

# Indian Tire maker Apollo in deal to buy Cooper Tire

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India-based Apollo Tyres reached a deal this week to buy US tire maker Cooper Tire for about \$2.22 billion. The combined entity will be the seventh-largest tire company in the world, with combined 2012 sales of \$6.6 billion.

The agreement calls for Cooper shareholders to receive \$35 per share in cash. The price represents a significant premium over Cooper's current stock value, which stood at \$24.56 a share on June 11. The acquisition is seen as a means for Apollo, which currently does not do business in the United States, to gain access to the US tire market. The deal would be the largest buyout of an American company by an Indian company in history.

The sale, which is subject to shareholder approval, is expected to close in the second half of this year. Apollo shares dropped 25 percent on reports of the acquisition. Financial analysts called the move risky given the high amount of borrowing required to carry out the purchase under conditions of falling global demand for tires.

Cooper Tire employs some 13,000 workers globally, with manufacturing facilities on three continents. The company's first-quarter profits doubled to \$56.1 million this year compared to a year earlier, despite a double-digit drop in sales.

The rise in Cooper's earnings is largely due to the betrayal of a three-month lockout of workers at its Findlay, Ohio plant last year by the United Steelworkers. Despite the courageous stand by more than 1,000 Cooper Tire workers, the United Steelworkers union surrendered massive concessions, including a so-called student pay rate of just \$13 an hour with no benefits. The classification is aimed at driving out older workers and replacing them with cheap new-hires.

The contract also imposed a reduction in wages by

making it easier to reduce pay scales, which are on a piecework basis. If workers do not produce at least 80 percent of the average output they can be bumped down to a lower pay rate. The minimum will be increased to 85 percent within five years.

The sellout agreement also allowed management to victimize 10 workers for picket line infractions. Three of those workers ended up being terminated.

The Socialist Equality Party intervened in the Findlay lockout to provide a program and perspective for the Cooper Tire workers. It called on workers to reject the anti-Chinese nationalism of the USW and its bankrupt strategy of relying on the National Labor Relations Board. Instead the SEP called for the independent mobilization of the working class behind the Cooper Tire workers, including reaching out to workers in the auto factories and other tire facilities. The SEP also conducted a campaign to win support from workers at Cooper's Melksham plant in Britain.

A veteran Cooper Tire worker spoke with the *World Socialist Web Site* Friday about conditions since the end of the lockout. "The majority of workers now have no pension, no cost of living and are under the two-tier wage," he said.

"We have been experiencing slumping sales since we have been back from the lockout." He said there had not been any layoffs, but the facility had been temporarily shut down periodically due to falling demand. "In our facility we are 24/7, four shifts. Entry level is \$13.50 an hour."

"Part of their strategy in offering buyouts is to get you out and bring in someone for \$13.50," he said. "They have also been bringing people into the plant to re-rate jobs and lower the rate of pay. So for workers like me, with high seniority, it seems like time to go. The people who qualify for the buyout are taking it."

While Apollo says it plans to honor terms of the existing contract, this cannot be taken for granted. Apollo has provoked a series of bitter struggles against its workforce in India, including a lockout of 2,700 workers at its factory in Kalamassery in 2009.

In October 2012 some 800 Apollo Tyre workers struck at the company's nylon tire manufacturing unit in Waghodia, India over recognition of a new union, the suspension of two workers and changes in the wage agreement. The walkout ended after 19 days with the local provincial government declaring the action illegal and management refusing to concede the workers demands.

The Cooper tire worker said, "They held an informational meeting yesterday to confirm the sale and say that it would be business as usual. Apollo took out a full-page ad in the local paper saying they were not planning to close the facility. Immediately, we don't see things changing. But who knows? This is an older facility. How can you believe anything they say?"

Chico, another worker at the Findlay plant, recently took a buyout. He spoke about the pending sale. "They haven't said anything to anybody. The union has said nothing."

"Personally, I think they will eventually close the plants in the US. It is a shame. We don't know what will happen to our pensions."

He said that he was opposed to the way the United Steelworkers intervened to end the lockout on management's terms. "I thought we should have stayed out instead of going back. I think that was the consensus of quite a few people."

Speaking of the cuts to wages, he said "They do it at one company and the next one says we will do it too, and there is nothing you can do about it.

"We struggle to live on our wages and the top management people keep making more and more. It is not right."



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