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Beverage Firms Yield to Pressure On School Sales
By Betsy McKay

Ceding to mounting pressure from consumer advocates and parents, Coca-Cola Co., PepsiCo Inc. and other beverage marketers agreed to halt sales of sugared sodas in schools and limit the size and caloric content of other beverages they sell there.

Under the agreement, which industry representatives announced jointly with an anti-childhood-obesity alliance between the William J. Clinton Foundation and the American Heart Association, the beverage makers said they would limit their beverage sales in elementary and middle schools to bottled water, unsweetened juices and lowfat or nonfat milk products. In high schools, where the majority of school soda sales take place, offerings will be limited to diet soft drinks only, as well as sports drinks, juices, milk and water, the alliance and industry representatives said.

The move affects less than 1% of the beverage giants' U.S. sales, but represents another retreat by soda companies.

Beverage companies and their bottlers have gradually been replacing sugary drinks with healthier offerings in recent years, but couldn't successfully blunt growing criticism over their school marketing practices. Last week, Connecticut lawmakers voted to ban schools from selling sodas and sports drinks -- going further than the new agreement. About 40 states proposed bills last year to improve school nutrition, some of which limited sales of sugary drinks. The industry's latest agreement goes further than voluntary restrictions adopted in August 2005 by the American Beverage Association, the industry's trade group, that placed fewer restrictions on school soda sales.

The changes announced yesterday limit beverage selection, calories and portion size. The new guidelines are voluntary, and the industry isn't pledging to implement them in all affected schools until the beginning of the 2009-2010 school year. Bottlers and schools that sell their beverages will have to renegotiate existing contracts to incorporate the changes.

Susan Neely, president and chief executive officer of the ABA, said the industry would strive to amend contracts in a way that is "financially fair to the school and the bottler."

The Center for Science in the Public Interest, a Washington, D.C., consumer-advocate group, and the Public Health Advocacy Institute, a public-health law group in Boston, said they had been in discussions with beverage-industry representatives for several months seeking limitations similar to those announced yesterday. The consumer-advocacy groups said they had expected industry representatives to offer a set of proposed limitations tomorrow, and were surprised by the announcement. Nonetheless, the groups said as a result they are dropping a threatened lawsuit seeking the removal of caloric and caffeinated drinks from schools, claiming the soda makers were engaging in unfair practices under consumer-protection law in Massachusetts, where they had planned to file the suit.

"We're delighted at this turn of events," said Michael Jacobson, CSPI's executive director.

Ms. Neely said the beverage industry had held discussions with the two consumer groups among "lots of people," including the Clinton Foundation and American Heart Association. The alliance with the Clinton Foundation and the AHA offered "the best opportunity to make a difference," she said.

The New York-based Clinton Foundation, established by former President Clinton, and the AHA, Dallas, formed the Alliance for a Healthier Generation in May 2005 to tackle issues contributing to childhood obesity and promote healthy lifestyles for young people.

Some critics of soft drinks in schools weren't entirely pleased with the new agreement. Soft-drink companies will still be allowed to advertise their products on vending machines, scoreboards and other venues in schools, noted Gary Ruskin, executive director of Commercial Alert, a nonprofit organization that opposes commercialism in schools. Others expressed concern about continued sales of diet soda and sports drinks in high school.

---- Jane Zhang contributed to this article.