



# RIPE FOR CHANGE



ENDING HUMAN SUFFERING IN  
SUPERMARKET SUPPLY CHAINS

REPORT



OXFAM

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For further information on the issues raised in this paper please email [advocacy@oxfaminternational.org](mailto:advocacy@oxfaminternational.org)

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Cover photo: Mu is 29 and the mother of three children, all of whom are back at home in Myanmar. She is a shrimp peeler in Thailand earning a daily rate of 310 THB, or about \$9.30, plus overtime. If there is no overtime for a few weeks, she is unable to send money to support her family. Photo: Suthep Kritsanavarin/Oxfam



**OXFAM**

Oxfam is an international confederation of 20 organizations networked together in more than 90 countries, as part of a global movement for change, to build a future free from the injustice of poverty. Please write to any of the agencies for further information, or visit [www.oxfam.org](http://www.oxfam.org)

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# FOREWORD

The hidden workforce in supply chains is a scandal. These are the workers on whom multinational companies – like the supermarkets exposed in this report – rely for their profits. Multinational companies knowingly outsource responsibility for the violence, oppression, low wages, insecure and often unsafe work that drives their profits.

Outsourcing responsibility is not an option if the UN Guiding Principles on Business and Human Rights are respected. This requires companies to conduct due diligence and assess the risks of human rights violations throughout their supply chains, provide grievance procedures and ensure remedy for workers.

Human and labour rights violations have unfortunately become the foundation of global trade and consequently the dominant model of exploitation that fuels corporate greed. Profits are built on low wages and insecure work, driving growing inequality.

G20 governments have endorsed the call for due diligence, and G20 ministers have stated that ‘violations of decent work and fundamental principles and rights at work cannot be part of competition’.<sup>1</sup>

There must be a global level playing field to stop a race to the bottom on standards, wages and rights. We must rewrite the rules of the global economy if working people are to trust that elected governments are holding corporations to account in the interests of citizens.

Central to this accountability is the urgent need to overcome low wages. Oxfam provides many examples of the gap between workers’ wages and what they and their families need for a decent life. The ITUC Global Poll shows 84% of the world’s workers say that the minimum wage is not enough to live on. This is why the ITUC and its affiliates have a global campaign for minimum living wages.

As the research in this report suggests, the price of bridging the gap between hunger wages and a living wage is insignificant to multinational companies. Similar evidence-based cost of living research by unions shows it would take just a three cent rise in the price of a melon in Honduras, less than two cents on a banana in Guatemala, to ensure a living wage.

Wage theft – resulting from many employers undercutting minimum wages with exploitative hours through forced overtime, or simply not paying legal rates – must be stopped. It’s a simple recipe to guarantee decent work in supply chains:

- a minimum living wage;
- freedom of association and collective bargaining rights;
- universal social protection;
- compliance with strong, independent, legal systems.

We encourage multinational supermarkets to negotiate global framework agreements with the International Union of Food Workers and its affiliates, which guarantee fundamental rights for workers in every country in which they work.

Constructive engagement with unions throughout supply chains is essential. Collective bargaining ensures fair working conditions and a greater distribution of productivity and profits, fostering more equal societies.

Fair wages and decent work with social protection provide the foundation for greater equality and for growth.



**Sharan Burrow**  
General Secretary,  
International Trade  
Union Confederation



# FOREWORD

We all enjoy good food. Cooking our favourite ingredients or sharing a meal are among our simplest pleasures. But too often the food we savour comes at an unacceptable price: the suffering of the people who produced it.

This report launches Oxfam's new campaign to expose the economic exploitation faced by millions of small-scale farmers and workers in food supply chains, and to mobilize the power of people around the world to help end it.

We present new evidence of brutally squeezed farmer incomes, pervasive low wages and the widespread denial of labour rights among people working to supply different products to supermarkets around the world. Our surveys of people working in supermarket supply chains in a range of countries found that a large majority struggle to adequately feed their own families.

Women bear the heaviest burden. Overwhelmingly concentrated in the least secure and lowest paid positions in food supply chains, shouldering most of the unpaid work on family farms, and routinely denied a voice in positions of power, we show that our modern food system is built on squeezing women's labour hardest of all.

We know it doesn't have to be this way. The global food industry generates billions in revenues every year, but the rewards are increasingly skewed towards the powerful. Our evidence shows that supermarket giants are capturing an increasing share of the money their customers spend at the checkout, while just a small and declining fraction reaches those who produced their food.

The resulting inequality is hard to fathom. It would take a woman working in a shrimp processing plant in Thailand more than 5,000 years to make the average annual salary of a top executive at a supermarket in the US, and over 1,700 years to match the UK's. Just 10% of the cash returned to shareholders of the biggest three US supermarkets in 2016 would be enough to lift more than 600,000 workers in the Thai shrimp sector to a living wage.<sup>2</sup>

We believe in a different way of doing business, built on respect for human and labour rights, and driven less by the relentless maximization of shareholder value. Our research shows that where governments intervene to protect small-scale farmers and workers, they can make a difference to millions of lives.

This is a story about food, but it is one we see replicated across the global economy – from textiles to electronics. We believe it is time to build a more human economy that rewards work, not wealth.

We know the path is not easy, but this report shows that we can all – governments, companies and citizens – do much more to make this vision a reality for those producing our food. We call on everyone reading it to join us.



**Winnie Byanyima**  
Executive Director,  
Oxfam International

# FOREWORD

Throughout my life, Oxfam has had an impressive track record of tackling injustice in global supply chains. It has worked continuously to expose the enormous inequalities of power, gender and wealth in our food system.

As the leader of a Fairtrade company 44% owned by a cooperative of cocoa farmers in Ghana, I am very aware of the human cost of this, where the women and men who grow the products we enjoy every day still don't have access to many of the things we take for granted, like clean water and electricity, or the ability to invest in their farms and communities.

It is shocking that we still need Oxfam to shine a light on a system of trade that delivers cheap, high quality food for all of us in the North, and huge profits for the companies that sell them to us, while men and women producers and processors in developing countries go hungry.

Oxfam has the clout to make change happen. Its Behind the Brands campaign looked at how the ten biggest food companies operate, and challenged them to address critical issues if we are to create a world that works for people and planet. It has had a serious impact. Those companies have made significant improvements in gender, land rights, labour rights and the environment, and they are proud of their progress.

Oxfam's new report and campaign focuses on the next step in the supply chain: the supermarkets. It aims to make consumers and investors more aware of the realities behind their everyday food shopping, and empower them to challenge supermarkets to ensure that the people who work in their supply chains have a decent living.

At the same time, it is making supermarkets conscious of the enormous opportunity they have to use their scale and power to make real and lasting changes to an unsustainable and unfair system. They are in a powerful position to play a leading role in addressing many of the UN's Sustainable Development Goals to end world poverty.

We live in times where, on the one hand, the turnover of the world's biggest supermarket group is higher than the Gross National Income of Norway or Nigeria, and, on the other, where most of the world is dependent on smallholder producers for at least 80% of its food. Supermarkets have a responsibility to those producers, and we have more power than we think to call them to account.



**Sophi Tranchell**  
MBE, CEO,  
Divine Chocolate Ltd.





Boat workers in Thailand repair nets for the next fishing cycle.  
Photo: Suthep Kritsanavarin/Oxfam



# SUMMARY

Inequality is rampant across the global economy,<sup>3</sup> and the agro-food sector is no exception. At the top, big supermarkets<sup>4</sup> and other corporate food giants dominate global food markets, allowing them to squeeze value from vast supply chains that span the globe, while at the bottom the bargaining power of small-scale farmers and workers has been steadily eroded in many of the countries from which they source.

The result is widespread human suffering among the women and men producing food for supermarkets around the world. From forced labour<sup>5</sup> aboard fishing vessels in Southeast Asia, to poverty wages on Indian tea plantations and hunger<sup>6</sup> faced by workers on South African grape farms, human and labour rights abuses are all too common in food supply chains.<sup>7</sup>

In an era of gross global inequality and escalating climate change, this business model is increasingly unsustainable. But it doesn't have to be this way. Governments, food companies, small-scale farmers and workers, and citizens around the world can all help to rebalance power in food supply chains and ensure they more fairly reward those producing our food. The supermarket sector is ripe for change.

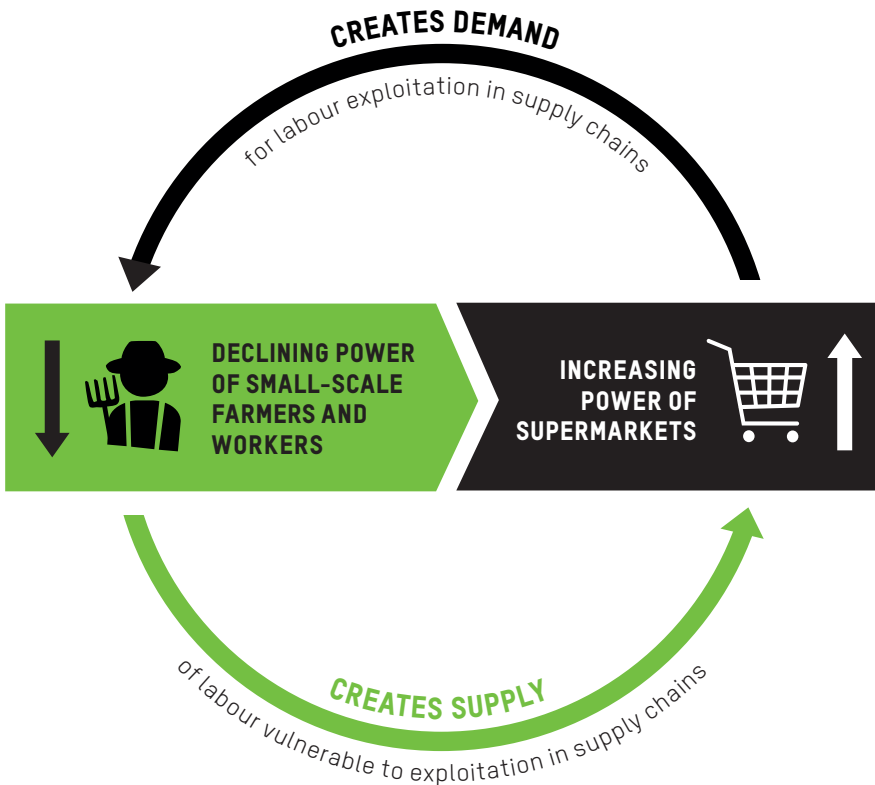
There is no justifiable reason that the human and labour rights of women and men supplying supermarkets cannot be respected. There is no moral excuse for anyone producing our food to go hungry. This report launches Oxfam's new campaign to expose the root causes behind human suffering in food supply chains and to mobilize the power of people around the world to help end it, starting with a focus on the role of supermarkets.<sup>8</sup>

\* \* \*

**THERE IS NO JUSTIFIABLE REASON THAT THE HUMAN AND LABOUR RIGHTS OF WOMEN AND MEN SUPPLYING SUPERMARKETS CANNOT BE RESPECTED.**

\* \* \*

FIGURE 1: INEQUALITY OF POWER IS THE ROOT CAUSE OF LABOUR EXPLOITATION IN FOOD SUPPLY CHAINS





Supermarket shelves. Photo: Shutterstock

## THE GROWING POWER OF SUPERMARKETS

Over the last 30 years, a global inequality crisis has seen the power and financial reward of big business and other owners of capital grow at the expense of ordinary people<sup>9</sup> – including those who grow and process our food. As highlighted in Figure 2, in the agri-food sector market concentration has reached new extremes at all stages of the food supply chain, and food retail is no exception.

FIGURE 2: MARKET CONCENTRATION IS HIGH IN FOOD SUPPLY CHAINS



<sup>i</sup> Bayer-Monsanto, Dupont-Dow, and Chem-China Syngenta. Source: Friends of the Earth Europe, Heinrich Boll Foundation and Rosa Luxemburg Foundation. (2017). Agrifood Atlas: Facts and Figures about the Corporations that Control what we Eat. <sup>ii</sup> S.J Lowder, J. Skoet, T. Roney. (2017). The Number, Size and Distribution of Farms, Smallholder Farms and Family Farms Worldwide. *World Development*, 87, 16–29. UN Food and Agriculture Organisation. (2008). The State of Food and Agriculture 2008. Rome: FAO. <sup>iii</sup> Archer Daniels Midland (ADM), Bunge, Cargill and Louis Dreyfus Co. Source: Friends of the Earth Europe, Heinrich Boll Foundation and Rosa Luxemburg Foundation. (2017). Agrifood Atlas: Facts and Figures about the Corporations that Control what we Eat. Op. cit. <sup>iv</sup> Friends of the Earth Europe, Heinrich Boll Foundation and Rosa Luxemburg Foundation. (2017). Agrifood Atlas: Facts and Figures about the Corporations that Control what we Eat. <sup>v</sup> Ibid.

In most developed countries, and increasingly in developing countries too, just a handful of supermarket giants dominate food sales.<sup>12</sup> This is often at the expense of local shops and markets. After establishing dominance in high-income countries, the supermarket concept has grown exponentially in middle-income countries – starting in Latin America before spreading to Southeast Asia and parts of North and sub-Saharan Africa.

### Supermarket buyer power

This tight grip on retail markets gives supermarkets in particular, significant power to shape food production around the world. As the last link in the food supply chain, they have become gatekeepers of the global food trade – shaping producers and processors into geographically dispersed, highly specialized and multi-tiered supply chains to deliver precise quality standards for tens of thousands of products every day of the year.

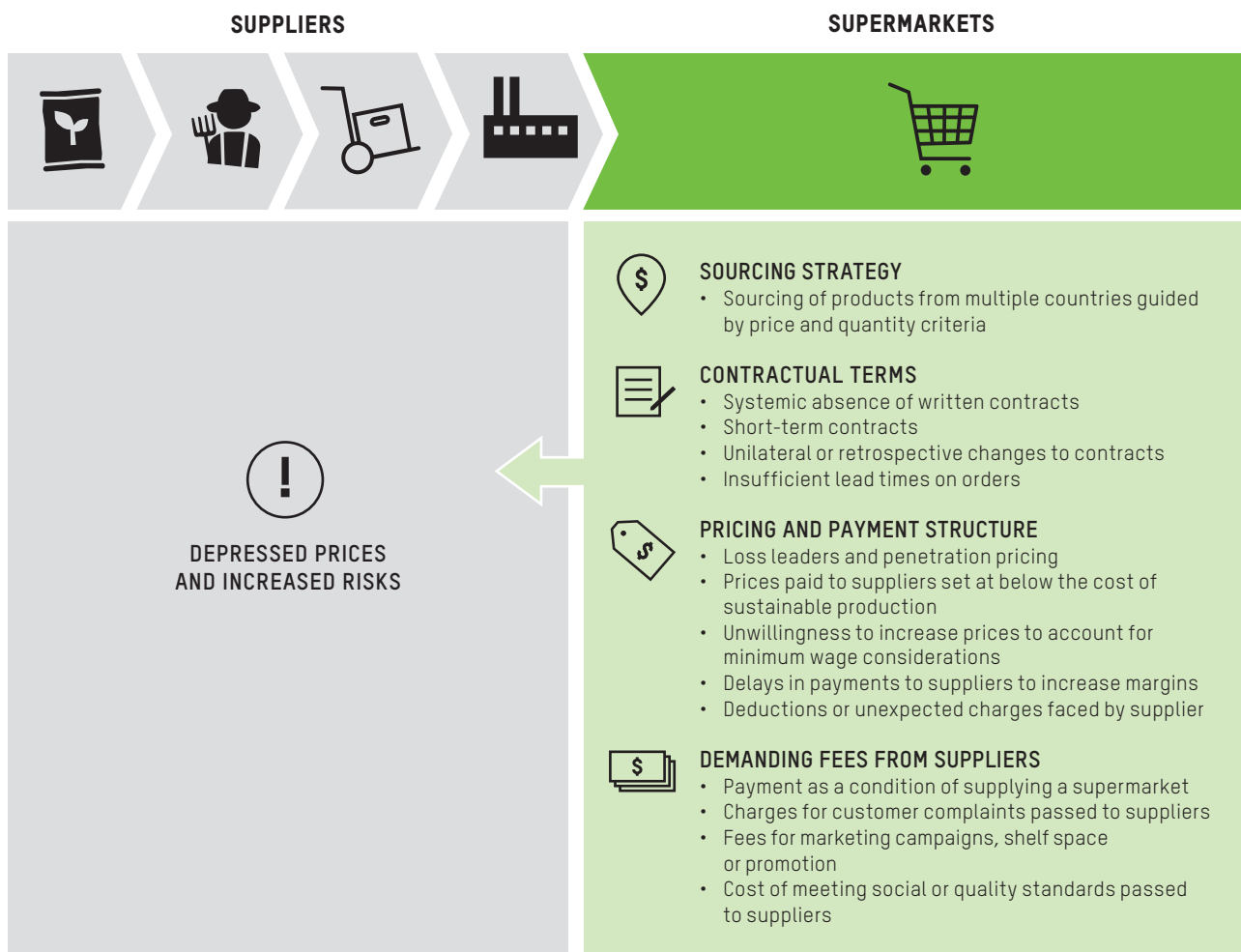
This business model has delivered low prices, unparalleled year-round choice and ‘just in time’ convenience for many consumers. But it is based on supermarkets using their huge buyer power to exert continual pressure on their suppliers to cut costs and incur more of the risks of agricultural production, even while meeting exacting quality requirements. A range of unfair trading practices have been documented<sup>13</sup> through which this power can be exercised, some examples of which are described in Figure 3.

\* \* \*

**IN THE UK, FOUR SUPERMARKETS CONTROL 67% OF THE GROCERY MARKET SHARE,<sup>10</sup> WHILE IN THE NETHERLANDS, JUST FIVE CONTROL APPROXIMATELY 77%.<sup>11</sup>**

\* \* \*

FIGURE 3: UNFAIR TRADING PRACTICES DEPRESS PRICES PAID TO AND INCREASE RISKS INCURRED BY SUPERMARKET SUPPLIERS



Source: Figure created by Oxfam using information from D. Vaughan-Whitehead and L.P Caro (2017). Purchasing Practices and Working Conditions in Global Supply Chains: Global Survey Results; G. Ellison (2017). Grocery Code Adjudicator: Annual Survey Results; European Parliament (2016). Report on Unfair Trading Practices in the Food Supply Chain; and other reports.<sup>14</sup> See Appendix 1 in the main report for a list of unfair trading practices and references.



