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KFT \$35.51 (-0.6%)

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Precarious x 3[®]

The layers of precarious employment beneath Kraft's Oreo biscuits and wafers

As Kraft Foods bursts into the Indian market, its famous Oreo biscuits and wafers are produced through three layers of precarious employment: outsourced production (or third-party manufacturing); casual employment; and no employment contracts....

In the past Oreo biscuits and wafers were imported into India, selling at Rs.50 [USD 1.11; Eur 0.78] for 14 biscuits. Now locally manufactured Oreo biscuits have been launched at less than half that price: Rs.20 [USD 0.45; Eur 0.31] for 14 biscuits and in smaller packages (Rs.5 for three biscuits; Rs.10 for seven biscuits) to compete with local brands. After the acquisition of Cadbury, the distribution of Oreo brands was shifted to Cadbury India. Kraft Foods' Oreo is now a major brand in India, aggressively increasing its market share.

Told verbally by a supervisor to stop coming to work, a "terminated" casual worker P. talks to Rajwant Singh (right), Convener of the Punjab State Food Workers' Unions Forum supported by the IUF. The identity of the casual worker (middle) still working at Bector Foods is hidden to avoid repercussions.





But behind this growth is the fact that Kraft Foods has no manufacturing operations in India. (Only the 5 Cadbury India plants acquired in last year's takeover are company-owned). Oreo wafers are produced through three layers of precarious employment: outsourced production (or third-party manufacturing); casual employment; and no employment contracts.

At Bector Food Specialties' plant in Phillore-Ludhiana in the northern state of Punjab, 720 workers make Kraft Foods' Oreo biscuits. Of these 720 workers 625 are directly employed casual workers (500 women and 125 men), 60 are contract workers and only 35 are permanent - just five percent!

The 625 casual workers have no employment contracts and work a minimum 12 hour shift (the factory's 24/7 operation only has two shifts). On average they are paid RS.3,200 per month [USD 71.40; Eur 49.80], which is 17% less than the minimum wage for Punjab state*. Outsourced production with 95% precarious employment and wages below the legal minimum probably explain why Oreo biscuits and wafers are selling at 40% of the imported product price and three biscuits sell for just Rs.5 [USD 0.11; Eur 0.08]

Bector Foods exercises extreme labour flexibility, disposing of workers at will. Without contracts workers can never claim their legal right to permanent employment (under the law continuous employment for 240 days automatically secures the right to a permanent job). More importantly, Kraft Foods is able to distance itself from any employer responsibility - effectively tripling the "responsibility gap".

Bector Food Specialties manufactures its own branded biscuits, Cremica, as well as condiments and sauces. It operates 6 factories in India employing 2,500 workers. In addition to manufacturing Kraft Foods' brands, it supplies other major transnational companies operating in India such as McDonald's.

* The state minimum wage is Rs.3,840 per month based on Rs.147.73 per day for 26 days.

