



SHRIMP REPORT

Caught in a trap

The story of poverty wages behind Asian shrimp sold in European supermarkets

Shrimp worker sorting shrimp at the Mahachulalongkornrajavidyalaya Market in Samut Sakhon, Thailand



FAIRFOOD
INTERNATIONAL



ABOUT

Who are we and what do we do?

Fairfood is an international non-profit organisation. Our mission is to improve the socio-economic conditions of vulnerable people in the global food system and the sustainable use of natural resources. We aim to ensure that our generation, and future generations to come, live in a world where the global food system is sustainable, fair and just. Fairfood's vision is a world free from hunger and poverty. We believe that one of the best ways to achieve this is through a fair and sustainable food system that produces and provides nutritious food for all in a way that respects human rights, creates thriving economies, and preserves the environment and natural resources. Fairfood works to influence food companies and governments to solve issues affecting farmers, workers, consumers and the environment within food supply chains.

Living Wage Campaign

Fairfood believes that a living wage is a global human right. Fairfood has launched a Living Wage Campaign to call upon supermarkets, in particular, to make sure that living wages are paid in all of their supply chains by 2020. Fairfood is targeting key retailers in the Netherlands, United Kingdom and Germany to push them to commit to living wages in their supply chains. Fairfood has researched actual wage levels within the supply chains of a number of commodities sold at supermarkets in the Netherlands, United Kingdom and Germany. This report focuses on wages in the Asian shrimp industry. Fairfood has previously produced a report on wages in the tomato industry in Morocco entitled: 'The fruits of their labour'. <http://www.fairfood.org/wp-content/uploads/2015/02/The-fruits-of-their-labour.pdf>

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ACRONYMS

| | |
|-------------|--|
| BDT | Bangladeshi Taka |
| BN | Billion |
| BSCI | Business Social Compliance Initiative |
| EMS | Early Mortality Syndrome |
| EU | European Union |
| EUR | Euro |
| ETI | Ethical Trading Initiative |
| FAO | Food and Agriculture Organisation |
| ILO | International Labour Organisation |
| INR | Indian Rupee |
| LPA | Labour Protection Act |
| NGO | Nongovernmental Organisation |
| OECD | Organisation for Economic Co-operation and Development |
| THB | Thai baht |
| UK | United Kingdom |
| UN | United Nations |
| VND | Vietnamese Dong |

1. Executive Summary

What is at stake?

Many people who work in the global food industry, and produce the food we consume in the Global North, do not earn enough to provide for their needs and the needs of their family. This means that they struggle to afford basic necessities, such as sufficient nutritious food, healthcare, clothes and a decent roof over their head. The tropical shrimp industry is no exception to this rule. Asia is the biggest supplier of tropical shrimp to Western and Northern Europe, including the Netherlands, the United Kingdom and Germany. Despite the boom in production in Asia, the workers in the shrimp processing industry have not profited from this thriving sector.

Thailand, Bangladesh, Vietnam and India are the biggest suppliers of tropical shrimp to the Netherlands, the United Kingdom and Germany. In 2013, Thailand was the largest supplier of shrimp to the United Kingdom, Germany and the Netherlands. Fairfood's field research into the Thai shrimp processing industry reveals a workforce of mostly female workers who are forced to endure working weeks of more than 60 hours, just to earn enough to survive. They are a highly informal labour force with little job security and no access to basic labour rights such as holidays or maternity leave. This type of informalised labour perpetuates not only a continued violation of workers' labour rights, but also contributes to the marginalisation of women through cheap labour in producing countries. Studies by other NGOs into working conditions in the shrimp industry and minimum wage levels in Bangladesh, Vietnam and India suggest that it is highly likely that workers' wages are not high enough in any of these countries to support a decent standard of living.

If nothing changes, workers in the tropical shrimp industry will continue to earn unlivable wages, which will condemn them to long working hours with little job security and a life of poverty with no way out for them and their families.

What needs to change?

In the UK, the Netherlands and Germany three quarters of all seafood that is consumed is sold in supermarkets. Fairfood has analysed the supply chains of tropical shrimp at Jumbo, PLUS, ALDI and Lidl and our findings show that most tropical shrimp sold at these retailers comes from Asia, most notably Thailand, Vietnam, Bangladesh and India. Supermarkets have tremendous power over food supply chains and have a responsibility to ensure that human rights are respected in their supply chains, as stated in the UN Guiding Principles on Business and Human Rights.

This is why Fairfood demands that Jumbo, PLUS, ALDI and Lidl ensure that workers in their tropical shrimp supply chains earn a living wage. Fairfood has shared the findings of this research with the above-mentioned companies. Currently, none of the companies can guarantee that workers earn a living wage or even a minimum wage.



Living compound of Burmese shrimp workers next to the Mahachai Market in Samut Sakhon, Thailand

SUMMARY OF FACTS

Shrimp supply to the European Union (EU)

- Asia is the world's biggest producer of tropical shrimp;¹
- In 2013, the EU imported around 379,000 tons of frozen tropical shrimp, of which 44% came from Asia. In the Netherlands, the UK and Germany the percentage of frozen tropical shrimp that comes from Asia was as high as 83% in 2013;²
- In the UK, the Netherlands and Germany, at least three quarters of all fish and seafood that is consumed is sold in supermarkets.³

Fairfood's research

- Fairfood has conducted desk research into wage levels in the shrimp processing industry in Thailand, Vietnam, India and Bangladesh. In addition, Fairfood has commissioned field research to learn more about the impact of wage levels on workers in the shrimp processing industry in Thailand.

Workforce profile

- Work in the shrimp processing industry in Vietnam, Bangladesh, India and Thailand is low-skilled work;
- The industry mostly employs women who come from poor socio-economic backgrounds. They are commonly employed through employment agencies as casual or temporary workers;⁴
- In both Thailand and India, the seafood industry employs a large share of (internal) migrants. In India, these women are internal migrants.⁵ In Thailand, the majority of workers are migrants that come from Myanmar.⁶

Wages in the Asian shrimp industry

In general:

- Wages in the shrimp processing industry differ between countries and regions, but are generally just below, equal to or slightly more than the minimum wage.

In Thailand:

- On average, the workers interviewed for Fairfood earn 310 Thai baht (THB) per eight-hour working day, slightly above the minimum wage.
- The majority of workers (58%) said they were paid on a piece-rate basis. Slightly more than half of these workers indicated they earn less than the legal Thai minimum wage of 300 THB per eight-hour working day.

Minimum wage vs. living wage

- Minimum wage levels are much lower in all four countries investigated than estimated living wages.

Impact on workers

- Two thirds of the workers interviewed in Thailand for this report stated clearly that they considered their income was insufficient for them and their families to survive on and that they were unable to save money for the future;
- Almost 80% of workers interviewed stated that they worked in excess of eight hours per day. Almost a third of workers frequently reported a working day in excess of 12 hours and over 15% in excess of 12 hours. This suggests that workers only survive on these low wage rates by doing excessive amounts of overtime.

