



# The Coca-Cola Alliance Circular

Background & Analysis for Coca-Cola Trade Unions worldwide

## 1/2009: In this issue

- One year into the formation of the Alliance: a growing network of union activists
- CCH is buying back its shares - what does it mean for workers?
- Casual work is violating workers's rights
- Support the Charter of demands!
- Become a voluntary correspondent!



**Latest News:** Coca-Cola workers in Saskatoon, Canada, on the picket line: See <http://www.iuf.org/drupal/?q=node/247/>



## One year into the Coca-Cola Alliance - a growing network of union activists

A little more than a year ago our Alliance was founded. Meanwhile, our global network of Coca-Cola unions unites more than 50 IUF affiliates.

Over this last year we have been working consistently to strengthen our communication and coordination network:

- involving more union into the network, making the Steering Group a working body, and setting up the [www.iuf.org/ccww](http://www.iuf.org/ccww) website, which now has over 150 registered users and many more guests. We are now beginning to attract correspondents from the different unions to publish even more hands-on news from the shop floor and negotiation table.

The Alliance has been strengthened also via the regional networks: In Latin America, the Coca-Cola unions federation FELATRAC is working on consolidating unions at national level, and on establishing a relationship with one of the biggest anchor bottlers, FEMSA, at regional level. In Europe, EFFAT regularly convenes European Coca-Cola trade unions in order to define joint problems, and is demanding from Coca-Cola to provide an appropriate communication structure at European level as well. In Africa, regional meetings for the Maghreb countries, and for Africa in general, have given a push to more regional cooperation and setting up a network structure.

In all regions, activities concerning the Alliance's priority issue have taken place - the fight against casualisation, outsourcing, and job destruction in Coca-Cola. The Alliance formulated its joint positions with the Global Charter of demands (see box).

At its first meeting, April 16, the Alliance Steering Group lined out the way for the future: we will continue supporting Alliance members on priority issues such as casualisation, union rights violations, and others. We will also broaden and deepen the network, but in particular also focussing on supporting affiliates to better organize more of Coca-Cola workplaces, in line with the IUF's last congress motto - Power through organising!

## CCH buys back its own shares

April 27, Coca-Cola Hellenic's extraordinary shareholder meeting decided to approve a share buy back of up to 5% of the companies shares. At a range of share prices between 1 and 20 Euro, this will potentially lead to spending on the purchase of its own shares of between 18,3 mln and 380 mln Euros. At current shareprices of about 11.66 Euros, the cost of fully realizing the program would be 213 mln Euros extra expense for a company that has announced decline in profit and explains to its workers in all countries where it operates that the crisis led to the need of strict financial discipline (CCH has cut hundreds of jobs and told workers in several bottling operations they were incapable to increase wages. In Serbia local management quoted a (see p.2)

### Looking for correspondents!

*In order to get news from the shop floor and negotiation table out to the network of Coca-Cola networks - we need your help! Register as Voluntary correspondent today and send us news about your union work at Coca-Cola!*

### Feature issue: Fighting back against bullying

*From an open threat with dismissal, through a "private" talk in the bosses office, an attempt to discipline people on false or fabricated charges, denial of promotion, to overstating small mistakes while easily forgiving them to obedient coworkers...Time and again, union members get bullied by management.*

*We would like to hear your stories about what your experienced - but also, and more importantly - how did you fight back? How did you react as a Union? What was the outcome?*

**Send us your stories!**

**Become a voluntary correspondent!**



### CCH buys back own shares (cont.)

strict order from central management in Greece they should not sign wage increase agreements January 2009 and September 2009). So what does the share buy back mean?

A share repurchase distributes cash to existing shareholders, In exchanged the number of outstanding shares is reduced. Why would a company do that?

Companies making profits typically have two uses for those profits. Firstly, some part of profits are usually repaid to shareholders in the form of dividends. The remainder, termed retained earnings, are kept inside the company and used for investing in the future of the company. If companies can reinvest most of their retained earnings profitably, then they may do so. However, sometimes companies may find that some or all of their retained earnings cannot be reinvested to produce "acceptable" returns.

