

MONITORING THE SCOPE AND BENEFITS OF FAIRTRADE: TEA

Monitoring Report 10th Edition



FAIRTRADE
INTERNATIONAL



About Fairtrade International

Fairtrade International is a non-profit, multi-stakeholder association that promotes fairer conditions for international trade, empowers small-scale farmers and workers, and fosters sustainable livelihoods.

Fairtrade International develops and maintains the internationally-agreed Fairtrade Standards, owns the FAIRTRADE Mark, and supports the international Fairtrade system. Three regional Fairtrade producer networks representing 1.6 million farmers and workers co-own the international Fairtrade system, which also includes the independent certification body FLOCERT, and Fairtrade organizations in more than 30 countries that promote Fairtrade to business and consumers.

For more information, visit www.fairtrade.net



About FLOCERT

FLOCERT is a global certification body offering verification and supply chain services to ensure social and environmental standards. Founded in 2003 as the single certifier for Fairtrade, the company has six international offices, 125 employees and more than 120 auditors worldwide.

For more information, visit www.flocert.net

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Disclaimer

The monitoring data in this report are based on data collected by FLOCERT, and reported in some cases by producer organizations through the audit process and in other cases by other supply chain actors. Fairtrade International is not responsible for the accuracy of the data. The report has been compiled to the best of our knowledge and is provided for informational purposes only. Fairtrade International reserves the right to update the monitoring data as new information becomes available. The data are provided 'as is' and no warranty of any kind is given for the accuracy and reliability of the data. Fairtrade International will not be liable for any claims or damages related to the quality and completeness of the data, as far as it is permitted under law.

Cover Photo:

Workers picking tea on Fairtrade certified tea estate Satemwa in Malawi.

© Chris Terry

106 TEA

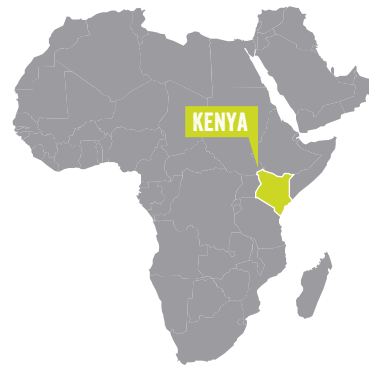
PRODUCER ORGANIZATIONS
REPRESENTING MORE THAN

392,700

FARMERS AND WORKERS IN
11 COUNTRIES



64% OF ALL FAIRTRADE TEA FARMERS AND WORKERS LIVE IN KENYA



€5.3 MILLION IN FAIRTRADE PREMIUM

EARNED BY TEA PRODUCERS



26% OF ALL FAIRTRADE TEA FARMERS AND WORKERS ARE WOMEN



35% IN PLANTATIONS



23% IN SMALL PRODUCER ORGANIZATIONS



45% OF FAIRTRADE WORKERS



AND

20% OF FAIRTRADE FARMERS



PRODUCE TEA



1. KEY DATA: FAIRTRADE TEA



106 PRODUCER ORGANIZATIONS

↓ 4% since 2016



392,700 FARMERS AND WORKERS

↑ 12% since 2016



135,200 HECTARES

↑ 7% since 2016



216,100MT OF TEA PRODUCED BY FAIRTRADE PRODUCER ORGANIZATIONS

↓ 15% since 2016



10,700MT OF TEA SOLD AS FAIRTRADE

↓ 12% since 2016



€5,294,200 PREMIUM EARNED

↓ 12% since 2016

51 HIRED LABOUR ORGANIZATIONS

↓ 5% since 2016

87,230 WORKERS

↓ 6% since 2016



55 SMALL PRODUCER ORGANIZATIONS

↑ 10% since 2016

305,470 FARMERS

↑ 18% since 2016



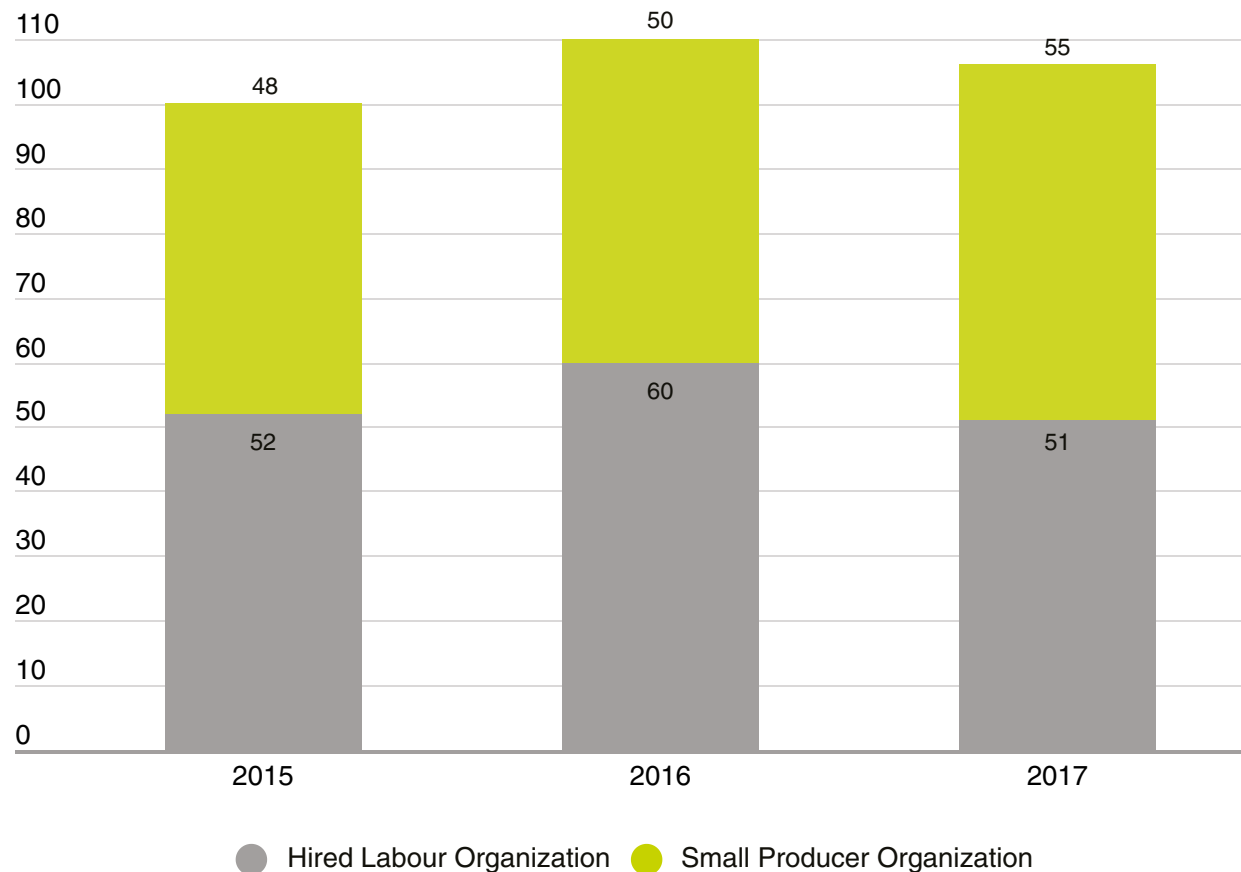
Notes:

