

are required. Subject to these controls, new tyres are exported from the United Kingdom all over the world. The export of remoulded tyres is negligible.

51. The volume of United Kingdom tyre exports, to which all manufacturers contribute, has always been substantial in relation to the industry's production and, not counting tyres fitted to exported vehicles, is at present the largest in the world, exceeding even that of the U.S.A.

Imports

52. Tyre imports into the United Kingdom, which were substantial in the 1920s but declined rapidly after the imposition of the 33½ per cent. duty in 1927, are now mainly limited to a few non-standard types and sizes. The following table* shows the number of outer covers imported in 1936 and 1953, with the parallel figures for exports :—

Category	1936		1953	
	Imports	Exports	Imports	Exports
Car and giant ...	116,633	1,248,434	31,509	1,557,999
Motor cycle ...	31,202	57,445	3,681	177,141
Cycle	195,645	3,814,503	25,178	3,785,477

CHAPTER 5. ESTABLISHMENT AND GROWTH OF MANUFACTURING COMPANIES IN THE UNITED KINGDOM

53. There are eleven tyre manufacturing companies in the United Kingdom today and three companies† ranking as tyre manufacturers who have their tyres made for them by others. All these fourteen companies are members of the T.M.C., and there are no manufacturers of new tyres who are outside its membership. The companies are :—

Manufacturing

The Avon India Rubber Co. Ltd.
 British Tyre & Rubber Co. Ltd.
 Dunlop Rubber Co. Ltd.
 Firestone Tyre & Rubber Co. Ltd.
 The Goodyear Tyre & Rubber Co. (Gt. Britain) Ltd.
 Henley's Tyre & Rubber Co. Ltd.
 India Tyre & Rubber Co. Ltd.
 John Bull Rubber Co. Ltd.
 Michelin Tyre Co. Ltd.
 The North British Rubber Co. Ltd.
 Pirelli Ltd.

Non-Manufacturing

Bergougnan Tyre Co. Ltd.
 Davies Tyre Co. Ltd.
 Dominion Rubber Co. Ltd.

* Based on figures given in the Annual Statement of the Trade of the United Kingdom.

† Not including the recently-formed Fisk Tyres Ltd. (see paragraph 84) which was elected an Ordinary Member of the T.M.C. in April, 1955.

In addition, the Lee-Healey Co. Ltd. manufactures cycle tubes, its cycle covers being manufactured for it by another concern. This company is an associate member of the T.M.C.

54. Some of these companies have developed from, or had their origin in, other companies which were making or selling tyres in the early years of the industry. In addition, the following companies were originally engaged in tyre manufacture on a small scale, and were members of the T.M.C. during the first few years of its existence:—

- Englebert Tyres Ltd.
- The Fisk Tyre Co. Ltd.
- Etablissements Hutchinson
- St. Helens Cable & Rubber Co. Ltd.
- Seiberling Tyre Co. (G.B.) Ltd.

All these companies had resigned from the T.M.C. by 1932, and we understand that after that time none of them was concerned with tyre manufacture.

55. Excluding the three non-manufacturing companies, all the present tyre manufacturers, except Michelin and India, produce other rubber goods in addition to tyres. The proportion of manufacturing capacity devoted to tyres varies from 18 per cent. to 98 per cent., Dunlop occupying an intermediate position with 52 per cent.

56. Many of the tyre companies specialise in the production of certain categories of tyres. Dunlop, however, produces tyres of every kind. Goodyear produces all kinds of tyre except cycle tyres, and Michelin every type except earthmover and aircraft tyres. The following table shows the categories produced by each manufacturer in 1954:—

<i>Tyre</i>	<i>Producers</i>
Car	All manufacturers.
Giant	All manufacturers.
Agricultural	Avon, Dunlop, Firestone, Goodyear, India, Michelin.
Industrial	Avon, British Tyre & Rubber, Dunlop, Firestone, Goodyear, India.
Aircraft	British Tyre & Rubber, Dunlop, Firestone, Goodyear, North British.
Motor Cycle	Avon, British Tyre & Rubber, Dunlop, Firestone, Goodyear, India, John Bull, Michelin, North British, Pirelli.
Cycle	Avon, British Tyre & Rubber, Dunlop, John Bull, Michelin.