## Financial rewards accrue to the top

It has been a lucrative business for those at the top. The world's largest food retailer, Walmart, majority-owned by the richest family in the US,<sup>15</sup> generated revenue of nearly \$486bn in 2016 – more than the Gross National Income of Norway or Nigeria.<sup>16</sup> The eight largest publicly owned supermarkets in the world generated some \$1 trillion from sales in 2016 and nearly \$22bn in profit. Rather than reinvest in their suppliers, the same year they returned over \$15bn to shareholders in cash.<sup>17</sup>

Top rates of annual pay for CEOs have been handsome too – ranging from \$3.1m at Morrisons in the UK, for example, to \$19.8m at Walmart in the US.<sup>18</sup> Returns to shareholders and executive pay have been increasing in the US over the last decade – by 59% and 74% respectively in the biggest US firms, for example.<sup>19</sup> From the US to Thailand to South Africa, it is a sector which is attracting investment from some of those countries' richest and most powerful elites.

## THE DECLINING POWER OF SMALL-SCALE FARMERS AND WORKERS<sup>20</sup>

It is no coincidence that the growth of supermarket power has taken place at the same time as governments in many countries have pursued an agenda of trade liberalization and deregulation of agricultural and labour markets. The result of this public policy approach has been a radical weakening of the bargaining power of small-scale farmers and workers.<sup>21</sup> Agricultural marketing boards have been closed, government budgets for farmer extension services and agricultural research and development slashed, and border tariffs protecting domestic farming lifted.<sup>22</sup> For workers, meanwhile, trade union membership and collective bargaining are in decline.<sup>23</sup> Even where statutory minimum wages have been introduced, they are nearly always far below the levels demanded by local trade unions,<sup>24</sup> and inadequate to sustain a basic but decent standard of living for a worker and their family (often known as a 'living wage').<sup>25</sup>

\* \* \*

**IN A GLOBAL SURVEY OF NEARLY 1,500 COMPANIES IN GLOBAL SUPPLY CHAINS, LESS THAN A QUARTER OF FOOD SUPPLIERS NOTED THE PRESENCE OF TRADE UNIONS.<sup>26</sup>**

\* \* \*

Mawar lived in a dormitory near the shrimp factory where she worked in Indonesia. She was often shouted at to work faster, so avoided drinking water to make sure she didn't need to use the toilet. Photo: Adrian Mulya/ Sustainable Seafood Alliance Indonesia



## Women hardest hit

And whether on small-scale family farms or among workers, deeply entrenched gender norms mean the impact is most severe on women: denied the right to own land,<sup>27</sup> less likely to enjoy trade union representation,<sup>28</sup> shouldering most unpaid care work,<sup>29</sup> facing discrimination over pay and progression to more senior roles, and the threat of sexual harassment and violence.<sup>30</sup> Women's work in food supply chains goes unseen and their voices at the negotiation table least heard.

It is no surprise, therefore, that women are concentrated in the lowest paid, least secure roles across the agri-food sector, providing a reserve of cheap, flexible labour on which modern food supply chains are built.<sup>31</sup>

## HUMAN SUFFERING IN SUPERMARKET SUPPLY CHAINS

The depression of prices paid to suppliers as a result of supermarket buyer power, coupled with inadequate government support for small-scale farmers and workers, increases the risk of human and labour rights violations in food supply chains.

For example:

- Squeezed small-scale farmers may resort to child labour<sup>33</sup> or increase the burden on unpaid women's labour;<sup>34</sup>
- Employers at plantations, processing plants or on fishing vessels may shift to more flexible, casualized forms of employment – sidestepping permanent contracts, curtailing freedom of association, cutting wages or using piece rates that necessitate excessive working hours;<sup>35</sup>
- Women concentrated in such informal roles, often with male supervisors, may face heightened risks of sexual harassment and violence;<sup>36</sup>
- Use of forced labour remains all too common, with the International Labour Organization (ILO) estimating in 2017 that more than 1.1 million victims work in the agriculture sector.<sup>37</sup>

New research by and for Oxfam, including a series of case studies published as Annexes 2 to 8, some of which are also summarized in the main report in Boxes 2 to 6, highlight many such examples of human suffering found in supermarket supply chains around the world. Some of the most striking findings are further explored below.

### Small-scale farmers and workers without enough to eat

It is one of the cruellest paradoxes of our time that the people producing our food and their families are often going without enough to eat themselves.

Oxfam and partners conducted surveys in 2017 of hundreds of small-scale farmers and workers in supermarket supply chains across five countries using the Household Food Insecurity Access Scale (HFIAS) method. This research found a clear majority of respondents categorized as either moderately or severely food insecure – meaning that they or a family member had gone without enough food in the previous month.<sup>38</sup> For example:

- In South Africa, over 90% of surveyed women workers on grape farms reported not having enough to eat in the previous month. Nearly a third said they or a family member had gone to bed hungry at least once in that time.
- 72% of women small-scale banana farmers surveyed in the Philippines said they had worried about feeding their family in the previous month.

\* \* \*

**'[...] IN TERMS OF DECISION MAKING AND ASSIGNING TASKS TO MEMBERS, WE DON'T FEEL LIKE WE HAVE A VOICE. WOMEN CANDIDATES DO STAND [FOR THE BOARD], BUT MEN VOTE FOR MEN AND WE'RE OUTNUMBERED.'**

\* \* \*

Mary Jane, secretary at Davao Fruit Corporation Agrarian Reform Cooperative, Mindanao Region, Philippines<sup>32</sup>

\* \* \*

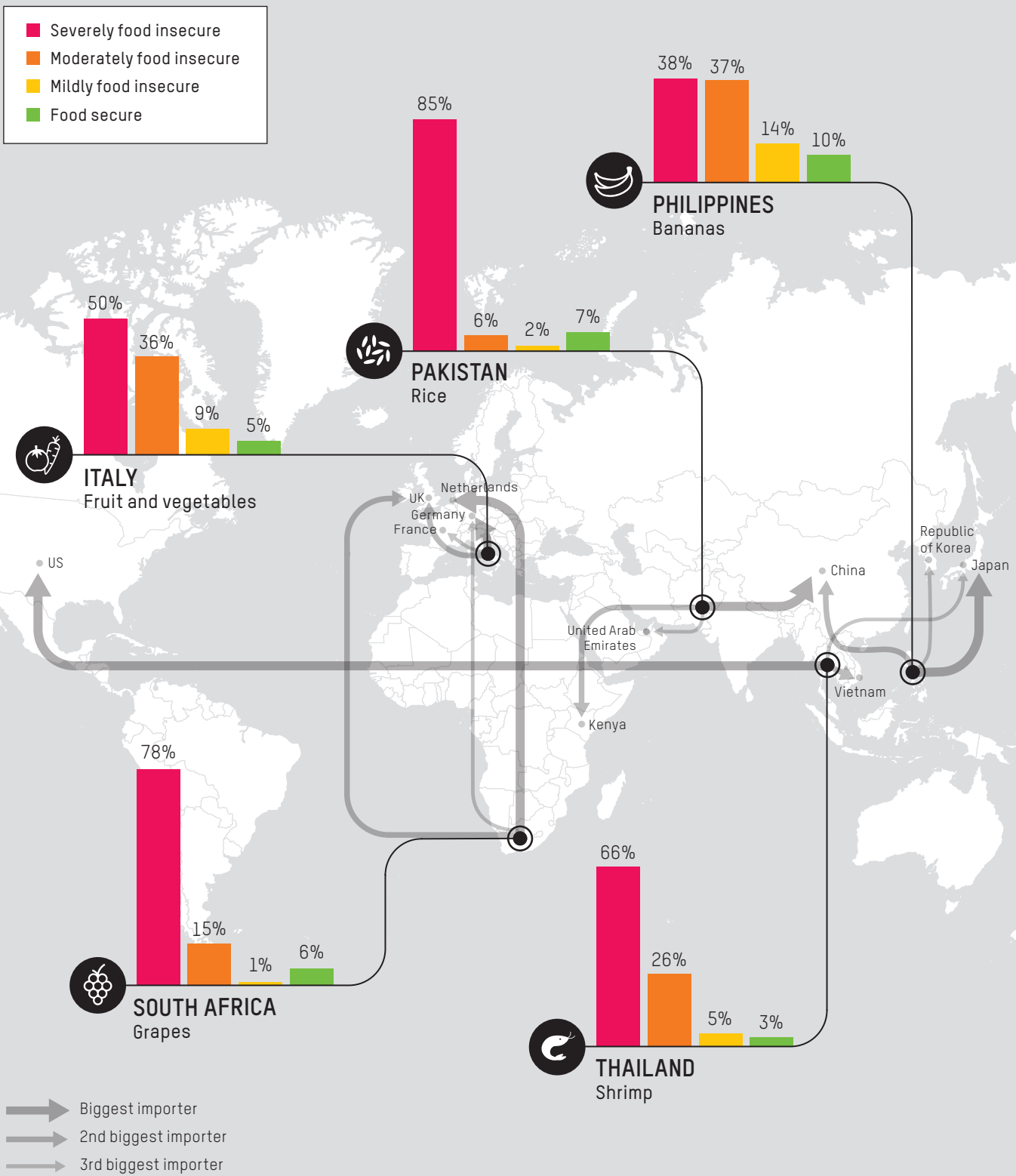
**'MONEY IS EXTREMELY TIGHT. WE MUST CUT DOWN ON FOOD TO BE ABLE TO PAY OUR CHILDREN'S SCHOOL FEES.'**

\* \* \*

Wife of a worker at Finca Once, Costa Rica, producer for Lidl<sup>39</sup>

FIGURE 4: WHEN EARNINGS ARE TOO LOW, SMALL-SCALE FARMERS' AND WORKERS' ACCESS TO ADEQUATE FOOD IS PUT AT RISK

Food security categorization of respondents to Household Food Insecurity Access Scale surveys in selected food value chains in 2017 (%)



Source: Data from HFIAS surveys conducted in 2017 with a sample of farmers and workers in specific food supply chains in South Africa (101 respondents), Thailand (64), Italy (42), Pakistan (100) and the Philippines (147). The research in South Africa was carried out by the Women on Farms Project. See the methodology note in Annex 1 for more information.<sup>40</sup>

Note that not all of the percentages sum to exactly 100% due to rounding. Export data from 2016. See endnote for full source information.<sup>41</sup>

- In Italy, 75% of surveyed women workers on fruit and vegetable farms said they or a family member had cut back on the number of meals in the previous month because their household could not afford sufficient food.
- In Thailand, over 90% of surveyed workers at seafood processing plants reported going without enough food in the previous month. Of those, 54% of the women workers said there had been no food to eat at home of any kind on several occasions in that time.



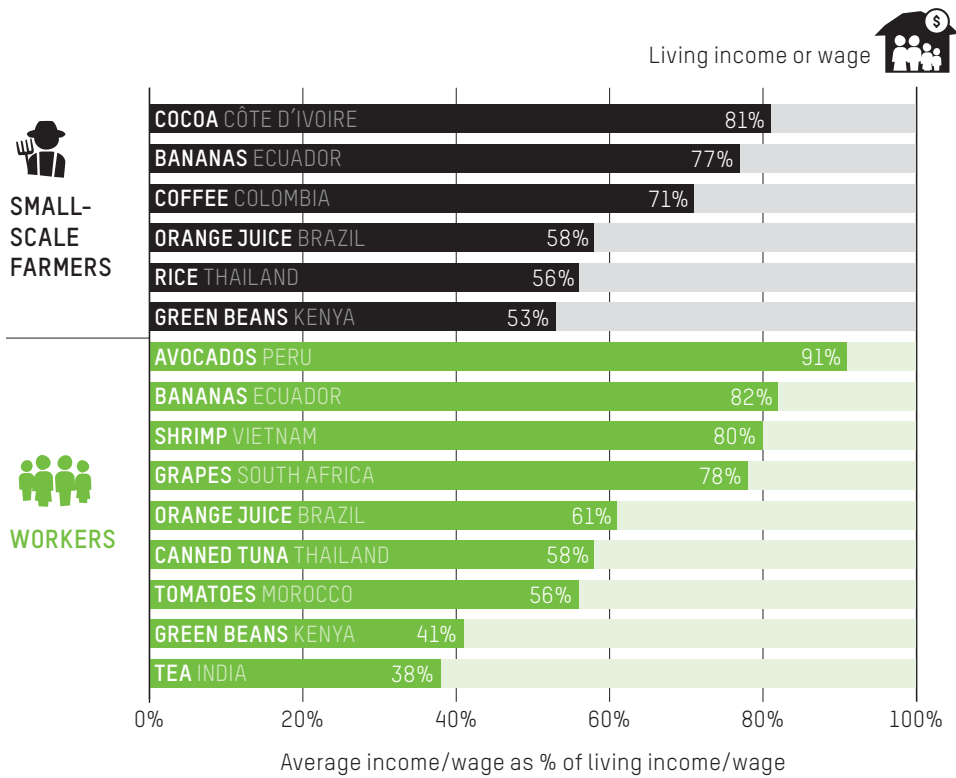
### Grossly inadequate earnings for small-scale farmers and workers

While these surveys are just snapshots, they hint at a bigger picture of systemic economic exploitation. New research for Oxfam – undertaken by the Bureau for the Appraisal of Social Impacts for Citizen Information (BASIC)<sup>42</sup> – analysed the value chains of 12 common products sourced by supermarkets around the world, from a range of producing countries spanning the Asian, African and Latin American continents, including examples of both small- and large-scale production.

As shown in Figure 5, in none of these examples are the average earnings of small-scale farmers or workers enough for a decent standard of living, sufficient to realize their human rights. In some cases, they fall well short.<sup>43</sup>

Above: Prak was a worker on a boat in Thailand. After getting sick, he was dismissed from his job and also told that he owed the boat operators 14,000 THB (about \$438) – money that he doesn't have. But if he doesn't pay, Prak won't be able to get his passport back. Photo: Suthep Kritsanavarin/Oxfam

FIGURE 5: AVERAGE EARNINGS OF SMALL-SCALE FARMERS AND WORKERS IN MANY FOOD SUPPLY CHAINS ARE INADEQUATE FOR A DECENT STANDARD OF LIVING<sup>44</sup>



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FOR SOME PRODUCTS – LIKE INDIAN TEA AND KENYAN GREEN BEANS – THE AVERAGE EARNINGS OF SMALL-SCALE FARMERS OR WORKERS WERE FOUND TO BE LESS THAN 50% OF WHAT IS NEEDED FOR A BASIC BUT DECENT STANDARD OF LIVING IN THEIR SOCIETIES.

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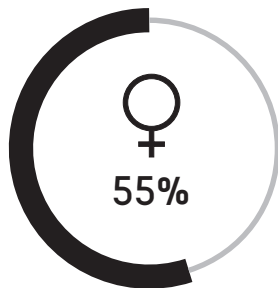
Note: Data from 2015. 'Workers' refers to those with permanent contracts working on large-scale plantations, in processing facilities or on fishing vessels. Some commodities appear twice, as they are both produced by small-scale farmers and workers. See the methodology note in Annex 1 for more information.

Source: C. Alliot et al. (Forthcoming). Distribution of Value and Power in Food Value Chains. Oxfam-commissioned research undertaken by BASIC.

As shown in Figure 6, the situation is much worse for women. BASIC's analysis shows that where women provide the majority of the labour in a food supply chain, the gap between average earnings and the amount needed for a basic but decent standard of living is greatest.

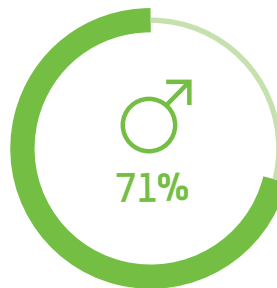
FIGURE 6: THE GAP TO A LIVING INCOME OR WAGE IS GREATEST WHERE WOMEN PREVAIL IN THE WORKFORCE

Average income/wage as % of living income/wage



**WOMEN PREVAILING IN WORKFORCE**

Tea (India), green beans (Kenya), tomatoes (Morocco), rice (Thailand), shrimp (Vietnam), canned tuna (Thailand)



**MEN PREVAILING IN WORKFORCE**

Bananas (Ecuador), cocoa (Côte d' Ivoire), coffee (Col mbia), avocados (Peru), orange juice (Brazil), grapes (South Africa)

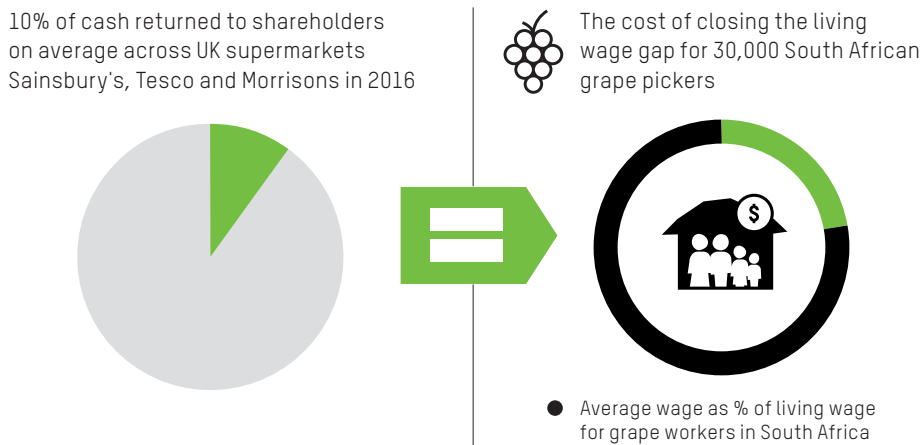
Note: Data from 2015.

Source: C. Alliot et al. (Forthcoming). Distribution of Value and Power in Food Value Chains. Oxfam-commissioned research undertaken by BASIC.

Such income levels are especially hard to accept when compared with the returns at the other end of the supply chain. For example:

- It would take a woman processing shrimp at a typical plant in Indonesia or Thailand more than 4,000 years to earn what the chief executive at a top US supermarket earns, on average, in a year.<sup>45</sup>
- In less than five days, the highest paid chief executive at a UK supermarket earns the same as a woman picking grapes on a typical farm in South Africa will earn in her entire lifetime.<sup>46</sup>
- Just 10% of the cash returned to shareholders in the biggest three US supermarkets – Walmart, Costco and Kroger – in 2016 would be enough to lift more than 600,000 workers in the Thai shrimp sector to a living wage.<sup>47</sup> Figure 7 tells a similar story for UK supermarkets and grape pickers in South Africa.

