

A close-up photograph of vibrant green tea leaves, showing their serrated edges and veins, filling the entire background of the page.

**STIRRING UP
THE TEA TRADE
CAN WE BUILD
A BETTER FUTURE
FOR TEA PRODUCERS?**

A Fairtrade Foundation Briefing Paper
February 2010



**FAIRTRADE
FOUNDATION**

‘IT IS OUR AMBITION TO REBALANCE THE POWER IN THE SUPPLY CHAIN SO THAT TEA WORKERS AND FARMERS BECOME PRICE-MAKERS RATHER THAN PRICE-TAKERS’

Harriet Lamb, Executive Director, Fairtrade Foundation



Front cover photograph and above © Simon Rawles

SUMMARY

We are all increasingly being encouraged to think more about the impact of the goods we choose to buy and to consume more wisely. Fairtrade can help us consume more fairly and more sustainably. Indeed, the growth of Fairtrade sales over the last ten years has demonstrated the public's appetite to choose products which offer a better deal to developing country producers.

Building on this growing consumer awareness, in 2008 the Fairtrade Foundation set some ambitious targets to 'tip the balance' of trade in favour of disadvantaged producers. For tea producers to be able to sell more tea under Fairtrade terms, we need to increase the size of the market. Some of the most vulnerable people in the world earn their living from tea and, as a nation of tea drinkers, we in the UK can have a major impact on their lives.

There has been significant progress in the UK: Fairtrade tea pioneers such as Cafédirect, Clipper, Equal Exchange and Traidcraft have been joined by some of the major UK retailers to make Fairtrade tea widely available. Sainsbury's, the Co-operative and Marks and Spencer have converted all their own-label tea to Fairtrade. A list of Fairtrade certified teas available in the UK is provided at the end of this document (annex 1).

Despite this progress, Fairtrade tea still represents only one in ten cups of tea drunk in the UK. Around three million people are currently making Fairtrade tea their daily habit, but we'd like to see at least another 10 million people drinking Fairtrade tea at home, at work and whilst out and about. That would really help to provide more secure livelihoods for millions of poor people involved in tea production around the world.

This report describes the global tea industry and the problems of the many who work within it and demonstrates the difference Fairtrade can, uniquely, make. Tea producers need our support and Fairtrade Fortnight 2010 includes a call to 'swap our cuppa': it's time for us to brew up Fairtrade and empower tea farmers and workers to build a better future.



Indian tea © Simon Rawles

1. THE TEA INDUSTRY

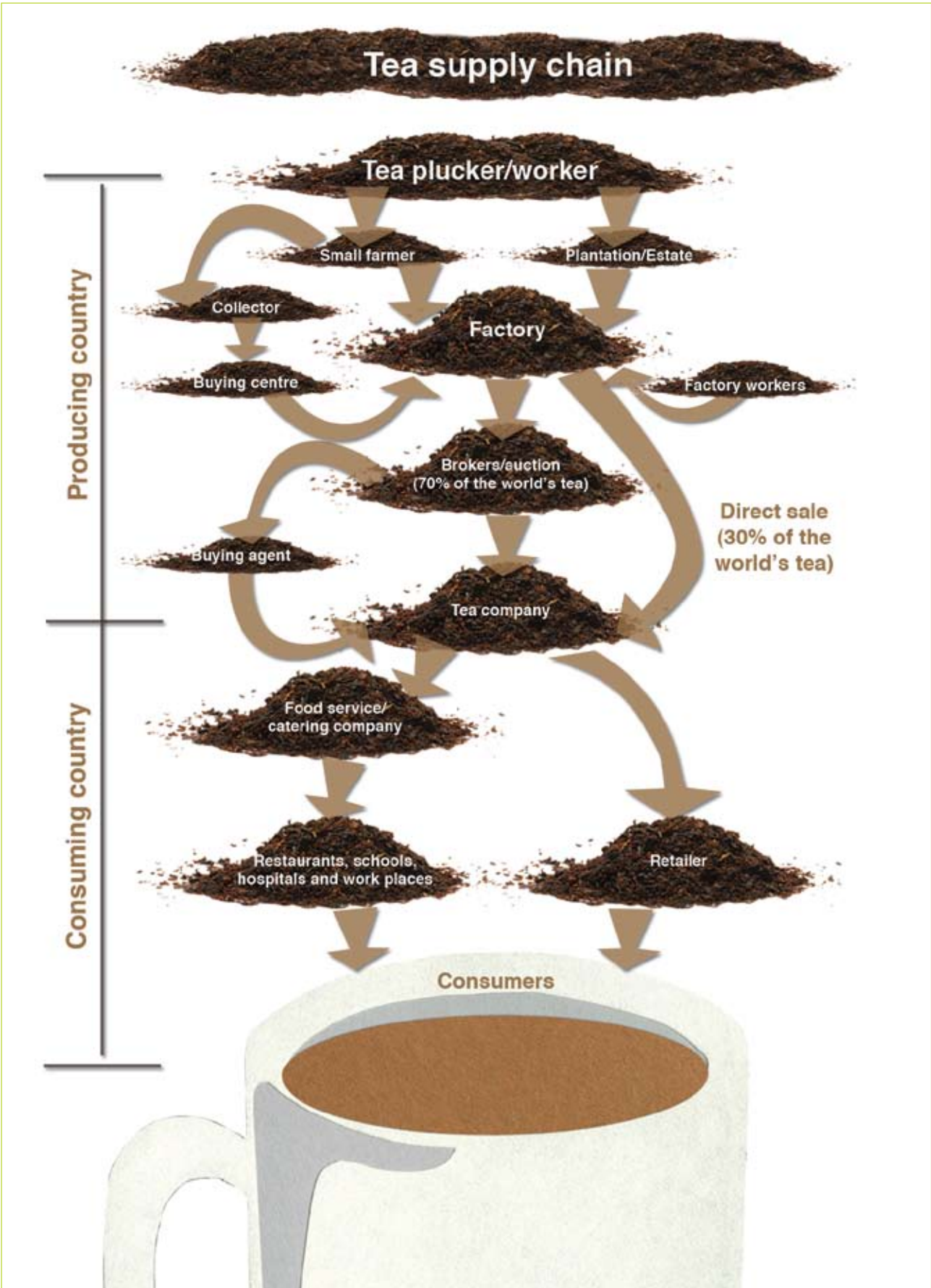
Tea has grown from a medicinal crop in China five thousand years ago to being a US\$4 billion industry, employing more than 15 million people around the world with four billion cups a day being drunk.

