

# Coca-Cola Investigation Highlights

## Challenges to Companies Operating in China

by Donald Scarinci

The Coca-Cola Co. is facing allegations of spying in China tied to its use of GPS-mapping technology. The dispute highlights the many [challenges faced by U.S. companies operating in China](#), where the laws often differ dramatically from our own.

The Yunnan Geographical Information Bureau of Surveying and Mapping has alleged that Coca Cola has been "illegally collecting classified information with handheld GPS equipment" in a rural province. Although details of the investigation have not been released, the deputy director of the bureau told China National Radio that companies and individuals are profiting from collecting information and selling it to foreign intelligence agencies. "Mapping information can be used by enemies. So it must be restricted," he stated.

Meanwhile, the beverage company maintains that it is cooperating with Chinese officials and that its activities were entirely business related. Coca Cola told [The New York Times](#) that local bottling plants use "e-map and location-based customer logistics systems that are commercially available in China" to improve efficiency. "These customer logistics systems are broadly used for commercial application across many industries in China and worldwide," the company added.

Coca Cola is reportedly one of 21 entities under suspicion of alleged illegal surveying in the area. The investigations all involve "illegal use of handheld GPS equipment to collect classified information."

Of course, the allegations come amidst escalating tensions between China and the United States over cyberattacks. In recent weeks, the Obama Administration has increased pressure on China to take "serious steps" to prevent mounting hacking attacks on U.S. companies. Chinese officials have denied any involvement in the attacks and characterized the allegations as a political move.

For U.S. businesses operating in China, the situation warrants close monitoring. As the U.S. government continues to ramp up its rhetoric on cyberattacks, companies in China will likely face increased scrutiny.

*If you have any questions about the investigation or would like to discuss how it may impact your operations, please contact me, [Donald Scarinci](#), or the [Scarinci Hollenbeck](#) attorney with whom you work.*