CHAPTER 6.4

FOCUS ON FAIRTRADE PRODUCTS:

TEA

Monicah Muthoni Maina at Fairtrade certified Gacharage Tea Factory, Kenya. © Photography: Ola Höiden
In 2015-16 Fairtrade certified tea sales volumes increased by five percent on the previous year. And this translated into a five percent growth in Fairtrade Premium funds, which amounted to nearly €6 million. While these funds are used to directly benefit tea producers and tea estate workers across the world, many challenges still persist. Further sales and interventions are needed to continue the drive for meaningful change for tea farmers and, in particular, workers on tea estates.

For tea farmers, the main challenges are low yields and a lack of processing facilities. As they produce small amounts of tea on relatively small plots of land, farmers often rely on larger tea estates to purchase and process their tea. This greatly limits their capacity to get more value from their produce and reinvest in their own farm infrastructure, leaving them dependent on the processor with few possibilities to prosper.

Tea plantation workers face other struggles. One of the biggest is the generally low wage they receive. Even when national minimum wages are met on a tea estate, there is still a considerable gap between them and living wages and workers often rely on in-kind benefits, such as meals and housing, to make ends meet.

To help tea farmers and workers improve their lives, it is essential that sales of tea under Fairtrade conditions continue to grow. Fairtrade must continue to challenge the status quo and engage with trade unions and governments, as well as the private sector, to progressively improve conditions and wages for workers on the tea estates.

### IMPROVING WORKING CONDITIONS IN TEA ESTATES: A COLLABORATIVE EFFORT

While Fairtrade Standards, including the Hired Labour Standard, require employers to pay the legal minimum wage in each sector, these do not equal living wages in tea growing regions. Barriers to raising wages include the complexity of wage-setting processes, inefficient collective bargaining, and complicated structures in both the industry and government. Progress will require commitments across the sector – from certifiers, governments, civil society, traders, brands, retailers and consumers – to ensure that enough value goes back through the chain. The
Fairtrade Hired Labour Standard aims to increase wages and benefits for workers. It allows up to 20 percent of Premium funds to be used as cash payments; strengthens trade unions and supports freedom of association, and requires progress to be made towards living wages according to benchmarks.

Fairtrade is also working closely with other stakeholders, including the Global Living Wage Coalition, to address the issue of low wages in the tea industry. We collaborate with a number of other organizations, supporting tea estate workers to lead dignified lives, and establishing living wage benchmarks. Our work with trade union organizations has produced positive developments at policy level and locally on the ground. In Malawi, for example, Fairtrade helped prepare the national tea workers’ union for collective bargaining. In 2016, they secured a more than 20 percent wage increase. (See "Workers in Fairtrade" in Chapter 3 for more details.)

Significant challenges remain in north-east India where there are complex underlying factors endemic to the tea sector. These include the legal duties of plantations under the Plantation Labour Act, which have a strong influence on conditions on the ground. Fairtrade has developed a multi-year programme, working directly with plantation workers and management, to improve plantation productivity as well as the livelihoods of workers. Companies purchasing tea from this region have an important role to play, but others, notably the state and national governments, have responsibility for setting and enforcing the legal framework required for a permanent and more holistic solution.
WORKING TO KEEP THE FAIRTRADE MARKET FOR TEA GROWING

While there are opportunities to keep increasing Fairtrade tea sales, the overall market situation poses medium-term challenges. Over the last decade demand for conventional tea has declined in traditional markets such as the UK (by nearly 19 percent since 2002)¹, which remains the number one market for Fairtrade tea. This poses a real threat to the long-term growth of Fairtrade sales. To reduce the risk, Fairtrade has extended the Fairtrade Sourced Ingredients model to tea. The programme aims to create new opportunities for businesses to source Fairtrade tea in bulk quantities. The strategy has worked well with other commodities such as cocoa.

Increasing sales will benefit tea farmers especially. The ability to sell more of their crop on Fairtrade terms will enable them to invest in their own processing facilities. At Sireet tea cooperative in Kenya, for example, farmers bought their own processing factory with the help of Premium funds. As a result, they have moved up the value chain and created a sustainable investment model. The dividends from the 12.8 percent share of the factory purchased through the Premium are reallocated into the Premium fund each year to be continually invested in social and environmental projects.


