1,100 workers redundant. USW and Goodyear agreed in the December talks that closure would occur no sooner than 2008, and the union won sizeable retirement buy-outs, enhanced severance packages, and medical coverage for Texas workers for a full two years beyond closure of the private-label tire operation. It also won a guarantee that future manufacture of such tires will be done in a plant that had been on strike.

The 12-week strike was marked by the company circumventing the union and appealing directly to USW members to abandon the walk-out and return to work. But there were few defections among the nearly 15,000 strikers, and that fact no doubt forced Goodyear to compromise its original demands.

4.7. Australia: Bridgestone Dispute (June 2007)

After a difficult year of negotiations, which included industrial actions this spring and a subsequent string of three-day lockouts by the company, 500 tire workers at Bridgestone's Salisbury factory near Adelaide, South Australia, accepted the Japanese company's terms.

Workers of three unions passed by the thinnest of margins – 240 to 225 – a new three-year agreement. The contract, some ten months after a prior one expired, grants workers 6% wage increases from May 2007 to May 2010, with possible bonuses interspersed.

Production workers, numbering about 450, were represented by ICEM affiliate Liquor, Hospitality, and Miscellaneous Union (LHMU), while most maintenance workers are represented by Australian Manufacturing Workers' Union (AMWU), also an ICEM affiliate. Electricians at Salisbury are represented by Communications, Electrical, and Plumbing Union (CEPU).

Bridgestone used the full weight of the 2005 WorkChoices law in Australia to leverage its inferior bargaining demands. Workers had engaged in four stop-work actions since March, as well as an overtime ban. The company punished workers for the unions' actions by employing contract workers on maintenance and electrical work, and taking the offensive under WorkChoices by imposing three-day, non-paid lockouts.

4.8. South Africa: Tire Industry Strike (August 2007)

A one-month long strike ended in the South African tire sector, in which 6,000 members of the ICEM affiliated National Union of Metalworkers of South Africa (NUMSA) had been participating. The strike included workers from six major tire manufacturing plants, including Goodyear and Continental in Port Elizabeth, Dunlop in Durban and Ladysmith, and Bridgestone in Port Elizabeth and Brits, North West.

The strike ended after the union reached a historic agreement with the South African Employers' New Tire Industry Association.

The three-year agreement brings important achievements for the union members. Wage increases are set at 8% for the first year, and at 7.5% for the second and third year. Other advantages gained include skill-based development grading, five months maternity leave, an annual leave of 15 working days, and a 10.5% increase in employers' contribution to the provident (or pension) fund. Agreement was also reached on another important NUMSA demand, namely on the scrapping of the use of labour brokers.

In addition, Goodyear in Port Elizabeth agreed to absorb about 100 contract workers into its permanent staff, out of a total of 250 employees hired under labour brokerages. A consolidated process to phase out the remaining 150 agency jobs will be started.

4.9. Slovenia: Contract Settlement at Goodyear (September 2007)

ICEM affiliate Chemical, Non-Metallic, and Rubber Workers' Union (KNG) of Slovenia and the Sava management of Goodyear Tire and Rubber Co. at Kranj came to wage terms at a tire factory this summer, but the new contract still needs attention. At issue is how management is – or rather, is not – implementing language recently inserted into the collective agreement.

In addition to winning a €90-per-month increase, the 900 workers also agreed to a plan to reduce sick leave in exchange for a sizeable bonus scheme. Management has failed to adequately implement this plan, as well as neglecting other aspects of the new agreement. Shop-floor leaders at the Kranj tire and engineered products plants, Goodyear's prize operations in Eastern and Central Europe, together with KNG's Andrej Zorko, are eager for managers to put the new collective agreement into effect.

4.10 Europe: Michelin's Restructuring Plan (October 2007)

Michelin announced a massive, global four-year restructuring plan called l'Horizon 2010. The plan would cut costs by over US\$2 billion by 2010, push the operating margin to over 10%, and gain annual growth at a rate of 3.5%.

