1. ETERNIT AND THE SAIAC CARTEL

Bob Ruers

The Swiss multinational Eternit, managed by the Schmidheiny family, and the Belgian multinational Eternit, under the direction of the Emsens family, were closely intertwined and cooperated with each other for almost seventy years. In order to further and defend their asbestos interests, and primarily their asbestos-cement interests, they made use of a world-wide cartel, as well as market and price agreements.

Asbestos Cement

The most important use of asbestos has undoubtedly been in the production of asbestos cement using the method patented by its Austrian inventor Ludwig Hatschek in 1900. Hatschek called his new material “Eternit” and trademarked the name. Because asbestos cement generally consists of from 10 to 20% asbestos with almost all the rest being cement, in addition to raw asbestos, a ready supply of cement is required in its production. In this regard, it is significant to note that the Swiss entrepreneur Ernst Schmidheiny had as early as 1910 established a cement cartel in Switzerland, and that in 1930 he succeeded, by means of the financial holding company Holderbank Financière, in bringing major cement interests in every corner of the globe under his control.

The Belgian entrepreneur Alphons Emsens was, in 1905, one of the first to obtain a licence for the Hatschek process. Emsens was at the same time able to get his hands on a licence for the British market with a duration of 18 years, and established there the firm of G.R. Speaker. Emsens was the owner of a building materials company and had a significant interest in the Antwerp cement firm Cimenterie et Briquetterie Réunis (CBR). In 1922, Ernst Schmidheiny and Alphons Emsens met for the first time, and their business liaison signalled the beginning of an almost 70-year period of intense and lucrative cooperation between the two powerful entrepreneurial families in the areas of cement, asbestos and asbestos cement. Schmidheiny took a major stake in Emsens’ asbestos cement firm and a year later Schmidheiny acquired an interest in CBR. The other important asbestos cement producer in Western Europe, the French entrepreneur Joseph Cuvelier, also had a background in building materials and cement. In 1922, Cuvelier came into contact with the Belgian Eternit manufacturer Jean Emsens, who was planning to establish an asbestos cement factory in France. Cuvelier and Emsens came to an agreement and decided to set up such a factory together, which they did in September, 1922, the new factory beginning production in Prouvy before the end of the same year [1].

Cartel Formation

In 1929, Ernst Schmidheiny, together with the British asbestos multinational Turner & Newall (T & N), established the cartel Internationale Asbestzement AG, “SAIAC” [2]. The Swiss author W. Catrina had this to say of it in 1985:

“What Schmidheiny, in the fields of cement and bricks had already achieved, namely linking the producers together in cartels, he began after the war to do also in relation to the producers of asbestos cement.” [3]

The first asbestos cement factories following the arrival of the Hatschek process were:

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<th>Location</th>
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<td>Niederurnen</td>
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<td>Brailia</td>
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2 The Canadian author Cirkel had this to say in 1905 about Hatschek’s asbestos cement patent: “A new invention and one which probably will revolutionize all systems of roofing has just been patented in Austria.”

3 With regard to Speaker, Eternit Building Products Ltd. told the Simpson Commission in 1976 that it was a firm: “... which started trading in 1903 as an importer of asbestos cement manufactured materials from Eternit Belgium, and has been importing them ever since, except for the intervention of World Wars.”
The SAIAC cartel was, in common with Schmidheiny’s Eternit Group, established in Nederurnen, Switzerland. Eternit manufacturers from Austria, Great Britain, Spain, France, Belgium, Italy and Switzerland participated in the setting up of SAIAC [4]. The first SAIAC project was the establishment in 1929 of the Eternit corporation Duitse Asbest-Zement AG (DAZAG), in Berlin. Schmidheiny received 27% of the shares of this new company, the Belgian Eternit company under the direction of Emsens took 23%, and the remaining shares were divided amongst the other participants. That by this time there already existed a close relationship between the members of SAIAC and Johns-Manville (J-M), the United States’ biggest asbestos producer and owner of Canada’s biggest asbestos mine, is shown by the fact that J-M owned 10% of Eternit Germany. In addition to the Eternit companies, T & N, which held, amongst other things, sizeable interests in asbestos mines in South Africa, was an important participant in the cartel. In its annual report for 1929, T & N explained its decision to participate in the asbestos cartel:

“We have become such a large part of the Nation’s entire industry, that we have been able to arrange with the principal manufacturers of ten European countries an International Cartel. The position of the European Asbestos Cement Industry is thus rationalised, and we expect great benefit by way of improved technique and economy to accrue to all concerned. This miniature League of Nations has a great future before it, for it is based upon the principle of mutual help, which now displaces the previous atmosphere of distrust and suspicion.

Capitalists in such conditions are made welcome by the Government of the Country. They are not regarded as parasites, but rather as one of the primary constructive forces upon which depend the evolution of civilisation.”

T & N also elaborated on the SAIAC cartel’s long-term plans:

“The objects of this cartel are, inter alia:
- the exchange of technical knowledge,
- the establishment in Switzerland of an Institute of Research for the entire industry,
- the foundation of new factories in neutral countries,
- the organisation of the export business,
- the standardisation of quality, and minimising unnecessary variety in the product;
- mutual assistance in securing the necessary raw materials on the best terms.

Here again our object is to give better service and better value to the consuming public, for we recognise that only by so doing can we justify our activities and retain the public confidence.” [5]

On the business culture within SAIAC in the first decades, Catrina had this to say:

“The international Eternit scene of the 1920s and 1930s resembled a clan in which some members were married to each other, while others were related or had become friends as a result of their common interests. During the meetings of the SAIAC ‘family’, people did not put their cards on the table, the business with this successful material, asbestos, being as it were a private matter. Based on the connections and internal relations from this period between the two wars, the Eternit branches in the industrialised west continue even today to be dominated by certain powerful families of industrialists, for whom mutual financial commitments, in the challenging climate of the 1980s, mean ever greater mortgages.” [6]

After 1929 the position of the Swiss Eternit corporation grew steadily. Originally, the Schmidheiny family’s business made up only a few per cent of the cartel, but after fifteen years it had reached a third of the total issue. Via SAIAC, the Swiss and Belgian asbestos multinationals were also in a position to reach significant agreements concerning raw asbestos. In 1925, the Eternit Groups even succeeded in obtaining a concession from the Soviet government for the right to exploit an asbestos mine in the Urals, in cooperation with the American entrepreneur Armand Hammer (1898-1990) [7]. In 1932, the world’s three biggest asbestos-producing countries – Rhodesia, Canada and the Soviet Union – came to an agreement in principle at a meeting in London and together established the company Raw Asbestos Producers Ltd. In this, T & N managing director W. Shepherd played an important role. In his report of July 1933 Shepherd had this to say about the situation regarding raw asbestos in Canada and the US:

“At the conference of asbestos producers which was held in London in July 1932, it appeared likely that if there had been no embargo on Russia fibre in the United States market, the Russians would have been prepared to agree to a scheme of co-operation with Rhodesia and Canada on the basis of equal division of the world markets between these groups of producers, Rhodesia being one group, Russia a second,
and all the producers in Canada and the U.S.A. the third…. In March 1933, the embargo on Russian fibre in the U.S.A. was lifted by the newly installed Democratic administration, and thus the obstacle to Russia’s participation in a scheme of co-operation was removed.”

