



A New Workers Rights Strategy for Fairtrade

Introduction

Why a new strategy and what are we hoping to achieve?

In 2010 Fairtrade International announced we would review our approach to our work in hired labour.

Fairtrade began work to address the problems faced by landless workers in 1994 with the first Fairtrade certified tea plantations. Workers on farms and in factories are among the most vulnerable in the global trade system. Without land or not able to make a living from it, they often have few options how to make a living. Many end up working long difficult hours for low pay, afraid to speak up for their rights for fear of losing their jobs.

Almost 20 years on, our strategic review has been an opportunity to take a critical look at our impact in this area – successes, shortfalls, opportunities – and to redefine our vision for workers.

There are now 170 000 workers employed on Fairtrade certified plantations alone. These men, women and their families have already benefited from millions of Euros in Fairtrade Premium investments into education, health care, career development and community projects. Their plantations receive regular annual audits to check that their labour rights are respected.

In many Fairtrade certified workplaces, workers' income, work conditions and involvement in decision-making goes well beyond the minimum requirements in the Fairtrade Standards. This is especially true on farms where management is committed to Fairtrade principles, where workers belong to an independent trade union, or both.

However, workers on many Fairtrade certified farms remain in a vulnerable position. Many do not feel they have the freedom or ability to negotiate better wages or terms of employment. Others earn enough to live from, but not enough to have savings or improve their family's situation.

We therefore entered into our strategic review with this fundamental question in mind: *How can Fairtrade best deliver on its mission to empower workers to combat poverty, strengthen their position and take more control over their lives?*

Over the course of our year-and-a-half review, we have relied on the generous expertise of trade unions, labour rights activists and partners within the Fairtrade system including workers themselves. In particular, the Workers' Rights Advisory Council (WRAC) of union and labour rights experts has been a close advisor as we have developed our new strategy.



“Workers have benefited over the years from Fairtrade Premium projects and basic labour rights protection offered by the Fairtrade Standards and certification. But now it's time to go beyond this, to bring worker participation to the heart of our model.”

Tuulia Syvänen, Executive Operating Officer, Fairtrade International

Our Ambition

Workers have the power to improve their livelihoods in a positive, supportive environment

The vision of our new workers' rights strategy is for workers to have the power to affect the decisions that impact their lives. We want to move beyond the traditional CSR paradigm of social compliance based on standard-setting and auditing. While audits are a tool, Fairtrade's focus should be to help build the conditions whereby workers have the tools and ability to negotiate their own wages and terms of work.

Our goal is to support “mature systems of industrial relations” on Fairtrade farms. This is a model for employer-worker relations whereby workers and management build a relationship based on trust, respect and regular dialogue. Workers and their employer meet frequently to talk about workplace issues – not just workers’ wages and work conditions but also about production, productivity problems and solutions, etc.

Positive employer-worker relations and regular dialogue can help to build sustainable businesses and make companies more competitive. Employers can benefit from more motivated employees and lower turnover. According to the International Labour Organization (ILO): “the competitiveness and viability – and even survival – of enterprises increasingly depends on the ability to ensure that employees are motivated, skilled and committed. This is best achieved in a progressive workplace environment characterized by a spirit of mutual trust and respect, non-discrimination and good labour-management relations.”

The international labour rights framework, particularly the rights and principles promoted by the International Labour Organization (ILO), will of course remain the foundation of Fairtrade’s Hired Labour Standard.

Freedom of Association

Ensuring workers have the freedom to negotiate their terms of work

“Fairtrade International enshrines the rights of freedom of association and collective bargaining and considers independent trade unions the best means of achieving this.”

Section 1.4 of the Fairtrade Hired Labour Standard

We believe collective bargaining can be an invaluable tool for workers to negotiate higher wages, benefits and better work conditions. We want to work together with employers, workers and partners to create a supportive environment so workers can organize and bargain their terms of employment if they choose.

For example, we will ask employers to demonstrate that they accept freedom of association. We would request management communicate this acceptance to us prior to certification and to communicate it to their employees. Trade unions can meet freely with workers if they wish.