2. Introduction

Background

Fairfood International believes that our global food system is currently unfair and unsustainable and aims to influence food companies and governments. Fairfood works with its partners in the Global South to expose some of the underlying causes of hunger and poverty that impact vulnerable people. The poor working conditions of vulnerable people often result in the indignity of poverty and constitute blatant violations of human rights. Current practices engender deep inequalities in the production, distribution and consumption of food, which make it impossible for many to adequately meet their nutritional and broader socio-economic needs.

In many global food sectors workers do not earn a living wage. This means that food workers earn wages that are too low to fulfil their needs and the needs of their family. This includes basic needs, such as sufficient nutritious food, healthcare, clothes and a decent roof over their head. **Fairfood International wants food workers all over the world to earn a living wage: a wage that is high enough to take care of themselves and their families.**

Supermarkets are a dominant marketing channel for food sales and have enormous power over food supply chains. Even though they do not directly employ workers from supplying countries, workers down the chain feel the negative consequences of the price pressure supermarkets exert, as manifested in declining job security and wages below minimum requirements.⁷ This is why Fairfood launched a Living Wage Campaign in 2014 to call upon supermarkets, in particular, to take responsibility and make sure that living wages are paid in all of their supply chains by 2020.

For its Living Wage Campaign, Fairfood studied the policies and practices of key retailers in the Netherlands, the United Kingdom and Germany regarding wages in their supply chains. Most supermarkets demand that their suppliers meet requirements regarding the working conditions of their employees, including that they pay the legal minimum wage or even a living wage.

However, research conducted by Fairfood indicates that in practice workers do not earn a living wage, or even a minimum wage in several of the industries whose goods are commonly sold at supermarkets.

In 2013, Fairfood's report 'The Fruits of their Labour' scrutinised wages paid in the Moroccan tomato industry in general and specifically examined suppliers to Tesco, Sainsbury's and Ahold. 'Caught in a trap' looks at the policies of Jumbo, PLUS, ALDI and Lidl and the wage levels in the tropical shrimp industry.

Aim of this report

Allegations of workers' rights abuses in the tropical shrimp industry are not new. Several reports have highlighted the precarious situation of workers in the Thai, Bangladeshi and Indian shrimp processing industry before, even including cases of debt bondage and the use of underage workers.⁸

Exploitation of workers can take on many forms. Issues such as forced labour and debt bondage are easily recognised as extreme forms of abuse. Poverty wages with no job security condemn workers and their families to arduous, long working weeks and the constant fear of what the future may hold. However, due to the fact that the legal minimum wage is a poverty wage in many countries, this form of exploitation is often less visible as it does not break local laws. Nevertheless, poverty wages violate the human right to just and favourable remuneration that ensures an existence worthy of human dignity for workers and their families (Declaration of Human Rights, Article 23(3)).

Companies have a responsibility to ensure that human rights are respected in their supply chains, as stated in the UN Guiding Principles on Business and Human Rights.⁹ With this report, Fairfood aims to expose the impact that low wages in the Asian shrimp processing industry has on workers. Fairfood expects that this report will motivate supermarkets in the Netherlands, the United Kingdom and Germany that commonly sell Asian shrimp, to work with Fairfood to ensure that workers in their tropical shrimp supply chains earn a living wage.

METHODOLOGY

This report is based on extensive desk and field research conducted in 2013-2015 which is ongoing. In the preparation phase of this research, inspiration was derived from meetings with several experts and various stakeholders in Thailand such as representatives of NGOs, academics and business representatives.

Our desk research:

- Desk research covering relevant secondary literature and statistics, including various publications, reports, company policies, books and official websites;
- Mapping of the Asian shrimp supply chains of key retailers in the Netherlands, Germany and the UK.

Our field research:

Fairfood has conducted a case study on the Thai shrimp sector, as Thailand is one of the largest producers of tropical shrimp to the UK, Germany and the Netherlands¹⁰.

- In 2014, Fairfood commissioned field research in the Samut Sakhon area in Thailand – Thailand's major fisheries and seafood processing hub¹¹ – consisting of structured interviews with 77 workers in primary processing of shrimp in Samut Sakhon. These workers were employed at 28 shrimp processing facilities. Among the companies under investigation were small, subcontracted facilities, as well as large shrimp exporters;
- Fairfood gathered visual/ audio evidence of the pressing issues in the shrimp sector in Thailand during multiple field trips;
- Fairfood attended various conferences, such as the Ethical Trading Initiative (ETI) Conference 'Labour standards in the Thai shrimp processing and fishing industries: towards an agenda for cooperation', organised on 25 July 2013 in London, and the International Labour Organization (ILO) - Royal Thai Government 'Multi-stakeholder forum on labour conditions in the fisheries sector in Thailand', organised on 22 and 23 May 2014 in Bangkok.



Figure 1

Challenges

It should be noted that it was challenging for the research team to gain access to shrimp processing facilities and the workers. This was either because workers did not want to participate out of fear of losing their jobs, or because workers were not allowed to leave the premises of the facility freely. Overall, working conditions and wages are expected to be worse at facilities where workers are not allowed to speak out and leave the premises.¹² All workers who participated in the research only agreed to do so under the condition that the survey results would be treated confidentially.

Parts of the report that concern Jumbo, Lidl, ALDI and PLUS were sent to these companies to enable them to provide feedback on the findings. ALDI did not comment on the research findings. Relevant parts of the responses from Jumbo, Lidl and PLUS are incorporated in the report.

