

## **Coca-Cola Workers Alliance meeting action points 19-20 September, Istanbul**

### **Participants list with contact details is attached**

Ron Oswald welcomed the delegates and described the history of the Coca-Cola Company (TCCC) and the IUF relations which goes back to the 1980's when there was a major campaign in Guatemala against the franchise bottler who was responsible for the assassination of several union leaders. This first international campaign involved boycotting Coca-Cola products and several strikes took place in Mexico and Sweden to support the campaign. The sole intention was to force TCCC to start talking with the IUF. As a result of this successful campaign TCCC agreed to talk about Guatemala and change the franchise holder though the new one was equally bad. A new franchise took over the Guatemala business which whom the IUF established good working relations with and solved the ongoing serious issues at the time. At the request of the IUF's Guatemalan affiliate the head of the franchise was even invited to the 1993 Congress of the IUF as a speaker.

The IUF organized its first ever Coca-Cola global meeting in 2003 in New York. Since 10 years the IUF is bringing together its affiliates organized at Coca-Cola operations. There were 2 mandates of the 2003 meeting: first was to achieve recognition of the IUF and its affiliates and the second was to sign an international framework agreement (IFA) setting minimum standards for labour and union rights for the workers employed at Coca-Cola operations.

The first mandate was achieved in 2005 when the IUF together with a group of affiliates started meeting with the senior management of TCCC in Atlanta twice a year. At the first meeting, a joint statement between the IUF and TCCC was signed recognizing that Coca-Cola workers have rights and setting the bi-annual meeting format as a platform for discussion and negotiation. Through this Atlanta process substantial wins were achieved both by fighting the company and negotiating the issues on the table during and between the bi-annual Atlanta meetings. One of the most important and recent wins was in Pakistan when a comprehensive agreement successfully resolved a long and bitter conflict over employment and trade union rights at Coca-Cola Beverages Pakistan (CCBPL) in June 2010 and as a result 6 plants and a major distribution center operating in Pakistan were 100% organized which is not common. Another outstanding gain was achieved in Philippines by rolling back casualization and winning 741 new permanent jobs in 2012. In Morocco, OH&S measures were successfully improved as a result of a mission organized jointly by TCCC and the IUF to investigate and negotiate the conditions with COBEGA bottler in 2012. Regular meetings and access of the IUF to Coca-Cola management secured the dialogue of Japanese affiliates with the bottler in Japan. These are only a few examples of recently won fights.

Of course there are no permanent successes and struggle for recognition and union rights go on particularly in Hong Kong and Guatemala. Although Coca-Cola operations are relatively better organized than some of the other food and beverage companies, the company and its bottlers can still violate worker and union rights and therefore we continue to fight and ensure that our members can exercise their rights that are respected by the employer. Against this picture as

trade unions we have to organize ourselves better and build up more informed and engaged membership.

Signing an IFA, the second mandate of 2003 first global meeting is still an ongoing matter. The biggest difficulty in achieving this is that the company is a system together with the bottlers & franchises. If the scope of the agreement covers only TCCC, then most of the unions that are organized in different bottlers would not be covered. The second obstacle is the US labour relations culture and how the US employers describe company`s role in intervening workplace rights policy. To move forward the discussions with the company, either the scope will cover only TCCC or the IUF together with affiliates have to persuade the rest of the system (bottlers) to be part of an IFA. A language for an IFA that TCCC would agree should also allow the IUF to meet its IFA standards set by its 2007 Congress.

(<http://www.iufdocuments.org/co2007/en/07%20%28d%29%20Transnational%20companies.pdf>)

Affiliates expressed their ideas about the Atlanta process and how it serves a good purpose for the unions like in Guatemala and Pakistan, solving some chronic problems with the company as well as being used by the company as an early warning system to address the issues in a quiet way avoiding the damage to brand image via open public fights.

### **Outstanding Issues in different countries**

Flexibility is being pushed in Europe along with the mobility in between different lines but the planning and training of the workforce to operate in different lines is lacking. In Belgium and Norway white collar workers are imposed the negotiation results of blue collared workers. As the production cost in Spain is cheaper than in the other European countries, European market, particularly France is full of imported Coke products from Spain. A similar process is pushed in Canada and the volumes are being moved to the operations based on low costs which bring the risk of layoffs at the higher cost facilities. There are 17 production plants in Europe and they are competitors to each other. Plant performance project in Europe aims to reduce labour for each line and pits one group of workers against the other.

