

HARVESTING DECENT WORK THROUGH FAIRTRADE CERTIFICATION: TOWARDS A WORKER-DRIVEN FAIRTRADE APPROACH IN SOUTH ASIAN TEA PLANTATIONS

POLICY BRIEF¹

Karin Astrid Siegmann, International Institute of Social Studies of Erasmus University Rotterdam (ISS)

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1. PERSISTENT POVERTY IN SOUTH ASIAN PLANTATIONS

South Asia's tea sector is characterised by a paradox of tea workers' poverty despite the formality of their work. Tea plantations are the largest formal private sector in India and Sri Lanka. In the post-Independence period, the South Asian tea sector witnessed more protective labour legislation, trade unionism and collective bargaining. Yet, Indian tea estate workers' wages are the lowest among the formal labour force and their living conditions are appalling (Bhowmik 2015: 29). In Sri Lanka, poverty among tea plantation workers has been significantly higher than in other sectors (Romeshun and Fernando 2015).

Tea workers' poverty is caused by their marginalisation at the level of the estate as well as in the global tea chain. Ethnic and gender-based discrimination has been one cause and characteristic of South Asian tea plantation workers' poverty. Workers' subordinate position in the tea value chain is another cause of their poverty. This chain is dominated by a few large buyers and retailers, a concentration that enables them to capture a significant share of value in the chain (Lalitha et al. 2013: viii).

Fairtrade certification of tea plantations seeks to reduce tea plantation workers' poverty. Since the 1990s, Fairtrade's approach has aimed to contribute to fairer trade relations and to empower workers to negotiate improvements in their labour conditions themselves. In a mixed-methods study on 12 certified as well as non-certified estates, we investigated the role of Fairtrade certification in moves towards decent work for tea plantation workers in South India, the Northeast Indian state of Assam and Sri Lanka.

The findings of our study are sobering (Siegmann et al., forthcoming). They corroborate Fairtrade's own assessment that it continues to be a challenge to make a real impact for workers within certified producer organizations (Fairtrade International, 2016a: 104). While South Asian tea workers appreciate the contribution of the Fairtrade Premium to workers' communities, the scope of Premium investments and their impact on social development has remained small.

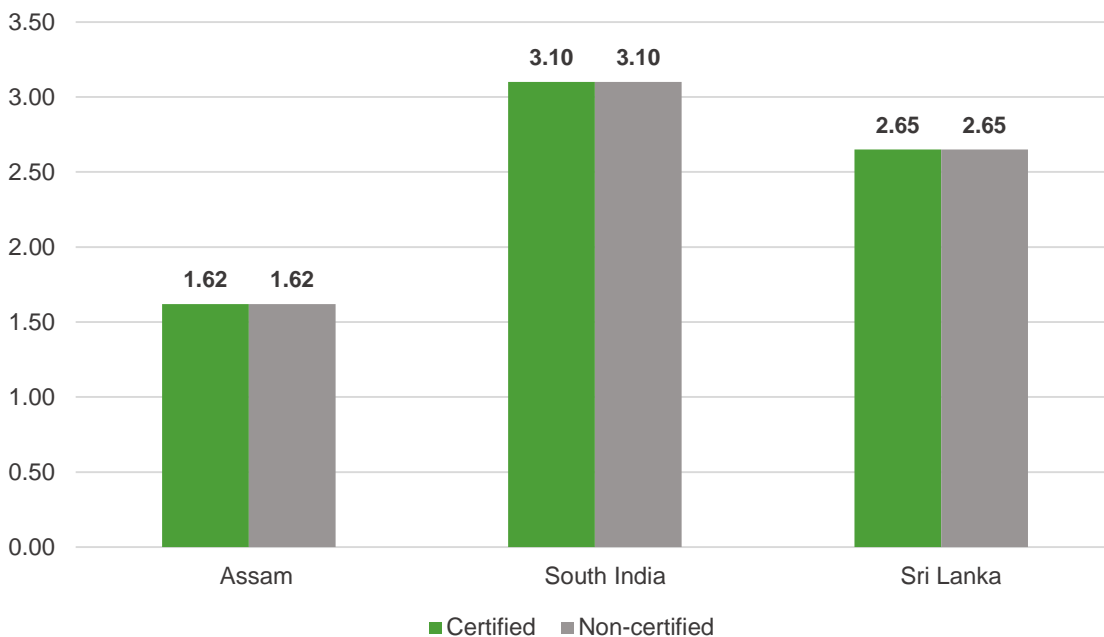
¹ This policy brief is based on Siegmann et al. (forthcoming: chapter 8).

