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Coke given permission to pump deeper into Australian aquifer

This week Coca-Cola gained more control over precious water resources in a region 100 kilometres north of Sydney, Australia, where residents say the company is sucking the aquifer dry. Last week the company was given permission by authorities to bore deeper into the Peat's Ridge aquifer where Coke's Peats Ridge Springs bottling plant is located. Leading up to this most recent ruling, local residents have been battling the company's plans to expand operations at the plant which would triple the amount of water extracted annually.

This story began when Coca-Cola Amatil, Coke's Australian bottler, bought Peats Ridge Springs bottled water company in June 2003. Later that year, Coca-Cola Amatil sought to expand operations announcing their desire to increase its annual water licence limit from 25 million litres to 66 million litres.

The move was met with opposition by local residents and farmers who were living through an extended drought. A neighbouring city council in Gosford, who opposed the expansion, said that it would further reduce the city's dwindling water supply, estimating the expansion would reduce water flow into a local dam by 41 million litres annually.

In May 2005, the city council rejected the proposed expansion saying they would wait for the results of a report by the Department of Natural Resources on groundwater supplies and the impact of water extraction on the local water system. Instead of waiting for the report Coke responded by taking the city council to the New South Wales Land and Environment Court claiming that their application to increase output from its Peats Ridge plant had already been granted by the Department of Natural Resources and Planning.

In October 2005, the court ruled in Coca-Cola's favour, saying that the company could go ahead with its proposed expansion on a 2-year trial basis with certain restrictions.

The situation took a bizarre twist in March 2006, when millions of litres of water 'went missing', dropping the aquifer nearly to the point where Coke would have had to stop water bottling entirely. The aquifer was nearing 10 metres below ground level – the point at which the company was required to cease production altogether and contact the Department of Natural Resources under a licence condition. To avoid hitting that mark, the company cut water extraction by 85 per cent for the next four weeks. Coca-Cola Amatil corporate affairs manager Alec Wagstaff said that a 'third party' had extracted a huge amount of water, thus impacting the aquifer. Wagstaff called it the 'great water mystery', admitting that 'there needs to be better monitoring of water in the area.' Local residents said that Coca-Cola Amatil was to blame for the dropping water levels. Community group member and Peats Ridge resident Peter Campbell commented on the lack of control over water takings in the region saying that 'nobody knows what is happening down there.'

To avoid losing out on precious profits, Coca-Cola Amatil immediately applied to the Land and Environment Court to have the 10 metres below ground level condition removed from its license. In response to Coke's move, the Gosford city council said that they would use any legal means necessary to stop the company from changing a key condition of its water extraction license.

Last week (May 23), Coke won its legal battle to change the 10 metre aquifer drawdown limit to 15 metres despite numerous claims by farmers and the city council that the bottling plant is the source of the water scarcity problems. Three hydrogeologists, one acting for Coca-Cola Amatil, one for Gosford Council and one for the Natural Resources Department, agreed on the new 15 metre mark. Peter Campbell said that that he was disappointed that the 10 metre rule was not enforced, saying that the ruling will encourage Coca-Cola to simply head back to court every time aquifer levels drops.

The struggle in New South Wales highlights how bottled water companies will stop at nothing to extract water and sell it. Even in the face of a dwindling supply of water in the aquifer, Coca-Cola has decided that it needs to continue boring deeper. This story is likely not over, and may not end until Coke's meters are reliably monitored, all area water diversions are tracked, and the rate of aquifer drawdown in each area is carefully assessed, to provide the necessary evidence that specific low groundwater levels are due to acute pumping. Otherwise, Coke may continue to blame the weather or third parties, until perhaps all the water is gone, and the company moves on to another aquifer.

Groups challenge PepsiCo on its home turf

On May 3rd PepsiCo held their annual shareholders meeting in Plano, Texas at the headquarters of the company's snack food division Frito-Lay. During the meeting Pepsi executives were challenged directly by activists from Corporate Accountability International (CAI) for Pepsi's promotion of bottled water as healthy, when in reality it threatens people's health and the environment, and undermines local democratic control over a common resource.

CAI Associate Campaigns Director Gigi Kellett noted, in reference to a growing global resistance to corporate trade in water, that, "As global pressure on Coke grows we're highlighting that Pepsi is another heavyweight player."

Karl Flecker from the Polaris Institute added that the sale of bottled water "is about more than price gouging. Our human right to water is at stake. Problems of water scarcity and access loom larger as profit-driven industry increasingly controls our water supplies"

Coca-Cola expands its global reach in the bottled water business

The company announced in early May that it had purchased Germany's Apollinaris mineral water company for an undisclosed sum. Coke is using the purchase to establish a presence in the growing mineral water segment.