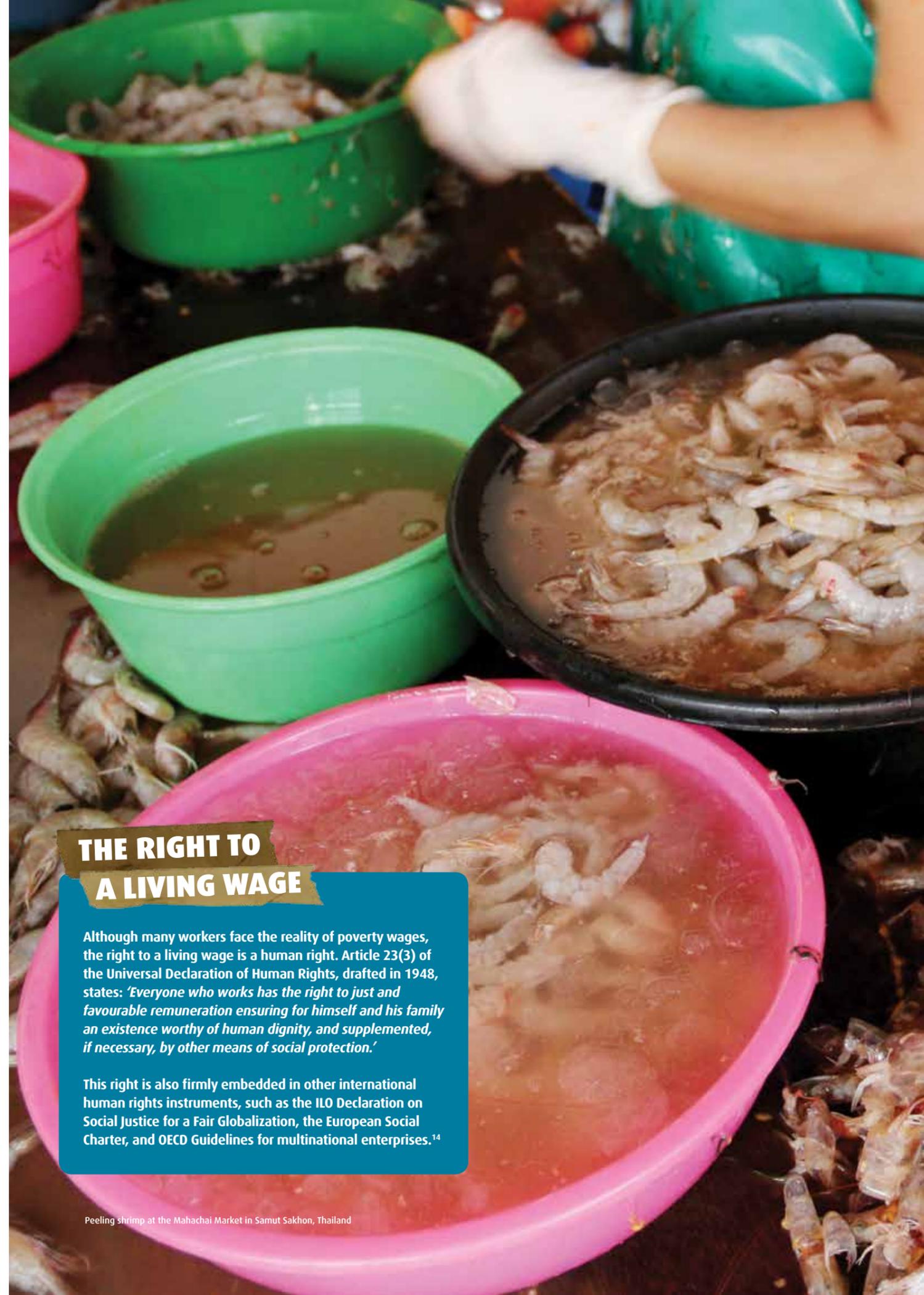
The importance of living wages

If workers are not paid a living wage, they cannot afford basic needs, such as food and medicines, and may be forced to work excessive overtime and send their children to work instead of school in order to compensate for their poverty wages. Living wages have far-reaching consequences, such as improved access to education, healthcare and nutritious food, which enables workers to lift themselves, and even their communities, out of poverty.

A living wage should not only allow workers to provide for themselves, but also for their families. Fairfood defines a living wage as **'remuneration received for a standard work week by a worker sufficient to afford a fair standard of living for the worker and her or his family'**. The definition is based on existing definitions, such as the one proposed by a working group on living wages under ISEAL¹³, which is supported by six leading certification organisations. There are a range of expenses that are essential for workers and their families to live a decent life.

These expenses are organised into several categories of costs, which are included in the definition. Workers' wages should at least cover the following elements:

- Sufficient nutritious food;
- Decent housing with sufficient utilities (gas, electricity, water) and essential household goods;
- Adequate clothing and footwear;
- Access to education and healthcare;
- Transport costs;
- Means of communication;
- Participation in sociocultural activities ;
- Childcare costs (especially important for single parents)
- Workers should be able to save some money to prevent them from falling back into poverty if unforeseen events, such as sickness, occur.



THE RIGHT TO A LIVING WAGE

Although many workers face the reality of poverty wages, the right to a living wage is a human right. Article 23(3) of the Universal Declaration of Human Rights, drafted in 1948, states: *'Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection.'*

This right is also firmly embedded in other international human rights instruments, such as the ILO Declaration on Social Justice for a Fair Globalization, the European Social Charter, and OECD Guidelines for multinational enterprises.¹⁴

Top tropical shrimp exporters to the UK, the Netherlands and Germany

67% of all tropical frozen and processed shrimp imports to the UK, the Netherlands and Germany came from Asia in '2013'.