Box 1: Certification does not influence workers' wages

Figure 1 shows that Fairtrade certification does not influence South Asian tea plantation workers' wage levels. Rather, reported daily wages on both certified and non-certified estates are in line with the stipulations of collective bargaining agreements (CBAs) and legislation.

Especially in qualitative interviews, across regions and certification statuses, many workers express difficulties in making ends meet. This is exemplified by this statement of a male worker in a certified Sri Lankan tea plantation: "The wage we get now is not enough, no. It's not enough for food, transport, children's education and everything. It's not enough even to educate the children."

Figure 1: Daily wage by region/country and certification (modes, EUR)



Our study identifies a couple of causes for this lack of effectiveness. They include:

- Fairtrade focuses on social compliance on the estate rather than on redistribution in the value chain. This has shifted attention from labour justice in South-North trade relations to labour governance at the level of the estate.
- The certification process aims to empower workers, yet, it is mediated by the management. This entails the risk that power relations that keep workers poor are being reproduced.
- At the level of the estate, Fairtrade certification is often presented as governance of the Fairtrade Premium alone rather than also including the guarantee of higher labour standards and support to workers' organisations.

Taken together, this leads to the paradoxical situation in which tea plantation workers' role in the Fairtrade system is that of passive beneficiaries rather than of empowered drivers of the Fairtrade labour programme.

To address South Asian tea plantation workers' poverty with a more effective intervention, this policy brief suggests steps towards a worker-driven Fairtrade approach on South Asian tea plantations. A worker-driven approach is in line with:

- Fairtrade's ambition to move beyond the traditional Corporate Social Responsibility (CSR) paradigm of social compliance towards a situation, in which Fairtrade helps to build the

conditions in which workers themselves have the power to negotiate their wages, working conditions and wider livelihoods (Fairtrade International, 2012: 1).

- Research that demonstrates that non-governmental labour governance in global value chains can support moves towards decent work if workers' agency is at the core (Siegmann and Iocco, 2017; Siegmann et al., 2017, 2016; and Siegmann, 2015).

2. TOWARDS A WORKER-DRIVEN FAIRTRADE APPROACH

Strong and effective worker organizations are key to Fairtrade's Theory of Change (Fairtrade International, 2016c: 45). While tea plantations in South Asia are highly unionised and the democratic governance of the Fairtrade Premium Committee (FPC) has the potential to strengthen the representation of workers' interests vis-à-vis the estate management, our study also brings out important challenges to the effective use of tea plantation workers' associational power:

1. Firstly, workers - especially women workers - often do not feel represented by the trade unions.
2. Secondly, in the current set-up, there is little connection between Fairtrade certification and trade unions and, hence, no noticeable impact on the quality of industrial relations.

Certification can contribute to addressing these challenges if Fairtrade develops a more direct relationship with workers, rather than relying on mediation by the plantation management.

An **effective implementation of Fairtrade's Gender Strategy** would help to amplify women workers' voices, enhance their inclusion into and representation by trade unions. This process could start with the following steps:

- Targeted investments of the Fairtrade Premium funds could support women's skills training and promotion.
- Awareness-raising is also required among the estate management, trade unions and other actors to encourage them to commit to action on gender equality and women's empowerment.

Over and beyond this, our study shows that **awareness-raising among all workers about workers' rights and Fairtrade's commitment to supporting these** is necessary. This enables workers to become watchdogs of the effective guarantee of their rights. It has the double benefit of bottom-up support for the enforcement of the Fairtrade Standards and of a contribution to the required renewal of unions on tea plantations:

- Worker training as a joint activity of the FPC and trade unions would underscore Fairtrade's commitment to support workers' organisation alongside ensuring a democratic structure of the FPC.
- In order to ensure that Fairtrade's commitment to labour rights is not reduced to productivity-enhancing measures, such training would need to be provided by independent actors.
- Given the shared commitment of various certification schemes, e.g. to core labour rights, such capacity development could be implemented as a collaboration between Fairtrade and other certification bodies.

