



THE COCA-COLA COMPANY AND SOUTH AFRICA

Introduction

Coca-Cola operates in South Africa through the Coca-Cola Export Corporation, a company that arranges licensing agreements and sells beverage concentrate and other related products to distributors throughout the country. Through these companies, Coca-Cola products have come to dominate the soft-drink market in South Africa and the company has become one of the largest US employers in the apartheid Republic, with some 4500 workers employed by its subsidiaries and affiliates.

Over the last few years, faced with pressure to divest from activists in South Africa and in the US, Coca-Cola has begun donating small amounts of money to educational and humanitarian programs for blacks. Company officials have also begun speaking out against the most horrendous aspects of apartheid. But there is another reality to Coca-Cola's operations in South Africa: a reality determined by the company's 90% share of the soft-drink market and the hundreds of millions of dollars in sales revenues that the company earns each year off the apartheid system. (1983 sales, according to the Investor Responsibility Research Center, accounted for 5% of the parent company's worldwide sales.)

The forty-eight years in which Coca-Cola's operations have expanded throughout South Africa have also been the years in which the white minority government has instituted and entrenched its apartheid system. Coca-Cola's operations in South Africa, in fact, have been part and parcel of the development of that racist economic system. Apartheid and racism are integral parts of the South African economy, and Coca-Cola, by operating in the white minority Republic, is contributing to the perpetuation of the oppression in that country. It is for these reasons that people in South Africa and in the US have been calling for Coca-Cola to pull out of South Africa and to stop all sales of Coke products there.

History and Operating Companies

Coca-Cola products were first sold in South Africa in the early 1930s and, in 1938, the company opened its first office in the country. By 1981 the company's products accounted for 90% of the soft-drink market and by 1983 company sales were reportedly more than \$260 million, with assets valued at over \$60 million. Since then the company has reduced its investment in South Africa, selling its Letaba Citrus Processors subsidiary in early 1985 and reducing its stake in Amalgamated Beverage Industries from 60% to 40% in January 1986. The Coca-Cola Company, however, continues to have substantial operations in the R600 million per year (\$280 million) South African soft-drink market conducted through the following companies:

Coca-Cola Export Corporation (100% owned by Coca-Cola Company).

Johannesburg. About 200 employees.

Arranges licensing agreements and sells concentrates and other products to Amalgamated Beverage Industries and a network of 36 independent companies that bottle and distribute Coca-Cola products.

Student group asks MSU panel to divest funds

By COREY WILLIAMS
Lansing State Journal

The Associated Students of Michigan State University (ASMSU) student board has requested the MSU Foundation to divest \$500,000 worth of stock from companies doing business in South Africa.

Speaking at Friday's MSU Board of Trustees' meeting, Brian Ivory, ASMSU campus affairs director, said the foundation's involvement with those companies is embarrassing to the university, and asked to have the divestment issue on the board's April agenda.

"This is not a financial issue," he said. "This is a moral issue. Why are profits such a concern when the integrity of this university is in question? It would be more profitable to reassure the observing public that this university is consistent with its support of human rights."

In December the foundation adopted a policy requiring companies to adhere to the Sullivan Principles of equal pay and equal opportunity for blacks in South Africa.

Joseph Dickinson, foundation president, said there has not been an official meeting discussing ASMSU's request, but the foundation believes its policy is the best way to change South Africa's system of separating the races.

"Many leading corporations in this state are Sullivan Principle signatories," he said. "They would believe working from within is the best way to oppose apartheid."

Malcolm Dade, who, with three other MSU trustees, are foundation board members, said he personally has questions about the effectiveness of the Sullivan Principles in promoting change, but doubts the foundation will change its stance.

"The first time the foundation discussed its policy nothing happened," he said. "The second time they voted to adopt the Sullivan Principles' statement. They aren't going to turn around and kick themselves in the butt."

Dade added that the board of trustees may not be able to order the foundation to divest, but a request for divestiture could be made.

According to Ivory, the foundation is painting a negative picture for MSU students.

"It will become apparent to students that a major organization close to MSU isn't sensitive to the anti-apartheid movement on campus," he said. "The foundation has to realize that students here today may at some point in time contribute to the foundation."

Although the foundation's involvement in companies with South African ties is a major issue, it still deserves more discussion and debate, said John DiBiaggio, MSU president.

"It's a highly emotional issue," he said. "People feel very strongly that divestment is the only way to bring the South African government to realize what they are doing is not acceptable. Corporations equally believe staying in the South Africa is important if changes are to be made."

The ASMSU Funding Board voted to allocate \$6,000 to sponsor an "Apartheid is wrong" campaign spring term, ASMSU Funding Board Chairperson Thomas Dobry said. Dobry said the \$6,000, approved by the Funding Board Monday, is an adequate amount to sponsor the campaign against racial segregation in South Africa.

"In the past, we've never had near that much asked of us," Dobry said. "We hope that the (Registered Student Organizations) utilize this as a vehicle for student involvement on this campus."

The money will be used for advertising, informing students about apartheid and bringing guest speakers to campus. "It's adequate for what we're hoping to bring to campus," ASMSU Chairperson Zinta Arums said. "But since it's a moral issue, even \$6,000 isn't going to make that big of a difference."

"I think it will be successful, and I encourage groups to take advantage of money being set aside for it."

The Targeted Issue Generation

Committee, which selects a topic of widespread interest each term, unanimously chose apartheid as its target issue Feb. 12.

— Leslie H. Garner

STATE NEWS
NEWSLINE
355-8252

The State News, East Lansing, Michigan Thursday, February 20, 1986
Anti-apartheid campaign funded