



Ceylon tea

-A qualitative study on Fairtrade certified tea and the supplychain from producer to consumer.

This report was written during and after our field study to Sri Lanka, organised by The Red Cross Community College through the Fair Trade Course of 2009/2010.

The purpose of Fair Trade is always to improve the labour situation and circumstances of life for farmers and employees in developing countries. As members of the group studying Fairtrade tea production through our field study, we wanted to find an initial answer to the question "How can consumers in Sweden, by buying Fair Trade commodities, influence the situation of Sri Lankan workers?". We wished to meet the people behind the tea being sold as Fairtrade certified tea on the shelves of Swedish grocery stores.

We got to meet with tea pluckers (mainly women), factory workers, plantation managers and the premium committee members on several tea plantations. We also visited two aid organizations, WUSC and CARE. These organizations attempt to improve the work situation for the tea workers in Sri Lanka. Furthermore we met with the Sri Lankan FLO Liaison Officer, who functions as an extension of FLO and directs the plantation managers in their work.

The purpose of our field study has been set to obtain a deeper understanding of three things: A) the tea production in Sri Lanka, B) the tea producers work situation in Sri Lanka and C) tea products certified and labelled with the Fairtrade certification, produced in Sri Lanka. Our qualitative field study is an attempt to understand how the Fairtrade certification can be used as a standard and as an international tool to make an improvement of the circumstances of life for the tea producers and the tea plantation workers in Sri Lanka.

Tea is second to water, the world's most consumed drink. Tea was imported to Europe for the first time in the seventeenth century. In modern times the tea industry has unfortunately made itself known as an industry of hard conditions of production for the workers of the developing countries, where impingements of human rights and sexual harassment are common. Through our study we wanted to explore what the work situation of single farmers and employees within the tea sector is like in Sri Lanka, and what improvements and/or differences working on a plantation that sells Fairtrade certified tea means.

We contacted the supermarket of COOP in Sweden as a first step, since they are retailers of a fairly traded 100% type of Ceylon tea. We chose to start with a specific product as a way to get in contact with producers in Sri Lanka, to study the supply chain behind the product, in order to give the products on the shelves in the supermarket a story and greater meaning.

Our study is a result of visits to three different plantations in Sri Lanka (Greenfield Bio Plantations, Needwood Emmage (Pvt) Ltd and Stassen Group). During ten days we travelled round the famous tea districts in Kandy, Nuwara Eliya, Dimbulla and Uva. These visits gave us deeper knowledge and understanding of the world trade of tea and the history of the tea producers.

Almost 95 percent of Sri Lanka's total tea production is sold at the Colombo Tea Auction, which is held twice a week. The quantity being sold is normally 4-8 million tons. The auction is conducted by Colombo Tea Traders Association and the Chamber of Commerce in Sri Lanka.

In February of 2009, Sri Lankan tea was sold for somewhere between 340-400 Sri Lankan Rupees per kilo, which means about 25 SEK, or less per kilo. At the auction the tea is sold at high speed, about four consignments per minute. Through our contact person at Stassen group we had the opportunity to visit the Colombo Tea Auction, which is an important part of the supply chain.

During 2009, the demand for green tea increased, plantations in several countries therefore strategically choose to cultivate green tea. As a result the price of green tea has gone down to an all-time-low. In general the Sri Lankan tea cannot compete with the prices of the Chinese tea, since of the mountainous landscape in Sri Lanka makes it difficult to use any kind of equipment to harvest the leaves, the most efficient way is still to pluck the leaves by hand. Only a very small part of the total tea production in Sri Lanka is being exported and sold as Fairtrade certified tea. FLO's Liaison Officer in Sri Lanka, Felix Wijesinghe estimates the total amount of Fairtrade tea sold out of Sri Lanka to be somewhere between 0% - 5 %.

NGOs in Sri Lanka

To work as an NGO (Non Governmental Organization) in Sri Lanka can be a difficult job. Many NGO organizations have received a bad reputation when the local people of Sri Lanka from outside the organization think the NGO wishes to earn money for its own benefit. Working with human rights issues is very sensitive in Sri Lanka. This is due in large part to the criticism that other countries address against the discrimination of the Tamils which takes place throughout Sri Lanka. Despite this, many NGOs are still operating in Sri Lanka. Some are also active and involved with the tea plantations and tea producers.

