

Campus Exclusivity



**Dasani or Aquafina. Coca-Cola or Pepsi.
What choices do you really have?**

a look inside **EXCLUSIVITY CONTRACTS**

»» **THE COLA KINGS ARE USING UP THE WORLD'S WATER AT AN ALARMING RATE – AND THEY ARE RAKING IN DIZZY PROFITS FROM THE EXCLUSIVE SALE OF THEIR PRODUCTS IN HIGH SCHOOLS, CAMPUSES AND COLLEGES ACROSS NORTH AMERICA.**



cola kings walking on water

THE COLA KINGS, Coca-Cola and Pepsi, are re-casting themselves into water lords as they push their bottled water, juices and sport drinks. In early 2000, Aquafina had become the best selling, single serving bottled water product in North America and Coca-Cola's Dasani is ranked 2nd to the grand water thief, Nestlé, for overall sales in North America. A major piece of Coca-Cola and Pepsi's market share in bottled water is concentrated in schools where both benefit from exclusive beverage or vending contracts. The cola kings are shifting the product lines in their vending machines from carbonated soft drinks to juices, bottled or flavoured waters, and sports drinks. Coca-Cola and Pepsi want

it all; on the one hand they continue to sell dehydrating soft drinks and on the other they push their bottled water lines as hydrating alternatives.

The switch from sugary drinks to juices, waters and sports drinks gives the impression the pop kings are concerned with providing healthier beverage choices.

However, studies conducted at the University of Maryland found that dental enamel, the hard, outer coating of our teeth, is rapidly eroded by these drinks. The most damage was caused by lemonade, followed by energy drinks, sports drinks, citrus-flavoured "fitness" water, ice tea and finally, cola. Juices don't fare much better, a study of ten

thousand preschoolers in the US found that children who regularly drank juice drinks, doubled their risk of becoming seriously overweight. Additionally, studies showed juice drinks did the opposite of quenching thirst and left children tired, irritable and even thirstier than before.

Coca-Cola and Pepsi aggressively pursue exclusive beverage agreements with schools and school districts. These contracts, known as exclusivity or vending contracts, give beverage companies exclusive rights to sell their products on school grounds and typically, exclude all competitors including local business or healthy beverage alternatives.

Exclusivity contracts include

stiff conditions like guaranteed compensation if contracts are broken and the right to include corporate logos on school property or school team uniforms. In addition, schools have been obligated to sell an enormous number of corporate products over the life of the contract. If schools fail to sell their quota, they forfeit payments or are obligated to extend the timeframe of the contract.

In one case, a fifteen year old cheerleader, Andrea Boyes, a student at West Salem High in Oregon, came up with an idea to sell bottled water to raise funds for the cheerleading squad. She wasn't selling Aquafina, so Pepsi, who had an exclusive contract to

campus **exclusive**

School/business 'partnerships' have seen tremendous growth. In 1999 there was less than 1 billion dollars worth of deals and by 2001 the figure had grown to more than 2.5 billion US. The youth market by itself is estimated to be worth \$20 billion/year.

Campuses across the country are increasingly dominated by corporate-driven values, of which exclusivity contracts are only one facet. Universities and colleges increasingly reflect the Big Business model whether it is by naming buildings or seeing students as customers rather than citizens. Exclusivity contracts are another way that the growing connections between campus and 'McWorld' are becoming more apparent.

sell products at the school, quickly put an end to Andrea's fundraising initiative.

Campus activists have found that once a contract is signed with beverage giants like Coca-Cola or Pepsi, vending machines are often positioned in strategic places throughout their schools. At Queen's University, in Kingston, Ontario, students documented the placement of machines that obstructed access to water fountains.

At the University of British Columbia (UBC), home of the first Canadian university exclusivity contract, maintenance staff (CUPE workers) found that 44% of water fountains were removed or disabled on the UBC campus in the first three years of the beverage contract.

