

caterpillar news

News for the employees of caterpillar

Nr. 02 | 2019

Exchange is crucial for a good understanding

Caterpillar Union Network first time in Japan in order to show solidarity with Japanese Caterpillar workers and their trade union.



In June 2018, the Caterpillar global union network met in Sagami-hara, Japan, where the plant was closed in July 2018. Over 30 delegates from Japan, USA and Europe met in the last week of June. In addition, guests from Komatsu trade union attended the meeting in order to exchange experiences.

Fortunately, the Japanese Caterpillar workers' union, a JBU affiliate, managed to reduce redundancies to a minimum, transferring many workers to other companies or the Akashi plant. Still, a plant closure is always a sad story for the workers and their families. Every participant could feel this during the meeting.

Caterpillar workers' union president, Takei Hideki, said: »It was a really good experience for me and our members who participated in this meeting to learn about other country's actions and problems. I hope that we succeed and strengthen the solidarity among Caterpillar workers around the world.«

come more successful in the future if management sees the workers and their trade unions as partners, not as enemies. The trade union network and its participating members are always open to fair dialogue. This will be good for the workers, but also for the company. Thus, the insatiable caterpillar might really become a beautiful butterfly.«

The exchange between different trade unions and regions is crucial for a good understanding in such a multinational corporation. In addition, it is hoped the latest announcements from corporate management to initiate discussions about human rights will lead to a better dialogue. The caterpillar global union network is ready to enter into this dialogue.

Prevent bad decisions and plant closures

Discussions in the network and in the working groups circled around the proposal to demand better dialogue from the company in order to prevent bad decisions and plant closures. The network strives to make Caterpillar a better company and to achieve this through better management-employee relations.

Komatsu employees' union president also addressed the meeting and described the Japanese style of social dialogue, which is fundamentally different from other regions in the world (see related article in this newsletter).

Matthias Hartwich, IndustriALL director for mechanical engineering, summarized the meeting, bearing in mind that most Japanese colleagues were not aware that the English word »caterpillar« also describes an insect: »We know that Caterpillar can be-

Ray Curry was elected UAW Secretary-Treasurer



In June 2018, Ray Curry was elected UAW (United Auto Workers) Secretary-Treasurer at the 37th Constitutional Convention. Curry was first elected Director of UAW Region 8 in 2014, at the 36th UAW Constitutional Convention in Detroit, after having served four years as the Region's Assistant Director.

A North Carolina native, military veteran and a graduate of the University of North Carolina at Charlotte with a Bachelor of Science degree in Business Administration / Finance. He holds a Master of Business Administration, MBA, degree from the University of Alabama. Curry joined the UAW in 1992 when he hired in as a Truck Assembler at Freightliner Trucks in Mount Holly, North Carolina, (now Daimler Trucks, NA) and later became a Quality Assurance Inspector. He remained in that job until 2004.

As Region 8 Director, Curry was instrumental in securing new labor agreements with various parts suppliers. In July 2015, under his leadership, the Region successfully organized the first Gaming Bargaining Unit of Region 8 as part of a coalition of four other unions to represent the Horseshoe Casino in Baltimore, Maryland. Under Curry's leadership, the region also won an election for representation at the MGM National Harbor in Oxon Hill, Maryland, in June 2018; bringing 1,250 new members into the union.

Preface

With this newsletter we would like to inform you which issues the members of the network worked in the last year. We would like to remind you about three goals we set for ourselves in the first newsletter: we want to share current information about the company, we want to inform you about working and living conditions of the CAT employees in different countries and we want to learn more about the situation and practical work of employees' representations in different facilities of the company.

These three aims goals still our focus. To realize them we as editorial team need information from employees' representatives and trade unions. You need to propose topics that would be interesting for our readers. Only through this cooperation we will be able to prepare an interesting newsletter with latest news. We would like to thank all colleagues who contributed to this newsletter and provided information and reports.

Ray Curry, Secretary-Treasurer and Director, John Deere and Caterpillar Departments
Matthias Hartwich, IndustriALL Director for Mechanical Engineering

Caterpillar global



Caterpillar in Japan

Caterpillar is present in two locations in Japan: Akashi and Yokohama.