It would also cost 12,000 jobs, nearly two-thirds of which are now happening in France, Spain, and Italy. The horizon for many European workers of Michelin is bleak and barely visible.

In France, trade union CFDT has expressed deep concern over the French company's plan to close its auto and light truck tire plant in Toul, an enterprise called Pneumatiques Kleber. The plant is located in Meurthe-Moselle near Metz. Michelin intends to close the 47-year-old plant by 2009, severing 800 jobs.

In Spain last week, CC.OO trade unions conducted a vote among 5,500 Michelin workers at three tire plants on a company-proposed plan tied in with l'Horizon 2010. The plan passed by just under a two-to-one margin, but job restructuring will occur for half of the workers. Even though changes to work shifts are now in effect, Spanish unions did maintain the 35-hour work-week, and work days will not exceed 198 annually.

The tire plants are Michelin's Valladolid auto and tractor tire plant, an auto and construction tire plant in Vitoria, and a truck and bus factory in Aranda de Duero. The plants are in northern Spain. Workers at a fourth tire plant in Lasarte, near Bilbao and close to the Bay of Biscay coast, won assurances that Michelin will invest US\$73 million to produce premium tires for sport motorcycles.

In Italy, trade unions FILCEM-CGIL, FEMCA-CISL, and UILCEM-UIL began protests in June to protect 5,500 jobs at four production plants, all near Turin, three logistic plants, and a commercial centre in Milan. The unions have demanded that the multinational begin new investments in the country, and have called upon Italy's Ministry of Economic Development to closely examine issues that will facilitate investment.

Michelin's ambitious four-year restructurings call for reducing inventory levels below 16% of net sales, freeing cash flows, and spending some US\$650 million per year on capitalisation projects, nearly all of which will occur in Eastern Europe, Asia, and Latin America.

Besides Europe, workers in other countries have felt the pain of job cuts and plant closings. Early in 2007, in Nigeria, the French company closed a tire plant in Port Harcourt, causing Nigeria's senior staff federation, Trade Union Congress (TUC), to say that it "wonders why (Michelin) just wants leave of the country, causing misery and hardship to former employees who never prepared for premature retirement." The plant employed 1,200, and Michelin had operated it for 30 years.

In North America, Michelin shuttered a unionised plant in Kitchener, Canada, in 2006. The closure cost 1,100 jobs in the province of Ontario. The United Steelworkers (USW) protested the closure several times, including a mass rally when the plant's machinery was auctioned off in May 2007.

That same month, in the UK, Michelin announced it was closing its final pension scheme for 4,000 rubber workers at three plants and a logistics centre. The company said it was moving workers into a defined contribution pension plan, effective in January 2009. Three years ago, Michelin closed off the final pension scheme to all newly hired employees at its UK operations.

4.11 France: Goodyear Reorganisation Plan on Working Hours (November 2007)

French rubber workers at the Goodyear-Dunlop twin plants in Amiens rejected a company restructuring plan that would increase work hours. With a 65% vote, the two factories, totalling 2,700 workers, said 'no' to the American company's plan to reduce weekly rotation teams from five to four, and cut weekend pay for each worker by 10%.

All the primary French unions at the plants, including ICEM affiliate CFDT, recommended that workers reject the plan, and following the vote, they urged a quick return to dialogue to re-shape the restructuring plan.

Goodyear's plan would also eliminate 450 jobs over three years through attrition. The company is seeking reorganisation of the plants in northern France in order to implement a €52 million modernisation plan to produce high-performance tires. But the reorganisation would increase work time by rotation of shifts every eight days. Weekend work would also have increased from 28 to 35 hours, had workers accepted the plan.

4.12 Hungary: Union Derecognition by Hankook (December 2007)

Hankook of South Korea received sizeable development and training subsidies in 2006 from the Hungarian government when it built an auto and light truck tire plant in Dunaujváros, south of Budapest. A year later and several months following the start of production, the pay-back has been broken labour laws and blatant discrimination of trade unionists.