Tea is produced in 36 tropical and semi-tropical countries but four countries (China, India, Kenya and Sri Lanka) produce three quarters of the world's tea. Most of the tea produced in China and India is consumed locally, while Kenya is the world's leading exporter and the main source of tea for Britain.

Small changes in the tea prices can impact the lives of a great number of people. In India, tea provides direct employment to over a million individuals with another 10 million deriving their livelihood from tea through its links to the broader economy.¹ In Kenya, 10% of the population are employed by the tea sector. Tea also plays a critical role for some countries' foreign earnings. For example, tea accounts for as much as 30% of Malawi's foreign exchange and whilst Rwanda produces only 0.5% of the world's tea, tea accounts for around of 15% of its total exports. Similarly, tea represents 13% of Kenya's exports² and 3% of its GDP.³

The tea supply chain

The diagram overleaf outlines the different players involved to get tea into your cup. The tea supply chain is often complex with many people involved: producers, collectors, traders, brokers, packers and retailers. At the heart of the issue is the question of balancing risks, responsibilities and benefits between the different parts of the supply chain. In most businesses risk is balanced with reward, but in the case of primary commodities such as tea, the highest risks are passed down the supply chain to disadvantaged producers who are the least well placed to take on that risk. Worse still, they receive no additional reward for carrying higher risk, and indeed prices may barely cover the cost of production.



Source: A fair cup: towards better tea buying, Traidcraft 2009

In tea-producing countries

Tea (the leaves of the *Camellia sinensis* plant) grows best in regions with a warm, humid climate and rainfall of around 100cm a year, on evergreen bushes around one metre high for ease of plucking. Leaves are plucked by hand on a daily basis with pluckers returning to each bush every 7-10 days (known as a plucking round). Leaves are collected in a basket or bag on the plucker's back. The leaves are then weighed and taken to a factory for processing. Other labour involved on a tea estate includes weeding, pruning and fertilising the tea bushes.

All tea is grown from the same plant but processed differently at the factory to produce black, green, white, yellow or oolong tea. Of the two major types of tea – black and green – black tea accounts for around 75% of global production and over 90% of the market in Western countries.⁴ Black tea is produced by wilting, sometimes crushing and fully oxidizing the leaves. Green tea is produced from steamed and unoxidized leaves while white tea is made from wilted and unoxidized leaves. One processing method, known as 'crush, tear, curl' (or CTC), involves shredding the leaves and crushing them between sets of rollers to produce fine granules, a process suited to tea bags (which account for 96% of UK tea sales⁵). Tea is a very perishable commodity that, for the best quality, needs to be processed hours after picking, requiring good transport networks and close proximity of tea plants to processing factories.

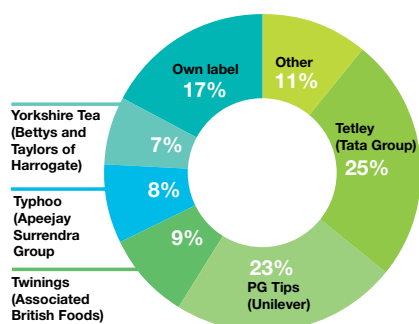
Tea is commonly sold through auction centres around the world (primarily, Mombasa, Kenya; Kolkata, India and Colombo, Sri Lanka) or in private deals, increasingly online. Auction prices vary with both the quality and quantity of tea on offer and the demand for tea at any one time.

In tea-consuming countries

Tea companies mostly buy tea from the auctions or directly from factories. They then blend and pack it. Almost all teas in bags and most other teas sold in the West are blends of tea sourced from various farms and, often, various countries. Blending may occur in the tea-planting area (as in the case of Assam, India), or teas from many areas may be blended. The aim of blending is to create a well balanced flavour using different origins and characters. Once blended and packed, in the UK, the vast majority of tea⁶ is sold by supermarkets and chain stores who may sell their own-label teas as well as the major brands.

The buying and retailing end of the market is dominated by a handful of multinational companies. The most lucrative part of the tea trade – blending, packaging and marketing – is generally carried out by tea companies in tea-consuming countries. So the largest proportion of profits does not accrue in the poorer tea-producing countries but in richer countries.⁷ The biggest tea brands in the UK are Tetley and PG Tips who together account for nearly 50% of the market.

Estimated retail value brand shares of the UK tea and herbal tea market (2008)



Source: Tea and Herbal Tea: Market Intelligence, Mintel, February 2009

The situation for smallholders

Tea is grown both on large estates manned by hired labour and by small holder farmers. Despite their importance in determining the quality of the tea, farmers are the most vulnerable in the supply chain. Small-scale tea growers grow most of the tea in countries such as Kenya and Sri Lanka.

