



WHO PAYS?

HOW BRITISH SUPERMARKETS ARE
KEEPING WOMEN WORKERS IN POVERTY
EXECUTIVE SUMMARY

“We are paying for the price wars between supermarkets in your country.”

Costa Rican banana supplier to UK supermarkets.

Every week in Britain, 32 million people shop in supermarkets. Inside these cathedrals of modern consumer society, everything is carefully presented: meat trimmed and packaged, potatoes washed, tomatoes uniform in colour and size. Yet there is a darker side to the supermarket revolution, a far cry from this sanitised, neatly-presented world.

Who pays? explores the supply chains that link products on supermarket shelves to the people in developing countries who produce them. The structure of these supply chains has changed in recent years, as supermarkets in the increasingly concentrated retail sectors of rich countries cherry pick suppliers from increasingly open developing economies. This gives supermarkets more and more power in global markets that they capitalise on to demand lower prices, faster delivery times and greater flexibility from suppliers.

ActionAid has seen first hand the impact on the poorest workers when supermarkets wield this power. Our research in three countries illustrates how pressure on suppliers to deliver more for less is passed on to workers in the form of low wages, job insecurity and a denial of basic human rights. More often than not, this happens through:

- **Transfer of costs:** forcing prices paid to suppliers down, adding additional charges – often retrospectively – and demanding increased quality and improved productivity without increasing the price paid.

- **Transfer of risks:** obliging suppliers to take the hit when patterns of demand change unexpectedly, ordering at the last minute, and confirming or changing details at short notice. Suppliers are left struggling to fulfil their orders, or with unsold excess stock.

Women in particular find that their already disadvantaged position in the labour market, and in society as a whole, makes them extra vulnerable when suppliers try to drive down pay and conditions. It is this pool of cheap, pliable labour that – by absorbing these costs and risks – has allowed supermarkets to compete with each other to bring prices down, to supply us with goods instantly, and yet to keep their own profits high.

The main findings from ActionAid’s research are:

- **GOING BANANAS.**

The impacts of the price wars that characterise British banana retailing have been increased job insecurity, longer hours and less pay for Costa Rican plantation workers.

Price wars over Britain’s top-selling fruit are fuelled by supermarket demands for ever lower prices from suppliers whose hands are tied: most depend on one supermarket chain for more than two-thirds of their business. The price wars have catalysed the spread of a new model of employment throughout the banana industry, characterised by wages as low as 33p per hour and excessive working hours. Women have been squeezed out of permanent jobs into casual, piece rate work where they earn lower wages, sometimes so low that they are forced to stay in the fields during pesticide spraying.

“Sometimes we don’t have enough to eat. My neighbours are too poor to give us anything. I cook what I can manage. Sometimes it’s just rice – I can rarely manage fish or meat because it’s too costly.”

Rahela, 18, sewing garments in Bangladesh for UK supermarkets.

“I have severe pain in my toes and knees and sometimes back pain [caused by squatting to shell cashews]. But I have to work to fend for myself and my family.”

Bindi, 58, shelling cashew nuts in India for a UK-supplying factory.

• RAGS TO RICHES.

Supermarkets are in the vanguard of the UK’s cheap fashion craze, a trend that has been accompanied by plummeting wages for garment workers, like those in Bangladesh.

The tumbling price of UK clothing is due mainly to the expansion of the ‘value’ clothing sector, in which supermarkets are major players. Value retailers’ meteoric rise is driven by two factors: an ability to force down prices, and a quick response to changes in consumer demand. It is young women, the majority of Bangladesh’s garment workforce, who make both of these possible. They earn as little as 5p per hour; wages that are not enough to support themselves or their families, while being forced to work long hours for days or weeks on end.

• JUST PLAIN NUTS.

Women cashew nut workers in India told a familiar story of poverty wages, job insecurity and damaged health.

Pressure from UK supermarkets to reduce producer prices has contributed to an explosion in informal and illegal processing operations, where a predominantly female workforce has few rights and little opportunity to demand a better deal. Our research in India found workers processing cashew nuts for as little as 30p a day, damaging their health through exposure to corrosive oil and smoke released in the roasting process.

The growing power of big supermarkets in the UK is both the product and the driver – a vicious circle – of a way of doing business that is made possible by the exploitation of women workers in developing countries. Organisations like ActionAid have been highlighting the problems faced by workers in global supply chains for over a decade. Each time, the

reaction from both industry and government is that supermarkets must be encouraged to voluntarily clean up their act.

With each year comes new evidence demonstrating yet more conclusively that this strategy is not working. The Ethical Trading Initiative, the best and most comprehensive of the voluntary initiatives, has not sufficiently galvanised its member companies into the kind of action needed to stop the rot. Other schemes have been even less successful. While there are isolated examples of good practice, it is increasingly clear that supermarkets will not deliver the widespread improvements that are needed unless they are given more of a push by government.

ActionAid is not calling for a boycott of supermarkets. We want to see an independent regulator established to monitor the relationships between supermarkets and their suppliers, ensuring that supermarkets do not abuse their dominant position. It should have the power to investigate complaints, and to impose sanctions on supermarkets that violate its standards. By doing this, it would iron out the harmful buying practices pursued by supermarkets, creating a level playing field and opening up space for them to use voluntary initiatives to improve working conditions.

If more of the millions of pounds we spend every day in supermarkets flowed back to the workers who produce what we buy, the very act of shopping could become a tool for poverty reduction. Better paid workers in developing countries would buy more from local producers, save and invest more. Better jobs can give people – above all women – the confidence and the power to challenge and change their situation. This is how ‘development’ happens.

ACTIONAID'S RECOMMENDATIONS

UK GOVERNMENT

- Establish an independent supermarkets regulator that:
 - monitors relationships between supermarkets and suppliers along the whole food chain, including suppliers based overseas
 - enforces new rules to ensure fair competition between supermarkets and their suppliers
 - finds remedies for any breaches that are discovered, and has the power to enforce its rulings
 - addresses issues as they arise, and has the power to review the rules on a regular basis to account for changes in buying practices
 - operates a strictly confidential complaints procedure for suppliers
 - operates a legally enforceable dispute procedure.
- Extend the scope of competition policy to enable effective monitoring and regulation of UK companies' buying practices in key sectors, at home and overseas.
- Use other areas of policy and law, including company law, to make UK companies more accountable for the impacts of their buying practices on workers and producers in developing countries.

EUROPEAN UNION

- Work towards establishing EU-wide legislation to curb the damaging effects of supermarket buying power.

UNITED NATIONS

- Urge member states to:
 - ratify the International Covenant on Economic, Social and Cultural Rights and monitor its implementation, obliging governments to protect their citizens from abuses of corporate power
 - honour their commitments under the Convention on the Elimination of all forms of Discrimination against Women.

SUPERMARKETS

- Publicly commit to ensuring that the internationally recognised rights of all workers in their supply chains are respected.
- Publicly acknowledge the damaging impacts of buying practices on workers and suppliers, and take concrete steps to address them.
- Do not respond to the exposure of poor working conditions in supply chains by 'cutting and running'. Work with each other, suppliers, trade unions, local civil society groups and governments to improve conditions.

To order a copy of the full report or for more information contact Charlotte Reynolds on 020 7561 7558 or e-mail tradeandcorporates@actionaid.org.uk. You can download the report by going to www.actionaid.org.uk/corporates.