

THE COOPERATIVE TRADOC RECOVERING A TIRE FACTORY IN MEXICO

The history of the [Co-operative Democratic Workers of the West \(TRADOC\)](#) located in El Salto (near Guadalajara, Mexico) is an example of success in recovering a tire factory by its workers organized in a cooperative.

In 2016 the co-operative is over 10 years old. The factory makes all kinds of vehicle tires and due to their high quality it achieved to sell more than 25 million tires. In 2012, TRADOC received the Jalisco Export Award from Mexico, for its sales activities outside the country.

The story of the Co-operative Democratic Workers of the West (TRADOC) is presented on the website of the [International Alliance of Co-operatives](#). It shows the strategic role cooperatives can play in period of economic crisis, giving the workers the possibility to become owners of those industries that are closing their production. It is also a successful example of an innovative business alliance between a cooperative, which has led the process of recovery of the tire factory and a traditional company, to face the highly competitive market of the sector.

The TRADOC cooperative was built upon the union workers fights for their rights in the Euzkadi Company, owned by *Continental Tire*, a multinational corporation headquartered in Germany, operating some 25 plants in different countries around the world.

In 1998 *Continental Tire* imposed unacceptable new working conditions for its employees and when the company fired 18 workers, the union decided to take action. In front of the workers' strikes, in 2001 Continental decided to make a lockout preventing the workers from entering the plant. Shortly afterwards the members of the union formally declared strike against the plant that had closed.

The strike, legal battles and negotiations lasted for three years. In August 2004 *Continental Tire*, which was facing a difficult situation due to a high competitive market, made to the Union Workers the offer to hand over 50% of the plant to the workers for their back wages, and sell 50% to their Mexican distributor, *Llanti Systems*. In late 2004 the complex changes in ownership were finalized.

Out of the 940 employed in 2001 when the industry closed, 587 remained while the other 353 had to relocate for economic reasons.



The first action of the Union was to build the co-operative *Trabajadores Democráticos de Occidente* (TRADOC) with the 587 former workers from the Euzkadi plant. At the same time a new legal entity called *Corporación de Occidente SA* (COOCSA) was created. The ownership of COOCSA was held by a 50% by the TRADOC cooperative and 50% by Llanti Systems. COOCSA purchased a 100% of the plant and the equipment and *Continental Tire* closed its debt with the employees for lost salaries and liquidations.

In February 2005, after a closure of 1.141 days, the gates of the plant were opened, and the former employees entered for the first time as owners, facing the big challenge to make running the production of an industry that has been abandoned and inactive for more than 3 years.

The members of the cooperative, beyond their qualifications invested all efforts to get the plant into production again. Five months later at the beginning of July of 2005, the plant and its new owners produced their first tire, celebrated by all workers.

Besides the big results achieved, in 2008 the leadership of TRADOC recognized that another partner was required in order to invest in technologies, to bring in raw materials at low prices, as well as to help market greater production volumes internationally. TRADOC was also looking for a partner who was willing to respect their co-operative values and their work culture. After many investigations they made an agreement with the North American *Cooper Tire Company* that entered as a shareholder in COOCSA.

In 2009 the complex re-organization process came to the end. *Llanti System* sold to *Cooper Tire* its shares and the new system of ownership in COOCSA was defined and is still in force: *Cooper Tire* has 58% y TRADOC 42%. Organizationally in COOCSA, *Cooper Tire* has four members on the board of directors and TRADOC has three. The important decisions as investments or asset sales can be made only if 100 percent of directors agree. The President of TRADOC Jesus Torres Nuño has also been elected as President of COOCSA by the general assembly.

COOCSA, through *Cooper Tire* markets its production into México, USA and Brazil, also providing the needed raw material at the best price. Despite the different nature, the *Cooper Tire Company* and the TRADOC Cooperative managed to establish an innovative and mutually respectful alliance, ensuring the success of the factory. At present 1.250 workers produce roughly 18,000 tires per day on 3 shifts, six days per week and TRADOC is planning to increase the production to 22.000 tires per day.

The *Cooperative Democratic Workers of the West* TRADOC ensures the quality of the productive processes of the factory following the cooperative values and principles. TRADOC holds a general assembly twice each year, with all major decisions being voted on by members. The general assembly is also responsible for electing the three COOCSA board members, from within their membership.

At this time, there are some 1,250 persons working at the plant, all of which are partners in a co-operative called *Producción Empresarial Profesional, SC* (PROEM), created in agreement



with COOCSA. Approximately one-half of all PROEM partners are owners of TRADOC. After five years as a partner in PROEM, persons become eligible to join TRADOC as a member at a small cost. Currently, the revenues of the TRADOC owners, many of which are women, are the highest in the tire industry in Mexico.

TRADOC, with its origins as a solidarity workers' union, today supports other cooperatives in Mexico and Latin America interested in replicating their extraordinary experience.

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