Box 2: Involvement of civil society and unions in training for workers in Sri Lanka

Haagsma et al. (2016: 16-22) highlight the benefits of involving external civil society actors in awareness-raising activities, such as in the trainings provided by the Institute of Social Development (ISD) in Sri Lanka in the context of UTZ certification. A labour rights advocate involved in these trainings criticised the Fairtrade trainings, which, in contrast, are commonly provided by the plantation company. Their focus is often on productivity-related issues. According to him, for plantation workers' effective capacity development, civil society and trade union involvement is required. He points out that in the ISD trainings, they raise awareness about workers' rights and encourage them to demand the guarantee of these rights by the management.

A worker-driven approach to certification involves **workers' active role in certification**.

- This could take the form of a participatory social audit that puts greater emphasis on the involvement of workers and their organisations in the process of code development, and implementation and assessment. This is something that was considered in Fairtrade International's Workers' Rights Strategy (Fairtrade International, 2012: 3).

The central role of local workers in the Fair Food Program (FFP), a successful workplace monitoring programme in US agriculture, may provide further inspiration for moves towards worker-driven certification (Box 3).

Box 3: Effective workers' rights guarantees in US agriculture through Worker-driven Social Responsibility (WSR)

Responding to the pervasive and persistent poverty in US agriculture, the Fair Food Program (FFP) brings together farmworkers, consumers, food retailers, and growers to achieve humane labour standards and better wages (FFSC, 2018: 12). This is achieved through triangular contracts between the Florida-based migrant farmworker organisation Coalition of Immokalee Workers (CIW), food retailers and farmers. The FFP's key achievements have been that sexual assault and instances of forced labour have been eradicated on participating farms. More than US\$26 million have been paid in wage premiums and about US\$250,000 wages have been recovered (FFSC, 2018: 19).

The programme covers more than 90 percent of Florida's tomato industry and operations in tomato cultivation along the whole East coast of the US. It has expanded into other crops, including Florida bell pepper and strawberry cultivation. A nascent adaptation of the FFP's model on Vermont dairy farms is the Milk with Dignity programme created by the migrant worker-driven organisation Migrant Justice. In 2017, Migrant Justice signed its first legally binding agreement with Ben & Jerry's to launch the programme in that brand's supply chain (FFSC, 2018: 24-26).

The success of the FFP lies in the fact that it is designed, monitored, and enforced by the workers whose rights it is intended to protect (CIW, 2014). The CIW labels this approach Worker-driven Social Responsibility (WSR) – in contrast with corporate-led CSR approaches to non-governmental labour regulation. In the WSR approach, 'workers are not just at the table, they are at the head of the table' (CIW, 2014). Because of the central role of workers 'with a vital and abiding interest in seeing that their rights are effectively monitored and enforced' (CIW, 2014), with the FFP they have constructed an effective system for the protection of workers' rights (Siegmann et al., 2016: 120).

Better representation of workers' interests on the estate should be mirrored by workers' firmer inclusion into the governance of the Fairtrade system (Bennett, 2017, 2016). While South Asian tea plantation workers have over the years been incorporated into the Fairtrade Asian Producer Network (NAPP), they still form a small minority in it. A worker-powered Fairtrade system, in contrast, would **increase the number of worker representatives** in Fairtrade's governance bodies as well as **enable them to take on more influential roles** in those structures.

3. TOWARDS A LIVING WAGE IN THE TEA VALUE CHAIN

The guarantee of living wages for tea plantation workers requires redistribution in the tea value chain based on worker-driven coalitions. Fairtrade International is committed to ensure living wages for banana workers in the Fairtrade system by 2020. In order to meet this target for South Asian tea plantation workers, coalitions need to be forged beyond the tea estate itself. This is necessary for two reasons: Firstly, wage negotiations in the South Asian tea chain take place on a sectoral level, and, secondly, allies are necessary to address the dominant role of multinational companies in the tea value chain.

If workers themselves drive wage negotiations, they are likely to make bigger strides towards a living wage. The successful example of the women workers' strike on a plantation in South India for a doubling of their wages is a case in point (Box 4). Fairtrade support for workers' organisations can be catalytic here.

Box 4: Women on strike – how tea pluckers achieved a historical wage increase in Kerala

In September 2015, women tea pluckers on a plantation in the South Indian state of Kerala went on strike for a doubling of their wages. In a spontaneous mass strike, approximately 5,000 women tea plantation workers demanded increased wages and bonuses.

