



# Coca-Cola in 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.

Amalgamated Beverage Industries (40% owned by Coca-Cola Export Corp., remaining shares: South African Breweries and Cadbury-Schweppes). Johannesburg, Pretoria and Durban. More than 4000 employees. Bottles and distributes Coca-Cola products produced at its three bottling plants.

Columbia Pictures Television (Pty.) Ltd. (subsidiary of Columbia Pictures US, which is owned by Coca-Cola Company). Distributes and sells rights for products of US parent.

Paradise Beverages (subsidiary of Coca-Cola Export Corp.). Windhoek, Namibia. Handles distribution of Coca-Cola products in South African-occupied Namibia.

#### Labor Practices

In the mid-1970s, under pressure from workers and activists inside South Africa and in the US, Coca-Cola instituted some training programs for its black employees. Since then the company has widely publicized its efforts to train black employees and improve the lives of its black workers.

But despite these programs, in 1983 black workers at Coca-Cola's subsidiaries were still making only about one-third what white workers made. In addition, while Coca-Cola has advanced some black employees into semi-skilled positions and low level supervisory roles, in its more than forty-five years of operation it has not managed to advance significant numbers of blacks into managerial or professional jobs.

And in spite of Coca-Cola's claims of enlightened labor practices, Amalgamated Beverage Industries did not recognize the Food and Beverage Workers Unions at its bottling plants until after a series of strikes in 1983. Little is known about the independently owned companies that bottle Coca-Cola products, but labor conditions at those companies are reported to be even worse. Workers at the Umtata Bottling Company, for instance, organized a series of protests against management racism and brutality in early 1986.

#### Conclusions

Despite some recent changes, Coca-Cola continues to dominate the soft-drink market in South Africa and through its affiliate, Amalgamated Beverage Industries, the company remains one of the largest US employers in the apartheid Republic. Far from teaching the world to "sing in perfect harmony," Coca-Cola is today supporting the only society in the world where racism is enshrined in the law of the land. In South Africa, apartheid seems to "go better with Coke."

For all these reasons, black people in South Africa, including church, labor and community leaders, and their supporters in the US, have called for Coca-Cola to withdraw completely from South Africa.