The world's seventh largest tire producer paid fines for labour code violations, saw large portions of its subsidies suspended by the Hungarian government, and sacked one leader of the VDSz Tire Manufacturing Workers' Union, while refusing to negotiate with the ICEM affiliate, the Federation of Chemical, Energy, and General Workers' Unions (VDSz).

Since production start-up early this year, the company has circumvented EU labour standards, and has violated ILO Conventions at its 28,500-unit-per-day tire factory, now employing 800 blue-collar workers. Hankook Tire Magyarország Kft. has been found guilty or charged with non-payment of overtime pay, unsanitary work conditions, forcing a six-day work-week before a two-day leave, making work mandatory on public holidays, interrogating workers on their lawful right to join a union, and illegal dismissing workers.

Besides using Hungarian subsidies to get the plant up and running, Hankook used aid totalling nearly €100 million from the European Commission. The company has reciprocated by paying fines for illegally employing 32 Korean workers and missing deadlines on registering employees to social security programmes.

At its 4th World Congress in Bangkok, from 22 to 24 November, the ICEM unanimously adopted a solidarity statement in response to the ongoing violation of workers' rights by Hankook Tire Hungary Ltd.

4.13 Liberia: Certification of Legitimate Firestone Union (December 2007)

ICEM commended the Liberian Supreme Court's decision to certify the Firestone Agriculture Workers' Union of Liberia (FAWUL) as bargaining representative for workers at Firestone Rubber Plantation in Harbel.

The ICEM agreed with a statement on the Supreme Court's decision issued by the US-based United Steelworkers (USW), a union that has supported plantation workers at Firestone in organising their democratic and responsive Labour Union. The ICEM also joined the USW in calling on Bridgestone/Firestone management to begin earnest engagement with FAWUL in collective negotiations.

Earlier a sizeable majority of some 5,000 plantation workers voted for FAWUL, an ICEM affiliate. Liberia's Labor Ministry supervised the election, and a Special Elections Committee monitored the balloting.

After delays in certifying FAWUL, ICEM wrote to Liberia President Ellen Johnson Sirleaf: "In the name of Free Trade Unions worldwide, we call on you to use your influence inside the Liberian government to recognise the legitimacy of the Firestone Agriculture Workers' Union. We insist that you certify the elected leaders of FAWUL, and ensure that local management at the Firestone plantation engages in full and meaningful collective negotiations with this union."

4.14 USA: Continental Settlement on Retiree Health-Care Dispute (April 2008)

Continental Tire of North America agreed to settle a lawsuit brought by ICEM affiliate United Steelworkers (USW) over payments into a retiree health insurance fund. The USW announced on 15 April the company has agreed to make US\$158 million in payments to the fund, ensuring that 2,300 retirees and about 100 active workers have the necessary medical insurance while retired.

Following closure of three US tire operations in the US in 2006, Continental set a cap of US\$3,000 per worker on its share of retiree health coverage. That meant some retirees would pay as much as US\$1,000-per-month to retain coverage.

The USW brought a lawsuit against the company in April 2007 asserting that Continental's unilateral modification of the retiree health coverage violated US law. In late July 2007, a US federal court judge ruled in a summary judgment that the company had improperly reduced the benefit levels contained in the collective agreement for retirees and their spouses. The judge's decision stated that since the company was unable to force its terms with the USW during contract talks, it unilaterally and illegally began implementing those terms.

Continental appealed the judgment, but the US\$158 million settlement with the union means further court action is stopped.

Upon the effective date of the recently negotiated settlement, the company will make payments into a Voluntary Employee Benefit Association, specifically to be used for retiree health benefits. Those payments include an immediate US\$40 million sum; US\$3 million compensation to class-action members of the lawsuit for the period of 2007 when the company's US\$3,000 cap applied; US\$21 million in seven annual installments; and Retiree Medical Benefit Liability Payments of approximately US\$94 million over 20 years.