Data from 2017.

Numbers above 10,000 are rounded to the nearest hundred.

Metric tonnes abbreviated to MT.

2. NUMBER OF FAIRTRADE CERTIFIED TEA PRODUCER ORGANIZATIONS 2015-2017



BLACK TEA SALES SUFFER DECLINE IN TRADITIONAL MARKETS

Tea is the second most popular beverage in the world, surpassed only by water. Most tea is produced on large estates employing hundreds or thousands of workers in East Africa and Southeast Asia. But there are also a number of small tea producers organized through co-operatives and associations who sell their freshly-plucked green leaf to plantations or tea factories for processing into black tea.

Fairtrade has been working in the tea sector for over two decades. The very first Fairtrade certified tea was launched in the UK back in 1994. Today, more than 390,000 farmers and workers spread across eleven countries are involved in Fairtrade tea production. They represent the highest number of workers within the Fairtrade system – a massive 45 percent.






Fairtrade Standards for tea include origin-specific Fairtrade Minimum Prices¹ which act as a safety net to protect producers against an unpredictable market, as well as the payment of an additional Fairtrade Premium of US\$0.50 per kilogramme of black tea, which producers can invest in projects of their choice. In the case of instant teas, Fairtrade applies a different Premium mechanism – a fixed ten percent of the commercial price is added on top – in order to attract new brands and increase market access for those teas.

The continued overall decline in black tea sales² – especially in traditional tea markets such as the UK – has translated into lower sales volumes of Fairtrade tea, with producers only able to sell a small fraction of their crop on Fairtrade terms. The drop in Fairtrade sales from 2016 to 2017 also reflects the decision by UK retailer Sainsbury's to use its own-brand tea. Still, in 2017, Fairtrade tea sales generated nearly €5.3 million in Fairtrade Premium for farmers and workers.

¹ Teas from Darjeeling as well as certain types of orthodox and instant teas do not command a Fairtrade Minimum Price. For a full list of Fairtrade Minimum Prices for tea, see: <https://www.fairtrade.net/standards/price-and-premium-info.html>

² See, for example, 'Tea Growth Rate in Western Europe is Expected to Decline' (April 2019), which cites a steady four percent per year volume reduction in the UK, and a 2-3 percent drop across Western Europe: <https://worldteanews.com/market-trends-data-and-insights/tea-growth-rate-in-western-europe-is-expected-to-decline>

3. FAIRTRADE TEA-PRODUCING COUNTRIES

	Country	Premium received (€)	Volume sold as Fairtrade (MT)	Number of POs	Number of farmers	Number of workers	Total number of farmers and workers
	Kenya	€1,661,125	3,729MT	31	247,336	5,860	253,196
	India	€1,315,503	2,422MT	30	-	55,528	55,528
	China	€667,305	1,115MT	8	2,431	-	2,431
	Sri Lanka	€438,351	855MT	15	4,186	9,146	13,332
	Rest of the World	€1,211,877	2,603MT	22	51,516	16,696	68,212
	Total	€5,294,160	10,725MT	106	305,469	87,230	392,699

Notes:

- Data from 2017.
- Where there are fewer than three Fairtrade certified producer organizations in a country, the data are aggregated into the 'Rest of the World' category to protect the organization's data confidentiality.
- Metric tonnes abbreviated to MT.
- Producer Organizations abbreviated to POs.