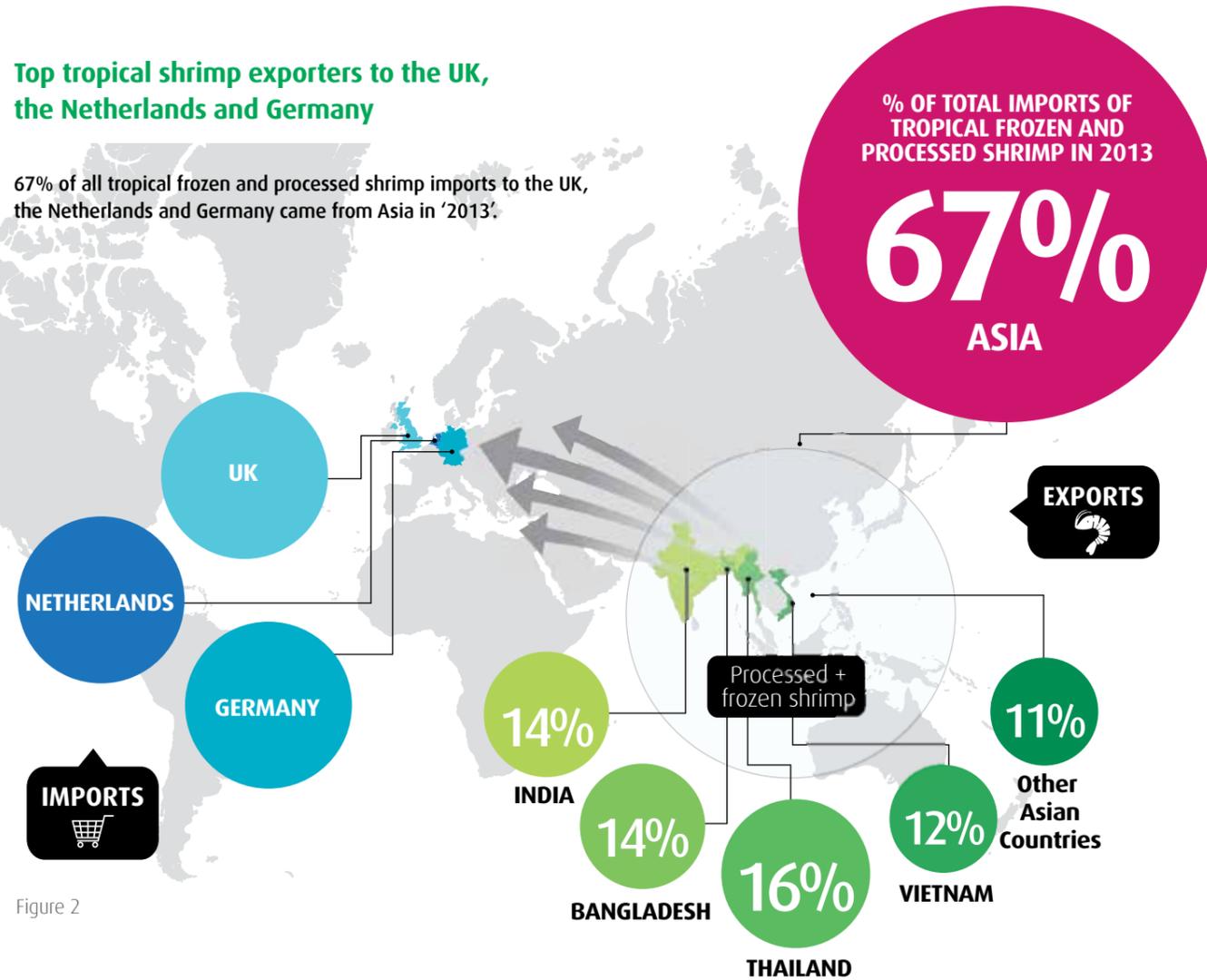


Figure 2



Figure 3

3. Living wages in the Asian shrimp industry

Top shrimp exporting countries to the EU

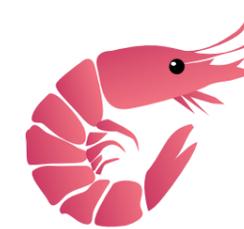
Shrimp is one of the most popular and one of the most traded seafood products. As a high-value product, shrimp accounted for about 15% of the total value of internationally-traded fishery products in 2012. This made it the largest single commodity traded in the fishery market in terms of economic value.¹⁵

Asia is the world's biggest producer of tropical shrimp, providing 80% of the world's tropical shrimp. In 2012, Thailand, Vietnam, India, China and Indonesia alone accounted for more than 70% of world tropical shrimp production.¹⁶

It is, therefore, not surprising that the lion's share of the frozen tropical shrimp we consume in Europe comes from Asia. The EU imported about 379,000 tons of tropical shrimp in 2013, of which 44% came from Asia. In the Netherlands, the UK and Germany the percentage of

frozen tropical shrimp that comes from Asia is even higher, amounting to 83% in 2013. Furthermore, these countries import a high amount of processed shrimp, which are often already breaded or seasoned in the producing country. Other major shrimp importing countries in Europe, such as Spain, predominantly source from Latin America.¹⁷

One of the largest producers of tropical shrimp in the world is Thailand. The country produces almost solely for export. Approximately 90% of Thailand's seafood production ends up abroad.¹⁸ In 2013, the EU was the third most important destination market of Thai shrimp, only preceded by the USA and Japan.¹⁹ The country's most important export markets in the EU were the Netherlands, the UK and Germany. Thailand was also the biggest supplier of shrimp to these countries in terms of value in 2013.²⁰ Other major suppliers of shrimp to the UK, the Netherlands and Germany are Bangladesh, Vietnam and India.



| | Frozen tropical shrimp imports to the UK, Netherlands and Germany (in tonnes) | % of total frozen tropical shrimp imports to the UK, Netherlands and Germany | Frozen tropical and processed shrimp imports to the UK, Netherlands and Germany (in tonnes) | % of total frozen tropical and processed shrimp imports to the UK, Netherlands and Germany |
|-----------------------|---|--|---|--|
| WORLD | 78,315 | 100% | 145,142 | 100% |
| THAILAND | 8,180 | 10% | 23,070 | 16% |
| BANGLADESH | 19,974 | 26% | 21,009 | 14% |
| INDIA | 18,796 | 24% | 20,325 | 14% |
| VIETNAM | 10,652 | 14% | 18,067 | 12% |
| OTHER ASIAN COUNTRIES | 7,199 | 9% | 15,958 | 11% |
| TOTAL ASIA | 64,801 | 83% | 98,429 | 67% |

Source: Eurostat, product code numbers 030617 (tropical frozen shrimp), 160521 (prepared or preserved shrimp: not in airtight container) and 160529 (prepared or preserved shrimp: in airtight container), extracted on 17 September 2014



Shrimp worker sorting shrimp at the Mahachai Market in Samut Sakhon, Thailand

A vulnerable workforce

About a third of shrimp imported to the EU from Asia is already processed to some extent.²¹ The level of processing ranges from: removing the shell, the head and the intestines of the shrimp, to seasoning or breading the shrimp. Thailand, Vietnam, India and Bangladesh are the largest shrimp-supplying countries to the Netherlands, Germany and UK as the previous paragraph shows. In these countries, work in the shrimp processing industry is low-skilled work and is typically done by women who come from poor socio-economic backgrounds.



Informal workers

These women work with little or no job security, as they are commonly employed as casual or temporary workers and are often not employed by factories directly, but through employment agencies. Studies into working conditions in the shrimp industry in South-western Bangladesh and India, for example, reveal casualisation rates of 70% to 90% respectively.²² Contracted, temporary and casual workers do not typically have access to the same benefits as permanent employees, such as social security and company benefits.

Female workers

Several studies indicate that the costs of increased competitiveness in exporting sectors in the developing world are being pushed down to workers at the bottom of the chain. Women are generally low-paid and compliant workers, which enables these sectors to be highly competitive in the export market. The supply of this workforce is highly elastic and can be replaced continuously. This is also true for the seafood processing sector.²³ This increases the vulnerability of female workers, who are often hired to do cheap labour and not recognised as being important to the booming shrimp industry. Young, unmarried women are specifically attractive for exporting industries such as seafood processing, as they are viewed as cheap, dependent on their families, docile, exploitable and easy to organise, whereas the males are 'masters of the household' and so collectively are 'inflexible' in demanding lifetime employment and a 'family' wage.²⁴

This disparity and the unequal treatment of men and women continues to marginalise women and perpetuates gender inequality in the workforce. Women in the shrimp industry, who are often hired in informal conditions, are also vulnerable to job insecurity.