The European agreement signed in 1993 aimed to adapt the work to the needs of people but the Coca-Cola Enterprise (CCE) does the opposite and transforms the workforce to the needs of its business. In Germany through the cooperation with Aldi, volume is growing though the profit operating income is going down. Although the company wants to structure faster, CCE postponed the Coca-Cola Erfrischungsgetränke AG (CCAEG) purchase. There is a centralized attack through lawyers where more pressure is applied for flexibility. CCAEG made a proposal to call workers into shift just 24 hours before the shift starts and NGG refused it.

In Belgium, 37 hours of week work is decreased to 36 hours by legislation. 2,7% extra jobs were created at Coke operations. There was funding from government for 3 years but when the funding was over, those new jobs were eliminated and the amount of the work was the same despite the fact that working hours was reduced. Workers employed in production, distribution or admin jobs as white collared workers can be organized under the same union and because the lower management positions are also dismissed easily, they join the unions. Representation under the same union for different departments is the same in Canada and USA.

As part of the 2020 vision, there is a plan to externalize the distribution of workers in Europe and there is an alternative strategy of creating a 1 bottler system for the whole of Europe.

In the USA, union representation at Coke operations depends on the situation of "right to work"<sup>1</sup> states and in South, representation is almost zero.

TCCC deploys an anti-union plan to stop organizing initiatives in the south, particularly Texas and Atlanta. TCCC tries to keep the wages the same and the main issue is the rise of health care costs in the US. Product placement is important for TCCC in stores but there is a new strategy pushed by the convenience stores who want to distribute the products themselves. This system is called "route to market". Department and convenience stores such as WalMart and 7/11 are mainly non-union, and their workers earn less than Coke distribution workers. There is also a general lack of communication between CCR, TCCC and unions.

In India there are 57 plants producing Coke products and 25 of them are owned by TCCC which controls 53% of the market. 75% of jobs are outsourced and there are health and safety issues. Multiple unions make it difficult to prioritize and fight against the common issues.

It is the same problem in Philippines: in 22 plants there are 48 unions. Regular jobs are being outsourced since FEMSA (the largest independent Coca-Cola bottler in the world) bought 51% of Coca-Cola Bottlers Philippines, Inc. (CCBPI) from TCCC. There is a general wage increase and on the top of it, a performance based system relying on uncontrollable parameters preventing the rights of collective bargaining of workers and their unions. Alliance of Coca-Cola Unions Philippines (ACCUP) continues its series of revolving protest actions and fights for decent work, right & respect at Coca-Cola Philippines. This performance-based system called "P3" scheme gives management the prerogative to rate workers based on performance, presence and participation. There are 5 sub parameters of P3 which workers have no control over: 1- respect quality 2- safety 3- productivity 4- environment 5- services and costs. A two-tiered wage system, supposedly awards diligent workers with yearly wage increases while punishing low-performing workers with no wage increase. It could also lead to legal termination based on subjective criteria.

In the USA, there are distribution centers which have engineered standard via computer module and based on performance. In Canada, operation excellence, an engineered time study is implemented and promoted with base plan commission though it is not a wage based discipline.

In Ghana, performance based system is used to suppress the rise of salaries.

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<sup>1</sup> A "right-to-work" law is a statute in the United States that prohibits union security agreements, or agreements between labor unions and employers, that govern the extent to which an established union can require employees' membership, payment of union dues, or fees as a condition of employment, either before or after hiring. "Right-to-work" laws do not, as the short phrase might suggest, aim to provide a general guarantee of employment to people seeking work, but rather are a government regulation of the contractual agreements between employers and labor unions that prevents them from excluding non-union workers, or requiring employers to pay a fee to unions that have negotiated the labor contract all the employees work under.

In Russia there are 13000 workers employed in 12 plants and 71 distribution centers. The unionization rate is very low and in St. Petersburg an organizing initiative is pursued to form a new union. 2300 workers work for Coke operations in Ukraine and there is no union representation. Main problems are outsourcing, overtime and bullying.

Within the North Africa region in Morocco, there are internal problems at UMT which have heavy bureaucratic procedures and there is no union solely organizing the beverage industry. Creation of such a union would clear the obstacles around bureaucratic mechanisms. In Algeria, there is no clear information about Coke operations as the government controlled union UGTA dominates mainly the public sector and organizes some workers in the private sector. The same situation exists in Egypt. Although there are some independent union initiatives, there is no information regarding the Coca-Cola operations whether they are still represented by the old regime unions. It was discussed how to achieve a North Africa regional level coordination and joint union action covering Egypt, Morocco, Tunisia, Algeria, Mauretania and Libya. Tunisia proposed the Atlanta process can be decentralized and regional based negotiation meetings can be held with TCCC.