That the joint purchase of asbestos, and mutual support in securing the “necessary raw materials,” led to a situation in which SAIAC was able to achieve a profitable preferential position amongst the asbestos producers, the “Raw Asbestos Distributors,” can be seen from a report written by Shepherd in 1938:

“At a meeting of SAIAC Members held in Zurich on the 10th October, SAIAC were informed on behalf of Raw Asbestos Distributors Ltd. that R.A.D. would not be able to supply them with more than 20,000 tons of Rhodesian shingle fibres during 1939 and that the quantity available for SAIAC might be as little as 17,500 tons, which latter figure was all that R.A.D. could commit themselves to at that time. Mr. Schmidheiny indicated that SAIAC’s total requirements of shingle fibre during 1939 would probably be approximately 50,000 tons, and as it was doubtful whether it is possible or desirable to make a contract with the Russians, SAIAC therefore found themselves in a position of wishing to purchase approximately 30,000 tons of Canadian fibres for 1939 delivery.” [8]

After Shepherd had been informed by the Canadian mine owners of the series of already concluded contracts and had learnt that Johns-Manville was bound by contract to certain obligations to “outsiders” at prices “which did not include any differential to protect SAIAC,” he succeeded in the negotiations, which he conducted on behalf of SAIAC with the Canadian mine owners, in bringing all parties to a settlement. In this it was agreed:

“That both the Johns-Manville Corporation and the Johnson’s Company agree that they will not accept any further business from outsiders in Europe without imposing the appropriate differential of either 10% or 12.5% on the prices charged to SAIAC, except in those cases where it has been agreed by SAIAC that it is impossible to impose such differential.”

Shepherd concluded: “This arrangement appeared to be satisfactory to all the Canadian producers and is also satisfactory to SAIAC.”

The SAIAC Inquiry, 1950

In 1949 the Dutch government recognised asbestosis as an occupational disease and brought before parliament a legislative proposal to introduce the “Silicosis Law,” in which the risk of asbestosis was also described. The legislative proposal contained a provision empowering the government to take measures to limit the use of asbestos. This development provided the impetus for the Dutch Etemit corporation in Amsterdam, a wholly-owned subsidiary of the Belgian Etemit Group, to make inquiries at the SAIAC cartel headquarters in Switzerland about the experiences of other SAIAC members regarding asbestosis. The SAIAC cartel decided as a result to conduct an inquiry amongst its members. Reactions came in from many countries: From Dr. Paul Cartier, who was employed at Thetford Mines in Quebec; from Etemit Pietra Artificiale in Genoa; from DAZAG in Berlin, Everite in Johannesburg and from the Turner Asbestos Cement Co. Ltd. (TAC) in Manchester. TAC noted that:

“In Great Britain for more than half a century the Workmen’s Compensation Acts have imposed on employers a liability to pay compensation where in any employment to which the Acts applied, ‘personal injury by accident out of and in the course of employment is caused to a workman’.”

From the reaction of Etemit Belgium it becomes evident that the firm had, as early as the beginning of the 1930s, corresponded with the SAIAC cartel regarding the risk of asbestosis (see Appendix):

“You will remember that we ourselves have already drawn your attention to asbestosis, through our letter of 15 May 1931. In 1933 we received the report of Dr E.R.A. Merewether, which was discussed in July 1933 at the seventh sitting of the Correspondence Committee for Industrial health of the International Labour Office, and since then we have been continually occupied with precautionary measures, of which we have already for many years been aware… As for the disease itself we think that it is not actually an occupational disease, given the fact that only in an extremely small number of cases has it appeared amongst workers who have been exposed to particles of asbestos dust.”

Only Etemit Switzerland made explicit mention of a single case of asbestosis which ended in death. In August 1950, SAIAC informed all of its members about the outcome of the inquiry, concluding that there was no
risk of asbestosis, or that it was very small. In September 1950, Eternit Amsterdam reported the results of the SAIAC inquiry to the other Dutch asbestos cement companies:

“We enclose a copy of this exposé. From this you will see that practice has shown that in the asbestos cement industries of the affiliated members of this bureau – industries which are spread practically over the whole world – symptoms of asbestosis are never observed. Furthermore, the conclusion of this inquiry has been that, when good precautionary measures are taken, using suction to remove dust etc, the chance of asbestosis will remain nil. It may be assumed that such precautionary measures in the form of good suction systems etc. are applied in full measure in today’s factories, because this is already demanded by the labour inspectorate. We can therefore, without any further action, confirm that the possibility of the occurrence of asbestosis (silicosis) in the asbestos cement industry is nil.”

In April 1953, the Netherlands Labour Inspectorate also observed that the asbestos multinationals had a huge influence on the use of asbestos. In a letter to the Ministry of Social Affairs, the Head of the Labour Inspectorate of Utrecht remarked that asbestos was still much in use, but also noted that in ships’ engine rooms there were increasing complaints about the dirt and mess caused by the asbestos sprays. On the other hand, the Inspector indicated that a significant reduction in the use of asbestos was not to be expected in the short term because “the Companies which own the mines have such extensive financial interests in the use of asbestos, and in all countries [occupy] a paramount position, one that they will try to hang on to. They direct their attention to the new insulation materials in order to preserve and maintain their position.”