Migrant workers

The industry in Thailand and India mostly employs migrants. In Thailand, about 95% of these migrants come from adjacent Myanmar.²⁵ Many migrants can be classified as irregular: they either enter Thailand illegally, or their migration status does not allow them to work legally. This leaves them vulnerable to exploitation.²⁶

In India, most workers are internal migrants. Research into working conditions at shrimp processing plants in Gujarat, India found that 46% of the respondents were migrants. In addition, 66% of the migrant women workers were from Kerala and 32% from Tamil Nadu, some 2000 kilometres away from Gujarat.²⁷

Minimum wages as opposed to living wages

Bangladesh, Vietnam and India are top suppliers next to Thailand, accounting for 14%, 12% 14% and 16% respectively of all tropical shrimp imports (both frozen as well as processed) to the UK, the Netherlands and Germany. The level of information that is available on the level of wages in other major shrimp supplying countries in Asia varies. What is clear though is that the sector is characterised by low-skilled labour, which is carried out by a vulnerable labour force of women working on temporary or casual, contracts or piece-rate pay.

Wages in the industry differ between countries and regions, but are generally just below, equal to or slightly more than the minimum wage. A study on working conditions in the shrimp industry in Bangladesh, for example, indicated that half of the workers reportedly earned less than the minimum wage, and Vietnamese and Indian workers reported earnings right at the minimum wage levels.²⁸ This is line with Fairfood's field research, where 40% of the workers reported earning less than the minimum wage.

Furthermore, minimum wage levels are much lower than estimated living wages in all four countries, as shown in figure 4. In the case of Bangladesh, the estimated living wage is on average, four times higher than current wage levels. In Thailand, India and Vietnam, current wages were only about 70% of a living wage.

"We were not allowed to take maternity leave. When we are near the due date, we have to resign. The employer doesn't accept workers who are pregnant."

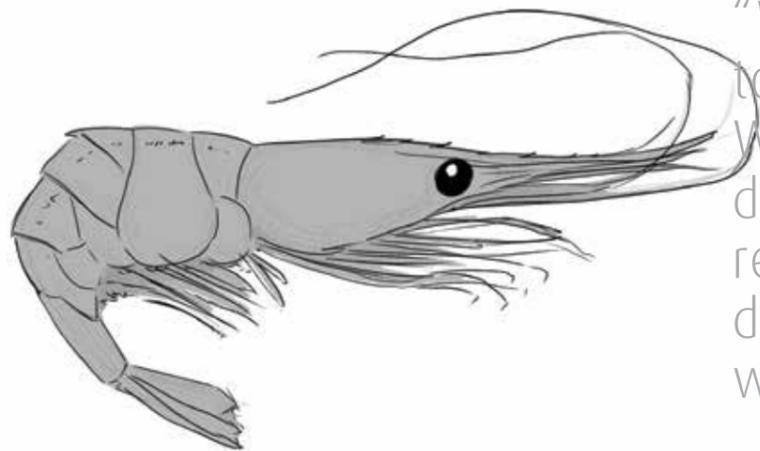
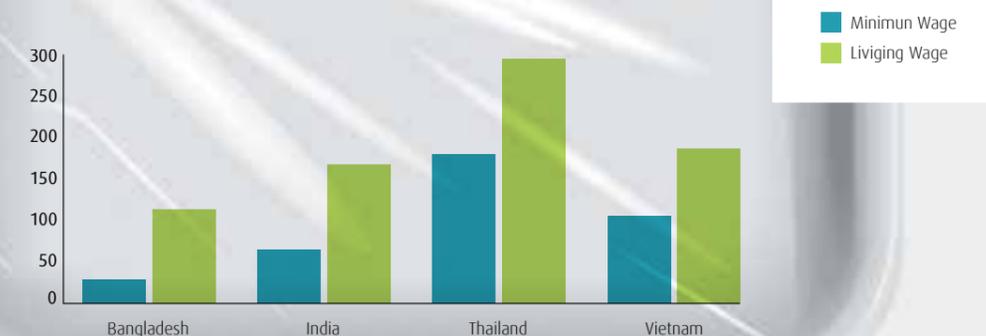


Figure 4

MINIMUM VS LIVING WAGES

Estimated local minimum wages compared to estimated local living wages in Thailand, Bangladesh, Vietnam and India.²⁹



4. Case study: The Thai shrimp processing industry

Fairfood has done a case study on the Thai shrimp sector, as Thailand is the largest supplier of tropical shrimp to the Netherlands, the UK and Germany. This case study entailed a field research in which 77 workers involved in pre-processing of shrimp in Samut Sakhon were interviewed. Pre-processing includes activities like removing heads, veins and hard shells of the shrimp. These workers are employed at 28 shrimp processing facilities. The companies under investigation include small, sub-contracted facilities, as well as large shrimp exporters.

Pre-processing

Thailand has a very sophisticated seafood processing industry and a large share of the shrimp is already prepared to some extent before it is exported. About 95% of all the shrimp products imported to the Netherlands from Thailand in 2013 were processed to some extent.³⁰ Large factories are dedicated to more refined forms of

processing, such as cooking, breading and seasoning the shrimp. The pre-processing of the shrimp is most labour intensive and is, therefore, usually outsourced to external facilities. These facilities, also referred to as 'peeling sheds', remove the heads, veins and hard shells of the shrimp, which can only be done manually. Many peeling sheds have sub-contracting relationships with large factories that supply shrimp and buy the processed products to process them further and/or export them.³¹

Unregulated industry

In general, it is unclear how many people are employed in the Thai shrimp industry. For example, estimates of the number of peeling sheds vary greatly, from 97 to 2,000.³² According to the Department of Industrial Works, shrimp processing plants employ about 12,000 workers³³, but considering the discrepancies in official numbers and estimates of registered facilities, it is likely that this number is higher. The Thai Shrimp Association has even estimated the number of workers in the Thai shrimp processing industry at 300,000.³⁴ The pre-processing stage of production is largely unregulated and is therefore not subjected to the controls or inspections governing other parts of the industry. The Environmental Justice Foundation highlights that the informal nature of pre-processing makes it particularly prone to poor working conditions, breaches of national and international labour standards, child and forced labour, exploitation and abuse.³⁵

Wages

Two thirds of the workers interviewed for this report clearly state that they consider their income as insufficient for them and their families to survive on, and that they are unable to save money for the future. The remaining third of the workers say their income is either enough or just enough, but does not allow them to save money or buy everything they need for themselves and their families.

Many migrants migrate alone and leave their families in Myanmar. Parents, children and spouses are dependent on their remittances. Workers with families, and especially children or dependents (parents) either in Myanmar or Thailand, feel significant pressure on their income, which is so great that they do not have enough money left to survive on themselves after covering parents' costs or children's educational costs. A considerable number of interviewed workers stress that their remittance levels are too low for their families' needs in Myanmar, and that they often have to borrow money with high rates of interest. This is especially harsh considering that many are smuggled illegally into the country with help from a recruitment broker or for large amounts of money. Over 30% of interviewed workers report costs of entering Thailand totalling more than 14,000 THB (234 euros³⁶) and over 45% paid over 10,000 THB, more than a month's salary for these workers (7,800 THB - 182.52 euros³⁷).