Queen's University engineering professor Darko Matovic developed a utility calculator that shows how much energy vending machines on campus use. In the case of Queen's, he has shown that Coke's vending machines electrical usage can cost the university between \$75,000 and \$175,000 per year, which sizably

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We know high school students will continue to drink Coca-Cola products for 50-60 years ... We're trying to gain their business for the future

— *Coca-Cola's youth market representative*

reduces the value of the 'cash for access' deal valued at \$500,000 per year.

Find out how your university powers up and pays out: check out our energy utility calculator at www.insidethebottle.org.



exclusivity Contracts

What is an Exclusivity Contract?

THESE CONTRACTS, also known as pouring or vending contracts, give cola companies the exclusive right to sell their products on school grounds. These contracts require a long term agreement (i.e. ten years) in which the school agrees to promote and sell the vendor's beverages within the

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Schools are struggling to meet costs and budgets are being voted down, so they're looking for new sources of revenue. And us, we always look for ways to connect with teenagers.

— Pepsi spokesperson
David DeCecca

school. In exchange, the school will receive a set amount of cash and/or other, often much needed, resources.

The financial benefits of exclusivity contracts need to be weighed against the fine print of contracts, which include corporate gains like guaranteed compensation if contracts are broken, or the right to include corporate logos on school property and team uniforms. Schools are also obligated to sell an enormous number of corporate products over the life of the contract. If they fail, penalties apply, like extending the life of the contract.

The contracts are typically negotiated with extreme confidentiality and contain many conditions like excluding all competitors, including local business or healthy beverage alternatives.

Linking your school's reputation with corporations like Coca-Cola or Pepsi, which have tainted track records globally, is perhaps one of the most disturbing aspects of exclusivity contracts. Extensive research has exposed human rights, environmental and labour abuses

by these corporations who want to ‘partner’ with schools for a price. Want to learn more about these corporation’s track records? Check out their corporate profiles at: www.polarisinstitute.org



why target Coke?

IT IS ONE OF THE WORLD’S most powerful and profitable corporations with an egregious track record of human rights abuses, environmental devastation and substantial labour rights violations. Coca-Cola is a long standing American corporation with a global appetite to hawk its products which have at best, dubious value.

Human Rights and Labour Abuses — Colombia, South America

Since 1989, paramilitary forces have murdered eight union leaders working at Coca-Cola plants in Colombia. Dozens of other workers have been intimidated, kidnapped, or tortured.

There is substantial evidence

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Coke is an inessential item. If it were wiped off the face of the earth, nothing negative would happen, and that wouldn’t be a loss to anyone.

— Deval Patrick former legal counsel for Coca-Cola Corporation and candidate for Governor of Massachusetts

linking managers of several bottling plants to the paramilitary groups carrying out the attacks. For example, a plant manager publicly announced that he had ordered the paramilitary to destroy the workers’ union, SINALTRAINAL.

In 1996, paramilitary members entered the Carepa plant and murdered union leader Isidro Gil inside the factory. Paramilitaries returned two days later and forced all the plant’s workers to resign from the union. Once the union collapsed, the corporation

replaced experienced workers earning \$380-\$450 a month, with new employees earning \$130.00 a month, Columbia's minimum wage.

Environmental Damage

According to the Grass Roots Recycling Network, ten billion plastic Coke bottles containing over eight hundred million pounds of virgin plastic are discarded in one year. Sixty four percent of all plastic bottles are thrown into the garbage, largely because companies like Coca-Cola refuse to take their bottles back.

Since Coca-Cola set up shop in Plachimada, India, local farmers have seen their wells dry up and crop yields shrink, forcing

many to abandon their farms. Despite the regions extended droughts, Coke continued to extract water from their boreholes, while two thousand families in the area were adversely affected by the lack of water.

In January 2004, the Indian parliament banned the sale of Coca-Cola and Pepsi carbonated products in its cafeteria after tests found high concentrations of pesticides and insecticides in the colas, making them unfit for consumption. Some samples showed toxin levels thirty times the standard allowed by the EU.