This move by the company is an example of their stated desire to make, what they call, small fill-in acquisitions, primarily in the water and juice categories. The acquisition brings the number of bottled and mineral water companies Coke has purchased since 2002 to twelve.

Apollinaris – Germany 2006

Traficante (acquisition is under review by Italy's competition authority) – Italy 2006

Bankia – Bulgaria 2005

Vlasinka – Serbia 2005

Palm Springs – Australia 2004

Neverfail Springwater – Australia 2003

Roemerquelle – Austria 2003

Peats Ridge Springs – Australia 2003

Multivita – Poland 2003

Chaudfontaine – Belgium 2003

Doma Apemin – Romania 2002

Valser Mineralquellen – Switzerland 2002

PepsiCo is awarded for 'Supporting and Advancing Women Leaders' in the US while the IUF and Polish labour unions take the company to the OECD over sexual harassment and union busting.

On May 22th, the Women's Foodservice Forum (WFF) presented PepsiCo with the Jackie B. Trujillo SOAR award for 'supporting and advancing women leaders'. Chair of the WFF Paula Marshall congratulated the company saying that "PepsiCo has successfully created a culture in which female employees are given full, unrestrained access to resources, support and encouragement that allows them to seek and achieve the highest levels of professional and personal success."

The award is the highest honour an organization can receive from the WFF. The WFF, which has 3,000 members, says that the award recognizes the efforts that companies are making in the foodservice industry.

While PepsiCo is relishing the honour of being a 'diverse' and 'inclusive' corporation, the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Association (IUF), jointly with its Polish affiliate Food Secretariat of NSZZ "Solidarnosc", has lodged a formal complaint against PepsiCo International at the Organization for Economic Cooperation and Development (OECD) over sexual harassment of workers, and the illegal dismissal of a trade union officer at a production facility in Poland. (Please see the full complaint here <http://www.iufdocuments.org/www/documents/OECDPepsiCosexualharassment.pdf>).

The IUF's complaint says that violations of the OECD's Multinational Guidelines – a set of voluntary recommendations to multinational enterprises in all the major areas of business ethics, including employment and industrial relations and human rights among others – were repeatedly committed by Frito-Lay Poland Ltd. (a wholly owned subsidiary of PepsiCo) at its plant in Grodzisk. The complaint refers to violations representing serious cases of discrimination at work in the form of sexual harassment and unfair dismissal of eight women workers and the denial of the rights of freedom of association and collective bargaining through the illegal firing of the union chairman and repeated attempts to destroy union membership at the plant.

In late December 2004 eight women were dismissed from the facility after talking amongst themselves about sexual harassment at work. For two years women working on the night shift at the plant were allegedly sexually harassed under threat of dismissal. After the women began discussing the harassment, the night shift supervisor and the human resources manager called upon the eight women to resign with compensation or be fired. The workers' union representative was not at work that day. A few days later, the women filed a report of sexual harassment with the Labour Court. Soon after the charges were filed representatives from the union representing the plant workers met with the

women's employer hoping to persuade the company to investigate the allegations and reinstate the women. The company refused.

Since then the company has fired a trade union officer engaged in the defence of the dismissed workers, and put pressure on union members aimed at driving them to renounce their union membership. The IUF has cited all of these incidents as violations of the OECD's Guidelines.

In light of these accusations, it is a contradiction for a group like the WFF to honour PepsiCo while these actions are being taken against the company at the OECD. Or perhaps the intent of the award is to distract media attention from the serious allegations regarding PepsiCo's abuses of its workers.

After PepsiCo settled its issue out of court, Coca-Cola is sued in California over lead labels

The state of California launched a lawsuit against Coca-Cola on May 16, claiming that labels on Coke products imported from Mexico contain lead. Unlike PepsiCo, who last month settled out of court on the same issue, Coke said it would defend itself against allegations that it uses carcinogenic paint in its Mexican products, some of which end up in the United States.

The suit, brought against the company by California Attorney General Bill Lockyer and Los Angeles City Attorney Rocky Dlgadillo, demanded that the company and its Mexican affiliates stop using lead based paint on soda bottles imported from Mexico. Coke responded saying the claims were 'outlandish,' 'irresponsible' and 'greedy', adding that the suit has "everything to do with political ambition and with the greed of a bounty-hunting attorney."

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