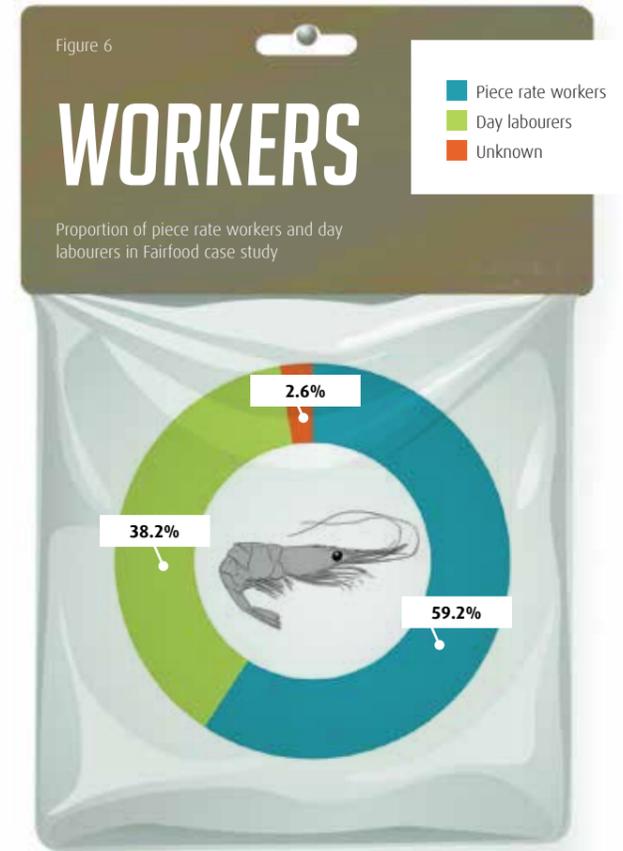


Figure 5

Supply Chain

Supply chain of frozen and processed tropical shrimp



“My wages are not so high and we can't send money back to Myanmar. My child is young and I can't work much as other workers because I have to take care of my baby. I can't save much money. When my baby gets sick or someone from my family gets sick, we have to borrow money from others with a high interest rate.”

Piece rate worker Hnin (33) earns 200 baht per day, which is less than the minimum wage of 300 baht



“In Burma there are no jobs and the living conditions are really bad. That’s why I came to Thailand as a migrant worker. (...)”

The money we earn is just enough to live on, it is just enough to breathe. We spend our salaries on rent and food. But if we need to go to the hospital or doctor, we cannot afford that.”

Shrimp worker Nay Hlaing (22), fired from a shrimp factory in January 2014 together with 110 other workers.

Piece rate workers and day labourers

Most of the workers interviewed for this report work under two different systems of payment. The majority of interviewed workers (45 out of 77) are paid on a piece rate basis. This means workers are paid based on the amount of work they completed, measured in terms of the weight of the shrimp they peel, devein, de-head or otherwise process. Around 40% claim to be working as wage workers, locally referred to as day labourers. This means that they receive a fixed amount per day, based on an eight-hour day (or at times an hourly pay rate) with a special enhanced rate of pay for overtime (work in excess of eight hours per day). Two respondents do not know whether their pay is based on a daily rate or on how much they process. Of the total sample, only 20% of the workers actually have a written contract. Most workers (63%) have verbal agreements and 17% have no type of contract at all.

Both piece rate workers and day labourers face their own specific issues. The income of piece rate workers is highly dependent on how fast they work, but also on the available supply. Workers might earn a lot during peak moments, but when supplies are low, their income decreases significantly. For example, Thai shrimp production has been halved in recent years due to the outbreak of the shrimp disease Early Mortality Syndrome (EMS). Many workers report shortening their breaks and restricting toilet visits as they want to work harder and faster to earn more money in less time.

About 53% of the piece rate workers reportedly earn less than the Thai minimum wage of 300 THB a day (7.02 euros³⁸), 9% earn minimum wage and just 38% earn more than minimum wage. The fact that these workers generally do not have a minimum hourly or daily pay attached to their work, means their job insecurity is potentially higher or more precarious than that of day labourers. It is our view that businesses have a responsibility to the workers in their supply chains. They should respect human rights and address any adverse impacts on human rights with which they are involved. They should ensure that Thai workers are paid a living wage, which enables them to meet their basic needs, such as food, clothing and healthcare. Because of companies’ dominant bargaining position, they have the power to make this change happen.

“If I get sick and if I can’t go to work I don’t earn anything because I am a piece rate worker.”

Myint (38), works at a shrimp peeling shed and earns 320 baht a day (7.5 euros)

In addition, because their pay is based on the work done, these workers generally do not have access to basic labour rights such as annual, sick and maternity leave and healthcare cover. Just a third of all piece rate workers are registered at the Social Security Office, granting them access to coverage in case of non-work related accidents or death, sickness, disability and rehabilitation leave, and granting support in terms of redundancy or unemployment benefits, as well as maternity leave and pension. Over forty percent declare they do not have a health care insurance, which means that all costs for treatment and periods of leave therefore fall on workers and their families.

The need for overtime

Both piece rate workers and day labourers are forced to work overtime. Day labourers usually receive the minimum wage of 300 THB a day, plus the legal minimum of 56 THB for any over hours. Although their income is more stable, the vast majority of daily or hourly workers interviewed stress the essential need for doing overtime given the basic rate of pay is not enough to survive, and almost all workers interviewed request higher levels of overtime.



Buckets full of shrimp waiting to be transported at the Mahachai market in Samut Sakhon, Thailand

“The employer should increase the daily wages and provide overtime work three hours a day, then we can save from our earnings. Otherwise, we don’t have much savings.”

Shrimp worker U Thaug (43) married with two children

It is, therefore, not surprising that both piece rate workers as well as day labourers work long hours. Working weeks of six days are customary, and almost 80% of workers interviewed state that they work in excess of eight hours per day. Almost a third of workers report frequent working days of more than 12 hours and over 15% even work up to 14 hours. Thailand’s Labour Protection Act 1998 (LPA 1998) limits maximum overtime for workers to 36 hours per week (six hours overtime per day). Although lengthy working time is in excess of international norms,³⁹ it is not unlawful under Thai law. With low wage rates, workers are forced to do excessive overtime to be able to survive.