Again in India in August 2005, the State of Kerala's Pollution Control Board issued a report that found heavy metal

you may not **know it, but...**

Coca-Cola also produces:

- » Fanta
- » Sprite
- » Barq's
- » Fruitopia
- » Danone's spring water brands in the US
- » Minute Maid
- » POWERade
- » Dasani (tap) water
- » Evian
- » Crush
- » Schweppes (outside Australia, Europe and North America)
- » Dr Pepper
- » Coke sells close to 400 drink brands worldwide including coffees, juices, sports drinks and teas in two hundred countries.

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All of us in the Coca-Cola family wake up each morning knowing that every single one of the world's 5.6 billion people will get thirsty that day. If we make it impossible for these 5.6 billion people to escape Coca-Cola, then we assure our future success for many years to come. Doing anything else is not an option.

—Coca-Cola Annual Report

concentrations of cadmium in the sludge and effluent originating from the Kerala Coca-Cola. The heavy metal concentrations were “400-600%” above permissible limits. A Supreme Court Monitoring committee inspected the plant site and surrounding area and

found that due to the “operation of the company severe pollution was caused to drinking water source of a large number of people who are dependent upon well water.”

want more **information?**

www.killercoke.org

www.polarisinstitute.org (look under *corporate profile*)

www.stopcorporateabuse.org

www.indiaresource.org

www.cokewatch.org

www.socialjusticecolumbia.org

www.insidethebottle.org



why target Pepsi?

Human Rights and Labour Abuses

IN MARCH 2003, Pepsi Bottling Group settled more than eight years of litigation agreeing to pay more than \$25 million to workers for overtime they had worked. The case began in 1995 when the New Jersey State Labour Department fined Pepsi for failing to pay overtime to its customer service representatives at five New Jersey facilities. The workers fought Pepsi all the way to the Supreme Court and finally prevailed.

In early 2002, in the wake of Argentina's economic crisis, fifty two temporary workers were fired from one of Pepsi's potato chip factories in Buenos Aires Province. When the workers refused to leave the factory, Pepsi brought in security guards who used force in an attempt to remove the fired workers who are not part of the union. Permanent workers, who are part of a union, quickly organized actions to resist the mass firing. In response, the company deployed armed security

guards to patrol the factory. Other security guards have spied on workers in the lunchroom, while the police tailed unionists' cars in order to intimidate and divide the permanent and temporary workers. The struggle for the rights of temporary workers continues.

Environmental Track Record

In 1990, Pepsi publicly committed to using 25% recycled material in its plastic bottles but later quietly decided this would be too costly. When Coca-Cola announced that they were using only 10% recycled plastic in their bottles in 2002, Pepsi played follow the 10% leader. These meagre commitments amount to 2.5% or a fraction of the unfulfilled 25% promise.

Pepsi, as well as Coca-Cola, have a history of opposing bottle bills (a deposit law that places deposits ranging from 2.5 to 10 cents on beverage cans and bottles) through their extensive lobbying machinery. Consider that deposit systems already in place in ten US states have achieved recycling rates over 70%. Pepsi opposes a national bottle bill because they argue production costs will rise, leading

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Given the interest in worker rights in Coca-Cola production facilities around the world, we should not forget that PepsiCo appears to be denying these rights as much if not more systematically in many of its facilities around the world

—Ron Oswald, International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF) General Secretary.

to a price increase for customers. Consider that Pepsi's annual revenue is over USD\$25 billion/year. Pepsi has also fought environmental groups who want to increase the company's use of recycling by initiating shareholder

resolutions. Pepsi contacted the Securities and Exchange Commission in December 2000 requesting these investors' resolutions be thrown out before shareholders could vote on the matter.

you may not **know it, but...**

Pepsi also produces:

- » Mountain Dew
- » Sierra Mist
- » Mug
- » SoBe
- » Gatorade
- » Dole
- » Tropicana Pure Premium
- » Tropicana Season's Best
- » Tropicana Twister Propel
- » Aquafina
- » Doritos
- » Frito Lay North America
- » Cheetos
- » Tostitos
- » Ruffles
- » Quaker Chewy granola bars
- » Rold Gold
- » SunChips and much more

Want more information?