TEAM

Cooperation within SAIAC in relation to the establishment of asbestos cement companies in developing countries was structurally supplemented in 1962 through the setting up of a common venture under the name TEAM. This acronym derived from the names of the participants: Turners, Eternit And Manville. TEAM’s aim, according to documents originating in 1962 in the Australian asbestos firm James Hardie & Coy:

“TEAM is a Company which has been formed by the three largest asbestos-cement groups in the free world – Turners, Eternit and Manville. It aims to set up asbestos-cement factories in those developing countries which demonstrate a need for such products. IN NO WAY can it be termed a monopoly because each partner will continue to trade competitively throughout the world. Rather it is a means whereby the financial risks involved in those countries which are not politically or economically stable can be shared by the three partners, thus making it possible to set up factories under circumstances which would probably deter any one of the partners from facing the risks on his own.” [9]

That the corporations cooperating in the SAIAC and TEAM nexus did not flinch from stabbing each other in the back is made clear by the “Nigerian incident,” described in the James Hardie documents:

“The Nigerian incident concerned the proposal for a third factory in Northern Nigeria. Turners and Emsens are each operating separately in the east and west of Nigeria respectively. A joint venture (possibly TEAM) was planned in Northern Nigeria and a meeting between Turners and Emsens had been set up for approximately a month hence. In the meantime, Turners allege they got a report that the Japanese intended going into Northern Nigeria and without reference to Emsens went ahead and registered a Company which secured tax free operations. Ken Neve had written to Emsens explaining the circumstances and suggesting a meeting to discuss the division of shares in the Company but Emsens were aggravated by Turners’ unferred action which they claim was due to urgency.”[10]

From the beginning, in 1962, TEAM’s share capital was divided into three equal parts between each of the participants [11]. In 1971, 8.68% of TEAM’s shares were in the hands of the Belgian Eternit branch, the Compagnie Financière Eternit (CFE), an interest which CFE increased to 20.05% in 1977 [12]. In 1978, CFE placed its overseas interests in a separate undertaking, Eteroutremer S.A., to which the interests in TEAM were also assigned. In that same year Eteroutremer’s share in TEAM amounted to 18.04%. In the years which followed this share grew to 33.90%. Eteroutremer had at its disposal in 1985, via TEAM, interests in, inter alia, Eternit Gresik, Indonesia; ACIL, Pakistan; and ACIB, Bangladesh. In addition, by the middle of 1986 a major investment in China had been added to the pile in the form of the Guangzou-Eternit factory. By 1989 the Bel-
gian Etermit Group had taken over, from the Swiss Etermit Group, 25% of the shares in CFE, which meant that its interest in CFE grew to 62.9%. This resulted in Eteroutremer taking into its hands almost the whole of TEAM’s capital and thus having interests in asbestos cement factories in Mexico, Colombia, Argentina, China, Bangladesh, Pakistan, Indonesia, Greece, Turkey, Senegal and Kenya. CFE’s Annual Report for 1990 reported an interest in TEAM S.A., Luxemburg, of 96.31%.

In September 2008, Etermit Netherlands claimed, during a lawsuit that a victim of mesothelioma had brought against the company, that TEAM should not be seen as a cartel. According to Etermit, TEAM was “no cartel but a financial partnership to which Etermit was affiliated.”

The Monopolies Commission, 1973

In 1973, the United Kingdom Monopolies Commission stated in its report on the British asbestos industry that in 1930 T & N had entered into agreements with the “continental Etermit companies” regarding the sale of asbestos cement products. These agreements were named as the “Continental Wenham Scheme.” This meant, according to the Commission, that T & N would take 80% of the entire market of the UK and Ireland and that the remaining 20% would be assigned to the continental Etermit corporations. The aforementioned agreements would have concerned only the period from 1930 to 1945. The report stated further, that in 1929 T & N had concluded an agreement with the Italian asbestos cement firm SA Etermit Pietra Artificiale on the use of the Mazza patent on asbestos pipes. In return for the payment of lump sums and royalties, T & N received the exclusive right to use the Mazza pipe process in the UK until the expiry date of the patent [13]. On the activities of the SAIAC cartel after 1945, the Monopolies Commission had nothing to say, as was also the case for the TEAM cooperation network. In relation to the asbestos mining industry and the world market, the Commission reported that:

“Most of the asbestos mined in the world (outside Eastern bloc countries) is produced by vertically integrated companies which mine and mill the material and fabricate asbestos products, the largest company of this type being Johns-Manville Corporation, of New York. Other vertically integrated mining interests include Turner & Newall Ltd. and the Cape Asbestos Company in the United Kingdom. The largest producer of asbestos fibres without associated manufacturing interests is the Canadian company, Asbestos Corporation Ltd.…… Apart from the T & N and Cape groups and Tunnel’s connection with the Cyprus mines no manufacturer of asbestos products in the U.K. owns or holds interests in mining operations.”

In this, the Monopolies Commission completely ignored the major mining interests of the Swiss and Belgian Etermit concerns in South Africa and Canada and the fact that the Belgian Etermit Group had supplied Great Britain with asbestos cement products, as well as producing them there, from as long ago as 1903.

March 2011

References

10. Information from M. Peacock, Australia
Gentlemen,

Reference: Asbestosis

We received the memorandum No 13134 dated the 6th of this month that you sent to our delegated administrator, Mr. André Emsens.

You will remember that we ourselves have already drawn your attention to asbestosis, through our letter of 15 May 1931. In 1933 we received the report of Dr E.R.A. Merewether, which was discussed in July 1933 at the seventh sitting of the Correspondence Committee for Industrial health of the International Labour Office, and since then we have been continually occupied with precautionary measures, of which we have already for many years been aware.

We believe that we have succeeded in our Pipe Division all that is possible, asbestos dust being practically non-existent there. In our Plate (Sheet) Division, the shielding of the mills and the sealing precautions of the asbestos rooms have eliminated the dust to a large degree.

We took the initiative of alerting the Medical Services of Labor in 1930 by sending them the documentation we have and by facilitating the X-ray examination of the workers who have worked for us for a number of years in conditions when illnesses could have occurred. These examinations have been negative.

Since the war, the Health Services are again concerned with asbestosis and we have put ourselves at the disposition of the examining doctor to help with the many radioscopies and X-rays, not only among the workers still exposed today to asbestosis dust, but also for those who might have been exposed in the past and who now occupy other positions.

Although we have no knowledge of the doctor’s report, we know that the examinations went as far as they could, and all, except for one, were negative. This tells you that in our areas of production and raw materials, cases of illness are in fact nil.

As for the disease itself we think that it is not actually an occupational disease, given the fact that only in an extremely small number of cases has it appeared amongst workers who have been exposed to particles of asbestos dust. We also know that some doctors consider this illness an idiosyncratic occurrence akin to eczema in the case of some cement workers.

In any case, from a general viewpoint while it is good for users of asbestos to be alerted to the possible danger to which they might be exposed, we believe that with appropriate means it is possible to eliminate this danger almost entirely. We call your attention to the fact that in some U.S. factories, it is obligatory to wear a mask. It is however not the case here.

It seems to us that if there is asbestosis, it happens mostly in the weaving of asbestos, or perhaps in the mines, or in badly equipped factories that the illness occurs and in that regard, it is clear that the general interest requires control measures wherever there is danger.

As is the rule, we are sending a copy of this letter directly to Eternit Amsterdam.

Please accept our salutations.

S. A. ETERNIT
2. The Schmidheiny Family Imperium

Adrian Knoepfli

According to the Neue Zürcher Zeitung, the Schmidheinys constitute the “best known business dynasty of Switzerland,” and Max Schmidheiny the “greatest industrialist in Switzerland” [1]. How did the Schmidheinys, who flew the flag of globalization very early, get to where they are now?