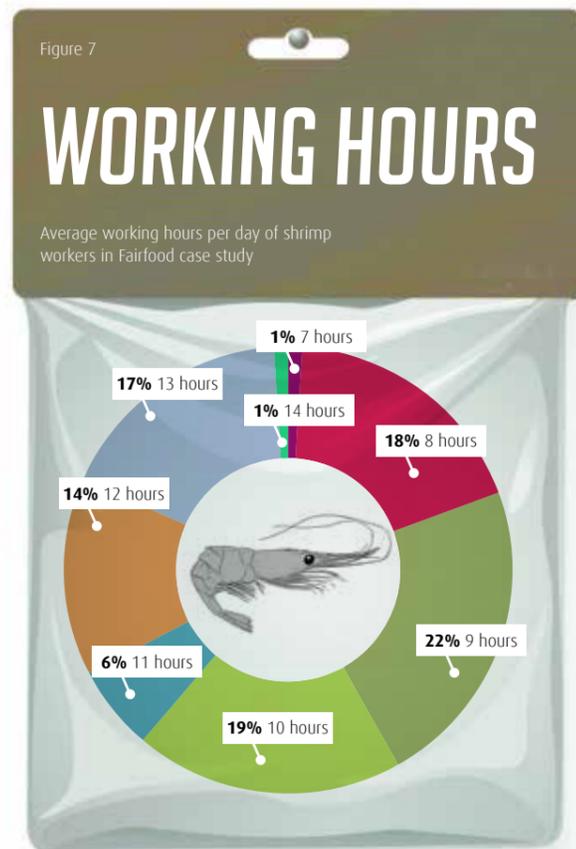
Unfair deductions from wages

Another issue that further impacts workers’ wages is the fact that numerous costs are deducted from migrant workers’ wages. These deductions do not usually fall under the customary deductions (such as taxes, social security) and, therefore, require signed consent⁴⁰ between the worker and their employer, which none of the interviewees report they have given consent to. Workers often report being unaware of the details or amounts of these deductions and the reasons for these deductions, particularly because payment slips are not provided to workers at all or are provided only in Thai or in English, which they can barely understand.

Deductions can be divided into three categories: deductions for costs related to their migration status (passport and work permit related costs, mentioned by 29%), deductions as ‘punishment’ (for making mistakes, damaging produce or being late, mentioned by 12%; exceeding toilet restrictions mentioned by 20%) and deductions for work equipment, such as knives or uniforms (mentioned by 60%). Passport and work permit related costs form the largest expense for workers, as they can rise up to more than 10,000 THB. Deductions for work equipment are most common with workers having to buy uniforms and utensils required for their work, such as knives. Workers indicate that the costs of their equipment work out at least at 300 to 900 THB per year, and that they pay around 100 to 300 THB per month for disposable items such as gloves, hairnets, non-woven masks, etc. These costs place an additional burden on workers’ already limited income.



Shrimp worker Nai Hlaing (23) and his pregnant wife Sandar Lwin (21). Both were fired from a shrimp factory in January 2014 together with 110 other workers.





Shrimp workers peeling shrimp near the Mahachai market in Samut Sakhon, Thailand

“The employer doesn’t mention how much is deducted for passport, visa, and work permit fees. We don’t even know how much debt we have left with the employer; I worked for one year but there is still debt left, over which we pay interest.”

Piece rate worker Ma Nu (20), earns between 250 and 300 baht per day.

5. What needs to change?

Wages in the Asian shrimp industry are low and workers struggle to survive. Supermarkets must step up to the challenge, change their behaviour and ensure that workers’ rights are recognised and protected. With its Living Wage Campaign, Fairfood calls upon supermarkets, in particular, to make sure that living wages are paid in all of their supply chains by 2020.

Why supermarkets?

In sharp contrast with the few euros a day that the workers at the bottom of the chain make, European food retailers had a turnover of about 3 trillion euros in 2012.⁴¹ Most people in the Global North get their shopping from the supermarket. Seafood is no exception to this rule. In the UK, the Netherlands and Germany, at least three quarters of all fish and seafood is sold in the supermarket.⁴²

Several large supermarket groups have large market shares, so apart from buying most of their shopping at the supermarkets, consumers often only shop at a couple of chains. In Germany for example, the top four supermarkets controlled 85% of the national food market in 2011.⁴³

The high concentration of food sales at the supermarkets makes them an important marketing channel for the many producers that want to reach the millions of consumers in the Global North. This provides the supermarkets with a lot of power when negotiating prices and terms and conditions with suppliers. Fairfood calls upon supermarket to use this power to make sure human rights are respected in their chains.

UN GUIDELINES

Consumers should be able to trust that the food they eat has not been produced by exploited workers on the other side of the world. Even though they might not directly employ the workers at food producing companies, supermarkets have a responsibility to ensure that human rights are respected in their supply chains. This is clearly stated in the UN Guiding Principles on Business and Human Rights: Implementing the United Nations ‘Protect, Respect and Remedy’ Framework (also referred to as the ‘Ruggie Principles’).⁴⁴ Businesses should respect human rights and address any adverse impacts on human rights that stem from their operations.

This includes impacts caused by their partners throughout their supply chains.

The companies

For this report, Fairfood analysed the policies regarding (living) wages of two large EU retailers, the market challenger in the Netherlands and a smaller retailer in the Netherlands that aims to be a market leader in sustainability: Lidl, ALDI, Jumbo Groep and PLUS respectively. PLUS is a member of purchasing organisation Superunie. Superunie represents a large number of smaller retail brands in the Netherlands. Most tropical shrimp sold at these retailers comes from Asia, most notably from Thailand, Vietnam, Bangladesh and India. Jumbo, Superunie and PLUS source their shrimp through importers, while both Lidl and ALDI buy their shrimp directly from companies in Thailand.

Four out of the five companies have provided their suppliers with some requirements regarding wages, either in their general purchasing conditions, their sustainability requirements or through their membership of the Business Social Compliance Initiative. The BSCI is a membership-based organisation run for and by companies that focuses on improving working conditions in factories and farms worldwide. BSCI members are required to adhere to the BSCI Code of Conduct, which lays out 'the aspirational goals and minimum expectations that BSCI Participants have with regard to their supply chains' social conduct.' The BSCI Code of Conduct requires suppliers to pay their workers the legal minimum wage at the very least. The aspirational goal is that suppliers 'respect the right of the workers to receive fair remuneration that is sufficient to provide them with a decent living for themselves and their families'.⁴⁵ This means that supermarkets' suppliers are not required to pay workers a living wage under the BSCI scheme.

LIDL

Lidl is an international food and general merchandise retailer, with its headquarters in Germany. It is part of the Schwarz Group, the largest food retailer in Europe in 2013. In the same year, Lidl had a market share of 9% in the Netherlands, 3.6% in the UK and 6.5% in Germany.⁴⁶ Lidl's worldwide sales were estimated at €48.9bn for the 2012/2013 business year.⁴⁷

Lidl sources shrimp from Asia, including Thailand.⁴⁸ Lidl requires suppliers to adhere to its Code of Conduct. In its Code of Conduct, Lidl states that the 'aim is to pay wages and other allowances that cover the cost of living, insofar as the statutory minimum wages are inadequate in this respect'.⁴⁹ Lidl is also a member of the BSCI.