FAIRTRADE AS A PARTNER IN ADDRESSING TEA SECTOR CHALLENGES

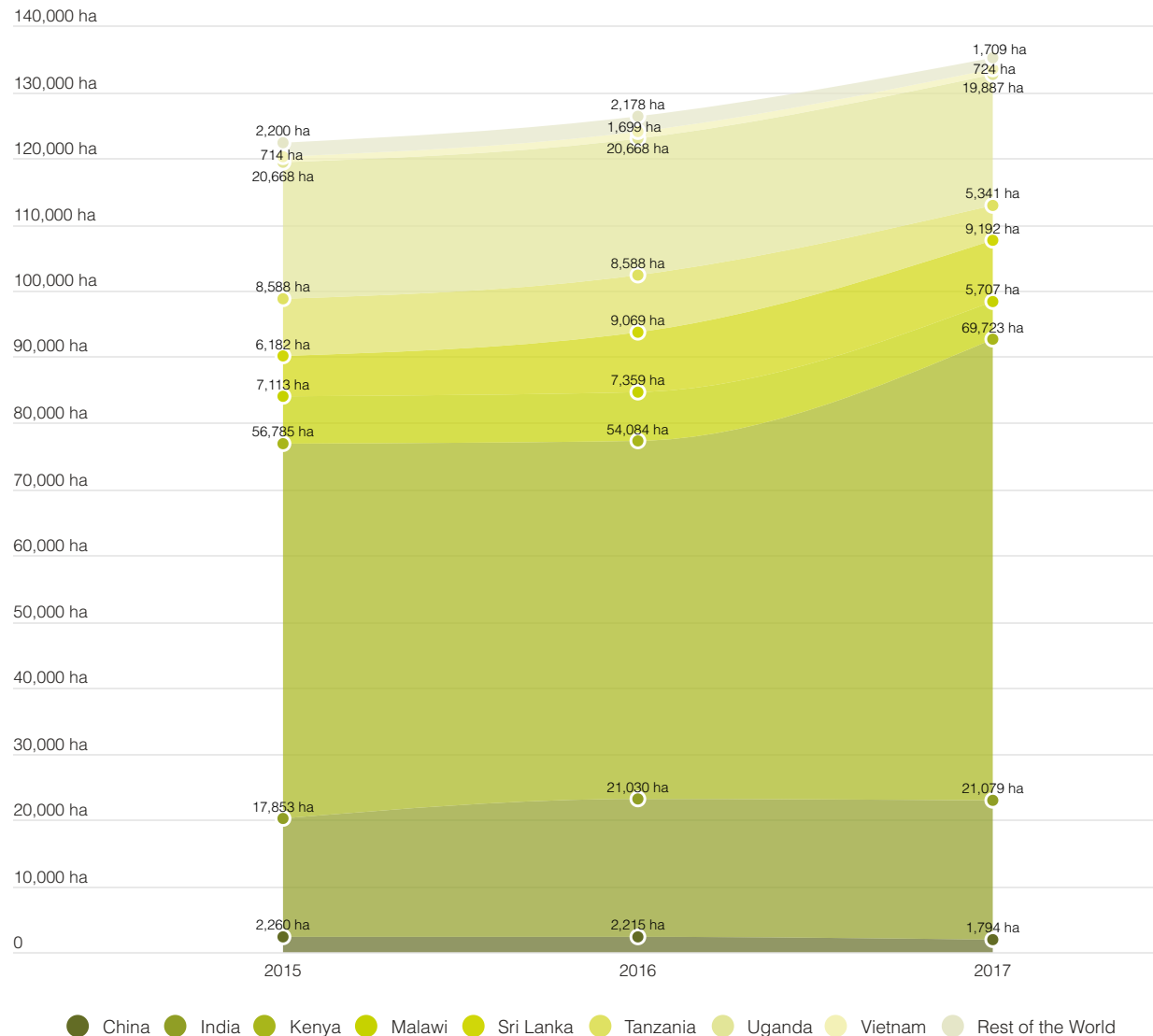
Tea companies are under increasing pressure to address risks and ensure human rights are respected in their supply chains. Fairtrade is the only scheme with a Minimum Price and a Premium for tea and has rigorous social, economic and environmental Standards that are independently verified by FLOCERT. These, combined with our long-standing experience of working with stakeholders in the sector, mean we are well placed to support companies with their sustainability commitments and risk management.

We are reviewing the Fairtrade Tea Standard in 2019 (*see below*), but much more is needed to make a difference on this issue. Fairtrade works closely with stakeholders and advocates to reinforce workers' knowledge of their rights. For instance, we participate in both the Ethical Trading Initiative and the Ethical Tea Partnership which bring together companies and NGOs, certification schemes and producers themselves, to improve things like wages and working conditions across the sector. Fairtrade is also a part of the Global Living Wage Coalition which develops benchmarks for what a living wage would be in different countries and regions.

Fairtrade continues to engage with trade unions and governments in the countries where Fairtrade tea is grown in order to improve overall working conditions in the tea sector. We do this by advocating for legislation that protects workers' rights and by strengthening the capacities of the labour movement. It is clear that engagement from all stakeholders is critical if we are to progress towards a sustainable tea sector.

4. AREA UNDER FAIRTRADE TEA CULTIVATION 2015-2017

In 2017, the area of land under Fairtrade tea certification was **135,155 hectares (ha)** - nearly equal to greater London



REVISION OF THE FAIRTRADE TEA STANDARD: AN OPPORTUNITY TO REDUCE POVERTY AND EMPOWER WORKERS

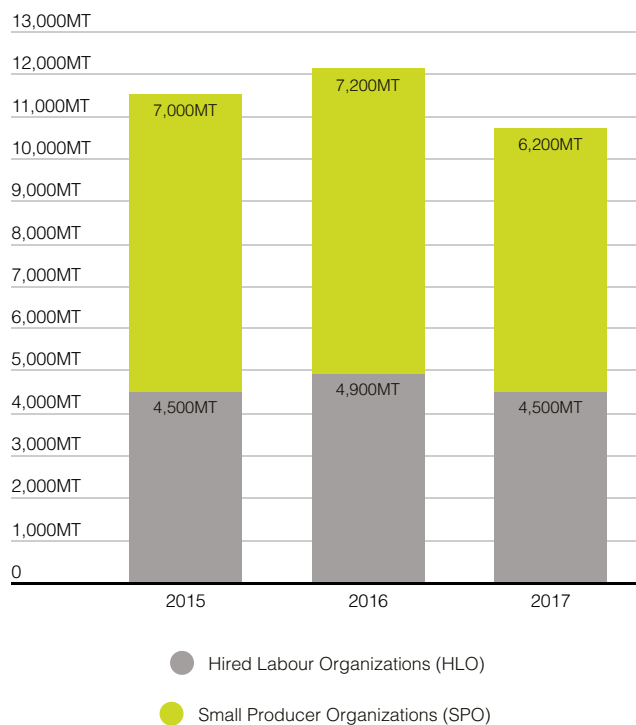
The revision of the Fairtrade Standard for Tea, which also includes pricing, is another important pillar of the strategy for improving the situation for workers on Fairtrade certified tea estates and smallholder tea growers. This process began in September 2018 and will run throughout 2019.