In Akashi, 1,600 workers are employed in the production of large to small hydraulic equipment. The Yokohama location is considerably smaller: It employs approximately 125 colleagues who work mainly with staff of product group & dealer support group.

Sagamihara plant is set to fold and be demolished by the end of this year

The network met in Sagamihara, near Tokyo, where the plant will be shut down following a management decision in late 2016. Since then, more than 15,000 jobs in Caterpillar worldwide have been lost, while dividends remain untouched. Many plants have been shut down in the last two years, while others have been significantly scaled down. Sagamihara plant is set to fold and be demolished by the end of this year. Fortunately, the Japanese Caterpillar workers' union, managed to reduce redundancies to a minimum, transferring many workers to other companies or the Akashi plant. Still, a plant closure is always a sad story for the workers and their families.

The photos on this page were taken in 2018 in Sagamihara, where the Caterpillar global union network met.

Trade unions in Japan

Japanese trade unions are different from those located in the European countries because rather than being industrial unions, they are company-based.

Everywhere those unions appear out of the factory doors, they do so mainly to establish networks, as they are not allowed to negotiate a collective bargaining agreement.

A research by the Japanese Ministry of Health, Labor and Welfare shows that 10 million workers out of 55 million are affiliated to a trade union.

The members are distributed over 26,000 company-based trade unions. In big companies you can find several trade unions which fight for the interests and rights of the permanent workforce or represent other employee groups in the company.



Caterpillar Facts

- Caterpillar is the world's largest producer of construction machinery.
- As of December 31, 2016, a total of 95,400 employees worked for Caterpillar all over the world and in the USA as many as 40,900. The USA are also the location of the company headquarters, that is in Deerfield, Illinois.
- Caterpillar divided up its business activities into segments worldwide: Construction, Resources, Energy and Transport.
- Caterpillar is a listed stock corporation. The majority of the company stock is in free float.
- The key takeaways from CAT's latest earnings release were that 2018 was a tremendous year with sales up 20% from 2017. Profit's increased by 63% and 2019 is expected to be even better.
- All of CAT's business segments saw revenue increases but Construction flourished just in North America (it actually declined in Latin America and Asia) due to high demand for new equipment. Resource Industries (Mining) performed exceptionally well this past year with double digit sales increases in all regions but especially in Asia as the commodity market remained positive. Energy and Transportation (Engines) also experienced growth in all geographic regions as demand for reciprocating engines remains high.
- For the employees there is still the question of the profit development in the years to come. It will be difficult in the long term to obtain a profitable growth only through a strict cost control.

CAT: Situation in the USA

AGRICULTURE

- Farm Income in the United States for 2018 was down about 12 percent from 2017 mainly due to higher production costs such as feed purchases and farm labor.
- Cash receipts from crops were up about 1.5 percent in 2018.
- 2019 could be a difficult year for farmers as the tariff trade war with China has effectively shut out U.S. growers of soy beans from the world's largest market, combined with the already 20 percent decline in price per bushel.

CONSTRUCTION

- U.S. construction starts increased by a modest 3% in 2018 which was the smallest year over year increase since 2012. 2019 total construction starts is expected to hold steady with 2018 numbers.

MINING

- China is still a huge market for mining especially base metals (copper, lead, nickel and zinc).
- The precious metal market is still depressed as gold prices have declined.
- The rise in production of electric vehicles is expected to lead to significant changes in the mining industry as demand for lithium, cobalt and nickel will increase since these metals are a key component in batteries that power the electric vehicles.

A European body for representation of interests

Caterpillar employs in Europe approximately 20,000 persons. They are represented not only locally through Works Councils and trade unions, but also by a European Works Council.

European Works Council—basics and tasks

In 1994 a Directive on European Works Councils was adopted by the European Union. This Directive regulates, how European Works Councils are established, what are their tasks and how they work. Currently there are more than 1,000 European Works Councils throughout Europe. A European Works Council can be established in a company if two preconditions have to be fulfilled: 1. The company employs at least 1,000 employees in countries of the European Union and 2) the company has at least 150 employees in at least two countries.