CARE and WUSC are two of the organizations that exist in the tea districts and are actively working with development projects.



CARE - American Relief Everywhere is an American organization with branches all over the world. CARE in Sri Lanka operates in three different areas, tea- rubber- and coconut plantations in the middle of the country, dry-land farmers in the south and in conflict-affected areas in the northern parts of the country.

CARE has been established in Sri Lanka since 1956. CARE's focus has always been on women and young people. CARE has thirteen different offices spread out across Sri Lanka. The tea industry is one of the largest employers in Sri Lanka and most employees live their entire lives on the plantation, both housing and keeping a job is dependent on the workload available on the plantation. CARE's ambition is to reduce poverty on the plantations, at the same time workers have to strengthen their position and get more of a say, to create a good dialogue between employees and management.

This, to raise living standards and eliminate the hierarchical structure and discrimination, which is a reality on many plantations.

Raising the standard is done through education, access to microcredit, health care and also prevention of sexual harassment that women experience, primarily as a major problem in the workplace. CARE has gone from being a development organization that provides assistance to members to focusing on the causes of poverty, in order to get people to change their living conditions.

The majority of workers on the plantations are tamil, who are excluded from the rest of the society. Tamils have been excluded from society for generations and some of the present civil conflict in Sri Lanka has long existed in the country. Workers living isolated on the plantations have difficulty gaining access to the rest of society which means that many end up excluded. The workers have difficulties obtaining identification documents needed to be able to vote. Also, many children do not have a birth certificate. CAREs projects provide the plantation workers with essential knowledge about their rights and conditions.

CARE is involved on the plantations that have been certified with CSR (Corporate Social Responsibility), as part of the business. CARE makes companies understand that a healthy workforce provides a more prosperous business. The CARE organization has projects in thirteen different tea plantations in Sri Lanka, with around 26 400 workers, including their families in and around the area around Nuwara Eliya. Projects should result in a financial, institutional and social security for everyone on the plantation and lead to sustainable development.

CARE has just received an EU grant for a period of three years where the idea is that the projects which will follow in CAREs footsteps will each be self-propelled and have the tools required to maintain stable development. In some cases an unwillingness has been shown by plantation managers working with CARE, but mostly it is possible to overcome these problems. There are also many plantation managers who are pleased having development projects as part of their daily work routine on their tea plantations.



WUSC - World University Service of Canada is a Canadian organization with offices worldwide and has worked with humanitarian aid since the 1920s.

With a head office in Kandy, where all the administrative activities take place, WUSC has projects on plantation in Kandy, Kegalle, Matale and Nuwara Eliya, and will expand to eight other plantations in the near future. The organization also has projects within the spice-, rubber- and coconut plantations.

Among others, Canadian CIDA, the Swedish equivalent to SIDA is funding projects through WUSC along with other forms of financing. WUSC cooperates with other organizations in their field and focuses on education and capacity building on tea plantations, with women as beneficiaries.

WUSC operates in both private plantations and on some of the few plantations owned by the state. In the 1970's there was a major sell-off of the plantations owned by the state. Most of the plantations had no problem finding a buyer but there are still a few plantations left, owned by the state. Most of these plantations are in poor condition and still need a lot of attention.

A common problem in the tea plantation areas of Sri Lanka is alcoholism. This problem puts the family in an incredibly difficult situation where they cannot afford basic needs, food and other necessities. Alcoholism on the plantations can also lead to much trouble, both for the family and in the field. Men have traditionally not taken any responsibility at home and after work, many do not have much to do other than drink. The problem also gets worse when many wine shops open in the isolated villages and it therefore becomes easy for many to start drinking. WUSC works a lot in getting these men to become more involved in different activities and stop the drinking. Both CARE and WUSC have several projects running on the plantations, both organizations are members of the ETP and therefore work closely together.

Problems and Prospects

The Fairtrade certified tea from Sri Lanka still sells at a low rate, which the tea plantation producers and workers are quite dissatisfied with. A significantly larger proportion of tea is sold as ETP (Ethical Trade Partnership) certified tea, the ETP certified tea even sells on the local market in Sri Lanka, apart from the Fairtrade certified tea which is not sold on the local market because of higher criteria which makes for higher price. ETP does not have as high criteria and standards regarding improvement of living conditions for workers as FLOs standards by Fairtrade.