4.15 Turkey: Tire Industry Strike and Collective Agreement (June 2008)

A 14-day tire strike by 4,000 members of ICEM affiliate Lastik-İş in Turkey ended and workers at three multinational rubber companies were back on their jobs.

The strike ended when a two-year accord was reached between the union and the three employers, who jointly represent the tire industry in talks. The companies included Goodyear Tire & Rubber Co., Bridgestone Brisa Sabanci, and Pirelli.

The two sides agreed to a 14% pay increase for the year 2008, and an increase equaling the Turkish rate of inflation for 2009. In 2007, the Turkish rate of inflation was 8.39% and is expected to rise above that this year. Lastik-İş had sought a 12% wage hike for the first six months of 2008, with increases matching the inflation rate in each six-month period through 2009.

All levels of social benefits will also increase by the inflation rate over the life of the labour agreement. The ICEM considers the 2008-2009 Turkish rubber agreement a major achievement, considering wage and social benefit gains were stymied in the late 1990s and early years of this decade due to strike bans imposed by the Turkish government.

4.16 Spain: Michelin's Asbestos Case (June 2008)

The seven unions representing more than 3,000 workers at a Michelin tire plant in the northern Spanish province of Alava have united behind a comrade stricken with Mesothelioma. The unions last week sent a petition to both the company and to the regional Institute of Work Security to trace the presence of asbestos in the 42-year history of the plant.

The Michelin plant was in the city of Vitoria and manufactures 36,000 units per day of car and heavy equipment tires. In early June, the regional health and safety authority reopened an investigation after a worker employed by Michelin for 30 years was diagnosed with the cancer caused by asbestos exposure.

Workplace representatives of ICEM affiliates CCOO and UGT were joined by five other unions in the call to clarify the causes of the illness. Michelin denies that it currently uses or has any form of asbestos in the plant, but the company did import the product in years past to insulate the factory's heating pipes.

The Vitoria workers, through their union representatives, sent a pledge of solidarity to the stricken worker, as well as committed to conduct voluntary tests of other workers and to assist in the investigation in any way possible.

4.17 France: Restructuring Plan Passes at Goodyear (June 2008)

A workers' ballot over work time restructuring at the Goodyear-Dunlop twin plants in Amiens, France, apparently passed on 27 June, but controversy remains because the majority union – CGT – boycotted the vote.

In balloting overseen by the regional employment bureau, 72.8% of rubber workers accepted the company's social plan, which would reduce weekly rotation teams from five to four, as well as make other costs savings related to weekend work. Just over 54% of 2,700 workers at the southern Dunlop and northern Goodyear plants voted on the restructuring, which also is aimed at integrating work at the two factories.

The restructuring of work time, scheduled to take effect on 1 January 2009 with last week's balloting, also prevents 402 staff from being sacked. It also commits Goodyear to make a €52 million modernisation investment over the next three years in order to produce high-performance tires.

ICEM affiliate CFTD endorsed the re-negotiated social plan, while CGT called on its members to boycott the ballot. An initial plan put to ballot in November 2007 failed with a 65% rejection.

4.18 Iran: Strike at Kiyan Tires (July 2008)

Rubber workers of Kiyan Tire in Chahardangeh, Iran, continued their protests last week over wage arrears. Some 600 workers of the factory began striking on 16 July and the protests escalated last week when strikers began setting portions of the factory on fire.

Shouting anti-government slogans on 22 July outside a management building in Chahardangeh, a western suburb of Tehran, workers threatened to bring their next protest to Iran's Majlis, or Parliament.

On 12 April, 1,000 workers at Iran's biggest rubber plant took job actions because their wages had not been paid in five months. Then, the repressive State Security Force ran bulldozers into the protestors, and arrested all 1,000 using electric batons. Most were held for 36 hours, while some 100 strike leaders were held longer. They were finally freed, but as a condition for release, the workplace leaders were forced to sign statements that they would not protest again.

The more recent protests are against a hand-picked management team which reportedly is under-paying wages, or denying payment altogether. Kiyan, formerly called Alborz Tire Mfg. Co., was established in 1958 as a joint venture with the American company B.F. Goodrich Co. In 1979, it became part of state-owned National Iranian Industries, before being sold to private Iranian investors in 1994.

