

BUSINESS ABROAD

Coca-Cola Courts France

Anti-Coke bill is bottled up in Senate committee, so it looks as though Coke's way is clear for conquest of France.

PARIS—Gaudy red and yellow Coca-Cola placards blossomed triumphantly in the windows of all the major Paris cafes this week. Like battle flags they signalled the temporary setback of the Communist spearheaded offensive against "Cocacolonization."

The bill passed last month by the National Assembly to hogtie Coca-Cola was sleeping peacefully in a French Senate committee. And the French government is doing its utmost to keep it there as long as possible. The bill would authorize the Health Ministry to regulate the manufacture and sale of nonalcoholic drinks containing vegetable ingredients. Even if it is passed, odds are heavily against its being enforced by the present regime.

Meanwhile, the lawsuit against Coca-Cola under a 1905 labeling law (spark-plugged by the French association of soft drink manufacturers) also seems doomed—snarled indefinitely in legal machinery. Even an eventual decision against Coca-Cola would only oblige the company to change its labels.

• **Clear Track**—So it looks as though the way is clear for Coca-Cola's peaceful conquest of France. That's a relief to the French government. It has been really afraid that the assault against Coca-Cola might cost France Marshall Plan dollars; the U.S. Congress and public opinion didn't take kindly to attempts against such an American institution as Coke.

The whole stew came to the boiling point in an unusually witty and amiable debate on Feb. 28 when the Assembly approved by a comfortable majority—the law aimed at hobbling Coca-Cola. The debate reflected the whole spectrum of economic nationalism—from Stalinist to cartelist. It all made the French government's talk of the principles of free trading and economic liberalism sound a little hollow. The fact that the debate exploded just as the U.S. Congress was warming up to reconsider Marshall aid for next year embarrassed the French government even more.

• **Communist Plot**—Communist timing has been flawless. The Communist press started thumping the war drums months ago. Seeking to make Coca-



Cola a symbol of American economic penetration of Europe, they used canny slogans like "Cocacolonization." The opening of Coca-Cola's first postwar French bottling plant last December was a signal for total propaganda war.

Communist leaders stumped wine, beer, and fruit juice producing areas—predicting unemployment and bankruptcy as a result of Coke competition. Wine growers, beer brewers, soft drink makers, and professional associations swing in hard behind the Communist line.

A surprisingly large number of French intellectuals also boarded the bandwagon. Several leading conservative newspapers warned gravely that Coca-Cola would wash away the few vestiges of French culture still untouched by Yankee chewing gum, pitterbugging, bebop, and Hollywood. Papers predicted a noxious tidal wave of polychromatic pinup advertising.

• **French Coke Company**—Meanwhile, the Paris Coca-Cola bottling works went busily ahead pumping out its politically-hot cold drink. It is jointly backed by the Pernod Liquor Co. and Glacieres de Paris—a big ice supplier. Total capital invested is 500 million francs.

Current output is 1,200 cases a day, but capacity can be pushed to 5,000 cases a day when all installations are completed within the next couple of months. Coca-Cola bottlers hope to reach the break-even point—six bottles per year per head of the Paris region's 5-million persons—by the year's end. And after that, the sky's the limit as

far as French Coca-Cola men see it. The Paris Coke plant is a pilot project in Coca-Cola's strategic plan of expansion. Independent concessions are already under construction in about a dozen major French cities, but the timetable is still indefinite for these projects. First, Coca-Cola has two major hurdles:

(1) It must convince the French government that a full-scale manufacturing and sales operation here won't drain the slim French dollar kitty too much. The Communists charge that Coca-Cola plans to sell 40 bottles a year to every Frenchman. They claim that this would represent a \$6-million annual drain on French dollar resources in repatriated profits. But Coke officials in the U.S. claim they will leave profits here for a while.

Government economists are keeping mum on this part of the problem—but they are not deaf to Communist arguments. There is a real chance that they will attempt to plug such a dollar leak—maybe even by invoking the proposed law, if it is finally passed.

(2) Coca-Cola men aren't sure that the French will like Coke. They admit that this wine-loving land is the toughest place in the world to sell any kind of soft drinks. But they are going to make special efforts to cultivate the adolescent pre-beer segment of drinkers.

• **Free Publicity**—A fleet of 24 red Renault delivery trucks is the most blatant form of Coca-Cola advertising so far. The company plans to soft pedal regular publicity for the time being. One reason: It has been getting as much as it needs free from the National Assembly and the political press. Particularly valuable have been Communist charges that Coke contains a mysterious toxic stimulant—plus phosphoric acid. Coca-Cola men figure these charges may stimulate perverse French curiosity.

But until international Coke strategists are sure about the French government's attitude toward possible-dollar drains, and until they have better estimates on potential demand from French teen-agers, they will expand only cautiously.

• **U.S. Problem**—"L'affaire Coke" has also given U.S. diplomats here something to think about. The attack on Coca-Cola by the Communists and special interests fed a widespread, old-fashioned nationalistic provincialism and a hostility toward the more garish aspects of the American way of life. It can be broken up fairly easily as long as countries such as France are dependent on Marshall aid. But diplomats are wondering how easily it can be controlled when our aid takes on more informal Point-4 lines. The crystallization of this pattern could become a powerful Communist weapon for economically isolating the U.S.