All manufacturers supply to the replacement and export markets but original equipment and Government business are each limited to nine companies and mileage is limited to ten.

57. Since the United Kingdom new-tyre industry is concentrated entirely in the hands of the fourteen concerns who constitute the membership of the T.M.C. and its position in overseas markets is, to some extent, affected by the links which individual companies have with American and Continental tyre manufacturers, it is necessary to explain briefly the history and trading

structure of each company. For this purpose it is convenient to divide the fourteen manufacturers into two groups:—

(1) British-controlled companies—

Dunlop, India, Avon, Henley's, British Tyre & Rubber, John Bull, Davies.

(2) Foreign-controlled companies—

Goodyear, Firestone, North British, Dominion, Michelin, Bergougnan, Pirelli.

58. The history of the companies in the first group shows that they have not all been British-controlled since their foundation. British Tyre & Rubber Co. was registered at first as British Goodrich Rubber Co. Ltd., and its shares were held by the Goodrich Co. of America. Other companies within the group have technical arrangements with foreign companies, or manufacture for foreign-controlled companies. It was, however, among the companies in this group that the United Kingdom tyre industry had its origin, and it was this group that faced the keen competition from imported tyres up to the time when the import duty was imposed in 1927.

59. The group of foreign-controlled companies is more homogeneous. Each company in this group, except North British, was first established as a selling company in the United Kingdom, and went over to manufacture, or arranged for its tyres to be made in this country, when imports became unprofitable because of the 33½ per cent. duty. Their entry into the manufacturing field took place, therefore, in the relatively short period between 1927 and 1931.

British-controlled Companies

60. *Dunlop Rubber Co. Ltd.*, because of its dominant position in the tyre industry, is dealt with separately. An account of its history and trading arrangements is given in Part V of this report.

61. *India Tyre & Rubber Co. Ltd.* was first set up in 1927 as India Tyre & Rubber Co. (Gt. Britain) Ltd. for the manufacture of tyres at Inchinnan, Scotland under licence from India Tyre & Rubber Co. of America. These tyres had previously been imported by Taylor & Melville Ltd., the Scottish concessionaires of the American company. In 1929 the American interests in the new Company were bought out by the British directors. Four years later Dunlop decided to acquire the company in order to extend their tyre production to Scotland. A majority interest was purchased in 1933 and the minority shareholders were bought out in 1936.

62. The Company is stated to operate as a separate entity and in direct competition with Dunlop, though it benefits from Dunlop's centralised buying and research arrangements and from the supply of cord fabric from the Dunlop cotton mills. It does not manufacture overseas but has its tyres made by Dunlop in South Africa, India and New Zealand, and by Goodyear in Sweden. Selling subsidiaries operate in South Africa, India and Pakistan. The Company's products are limited to tyres and tyre repair material.

63. *The Avon India Rubber Co. Ltd.* is one of the oldest British tyre companies, dating back to 1890, but existed as a partnership from 1885 with works at Limpley Stoke, Wilts. When the Company was formed, the works were transferred to Melksham. It became a public company in 1933 and is now the third largest company in the British group. Since 1930 the Company has had a technical liaison with Seiberling Rubber Co. of Akron, U.S.A., certain of whose patents are operated under exclusive rights in the

United Kingdom and Eire. Under an agreement of 1930 with Seiberling, which was revised in 1932 and renewed in 1940, Avon has the right to manufacture tyres according to Seiberling specifications for all vehicles except cycles and motor cycles, provided that they are not exported to the U.S.A. or Canada. We understand that this ban applies also to any tyres except cycle and motor cycle tyres which Avon might make to their own specification but not to, in any case, tyres fitted to vehicles which are exported to the U.S.A. or Canada. In the first year or two of the agreement, some of the tyres manufactured by Avon were branded "Avon-Seiberling", and could not be sold outside the United Kingdom and Eire, but these are no longer made. Since 1932, the Company has manufactured tyres for one of the other companies also.