The revision includes a broad consultation with producers, traders, brand owners, and civil society organizations to ensure that the new Standard becomes a sustainable solution for the future. It will, as a priority, address the issue of low prices and wages, and, at the same time, mitigate risks in supply chains.

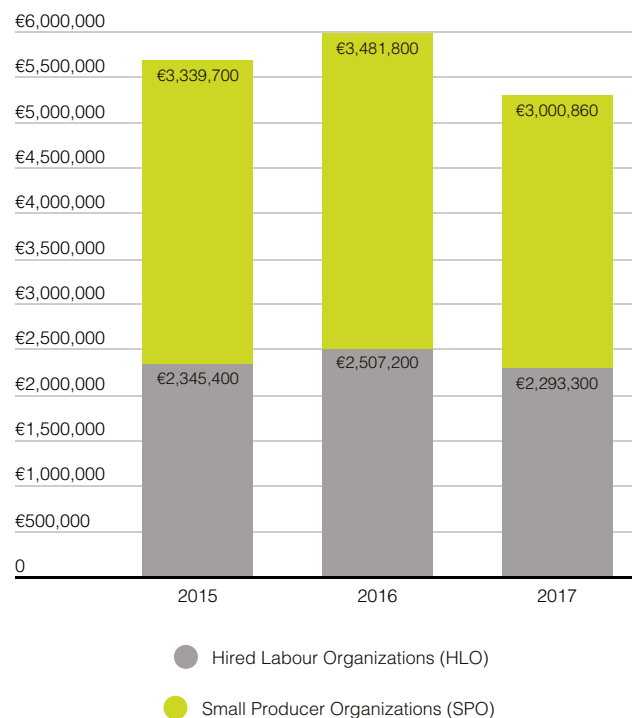
Some of the key topics under consultation include: introducing floor wages, setting up compliance committees for improving working and housing conditions, and fostering workers' empowerment and ownership of Fairtrade certification. There is also need for stronger requirements related to preventing child labour and forced labour, protecting temporary workers, making references to gender more explicit in the Tea Standard, tackling gender-based and other forms of violence, as well as promoting women's empowerment. The consultations also include proposed adjustments to the Price and Premium setting model, which may result in updated Fairtrade Minimum Prices and Fairtrade Premium levels.

5. FAIRTRADE TEA SALES VOLUMES AND PREMIUM RECEIVED 2015-2017

Fairtrade tea volumes sold (MT)



Fairtrade Premium received (€)



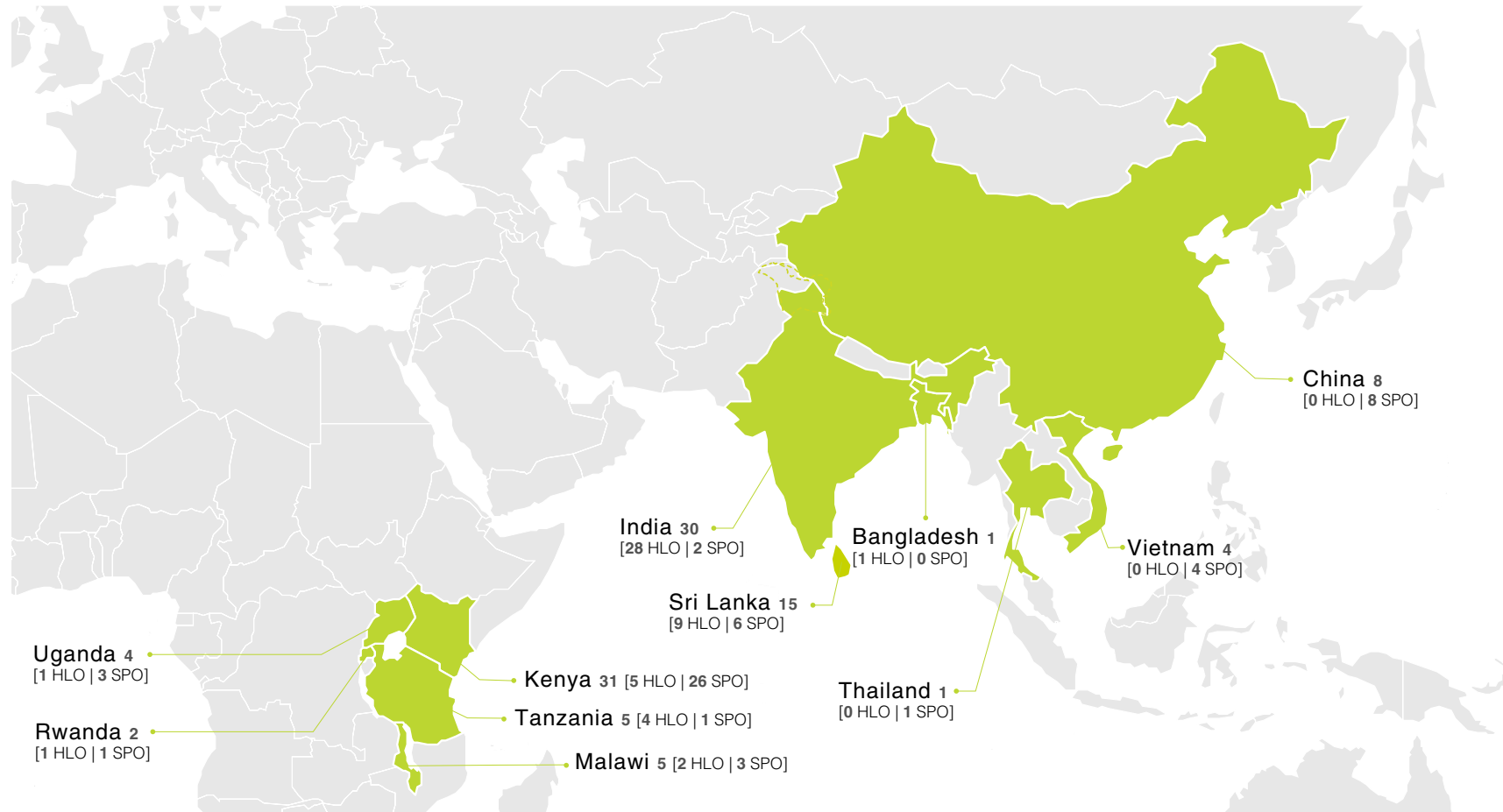
BOOSTING SALES: A PRIORITY FOR FAIRTRADE TEA