**FIGURE 7: SUPERMARKET SHAREHOLDERS BENEFIT WHILE SUPPLY CHAIN WORKERS STRUGGLE TO MAKE ENDS MEET**



Source: Oxfam calculations; for details please see methodology note in Annex 1. Note that shareholder dividends were zero at Tesco in 2016.

### Small-scale farmers pushed to the brink

For millions of small-scale farmers, the very viability of their livelihoods is in question. BASIC's analysis of 12 food products reveals a long-run decline in export prices for a number of products, for example a 74% decline between the mid-1990s and mid-2010s in the case of Kenyan green beans, and around 70% in the case of Brazilian orange juice. This trend has helped to drive the prices paid to small-scale farmers and producers down to little more than the cost of production.<sup>49</sup>

The result? Small-scale farmers are driven out of international food supply chains and off their land. Instead, farmers may be forced into precarious work on large plantations that can meet supermarket requirements on price and quality, or into swelling urban slums.

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**THE FRESH PRODUCE EXPORTERS' ASSOCIATION OF KENYA ESTIMATES THE NUMBER OF SMALL-SCALE FARMERS WHO EXPORT HORTICULTURE PRODUCTS DECLINED BY 5,000 IN 2013-14 ALONE.<sup>48</sup>**

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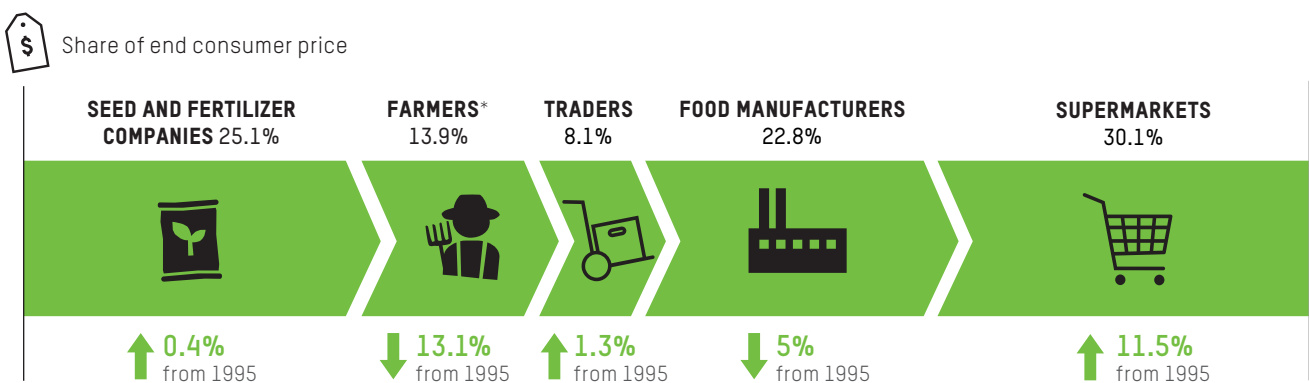


## SUPERMARKETS DRIVING GROWING INEQUALITY

If anything, the power imbalance in supermarket supply chains seems to be getting worse – a driver of increasing inequality.

New research for Oxfam by leading academic global value chain experts, finds – as shown in Figure 8 – that between 1995 and 2011 (the last year for which worldwide data is available), not only did supermarkets capture the greatest share of any supply chain actor of the money their customers spent at the checkout, but that over this period their share increased – from 27% to over 30%. Over the same period, meanwhile, the share reaching farmers declined from just 16% in 1995 to less than 14% in 2011, with farmers in some countries receiving just 7% on average.<sup>50</sup>

FIGURE 8: BETWEEN 1995–2011, SUPERMARKETS CAPTURED THE BIGGEST SHARE OF THE END CONSUMER PRICE IN GLOBAL FOOD SUPPLY CHAINS, AND SAW THEIR SHARE INCREASE THE MOST



Note: Data at the global aggregate level, 1995–2011. \*Small- and large-scale.

Source: Adapted from A. Abdulsamad and G. Gereffi. (Forthcoming 2018). Measurement in a World of Globalized Production. Durham, NC.: Duke Center on Globalization, Governance and Competitiveness. Research report undertaken for Oxfam America.

However, these results, while pointing to consistent trends across a wide range of both developed and developing countries, only tell a partial story in terms of the experiences of small-scale farmers and workers in developing countries. The context-specific, in-depth studies by BASIC of Oxfam’s 12-product basket paint an even more striking picture.<sup>51</sup>

As shown in Figure 9, the BASIC results also suggest that the supermarket share of the end consumer price – on average across the basket of products and a range of consumer countries – increased, from 43.5% in 1996/8 to 48.3% in 2015, while that of small-scale farmers and workers fell, from 8.8% to 6.5%, over the period.

On products like these, the marked inequality between supermarkets and the people producing the food they sell is even more pronounced. What is more, the results suggest that this squeeze has taken place alongside production cost increases, across these 12 products, of over 70% between 1996/8 and 2015.

This growing inequality in supermarket supply chains acts as a powerful barrier to raising small-scale farmer incomes and worker wages to a decent level – thereby affecting the ability of these people to work their way out of poverty. At best, the skewed distribution means that it will take much longer for small-scale farmers and workers to achieve a living income or wage level. At worst, it traps the women and men in supermarket supply chains in poverty.

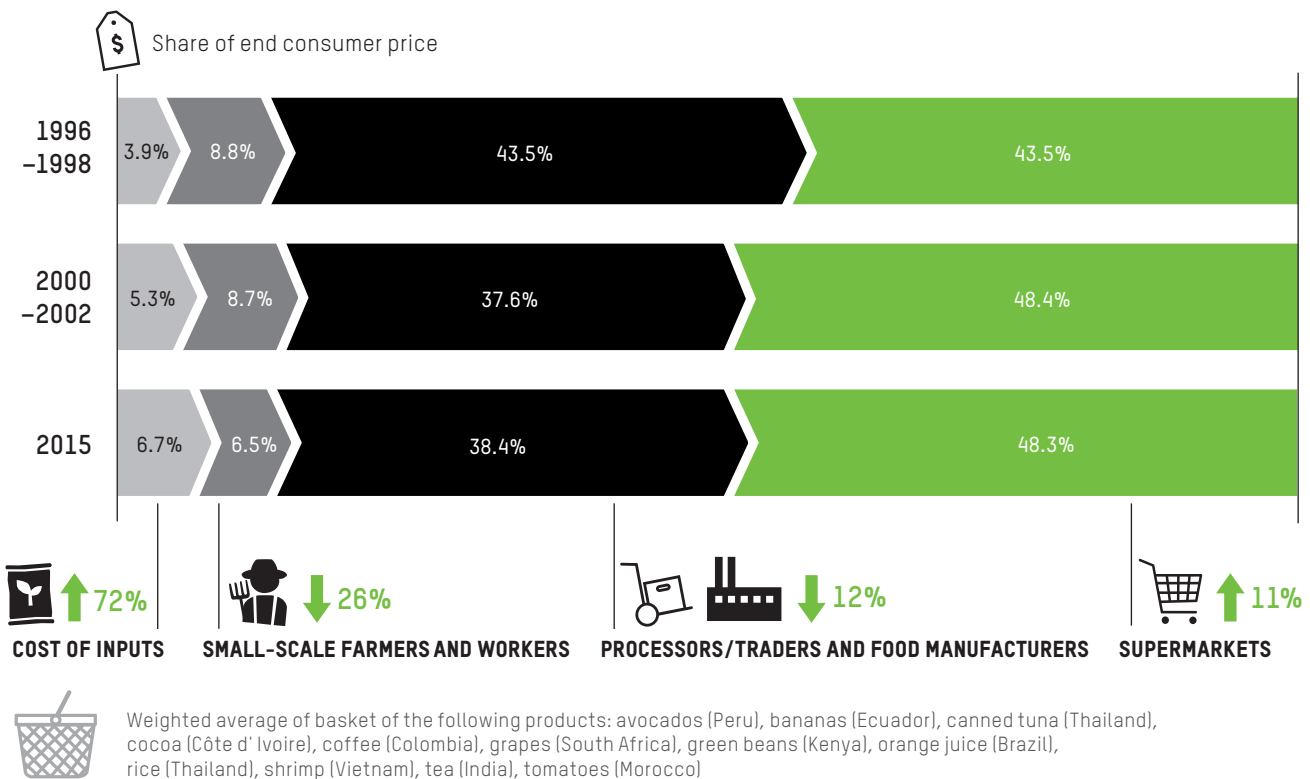
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**FOR PRODUCTS LIKE BRAZILIAN ORANGE JUICE, KENYAN GREEN BEANS, INDIAN TEA, VIETNAMESE SHRIMP AND THAI CANNED TUNA, THE SHARE OF THE END CONSUMER PRICE LEFT FOR SMALL-SCALE FARMERS OR WORKERS IN 2015 WAS LESS THAN 5%.**

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Until small-scale farmers and workers get a larger share of the value of their produce, inequality will continue to grow and progress in tackling poverty will stall.

FIGURE 9: FOR CERTAIN PRODUCTS, THE INEQUALITY BETWEEN SUPERMARKETS AND THE PEOPLE PRODUCING THE FOOD THEY SELL IS PARTICULARLY STARK



Source: C. Alliot et al. (Forthcoming). Distribution of Value and Power in Food Value Chains. Oxfam-commissioned research undertaken by BASIC.

## THE SUPERMARKET SECTOR AT A CROSSROADS

After years of expansion, there are signs that the supermarket industry is reaching a critical fork in the road, with competing forces pulling it in opposite directions.

On one side, discount food retailers such as Aldi North, Aldi South and Lidl are expanding their sales and influence in the supermarket sector, while low-cost retail titan Amazon's 2017 buy-out of Whole Foods sent shockwaves through the US supermarket sector. Nearly \$12bn was wiped from Whole Foods' competitors' market value in a single day as the company committed to a new strategy of 'continuously lower prices'.<sup>53</sup> The increased influence of such actors could threaten a new era of even more ruthless cost-cutting and an acceleration of the race to the bottom on social and environmental supply chain standards.

But on the other side, the global inequality crisis and gathering pace of climate change are exposing the vulnerability of the current supply chain model, just as new norms of responsible business are taking hold and new technologies emerging that can empower investors and consumers alike with more insight into the origins of our food.<sup>54</sup> Taken together, these trends should be a powerful signal to the supermarket sector of the need for an alternative, fairer and more sustainable approach.

All this means that the time is ripe for a reappraisal of the supermarket industry. The question now is whether retailers choose to double-down on the existing model with its high risks of human suffering – or pursue a different way of doing business.

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**WORLDWIDE, 780 MILLION PEOPLE ARE WORKING, BUT IN POVERTY. PROGRESS IN REDUCING WORKING POVERTY RATES IS SLOWING GLOBALLY AND SEEMS SET TO WORSEN IN THE POOREST COUNTRIES.<sup>52</sup>**

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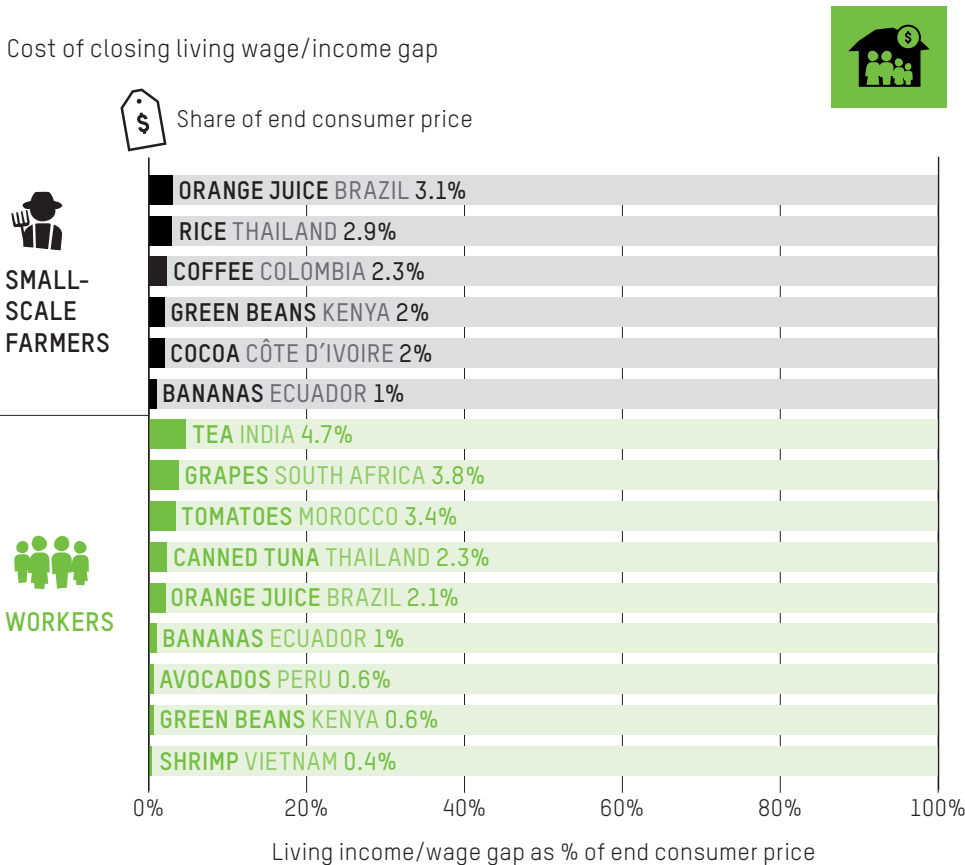
## TOWARDS A FOOD RETAIL REVOLUTION

The future need not be marked by new and more extreme forms of economic exploitation and heightened inequality in ever-expanding supermarket supply chains.

BASIC’s analysis for Oxfam suggests that it is entirely possible for small-scale farmers and workers to earn a living income in supermarket supply chains.<sup>55</sup> As shown in Figure 10, supermarkets and other supply chain actors would need to invest only a marginal amount to close the gap between prevailing and living incomes or wages in comparison to the end consumer price – no more than 5% across our basket of 12 products, and often less than 1%.

And consumer prices may not need to rise to achieve this additional investment. In each of these 12 cases, the extra investment needed by supply chain actors is far less than the amount by which supermarkets (or other lead firms) have increased their share of the end consumer price in the last 10–15 years.<sup>56</sup>

FIGURE 10: FOR MANY PRODUCTS, THE INVESTMENT NEEDED TO CLOSE THE GAP BETWEEN PREVAILING AND LIVING INCOMES OR WAGES IS MARGINAL COMPARED TO THE END CONSUMER PRICE

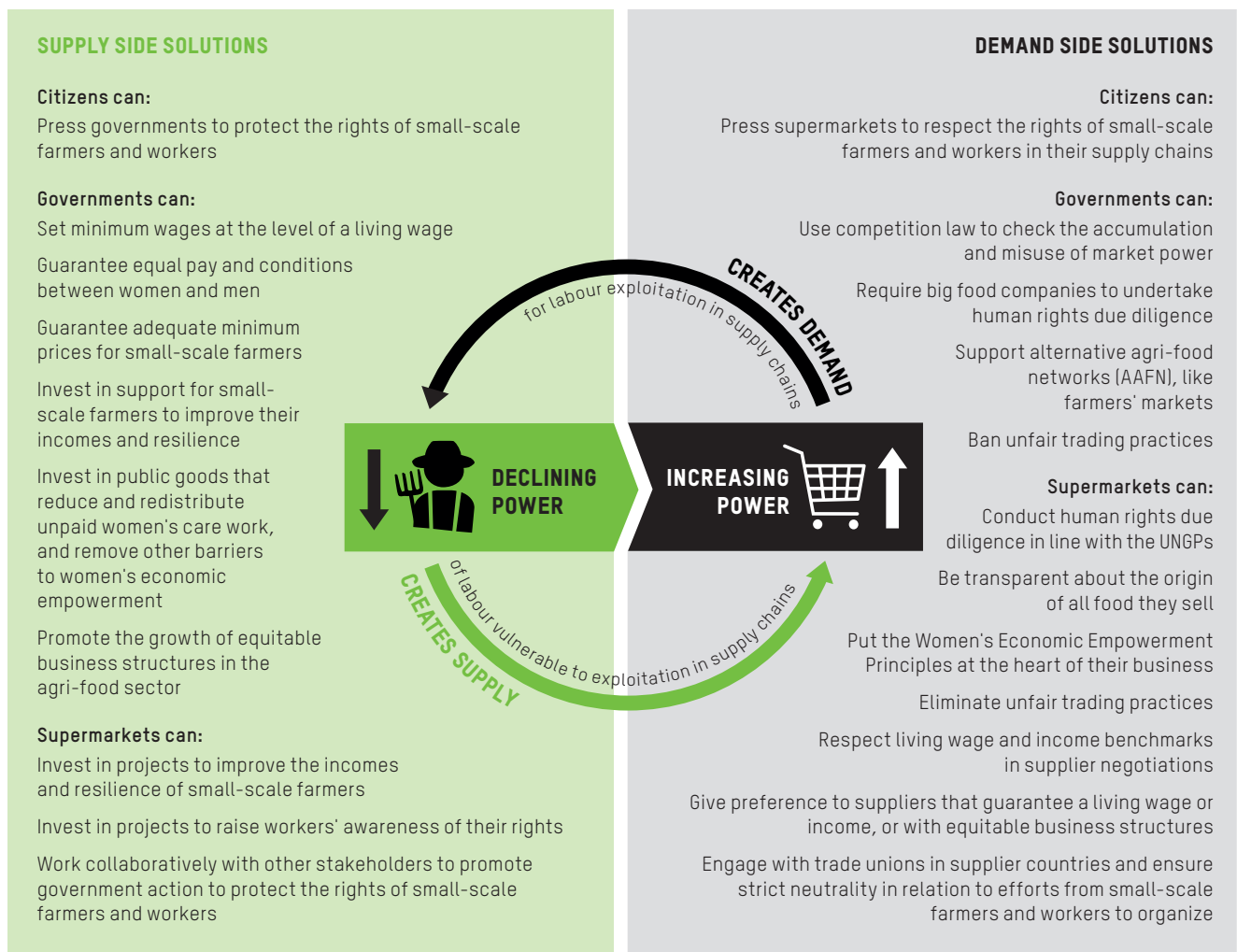


Note: Data as of 2015. Some commodities appear twice, as they are both produced by small-scale farmers and by waged workers on large-scale plantations, in processing facilities or on fishing vessels.