Small holder farmers often sell their tea to local tea factories and find it difficult to demand a decent price for their crop. They may lack the necessary technical inputs such as fertilisers, irrigation or crop improvement methods, to increase the productivity and quality of their tea and get a better price.⁸ In addition, they may lack access to accurate market information about current prices and are in a weak bargaining position.

Small-scale tea growers receive only a fraction of the price their produce fetches at auction. In 2007, this varied from just 4% in Malawi to around 17% in Sri Lanka. They are likely to receive less than 3% of the retail value of tea, and often less than 1%.⁹

Only the smallest producers farm their land entirely with family labour, and many smallholders employ workers, often on a casual basis. Increasing pressures to reduce costs are often passed on to these workers, reducing already low incomes and pushing them into further poverty.



Sarah Basaasa, Uganda
© Simon Rawles

The livelihoods of workers on tea plantations

Globally most tea is grown on plantations, also known as estates. Plantations employ workers to pluck, fertilise, weed and prune the tea bushes on the estates.

Tea workers undertake physically demanding tasks, often enduring long term back pain as well as exposure to pesticides and other chemicals. Discrimination and sexual harassment against women workers, who often comprise the majority of plantation workers, is common. Workers often work long hours.¹⁰

Wages on tea plantations are notoriously low, rarely constituting a decent, living wage, and often providing too little to feed families adequately. In addition, most workers have no job security and independent trade unions may be non-existent or ineffective.¹¹

Average approximate daily wages for plantation workers ¹²	
Kenya	\$3.00
Sri Lanka	\$2.80
India	\$1.19-\$1.70
Malawi	\$0.70-\$1.60

Vulnerable price-takers

Small-scale tea growers, along with tea workers on plantations, are amongst the most vulnerable in the tea supply chain. Farmers and tea workers are price-takers, with little relationship to buyers, and those in remote areas often have little choice about who they sell to.



Herbet Babinyaga's family, Uganda
© Simon Rawles

2. WHAT'S CAUSING THE VULNERABILITY?

There are several factors behind the low and insecure incomes of tea workers and farmers. Amongst the most important are:

- corporate concentration of the global tea supply chain
- the low real price of tea
- the increasing impacts of climate change.

Corporate concentration

A small number of companies dominate the tea industry, with a presence at almost all stages of the journey of tea from crop to cup. The large number of producers in the tea industry, compared to the very small number of buyers, packers and retailers, leads to a 'funnel effect' in the supply chain which in turn leads to a concentration of power with buyers compared to producers.

Tea companies may grow tea on estates, buy tea from other estates or a combination of the two. They have their own buyers in the major tea growing regions or employ trading companies to buy on their behalf. Auction prices are generally determined through the balance of supply and demand. There are a small number of companies which dominate each auction centre and some commentators have suggested that this provides potential for collusion to keep prices low.^{13,14}

What is clear is that the buying behaviours of the big companies can have a major impact on prices paid. Just six companies reportedly account for two thirds of the tea traded at the Mombasa tea auction in Kenya, where most African tea-producing countries trade their tea.

The UN's Food and Agriculture Organisation (FAO) has expressed concern about the value chain. In a 2005 report, it found that there had been a widening marketing margin between value added export prices and the average price at tea auctions. It concluded that 'tea growers are not fully benefiting from the consumer's rising demand for value added product.'

Limited competition is revealed throughout the supply chain:

- Seven vertically-integrated companies control 85% of tea production through their own factories and estates.¹⁵ Four companies – Unilever (who produce Lipton and PG Tips), Tata Tea (who produce Tetley), Van Rees (a tea trading company) and James Finlay (a tea packing company) – dominate, with Unilever, the largest, buying 12% of the world's black tea.¹⁶
- Retail sales are also highly concentrated. The top three packers control 60% of the tea market in the UK, 67% in Germany and 66% in Italy.¹⁷

The domination of the tea sector by a few companies is also seen in the breakdown of who accrues the largest share of the value chain:

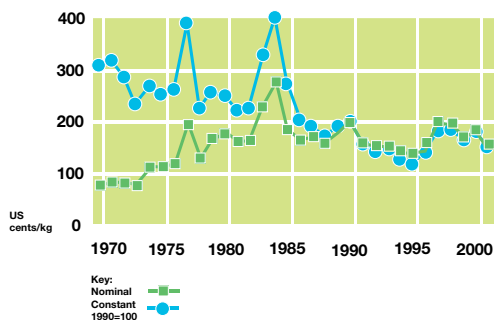
- Around 40% of the retail price of tea accrues to the tea traders and manufacturers, and a further 40% goes to the processors/blenders, packagers and retailers, based mainly in rich countries
- In tea-producing countries, around 15% of the retail price goes to the plantation and factory, and less than 1% to the auction broker
- The plantation worker is likely to earn 1% or less.¹⁸

A 2005 report for the ILO into plantation conditions in West Bengal notes:

*'The effort of the manufacturers-retailers is to restrict costs at the production stage in order to reap high profits at points located higher on the value chain.'*¹⁹ The FAO suggests assessing, amongst other things, *'competition policies needed to expand the performance of the value chain'*, and to *'formulate strategies to enhance growers' participation in the value added market'*.²⁰ Although tea from West Bengal is largely sold on the domestic market in India, these findings do provide an insight into the pressures that are applied universally across tea plantations in India.

The low real price of tea

Growing tea has always been a difficult way to earn a living, but in recent decades things have gone from bad to worse. Between 1970 and 2002, tea producers faced a downward price trend with the World Bank suggesting that the tea price fell in real terms by 44% over that period.²¹ The graph on the left from the FAO shows how, whilst nominal prices rose slightly during that time, the real price (at constant prices ie taking into account inflation) has fallen over time.