Bricks and Cement

The history of the Schmidheiny imperium began in Heerbrugg, a small village in the Rhine Valley, in the eastern part of Switzerland. Jacob Schmidheiny (1838-1905), the grandfather of Max Schmidheiny, was the son of a tailor and was originally a silk weaver [2]. After his attempt as a textile manufacturer, he established a series of tile works, starting in 1870. Before that, he had bought the Castle Heerbrugg with a loan from a virtual stranger; the castle remained in the family until the early twentieth century. In 1906, Ernst Schmidheiny (1871-1935), Jacob’s elder son, began producing cement. This would eventually lead to the creation of the Schmidheinys’ vast global conglomerate, Holderbank; the name being derived from the location of a factory in which Ernst Schmidheiny had acquired an interest before World War I.

As early as 1911 the Swiss cement industrialists founded a cartel that controlled prices and limited production (this ensured fat profits for the Swiss cement industry for many years; until the 1990s, in fact). At the same time the industry underwent extensive consolidation, resulting in the elimination of most of the weaker, independent entities.

Between the wars Holderbank expanded abroad, and by 1944 it was an international corporation of considerable size with cement companies in Switzerland, the Netherlands, Belgium, Greece, Egypt, Syria, Argentina, Brazil, and Peru. After the Second World War, it continued to expand rapidly, establishing itself in South Africa, Canada, and the United States. After the fall of the Wall the conglomerate quickly showed up in Eastern Europe, and it commenced operations in Asia. By 1991, over 360 companies in twenty countries on five continents belonged to Holderbank. The strategic aims were expressed as globalization, verticalization, and expansion of services. In 2010, Holcim (the name of Holderbank since 2001) employed over 80,000 people in about seventy countries. With a turnover of 21.65 billion Swiss francs the corporation earned a net profit of 1.62 billion francs [3].

The Timber Industry, Optical Instruments, and Eternit

The scope of the Schmidheinys’ activities was not limited to tiles and cement, not by a long shot. In 1920, Ernst Schmidheiny together with an associate took over the Swiss Eternit-Werke AG in Niederurnen, a company that had been founded in 1903; in 1923 he became a member of the board of directors of Gips-Union AG Zürich; and in the following year he founded Holzindustrie AG (Häg). Ernst’s brother, Jacob Schmidheiny (1875-1955) acquired an interest in the automobile factory Safir and in 1921 together with two others founded Heinrich Wild, Werkstätte für Feinmechanik und Optik, which later became Leica. In 1928 Eternit acquired a German subsidiary, the Deutsche Asbestzement AG Berlin.

In the interwar period there was an initial de facto split of the imperium, in that Jacob Schmidheiny took charge of the tile business while Ernst Schmidheiny became responsible for the cement business. The firm Wild, which took over the German company of Leitz in 1972/1974, was held by the family until the 1990s.

The man who invented asbestos cement, the Austrian Ludwig Hatschek, licensed his product (trademarked “Eternit”) country by country, that is, only one license was allowed for any one country. With one exception, the Dutch firm Martinit, licensees were obligated to use the word “Eternit” in both their company title and the name of their product. This led to a series of companies called Eternit, most of which were unrelated, at least initially. This was to change: two national Eternit companies, in particular, Eternit Belgium and Eternit Switzerland (controlled by the Schmidheinys), rose to prominence and established Eternit subsidiaries abroad. After World War II, both of these multinationals continued to expand their global reach. In the heyday of asbestos production, the Schmidheinys controlled

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Paper translated from German by Penny Milbourer.
Eternit factories in sixteen countries, employing 23,000 workers, and they owned interests in factories, through their stake in the Belgian Eternit Group (belonging to the Emsens family), in another sixteen countries. The annual turnover of the Swiss Eternit Group in the mid-1980s was two billion Swiss francs, while the Belgian Eternit Group had a turnover of two billion francs, of which the Schmidheinys owned a share of about 20%. In 1989 the Swiss Eternit Group separated from the Belgian Eternit Group [4].

Max Schmidheiny, who had taken charge of the Swiss Eternit Group in 1967, was succeeded by his son Stephan in 1975. In 1978, Stephan Schmidheiny announced that Eternit planned to stop making products containing asbestos, and Eternit thus began to change over to asbestos-free products.

Max, Ernst, and Peter
What may be termed the third generation Schmidheinys, namely the brothers Ernst (1902-1985) and Max (1908-1991) along with their cousin Peter Schmidheiny (1908-2001), continued the family business and expanded it. Peter Schmidheiny took over from his father Jacob as head of the tile group, which had changed its name to Zürcher Ziegeleien, as well as the engineering works of Escher Wyss in Zurich that Jacob Schmidheiny and an associate had acquired in 1936. The renowned works of Escher Wyss had fallen on hard times during the worldwide economic crisis and survived thanks only to the intervention and aid of the public purse. In 1966, the Schmidheinys sold Escher Wyss to the engineering company Sulzer, headquartered in Winterthur, bestowing on the Schmidheiny family in return a seat on the Sulzer board of directors. In 1999, this branch of the family, now represented by Peter’s son Jacob (born 1943), left the tile business, which was sold to the leading Austrian sector entity, Wienerberger. Following this, the firm’s name was changed from Zürcher Ziegeleien to Conzetta, which is now involved with engineering, plant construction, foam materials, sporting goods, graphite coatings, and real estate.

Max Schmidheiny, known in his circle as “Sir Max” and from time to time politically active, was the most distinctive figure in this third generation. Under his leadership, with brother Ernst’s help, Holderbank (now Holcim) was “forged into its essential components,” Wild Heerbrugg (now Leica) “a leading brand in optics” and Eternit “construction material in demand worldwide.” Hiag, which produces fibers, chipboard, and parquet flooring, became a market leader. It was acquired in the 1970s by Gustav Grisard, who had married into the Schmidheiny family [5].

ABB, Swissair, and the Big Banks
The Schmidheinys not only had their own imperium but were linked in many ways with other industrial sectors such as energy and transport as well as major Swiss banks. In 1959, Max Schmidheiny was the impetus for the founding of Swisspetrol, which then began to explore for oil in Switzerland. Then he became the authoritative figure in the technological company BBC (now ABB) [6]. He was also a member of the board of directors of, among others, Motor-Columbus, the electronics corporation Landis & Gyr, Genfer Versicherungen (insurance group), the Zürcher Privatbank und Verwaltungsgesellschaft, and the Swiss Railroad (SBB). Ernst Schmidheiny significantly shaped the history of the national airline, Swissair, as president of the board [7].