64. Avon has no tyre-making subsidiaries in the United Kingdom but since 1952 has had a 33 $\frac{1}{3}$ per cent. interest in J. W. & T. Connolly, Ltd., manufacturers of wheels, hubs and axles. This company was previously, and still is, the sole concessionaire in Britain for Avon agricultural and certain industrial tyres, and is now under agreement with Avon not to handle competitive makes of the classes and sizes manufactured by Avon and not to export Avon tyres to U.S.A. or Canada, in so far as this would be contrary to Avon's agreement with Seiberling.

65. Sales of Avon tyres in overseas markets are handled by distributors, but in 1952 a Company branch and a subsidiary remoulding company were set up in Kenya and a selling company in Australia. In 1952 the Company entered into an agreement with Varnamo Gummifabrik of Sweden for the manufacture of Avon brand motor cycle tyres for sale in Sweden or elsewhere. Under this agreement the Swedish company pays an annual sum for technical advice and undertakes not to export motor cycle tyres to the United Kingdom. Under an agreement made in 1952 with Seiberling Rubber Co. (Great Britain) Ltd., Avon makes tyres in the Seiberling pattern and name for export only to Seiberling customers in certain territories.

66. Except for aircraft tyres, Avon produces tyres in all categories. These absorb two-thirds of the Company's manufacturing capacity, the remainder being devoted to a variety of other rubber products.

67. *Henley's Tyre & Rubber Co. Ltd.* is a subsidiary of W. T. Henley's Telegraph Works Co. Ltd. It was originally set up in 1918 to take over the tyre department of the parent company, which had been producing solid tyres and canvas pneumatic tyres since 1914. Car and giant tyres were later added and now represent 86 per cent. by value of the Company's total output. The Company has no arrangements or agreements with overseas tyre manufacturers, and its exports are handled entirely by distributors in the overseas territories.

68. *British Tyre & Rubber Co. Ltd.*, as has been stated, originated as British Goodrich Rubber Co. Ltd., a subsidiary of the B. F. Goodrich Company of U.S.A. When formed as British Goodrich in 1924, it acquired:—

- (1) The existing Goodrich selling organisation in the United Kingdom,
- (2) The sole right to manufacture and sell Goodrich products in the United Kingdom and to sell to Dominion countries (except Canada) and certain specified foreign countries,
- (3) The benefit of the technical knowledge and experience of the Goodrich Company.

69. For ten years the American company retained its financial control, but in 1934 it disposed of the greater part of its holding. The Company

then changed its name to British Tyre & Rubber Co. Ltd. and since then, though retaining a right to Goodrich's technical assistance, has been under no American control and is subject to no restrictions as to its overseas markets.

70. British Tyre & Rubber has ten subsidiary companies in the United Kingdom but only two, Palmer Tyre Ltd. and Stepney Tyre & Rubber Co. Ltd., are concerned with tyres. Control of Palmer, which is a selling subsidiary of India Rubber Gutta Percha & Telegraph Works Ltd., was acquired in 1933 with the control of the latter company. Palmer tyres for motor vehicles, aircraft and cycles are now made by British Tyre & Rubber and marketed by Palmer. Stepney, also acquired in 1933, manufactures a number of rubber moulded products including remould tyres. In addition, British Tyre & Rubber has had agreements since 1924 under which it manufactures tyres for other companies for sale in both the home and overseas markets.

71. British Tyre & Rubber today produces tyres in all categories except agricultural. In 1954 it supplied to all except the original equipment and Government markets. It sells overseas through distributors, except in Denmark where it has a selling subsidiary, A/S Britgoods, Denmark.

72. *John Bull Rubber Co. Ltd.* originated in the Leicester Rubber Co., formed in 1906 to deal, *inter alia*, with job lots of cycle covers and tubes. After a few months the trade names "Swift" and "Swan" were registered, and tyres under these names were manufactured for the Leicester Rubber Co. by outside suppliers. These trade marks were used for only a short time, and in 1908 the trade mark "John Bull" was registered, tyres still being made for the concern by outside suppliers. In 1915 the Company established its own factory for solid perambulator tyres, but it did not manufacture pneumatic cycle tyres until 1923. By 1928 car and motor cycle tyres also were being produced. In 1934 the name of the Company was changed to John Bull Rubber Co. Ltd., when it became a public company.