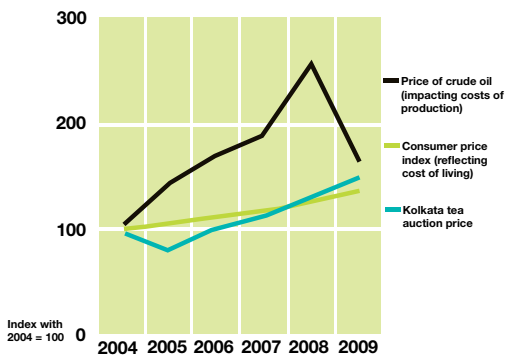
Source: FAO²²

Since 2002, nominal prices have increased. However again, the real price of tea has dropped substantially with producers receiving only around half of what they did 30 years ago.²³

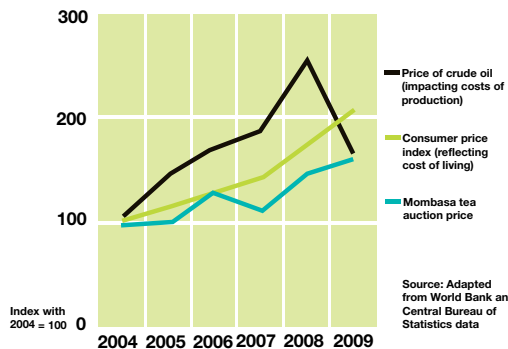
Much has been said about the current surge in world tea prices. However, the price of tea alone does not tell the full story from the perspective of a producer. Costs of inputs (such as labour, fuel and fertiliser) have gone up faster than tea prices, thus reducing the net income. In addition, inflation has meant that the costs of living (such as costs of food, education and healthcare) have also increased; so current income levels can buy less than before.

The graphs overleaf compare the change in tea auction prices with the costs of oil (as an indicator of the price of critical inputs such as fuel and fertiliser) and the costs of living in India and Kenya.

Comparison of the price of tea, costs of production and cost of living in India over the last five years



Comparison of the price of tea, costs of production and cost of living in Kenya over the last five years



In Kenya, despite the recent high nominal prices, the cost of producing tea is very high and producers barely break even. The Standard newspaper (August 28, 2008) in Kenya for example reported that many small-scale growers uprooted their tea plantations due to rising cost and a lack of credit facilities.²⁴ Some producers have reported to the Fairtrade Foundation that they have not been able to afford fertilisers, so low prices have been exacerbated by declining productivity. Although oil prices have dropped significantly in the last year, producers are reporting that fertilizer prices have stayed high.

During 2004 and 2005, ActionAid looked in depth at the impact of lower incomes for tea producers in Tamil Nadu in India. It found that:

- workers were paid lower wages for increased workloads
- workers were suffering hunger and malnutrition
- workers were facing increasing job insecurity
- smallholder tea growers were struggling to feed their families.

Aleyamma, a grandmother in her fifties living in the Gudalur valley, Tamil Nadu says *'Ten years ago I could look at my life with satisfaction and say because of my hard work I have taken my family out of poverty. Now I look at my grandchildren in despair. After working like a dog every single day of my life, we have nothing to give them.'*²⁵

Climate change

Climate change is also creating havoc for tea producers. In 2009, drought in India, Sri Lanka and Kenya affected crop outputs and evidence suggests that the increasing impacts of climate change are generating unpredictable harvests leaving many small scale tea growers struggling to plan for the future.

According to the fourth assessment report of the Intergovernmental Panel on Climate Change (IPCC) 2007 some arid areas will expand due to increased warming, and this is likely to encroach into areas suitable for tea cultivation. This means that communities earning their livelihoods from tea and coffee face serious threats as their source of livelihood will be disrupted. If temperature rises by 2°C, large areas of Kenya currently suited to growing tea would become unsuitable. Massive deforestation due to the high-energy intensity of tea processing worsens environmental risks and the potential impacts of climate change.



India, United Niligiri Tea Estates © Simon Rawles

AdapCC: Innovation in action

Cafédirect is a unique, 100% Fairtrade company that reinvests over 50% of profits back into the communities they work with. Cafédirect with GTZ (the German government technical development agency) has developed a project called 'AdapCC' to provide replicable, region specific, and perhaps most importantly, scalable solutions that help counter the impacts of climate change.

Andrew Kobia Ethuru tea farmer and Chairman of the Fairtrade Premium Committee, Michimikuru Tea Factory, Kenya:

*'The rains are now erratic, the season cycles are changing – cycles that we rely on for food and to earn a decent living. Freak storms are wreaking havoc; severe winds have destroyed homes, buildings, and crops. On my farm I have had tea bushes burnt by lightning – in 30 years of farming I have never seen this happen. Rising temperatures also means we have malaria in regions that have never suffered from it before.'*²⁶

In Kenya, AdapCC is introducing soil management techniques, including fertiliser use and reforestation of degraded riverbanks, and tackling the root cause of deforestation by introducing energy saving techniques to reduce the consumption of firewood. One factory is working on a feasibility study for a small wind farm to power the facility itself and the surrounding area. Should it work, the factory may be able to sell energy back to the grid, potentially offsetting, to some degree, the loss of revenues from falling primary crop production. Searching for other long term revenue streams as an alternative to tea is now part of the adaptation strategy. See www.adapcc.org for more information.



Dunsandle Estate, Nilgiris, India © Simon Rawles



Pump at Satemwa, Malawi paid for from Fairtrade premiums © Annette Kay

3. THE DIFFERENCE FAIRTRADE CAN MAKE

Fairtrade is already helping an estimated 750,000 farmers, workers and their families in the tea industry. An indication of where Fairtrade tea in the UK is currently coming from is provided as annex 2.