What attracted much attention was that the striking workers kept trade unions out: "Their contention was that in spite of being trade unions members for years, their working and living conditions had not improved" (Kamath and Ramanathan, 2017: 249). A report by an INTUC committee that examined the reasons for the workers' revolt against their union found that women workers were not adequately represented. Union members who negotiated wages and bonuses did not communicate the processes and outcomes to the workers and union leaders colluded with management in keeping wages low. In contrast, despite the blow to the local economy, it seemed that the whole of Munnar supported the strike: shopkeepers, artisans and restaurant owners showed their ardent support for the striking women (Levy, 2017: 20).

A joint council of Indian plantation trade unions ended the strike within 17 days, after daily wages in Kerala were increased to INR 301 as a result of negotiations in the Plantation Labour Committee (PLC), a tripartite body of union bureaucrats, state government officials and plantation management representatives (Kamath and Ramanathan, 2017: 253; Kumar, 2015).

The commitment to strengthen workers' coalitional power is part and parcel of Fairtrade's Theory of Change. It sees the development of networks and alliances, e.g. with the global trade union movement and other civil society actors, as a route to enhanced impact (Fairtrade International, 2016b: 22). Limited dialogue between key stakeholders has been identified as a major barrier to raising tea workers' wages (ETP and Oxfam, 2013: 25). For Fairtrade, **catalysing and joining a living wage coalition at the sectoral level** therefore appears to be a promising route towards secure livelihoods for tea plantation workers.

Fairtrade can build on its successful participation in a living wage coalition in Malawi. In an effort to narrow the gap between tea workers' current wages and a living wage, Fairtrade was part of an empowering coalition with tea plantation workers and other actors in the tea chain. It led to the conclusion of the first ever CBA agreed between the tea industry and the plantation union in Malawi. As a result, tea estate wages rose to a level more than fifty percent higher than the rural minimum wage (Malawi Tea 2020 Programme, 2016).

Coalitions for a living wage in the tea chain need to address tea plantation workers' political marginalisation, too. Workers' poor working conditions are embedded in the historical denial of political rights. Fairtrade and other allies can support tea plantation workers in the related political struggles to address the root causes of this marginalization.

In order to address the concentration of power in the hands of a few multinational tea brands and to redistribute value to tea plantation workers, transnational coalitional power needs to be used. A solid body of research has shown that multi-stakeholder initiatives for labour governance in global value chains are likely to be ineffective unless they are driven by workers themselves. Yet, in contrast to the initial years of the fair trade movement, it seems that, now, there is too little direct involvement with workers who see Fairtrade as an ally that can 'jump scale' (Merk 2009) and exert pressure on multinational companies (MNCs) in their main consumer markets.

The Freedom of Association Protocol in the Indonesian sportswear industry (described in Box 5), the Accord on Fire and Building Safety in the Bangladeshi garment industry and the Fair Food Program in US agriculture are successful examples of non-governmental governance in global value chains where large buyers are required to contribute to the costs of social accountability (Anner et al., 2013, Siegmann et al., 2016). These models were brought about by alliances between workers, national and international labour unions, and other actors. They can inspire a pathway for redistribution in the global tea value chain with an important role for Fairtrade.

Box 5: Freedom of Association as worker-driven effort to redistribute from brands

In contrast to most forms of labour rights regulation in global value chains, the Freedom of Association (FoA) Protocol in the Indonesian sportswear industry directly holds sportswear brands accountable for the guarantee of workers' collective rights. The Protocol was signed in 2011 by Indonesian trade unions, large Indonesian sportswear manufacturers and multinational sportswear brands. It establishes guidelines to ensure that sportswear workers in Indonesia are able to organize and collectively bargain for better conditions in their workplaces. While the Protocol emerged as the result of a transnational campaign for sportswear workers' rights, the leading role of local unions has been considered a key factor in the campaign's success and the practicality of the Protocol.

The Protocol is innovative in several ways. Firstly, it addresses FoA in the context of severe union oppression in Indonesia. Secondly, in other forms of non-governmental regulation in global value chains, a focus on workers' collective rights is rare. Last but not least, while other multi-stakeholder agreements often shift costs to local manufacturers, the involvement and accountability of sportswear brands as key powerholders in the sportswear chain is an innovation and an example for other forms of labour governance in global value chains, such as Fairtrade, to follow.

Source: Siegmann et al. (2017)

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