Visit www.polarisinstitute.org.

Look under *corporate profiles*,
Pepsi Co.

Is the money for cash-strapped student unions and the university worth it?

Consider that the money Coca-Cola or Pepsi offer actually comes from people putting their OWN coins into a vending machine, for a carbonated drink, sweetened juice, a bottle of doctored tap water or exploited spring water. After a profit is extracted from their coins, a portion is annually returned to the university.

Instead, try these numbers as an example: **Queen's Coke contract is valued at approximately five million CDN over a ten year period or**

\$500,000 per year.

Queen's has a population base of approximately twenty thousand (students, staff and faculty). When divided by \$500,000, this amounts to \$25.00 per student. This deal is the equivalent of one year population cohort giving the university just \$25.00 per person over a 10 year period. So Coca-Cola gets ten years' monopoly access, long-term customers, gets to hawk its logo all over campus, link its reputation with an Ivy League university and make tremendous profits. For a university with prestigious awards for preparing students for the business world, does this sound like a good deal for the university?

what can **\$1.50** buy?

How about the deaths of **Isidro Gil** and his wife, **Jose Elezar Manco David**, and **Luis Enrique Gomez Granada**; hundreds tortured, kidnapped, and/or illegally detained by violent paramilitaries in Colombia where Coca-Cola has a powerful presence.

For about \$1.50 for a Coca-Cola product, there is also the bonus association of stealing water from already economically burdened farmers and labourers in India and Mexico, to name a few places, and ten billion virgin plastic bottles discarded in one year.

If you'd like to understand how this adds up, visit Polar Institute's Coca-Cola corporate profile at: www.polarisinstitute.org.



creative Resistance

STUDENTS ACROSS the US and Canada are taking action against the pop kings for a number of reasons ranging from opposition to the growing corporate take-over of schools, to concerns about the environmental, human rights and labour practices of these corporations. Students are demanding the withdrawal of exclusivity contracts; in some cases the vending machines themselves have been dramatically removed.

Students have campaigned to end the selling of Coke products in more than forty colleges and twenty universities in North America, and the list is growing. Activists have staged 'die-in's' to dramatize the consequences of the pop king's massive water takings, or have organized postering vending machines with warnings of the social and environmental consequences of bottled water. Students have hosted 'taste test' booths to see if people can tell the difference between tap water and Dasani bottled water.



Coca-Cola Corporation uses **MORE THAN** three litres of water to manufacture one litre of their beverage product

Challenging the major corporate players in the bottled water industry needs the creative energy of student activists. **Are you up for the job? Wondering how you can get a campaign started on your campus?**

Establish your goal

» **Organize meetings** with your student union(s), Public Interest Research Groups, supportive faculty, administration and university staff.

Who can seduce you over your ipod, or TV, in your **home, school** or **community?**

Who can get you to lick your lips for their salty or sweet tastes? Who sees the world not as black or white – but as a big red, white and blue ball? Doesn't that make you think of corporate colour coded imperialism?

Try Pepsi— the corporation that has got you covered from pop and chips, to porridge and power drinks.

In recent years, many activists have become aware of Coca-Cola's corporate malfeasance in South America and India, but what about its number one competitor, Pepsi? If you'd like to learn more about the Pepsi brands, financial details and social and environmental records, and particularly its role as a water baron, check out the Pepsi corporate profile at www.polarisinstitute.org.

» Utilize the information from this kit and the Polaris Institute (www.polarisinstitute.org) to make presentations and create a activist base for this campaign.