Source: C. Alliot et al. (Forthcoming). Distribution of Value and Power in Food Value Chains. Oxfam-commissioned research undertaken by BASIC.

Rebalancing power between supermarkets on the one hand, and farmers and workers on the other, would encourage a fairer sharing of the industry’s huge revenues and open up space for alternatives to the current supermarket model to grow. While there is no silver bullet, action from governments, small-scale farmers and workers, and from supermarkets and other private sector actors – examples of which are explored in Figure 11 and below – will be critical. Taken together, these could be the first steps towards a revolution in the food retail sector.

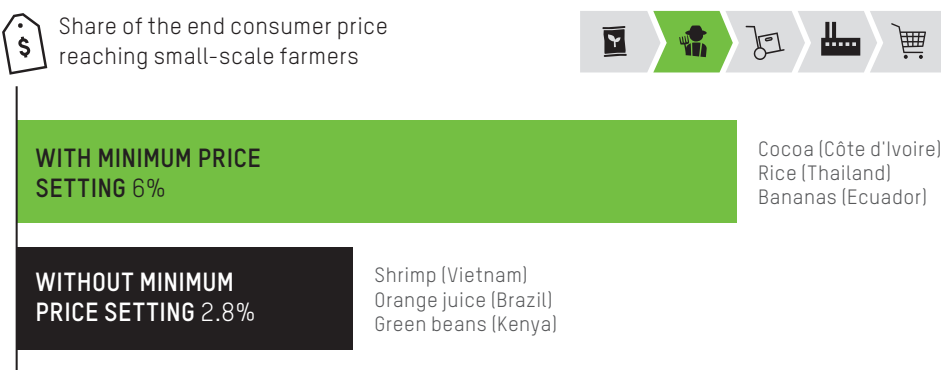
**FIGURE 11: ENDING HUMAN SUFFERING IN FOOD SUPPLY CHAINS REQUIRES TACKLING THE IMBALANCE OF POWER BETWEEN SUPERMARKETS AND THE PEOPLE WHO PRODUCE THEIR FOOD**



### Government action in producer countries

BASIC's analysis of Oxfam's 12-product basket suggests that in countries where governments have intervened to set minimum prices for agricultural commodities, small-scale farmers receive a share of the end consumer price that is around twice as high as farmers who do not receive such support (Figure 12).

**FIGURE 12: GOVERNMENT INTERVENTION TO SET MINIMUM PRICES FOR AGRICULTURAL COMMODITIES BENEFITS SMALL-SCALE FARMERS IN FOOD SUPPLY CHAINS**



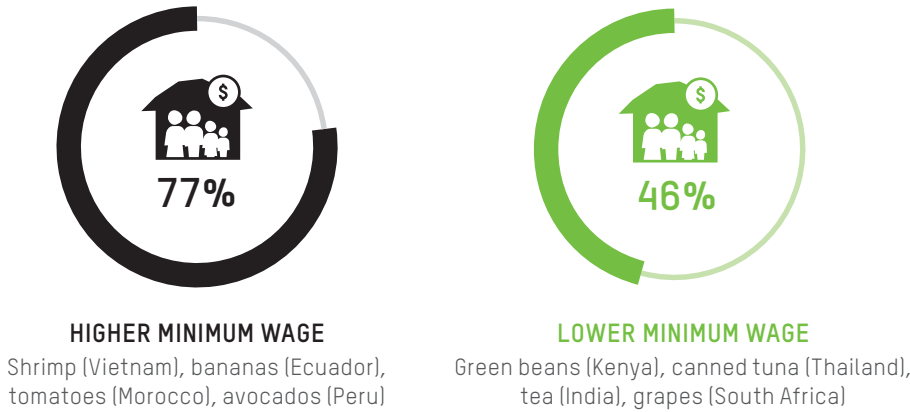
Note: Data from 2015. The commodities shown are those analysed that are produced by small-scale farmers, so where minimum price setting is relevant.

Source: C. Alliot et al. (Forthcoming). Distribution of Value and Power in Food Value Chains. Oxfam-commissioned research undertaken by BASIC.

Similarly, where governments – like those in Vietnam, Ecuador, Morocco and Peru – have set relatively higher minimum wages – defined here as exceeding 50% of monthly GDP/capita<sup>57</sup> – BASIC’s analysis finds that their workers’ earnings are much closer to living wage benchmarks.

**FIGURE 13: HIGHER MINIMUM WAGES HELP NARROW THE LIVING WAGE GAP FOR WORKERS IN FOOD SUPPLY CHAINS**

Average wage as % of living wage



Note: Data from 2015. The commodities shown are those analysed that are produced on large-scale plantations, in processing facilities or on fishing vessels, so where waged work is relevant. Higher minimum wage is defined as exceeding 50% of monthly GDP/capita, and lower minimum wage as less than 50% of monthly GDP/capita.

Source: C. Alliot et al. (Forthcoming). Distribution of Value and Power in Food Value Chains. Oxfam-commissioned research undertaken by BASIC.

While such government interventions clearly play a critical role in supporting small-scale farmers and workers to achieve a decent standard of living, they are insufficient on their own. Both Ecuador and Côte d’Ivoire have experienced challenges in implementing, respectively, minimum wage and price initiatives in the face of countervailing world market pressures.<sup>59</sup> To be successful, government support must go hand-in-hand with efforts to address the market forces that squeeze value from producers.

**Collective action by small-scale farmers, workers and women in producer countries**

Building the bargaining power of small-scale farmers and workers through collective action is critical in this regard. BASIC’s analysis suggests that small-scale farmers benefit from much higher shares of the end consumer price – around 26% – where they are organized in cooperatives which can achieve economies of scale up to the point of export, compared with those who are not and retain only around 4%.

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**‘EVEN THE MINIMUM WAGE WOULD NOT BE ENOUGH, LET ALONE THE WAGES OF MISERY THAT THEY PAY US.’**

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Worker at a packing station in Ecuador run by El Naranjo, supplier of Lidl<sup>58</sup>

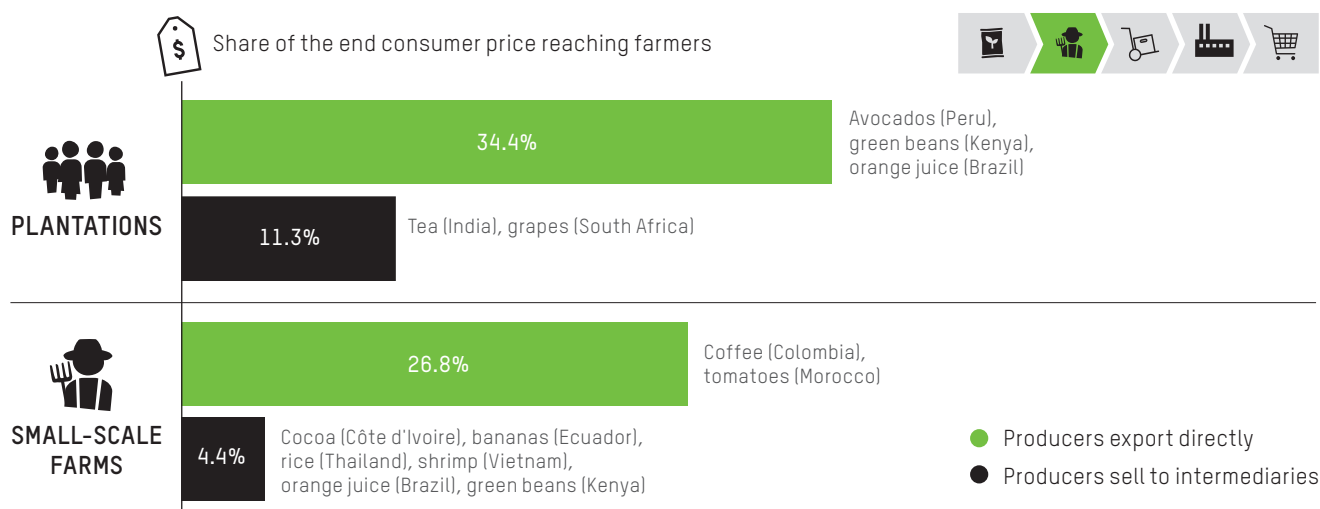
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**‘WHEN I JOINED THE COOPERATIVE, WE WERE TRAINED, WE LEARNED AND I FELT RELIEVED THAT I WOULD HAVE A GOOD LIFE ONE DAY [...] WHAT MAKES ME PROUD IN LIFE IS WHEN I BUY CLOTHES OR FOOD WHEN MY CHILDREN NEED IT.**

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Tuzamurane Cooperative member, Rwanda<sup>60</sup>

FIGURE 14: COLLECTIVE ACTION INCREASES THE BARGAINING POWER OF SMALL-SCALE FARMERS IN FOOD SUPPLY CHAINS



Note: Data from 2015. Some commodities appear twice, as they are both produced by small-scale farmers and by waged workers on large-scale plantations, in processing facilities or on fishing vessels.  
 Source: C. Alliot et al. (Forthcoming). Distribution of Value and Power in Food Value Chains. Oxfam-commissioned research undertaken by BASIC.

### Government action in retail countries

There are a number of regulatory tools available to governments to address the growth in supermarket power head on.

The use of unfair trading practices can be curtailed through legislative action – as has been proposed by the European Commission<sup>61</sup> – and competition law used to break up concentrated buyer power.<sup>62</sup>

National action plans are being drawn up under the UN Guiding Principles on Business and Human Rights (UNGPs), which together with new human rights due diligence legislation in many countries<sup>63</sup> require companies to do more to get to the bottom of and address problems in their supply chains. Meanwhile, negotiations have begun on a binding international human rights instrument to regulate business.<sup>64</sup>

Allied with the emergence of new technology such as ‘blockchain’, these developments create a compelling opportunity for radically enhanced supply chain transparency that can help prevent the worst abuses from continuing to go unseen and unaddressed.

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**RADICALLY ENHANCED SUPPLY CHAIN TRANSPARENCY CAN HELP PREVENT THE WORST ABUSES FROM GOING UNSEEN AND UNADDRESSED.**

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### Supermarkets grasping the nettle of change

While stronger government regulation and empowered farmers and workers are vital to rebalancing power in supermarket supply chains, there is much more that supermarkets themselves can and should do – in line with the UNGPs, and the increasing expectations of their customers – to respect the human rights of those working to supply them.

For more than a decade, some supermarkets have started to take voluntary action, but they do not yet go far enough.

Oxfam’s Supermarkets Scorecard sets challenging new benchmarks for the industry to move towards a fairer and more inclusive supply chain model. Achieving them will not be easy, and they are no substitute for the measures required of other stakeholders, such as government, but they offer a path for supermarkets to demonstrate their commitment to fairer, more sustainable supply chains for the women and men who work in them.



## BOX 1: SCORING SUPERMARKET SUPPLY CHAIN POLICIES

To inform Oxfam's campaign, we assessed the publicly available supply chain policies and reported practices disclosed by some of the biggest and fastest growing supermarkets in Germany, the Netherlands, the UK and the US.

The assessment focused on the transparency of the supermarkets' supply chains, and on the treatment of the workers, small-scale farmers and women in those chains.

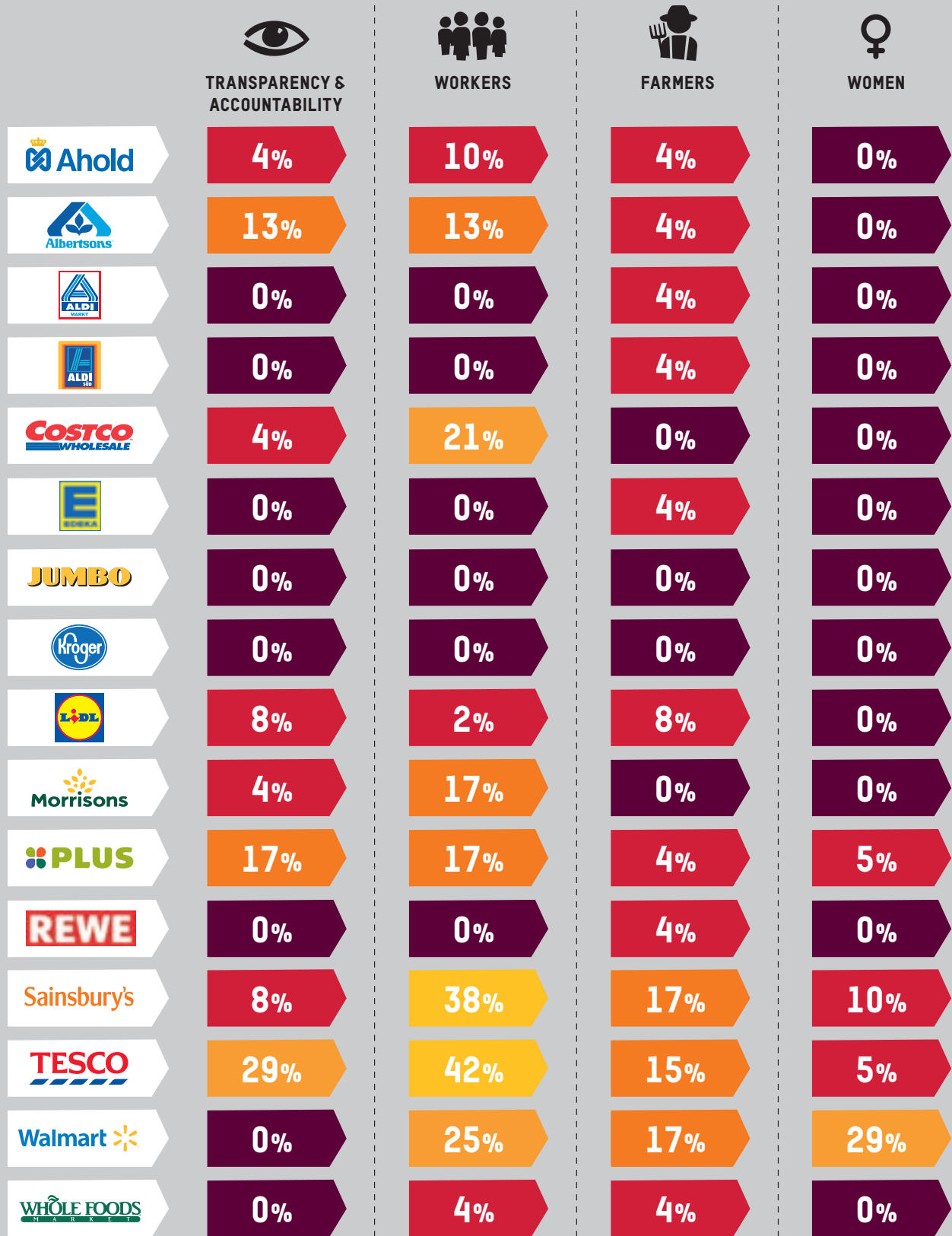
Overall, the initial results indicate a striking gap between current supermarket policies and practice and Oxfam's benchmarks, which are based on robust international standards and widely recognized good practice.

- All 16 supermarkets achieve very low scores across all of the issues assessed, with the lowest scores found in the '**Women**' and '**Transparency and Accountability**' themes, demonstrating that retailers have yet to make strong commitments on traceability within their supply chains. There is an almost universal lack of attention from major supermarkets to the issues women face in the industry.
- In the '**Transparency and Accountability**' theme, half of the companies were found to have some basic foundations in place for effectively managing human rights risks in their supply chains, but few practice effective human rights due diligence. All companies failed to demonstrate the results of grievance mechanisms; that they can trace key ingredients in their supply chains; or that they monitor wage and income levels – including gender pay gaps. *Highest score = 29% (Tesco), average score 5%, 13 scored less than 10%, of which 8 scored 0.*
- In the '**Workers**' theme, many companies were found to have codes of practice that require their suppliers, for example, to pay decent wages or reduce working hours, but without providing the support that suppliers need to comply. Only one company – Sainsbury's – was found to check whether its own actions are preventing suppliers from being able to comply with their code. Three UK companies – Tesco, Sainsbury's and Asda (Walmart) – scored highest in this theme, where long and active membership of the Ethical Trading Initiative, as well as the UK's Modern Slavery reporting laws, helped drive good practice. *Highest score = 42% (Tesco), average score 12%, 8 scored less than 10%, of which 5 scored 0.*
- In the '**Farmers**' theme, we found companies are only making limited efforts to support small-scale producers, and those efforts mainly take the form of sourcing Fairtrade and other certified goods, rather than making direct efforts to ensure that farmers earn living incomes, to strengthen farmers' negotiating power or to assess the impact of trade on farmers' human rights. *Farmers theme: Highest scores = 17% (Sainsbury's and Walmart), average score 6%, 13 scored less than 10%, of which 3 scored 0.*
- The biggest gaps were found in the '**Women**' theme, where all but four companies scored nothing at all – indicating that retailers need to pay more attention and to address the specific challenges and systematic problems women face in their supply chains. Walmart scored 29% for commitments it has made to sourcing from women-owned companies, and to provide direct support to women in their supply chains. This shows what is possible if companies have the will to act. *Women theme: Highest score = 29% (Walmart), average score 3%, 14 scored less than 10%, of which 12 scored 0.*

These assessments will be repeated annually, making it possible for supermarket customers, investors and other stakeholders to track progress across the board.

A description of the methodology is included in Annex 1, and the full results are available [here](#). Additional scorecard analysis can be found in the national reports: [UK Supermarket Supply Chains](#), [US Supermarket Supply Chains](#), [German Supermarket Supply Chains](#), and [Dutch Supermarket Supply Chains](#).

# SUPERMARKETS SCORECARD



THESE SCORES ARE BASED ON SUPERMARKETS' PUBLICLY REPORTED POLICIES AND ACTIONS IN THEIR FOOD SUPPLY CHAINS.