In 2018, to support producers' efforts to increase their Fairtrade sales, we implemented the Fairtrade Sourced Ingredient model. Expanding on the existing programmes for cocoa and sugar, this model allows businesses to source Fairtrade tea in bulk quantities and to use a new Fairtrade label on composite products where Fairtrade tea is one of the ingredients. Fairtrade producers get all the benefits of selling on Fairtrade terms, and consumers have a wider variety of sustainable choices. Fairtrade producers also see growth opportunities in the increasing demand for herbal and specialty teas that can command higher price.



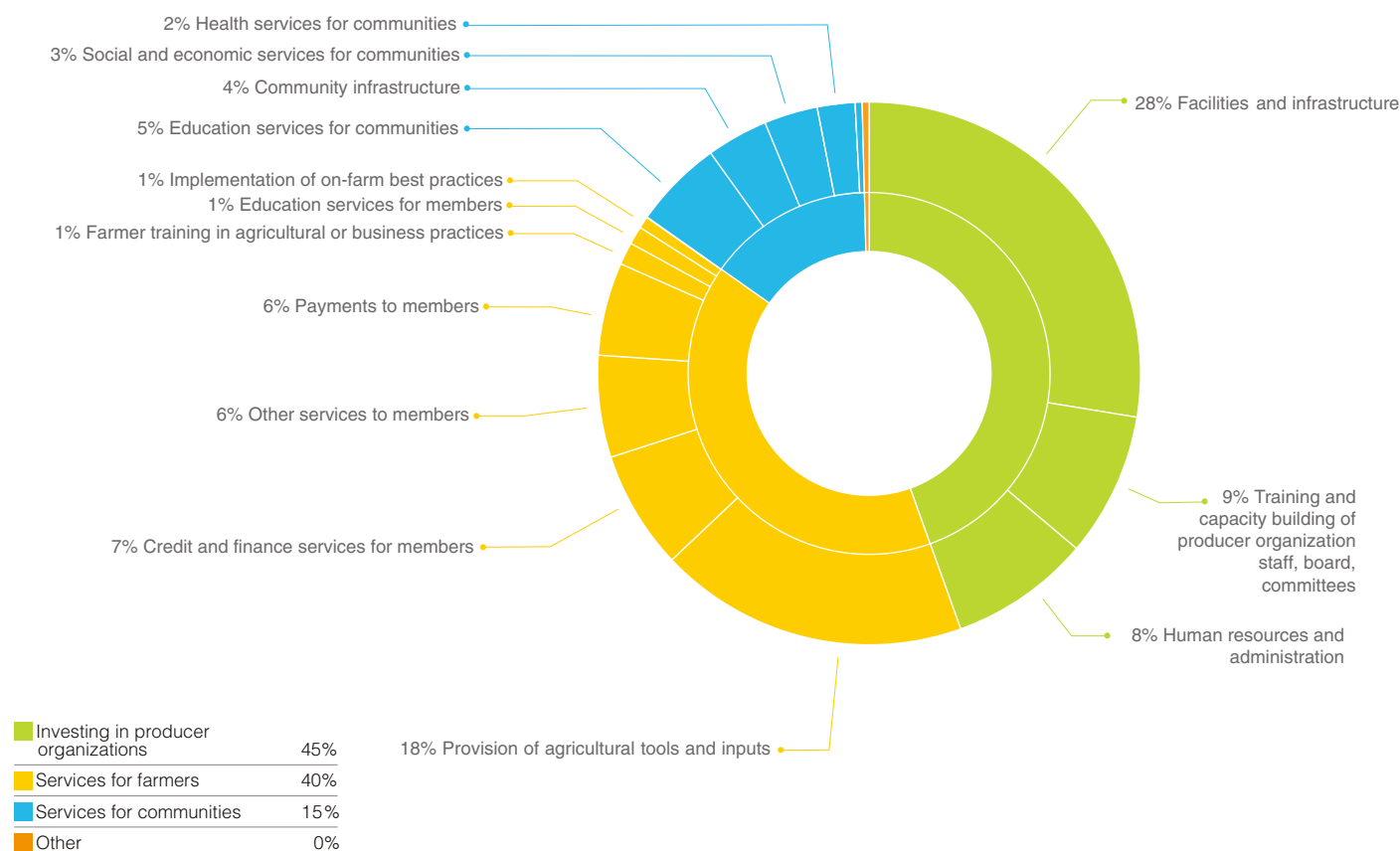
Note:

Data rounded to the nearest hundred.



ELEVEN COUNTRIES WITH FAIRTRADE TEA CERTIFICATION

6. FAIRTRADE TEA PREMIUM USE IN SMALL PRODUCER ORGANIZATIONS 2016-2017



STRENGTHENING COMMUNITIES THROUGH THE FAIRTRADE PREMIUM

Workers on tea estates and smallholder tea farmers face different challenges. Workers often earn low wages, work long hours and typically hold little power in their relationship with estate management. In addition, they often depend on the estate for basic needs such as housing, healthcare, access to water and even education for their children. Farmers face the challenge of low and fluctuating prices for the green leaf they sell, and an inability to invest in modern farming methods or technology. They also lack their own processing facilities.