Fairtrade standards for tea act as a safety net against the unpredictable market, providing a minimum price that aims to cover their costs of sustainable production, as well as a Fairtrade premium (for investment in social, economic and environmental improvements) and credit if needed.

Fairtrade producer organisations are guaranteed:

- a minimum Fairtrade price²⁷ which varies according to the country of origin, type of tea and whether the tea is organic or non-organic: presently \$2.00/kg in Sri Lanka, \$1.40-\$2.00 in India and \$1.40-\$1.50/kg in East Africa, for example
- an additional Fairtrade premium, of \$0.50/kg for social, economic and environmental investments
- pre-export lines of credit to the producer organisations who request it of up to 60 % of the purchase price

The Fairtrade environmental standards require environmental protection to be part of the organisation's management plan, restrict the use of agrochemicals and encourage sustainable farming and processing methods.



Burnside Estate joint body Niligiris, India © Reena Agarwal

However perhaps most importantly, the Fairtrade standard is designed so that the tea workers on plantations and the smallholder members of the producer organisations are able to take more control over their own future. Small farmers are organised into associations and must manage the Fairtrade premium democratically, reinvesting it according to priorities identified by the farmers themselves. This can include improving the services of their own organisation, improving quality control, or investing in social or environmental projects to benefit the whole community.

The smallholders themselves perhaps best describe some of the intangible benefits of Fairtrade:

'As people we now have self confidence and personal freedom. In the past we always had to work for large farmers and felt like second class citizens. Now we have full citizenship.' (A member of Heiveld, Board member, Heiveld Rooibos Tea Cooperative, South Africa.)



Weighing tea, Uganda © Simon Rawles

The difference the Fairtrade premium can make: Mabale Tea Growers

The 2,300 small-scale growers associated with the Mabale Tea Growers Factory are situated in Kyenjojo district of western Uganda, the country's main tea-growing area. Mabale is owned by the farmers who each have shares in the processing factory, giving them a real stake in the business and providing them with dividends when the company makes a profit; this also provides them with a dependable buyer for their produce. The factory ferments, dries and grades the tea ready for transportation to Mombasa, Kenya where it is sold to international traders. Mabale's tea growers farm average plots of two hectares, which produces around 2,000 kgs of tea per month, and earn an average of Shs325,000 (£116) a month.

Mabale sells only around 2% of its tea to the Fairtrade market (to Cafédirect), but that volume is crucial. From 2005 to 2008, the growers invested the Fairtrade premium of \$166,000 to support development projects to benefit the broader local community, not just the growers themselves. They have decided to use the premium to help construct or improve around 100kms of roads, many of which were impassable in times of heavy rain, and to build 50 leaf-sheds to protect the plucked tea leaves from burning when they are being sorted.

They have also spent the premium to fund the building of new classrooms in seven local schools. The growers decided to invest the premium to help fund a health clinic employing three nurses on rotation 24 hours a day. It also funds the construction of water sources, mainly shallow wells and pumps, critical when virtually none of the tea growers, or other farmers in the area, has running water or easy access to drinking water.

Mr Silver Kasoro Atwoki, Committee chairman and Director of Mabale Tea Growers Tea Factory explains how access to information and markets, combined with minimum price and premium has benefited smallholders in his area of Uganda:

'Thanks to Fairtrade, we have changed our agricultural techniques which have improved the quality and quantity of our teas. We have opened new access roads to benefit all in the community, assisted in providing primary health care through construction of health units and added a new block to a local secondary school. Fairtrade is significantly contributing towards the social improvement of our community and providing a better future for our youngsters.'

'Further, the farmers are able to have a voice in the decision making of their companies due to the fact that Fairtrade comes about with a number of standards – standards about democracy, transparency and accountability. And this has gone a long way in improving the governance of our factory and especially our company.'



Burnside Estate, India © Simon Rawles

Fairtrade on tea plantations

For workers on tea plantations, Fairtrade seeks to improve worker representation as well ensure minimum social, environmental and economic standards.

Fairtrade standards for tea plantations ensure that:

- workers have a right to freedom of association and can establish or join an independent union
- a committee called Joint Body, composed of mostly workers' representatives together with some managers, is made responsible for the management of Fairtrade premium investment. The premium should not be used to cover ongoing operating expenses of the plantation, but rather for development projects that can benefit the whole community.
- forced labour and child labour of children under 15 years old is prohibited. Children aged 15 and above cannot do work if it could compromise their health or education.
- salaries should be equal or higher than the regional average or than the minimum wage in effect.
- health and safety measures should be established in order to avoid work injuries.

The premium is used for various purposes. Workers at the Kibena tea estate in Tanzania have built classrooms, a nursery school, school latrines and purchased school books. In Sri Lanka, the extra income has helped tea growers to diversify into producing new spices in their tea gardens.

One of the most important benefits of Fairtrade in the plantation sector is the empowerment of workers to decide what is needed for their community. In addition to the freedom of association, the Joint Body, a key requirement of Fairtrade standards, brings management and workers together often for the first time, to debate and agree a plan to improve the lives of workers and their families. Without a forum such as a Joint Body, workers would rarely have such an opportunity to take control of their lives and improve prospects for future generations of workers.

Mr J Devasagayam, Estate Supervisor, Stockholm Tea Estate, Sri Lanka:

'We all work together on the Joint Body; management and workers' representatives are equal in status, I don't feel intimidated by the presence of the manager... Fairtrade is raising our living standards. But just as importantly, it is changing people's attitudes. We used to ask the estate manager or the government to do things for us to improve our lives; now we're trying to do it ourselves'.