REPORTED HUMAN RIGHTS ALLEGATIONS IN THE SUPPLY CHAINS OF COMPANIES CAN BE FOUND HERE: [WWW.BUSINESS-HUMANRIGHTS.ORG/BARCODES](http://WWW.BUSINESS-HUMANRIGHTS.ORG/BARCODES)

## KEY



POOR

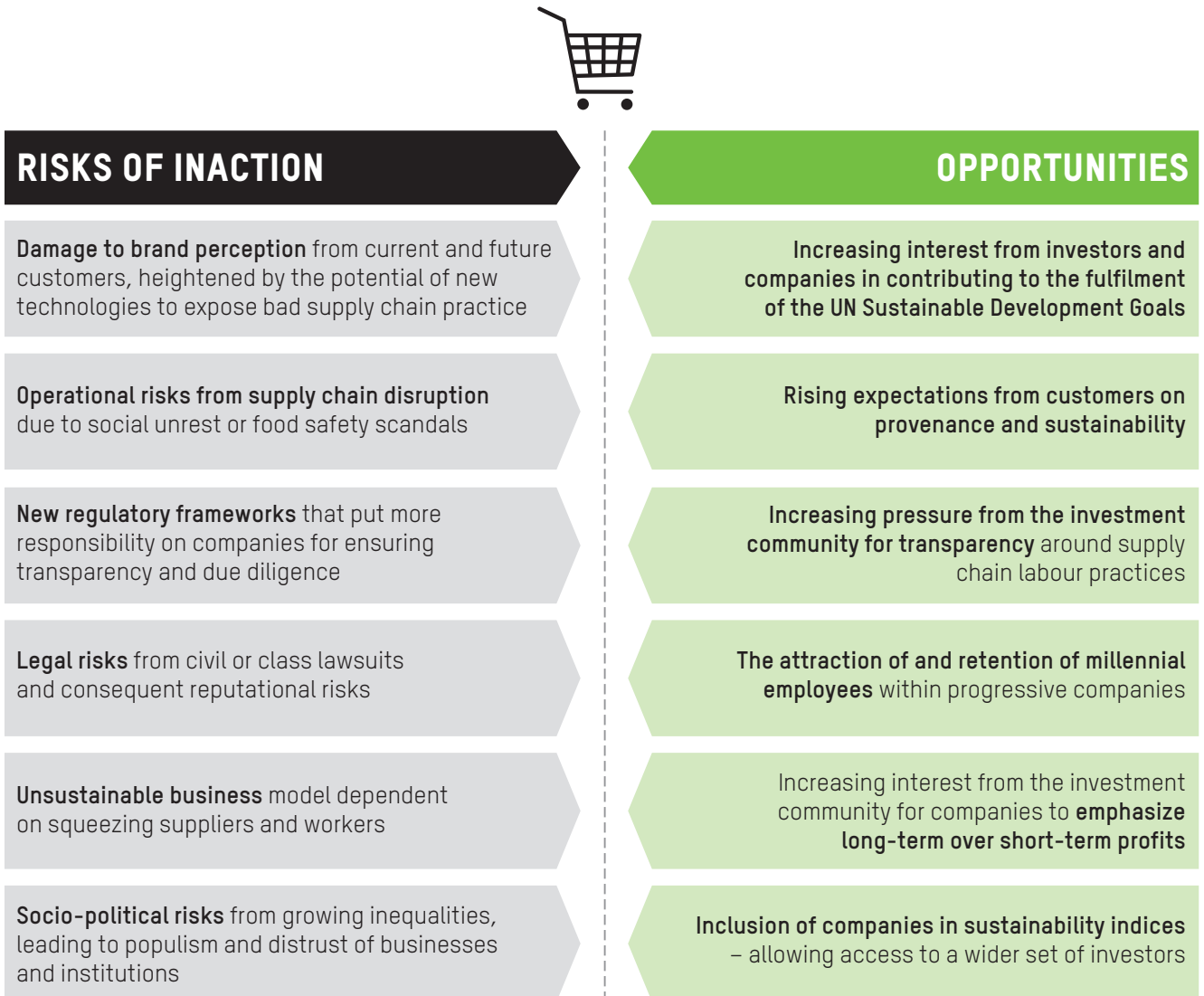


GOOD

## The business case for action

The current supermarket supply chain model is deeply ingrained, and will not be easily reformed. But in addition to the clear ethical duty of supermarkets to respect human and labour rights, the evidence presented in this report points to a compelling business case for action.

FIGURE 16: THE BUSINESS CASE FOR MORE SUSTAINABLE FOOD SUPPLY CHAINS RESTS ON CAPTURING OPPORTUNITIES AND ADDRESSING THE RISKS OF INACTION



Source: Various sources including Ethical Trading Initiative and Holt International Business School (2016), Corporate Leadership on Modern Slavery, London: Ethical Trading Initiative; UN Principles on Responsible Investment (2016), From Poor Working Conditions to Forced Labour - What's Hidden in Your Portfolio? A Guide to Investor Engagement on Labour Practices in Agricultural Supply Chains, London: UNPRI; Deloitte (2016), The Ripple Effect: How Manufacturing and Retail Executives View the Growing Challenge of Supply Chain Risk, London: Deloitte; and Price Water House Cooper (2016), Workforce of the Future: the Competing Forces Shaping 2030, London: PWC.

## RECOMMENDATIONS

Growing inequality and the economic exploitation of women and men are hardwired into many supermarket supply chains. There is no quick fix. But sustained effort to rebalance power in food supply chains, with action from governments, from small-scale farmers and workers, and from supermarkets and other industry actors themselves can make a difference to millions of lives.

Oxfam is joining forces with citizens from around the world to call for an end to human suffering in supermarket supply chains. A full set of detailed recommendations is included in the main report.

Our goal is to ensure in the coming years that:

- consumers will find it unacceptable to be sold food that is produced with human suffering, and will demand change;
- governments will re-establish and enforce vital protections for small-scale farmers and workers, and rein in the abuse of power by supermarkets and their suppliers;
- small-scale farmers and workers will be empowered to negotiate a fairer deal with their buyers or employers, and women among them will be firmly established at the negotiating table with their rights respected; and
- supermarkets and their suppliers will change their core business models, to share more power and distribute more revenues to the women and men who supply them.

Oxfam firmly believes that within our lifetime, no one will have to live in extreme poverty. A better deal for the women and men producing our food will ensure that day arrives all the sooner.

A member of the Tuzamurane Cooperative picks a pineapple on her farm in Rwanda. She uses the income from pineapples to support her family. Photo: Aurelie Marrier d'Unienville



# INTRODUCTION

Inequality is rampant across the global economy. Power and wealth accrues to those at the top – billionaire business owners, multinational executives and corporate shareholders. The biggest increase in billionaires in history was seen in 2017 – one more every two days – with 82% of the growth in global wealth captured by the world’s richest 1%. Meanwhile at the bottom, ordinary people from workers to small-scale farmers<sup>65</sup> are seeing their incomes stagnate and their power to demand change eroded.<sup>66</sup>

This is an inequality crisis that is both reflected in and driven by our food supply system.

Around the world, corporate food giants are increasing their control over regional and international food markets.<sup>67</sup> As this report shows, supermarkets<sup>68</sup> have established an unparalleled dominance over food retailing in much of the world, giving them the power to squeeze value from vast supply chains that span the globe, and generate billions in corporate profits and shareholder dividends. Meanwhile the bargaining power of small-scale farmers and workers has been steadily eroded in many of the countries from which supermarkets source their products.

The result is widespread human suffering among the women and men producing food for supermarkets around the world. From forced labour<sup>69</sup> aboard fishing vessels in Southeast Asia, to poverty wages on Indian tea plantations and hunger<sup>70</sup> faced by workers on South African grape farms, human and labour rights abuses are all too common in food supply chains.<sup>71</sup>

In an era of gross global inequality and escalating climate change, this business model is increasingly unsustainable. But it doesn’t have to be this way. After two decades of relentless expansion, the global supermarket industry is ripe for change.

Oxfam believes there is no reason that the human and labour rights of women and men supplying supermarkets cannot be respected. There is no excuse for anyone producing our food to go hungry. Different policy choices by both governments and companies can rebalance power and share more fairly the vast revenues of the global food industry in the interests of the many, not the few.

For the companies and investors that grasp the nettle of change, there are business opportunities in higher quality products, more resilient supply chains and a more honest relationship with their customers. But more importantly, millions of people working in supermarket supply chains could be lifted from a life of in-work poverty and hunger, to a decent and dignified standard of living.

This report launches Oxfam’s new campaign to expose the root causes behind human suffering in food supply chains and to mobilize the power of people around the world to help to end it, starting with a focus on the role of supermarkets.<sup>72</sup>

- Section 1 sets out the root causes behind human suffering in food supply chains: the increasing power of corporate food giants, alongside the diminishing power of small-scale farmers and workers, hitting women hardest of all.
- Section 2 describes the consequences: increasing inequality and the widespread violation of human rights, presenting extensive new evidence of both.

\* \* \*

**THIS IS AN INEQUALITY  
CRISIS THAT IS BOTH  
REFLECTED IN AND  
DRIVEN BY OUR FOOD  
SUPPLY SYSTEM.**

\* \* \*



- Section 3 depicts the supermarket industry at a fork in the road, facing a choice between doubling-down on the current system of market failure, or seeing the signs of unsustainability and finding a fairer, more resilient way of doing business.
- Section 4 calls for the start of a food retail revolution, providing new evidence for steps that can rebalance power and more fairly share the huge revenues in supermarket supply chains, including presenting the initial results of Oxfam's Supermarkets Scorecard.
- Section 5 sets out Oxfam's major recommendations for ending human suffering in food supply chains.
- Annexes 1 to 16 provide extensive background research and supplementary material, including the full case studies cited in this report, deep-dive studies into the supermarket sectors in Germany, the Netherlands, the UK and the US, research datasets, and a note on the methodologies used in this report. See page 103 for a full list.

After decades of campaigning on these issues, we know that inequalities of power are deeply entrenched within food supply chains, and that change does not come easily. But we, along with our partners, allies and supporters around the world, will never accept human suffering as a cost of stocking supermarket shelves.

We see new opportunities to fundamentally change direction in the years ahead. We will stand together with those whose labour is behind so much of the food we buy and with citizens around the world to help seize them. Join the campaign [here](#).



Brokers at a shrimp auction site in Indonesia. Photo: Adrian Mulya/Sustainable Seafood Alliance Indonesia



\*\*\* SECTION 1 \*\*\*

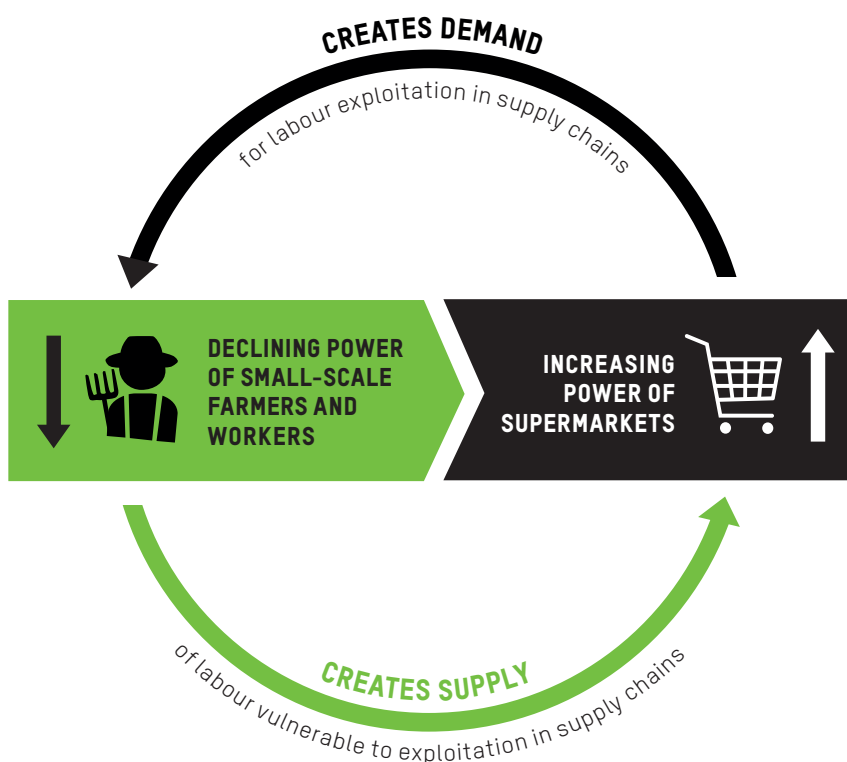
# FOOD AND POWER

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Across the agri-food sector over the past 30 years, small-scale farmers and workers have seen vital state support measures stripped away. Combined with deeply entrenched gender norms, such reforms have further undermined the power of women on small-scale family farms and in workplaces. Meanwhile the control of corporate giants, including powerful supermarkets, over our food supply has grown to new extremes.

These twin forces help to explain the prevalence of human suffering in food supply chains, as illustrated in Figure 17. The increasing power of supermarkets and other lead firms to squeeze value from their suppliers has created demand for cheap and flexible labour in their supply chains. Meanwhile, the declining power of small-scale farmers and workers in many countries has created a supply of labour that is vulnerable to economic exploitation. This section explores these two trends.

FIGURE 17: INEQUALITY OF POWER IS THE ROOT CAUSE OF LABOUR EXPLOITATION IN FOOD SUPPLY CHAINS



## THE DECLINING POWER OF FARMERS AND WORKERS

From the 1980s to the early 2000s, under the strong influence of neoliberal ideas promoted by institutions like the World Bank and the International Monetary Fund (IMF), governments in many countries pursued a policy agenda based on trade liberalization, deregulation of agricultural and labour markets and the rolling back of numerous state support measures for small-scale farmers and workers. One of the principal results has been a weakening of the bargaining power of small-scale farmers and workers in international and regional food markets.<sup>73</sup>

### Dismantling of state support for small-scale farmers

Over this period, attempts were made at the World Trade Organization to liberalize global trade in agriculture. Governments were encouraged to reduce domestic support programmes to farmers, to cut export subsidies and open domestic markets to food imports.<sup>74</sup>



A pineapple farmer from Rwanda walks to her farm. Since joining the Tuzamurane Cooperative, she feels empowered and has saved enough money to buy a cow and support her family. Photo: Aurelie Marrier d'Unienville/Oxfam

As a result, many developing country governments reversed measures that provided some level of income or price support to rural farming communities. Marketing boards were dismantled; statutory price floors which could stabilize prices and income for domestic farmers were overhauled; and subsidies and investment in state-supported agricultural credit or inputs were reduced.<sup>75</sup>

In a number of developing countries, particularly in sub-Saharan Africa, public investment in agriculture – for funding infrastructure or services that might support farmers – has also declined or flatlined in recent years. In 2003, in an effort to reverse the trend, governments in Africa agreed to allocate 10% of their budgets to agriculture and reiterated the commitment at the Malabo Summit of the African Union in 2014.<sup>76</sup>

Despite some notable exceptions, most countries have failed to meet the 10% target. In Ghana, expenditure on agriculture and food fluctuated at between 3 and 5% of the total national budget from 2006 to 2012.<sup>77</sup> In Kenya, spending dropped from 6% to 5% over the same period.<sup>78</sup> In Tanzania, it has stood at around 5% of the national budget over the past five years.<sup>79</sup> This is in spite of the fact that between 45% and 68% of the population in these countries live in rural areas.<sup>80</sup>

Oxfam's case study on West Africa, published as Annex 8, shows some of the damaging implications of these policy choices. Pastoralist dairy producers in the region have suffered from a lack of investment and support from their governments, while they are undercut by cheaply imported milk powder and competition from large European dairy exporters expanding into new markets.<sup>81</sup>

## Declining trade union power and inadequate minimum wages

Over the same period, the International Labour Organization (ILO) observes a long-term decline in union membership rates in many rich countries,<sup>82</sup> a trend linked by the IMF to increasing inequality.<sup>83</sup>

Many workers have had their right to organize suppressed. The number of countries in which workers experience physical violence and threats has risen by 10% in just one year, according to the annual International Trade Union Confederation (ITUC) Global Rights Index.<sup>84</sup> Attacks on union members were recorded in 59 countries. Over three-quarters of countries deny some or all workers the right to strike.<sup>85</sup>

The organization of workers is particularly weak within food supply chains. In a global survey of nearly 1,500 companies in global supply chains, less than a quarter of food suppliers noted the presence of trade unions.<sup>86</sup> When they are present, unions are often excluded from management discussions on wages or working conditions in the workplace.<sup>87</sup>

At the same time, minimum wages have proved inadequate as a back-stop for declining worker power. In several countries, minimum wages do not exist at all. Even where they have been established, they are nearly always set at a level far below that needed to support the right to an adequate standard of living.<sup>88</sup> For example, minimum wages in many countries remain far below the level that the ITUC is calling for.<sup>89</sup>

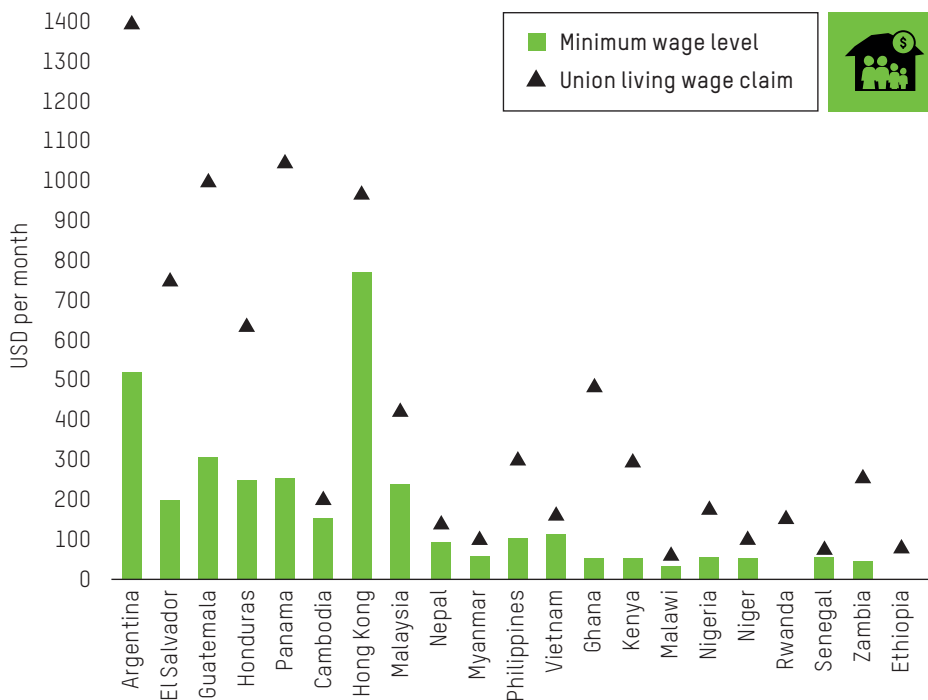
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**‘[...] THE RIGHTS OF WORKERS ARE NOT RESPECTED IN THE PINEAPPLE SECTOR. THE MANAGEMENT DOES NOT ALLOW US TO GO ON PLANTATIONS, AND IF WE WAIT OUTSIDE TO TALK TO THE WORKERS, THEY CALL THE POLICE OR MAKE THE WORKERS TAKE A DIFFERENT EXIT.’**