The three large Swiss banks (at the time) doled out Schmidheinys among themselves: Max and Peter Schmidheiny went to the Schweizerische Kreditanstalt (SKA, now Credit Suisse) and Ernst Schmidheiny to the Schweizerische Bankgesellschaft (SBG, now UBS). In the younger generation, Stephan Schmidheiny became a member of the board at SBG; Thomas Schmidheiny at SKA; and Peter’s son Jacob at the Schweizerischer Bankverein (SBV, merged in 1998 with SBG to become UBS).

Distribution of the Estate
As the fourth generation took over, the huge fortune of Max Schmidheiny was distributed among his sons in 1984. Thomas Schmidheiny (born 1945) got the cement company of Holderbank and Wild-Leitz; his younger brother Stephan (born 1947) got Gipsunion and Eternit. The third son Alexander (1951-1992) took over the ski wax company Toko in 1982, which then became part of Zürcher Ziegeleien eleven years later after Alexander’s early death. In 1989 there was an exchange: Wild-Leitz went to Stephan Schmidheiny, who handed over Gipsunion and the Swiss Eternit to Thomas in return.

While Thomas Schmidheiny opted for continuity for Holderbank, Stephan diversified into other sectors, for example, the steel trade and metal construction, whereby buying and selling often happened in rapid succession. Stephan Schmidheiny invested early in Latin America [8]. Besides the companies already mentioned, he took over from his father both the Zürcher Privatbank und Verwaltungsgesellschaft, which he sold to SBG in 1989, and the equity stake in BBC. He invested together with Nicolas G. Hayek in the clock company SMH (now Swatch Group) in 1985/86; in 1987 he bought a majority stake in the electronics com-
pany of Landis & Gyr. In 1994 Stephan Schmidheiny had control of his various holdings (Anova, Unotec, Nueva), Leica (formerly Wild-Leitz), Landis & Gyr, and the international company of Casa Liebermann; he held shares in ABB, Merkur (retail trade), Globus (department store), and BB Industrie Holding; he was also on the board of directors of the international food conglomerate Nestlé [9].

**Stephan Schmidheiny Exits from Swiss Industry**

In the second half of the 1990s Stephan Schmidheiny speeded up his gradual departure, probably motivated by the severe structural crises, from Swiss industry and shifted his energy to Latin America and cultural and charitable activities. Leica was divided into three companies in 1996 and 1997: Leica Camera, Leica Microsystems, and Leica Geosystems, all of which went to new owners [10]. To fund his charitable efforts in Latin America, where, among other things, he restores rain forests and supports small and mid-sized enterprises, Stephan Schmidheiny established the foundations of Fundes (1986) and Avina (1994) in addition to his Grupo Nueva [11]. In 2003 the Viva Trust was born, into which Schmidheiny put his construction material businesses concentrated in Grupo Nueva, a donation worth about a billion Swiss francs. And then Grupo Nueva sold all these shares and invested in Masisa, which owns timber and wood processing companies in Chile, Argentina, Brazil, Venezuela, and Mexico. According to the *Welt am Sonntag* (a German weekly), Schmidheiny is “the most dedicated sponsor of Latin American art worldwide” [12] with his Daros-Latinamerica AG, a private Swiss collection based in Zurich. As the 1990s drew to a close, Stephan Schmidheiny had phased himself out of all responsibilities for operations and management [13]. But his money continues “to work.” For example, in 2008 he bought interests in the global market expansion services company DKSH. It was announced at the time that he wanted to expand links between Asia and Latin America [14].

**The Slow Retirement of Thomas Schmidheiny**

Over the last few years, Thomas Schmidheiny has also withdrawn from the day-to-day operations of the business, in part voluntarily and in part involuntarily. He continues to sit on the board of directors of the cement conglomerate Holcim, second in the industry only to Lafarge, worldwide. At the close of 2010 he still had a share of 18.2 percent in Holcim; the second biggest shareholder of Holcim was the Russian company Eurocement Holding with, in September 2011, 10.1 percent [15]. Thomas Schmidheiny’s withdrawal was accelerated by a series of unpleasant events, the first of which was an accusation of insider trading. In December 2000, at a board of directors meeting of the mining company Xstrata, based in Zug, Switzerland, he learned that there was going to be a merger with the Spanish company Asturiana de Zinc (Azsa). Four days later he bought Azsa shares, which rose in value by about 2 million Swiss francs after the announcement of the merger buyout offer by Xstrata. But the details leaked to the public. At the beginning of January 2001 he sold his stake for his purchase price to Xstrata. The Spanish authorities initiated a trial, which resulted in a fine of 1.5 million euros. Under the pressure of events, Thomas first resigned his role in operations, then his position as chairman of Holcim; then followed resignations from the boards of Xstrata and the Credit Suisse Group [16].

The varnish on the façade of the amazingly successful industrialist continued to crack with the bankruptcy of Swissair, of which he was vice president. In March 2001, even before the final collapse, the board of directors of Swissair, consisting of the best of the best, including Thomas Schmidheiny, all resigned but one. Afterwards, the board members, some Swissair top management personnel, and a few outsiders were put on trial, but all nineteen defendants were cleared in 2007. “Mistakes were made that were punished with financial ruin but none of the nineteen defendants committed a criminal act under the law,” the *Neue Zürcher Zeitung* [17] said. In 2002, Thomas Schmidheiny consolidated his industrial and private interests into his family’s Office Spectrum Value Management Ltd., which not only held their investment in Holcim, but also investments in biotechnology, and equity interests in: Siegfried, the Swiss fine chemical company; the Grand Hotel Quellenhof & Spa Suites in the Swiss spa town of Bad Ragaz; and vineyards in Switzerland, the Napa Valley in California, Australia, and Argentina. The generation of Max and Ernst Schmidheiny had also invested in hotels.

The Schmidheinys are certainly no longer captains of industry, but they are still among the wealthiest in Switzerland. Thomas Schmidheiny’s fortune, in 2007 reckoned to be 7.5 billion Swiss francs, was estimated by the business magazine *Bilanz* to be 4.5 billion francs in 2010. That’s still a billion more than in 2004. Stephan Schmidheiny’s fortune is estimated by *Bilanz* to be 3.5 billion francs, a billion less than in 2007 [18].

**September 2011**

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6. For the role of the Schmidheiny family in BBC, see Staub, “Von Schmidheiny zu Schmidheiny,” pp. 139-144.
7. Staub, “Von Schmidheiny zu Schmidheiny,” pp. 139-144.
8. See the essay by Dan Berman “Asbestos Magnate or Environmental Guru,” this volume Chap. 3.