Tea picking, India © Simon Rawles

Case study: Satemwa Tea Estate, Malawi

In 2009, the Fairtrade Foundation commissioned the Natural Resources Institute to carry out a detailed longitudinal impact assessment of Fairtrade certified tea producers and workers in Malawi.²⁹

Satemwa Tea Estates has been Fairtrade certified since 2007. It grows green tea and also buys from local smallholders. It employs between 1,700 and 2,600 workers depending on the season.

Workers at Satemwa live in the 14 villages located around the estate. The situation at Satemwa is typical of that faced on many tea estates across Malawi and Africa and illustrates why Fairtrade is necessary and why it is so critical that tea producers are able to sell more of their tea on Fairtrade terms. There are eight primary schools and five secondary schools. 45% of the workers' children drop out of primary schooling while only 30% are able to access secondary schooling at all. Around 60% of the households run out of food by December although tea and a meal is provided each day by the estate. Only 40% of the workers' houses have iron roofs and only 20% have access to safe drinking water.

Many of the workers grow their own maize for household consumption but need to rely on their wages to buy the majority of what they consume.

Social conditions such as those at Satemwa cannot be turned around overnight, but Fairtrade is already having an impact:

To comply with Fairtrade standards, Satemwa:

- set up a Joint Body as a structure through which the premium would be managed
- discontinued use of all of the most hazardous chemicals as required by Fairtrade standards
- purchased more protective clothing for workers handling chemicals and only allowed a maximum of four hours per day of exposure to chemicals by sprayers
- increased the maternity leave for female workers (previously eight weeks), to 11 weeks next year before reaching 12 weeks, which complies with the international Fairtrade standard

Since being able to sell on Fairtrade terms, the Joint Body which represents the workers of Satemwa Tea Estates Ltd has so far received a total of US\$686,000 premium funds from total sales of 1,372,276.36 kg of tea under Fairtrade terms. In 2008, about 60% of Satemwa tea was sold as Fairtrade. However, it was indicated that it is difficult to forecast how much tea would be sold as Fairtrade each year as this depends on the buyers and consumer demand for Fairtrade tea.

The workers have invested the premium funds in a number of projects. Some of these projects have directly benefited the workforce. For example, workers have received heavily-subsidised mini-solar panels. The workers said that this had greatly contributed to their household income since they had stopped buying paraffin which is a substantial part of their monthly expenditure.

Furthermore, each worker received a mosquito net for a nominal fee. Each worker was also given a bag of maize at (subsidised) half price during the so called 'hungry months'. Adult literacy classes have also been introduced which is initially for the workers only but it is expected to expand to communities around the estate.

The table below summarises some of the most obvious impacts and main projects undertaken.

Projects and other changes	Comments from Satemwa staff and families
11 boreholes have been drilled, three in Satemwa and eight in surrounding communities	<i>Since I was born... the first time to drink clean water is from this borehole that the Joint Body has brought to us!</i> Lady in Mbeluko village, T.A. Mchilamwela, Thyolo
Improved management	<i>Previously, the company management decided as they wished when to provide what and how. For example, if one had a loan with the company, they deducted without thinking of the welfare of the worker. But all this has now changed for the better.</i> Tea worker
Health – 1,000 doses of malaria drugs	<i>Normally the company provides quarterly funding for procurement of drugs. The company would have had problems to finance such procurement at once. This is a big push to the clinic and the welfare of the workers in general.</i> Clinical Officer – Satemwa
Adult literacy classes. Four centres for Standard One to Eight using teaching staff from surrounding schools	<i>Most of us dropped out of school without knowing how to read and write. We are happy that the company, through the Joint Body, has introduced adult literacy classes to enable us to upgrade our knowledge.</i>
135 desks bought for Satemwa Primary School	<i>(previously) they (Standard Eight class) would have been sitting on the floor or at best on those plastic chairs without a desk which makes writing very uncomfortable.</i> Headmaster at Satemwa
Promotion of gender equality	<i>In the past sometimes it was not easy to allow a woman to go on maternity leave otherwise it was outright dismissal which is no longer the case now.</i> Female worker



Tea picking, India © Simon Rawles

The impact report also noted a number of areas for further improvement. These included building the capacity of the Joint Body to effectively identify and manage projects; further investment of premiums to benefit the community as a whole rather than just estate workers.

It was also noted that it will be important to ensure continued and growing sales on Fairtrade terms so that the Estate can fully benefit from its investment in meeting Fairtrade standards. This requires a growth in global demand for Fairtrade certified tea, and underpins the importance of also driving consumer campaigns to encourage people to make a positive choice in their daily and weekly purchasing.

A 2000 report evaluating the impact of Fairtrade on development by Oxford Policy Management and the International Institute for Environment and Development³⁰ found that *'Fairtrade activities in this regard go beyond the provision of information and traditional business development support and include facilitating greater participation and confidence in civil society structures that emphasise accountability and transparency. The Fairtrade relationship can also provide a solid platform for producers to innovate – for example, converting to organic farming methods.'* It goes on to find that *'the most important impact of Fairtrade initiatives lies in their work to strengthen the capacity of producer organisations and increasing their bargaining power. Successful capacity building, organisational development and marketing support provided as part of Fairtrade initiatives can have an impact far beyond the value of products traded by Fairtrade certified organisations'*.³¹

4. WORKING TOGETHER FOR AN ETHICAL TEA INDUSTRY

Recently, there have been a number of moves by parts of the tea industry to commit to improving labour and environmental standards in its supply chain. The table below outlines some of the main ethical initiatives that have been introduced and information about core components, and objectives.