4.19 Liberia: Historic First Collective Agreement at Firestone (August 2008)

Following four months of earnest bargaining between ICEM affiliate Firestone Agricultural Workers' Union of Liberia (FAWUL) and management of the Firestone Rubber Plantation in the West African nation, the two sides reached a historic three-year collective agreement on 27 July.

The contract, the first between the two parties and one covering some over 4,500 workers, was signed on 6 August. Two days later, the FAWUL leadership team, together with officers of the newly-merged Liberian Labour Congress, briefed President Ellen Johnson Sirleaf on the agreement.

The contract comes seven months after the Liberian Supreme Court ruled that the union was the legitimate bargaining representative for Firestone workers. In July 2007, FAWUL defeated a longstanding yellow union in an internationally monitored election. That election came after an arduous union-building project on behalf of plantation workers by the US-based United Steelworkers (USW) that succeeded in bringing a free and democratic trade union to the plantation.

The contract grants rubber tappers a 24% wage increase averaged over the contract's term that is retroactive to January 2007. For other workers, a 21% increase was realized, backdated to the same date, which means all plantation staff will receive a 19-month retroactive pay raise.

Agreement was made to reduce by 20% rubber tree quotas, meaning each worker will tap 150 fewer trees. Also, FAWUL and plantation management came to terms on a mechanized system of transporting natural rubber from roads to weigh stations, relieving workers from the 150-pound buckets that had to carry for long stretches.

Regarding social improvements, Bridgestone-Firestone will build new high schools, one on the plantation site and the other in the nearby community of Harbel. Students will be able to attend school free of charge through Grade 12. Previously, free education was provided only up to Grade 9.

4.20 Argentina: Tire Dispute and Settlement (September 2008)

A six-month rubber workers' dispute in South America, involving 4,000 staff represented by ICEM affiliate Sindicato Unico del Neumático Argentina (SUTNA), ended when workers agreed to a mediated contract arrangement. It ended under terms put forth by the country's Labour Ministry through mandatory conciliation.

SUTNA and management representatives of Bridgestone-Firestone, Pirelli, and Argentine-based FATE accepted a salary increase of 28% that was defined by the ministry, plus reinstatement for many of the 214 workers of the three companies who were fired during July industrial actions. Others accepted compensation as terms set in the government-mediated resolve.

The agreement called for a 15% wage increase backdated to 1 July 2008, and another 13% on 1 December, but based on salaries that were effective in June 2008. As well, an allowance of 1,800 pesos was agreed to be paid in three installments: 1,000 pesos at the signing of the agreement, 400 pesos late in October, and another 400 pesos in March 2009.

The ardent and pitched dispute, dating back to expiration of a prior agreement on 1 April 2008, was marked by a 48-hour strike on 24-25 July, in which the 214 were sacked. When the companies refused to reinstate the workers, an indefinite strike then began on 25 August. That was suspended only when the Labour Ministry declared compulsory conciliation.

The ICEM issued an alert to its affiliates in the rubber sector, asking for support to the union and its 35% wage demands. July and August also saw several trade unions and civil society organisations in Argentina take to the streets to support SUTNA and the rubber workers.

4.21. Brazil: Bridgestone/Firestone Dispute (March 2009)

Bridgestone/Firestone Brazil, based in Santo André – São Paulo, employing about 3,500 workers, established conversation with the São Paulo Rubber Union in order to eliminate the fourth shift. The company wanted to stop the continuous production system called 6 x 2 (six day in, two days out) – which required 4 groups of workers – to operate in a new system 6 x 1, which needs only 3 shifts. To put its plan in practice, 500 workers would be fired. Furthermore, for those who stay working, the company proposes to reduce the day's work and consequently the monthly wages.