The Schmidheiny Generations*

Hans Jacob Schmidheiny
1810-1874
m. Katherine Niesch
1811-1867

Jacob (I)
1838-1905
m. Elsie Kaufmann
1843-1927

Ernst (I)
1871-1935
m. Vera Kuster
1877-1964

Jacob (II)
1875-1955
m. Fanny Alder
1881-1967

Vera-Lydia Marie-Luise Ernst (II) Max
(“Verina”) (Lilly”) 1902-1985 1908-1991
1897-1981 1900-1981 m. Anna Maria m. Adda
m. Hans Gygi Scherrer
Hoffmann Schafl

Claudia Adda Marietta Thomas Stephan Alexander

Annette Eva Ariane Vera
(m. Gustav (III) Jacob
Schrafl Ursula
Erisard)

Marriamme
Ursula

Peter
1908-2001
m. Ruth Schiesser
1912-1992

*This abridged version of the Schmidheiny family tree is intended to clarify the relationship between members of the clan mentioned in the above paper. Where no details have been given, or where names have been grouped, the birth order is preserved (down the listed names and left to right).
3. ASBESTOS MAGNATE OR ENVIRONMENTAL GURU: THE TRIALS OF STEPHAN SCHMIDHEINY

Daniel M. Berman

What did Stephan Schmidheiny, former sole proprietor of Eternit, do with the billions from his sale of Eternit's asbestos properties in the late 1980s? Between 1984 and 1999 Schmidheiny's net worth doubled from US$2 billion to US$4.4 billion. Now, after donating at least a billion dollars to a foundation he controls, Forbes has estimated that his net worth had declined to US$2.9 billion by early 2011 [1].

Part of what Schmidheiny has done is to invest in Latin American forest properties. According to Swiss accounts, Stephan Schmidheiny began buying Chilean forest land in 1982, and by 2000 he owned over 120,000 hectares in Southern Chile, near Concepcion, land which the Mapuche Indians claim has been theirs since time immemorial. The Mapuche have charged that some of what Schmidheiny bought was stolen from them during the Pinochet dictatorship, using that regime's standard techniques of intimidation and torture. Schmidheiny's Chilean holdings, owned by his Terra Nova affiliate, are owned in turn by Nueva, Schmidheiny's Swiss-based holding company, which makes him one of Chile's largest owners of forest properties. (Nueva also controls companies in Latin America which employ thousands in the production of pipes, building materials, and in the planting and harvest of vast numbers of trees.) Terra Nova's businesses are so controversial that Hui Camans, President of the Mapuge's Consejo de Todas las Tierras, traveled to Switzerland in 1999 to convince Schmidheiny of the injustice of some of his subsidiary's activities. According to one account, Schmidheiny referred the Mapuche President to Hans-Ulrich Spiess, Terra Nova's Swiss representative, who found the accusations "absurd." Spiess claimed that Terra Nova held a "legal title" based on Chilean legal procedures, and that "If we look back long enough, we will always find someone to whom the land belonged to at some time in the past." Schmidheiny never criticized Chile's Pinochet dictatorial regime in public, but was quoted in a speech as saying: "A Third World country which opts for a liberal free-market economy must have a strong state." [2]

Schmidheiny used his "philanthropic" interests in Latin America to create the impression that he has invented a new environmental paradigm based on the slogan "eco-efficiency" spurred by the representations of "civil society." Progress occurs, he believes, when "civil society...[that is to say]...millions of women and men outside of government" through "access" to "management know-how" and "fundraising capacity" are "empowered" to transform their countries, a roundabout way of advocating "no government regulation of business" [3]. Schmidheiny's "eco-efficiency" and "civil society" paradigms did not include an imperative to inform asbestos-cement employees that their jobs were killing them – or that Eternit had a moral and legal duty to compensate those whose lives had been suffocated through asbestos exposure. Apparently the old "privatize the profits/socialize the losses" paradigm trumped the new "eco-efficiency/civil society" paradigm for the victims of his former 35-country Eternit empire, some of whom Schmidheiny must remember from his work as a foreman-trainee on the shop floor at Eternit's largest Brazilian plant in Osasco, Sao Paulo state, in the early 1970s.

In 1950 Stephan's father Max Schmidheiny, Eternit's sole owner, wrote to the company's Dutch subsidiary about recent research on asbestosis. In 1971 Max was quoted as criticizing Johns-Manville, the American asbestos giant, for placing warnings on sacks of asbestos exported from its mines in Quebec [4]. By the late 1970s Stephan Schmidheiny – who had replaced his father as owner – had ordered his firm's researchers to develop ways to produce fiber-cement panels which used plant fibers. Eternit even began to produce fiber-cement panels utilizing plant rather than asbestos fibers at its Ricalit factory in Costa Rica. But for a series of reasons, including the opposition of his own engineering staff and Eternit's local partners around the world, the asbestos substitution strategy was slow to take effect, so Schmidheiny ended up selling all of his asbestos-cement factories by 1990, in an attempt to transfer the liability for asbestos-related deaths to new owners.

BETTING THE PENSION FUND? In 1987, Stephan Schmidheiny bought Landis & Gy, a family-owned firm which was one of the world's leading companies in automatic controls for buildings. In eight years he

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eliminated 3,000 jobs, and, in 1994, the Landis & Gyr pension fund lost US$300 million in stock market speculation. The workers and the union claimed that Schmidheiny was fully aware of the risks management was taking with the workers' pension fund and that he had supported the "immoral" decision to withhold management contributions to the fund [5].

Schmidheiny, while selling off his Swiss properties and transforming himself into a banker and speculator, made a strenuous effort to integrate himself directly into the highest spheres of American society as an entrepreneur and environmental philosopher. In 1992 he published Changing Course: A Global Business Perspective on Development and the Environment [6], which argued that rational capitalist development – based on his "eco-efficiency" concept – was the long-term solution to both environmental devastation and declining profits. He put his money and influence behind the concept by founding and funding the World Business Council for Sustainable Development (WBCSD), which set the tone for industrial and business participation at the International Conference on Environment and Development in Rio de Janeiro in 1992 [7]. One question the Schmidheiny analysis never answers is: what is to be done when businesses refuse to practice "eco-efficiency"? That choice would seem to be left to individual businesses.