73. John Bull today produces a number of rubber products, but tyres (car, giant, motor cycle and cycle) account for 30 per cent. to 40 per cent. of its total sales. The Company has no agreements with other tyre manufacturers either at home or overseas, and its overseas subsidiary, John Bull Rubber Co. (Australia) Pty. Ltd., set up in 1951, is not producing tyres. John Bull's overseas trade is conducted through distributors.

74. At home John Bull produces almost exclusively for the replacement market and, although it has supplied motor cycle and cycle tyres through both wholesalers and retailers, has always pursued a policy of supplying car and giant tyres direct to garages.

75. *Davies Tyre Co. Ltd.* originated in 1880 as S. T. Davies & Co., manufacturer and wholesaler of bicycles and cycle accessories. After 1918 this side of the business was sold and the Company concentrated on the wholesaling of imported tyres together with clearance tyres of British make. In 1924 it entered into an agreement with one of the manufacturing companies for tyres branded "Davies" to be made for it.

76. In 1929 the Company was registered as Davies Tyre Co. Ltd. and until 1937, because it was concerned solely with the marketing of Davies tyres, it ranked as a tyre manufacturer. In 1937 it returned to the distribution of all makes of tyres and therefore lost, under the rules of the T.M.C., the status of manufacturer, but it regained it in 1945 when it confined its activities once again to the sale of its own tyres.

77. The Company's range of products now consists solely of Davies car, giant and motor cycle covers and tubes. It does a substantial business in

retreads through its subsidiary companies, Re-Cord Tyre Co. Ltd. and Tyre Retreading & Recapping Co. Ltd.

Foreign-controlled Companies

78. *The Goodyear Tyre & Rubber Co. (Gt. Britain) Ltd.* is a subsidiary of the Goodyear Tire and Rubber Company of America. Originally a selling organisation set up in 1912 to handle imported Goodyear tyres, it was converted into a manufacturing company in 1927 to avoid the new import duty. It is now the second largest tyre-producing company in the United Kingdom and makes tyres in every category except cycle tyres. Tyre sales account for roughly 70 per cent. of the Company's total sales.

79. The parent company exerts little control over the British company's domestic trading policy, but exports, which represent 20 per cent. of the British company's total sales, relate mainly to orders from Goodyear, U.S.A., and are handled by the various Goodyear selling organisations overseas. The British company has no subsidiaries at home or abroad.

80. *Firestone Tyre & Rubber Co. Ltd.* occupies a position very similar to that of Goodyear. It was set up in 1914 as a selling subsidiary of Firestone Tire and Rubber Co. of America and went over to production in 1928, when a factory was opened at Brentford. Like Goodyear, it supplies to overseas markets on instructions from its parent company, but in other respects is free to adopt its own trading policy. Like Goodyear again, it produces tyres in every category except cycle tyres, but its sales of other products are much less than Goodyear's and amount only to some 11 per cent. of its total turnover.

81. *The North British Rubber Co. Ltd.* claims to be the oldest company in the tyre industry. First established in Scotland in 1856 for the manufacture of various rubber goods, it was producing solid tyres by 1870. In 1890 the Managing Director of the Company invented the first detachable pneumatic tyre, known as the Clincher Tyre, and after numerous legal actions for infringement the Company sold the patent to Dunlop, subject to the reservation to itself of rights to continue manufacturing under the patent.

82. North British has, since 1938, been closely associated with United States Rubber Co., which now holds 50 per cent. of its shares. Under an agreement of 1938, renewed in 1947, North British undertakes to manufacture and supply to U.S. Rubber and its subsidiaries certain products including tyres. In return, it receives the benefit of the American company's technical and managerial experience. U.S. Rubber reserves the right to supply the rubber, cotton, rayon or other materials required for products manufactured on its behalf. The agreement provides that North British shall manage and control its own operations but that no changes in the Company's financial position or capital structure, "except ordinary changes in the regular course of business", and no employment or retirement contracts with directors or managers, shall be made without the consent of U.S. Rubber. Under the terms of the agreement four of the nine directors are Americans.