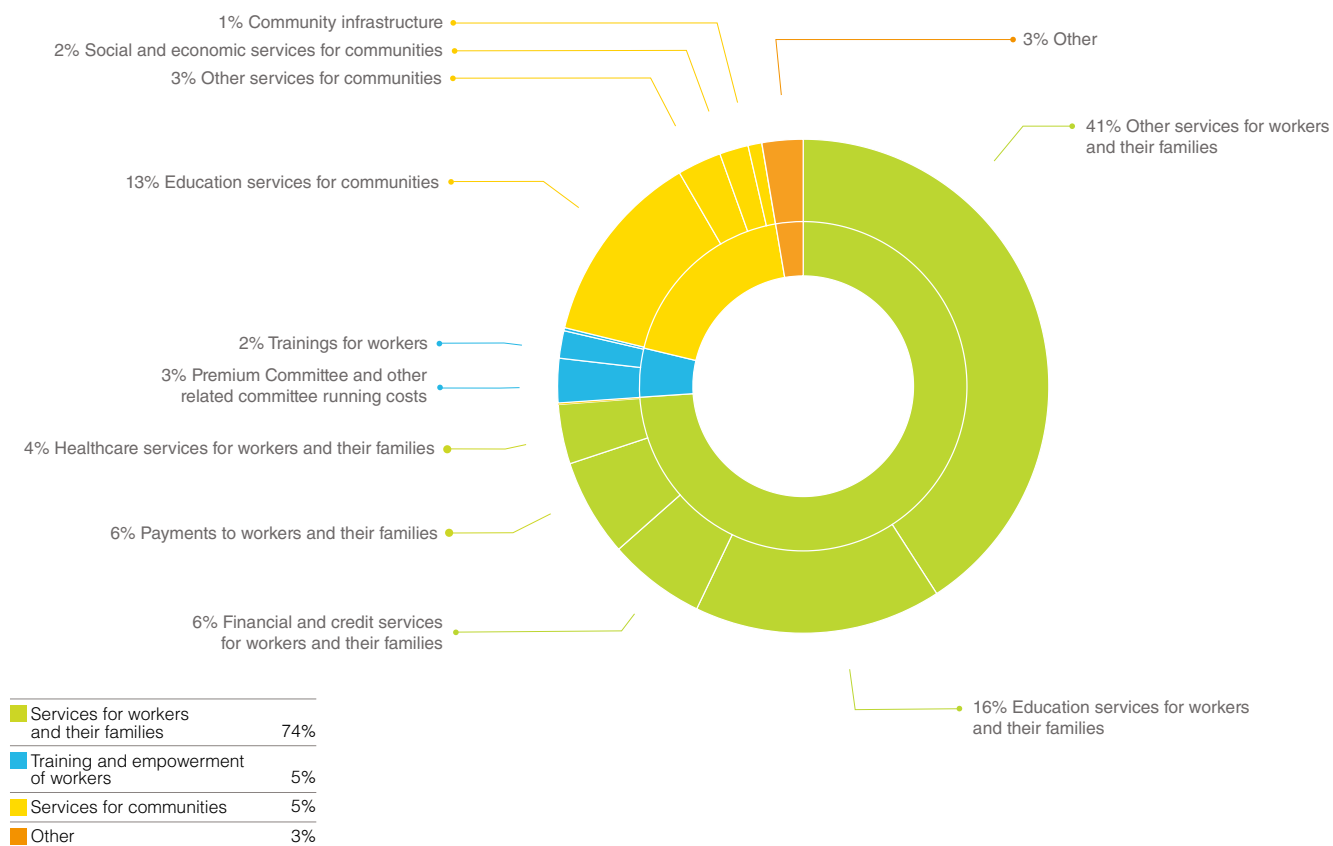
Not surprisingly, and reflecting the different challenges they face, use of Fairtrade Premium funds varies between plantations and farmer organizations.

For small-scale farmers, investment priorities include putting resources into better farming so they can earn more money from their crops, education, clean water and health clinics for the community. In 2016-2017, investment in facilities and infrastructure primarily included the rental or purchase of buildings by the cooperative, and investment in crop storage, processing and crop transport facilities. In the category of services for farmers, the majority of Premium funds were used to purchase agricultural inputs and tools for farmers, such as fertilizer, and direct cash payments. The latter is allowed if planned and approved at the cooperative's annual General Assembly. Spending on services for communities was limited and largely concentrated on education (including contributions to school buildings and scholarships), health infrastructure, and community buildings.

Note:

Percentages may not sum due to rounding.

7. FAIRTRADE TEA PREMIUM USE IN HIRED LABOUR ORGANIZATIONS 2016-2017



On plantations, workers chose to invest almost half of their Premium funds in housing, education and healthcare (whether for workers and their families specifically, or for the community as a whole).

In 2016-2017, 41 percent of Premium funds were spent on 'other services for workers and their families'. These included provision of subsidized shops or goods, transportation, and support for social events.

Education services for workers and their families included spending on school facilities such as meals, computers, books and uniforms, as well as scholarships.