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Member of the Union Nacional de los Trabajadores y Trabajadoras, Costa Rica<sup>90</sup>

**FIGURE 18: MINIMUM WAGES FALL SHORT OF UNIONS’ CLAIMS FOR LIVING WAGES (SELECTED COUNTRIES) US\$**



Source: ITUC. (2017). Freedom Report: Peace, Democratic Rights. Retrieved from: <https://www.ituc-csi.org/freedom-report-peace-democratic-19547>

Numerous other studies have also tried to estimate the gap between minimum wages and a living wage, considered adequate to support a decent standard of living for workers and their families.<sup>91</sup> While the methodologies for developing these estimations may differ, including the degree of consultation,

they have all overwhelmingly highlighted the inadequacy of wages for workers. For instance, according to estimates from the Global Living Wage Coalition, and as illustrated in Figure 19:

- In Ghana, the national minimum wage was set at 238 Ghanaian cedi (GHS) per month (\$54) in February 2017; this represents less than the national poverty line wage (GHS 414) and a quarter of the estimated living wage in the lower Volta area of Ghana where bananas are produced for export;<sup>93</sup>
- In Kenya, the national minimum wage was set at less than the extreme poverty wage line in 2016, and just 40% of an estimated living wage for people in the rural Mount Kenya area, which is at the heart of horticultural production in the country;<sup>94</sup>
- In Brazil, the national minimum wage was set at half the level of an estimated living wage in the Minas Gerais state in 2015, which is a critical coffee growing region in the country.<sup>95</sup> Only an estimated 60% of coffee workers are in formal employment, meaning that many of those employed informally may not even receive the minimum wage;<sup>96</sup>
- In Vietnam, the government has made laudable progress in raising the minimum wage over the past decade. However, the estimated living wage in Soc Trang and Thai Binh areas of the country (the location of many seafood processing facilities) was estimated at some 56% higher than the national minimum wage in 2016.<sup>97</sup>

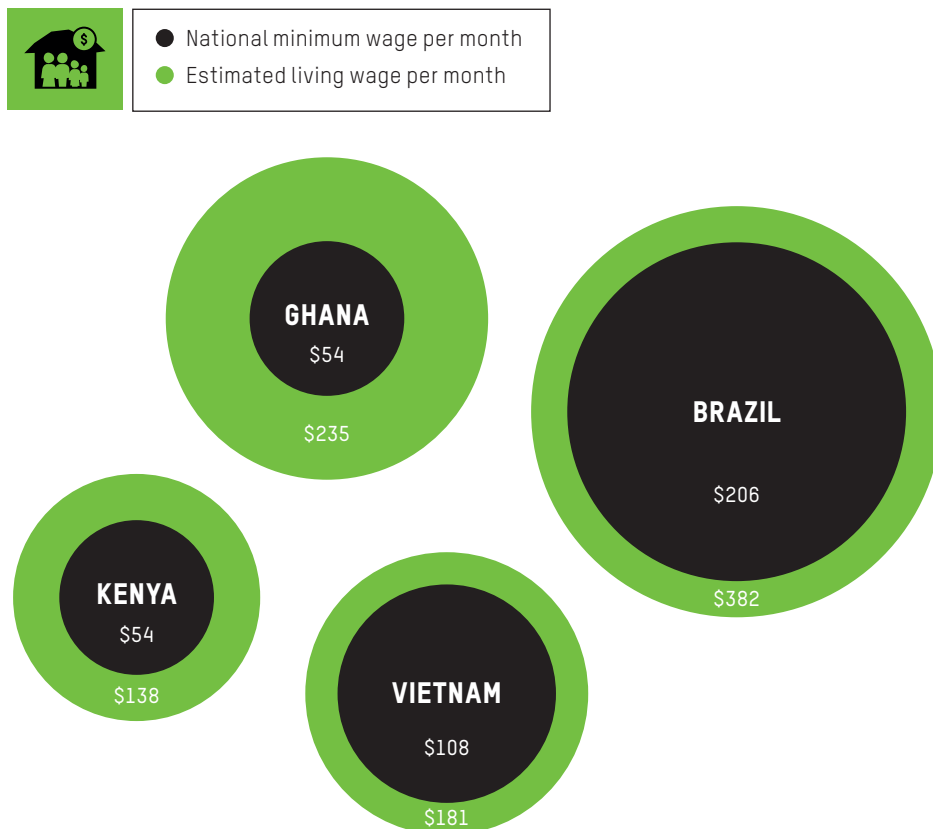
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**‘EVEN THE MINIMUM WAGE WOULD NOT BE ENOUGH, LET ALONE THE WAGES OF MISERY THAT THEY PAY US.’**

\*\*\*

Worker at a packing station in Ecuador run by El Naranjo, supplier of Lidl<sup>92</sup>

FIGURE 19: THE GAP BETWEEN THE MINIMUM WAGE AND ESTIMATED LIVING WAGE IN SELECTED COUNTRIES



Source: See endnote for a full list of references<sup>98</sup>



Overall, it is not surprising that in many countries over the past 30 years, the share of national income going to capital (such as dividends to shareholders, interest and returned profits of companies) has increased, while the share going to labour in the form of wages, salaries and benefits has declined – a major driver of growing inequality across the world in this period.<sup>99</sup>

## Women hardest hit

Whether on family farms or in workplaces, these trends have combined with deeply entrenched gender norms in many countries to hit women hardest, further weakening their position in the agri-food sector. This makes it more difficult for women to work their way out of poverty, and increases the risk of a range of rights violations.

Across much of the world, women are denied the right to own or inherit land in their own name, and struggle to access credit and other productive resources.<sup>100</sup> This means that women are less likely to benefit from investment from the private sector in agriculture, where incentives are skewed towards working with farmers who have assets and can meet the quantity and quality demands of larger traders or buyers.<sup>101</sup>



To get the minimum wage, Budi, a shrimp processing worker in Indonesia, had to peel up to 950 shrimps within one hour. In order to try and meet the targets, she had to cut her breaks down to just eating and avoid going to the toilet. She reported sometimes standing for nine hours during her shift. Photo: Adrian Mulya/Sustainable Seafood Alliance Indonesia

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**‘STRAWBERRIES ARE EXTREMELY DELICATE AND CAN EASILY BECOME UNSELLABLE. ONLY WOMEN CAN PICK THEM, WORKING IN GREENHOUSES EXCEEDING 40 DEGREES.’**

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A woman farmer in Apulia, Italy<sup>102</sup>

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**‘[...] IN TERMS OF DECISION MAKING AND ASSIGNING TASKS TO MEMBERS, WE DON’T FEEL LIKE WE HAVE A VOICE. WOMEN CANDIDATES DO STAND [FOR THE BOARD], BUT MEN VOTE FOR MEN AND WE’RE OUTNUMBERED.’**

\*\*\*

Mary Jane, secretary at Davao Fruit Corporation Agrarian Reform Cooperative, Mindanao Region, Philippines<sup>103</sup>



Tomatoes. Photo: Jeppe Schilder/Oxfam Novib

\* \* \*

**'MY BIGGEST WISH IS SOME WAY THAT WOULD GIVE WOMEN A BETTER LIVELIHOOD, AND SOMETHING THAT COULD COMPENSATE WOMEN MONETARILY AND REDRESS THE BALANCE BETWEEN WHO EARNS THE MONEY AND WHO SUPPORTS THE FAMILY. WE WORK VERY HARD.'**

\* \* \*

Mary Jane, secretary at Davao Fruit Corporation Agrarian Reform Cooperative, Mindanao Region, Philippines<sup>110</sup>

In farmers' and other rural producers' organizations, which remain an important forum to negotiate better prices, women are often excluded. If they are included, they often lack agency in decision making because of embedded assumptions about women's knowledge or authority.<sup>104</sup>

The curtailment of state social safety nets over the past thirty years – including spending on public health and education systems or on childcare services, combined with limited maternity rights in many countries – also means a higher burden is placed on women's unpaid work on family farms and their unpaid care work.<sup>105</sup> In Mali, for example, women play a crucial role in supporting their husbands in small-scale farming through unpaid weeding and harvesting.<sup>106</sup> Unpaid work can also include childcare and other household roles such as water and fuel collection or subsistence farming.

The requirement for women to undertake such roles further limits their capacity to access regional and international food markets on favourable terms, often restricting them to informal, irregular, low-skilled and poorly paid roles. This trend is reinforced by the gendered perceptions of many employers regarding women's skills and compliance in accepting less formal forms of employment.<sup>107</sup>

Oxfam's case studies in Italy and Thailand, summarized in Boxes 2 and 3, for example, found agricultural suppliers valuing women for their dexterity in peeling prawns and picking fruit in some of the lowest paid positions in the supply chain. Forced into informality, these women are further excluded from even basic benefits available to many men such as minimum wages, sick pay or pensions.<sup>108</sup>

Even when women do have access to formal employment, they face additional barriers to trade union representation (where unions exist) over and above those faced by men.<sup>109</sup>

\* \* \*

**'IN THE LAST TWO YEARS, IT HAS BEEN EXTREMELY DIFFICULT TO FIND AN ALTERNATIVE OR A DECENT JOB. THAT IS WHY I CANNOT IMAGINE REPORTING ABUSES TO THE AUTHORITIES.'**

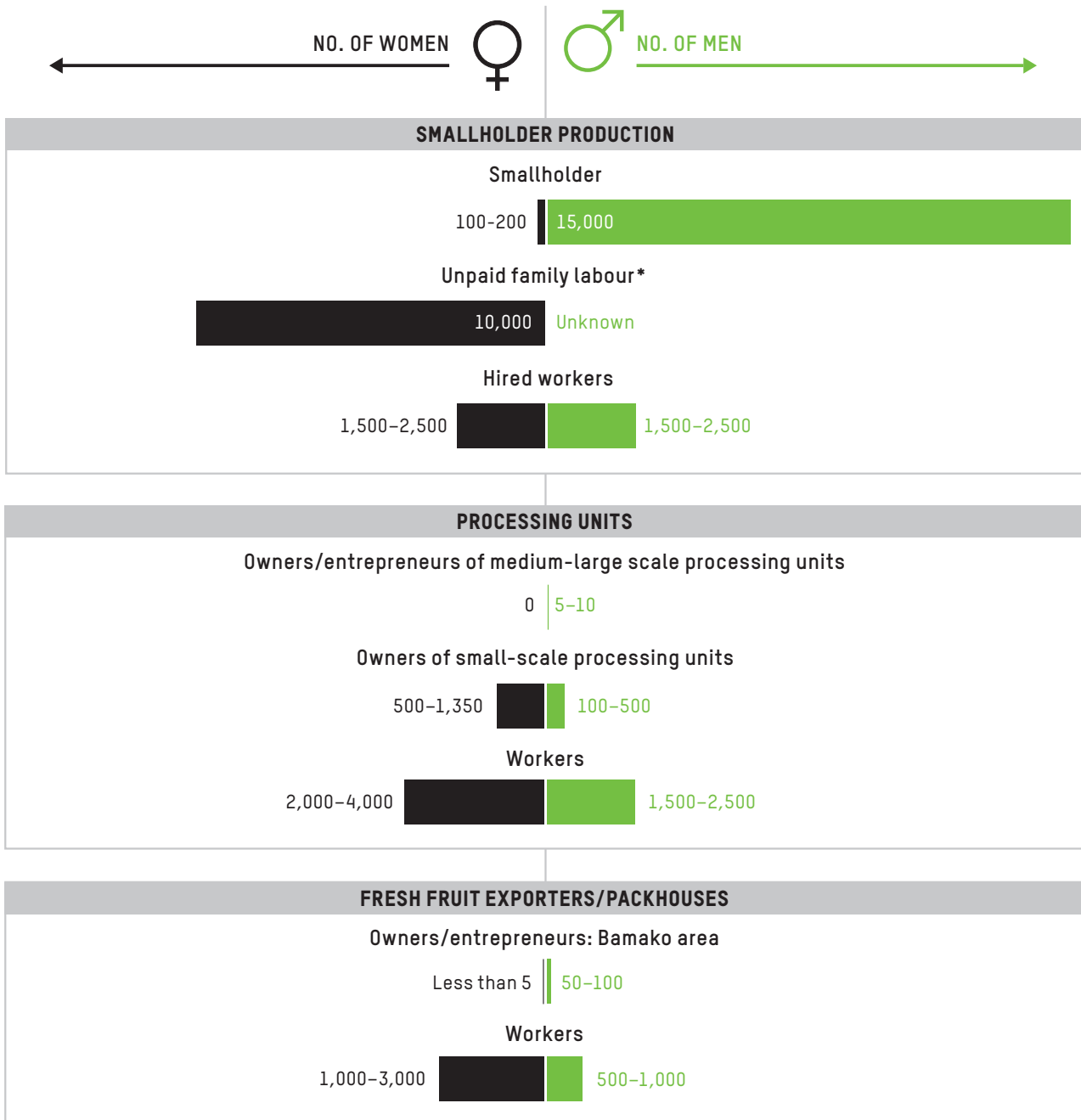
\* \* \*

A woman farmer in Sicily, Italy<sup>111</sup>

All of this means that women’s vital work in the agri-food sector is often the least visible to – and the voices of women least heard by – those in positions of power.

Our modern food supply system is built on the backs of women, who provide a cheap and highly flexible labour force, acutely vulnerable to exploitation by more powerful market actors. Figure 20 shows the breakdown of roles by gender in the Mali export value chain for mangoes.

**FIGURE 20: WOMEN’S AND MEN’S ROLES ARE SEGREGATED IN THE MALI EXPORT VALUE CHAIN FOR MANGOES**



Source: Adapted from ECOWAS (undated), Strategic Orientation Document for Mango Value Chain in the Economic Community of West African States. Retrieved from: <http://www.intracen.org/Workarea/DownloadAsset.aspx?id=68797>

## THE GROWING POWER OF SUPERMARKETS

As small-scale farmers and other developing country producers lost control in food markets, powerful agri-food traders, processors and retailers have stepped into the vacuum.

Through a process of consolidation based on mergers and acquisitions, large companies in the food sector have grown to control different parts of the food production chain and expanded their geographical reach (often called vertical and horizontal consolidation). This process has shaped food production, stretching from the provision of agricultural inputs like seeds and fertilizers, to international grain trading, food product manufacturing and ultimately, retail.<sup>112</sup>

### Extreme concentration in food markets

Market concentration in the agri-food sector among corporate giants has now reached extreme levels, some examples of which are illustrated in Figure 21.

According to a recent research report, mega-mergers among the agrochemical giants – including that proposed between Bayer and Monsanto – could soon leave just three conglomerates controlling more than 60% of the global seeds and pesticides market. Just four companies account for 70% of the trade in commodities like wheat, corn and soybeans. Only 50 food manufacturers account for half of all global food sales.<sup>113</sup>



Supermarket shelves. Photo: Shutterstock

FIGURE 21: MARKET CONCENTRATION IS HIGH IN FOOD SUPPLY CHAINS



i Bayer-Monsanto, Dupont-Dow, and Chem-China Syngenta. Source: Friends of the Earth Europe, Heinrich Boll Foundation and Rosa Luxemburg Foundation. (2017). Agrifood Atlas: Facts and Figures about the Corporations that Control what we Eat. ii S.J Lowder, J. Skoet, T. Roney. (2017). The Number, Size and Distribution of Farms, Smallholder Farms and Family Farms Worldwide. *World Development*, 87, 16–29. UN Food and Agriculture Organisation. (2008). The State of Food and Agriculture 2008. Rome: FAO. iii Archer Daniels Midland (ADM), Bunge, Cargill and Louis Dreyfus Co. Source: Friends of the Earth Europe, Heinrich Boll Foundation and Rosa Luxemburg Foundation. (2017). Agrifood Atlas: Facts and Figures about the Corporations that Control what we Eat. Op. cit. iv Friends of the Earth Europe, Heinrich Boll Foundation and Rosa Luxemburg Foundation. (2017). Agrifood Atlas: Facts and Figures about the Corporations that Control what we Eat. v Ibid.

## Supermarkets on the rise

The concentration is high and rising at the retail end of food supply chains too, where most supermarkets have established a business model which has given them an ever-tighter hold on food sales in many markets, and as a result, ever more control over food production around the world.

Over the past three decades, supermarkets in the US and Europe have transformed their global sourcing, logistics and retail formats to deliver a huge range of tens of thousands of goods – both food and non-food – to consumers at competitive prices all year round.<sup>114</sup> This, in turn, has delivered convenience, quality and low prices for many consumers.

After establishing dominance in the Global North, the supermarket concept has grown exponentially in middle-income countries as well – starting in Latin America before spreading to Southeast Asia and parts of North and sub-Saharan Africa.