For major changes and further improvement to take place on the plantations, much larger quantities of Fairtrade tea has to actually be sold as Fairtrade certified tea and not as conventional tea. The higher price of Fairtrade tea, which helps the plantation workers, also makes the tea a bit more difficult to sell to a price sensitive market out of Sri Lanka. Today only a few percent of tea sells as Fairtrade certified tea in Sri Lanka, resulting in the premium money paid to the improvement of living conditions for plantation workers is very low.

Another problem is that Sri Lanka does not always abide by the Conventions on Human Rights. Therefore it has been decided to suspend the special benefits for Sri Lanka, known as GSP+, from August 16th 2010, until February 2011.

In February next year (2011) it will be evaluated if the Conventions on Human Rights are followed, after a break in the preferential exports to all EU countries. The suspension of GSP+ is to become permanent if Sri Lanka within the last six months have remedied the problems. Suspension of tariff reductions on the export of tea is an incentive for the government and the president, and a call to hopefully get them to rush to adopt and enforce the laws on Human Rights, that are missing in Sri Lanka.

For a country to be able to receive benefits under the GSP+ it is required to follow a number of conventions in the areas of human rights, environmental and labor laws. GSP+ preferences provides duty free market access to Europe. The Commission has revealed that Sri Lanka is of serious non-compliance of the three conventions on human rights.

Only when these laws and rights that will help to promote Sri Lankan nationals and tea plantation workers is in place and enforced, Sri Lanka will once again get access to the tariff reductions on sales of tea to Europe. If no changes are made in Sri Lanka, the tea from Sri Lanka will become even more expensive and Sri Lanka will not be able to withstand the competition with other tea producing countries.

Many plantation workers get fewer children to be able to afford to let them go to school and later to continue their education. The workers on the plantations must save and have money left over in order to pay for their children's education, school fees, school uniforms, materials and transportation to and from school when the higher grades are not offered on the plantation and the older students must begin attending school outside the plantation area. Primary and secondary schools are located mostly outside the plantation area, in the nearest village or town.

During our visit to Greenfield Bio Plantations the plantation manager Mike Newman, told us that the workers have gradually improved their situation through many generations and finally have the possibility to start taking small loans to build their own houses to live in. Improved living standards is well underway on the FLO-certified plantation, which have managed to get some premium money in return from the sales of Fairtrade tea in the Western world. Improvements around housing and living conditions for the workers on tea plantations in Sri Lanka have started to show, but are still moving at a slow pace. It should be added that the premium money is not primarily intended to be invested in house building, since the plantation owners should be taking care of these expenses, but in some cases there are ways to open up micro credit loans for the workers, in order to start building a house of their own.

Stassen - Venture plantation has in recent years helped about 25 families per year with the opportunity to build houses for themselves. The families with the lowest living standard may receive help first and then other families are helped in turn.

Children and young people on the plantations today are better equipped than their parents - when they grew up. All children born on the plantations are now registered and receive birth certificates, which facilitates the administrative sides of schooling, voting, opening bank accounts and travel in and outside Sri Lanka. Children born on the plantation in the past got help either at home or in the medical center on the plantation, but nowadays there are often larger hospitals available in the vicinity of the plantation. Therefore it has also become easier to register the children and get the birth certificate immediately after birth.

The younger generation on the plantation still lives with their families on the plantation, but often work in other professions outside the plantation. If they do not find other careers outside the plantation when their schooling is completed they tend to work on vegetable crops for self-sufficiency in the family but also with the sale of vegetables to other families on the plantation.

The younger generation is not accustomed to the hard work which is necessary in order to pluck the tealeaves. Adolescents and children nowadays would rather like to go to school than accepting to work at the plantation, the parents do not want their children to have to work as hard as themselves during their years as plantation workers. Minimum age to start working on the plantation is 16 years.

We got to see and discuss the machine picking of tea leaves at Greenfield Bio Plantations and realized that it is indeed a very difficult and cumbersome method. The gear used for this is heavy and difficult to manage among the bushy tea bushes on the plantation. The difficulty of using machinery at work is one reason why Sri Lanka is unable to compete on the price of tea against many other countries such as China.