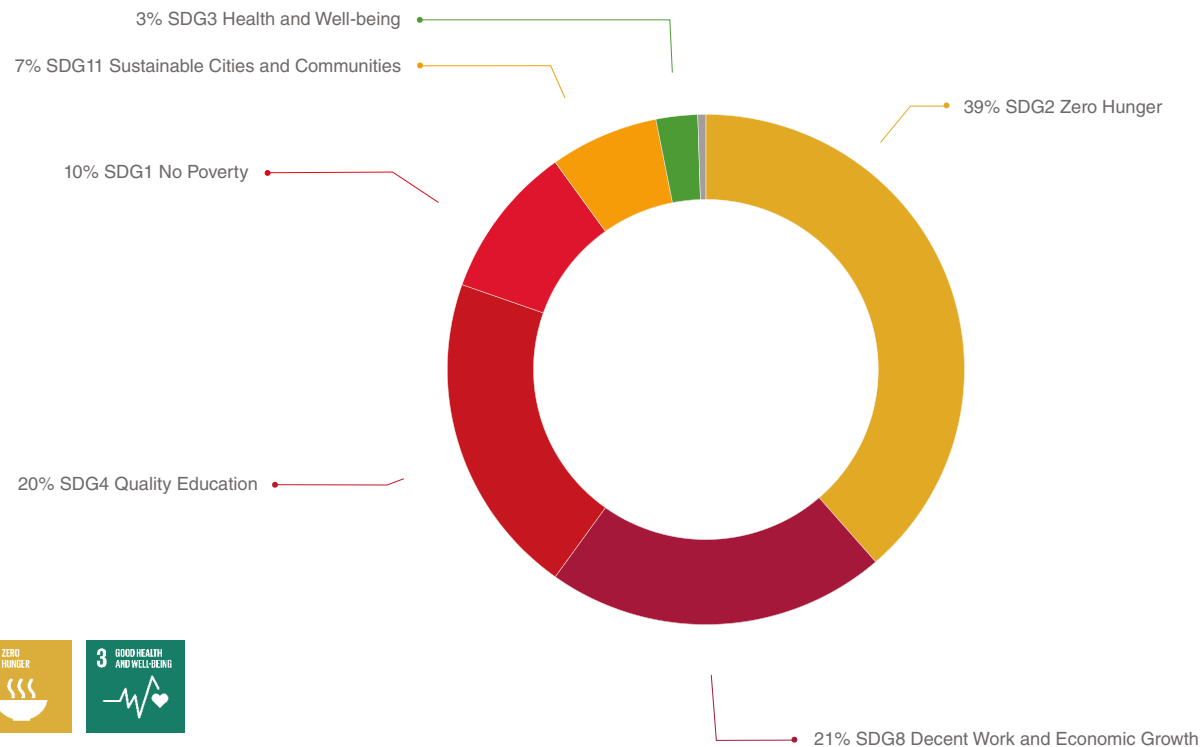
Direct payments to workers and their families and the provision of financial and credit services, such as rotating funds for workers, accounted for 12 percent of Premium investments.

Premium spent on services to communities was channelled into a community fund from which members can borrow on a rotating basis. A big share was used for educational purposes, including the provision of school meals, computers, books, uniforms, school buildings and infrastructure, and teacher training.

Note:

Percentages may not sum due to rounding.

8. FAIRTRADE PREMIUM USE IN RELATION TO THE UN SUSTAINABLE DEVELOPMENT GOALS (SDGs)



Fairtrade Premium investments made by tea producers contribute to many of the UN Sustainable Development Goals. Our analysis of Fairtrade's impact relative to the SDGs continues to evolve. While most activities can apply to more than one SDG, we are mapping each category of spending to a single SDG for the sake of simplicity.

SDG 2 (zero hunger) aims to end hunger, achieve food security and improved nutrition, and promote sustainable agriculture. Thirty-nine percent of Fairtrade Premium funds invested by producers in 2016-2017 contributed to this goal, primarily through the provision of agricultural tools and inputs including fertilizers, crop storage and infrastructure, as well as processing facilities.

Twenty-one percent of Fairtrade Premium spending contributed to SDG 8 (decent work and economic growth). This mainly included contributions related to services to workers and their families, provision of subsidized shops or goods for workers and transportation for workers.

Twenty percent of Fairtrade Premium funds contributed to SDG 4 (quality education). This included spending on school meals, computers, books, and uniforms, as well as scholarships, school buildings and other school infrastructure.

SDG 1 (no poverty) is central to Fairtrade's mission. Ten percent of Premium spending related to this goal, including rotating funds for workers and the community, direct payments to members, and other welfare payments made to members to supplement their earnings.

Seven percent of Fairtrade Premium spending related to SDG 11 (sustainable cities and communities). This included investments in roads, community buildings, and other socio-economic services for the communities.

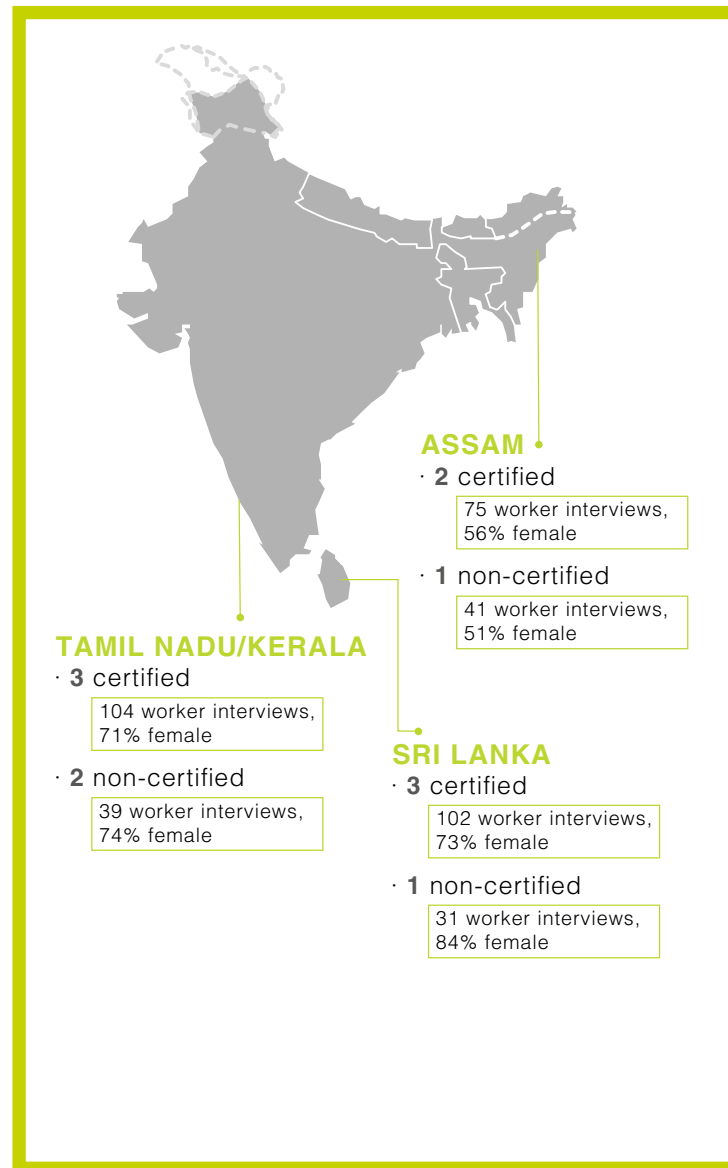
RESEARCH INSIGHT

THE IMPACT OF FAIRTRADE TEA FOR WORKERS IN INDIA AND SRI LANKA

This study investigates whether Fairtrade certification has made a difference to the lives of workers on tea plantations in two major tea-producing countries. The Fairtrade-commissioned study is due for publication in 2019.