During the 1990s Schmidheiny served on the Board of Directors of the Museum of Modern Art in New York City, and was also an active participant and lecturer at the Yale Center for Environmental Law and Policy of the Yale Law School. In effect, Stephan Schmidheiny decided "to take his money and run" from Eternit's looming asbestos disaster, and reinvest it in South American forests, construction materials, and electronics companies and in book projects, “grassroots” groups, universities and "philanthropic" enterprises around the globe, while leaving sick and dying workers to their own devices. He had launched himself on the world stage, magically remorphing himself into an environmental thinker and benefactor, and had that role sanctified by institutions of "the higher learning" [8] such as Yale University, which tastefully side-stepped the lethal origin of his multibillion-dollar fortune. In awarding Schmidheiny the honorary title “Doctor of Humane Letters” in 1996, Yale praised him in the following terms:

"Not content to be a steward of a family business, you have used your corporate role to promote stewardship of the global environment. You have made company decisions based upon the health of the planet, introducing new technologies and ways of doing business that are environ-
mentally friendly. By bringing your message to leading industrialists around the world, you have helped to create an attainable vision of a global economy based on sustainable, ecologically sound development." [9]

So far, Schmidheiny's concept of "stewardship" has not included a frank public assumption of moral and financial responsibility for the suffering and killing caused by the production and sale of Eternit's asbestos products around the world. But in Osasco, Brazil a group of workers from Eternit's asbestos-cement plant, led by Ministry of Labor safety engineer Fernanda Giannasi, founded the Brazilian Association of People Exposed to Asbestos (ABREA) to fight for just compensation, medical care, and a ban on asbestos, a fight for justice in what Giannasi has called an "invisible war" against workers [10]. In addition, Schmidheiny is on trial in Turin, charged with willfully causing an environmental disaster, failure to comply with safety rules and negligence. Plaintiffs claiming damages at this criminal trial total more than 6,000 people including asbestos-disease survivors and the relatives of around 2,200 people killed by exposure to Eternit asbestos. Raffaele Guariniello, Turin’s Public Prosecutor, has called for prison sentences of 20 years for Schmidheiny and for co-defendant Baron Louis de Cartier de Marchienne of Belgium [11]. A decision by a three-judge panel is expected in early 2012. A decade ago Stephan Schmidheiny told the Wall Street Journal “I promise you I will never go to an Italian prison.” Since then he has refused to grant press interviews [12], and he has expressed no public remorse for the suffering and death his firm caused [13]. Only Stephan Schmidheiny, safe in his chateau by a lake in Switzerland or on his La Pacifica farm in Costa Rica, can tell us if he hears, in his dreams, the ghosts of asbestos workers past crying out for justice.

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Castleman requested an interview with Schmidheiny, but Schmidheiny refused, as Castleman noted in Asbestos: Medical and Legal Aspects, op. cit., p. 769.
13. In a message he wrote to friends about his “miraculous” recovery to a “new life” after his aorta ruptured, Schmidheiny makes no apologies for the business which earned billions for him and his family but sent thousands of workers gasping and choking their way to early deaths. See: “Ein Geschenkes Leben” [“A Gift of Life”], by Stephan Schmidheiny, Feb. 2008; this account was circulated to friends and acquaintances and appears to have been published as a chapter beginning on p. 233 of a book co-authored by René Lüchinger and Ueli Burkhard, Stephan Schmidheiny, ein langer Weg zu sich selbst [Stephan Schmidheiny: His Long Journey Back to Himself], Bern, Stämpfli Velag AG, apparently published in 2009.
4. WHAT ETERNIT IS NOW
Adrian Knoepfl

The Swiss Eternit Group had been under the control of the Schmidheiny family since 1920, although undergoing a number of reorganizations and changes in ownership in recent decades; then, in 2003, the Schmidheiny era of Eternit finally ended with the sale to Swisspor Holding.

Separation from the Belgian Eternit Group
When Max Schmidheiny’s imperium was distributed among his sons in 1984, the Swiss Eternit Group went to Stephan Schmidheiny, who had headed the company since 1975. After Stephan Schmidheiny announced in 1978 that Eternit would cease manufacturing products with asbestos, the company, much to Daddy Max’s irritation, gradually pulled out of asbestos cement production. The strategy used to phase out production with asbestos was twofold: on the one hand products containing asbestos were replaced with asbestos-free products; on the other, “dirty” companies were sold.

The four Eternit factories in Italy, which had a market share in Italy of more than 20 percent, were either sold or shut down in 1986. At the end of 1988 the sale of interests in asbestos cement production in Brazil, Bolivia, and Columbia followed, including the Group’s purge of all interests in its last asbestos mine (in Brazil). These three countries provided the Swiss Eternit Group with 80% of its entire South American profit. The reason given for the sale was that asbestos-free fiber cement products were having difficulties breaking into the market, rendering transition to their production untenable. As a result, fiber cement’s share of total earnings for the conglomerate fell from 50% to 40% (20% for products with asbestos and 20% for those with no asbestos). The remainder was from fiber cement substitutes and other materials.

In 1989 the Swiss and Belgian Eternit Groups were broken up. The Swiss Eternit Group controlled not only the parent company in Switzerland but the German Eternit, the South African Everte, and affiliates in Costa Rica, Guatemala, El Salvador, Honduras, and Saudi Arabia as well. The Group also controlled interests in businesses located in a number of Latin American countries, and similarly, it controlled 20 percent in each of the Belgian entities (CFE and Eteroutremer) of the Belgian Eternit Group. The Belgian Group, owned by the Emsens family, controlled Eternit entities in Belgium, Holland, Great Britain, and France, and held interests in enterprises in Zaire, Burundi, Angola, Nigeria, Argentina, Peru, Uruguay, Chile, Brazil, Paraguay, and in the Philippines. Stephan Schmidheiny now sold his shares in the two Belgian entities to the Belgian Eternit Group. The Latin American interests of both groups were also broken up. With this, Stephan Schmidheiny proceeded with his exit from asbestos. It should be noted that the Belgians were quite active in countries where the asbestos issue hadn’t yet aroused public awareness to the same degree that the Swiss Eternit Group had experienced.

From Stephan Schmidheiny via Holcim to Swisspor
After this adjustment, Stephan Schmidheiny sold his shares in Eternit AG, which controlled the Swiss Eternit factories, to his brother Thomas. His interests in foreign companies (in Germany, South Africa, Latin America, and Saudi Arabia) weren’t affected by this sale; they were transferred to a newly formed company called Nueva Holding. In 1990, his shares in the German Eternit were sold to Etx (the renamed Belgian Eternit Group), the Belgians already owning a majority interest in the German company.

Prior to the transfer of ownership, Eternit AG had been through a series of changes. In 1986 it was restructured as Eternit Holding AG and, simultaneously, a new Eternit AG was created comprising the two Swiss Eternit factories and interests in five other (non-Eternit) concerns. A year later this “new” Eternit AG was restructured as Etemova Holding and yet another Eternit AG emerged comprising only the two Eternit factories. It was this Eternit AG that Thomas Schmidheiny acquired. By the end of 1989 he had integrated Eternit AG into a building materials group of companies, later renamed Cemro, which in 1996 would become a subsidiary of the Holderbank (renamed Holcim in 2001) conglomerate.