The Directive aims at information and consultation of the employees by the representatives of the central management of the company. The employees are to be informed and consulted for instance about the structure of the company as well as about the economic and financial situation and the projected development of production, sales and turnover. When new investments are initiated or new work and manufacturing technologies are introduced, the European Works Council has to be informed. More over, the member of the European Works Council have to be informed and consulted if extraordinary circumstances arise. This comprises also relocation or closure of parts or whole plants.

An agreement on establishing of a European Works Council, which has to be negotiated by a Special Negotiating Vehicle between the elected employees' representatives and the central management, regulates for instance, how many members each country can delegate and how the conflicts are to be dissolved. All costs incurred



by the European Works Council are borne by the central management or the relevant national management.

TRADE UNIONS EXPERIENCES WITH EUROPEAN WORKS COUNCILS ARE POSITIVE, BUT WE HAVE TO LOOK ALSO BEYOND EUROPE.

It was a right decision to demand that a world-wide body for employees' representation be established. Therefore trade unions strive to establish such a body also in other companies. We cannot focus on the European level only. Multinational companies need employees' representation reflecting the global dimension.

Current situation in the European Works Council at Caterpillar

At the end of 2018, Caterpillar employed 18,977 people in 19 European countries, almost 1,000 more than in the previous year. There were more and more cross-border activities every year. It is obvious that strategic company decisions are made in Caterpillar headquarters and not in the national facilities.

The last meeting of the European Works Council (EWC) at Caterpillar took place in Newcastle in Great Britain. 33 employees' representatives from eleven European countries participated. They discussed about the economic results of the company in 2018, about Brexit, i.e. Great Britain leaving the European Union, and about the current developments and issues at the individual European facilities.

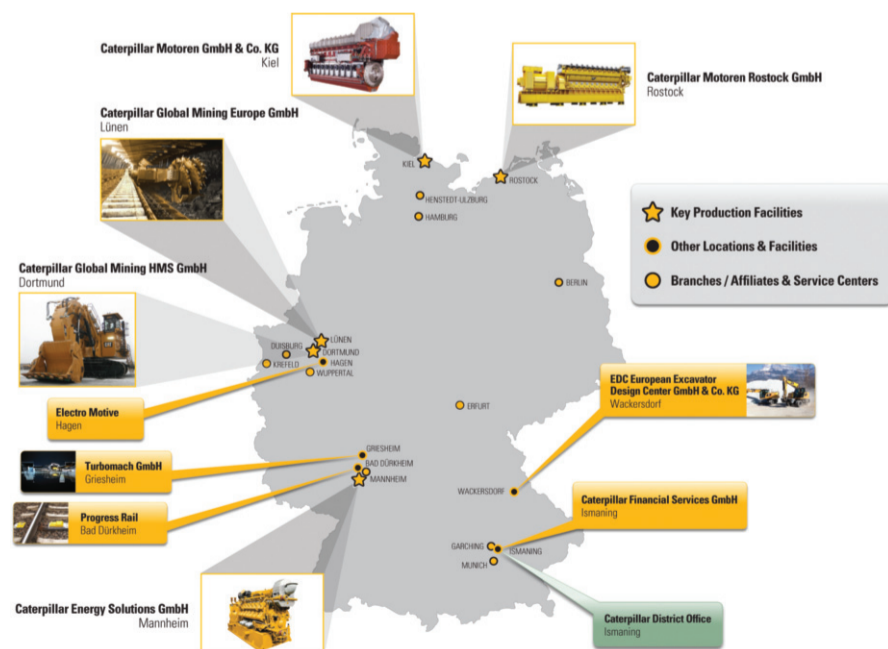
With regard to Brexit the management once again confirmed its commitment to stay in United Kingdom, to keep all plants and facilities and to stay competitive.

On the first day of the meeting Michael Klatt was elected as the new chairman of the European Works Council by the Works Councils and trade unions representatives in the EWC. Michael Klatt is a chairman of the CES GmbH, Mannheim, Germany. He will be supported by the select committee with Rennie Simpson (United Kingdom), Diego Caponaci (Italy) and Leonel Lopes (France).

Contact to Michael Klatt: michael.klatt@mwm.net

A visit to the Lünen site

The Lünen site in Germany has been part of Caterpillar since 2010. An on-site visit reveals the importance to involve the employees in the site integration.