RESEARCH INSIGHT

HARVESTING CONSENT IN FAIRTRADE CERTIFIED TEA PLANTATIONS IN SOUTH ASIA

A study looking at the perception of Fairtrade on tea plantations in India and Sri Lanka found that workers interpreted Fairtrade certification and the Premium as a reward for high plantation tea quality and productivity, as opposed to a broader system contributing to better working conditions and fairer trade. This interpretation contributed to “relations of dependency” where workers are incentivized to work harder and cooperate in systems of unequal power relations and marginalization.

K.A. Siegmann et al (Forthcoming)
Focus on Fairtrade products: tea

Monitoring Report 9th Edition

6.4 Focus on Fairtrade products: tea
FAIRTRADE TEA: FAIRTRADE PREMIUM USE IN HIRED LABOUR ORGANIZATIONS 2015–2016

<table>
<thead>
<tr>
<th>Service</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Services for workers and their families</td>
<td>62%</td>
</tr>
<tr>
<td>Training and empowerment of workers</td>
<td>20%</td>
</tr>
<tr>
<td>Services for communities</td>
<td>12%</td>
</tr>
<tr>
<td>Other</td>
<td>5%</td>
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<tr>
<td>5% Other</td>
<td></td>
</tr>
<tr>
<td>2% Community infrastructure</td>
<td></td>
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<tr>
<td>2% Other services for communities</td>
<td></td>
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<tr>
<td>3% Health services for communities</td>
<td></td>
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<tr>
<td>5% Education services for communities</td>
<td></td>
</tr>
<tr>
<td>1% Joint Body and committee running costs</td>
<td></td>
</tr>
<tr>
<td>1% Training for workers</td>
<td></td>
</tr>
<tr>
<td>10% Education services for workers and their families</td>
<td></td>
</tr>
<tr>
<td>12% Financial and credit services for workers and their families</td>
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</tr>
<tr>
<td>18% Support for workers’ organizations</td>
<td></td>
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<tr>
<td>3% Healthcare for workers and their families</td>
<td></td>
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<tr>
<td>3% Investment in worker housing</td>
<td></td>
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<tr>
<td>6% Payments to workers and their families</td>
<td></td>
</tr>
</tbody>
</table>

Note: Percentages may not sum due to rounding.

AREA OF FAIRTRADE TEA CULTIVATED 2016 (HECTARES)

- Rest of the world: 3,247 ha
- India: 21,030 ha
- China: 2,215 ha
- Uganda: 20,689 ha
- Tanzania: 8,586 ha
- Sri Lanka: 9,069 ha
- Kenya: 54,064 ha
- Malawi: 7,359 ha
- Africa and the Middle East: 92,815 ha
- Asia and Pacific: 33,445 ha
- World: 126,259 ha
6.4 Tea

Focus on Fairtrade products: tea

Total top five countries 229,520 MT
Top five countries account for 90% of Fairtrade tea production

Note: Numbers may not sum due to rounding.

Total top five countries 10,470 MT
Top five countries account for 86% of Fairtrade tea sales volumes

Note: Numbers may not sum due to rounding.
FAIRTRADE TEA: TOP COUNTRIES FAIRTRADE PREMIUM RECEIVED 2016 [€]

1. India € 1,728,192
2. Kenya € 1,635,812
3. Malawi € 876,028
4. China € 478,879
5. Sri Lanka € 450,581

Total top five countries € 5,178,483
Top five countries received 87% of Fairtrade Premium for tea
110 TEA PRODUCER ORGANIZATIONS REPRESENTING MORE THAN 350,000 FARMERS AND WORKERS IN 12 COUNTRIES

MORE THAN HALF OF THE FARMERS AND WORKERS IN FAIRTRADE TEA LIVE IN KENYA

€5.9 MILLION IN FAIRTRADE PREMIUM RECEIVED BY TEA PRODUCERS IN 2016

31% OF ALL FAIRTRADE TEA Farmers and workers are women

43% on plantations

26% in small farmer organizations