In Switzerland, the last pipe containing asbestos was made in 1994. Sixteen years after Stephan Schmidheiny

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announced his exit from asbestos the era of asbestos was over. Pipe production in Switzerland ceased altogether in 1997 but a new affiliate, Etertub, was established that same year to make and sell pipes made from fiber cement and synthetic materials in Germany. Also in 1997, in Slovenia, Eternit in a joint venture with Salonit Anhovo Holding established the company of Esal. The joint venture, it was announced, would help Slovenia to manufacture asbestos-free fiber cement.

The Holcim conglomerate finally managed to spin off Eternit AG in 2003 as part of its long held strategy to concentrate on its core business. The reason it gave for holding on to the company for so long was that Eternit was an important customer for cement, but there were probably sentimental reasons in play too. The buyer was BA Holding, controlled by entrepreneur Bernhard Alpstäng, owner, along with his brother Georges, of the Swisspor Group. In 2005, under its new owner, Eternit AG again went through a series of reconstructions and name changes. Firstly, Eternit AG transferred the Swiss factories to its subsidiary Estertub (Estertub was the renamed Etertub; the trade name Etertub having been lost in a management buyout in 2003). Then Estertub was renamed Eternit (Schweiz) AG and Eternit AG renamed FibreCem Holding [1]. All Eternit entities belonging to the new owner Bernhard Alpstäng were then merged together into FibreCem.

In 2006 Eternit (Schweiz) AG set up the Stiftung Eternit-Werke Schweiz (Eternit Works Foundation of Switzerland). This provides services primarily of a financial nature “for active and former employees and their families who have been hit particularly hard by the consequences of having worked with asbestos” [2].

**“Never a relationship”**

In October 2010 Eternit (Schweiz) AG was assured that it would “not be affected by the trial in Turin.” The company announced it was “pleased that the Turin court had completely agreed with its claims and had unambiguously disallowed the attempt of the various civil plaintiffs to make Eternit (Schweiz) AG civilly liable for the acts of Eternit S.p.A.” The company claimed that neither Eternit (Schweiz) AG nor its owners had ever had a relationship to Eternit S.p.A. in Genoa, and Stephan Schmidheiny had never performed any function at Eternit (Schweiz) AG or even been a shareholder [3].

**FibreCem Group: Activities in Switzerland, Germany, Austria, and Slovenia**

The spin-offs and changes of ownership had resulted in Eternit’s operations being confined to its manufacturing facilities at Niederurnen and Payere, Switzerland. Soon, however, the new owner forcefully pursued expansion abroad, starting in 2009 with the acquisition of the fiber cement works of the German conglomerate of Karl Bachl in Porschendorf, near Dresden. A little while later it took over the Eternit works of Ludwig Hatschek AG in Austria. Eternit returned to its roots so to speak, as Hatschek was the man who in his day had founded Eternit and had been the licensor for all Eternit products. Ludwig Hatschek AG brought 455 employees and gross profits of 190 million Swiss francs to the FibreCem Group, which at that time had around 700 employees and a net income of 160 million Swiss francs, and subsequently acquired companies in Switzerland, Germany, Austria, and Slovenia. “A similar product strategy connects both Groups, which to date have been doing business in various geographic markets,” the buyer announced at the time of the takeover, which was made public under the rubric “solidarity in the European fiber cement market” [4].

In an interview Alpstäng called his takeover of Eternit “a smart decision” in retrospect. Swisspor wanted to give buildings a special sheathing or skin. “This includes,” according to Alpstäng, “the roof, façades, windows, and the insulation.” Eternit had a full array of façades in its program where before Swisspor had gaps. The asbestos image connected with the name, he said, was “no problem” [5]. And the new owner had plans for even greater things: the goal, so he said in an interview with the Neue Luzerner Zeitung, was to manufacture an “Eternit barrier” with factories in Europe from north to south. “Even folks in Lucerne [Alpstäng] dream of Eternit branches in India, Brazil, and China because these are the fastest growing markets” [6].

**Swisspor and Alpstäng: Insulation Materials and Windows**

The Swisspor Group, of which Eternit is a part, began as a small cork factory in 1971 that the brothers Bernhard and Georges Alpstäng took over from their father. It manufactured insulation materials made of expanded Polystyrol rigid foam (EPS) and Polyurethane rigid foam (PUR/PIR). In 1996 the Alpstäng brothers acquired their first window factory with the purchase of Kufag, which was soon followed by the acquisition of Dörrig Fenster (1999) and Herzog Fenster (2003). Swisspor lost out in the contest to buy the leading Swiss manufacturer, EgoKiefer. In 2011 Swisspor, now under the brand name of Swisswindows, held second place behind EgoKiefer in the Swiss market for windows made from synthetic materials.

In 1998, Swisspor – called Alcopor at the time – expanded into the German market with its insulation materi-
als, and it made a public offering [7]. Then, as early as 2001, the company was delisted. This brief interlude was accompanied by the takeover of the European affiliate of the U.S. construction material giant, Owens Corning, which had sought Chapter 11 protection in 2000 having become insolvent due to civil damages awarded in asbestos litigation, and the sale of Alcopor to the German Knauf Group (gypsum products). Excluded from this transaction were the Alcopor divisions for rigid foam and roofing tar sealant as well as the window factories, which were transferred to Swisspor Holding that Bernhard Alpstäd had re-established in 2002; Knauf took over the mineral wool fiber division (glass and rock wool fiber) – once belonging to Owens Corning; and the name of Alcopor Holding was changed to Knauf Insulation Holding [8]. All these actions are, moreover, filtered out of the company’s history on its website – probably because it disrupts the straight narrative line upwards. From the late 1990s on (the newer) Swisspor was focussing as it expanded abroad on the growing market in Eastern Europe. In 1999 it put insulation materials plants on line in Poland and Romania; in 2002 a second, then a third in 2004, and a fourth plant in 2008 in Poland. It acquired Prima Bau und Dämmsysteme (construction and insulation materials) with three plants in Austria in 2006 and in 2008 another plant in Romania [9]. The rapid growth in recent years is evident in the numbers: the Swisspor Group, which boasted as being “the leading expert for the building envelope of the future” with 26 plants in six European countries and 2,800 employees, had a turnover in 2009 of a billion Swiss francs. For advertising Swisspor is relying on soccer: it bought the naming rights for the new stadium for FC Luzern for 5 million Swiss francs; the name will be Swissporarena. The company also supports the Lucerne soccer team with additional services to the tune of another 5 million Swiss francs [10].

Bernhard Alpstäd is a boss of the old school, casual and anti-union [11], and a critic of the emphasis on short term profits practiced by today’s managers. “Our profits are reinvested not drawn off,” said Alpstäd. His goal, he said, was to never be beholden to a bank, and that’s why Swisspor was not listed (any longer) on the stock exchange. His brother Georges has meanwhile withdrawn from day-to-day operations [12].

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1. See www.eternit.ch.
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