Caterpillar facility in Lünen is one of ten Caterpillar facilities in Germany (see photo) and employs currently about 600 people. After the plant was bought by Caterpillar in 2010 the employment rose from 1,000 to around 1,200

people. »Mistakes were made during the integration«, says Andreas Unislawski, chairman of the Works Council, »it was conducted in a very hasty way, as far as production methods, product portfolio and the introduction of Caterpillar processes are concerned«.

In Lünen special machines and equipment for underground mining are developed and manufactured. The facility belongs to the division Global Mining Europe GmbH, a subsidiary of the global group Caterpillar.

The Works Council in Lünen consists of eleven persons, two of them work full-time in the Works Council. The main focus of their activity is »securing jobs, production, human and ecological working conditions at the facility, preventing outsourcing«, says Andreas Unislawski. »The general conditions for the Works Council's work are relatively good in Lünen«, stressed the chairman of the Works Council. The Works Council has a constructive influence

the company activity. In difficult situations Works Council initiates project groups to look for solutions. This is a trade mark of the employees' representation in Lünen.

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Two examples of a constructive cooperation

The management decided to relocate the single item production from hall 8 to China. 40 work places were affected by this decision- A project group was established in order to screen the work processes in the single item production and optimize them. For this, the machine running times and tools had to be changed. The proposals of the project group were positively received by the colleagues in the hall 8 and the management. »The affected employees with their experience and skills could deliver good ideas and actively shape the working conditions and secure the production in the hall 8«, says Michael Wackerbauer, member of the Works Council and chair of the project group.

Also in hall 7 a project was initiated, for which Frank Bidar, member of the Works Council was responsible. The production in this hall focuses on pit props, additionally cylinder production came from the French facility. This additional production, which was taken over without con-



Members of the Works Council in Luenen: Michael Wackerbauer, Andreas Unislawski and Frank Bidar.

sulting the affected workers, was a big challenge for the roughly 30 employees there. A small working group consisting of four persons, both welders and lathe operators, was established upon the initiative of the Works Council, to look for a solution. There were many discussions between works Council and the production manager. It was important to adapt the production to the existing machines, to buy new machines and optimize the work flow in the hall. »The affected colleagues could exert some influence on the production, they could make proposals and motivate their colleagues to play an active role in this project«, praises Frank Bidar. »It makes sense to shape the change. The know-how and skills of the employees are a huge asset, which has to be used«, says Andreas Unislawski.

And what holds the future for the facility in Luenen? The prospects are so-so. »We have to find a new perspective«, says the chair of the Works Council, »this concerns first of all the products, the work processes, the work of the management and the acquiring the necessary know-how and skills«.

Klaus Buchholz, who visited Luenen, met also Ulrike Hoelter, who is an IG Metall coordinator for the CAT facility in Luenen. With regard to the Caterpillar management she says that it is not always easy to find the right decision-maker. Many things are decided by the central management in the US. But she also stresses that the company did invest in the facility over the last few years. »Nevertheless, we miss a perspective for the future and there is more and more discontent within the workforce«. The processes are not optimal, from her point of view, the demand for products manufactured in Luenen is decreasing. Many employees have already left the facility taking away their know-how and skills.

»The visit at the facility has been worthwhile. I have met committed and competent colleagues, I have learned more about the products which are developed and manufactured at the facility and I could learn about the current and future challenges for the facility in Luenen«, says Klaus Buchholz who visited the plant.

INFO Beyond the Works Council consisting of eleven members who are elected every four years by all employees, there is a representation of severely handicapped employees and a youth and apprentices representation that is elected every two years by all young employees and apprentices and that is very active. It consists of three persons.

More over, 36 shop stewards are active in the plant. They are elected by union members and represent the IG Metal trade union in the plant.