Scheme	Key attributes and objectives
Ethical Tea Partnership (ETP)	ETP is a non-commercial alliance of over twenty international tea packers who share a vision of a thriving global tea sector that is socially just and environmentally sustainable. The ETP has been organising the monitoring of tea estates in its members' supply chain for 12 years, based on the ETP standard which covers both social and environmental issues. Its fundamental principles are those of the Ethical Trading Initiative's Base Code. ETP also works with a range of partner organisations to develop projects that will overcome the barriers to a more sustainable tea sector. While not a certification body itself, the ETP works closely with key certification bodies, including Fairtrade, Rainforest Alliance Certified™, and UTZ CERTIFIED
Rainforest Alliance Certified™	Products from farms that meet comprehensive environmental, social and economic criteria set by the Sustainable Agriculture Network (SAN), a coalition of grassroots conservation groups, are able to use the Rainforest Alliance Certified seal. The SAN standards have a special emphasis on workers and wildlife. The Rainforest Alliance Certified programme began working with tea farmers in 2006.
UTZ Certified	UTZ CERTIFIED is an industry-producer partnership which has recently expanded its certification programme to the tea sector. The UTZ CERTIFIED program aims to provide an assurance of responsible production and sourcing, through independent certification against the UTZ CERTIFIED code of conduct and a focus on traceability, using a Track and Trace system and Chain of Custody criteria.
Organic	Organic certification provides a set of standards which define what farmers can and cannot do, placing a strong emphasis on the protection of wildlife and the environment. Under organic certified farming, pesticides are severely restricted and artificial chemical fertilisers, animal cruelty, genetically modified feed and routine use of drugs and antibiotics are all disallowed. Many products, including tea are dual certified, matching organic with other certification schemes.
Fairtrade	Fairtrade is a strategy for poverty reduction and sustainable development. Its purpose is to create opportunities for producers and workers who have been economically disadvantaged or marginalized by the conventional trading system. The FAIRTRADE Mark is a registered certification label for products sourced from producers in developing countries that provides assurance that a set of standards (approved by a global body, the Fairtrade Labelling Organisation) have been met in line with Fairtrade principles. Tea was amongst the first products to carry the FAIRTRADE Mark in the UK in 1994

Fairtrade welcomes all moves by companies towards greater sustainability in the tea industry. We believe that Fairtrade provides a unique contribution towards the long-term empowerment of small farmers and workers on tea estates, as well as connecting consumers and producers in a dynamic, global, movement for change.

By providing a minimum price guarantee, pre-financing and payment of a premium which the workers or farmers themselves control, tea producers are provided with the means to plan ahead and take greater control of their future. Fairtrade is unique in that it facilitates the organisation of smallholders and workers to create locally appropriate social structures that can underpin long term change.

Perhaps most importantly, Fairtrade is unique in that it aims to create change on the ground as a part of a wider social movement. Standards are an important tool for underpinning positive social, economic and environmental conditions, and Fairtrade has provided a powerful demonstration of their potential. But standards, certification and auditing can only ever be one part of a wider social movement for change. The Fairtrade movement matches the organisation and empowerment of producers with education and mobilisation of consumers. Our long term ambition is to create new ways of doing business, where companies build long-term partnerships of mutual respect between the producers in their supply chains, their own employees and their market customers, in order to drive positive social and environmental change. Companies within the Fairtrade movement are already creating examples of new business models. Equal Exchange packs tea at source, ensuring more of the value chain is captured locally. Cafedirect's producer partners have an option to be shareholders in the company, which has established the Cafedirect Producers' Foundation to uphold their grower partners' interests and ensure representation on their Board.



Carrying tea, Uganda © Simon Rawles

5. THE CONCLUSION

Ultimately the options for tea producers to improve their livelihoods are limited. Increasing productivity, and reducing the costs of inputs can help to some extent. But producers will still be vulnerable to impacts of climate change as well as global reductions in tea price. The only way to create long term security for tea producers is to increase their negotiating power so as to shift the value chain in their favour.

Harriet Lamb, Executive Director, Fairtrade Foundation says: 'It is our ambition to rebalance the power in the supply chain so that tea workers and farmers become price-makers rather than price-takers in the long run'.

Currently, there are 93 Fairtrade certified tea producers but they are only able to sell a small proportion of their tea on Fairtrade terms as there is not enough consumer demand for Fairtrade tea.

Director of United Nilgiri Tea Estates in India, Mr Pinto said: 'We would love to sell all our tea as Fairtrade tea. That is not only good for the company as it yields higher prices but especially for the workers. Look what has been accomplished with the premium money and imagine what would happen if all our tea was sold as Fairtrade. Major changes could be achieved.'

The future faced by tea growers and workers is not just in the hands of a few companies and the changing climate. It is in our hands also. If we all demanded Fairtrade tea for our daily cuppa, we could start to tip the balance in favour of tea producers in Asia and Africa. Fairtrade is the only independent assurance that workers have a voice within the value chain and that small farmers livelihoods are more secure.

The Fairtrade Network of Asian Producers, which includes tea producers in India and Sri Lanka, says: 'While there are many labels in the market, Fairtrade is the only scheme which is producer owned, has a good track record on development and is best equipped to provide a better deal for producers via the assurance of a minimum guaranteed price and premium for our development.'