In the current times of crisis and falling consumer demand, obviously, CCH has decided that reinvesting the enormous profits the company still yielded is not appropriate. While the CEO of The Coca-Cola Company, Muhtar Kent, constantly pledges keeping up levels of investment, one of the biggest bottlers in a key emerging market territory rather spends the money on distributing cash to shareholders. The company thus chose the easier way to keeping up levels of what is called "earnings per share" - the profit per existing share the company receives in a particular period. If you have less shared outstanding (because you bought some of them back and cancelled or stored them), the profit is shared between a lesser number of remaining shares. Business does not need to develop positively to keep investors happy...

Another reason why executives, in particular, may prefer share buybacks is that Executive compensation is often tied to executives' ability to meet earnings per share targets. We do not know about the incentive schemes for CCH executives. We can only hope that this is not a cheap move to retain personal earnings.

However we can be sure about one thing - a company that has enough money to spend approximately 200 mln Euros on buying its own shares is not as broke as management wants employee representatives to believe. The company calls on its employees to tighten the belts in times of crisis, arguing that we are all sitting in the same boat. But at the same time that it throws hundreds of people overboard cutting jobs, it does everything to make its shareholders staying well-fed and keep them happy partying on the deck...

### Casual work - violation of workers rights

It has been clear for a long time, that the increasing use of casual work deteriorates terms and conditions for workers - casual workers most often are paid less, have less benefits, are forced to accept highly flexible work schedules etc. Regular workers as well come under pressure to accept concessions if they want to avoid further casualisation. In that sense, casual work is an attack on **workers interests**, an attempt by capital to move the balance of give and take in labour relations to their favour in order to increase profit, and should be restrained and restricted wherever possible.

However there is yet another detrimental side to casual work: it constitutes very often a violation of **workers rights to unionise**: Labour agencies, outsourcing subcontractors and similar intermediators often ignore even legal standards. Even more importantly, the construction of precarious work relationships in itself often makes it impossible to form and join unions, and thus violates the right to freedom of association and thus the right to collectively defend labour. In some countries, temps and agency workers cannot be part of a union legally, or at least not of the bargaining union at their de facto workplace. That happens for example in India, where such workers often constitute the vast majority of the workforce. In other countries, casual workers that join unions are effectively terminated or not renewed their contracts, as has happened in 2007 in Russia, when contract workers at Coke St. Petersburg tried to form a union. In yet other countries, casual work takes the form of pseudo-entrepreneurship - and which union could represent the rights of the "self-employed" workers? Even if they organise collectively, they cannot make use of the legal protection and bargaining rights trade unions enjoy.

The ILO has said it clearly in its report about labour relations in Coca-Cola in Colombia: "The outsourcing of certain areas of the operation processes and, increasingly, of the production processes themselves, makes it difficult for the workers concerned to form or join unions". The fight against casualisation, thus, is part of the struggle for the right to organise.



#### **Support the Global Coca-Cola Alliance's "Charter of demands against job destruction"!**

*Upon decision of the IUF Global Coca-Cola Workers meeting in May 2008, the IUF Global Coca-Cola Workers Alliance has made fighting casualisation and job destruction one of its priority issues. The Alliance has developed a Charter of demands expressing minimum standards Alliance members strive to achieve. You can download the text of the charter from <http://www.iuf.org/drupal/?q=node/122>. And you can find out how to support the charter from <http://www.iuf.org/drupal/?q=node/218>.*

The Coca-Cola Alliance Circular is a bimonthly publication of the Global Coca-Cola Workers Alliance produced by the International Union of Food and Allied Workers IUF. For any questions, comments, and contribution, please contact Gisela Neunhoeffer at [gisela.neunhoeffer@iuf.org](mailto:gisela.neunhoeffer@iuf.org). More news and links can be found on the Alliance website at [www.iuf.org/ccww](http://www.iuf.org/ccww). IUF, 8 Rampe du Pont Rouge, CH1213 Petit-Lancy, Geneva, Switzerland