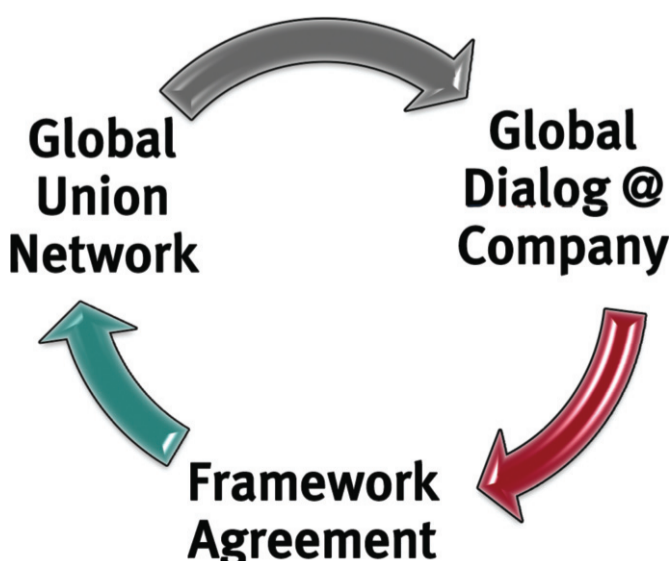
IndustriALL Global Union

IndustriALL Global Union is the global trade union federation for our and several other sectors, founded in 2012, as a merger of three global union federations. IndustriALL Global Union represents 50 million workers from 140 countries, organized in app. IndustriALL uses different pathways and activities, among them campaigns, networks, social dialog and Global Framework Agreements.

IndustriALL Global Union defines itself as a campaigning organization. To this end, the affiliates adopted an action plan during their 2016 congress in Rio de Janeiro, where the organization set the following five key goals:

1. Defend workers' rights
2. Build union power
3. Confront global capital
4. Fight precarious work
5. Promote sustainable industrial policy

IndustriALL is always open to social dialog with management, but we are also ready and willing to launch campaigns when our affiliates indicate that they wish to do so. In principle, IndustriALL's approach is holistic involving the different players and instruments in order to create and maintain good relations between employees, trade unions and management.



A call to engage in dialogue



Detroit, Geneva, 22 August 2018

Mr. Jim Umpleby, Chief Executive Officer and Member of the Board of Directors
Caterpillar Inc.
510 Lake Cook Road, Suite 100
Deerfield, Illinois 60015-4971
United States of America
By E-mail: jim.umpleby@cat.com

Congratulations on being named CEO and request for improved dialogue with trade unions in Caterpillar worldwide

Dear Mr. Umpleby,

we are writing to you on behalf of the UAW and IndustriALL Global Union, representing more than 50.000.00 workers through the world in manufacturing industrie, including mechanical engineering. IndustriALL also coordinates the Caterpillar Global Trade Union Network that has been in place for a number of years and is being presided over by our US American affiliate, UAW.

(...) On behalf of the UAW and myself, to invite you to open dialog within Caterpillar, between the corporate management and the respective trade union representatives.

(...) It will be an honor and pleasure for us to engage in an open dialogue with you. We have learned that you intend to enter in a dialogue about human rights and we are convinced that progress can only happen in cooperation with the workforce and their representatives. This will certainly strengthen the Company and their different entities. (...)

Ray Curry, Secretary-Treasurer and Director Agricultural Implementation Dept. | Matthias Hartwich, Director, Mechanical Engineering and Materials Ind.

The letter has remained unanswered by the management board until April 2019.

Contacts

Should you have queries or suggestions, please contact:

NORTH AMERICA

- Tim Bressler, UAW, network coordinator | TBressler@uaw.net
- Tom Weber, UAW
TWeber@uaw.net
- Ross Winklbauer, USW
rwinklbauer@usw.org

SOUTH AMERICA

- Carlos Albino de Rezende,
carlos@simecat.org.br
- Reginaldo José De Faria,
Reginaldo100@hotmail.com

EUROPE

- Michael Klatt, President of European Works Council
michael.klatt@mwm.net
- Fidel Gavilan, ABVV Metaal, IndustriALL, Caterpillar coordinator
fgavilan@abvvmetaal.be

ASIA

- Hideki Takei, President of the Caterpillar Japan Workers' Union
takei_hideki@cat.com
- Rajagopalan Kuppusamy, Caterpillar Trade Union India
aitucravi@gmail.com

GLOBAL

- Matthias Hartwich, IndustriALL Global Union coordinator
MHartwich@industriALL-Union.org

The next CAT-Network meeting will take place from 11 to 12 July 2019 in Detroit, USA. We have planned to continue with our work.

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