

Mondelēz Union Network

February 19, 2016



Mondelez reported to be recruiting strikebreakers in preparation for US bargaining

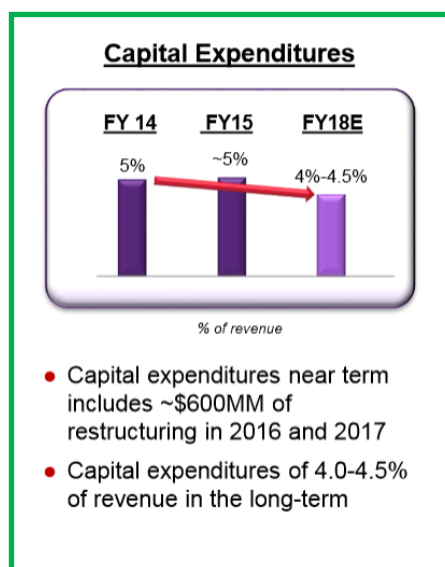
According to a report in the US union-supported Northwest Labor Press ([click here](#) to read), Mondelez has recruited strikebreakers in preparation for national bargaining with the IUF-affiliated BCTGM covering 5 Nabisco biscuit plants and three distribution centers.

Weeks before bargaining formally got underway on February 16, a company called Huffmaster Crisis Response, which provides replacement workers and security and describes itself as "the leading management of strike management solutions", began posting online advertisements for experienced temporary workers "for a possible labor dispute that may occur on or about February 29, 2016." That is the date on which the union agreements expire at the Nabisco sites. The advertisements do not mention Mondelez or Nabisco by name but seek to recruit workers in each of the five cities where the production plants are located.

According to the report, union representatives at the Nabisco bakery in Portland Oregon say that strike replacement workers have already been brought into the bakery to observe union members performing their jobs.

“Top-tier returns to shareholders”

Mondelez workers will learn little they don't already know about the course their employer is taking from the company's February 16 presentation to the Consumer Analyst Group of New York (CAGNY) conference, where “executives of Mondelēz International detailed the company's strategy to deliver top-tier returns to shareholders” (the presentation is [available online here](#)). Mondelez plans to reduce capital investment, and with it investment in the workforce, by a significant percentage over the next three years, in line with the direction established by Kraft before the company was split.



Where the company does invest in expanding/improving existing plant, it will primarily be focused on low-wage and/or non-union countries/facilities – the report highlights the recent investments in Mexico, the Czech Republic and Bahrein. And workers can expect to be asked to directly finance new capital investment themselves, as was the case at the Chicago Nabisco factory where the BCTGM was asked to deliver [USD 46 million annually in cost savings as the price of new investment](#). The BCTGM is now actively challenging this cynical maneuver in order to defend union jobs following the construction of new product lines in Mexico.

Mondelez promises to deliver additional supply-chain 'productivity' and other cost savings to ratchet up margins and deliver still more cash to eager shareholders:

Return Capital to Shareholders	<ul style="list-style-type: none">• \$5.5B share repurchase authorization remaining through 2018• Targeting ~\$2B of share repurchases in 2016• Dividend increasing over time; 30% minimum payout ratio
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And there is nothing in the cash-flow charts to indicate the impending USD 3 billion sale of the European cheese and grocery division, despite reports in the financial press the same day Mondelez was at CAGNY confirming that Mondelez is actively working with Goldman Sachs and JP Morgan on the sale. Mondelez also appears to be in the process of selling off pieces of its European confectionery business.



Mondelez' financial gyrations and portfolio and product reshuffling are gathering speed. Seriously indebted after borrowing heavily to acquire LU and Cadbury in the search for 'scope', the former Kraft split itself in two in the name of 'focus'. Since Kraft, now [Kraft Heinz](#), can exercise an option on its ownership of the European rights to Philadelphia cream cheese, Philadelphia could return to Kraft Heinz. If not, according to [The Drum](#), "French dairy business Lactalis has been identified as one potential bidder alongside private equity firms such as Advent International and Carlyle." And in a further riff on 'focus', [Seeking Alpha](#) observes that "Ultimately, a refocused Mondelez could attract a bid for the entire company."

The coffee (and the cash) go round and round

The former Mondelez coffee business has been on a similar corporate 'journey'. Mondelez, asserting that coffee was now 'non-core' for a global snacks powerhouse, spun off its coffee business last April to a Netherlands-based investment fund to create a joint venture called Jacobs Douwe Egberts (JDE), in which it now holds 44%. JDE has been steadily squeezing workers and last year provoked a strike at its 'center of excellence' French factory by imposing a 3-shift production system with no extra pay. In North America, coffee stayed with Kraft when it split itself into Mondelez and Kraft Foods Group before being acquired by Heinz/3G.

In August 2015, the US-based Keurig Green Mountain announced a deal with Kraft to bring Kraft's brands into the company's single-serve coffee capsule business. Keurig also markets McCafe jointly with McDonald's.

In December 2015, JAB Holdings – the same investment fund which teamed up with Mondelez to create Jacobs Douwe Egberts – bought Keurig Green Mountain for USD

13.9 billion in cash to take it private, paying a 78% premium to the company's share price and pushing this new 'global coffee platform' deep in debt. Mondelez, one of the investors who backed the buyout, announced it would reduce its stake in Jacobs Douwe Egberts to take a 25% stake in Keurig – a “non-core” business where it meets up again with...Kraft, from whom it separated three years ago in the name of 'focus'.

Investors now swap brands and products with ever greater speed, using debt to fund the casino and squeezing workers to pay the bill. Mondelez workers and their unions can legitimately ask whether they work for a food company or a financial speculator.

This is the environment in which the BCTGM is now negotiating a renewal of its master agreement with Mondelez at five North American biscuit factories while fighting the mass layoffs in Chicago. They will need the full support of Mondelez workers worldwide.



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