The younger generation has a brighter future ahead of them, this means that it will be harder to find workers for tea plantations, which will lead to higher wages being offered for teapluckers and factory workers in the future. Tea from Sri Lanka has the best quality on the global tea market and will therefore continue having a significant impact on the future tea market. Tea plantations will surely survive, but perhaps declining in numbers since the workforce will not be as easy to hire any more, therefore there might be an expected drop in tea sales in the Sri Lankan future.

Co-operatives as a new possible solution

In the future there is talk of a new type of ownership of tea plantations. Seventy percent of the tea plantations in Sri Lanka are privately owned and in the future the plantation workers willingness to cooperate with plantations managers might be lessened and therefore the workers might want their own land instead of working for plantation management.

The ownership of the plantation can be divided into different parts, joint ownership of plantation management along with plantation workers may instead be a solution. This structure is similar to a move towards co-operatives also for tea, which otherwise is very common in the coffee industry. In this way, the trend for better wages and working conditions could be realized and the hierarchy of management against tamil plantation workers would also be reduced and therefore improved.

Organic tea and tea with the Fairtrade certification is something that today is under higher demand, by more and more in grocery stores in the Western world. Since the organic approach has proved profitable for the export of tea from Sri Lanka, an organic focus will hopefully continue spreading to even more plantations, along with the demand mainly coming from the West, gradually likely to increase.

Conclusions

Our conclusion is that there today are many social development initiatives in Sri Lanka. Both Fairtrade and ETP certification initiatives are established in the country and the fact that the tea plantation workers still encounter and endure different kinds of abuse begins to dawn on many in the industry.

But it is also the tensions that exist within the country, between tamils and singhalese who put obstacles in its path of development. Not just the fact that there is a conflict between ethnic groups, the tamils hit a disadvantage since they have difficulties

getting identification documents and birth certificates and therefore also the right to vote. Tamils have also been related to terrorism by the media, for many of the barbaric terrorist acts carried out by the rebel group the Tamil Tigers during the Civil War. The fact that many tea plantations are also small isolated islands, culturally and socially, makes workers live far from power and far from society, therefore tamils on plantations find it difficult to influence their situation or even to know how to do this.

The ethical labels established in the tea industry in Sri Lanka are seen as positive, especially when the role of unions deteriorated for a long time during the civil war and since corruption is widespread. The ethical labels use transparency and criteria that enable bringing attention to these problems. The existence of strong NGOs in the area of tea plantations is also an asset but the NGOs also have to work against many strong wills and there are prejudices about what they really are.

Perhaps much of the problem is because most of the NGOs present in Sri Lanka are large foreign organizations and there might be an idea that the reform does not come from within the country and the workers themselves.

In order for the development of Fairtrade to move quicker, we must also look to sell more Fairtrade-certified tea to gain more resources for those who actually carry the tea industry's heaviest workload. Today a tiny fraction of all tea sold worldwide is sold as Fairtrade-certified tea, but through cooperation and higher level of consciousness that can hopefully change for the better. The way the tea industry works today is highly unsustainable in its current form, but there is still great demand for tea and, therefore many active tea plantations. The organization of small-scale growers are finding new and more environmentally friendly ways of cultivating the tea bushes, but fundamentally it is about changing structures and attitudes while dealing with the major global problem of poor wages for Fairtrade producers. Fair Trade Sweden, its ambassadors, the Fair Trade movement and other actors on the Swedish Fair Trade market have all become even better at reaching out to the Swedish public and now use consumer information and advocacy on that Fairtrade certification of products, really makes a difference!

The Swedish society with the help of Fairtrade City-diploma cities and municipalities must encourage the Swedish people to make a choice where one knows one can improve the living and working conditions and standards in countries where Fair Trade can become part of the answer to an almost hopeless situation in life. But also to work with a focus on ethical aspects of procurement in the municipal, state and county.

Fairtrade (FLO) and Fair Trade (FTO) provide assistance to allow schooling of children, give people access to clean water and to seeing a brighter future and development of the country where Fairtrade production is underway, this is where Fair Trade makes the big difference for a positive future.