In 1980, only six of the largest 20 supermarkets based in Europe operated stores outside of their domestic market. By 2000, all but one of these had internationalized their store network.<sup>115</sup> French supermarket Carrefour now operates in 34 countries, US supermarket giant Walmart in 29 and German discounter Lidl in 26.<sup>116</sup>

Supermarkets in middle-income countries, such as South African company Shoprite, have mimicked the business model and similarly expanded – first from urban to rural areas, and then to neighbouring countries, often at the expense of local shops and markets.<sup>117</sup> The Shoprite group now operates more than 2000 outlets in 15 African countries, and recorded a trading profit of some 7.2 billion South African rand in 2016 (\$591m).<sup>118</sup> In China, where no supermarkets existed in 1989, annual supermarket sales totalled over \$46bn in 2015.<sup>119</sup>

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**IN THE UK, FOUR SUPERMARKETS CONTROL 67% OF THE GROCERY MARKET SHARE,<sup>120</sup> WHILE IN THE NETHERLANDS, JUST FIVE CONTROL APPROXIMATELY 77%.<sup>121</sup>**

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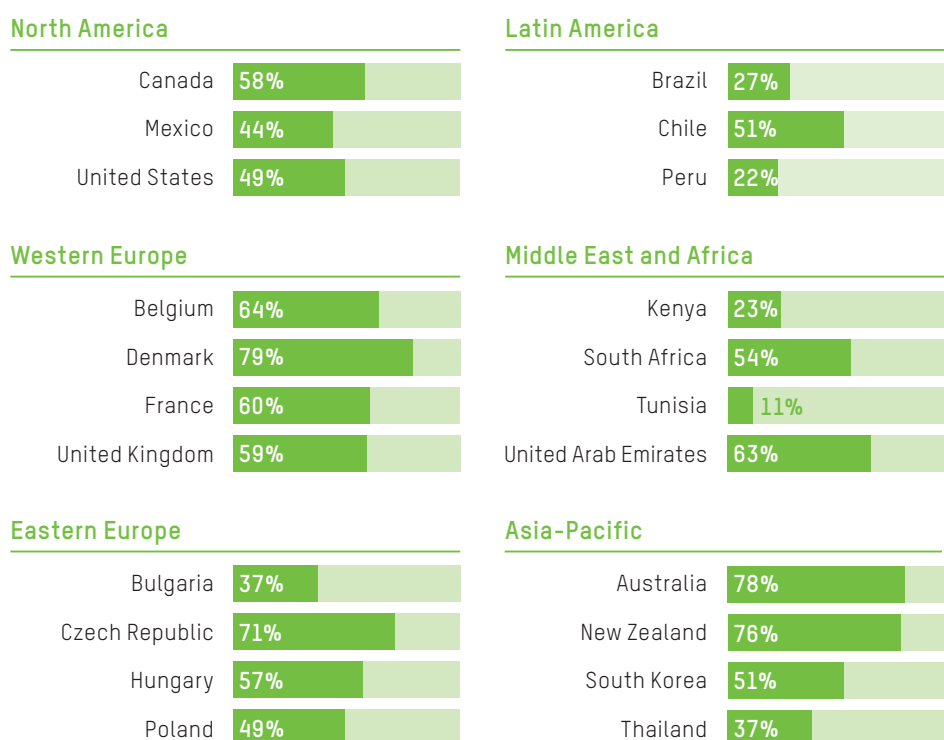


Alongside this spread into new markets, the supermarket sector has become increasingly concentrated in many countries.<sup>122</sup> Australia, the Netherlands, Belgium, Germany, Sweden and the UK, for example, all have high levels of concentration in food retail markets.<sup>123</sup>

In Australia, four operators accounted for 80% of food retail revenue in 2016/17, with just two of these accounting for 60%.<sup>124</sup> In the UK, four supermarkets own 67% of the grocery market despite the entrance of discount stores such as Aldi and Lidl.<sup>125</sup> In the Netherlands, just five supermarkets control approximately 77% of the market.<sup>126</sup>

While the levels of market consolidation vary, as Figure 22 shows, the largest five supermarkets in many countries in all regions of the world have established substantial, and often growing, market shares.

**FIGURE 22: THE FIVE LARGEST SUPERMARKETS IN COUNTRIES ALL AROUND THE WORLD ENJOY SIGNIFICANT MARKET SHARES (2016)**



Source: Euromonitor. (2016). Global Market Information Database. Adapted from A. Abdulsamad and G. Gereffi (forthcoming 2018), Measurement in a World of Globalized Production, Durham, NC.: Duke Center on Globalization, Governance and Competitiveness. Research report undertaken for Oxfam America.

### The exercise of buyer power

The tight grip held by supermarkets on retail markets, meaning unparalleled access to consumers and the ability to shape consumer purchasing behaviour, gives the departments and staff that purchase food and products for these companies (supply chain buyers) huge power to shape food production around the world through the management of their supply chains.<sup>127</sup>

They determine what food is available to consumers, at what price, and how much is paid to suppliers. Already vulnerable small-scale farmers now have even fewer buyers for their products, leaving them in a position of dependency that is vulnerable to exploitation.

Supply chain buyers are typically set incentives to drive down costs, with behaviour predominately guided by purchasing criteria based on securing sufficient quantity, of adequate quality and safety, at the lowest possible price. Supermarkets can ask supply chain buyers to show a year-on-year margin improvement and working capital reduction.<sup>128</sup> A leading UK consultancy firm reports that the bonus payments for buyers can be contingent on securing cash contributions from suppliers, which leads to delisting threats, short-term cancellation of orders and 'spurious deductions'.<sup>129</sup>



Crates of oranges. Photo: Tineke D'haese/Oxfam

\* \* \*

**'THE SUPERMARKETS DETERMINE THE PRICE. IF THE GOODS DON'T LOOK GOOD ENOUGH, THEY FORCE THE PRICE DOWN OR REFUSE TO ACCEPT THEM.'**

\* \* \*

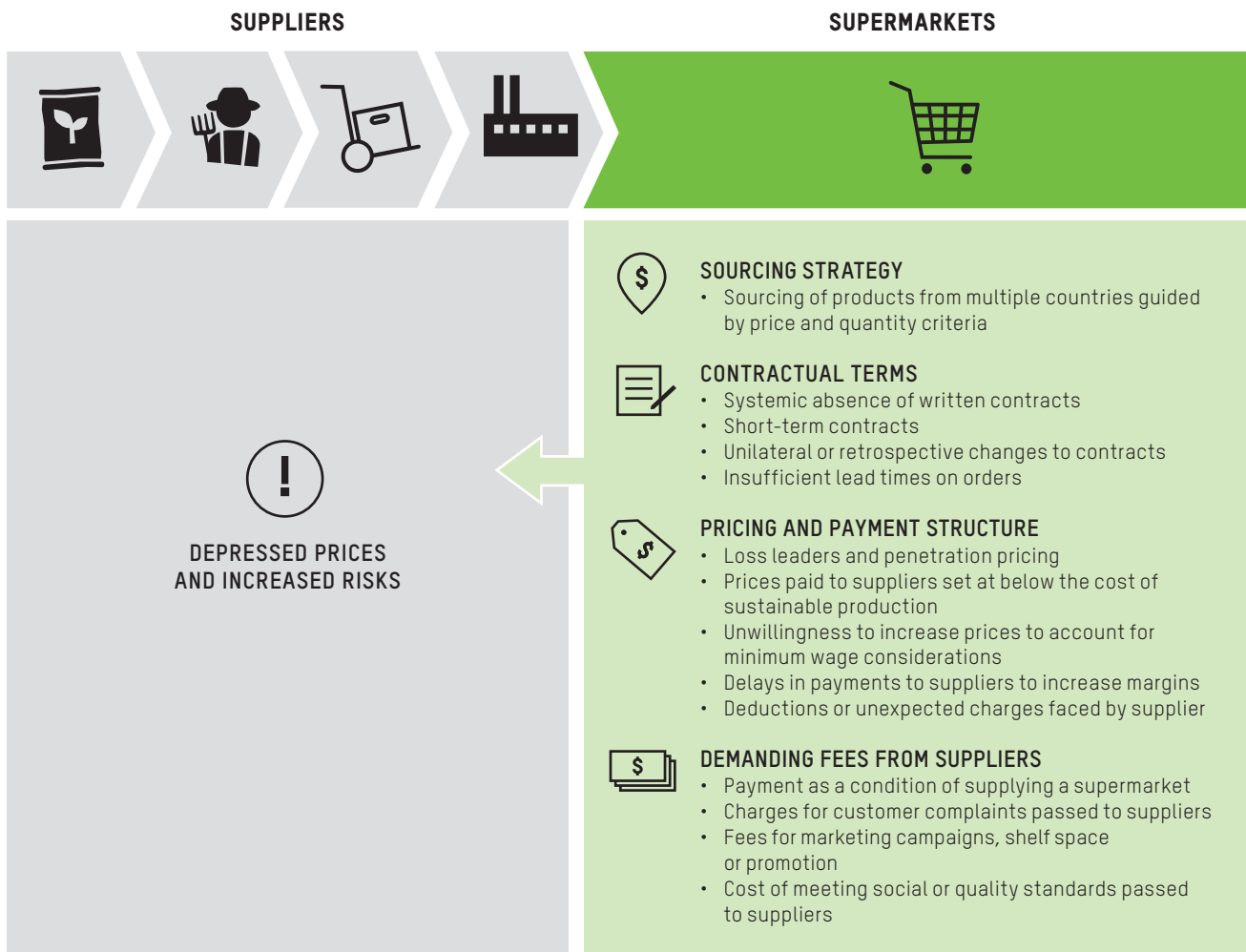
Industry expert, Costa Rica<sup>130</sup>

Supermarkets make use of a range of purchasing practices such as these through which their purchasing power over suppliers (some of them powerful players in their own right) can be exerted and ever lower prices and unwavering quality standards achieved.

Whether through setting onerous pricing structures – sometimes even paying below the cost of production – and contractual terms, or demanding a series of payments for guaranteeing shelf space or to cover warehouse costs, supermarkets have become the dominant actors in many food supply chains. This is especially true for fresh fruit and vegetables and where supermarkets' own private labels have gained an increasing market share at the expense of more established brands.<sup>131</sup>

These ‘unfair trading practices’ have been widely recognized. A recent survey of food chain suppliers in the EU found 96% reported that they had been subject to at least one form of unfair trading practice.<sup>132</sup> Examples of these practices are included in Appendix 1 on page 101 and some of the most significant highlighted in Figure 23 below.<sup>133</sup>

**FIGURE 23: UNFAIR TRADING PRACTICES DEPRESS PRICES PAID TO AND INCREASE RISKS INCURRED BY SUPERMARKET SUPPLIERS**



Source: Figure created by Oxfam using information from D. Vaughan-Whitehead and L.P Caro (2017), Purchasing Practices and Working Conditions in Global Supply Chains: Global Survey Results; G. Ellison (2017), Grocery Code Adjudicator: Annual Survey Results; European Parliament (2016), Report on Unfair Trading Practices in the Food Supply Chain; and other reports.<sup>135</sup> See Appendix 1 for a list of unfair trading practices and references.

The impact of such practices has been to depress prices paid to suppliers and to increase the risks – for example, of failed harvests, climate disruption or increases in the costs of production – that they absorb. As described in Section 2, this has increased the risk of human and labour rights violations of women and men working in supermarket supply chains.

**Opaque supply chains and weak governance**

The exercise of supermarket power is further facilitated by both a marked lack of transparency concerning often-complex supermarket supply chains, and the weakness of sustainability or corporate social responsibility initiatives designed to identify or prevent problems from occurring.

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**A SURVEY OF FOOD CHAIN SUPPLIERS IN THE EU FOUND 96% REPORTED THAT THEY HAD BEEN SUBJECT TO AT LEAST ONE FORM OF UNFAIR TRADING PRACTICE.<sup>134</sup>**

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Because she didn't have enough money, Warni did not finish her education and instead joined a seafood processing company in Indonesia. The work was intense and the head of her sanitation department feared. She would often get told to work faster via a speaker. Photo: Adrian Mulya/Sustainable Seafood Alliance Indonesia





Long, complex supply chains for tens of thousands of products, often involving multiple tiers of suppliers, make any problems faced by women and men small-scale farmers and workers appear distant and complex, reducing companies' sense of responsibility to act. As their global web of supply chains grows, it is all too easy for executives and shareholders to become disconnected from – and to keep their consumers in the dark about – the human consequences of their policies and business practices.

Meanwhile the voluntary initiatives many supermarkets have introduced to address the risk of social or environmental problems occurring somewhere in their supply chains have proved largely inadequate.

Most companies, for example, publish human rights policies and require their suppliers to sign up to codes of conduct on issues such as labour rights, with compliance typically subject to standardized auditing processes. But while this system has undoubtedly introduced important new norms of acceptable behaviour into supermarket supply chains, the scope of such policies and the strength of compliance mechanisms varies widely – with much evidence pointing to the limitations of audits to uncover critical issues, for example.<sup>136</sup>

Such schemes have also been shown to be woefully gender-blind.<sup>138</sup> Supermarket codes of conduct on employment, for example, tend to relate to labour and social conditions for permanent contracted workers and therefore miss millions of women in informal work.

Even when supplier codes do reach women, previous research has shown that very few address issues critical to the protection of women's rights, such as the provision of housing, childcare support, parental leave or safe transportation.<sup>139</sup> Oxfam's Supermarkets Scorecard (presented in Section 4) highlights that the understanding of issues faced by women in supply chains remains seriously lacking.

Perhaps most significantly, corporate social responsibility teams that have oversight of such codes are often perceived as contributing to philanthropic objectives, rather than a core aspect of the business. In Oxfam's experience, corporate social responsibility or ethical trade teams are often under-resourced and lack power in relation to supply chain and commercial buying teams. Suppliers, in turn, typically lack adequate support to meet code of conduct standards.

As Oxfam's Supermarkets Scorecard shows – despite some examples of more promising interventions – supermarket sustainability policies continue to be inadequate to prevent and address abuses of power and the violation of human or labour rights in their supply chains that can result.

### **A lucrative business for those at the top**

While suppliers are squeezed, the supermarket business has proved lucrative – at least for those at the top.

The world's largest food retailer, Walmart, majority-owned by the richest family in the US with a net worth of \$130bn,<sup>140</sup> generated revenue of nearly \$486bn in 2016<sup>141</sup> – more than the Gross National Income (GNI) of an oil-rich nation such as Norway or Nigeria.<sup>142</sup> The eight largest publicly owned supermarkets in the world generated some \$1 trillion from sales in 2016 and nearly \$22bn in profit. Instead of investing in the sustainability of their supply chains, the same year they returned over \$15bn to shareholders in cash (see Table 1).<sup>143</sup>

\* \* \*

**'MANY VISITORS CAME TO OUR FACTORY AND TOOK PICTURES AND VIDEOS WITH THEIR BIG CAMERAS. THEY [MANAGEMENT] COMMAND US TO SMILE, ACT HAPPY.'**

\* \* \*

Zay, seafood processing worker, Thailand, discussing audit inspectors<sup>137</sup>



Top rates of annual pay for CEOs have been handsome too, ranging from \$3.1m at Morrisons in the UK, for example, to \$19.8m at Walmart in the US.<sup>144</sup> Returns to shareholders and executive pay have been increasing in the US over the last decade – by 59% and 74% respectively in the biggest US firms, for example (see Figure 24 trend line).<sup>145</sup>

Consistent with many other parts of the global economy, the supermarket industry has largely been managed in the interests of the rich and powerful. It is perhaps no surprise that from the US to Thailand to South Africa, it is a sector which is attracting investment from some of those countries' richest and most powerful elites.

**TABLE 1: AMONG THE LARGEST PUBLICLY-LISTED SUPERMARKETS, THOSE AT THE TOP ARE WELL REWARDED (2016)**

Company	Form	Country of origin	Countries of operation	Retail revenue (US\$)	Net income (profit) (US\$)	Cash returned to shareholders (US\$)	CEO pay (US\$)
Walmart Stores, Inc	PLC	US	29	486bn	14bn	10bn	20m
Costco Wholesale Corporation	PLC	US	10	119bn	2bn	1bn	7m
The Kroger Co.	PLC	US	1	115bn	2bn	1bn	13m
Carrefour S.A.	PLC	France	34	84bn	989m	128m	7m
Tesco PLC	PLC	UK	8	72bn	668m	0*	6m
Ahold Delhaize	NV	The Netherlands	11	69bn**	1bn	2bn	5m
J Sainsbury PLC	PLC	UK	2	34bn	497m	371m	4m
WM Morrison Supermarkets PLC	PLC	UK	1	22bn	406m	387m	3m
<b>Total</b>				<b>1tn</b>	<b>22bn</b>	<b>15bn</b>	<b>65m</b>

\* Tesco did not pay any dividends to shareholders in 2016 due to an accounting scandal in 2014, which resulted in a large fine and a fall in its share price.

\*\* Includes wholesale and retail sales.

Source: Deloitte (2018). Global Powers of Retailing, London: Deloitte, retrieved from: <https://www2.deloitte.com/uk/en/pages/consumer-business/articles/global-powers-of-retailing.html#>; and SSP Capital IQ (for the fiscal period ending 2016).

Note: Revenue may include food and non-food sales. Executive pay is calculated to include: salary; bonus; other annual compensation; restricted stock awards; stock grants; long-term incentive plans; all other compensation; option awards; change in pension plan/non-qualified deferred compensation earnings; director fees; director stock awards; director option awards; director non-equity incentive plan compensation; director change in pension plan/non-qualified deferred compensation earnings; director all other compensation; director stock grants; non-equity incentive plan compensation; director bonus; non-equity annual incentive plans; and non-equity long-term incentive plans.

The cash returned to shareholders is the sum of common and special dividends and share buybacks. The conversion to US\$ was done using an historical conversion method which denotes actual values (as reported) as of the fiscal year end. The conversion rate was sourced from the SSP Capital IQ database.

TABLE 2: PRIVATELY-OWNED SUPERMARKETS GENERATE SIZEABLE REVENUES (2016)

Company	Form	Country of origin	Countries of operation	Retail revenue (US\$)
Schwarz Group (Lidl Stiftung & Co and Kaufland Stiftung & Co. KG)	Private	Germany	26	99bn
Aldi Group	Private	Germany	17	85bn (estimate)
Albertsons Companies, Inc	Private	US	1	60bn*
Auchan Holdings S.A.	Private	France	14	57bn*
Edeka Group	Private	Germany	1	54bn
<b>Total</b>				<b>355bn</b>

\* Includes wholesale and retail sales.

Source: Deloitte (2018). Global Powers of Retailing, London: Deloitte. Retrieved from: <https://www2.deloitte.com/uk/en/pages/consumer-business/articles/global-powers-of-retailing.html#>

Note: Revenue may include food and non-food sales. Executive pay and compensation levels are not publicly available for privately owned companies. Financial year 2016.

FIGURE 24: CASH RETURNS TO SHAREHOLDERS AND TOP PAID EXECUTIVE PAY AT THE BIGGEST THREE US SUPERMARKETS HAVE BEEN INCREASING (2006–2016)



Source: Figure created by Oxfam based on data from S&P Capital IQ.

Note: Graph shows indexed cash returns and executive pay (2006 = 100) for the US supermarkets Walmart, Costco and Kroger. Calculation using total dividends and share buybacks and the total calculated compensation of the top paid executive at the three companies. Indexing is a technique used to compare the change of different values over time in reference to a base value, in this case 100. There may have been substantial differences in the size, scale and complexity of the companies during this period. For example, Kroger informed us that in 1997 they operated approximately 1,300 food store locations with sales of approximately \$28bn, and in 2016 they operated 2,796 food stores with sales of \$115bn.

