

## Fairtrade International response to ITUC-CSI report “King Mswati’s Gold”

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Fairtrade welcomes the ITUC-CSI report "King Mswati's Gold" as an important step in highlighting poor living and working conditions, low wages and other forms of exploitation in cane sugar production in Swaziland. We appreciate the important role ITUC-CSI plays in challenging certification schemes such as Fairtrade on the impact of their work, and take the findings in the report extremely seriously.

Farm workers are among the most vulnerable people in global supply chains. They often lack formal contracts, freedom of association, basic health and safety assurances, and decent wages. Fairtrade works to improve the lives of workers by requiring that their employers comply with the Fairtrade Standard for Hired Labour. However this standard does not currently apply to hired labour on small family farms and Fairtrade acknowledges this is an area which needs urgent attention.

Further, we believe it's not only Fairtrade that should be challenged on these issues, but also buyers sourcing sugar from Swaziland. The working conditions of hired labour are closely linked to the ability of small-scale farmers to make a decent income from buyers paying a fair price, but most farmers are unable to sell 100% of their volume under Fairtrade terms and are offered market prices instead.

"King Mswati's Gold" alleges breaches of the Fairtrade standard for Small Producer Organizations (SPOs) on seven Fairtrade certified sugar farms in Swaziland. We are urgently investigating and if they turn out to be correct, we will of course take the appropriate action. In the meantime offer our assistance to ITUC-CSI to raise a formal allegation with FLOCERT (Fairtrade's independent auditor), so it can look into the claims and take appropriate action (<http://www.flocert.net/fairtrade-services/fairtrade-certification/appeals-and-allegations/>). If FLOCERT finds major non-compliances with our standards, producer organizations can have their Fairtrade certification suspended and be provided with corrective actions. Should the non-compliances persist, the organization can be decertified, meaning they can no longer trade on Fairtrade terms or use the FAIRTRADE mark.

The Fairtrade standard for SPOs does already have strict minimum labour requirements in terms of child labour, forced labour, freedom of association, discrimination and pesticide handling. These apply to all workers, whether permanent or temporary, migrant or local, subcontracted or directly employed. The Standard also includes more detailed labour standards for production facilities and sites with a larger number of workers.

Nonetheless, Fairtrade fully acknowledges it needs to do more to address the issue of hired workers on SPOs. It's complex and challenging – much more so than hired labour on plantations – as there are over a thousand Fairtrade certified small producer organizations, ranging from small family operations to cooperatives with over 200,000 members. The number of SPOs and their members which also employ waged workers is increasing as a result of the global growth of Fairtrade and the development of small-scale farming organisations. In response to this, Fairtrade is going to revise the SPO standard in order to strengthen the position of workers on SPOs, but we are mindful that increased social compliance scrutiny should not have the unintended consequence of pricing vulnerable farmers out of global value chains.

We invite ITUC-CSI to work with us on the ground in Swaziland to set up an integrated programme to deal with the pervasive issues of workers' rights, some of which are noted in the report. Clearly, incidental and isolated interventions are not the answer - it will require a systematic approach of continuous improvement, given the structural socio-economic constraints farmers are facing.