

## Oxfam / Ethical Tea Partnership Press Release

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### **New coalition formed to address low wages in the tea industry**

A new coalition of tea companies, non-governmental organisations and certification organisations said today that systemic problems are locking in low wages for tea workers.

The members of the coalition are committed to working together with other key stakeholders, including tea producers, governments, retailers and trade unions, to find a solution to a complex and challenging set of issues.

A new report, *Understanding Wages in the Tea Industry*, released today by Oxfam and the Ethical Tea Partnership, assesses the pay and benefits of workers on tea plantations in Malawi, India and Indonesia.

The report found that the combined value of tea pickers' pay and benefits in Malawi is around average for the country but only about half the World Bank's poverty line income of \$2 per person per day. In Assam, India, tea pickers earn just above the World Bank poverty line and under the average Indian wage. In West Java, Indonesia, pickers' incomes are well above the poverty line but only a quarter of what the average Indonesian earns. In all cases workers' pay meets legal minimum wage requirements.

Researchers identified a number of systemic problems that are locking in low wages, including:

- Workers' pay is set at a national or regional level, and not by individual plantations. Pay is pegged to the legal minimum wage – but this is often less than what is needed to cover households' basic needs.
- The history and structure of the plantation sector means that, in some countries, in-kind benefits, such as housing, form a significant amount of workers' income, yet the quality and uptake of these benefits can vary significantly between estates.
- The majority of workers, particularly women, have little say in pay and benefit negotiations.
- Wages are influenced by regional government policies to maximise rural employment. These policies set worker numbers for plantations, reducing producers' ability to manage their productivity and costs effectively.

Researchers found that the wages on estates certified by Fairtrade International, Rainforest Alliance and UTZ Certified were the same as for non-certified estates. This is because the certification process for plantation workers focuses on whether wages meet the minimum legal requirements. Certification is an important tool which has helped improve the livelihoods of smallholder producers across the globe and brings a range of benefits to workers which are not explored in the report.

Having embraced the report's findings, coalition members' will use their various spheres of influence to bring new organisations into the project and will develop its next phase to include:

- Working with national stakeholders to develop country specific action plans to tackle low wages and broader poverty issues in tea communities

- Further dialogue with key in-country influencers and stakeholders including tea producers, trade unions, governments and retailers to ensure broader and deeper understanding of the issues and challenges raised in the report
- Strengthening certification processes. Fairtrade International, Rainforest Alliance and UTZ Certified, have all committed to strengthen both their standards in relation to workers wages and the processes for implementing these standards.

Alison Woodhead, GROW spokesperson said:

*“No matter how big and powerful, individual tea companies or certification organisations cannot tackle the deep-rooted and complex barriers to a living wage on their own. The best chance we have of eradicating poverty wages is for the whole industry - producers, governments, retailers, trade unions, companies and certification organisations - to work together to find a solution. We are delighted that process has now started and will continue to support its progress. Oxfam’s GROW campaign is working for a fair food system for everyone including the workers behind the world’s favourite brew.”*

Sarah Roberts, Executive Director, Ethical Tea Partnership said:

*“This project has already been very useful in terms of increasing understanding of the factors which affect the wages of workers on tea plantations. This gives us all a much firmer foundation from which to deal with the challenges ahead. There is much that we can build on from this initial work, including strengthening the diverse coalition of interested organisations willing to work together. It will need all of our combined efforts to make progress. At ETP, we will continue to use our expertise, convening power and relationships inside and outside the tea supply chain to increase the impact of the work that we are all doing to improve the lives of tea workers.”*

## Notes for Editors

### Contacts:

Anna Ratcliff at [anna.ratcliff@oxfaminternational.org](mailto:anna.ratcliff@oxfaminternational.org) or +44 7796993288 and +44 1865 339157

Sarah Roberts at [sarah.roberts@ethicalteapartnership.org](mailto:sarah.roberts@ethicalteapartnership.org) or +44 7824622384 and +44 207 953 7665

A full copy of *Understanding Wages in the Tea Industry* is available.

The report is produced by Oxfam and the Ethical Tea Partnership with additional funding from the IDH - Sustainable Trade Initiative and Unilever. The project was supported by Fairtrade International Organisation (FLO), Rainforest Alliance and UTZ Certified.

The World Bank Poverty Threshold, or poverty line, is the minimum level of income deemed adequate in a given country. The World Bank poverty line is currently set at US \$2 purchasing power parity per day. For more details see [www.worldbank.org](http://www.worldbank.org)

Oxfam is a global confederation of 17 organisations working together to find lasting solutions to poverty and injustice. Oxfam is campaigning for action to fix our broken food system through the GROW campaign: [www.oxfam.org/grow](http://www.oxfam.org/grow)

The Ethical Tea Partnership is a not-for-profit member organisation of tea companies committed to improving the lives of tea workers and their environment. Members are: Ahmad Tea, All About Tea, Bell Tea, Betty's and Taylors of Harrogate Ltd, Bigelow, Booths, DE Master Blenders 1753, DJ Miles & Co Ltd, Imperial Tea Court, Imporient UK Ltd, Intertee, Jing tea, Mars Drinks, Metropolitan Tea Co, Mother Parkers Tea & Coffee Inc, Newby Teas, Ostfriesische Tee Gesellschaft, Reginald Ames Ltd, The Republic of Tea, Ringtons, Tazo Tea, Tea Ltd, Tea Monkey, The Tetley Tea Group Ltd, Twinings, United Coffee and Windmill. For more information go to <http://www.ethicalteapartnership.org/>

The International Trade Initiative, IDH - Sustainable Trade Initiative, accelerates and up-scales sustainable trade by building impact oriented coalitions of front running multinationals, civil society organizations, governments and other stakeholders.  
[www.idhsustainabletrade.com](http://www.idhsustainabletrade.com)

For more information regarding ethical certification see websites [www.fairtrade.net](http://www.fairtrade.net), [www.utzcertified.org](http://www.utzcertified.org), [www.rainforest-alliance.org](http://www.rainforest-alliance.org).