ALDI

ALDI is a leading global discount supermarket chain based in Germany. The supermarket chain consists of two separate groups: ALDI Nord en ALDI Süd. ALDI Nord operates in the Netherlands, ALDI Süd services the UK market. In 2013, ALDI had an estimated turnover

of €45bn in Europe, and market shares of 7.4%, 4.8% and 8.8% in the Netherlands, the UK and Germany respectively.⁵⁰ Aldi sources shrimp from Asia, including from Thailand.⁵¹ Both ALDI Nord and ALDI Süd are members of the BSCI.

JUMBO

The Jumbo Groep Holding is a Dutch supermarket chain, the second largest supermarket in the country, with a market share of 20% in 2013. Jumbo Groep Holding owns and operates the Jumbo and C1000 supermarkets that had sales of €7.1bn in the same year.⁵² Jumbo indicates it stocks shrimp from several countries in Asia, namely India, Vietnam, Indonesia and China.⁵³ Furthermore, Fairfood found Thailand as a possible country of origin on the packing of several types of shrimp throughout 2014. However, Jumbo maintains it has stopped sourcing from Thailand since the beginning of 2014.⁵⁴

Through its General Purchasing Conditions, Jumbo Groep requires all suppliers to ensure that employees are paid for the total working time, regular and overtime equal to or above the applicable legal minimum wage, including overtime pay. Furthermore, even though Jumbo Groep is not a member of the BSCI, the company does require its suppliers to at least comply with the BSCI Code of Conduct, in accordance with its Quality and Sustainability conditions.⁵⁵

PLUS

PLUS is a supermarket chain based in the Netherlands that aims to be the market leader in terms of sustainability. In 2013, PLUS had a market share of 5.8% in the Netherlands and a total turnover of €2bn. PLUS sells private label shrimp, sourced from several countries in Asia, namely Thailand, Vietnam, Indonesia and China.⁵⁶ PLUS' General Purchasing Conditions do not include specific requirements for suppliers regarding wages paid to workers.⁵⁷ The company works instead with a number of certification schemes.⁵⁸ However, none of the certifications sold at PLUS are currently applied in the shrimp processing industry.

SUPERUNIE

PLUS is a member of Superunie, a purchasing organisation representing 13 independent retail brands in the Netherlands, with a market share exceeding 30%.⁵⁹ In 2012, the total turnover for all Superunie members was €8.2bn.⁶⁰ PLUS sources part of its shrimp supply through Superunie. Superunie purchases the shrimp for several of its members' home brands from Asia. PLUS home brand shrimp are predominantly sourced from Vietnam, and also from Ecuador, according to Superunie.⁶¹ Furthermore, Fairfood found Thailand as a possible country of origin on the packing of several types of supermarkets' home brand shrimp in 2014. Although Superunie is not a member of the BSCI, it requires its suppliers to comply with BSCI Code of Conduct or an equivalent.⁶²



Shrimp workers sorting shrimp at the Mahachai Market in Samut Sakhon, Thailand

Fair hearing

Fairfood shared the results of its research with Lidl, Aldi, Jumbo, PLUS and Superunie. All of the companies have responded to the findings, except for Aldi. Fairfood met with representatives from Lidl, Jumbo, PLUS and Superunie to discuss how they can ensure that workers in their supply chains earn a living wage.

All of the representatives acknowledged the importance of living wages in their supply chains. Unfortunately, none of them have yet presented concrete follow-up steps to meet this ambition. Moreover, only Superunie was willing to share an audit report of its supplier that indicated that workers at one of the production facilities, which this supplier sources from, received minimum wages.

Another worrying aspect is that there is an overall lack of transparency in the chain. In one case, Fairfood was able to directly link a peeling shed to an exporter that supplies one of the supermarkets. In most cases, however, it was impossible to know for certain which countries the shrimp sold at the different supermarkets originate from, let alone from which production facility. This makes it difficult for NGOs like Fairfood to hold companies accountable for violations in their supply chains and for consumers to make an informed choice about the products they buy.

6. Conclusion



Most supermarkets have policies to ensure that workers in their supply chains are treated fairly. They require their suppliers to pay their employees the national minimum wage, or even a living wage. This suggests that they take some level of responsibility. Nonetheless, several workers that were interviewed for this report indicated they did not even receive the minimum wage, let alone a living wage. Fairfood's research into the Thai shrimp processing industry reveals a workforce of mostly female workers who are forced to endure working weeks of more than 60 hours just to earn enough to be able to survive. They are a highly informal labour force, with little job security and often no access to basic labour rights such as holidays or maternity leave. Studies by other NGOs into working conditions in the shrimp industry and minimum wage levels in Bangladesh, Vietnam and India suggest that it is highly likely that workers' wages are not high enough in any of these countries to support a decent standard of living.

It is the responsibility of supermarkets to guarantee that their wage policies are fair and that they are effectively enforced. According to the Ruggie Principles, businesses should respect human rights and address any adverse impacts on human rights with which they are involved. Retailers need to do much more to ensure that workers in their supply chains have a decent standard of living. They have the power and the obligation to make this change happen.

Next steps

As Fairfood works towards changing the way food is produced and consumed, we are inevitably confronted by the problems faced by vulnerable people. It is because of them, and the future of our sustainability, that Fairfood has chosen to engage with the aforementioned companies. We have presented our demands and have

met with the retailers to discuss how these changes might be implemented. We will determine our next steps based on the outcomes of this engagement. In the meantime, we will continue to:

- Engage with the retailers listed above and work towards influencing their company policies and behaviour throughout their supply chains;
- Research the Asian shrimp supply chains of other supermarkets;
- Monitor and track companies' behaviour and serve as watchdogs, ensuring that they live up to their obligation to avoid negative impacts on human rights stemming from their activities;
- Work closely with workers and local partners who act as major players in the work that we do, in order to have two points of leverage at both the start and the end of the supply chain. Our partners are independent national grassroots organisations, smallholder farmers, workers unions and community-based organisations who are committed to national activism and human rights. We will work in solidarity to achieve our overall vision;
- Network and build alliances to promote and push for living wage in the food industry throughout supply chains.

As a result of this report and our Living Wage campaign, we hope to continue to expose the deplorable conditions faced by shrimp workers in Thailand. We will share more stories and testimonies from shrimp workers who earn poverty wages. We also aim to present solutions and share knowledge of how a living wage can be achieved in the coming years.

For the latest updates on Fairfood's progress, we encourage you to engage and support our work. Visit our website at www.fairfood.org. You can also find us on Facebook and Twitter.



Fired and pregnant shrimp worker Sandar Lwin (21) cleaning her kitchen

7. Endnotes

This report was published in March 2015. To get the most recent updates, please check the Fairfood website: www.fairfood.org.

To ensure the safety of workers, we used aliases for the interviewed workers and not their actual names.

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Work equipment of shrimp workers in the hall of a living compound



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