In addition to highlighting the continued need to promote higher wages and ensure workers (including women) can meaningfully act on their rights, the study also notes a key sector-wide challenge: the concentration of power in the hands of a few multinational tea brands. The authors recommend building 'transnational coalitional power', both vertically through the supply chain to secure a fairer share of value for workers, as well as horizontally to address tea plantation workers' wider marginalization.

Siegmann et al. (2019)



Source: Groosman 2011

IMPACT STORY

IMPROVING WOMEN'S DAILY LIVES AT DUNSDALE TEA ESTATE

Dunstable Tea Estate nestled in the Nilgiris (Blue Mountains) of Southern India has been Fairtrade certified since 2010. It exports most of its teas to European markets, as well as to the USA. One of their customers is Clipper Tea, the world's largest Fairtrade tea brand.

More than 280 workers live and work on the tea estate, of whom 165 are women (almost 60 percent). The use of the Fairtrade Premium and the implementation of the Fairtrade Standards have changed the lives of many of these women and their children for the better, notably by helping them access education.

One such woman is Susheela, a tea plucker. She has lived and worked on Dunstable for 38 years. Susheela and her husband have three daughters. All three attended school in Ooty, the nearest town, and are now studying in Coimbatore, the nearest big city around 100km away.

The family receives financial support from the Fairtrade Premium to pay for their daughters' education. This includes bursaries and accommodation costs.

“Without the support of the Fairtrade Premium, meeting these costs would be difficult. For example, the monthly cost of accommodation for my three daughters in Coimbatore is a total of 6,000 rupees [which is almost a month's wages

for tea pluckers in the region]. The financial support we receive to offset the costs is very helpful.”

Susheela is delighted that her children have been able to get an education and pursue other careers.



*Photo:
Susheela at Dunstable. She has been plucking tea on the estate for nearly four decades.*

© Clipper Tea

Another woman, Sannamma, has spent half her life at Dunsdale. She started working there 25 years ago as a tea plucker. For the past decade she has been a field supervisor. Sannamma is now responsible for a team of 40 women pluckers. In addition to her role as a field supervisor, she is also an elected member of the Fairtrade Premium Committee. She has witnessed many changes during her time on the estate.

“Women field supervisors are not common in this region; the role is mainly taken by men. However, things are starting to change. I feel it would be beneficial to have more women supervisors as women pluckers feel more at ease communicating with a woman supervisor.”

Fairtrade benefits workers in other ways as well. Compliance with high labour and environmental standards means better working conditions and less use of pesticides. In addition, the projects funded by the Fairtrade Premium help bring real, positive changes to the daily lives of workers, especially women.

Fairtrade Premium investments in kitchen and household items for workers' families save women time and money, reducing their household expenditures while enhancing their standard of living. For example, Sannamma has received a rechargeable light, a hot water flask, a steamer, a blender, a gas stove and a fridge. Her colleague Susheela has also benefitted from kitchen equipment purchased with the Fairtrade Premium.

“Having a fridge means I can safely store fresh food so I do not need to shop so frequently. Each trip to Ooty to buy provisions, such as vegetables, would cost me up to 200 rupees and take up free time. Now I make fewer trips, I have more time to spend at home, and I am able to save more of my wage,” explains Sannamma.

“All these things are benefits from Fairtrade that have brought changes to our lives.”



Photo:
Sannamma started working at Dunsdale 25 years ago as a tea plucker. Today, she is a field supervisor, responsible for a team of 40 women.

© Clipper Tea

ABOUT THE DATA IN THIS REPORT

This report has two sources of data.

CODImpact is the data collected from producers during the audits. Since not all producer organizations are audited each year, the data is completed using the last available record. This is the data source for production volume, area of cultivation, number of farmers and workers, and Premium usage.

The second source of data is FLOTIS. This is the data collected from all Premium payers for all transactions in a given year for Fairtrade sales and Premium generated. The data has been extensively checked and cleaned. However, in a monitoring project of this magnitude there may be some areas of inaccuracy, such as:

- There may be missing information from Fairtrade certified producer organizations that is not taken into account because of quality.
- There may be missing information in some questionnaires from certified producer organizations that was not reported by auditors.
- There may be wrong data or data that were not validated.

The number of certified organizations is counted as the number of producer organizations at the end of the year with any of the following certifications statuses: certified, suspended or permission to trade.

Data on volumes produced, volumes sold and Fairtrade Premium income and expenditure are retrospective for a 12-month period preceding the audit. Since the majority of the audits for this data set took place during 2017, the majority of producer organizations have reported on time periods spanning 2016–2017. We thus use '2016–17' to describe these data in the report.



Tea collection centre at Gacharage Tea Factory Company, a Fairtrade certified smallholder farmers' organization in Kenya. The collection centre is owned by the farmers.

© Ola Höiden

Under the terms of confidentiality agreements with Fairtrade producer organizations, data may be publicly reported in aggregate form, but not used in ways that expose data belonging to a single producer organization, Fairtrade Premium payer or trader. Where there are fewer than three Fairtrade certified producer organizations in a country, and market-sensitive business information could be deduced, we do not report aggregated data on the producer organizations.

DISCLAIMER

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REFERENCES

Siegmann, K.A., S. Ananthakrishnan, K. Fernando, K.J. Joseph, R. Kulasabanathan, R. Kurian and P.K. Viswanathan (2019) Fairtrade-certified Tea in the Hired Labour Sector in India and Sri Lanka: Impact Study and Baseline Data Collection. The Hague: International Institute of Social Studies (ISS).



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