Find the Contract

» A deal is likely in place if you see the presence of many of the same corporation's vending machines. Ask school officials and student government leaders to disclose the contract in its entirety. If they don't, use your 'Freedom of Information/Right to Know legislation' or 'Access

to Information' policies.

» Demand complete disclosure of the exclusivity contract from academic and student government bodies. The demand should come from a variety of concerned members of your campus.

Raise Awareness

» **Raise awareness** amongst staff, student, faculty and administrators of concerns with the beverage industry and their exclusivity contracts. Use campus media — print, radio and TV — to get your message out there.

» **Challenge the math** in the contract. Consider the value of University ethics and reputation against the cost of association with corporate malfeasance; the cost to power the vending machines; the costs to personal health, human rights and the costs to our environment and limited water supplies.

» **Conduct high profile tests of the health impacts** or cleansing powers of carbonated products of Coca-Cola and Pepsi. See how the fuzzy drinks perform as urinal cleansers. Rank your findings relative to standard cleaning solvents. This test has been demonstrated in public urinals in India with pristine results. Inquire as to whether university workers and unions will be supportive of this campaign. Remember workers in the public sector provide

service to the public — their job is not to subsidize the private sector!

» **Conduct a survey** of the number and condition of the water fountains in your school. Ask if there is a connection between the number and condition of fountains and the presence of vending machines.

» **Conduct a blind taste test** comparing the bottled water sold at your campus (Dasani for Coke, Aquafina for Pepsi) with public tap water. Use this as an opportunity to disseminate critical information to students, administrators, faculty and workers on the industry's bottled water scams.

» **Present videos** detailing beverage corporate behavior at public events and classrooms — *The Cola Conquest* is very good.

» **Organize a campaign of letters to-the-editor** of your campus paper that offer a critical analysis of the beverage industry and exclusivity contracts.



alternative CHOICES

» **Promote student awareness** on campus about the issues associated with the increased social, ethical, economic and democratic implications of exclusivity contracts.

» **Organize a working group** to find alternatives to beverage exclusivity contracts on campus.

» **Order the campaign materials** from the Polaris Institute www.polarisinstitute.org and www.insidethebottle.org, or the Campaign to Stop Killer Coke www.killercoke.org

Solidarity

» **Make use of contacts** with national student union organizations, Public Interest Research Groups (PIRGs) and with union and water activist groups in order to exchange ideas and tactics.

What can campuses have instead of exclusivity contracts?

IMAGINE OTHER WAYS money can be generated from a campus initiative.

» **Wondering where to start?** What about fighting for student/community run restaurants on campus? Such joint ventures could practice and promote the use of local products, growers, and suppliers. If your student union already has a restaurant, do some research into local businesses/growers in your area and make a business proposition to introduce their products on campus.

» **Queen's University against Coke (QUAKC)** proposes having a student run organization that is democratically elected that owns and operates the distribution of cold beverage and vending services on campus as an alternative to exclusivity contracts. This would entail the creation of a student run organization that is democratically

elected, responsive to student demand for products, and ethically and environmentally sensitive. The benefits would include: a wide range of choices on campus, which would include cheap alternatives in pop, juice, and snacks, student employment and opportunities to operate a business, and the ability to direct the a percentage of profits each year back into student programs.

» **What if different academic disciplines created such a venture, employing knowledge and learning opportunities from commerce, community health and epidemiology students, area farmers and small business people, — imagine the possibilities.**

» **Think this is ambitious? Of course it is — but don't a lot of ambitious initiatives take place at universities? Solar cars, neutrino research, innovative community based healthcare, — sound public policy?**

Working examples

» **Check out McGill's Organic Food Coop.** Here's an example of a small scale student run initiative that provides healthy food alternatives to students on campus by supporting local growers/suppliers. Contact them for suggestions as to how to start this on your campus, extend it to include alternative beverages! www.ssmu.mcgill.ca/foodcoop/home