According to Brazilian Labour Law, in cases of collective dismissal the company has to call the Union and search for some alternatives which sometimes includes collective vacations. The Company said that since last November hundreds of workers were sent to holiday and there was no other chance unless to eliminate jobs.

In order to denounce this dramatic situation, ICEM affiliate São Paulo Rubber Workers Union, asks for your support. ICEM Bridgestone Global Network gave support to the workers and the union by sending protest messages to the local management.

4.22 Germany-France: Job Cuts by Continental (April 2009)

In meetings in Hanover, Germany, workers' representatives of Continental AG met and adopted a common declaration opposing nearly 2,000 job cuts in Hanover and Clairoux, France. Calling the cuts "morally despicable," the statement says that both factories posted outstanding financial results in 2008.

Using the premise of the economic crisis to shutter the two plants, the statement calls the decision by Continental to close the two plants as lacking an economic basis. It also calls Continental's decision "an enormous breach of trust" against dedicated workers and calls on the German tire and auto-parts supplier to rescind the decision.

The joint declaration also pledged to bring the issues front and centre at Continental's annual general meeting on 23 April in Hanover.

In March, Hanover-based Continental said it would close an auto tire plant in Clairoux, making redundant 1,120 French workers, as well as close the commercial tire plant of Hanover-Stöcken, costing another 780 workers. The announcement raised an outcry from top-level officials in both German and French governments, including German Chancellor Angela Merkel and French Finance Minister Christine Lagarde and Raymond Soubie, Social Affairs adviser to President Nicolas Sarkozy.

Workers at both factories have conducted several vehement protests at the two factories in recent weeks, as well as French rubber workers taking to the streets in Paris. Continental's decision in March also calls for reductions at a plant in Puchov, Slovakia.

The statement issued by workers' representatives late last week was made by all French unions, German unions IGBCE and IG Metall, Works Council Chairman Jörg Schustereit, and by IGBCE's Werner Bischoff, a member of the Continental supervisory board.

4.22 Thailand: Michelin's Lockout (April 2009)

The ICEM has intervened in a retaliatory dispute by French-based Michelin at a large tire factory called Laem Chabang in Chonburi Province, Thailand. The Global Union Federation, together with French trade union affiliate CFDT, brought the matter before Michelin's European Works Council (EWC) and Michelin Group Manager Jean-Dominique Senard at a EWC meeting in Vitoria-Gasteiz, Spain, on 31 March.

The situation in Thailand is serious. On 25 March, local management locked 383 workers off their jobs after they refused to withdraw their names from a petition submitted two weeks earlier. The petition called on management not to unilaterally impose 13% wage

cuts, and to engage in consultation with workers' representatives over effects of a downturn in the tire market.

The petition also called on the company to jointly identify solutions with workers, not to unilaterally dictate terms and conditions. It also asked Michelin's Laem Chabang managers to stop forcing workers to sign acceptance forms on the wage cuts, and to quit victimising workers who did not sign the forms.

Michelin managers responded by suspending eight worker representatives, and imposing a 35% pay cut on workers who refused to disavow the petition. They also reduced their yearly allotment of holidays to six. They then – on 25 March – locked out 383 of 458 workers who signed the petition.

The tire workers have been trying to organise with ICEM affiliate Petroleum and Chemical Workers' Federation (PCFT) since February, the second time in ten years that staff at Laem Chabang have attempted to unionise.

The plant employs 1,500 staff and produces auto and light truck tires. Michelin has two other tire manufacturing plants in Thailand, the Nong Khae plant in Saraburi, employing 1,300 workers, and the Phra Padaeng factory in Samut Prakarn, where 1,500 Thai workers are employed. The latter is unionised by PCFT, with strong union membership. The three plants are 90% owned by Michelin, with the Siam Cement Group holding the remaining 10% stake.

Dialogue between the two sides, on the morning of 28 April, led to a settlement being reached. Workers began returning back to work immediately. The Thai Michelin workers announced their gratitude for the strong solidarity support from the CFDT, ICEM and other Tire unions. Goodyear and Bridgestone unions also offered support during the dispute.”