What you can do

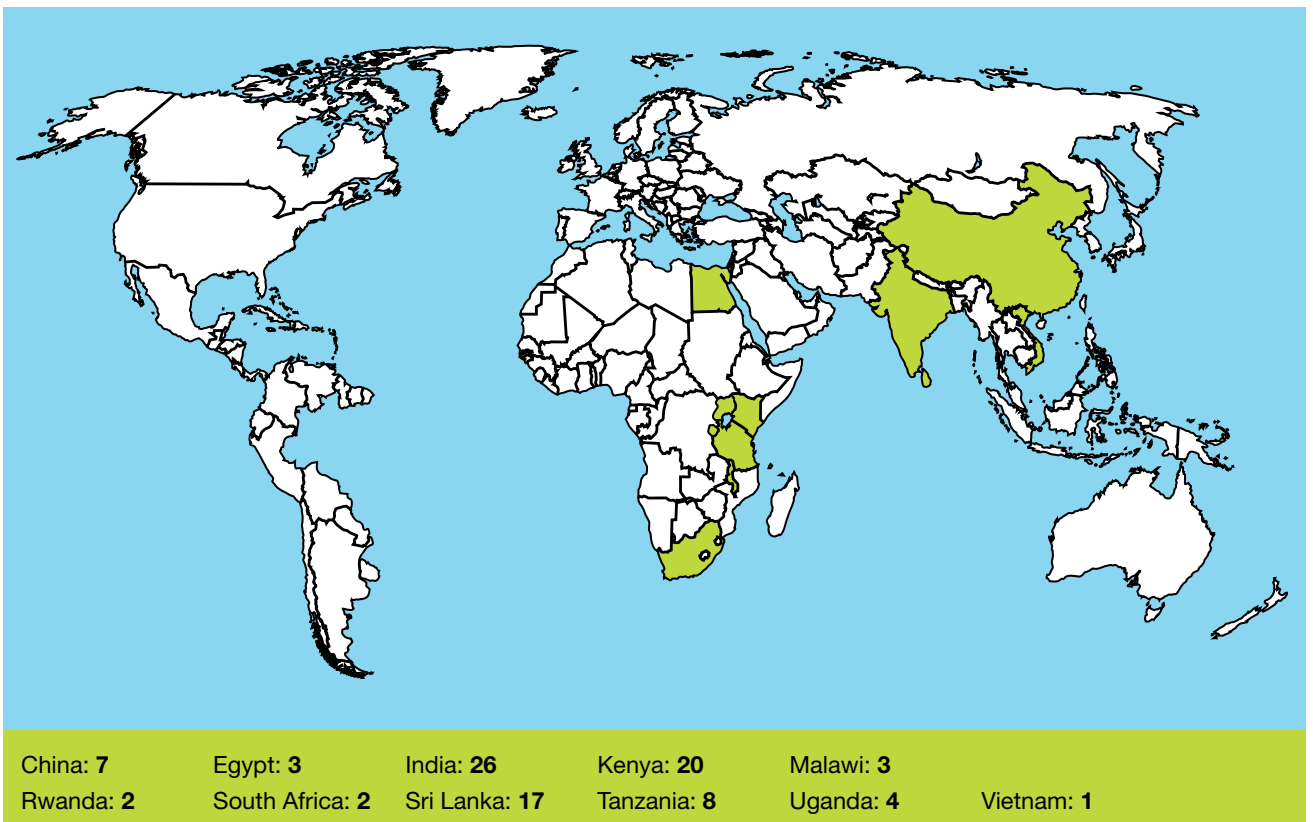
- Switch to Fairtrade tea or keep enjoying Fairtrade tea if you are already a Fairtrade tea drinker – check out the latest list of companies offering a wide selection of Fairtrade teas at www.fairtrade.org.uk/products
- Ask your supermarket to stock more brands of tea carrying the FAIRTRADE Mark and to switch their own label tea to Fairtrade if it hasn't already.
- Ask your workplace, local authority, schools, shops and cafes to switch to Fairtrade tea – hold a tea party and show one of the tea films you can find at www.fairtrade.org.uk
- Ask your friends and family to do the same.

Annex 1: Tea products

The following offer Fairtrade certified black, green, white and herbal teas. For more information about where you can buy retail, catering or wholesale tea products please go to www.fairtrade.org.uk

15 Minute	Harrods	Punjana	The Little Big Tea Company
AMT	Imporient	Purely Organic	The Oxford Tea Company
ASDA	Integrity	Qi Teas	Traidcraft
Brian Wogan	Jacksons of Piccadilly	Rare Tea Co	Trumpers Tea
Cafédirect	Jilja Tea	Rosie	Union Hand Roasted
Ceylon 1	Lidl	Royal Botanic Gardens	Whiteheads
Clipper	London Tea Company	Kew	
Down To Earth	Luponde	Sainsbury's	
Dragonfly Tea	Make Us A Brew	Somerfield	
English Garden	Marks & Spencer	Steenbergs Organic	
Equal Exchange	Miles Tea & Coffee	Suki Tea	
Essential Trading	Morrisons	Taylor's of Harrogate	
Good Earth	Northern Tea Merchants	Tesco	
Hampstead Tea & Coffee Co.	Percol	The Co-operative	
	Pumphreys		

Annex 2: Fairtrade tea producers



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- ²⁷ The first Fairtrade minimum price for tea was introduced in 2007, a reaction to reduced global prices and many producers' experience of selling their tea at below the cost of production. These minimum prices – for non-organic teas produced using the Crush-Tear-Curl method – vary according to countries of origin, reflecting the diversity in cost of production and market prices. Other teas do not have minimum prices under the Fairtrade system; the Fairtrade price is negotiated between buyer and seller, based on the local auction price, and must cover at least the costs of production.
- ²⁸ Darjeeling, Orthodox and Organic tea receives a higher Fairtrade premium. For conventional teas made using the CTC production method, and for conventional fannings and dust made using the orthodox production method, \$0.10/kg is deducted by the buyer from each Fairtrade Premium payment and paid directly to the tea estate to support improvements in working conditions as part of ongoing certification and compliance with Fairtrade standards.
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