



Strikes at PepsiCo Bottling Plants in China

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Summary:

Workers at Pepsi bottling plants around China went on strike this morning in protest against the recently announced strategic alliance with Tingyi. The workers say that they'll lose out in the deal and that Pepsico China should compensate them for breaking the initial contract.act.

This morning, employees at Pepsico China bottling plants in Chongqing, Chengdu and Nanchang protested against the strategic alliance between Pepsico Inc. and Tingyi Holding Corp., an arm of a Taiwanese-owned parent company and one of China's leading food and beverage enterprises.

Although some of the workers told the EO that "this isn't a strike, we're standing up for our rights," production at many bottling plants was seriously effected by the industrial action.

Some workers also held up banners reading: "Give me Back my Youth, Give me Back my Self Respect!" and "If you Want to Re-marry, First Pay Compensation."

At Chongqing's Pepsi Tianfu Beverage Company, all employees had stopped work in protest at the recently announced plans to exchange the bottling operations of Pepsico China to Tingyi.

When a journalist from the EO visited the Chongqing plant earlier this morning, he found workers wearing blue uniforms had gathered at the main entrance to the factory and were holding aloft banners calling for the company to compensate them and to offer severance payments for workers. At the same time, workers told the EO that prior to the announcement of the deal, the workforce had been kept in the dark about the deal.

On Nov 4, Taiwanese food giant Tingyi announced that they had reached an agreement with Pepsico, the world's second largest food and beverage company.

According to [the agreement](#) , PepsiCo Inc. will swap its bottling operations in China for a stake in Tingyi Holding Corp.'s beverage business - an existing joint venture with Japan's Asahi Group Holdings Ltd. called Tingyi-Asahi Beverages Holding Co. (TAB).

PepsiCo will transfer equity interests in bottling operations in China to this company and in exchange, PepsiCo will receive a 5 percent indirect stake in TAB, with an option to increase the stake to 20 percent by October 2015.

In keeping with the terms of the agreement, TAB will be responsible for the production, sales and distribution of Pepsico's carbonated dinks and Gatorade in China but PepsiCo will continue to possess the Pepsi brand name and be responsible for advertising Pepsico products in China.

Workers currently employed by Pepsico China will have their contracts terminated and they'll be asked to renegotiate new contracts with TAB. Many of the workers that spoke to the EO believe that they'll lose out.

They also said that if Pepsico China plans to unilaterally terminate contracts, then they should pay compensation to employees for violating the original agreement.

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