We know workers need specific skills to be able to participate in positive dialogue with their employer. We will look for ways to offer workers opportunities for training and support. Fairtrade liaison officers will have a coordinating role and involve trade unions, labour ministry representatives and other local partners. We will designate points of contact that can be a local resource for workers with questions about their rights.

We will provide guidance to employers and to workers on ways they can build positive, constructive labour relations which will benefit each. We will recommend procedures for dialogue, not just for the purpose of contract bargaining but also to create a routine of regular work meetings at the level of work crews. All Fairtrade certified plantations will need to have procedures in place for conflict resolution.

A Living Wage

Workers can provide for their families’ needs

Living wage is a wage that covers the basic needs of a worker and her or his family, including food, clothing, shelter, healthcare, education, transport to work and a little extra for unforeseen circumstances. It is money that workers control and can spend according to their needs and wishes, to improve their standard of living not dependant on charity. The existing Fairtrade Standard for Hired Labour requires employers to pay at least the legislated minimum wage then make progress towards a living wage, but doesn’t give clear timelines or benchmarks.

Ultimately we would like to see organized labour and employers negotiate together towards a living wage for workers. But given this isn’t always possible – if workers are not in a position to negotiate or farms do not receive an equitable income – Fairtrade needs to support this process by setting clearer expectations about wage levels.

In future Fairtrade International will define a clear process for employers to transition to paying workers a living wage. We will benchmark regional living wage levels based on existing cost databases and dialogue with workers and others. We will create a well-defined process and offer guidance for employers on paying a living wage.

In the end producer companies must have a sustainable business. We will work with actors throughout the Fairtrade supply chain to help ensure that companies have the resources they need to pay their workers a living wage. Employers can also gain from paying a living wage: raising wages commonly leads to better retention of skilled workers, improvements in quality, and lower recruitment and training costs.

The Fairtrade Premium

Meeting basic needs first

The Fairtrade Premium is money paid by buyers to be used for improving the socio-economic situation of the workers, their families and communities. Fairtrade has limited the use of the Fairtrade Premium to collective projects and not payments to workers since the Premium should be an added benefit above wages.



However, many workers have said they want more flexible rules on how they can spend the Fairtrade Premium. Workers from regions where wages are low may struggle to meet their basic needs. They want the option to use Premium funds as extra income for their family. Migrant workers also want the option to use Fairtrade Premium as income or for projects in their home community.

We believe the Fairtrade Premium is money workers have earned with their labour. Workers themselves should therefore decide how to invest the Premium according to their needs. Small farmers' organizations can choose to pay a bonus to farmers out of the Fairtrade Premium funds and we would like to allow the same for workers.

We will consider how the Fairtrade Premium can be used to raise workers disposable income so that their basic needs are met as a first priority.

The Joint Body

Workers decide how they spend Fairtrade Premium

The joint body is the group that manages and decides how to spend the Fairtrade Premium on a particular farm or estate. The current Fairtrade Standard says that elected worker representatives and representatives of management decide Premium use together as part of the joint body. Although there are many joint bodies with highly empowered worker representatives that have the capacity to make important decisions, there are others where management has substantial influence in decisions on Premium use because of their position and experience in financial matters.

In future workers will be the ones to make the decision how to invest their Fairtrade Premium. Management will have an advisory role instead of voting rights. They will make sure that Premium decisions are viable and allowed within the Fairtrade Standards. We will provide coaching for worker representatives so they have the knowledge and ability to manage Fairtrade Premium finances.

Next steps

The new workers' rights strategy will be implemented in close collaboration with Southern producer networks in Africa, Asia and Latin America. Their contributions will help us to adapt the strategy to fit the local situation in each producer region.

Following the adoption of these regional strategies, Fairtrade International's Standards unit will manage the process to revise the Fairtrade Standard on Hired Labour. They will be consulting with a wide range of stakeholders to deliver a revised Standard that integrates our workers' rights strategy recommendations.

We will use other tools besides standards to implement the strategy recommendations: producer training and support, company partnerships, NGO and trade union partnerships, certification, etc. FLO-CERT is now reviewing their audit processes and tools to verify labour practices in collaboration with Fairtrade International. We will also explore the idea of a "joint-certificate", whereby workers could be co-signers to their company's certification contract with FLO-CERT.