### **Common Issues**

Delegates at the meeting discussed the issues facing their members and identified the common issues and priorities.

Different forms of flexibility include;

- 1- the use of contract and temporary workers
- 2- overtime provisions to control both vacation days and the number of weekly work hours
- 3- Multiple jobs at the workplace enabling switching workforce between different production lines which ultimately creates more workload with less staffing who are less trained.
- 4- Pitting one group of workers against another is implemented through some policies such as plant performance project and production is being shifted to lower cost plants. Imports are also pushed from lower cost countries to more expensive countries particularly in Europe.
- 5- Externalization of distribution is spreading to Europe which increases the outsourcing of jobs.
- 6- Incentive or performance based wages in production and warehouses put the collective bargaining rights of workers in jeopardy.

Europe is moving towards a single bottler as the bottlers in Spain are consolidated. TCCC bought CCE and FEMSA bought the Philippines business. Anchor bottlers are expanding but it is not clear whether the system growing in the advantage of some anchor bottlers is also an advantage to improve the working and living conditions of workers in the Coke system.

2020 vision is a premature project which is not well known and its impact on distribution is a concern among unions. However it is reported that there are detailed programmes for each continent and country to reduce operational expenses aimed at increasing the profits for bottlers at the expense of jobs and rights at workplaces.

### **Actions by the affiliates**

- 1- The Alliance agreed that the IUF affiliates should tackle the issues around re-structuring and outsourcing jointly by enhancing the communication and coordination. The idea of a seminar focusing on outsourcing issues beyond TCCC and bringing workers across companies was discussed.
- 2- There is need for in depth research on the supply chain of Coke. We need to know more about the working conditions in the plantations where the ingredients of Coke products such as coffee, sugar, and orange are grown. We also need to know more about the can, pet and bottle producers that supply the Coke system. The company has responsibilities for its supply chain and cannot do business with criminals operating their business via forced and child labor. TCCC and its system should break their contracts with undesirable suppliers who violate human rights. Therefore affiliates are asked to collect information about the supplies feeding the operations they organize.
- 3- Affiliates agreed to exchange information on the flexibility strategies and implementations which trigger the job losses or worsen the conditions of their members via reporting to the IUF Secretariat. Affiliates agreed to draft a joint letter submitted to TCCC to demand the limitation of precarious work.
- 4- Affiliates agreed to learn more from their local managements about the aspects of 2020 vision and plans for different countries by sending reports to the IUF Secretariat.
- 5- Affiliates will explore information about the concentrate plants and leverage through distribution by examining how those facilities supply the bottlers as well as how they are supplied with ingredients to produce the concentrate and syrup.
- 6- "Route to market" issue should be under the radar of unions to stop more outsourcing and subcontracting of distribution jobs.
- 7- For signing an IFA, although pre-conditions do not exist, the IUF affiliates should still keep the pressure on the company to agree on a joint language and scope that enable access to the rights by guarantying the implementation of rights which overall fit the expectations of unions.
- 8- The IUF affiliates should watch the occupational health and safety issues as well as environmental issues and report the details of those issues particularly the fatal accidents immediately to the Secretariat.
- 9- Social media should be used more effectively to bring shame to the company in cases of violations and abuses of worker and union rights as one of the most powerful

international tools is publications based on legitimate facts around the violations which damage the image of company and its brands.

- 10- Affiliates agreed to promote the IUF web-site (<http://cms.iuf.org/>) and the Coca-Cola workers worldwide site (<http://www.iuf.org/ccww/>) in union meetings to spread information among rank and file members.

#### **Actions by the IUF Secretariat**

- 1- There is a need to conduct research on performance based systems to understand the different practices in different countries which will enable us to apply a strategy against the expense of systems like P3 in Philippines.
- 2- In order to understand the level of outsourcing, precarious job levels and what kind of jobs are core or precarious for the business, a global survey will be conducted.
- 3- Restructuring or streamlining of bottlers goes on. There is a need to understand the business strategy of TCCC and its bottlers. An analysis of bottlers' structure would help.
- 4- The IUF Secretariat will send out more updates about the union and company news.
- 5- Coca-Cola alliance work can be supported in countries where there are limited resources to develop the communication by providing computer, mobile phones and internet access to the offices of affiliates.