83. North British pays the American company for technical advice, and U.S. Rubber is entitled to purchase up to 50 per cent. of the British company's output. Until 1953 all these purchases were handled by U.S. Rubber's wholly-owned subsidiary, Dominion Rubber Co. Ltd., but since then Dominion has been responsible for the export of North British as well as Dominion products, while North British has dealt with all home sales. These arrangements, applied to tyres, mean that all North British Rubber's overseas business is handled by Dominion, but not under detailed direction from the U.S.A.

84. At the end of 1954 North British ceased production of North British and Dominion tyres and replaced them by U.S. Royal and Fisk tyres. The

latter are being distributed in the home market solely by Fisk Tyres Ltd., a newly formed and wholly-owned subsidiary of Kennings Ltd., who control a large group of motor dealers and garages. Fisk Tyres Ltd. have announced that they will market their tyres only through retail motor dealers.

85. *Dominion Rubber Co. Ltd.*, as stated above, is a wholly-owned subsidiary of United States Rubber Co. It was formed in 1905 to handle all imports of the parent company's products and from 1938 has acted in conjunction with North British. After the reorganisation of North British in 1953, Dominion assumed responsibility for the export of both companies' tyres, while North British controlled their distribution in the United Kingdom. From the end of 1954 Dominion tyres ceased to be made in the United Kingdom, and the Company now operates solely as the exporting agency for the U.S. Royal and Fisk tyres made by North British.

86. *Michelin Tyre Co. Ltd.*, a subsidiary of Compagnie Générale des Etablissements Michelin of France, was first established in the United Kingdom in 1905 as the selling company for imported Michelin tyres, and continued thus until 1927, when production of tyres was started at Stoke-on-Trent. The Company's manufacturing capacity is devoted entirely to tyres which it produces in all except the aircraft and industrial categories.

87. We are informed that the French company exercises no control over the British company's domestic trading policy, but the British company does not normally seek to export to markets where the French company has a subsidiary. The British company itself has a subsidiary in South Africa to sell its tyres exported from the United Kingdom. It has no subsidiaries in the United Kingdom.

88. *Bergougnan Tyre Co. Ltd.* is a non-manufacturing subsidiary of Etablissements Bergougnan of France. It was formed in 1931 to arrange for the manufacture in the United Kingdom of Bergougnan tyres, previously imported. Under an agreement of 1932, revised in 1941, all the Company's tyres are made by one of the British tyre manufacturers and are branded "British Bergougnan". The parent company exercises no control over the British company's domestic policy but debars it from exporting to areas where French Bergougnan has a subsidiary company or agency agreement. In 1952, 20 per cent. of the Company's total turnover represented overseas sales.

89. *Pirelli Ltd.* is a subsidiary of Société Internationale Pirelli S.A. of Switzerland, which company administers all Pirelli interests outside Italy and is independent of the Italian company, Pirelli S.p.A. The United Kingdom company was established in 1909 to import and distribute Pirelli products in this country. In 1929 it began to manufacture various rubber products, including tyres, at Burton-on-Trent, and now produces giant, car and scooter tyres, the sales of which represented 48 per cent. of its turnover in 1952.

90. Pirelli's relationship with its parent company has always been governed by formal agreements, under which it obtains technical guidance from Pirelli Milan and shares information with all other subsidiaries of Société Internationale Pirelli through its parent company. The Company pays annually a commission on turnover to Société Internationale Pirelli, as compensation for expenses incurred on its behalf. Under the present agreement, dated 1948, the Company holds the manufacturing and selling rights of Pirelli tyres in the United Kingdom and selling rights in British Commonwealth countries and certain contiguous territories in Africa.

91. The Company has an investment interest in Pirelli-General Cable Works Ltd., Cheshunt Tyre Co. Ltd. and Maidstone Tyre Co. Ltd., the last two being general tyre distributors selling all makes of tyres without distinction.