## Competition law that protects consumers but not producers

As supermarkets have consolidated their hold over food retail markets, they have often been assisted by the weakness of regulatory oversight. In the richer countries that host supermarkets and large food suppliers, governments have consistently ignored or failed to use policy tools at their disposal to provide more competition in the market and prevent the abuse of a dominant market position by large companies.

In Europe and the US, the use of competition or anti-trust legislation has diminished over the past three decades.<sup>146</sup> Furthermore, any application of competition law has largely focused on the protection of consumers rather than the abuse of power in other parts of the supply chain. Despite the existence of laws that have potential to counter the power of supermarkets vis-à-vis their suppliers, it seems they are not proving as effective as policy makers envisaged, with few instances of public authorities tackling the abuse of bargaining power by supermarkets.<sup>147</sup>

The result of all this is a food system built in the interests of powerful corporate giants, to the detriment of small-scale farmers and workers, and most notably the women among them, on whose labour these supply chains depend. The implications for inequality and human and labour rights are explored in Section 2.

Sita has been a shrimp peeler in a Thai seafood factory for more than six years. She works overtime every day, earning a daily wage of 308 THB (around \$9.60) plus 57 THB (around \$1.78) an hour for overtime. Photo: Suthep Kritsanavarin/Oxfam



\*\*\* SECTION 2 \*\*\*

# GROWING INEQUALITY AND HUMAN SUFFERING

\*\*\*

The depression of prices paid to suppliers as a result of the power of supply chain buyers, coupled with inadequate government support for small-scale farmers and workers, increases the risk of human and labour rights violations. As new research for Oxfam finds, this has also been a driver of increasing global inequality.

## **SUPERMARKET SUPPLY CHAINS ARE DRIVING INEQUALITY**

Two new pieces of research for Oxfam, explored further below, demonstrate that over the past 20 years, supermarkets have kept an increasing share of the money their customers spend at the checkout, with a diminishing share reaching those who produced the food.

In the first, Abdulsamad and Gereffi's analysis of value share distribution in agri-food supply chains finds that the share of the end consumer price reaching farmers – at an aggregate global level – declined from just 16% in 1995 to less than 14% in 2011, with farmers in some countries receiving just 7% on average.<sup>148</sup>

By contrast, other powerful actors in food supply chains such as input and service providers, traders, food manufacturers and supermarkets increased their shares, together capturing 86% of the consumer price in 2011. The biggest winners were supermarkets – enjoying the biggest share and biggest increases of any actor, from 27% in 1995 to over 30% in 2011 (see Figure 25).

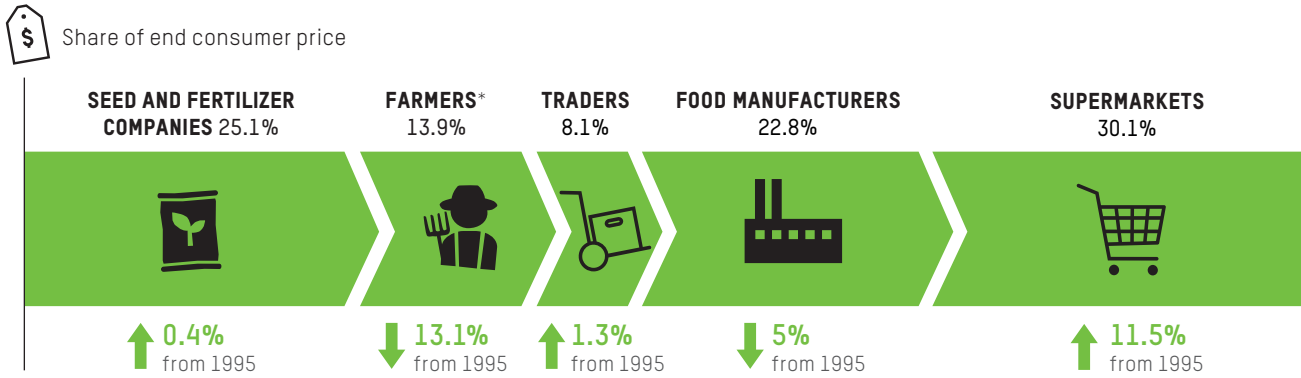
The results also confirm the role of supermarket supply chains in driving increased inequality between labour and capital. From 1995 to 2011, capital and high-skilled labour in global food supply chains increased its share of the end consumer price by 5% and 3% respectively, while that of medium- and low-skilled labour declined by 1% and 7% respectively.

Below: The mother of six children, Diya, and her family have been in Thailand for about 10 years. Diya's husband works in a fish canning factory and one of her sons works on a boat, but over time the family has accumulated debt and now owes about 30,000 THB a month in interest alone. Some of Diya's debt burden is due to paying fees to get jobs. Diya is seen here holding fish. Photo: Suthep Kritsanavarin/Oxfam





FIGURE 25: INEQUALITY IN FOOD SUPPLY CHAINS INCREASED BETWEEN 1995 AND 2011

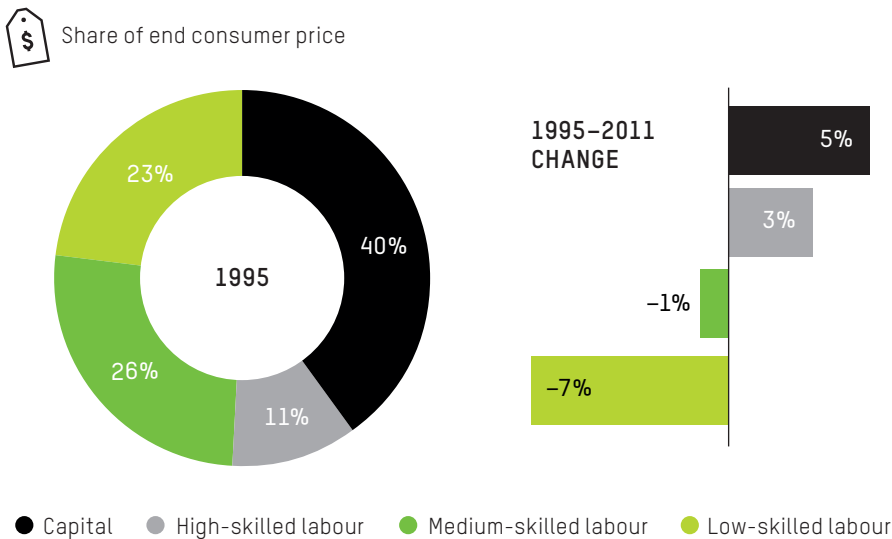


\*Small- and large-scale

Note: Data at the global aggregate level, 1995-2011.

Source: Adapted from A. Abdulsamad and G. Gereffi. (Forthcoming 2018). Measurement in a World of Globalized Production. Durham, NC.: Duke Center on Globalization, Governance and Competitiveness. Research report undertaken for Oxfam America.

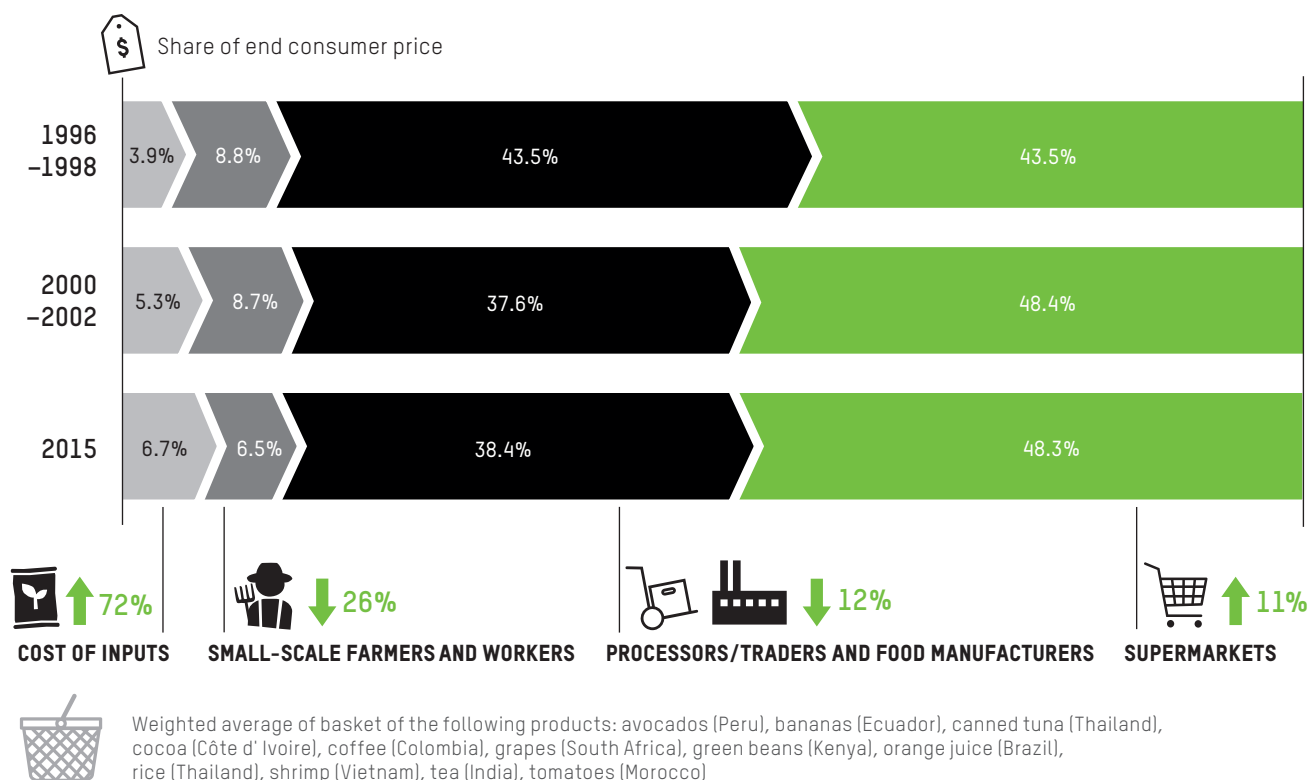
FIGURE 26: IN GLOBAL FOOD SUPPLY CHAINS, OWNERS OF CAPITAL HAVE INCREASED THEIR SHARE OF THE END CONSUMER PRICE, WHILE THAT OF LOW-SKILLED LABOUR HAS FALLEN



Source: Adapted from A. Abdulsamad and G. Gereffi. (Forthcoming 2018). Measurement in a World of Globalized Production. Op. cit. Created by authors based on World Input-Output Database, November 2013 release.

However, these results, while pointing to consistent trends across a wide range of both developed and developing countries, only tell a partial story in terms of the experiences of small-scale farmers and workers in developing countries. To complement these global aggregate estimates, Oxfam commissioned the Bureau for the Appraisal of Social Impacts for Citizen Information (BASIC)<sup>149</sup> research consultancy to produce a series of 12 context-specific, in-depth studies of products that are commonly sourced from developing countries by supermarkets around the world<sup>150</sup> Included were products produced by both small-scale farmers and waged workers on large-scale plantations, in processing facilities or on fishing vessels. The results from this study – the full datasets for which are available [here](#) – paint an even more striking picture.

FIGURE 27: FOR CERTAIN PRODUCTS, THE INEQUALITY BETWEEN SUPERMARKETS AND THE PEOPLE PRODUCING THE FOOD THEY SELL IS PARTICULARLY STARK




Source: C. Alliot et al. (Forthcoming). Distribution of Value and Power in Food Value Chains. Oxfam-commissioned research undertaken by BASIC.

As shown in Figure 27, these results also suggest that the supermarket share of the end consumer price – on average across the basket of products and a range of consumer countries – increased from 43.5% in 1996/8 to 48.3% in 2015, while that of small-scale farmers and workers fell, from 8.8% to 6.5%, over the period.

On products like these, the market inequality between supermarkets and the people producing the food they sell is even more pronounced than the global average estimates suggest.<sup>151</sup> The supermarket share appears closer to 50%, while for some products – like Brazilian orange juice, Ecuadorian bananas, Kenyan green beans, Indian tea, Vietnamese shrimp or Thai canned tuna – the share left for small-scale farmers or workers in 2015 was less than 5%. What is more, the results suggest that this squeeze took place alongside average production cost increases, across these 12 products, of over 70% between 1996/8 and 2015.

And while future projections are always difficult with respect to anticipating agricultural markets, BASIC's estimates – based on the World Bank's commodity price projections and the continuation of current economic trends – suggest that the farmers' and workers' share of the end consumer price could shrink by a further 23% by 2030, amid continuing increases in their costs of production.<sup>152</sup>

This growing inequality in supermarket supply chains acts as a powerful barrier to raising small-scale farmer incomes and worker wages to a decent level. At best, the skewed distribution means that it will take much longer for small-scale farmers and workers to achieve a living income or wage level. At worst, it traps the women and men in supermarket supply chains in poverty. Worldwide, 780 million people are working, but in poverty; progress in reducing working poverty rates is slowing globally and is set to worsen in the poorest countries.<sup>153</sup> Until small-scale farmers and workers get a bigger share of the value of their produce, inequality will continue to grow and progress in tackling poverty will stall.



Duong took a job as a boat worker in Thailand for a monthly salary of 10,000 THB, or about \$301. He was told that the boat owner would cover half the cost of the passport fee (the total fee was about \$500), while the rest would be extracted from his salary at 1,000 THB per month (about \$30) — a burden that has now become harder to bear since his foot was badly injured in an accident onboard. Photo: Suthep Kritsanavarin/Oxfam

## HUMAN RIGHTS VIOLATIONS MADE MORE LIKELY

This squeeze on prices paid to developing country producers and their share of the end consumer price, combined with inadequate government protection for small-scale farmers and workers, makes human and labour rights violations and other forms of human suffering in supermarket supply chains more likely.<sup>154</sup>

For example:

- Squeezed small-scale farmers may resort to child labour<sup>155</sup> – most of which is estimated to occur in the agriculture sector<sup>156</sup> – or increase the burden on unpaid women’s labour,<sup>157</sup> curtailing women’s enjoyment of a range of human rights.<sup>158</sup>
- Employers at plantations, processing plants or on fishing vessels may shift to more flexible, casualized forms of employment – sidestepping permanent contracts, curtailing freedom of association, cutting wages or using piece rates that necessitate excessive working hours;<sup>159</sup>
- Women concentrated in such informal roles, often with male supervisors, may face heightened risks of sexual harassment and violence;<sup>160</sup>
- Use of forced labour remains all too common, with the International Labour Organization (ILO) estimating that in 2017 more than 1.1 million victims work in the agriculture sector.<sup>161</sup>

Many of the Oxfam case studies published as Annexes 2 to 8, some of which are summarized in Boxes 2 to 6 in this report, highlight these and many other examples of human suffering found in supermarket supply chains around the world.

At the simplest level, however, BASIC’s study for Oxfam suggests that the downward pressure on prices and escalating production costs mean that small-scale farmers and workers in supermarket supply chains are routinely denied the right to an adequate standard of living.<sup>162</sup> As a result, the right to adequate food<sup>163</sup> and a range of women’s rights,<sup>164</sup> may be jeopardized. Each are explored in turn below.

### Small-scale farmer and worker incomes are insufficient for an adequate standard of living

BASIC’s analysis for Oxfam suggests that average earnings for the small-scale farmers or workers behind all 12 products in our basket – from a wide range of representative producing countries spanning Asia, Africa and Latin America – are insufficient for a decent standard of living.

While fully robust calculations of living income or wage benchmarks are not available in each of these cases, reasonable estimates have been used to give an indication of the challenges.<sup>165</sup> In some cases, local trade unions are calling for higher minimum wages based on more comprehensive cost of living estimates. As indicated in Figure 28, for some products – like Indian tea, Kenyan green beans or Thai rice – workers and small-scale farmers are earning barely 50% of what they need for a basic but decent standard of living in their societies.

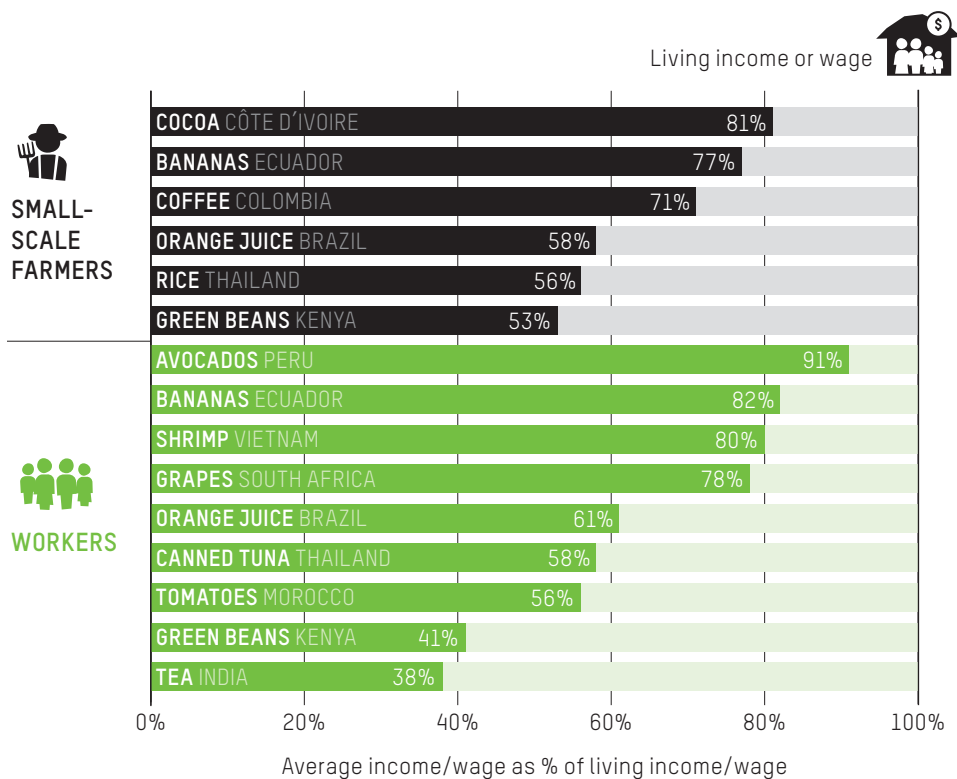
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**‘WE GET A SALARY [...] IT IS NOT EVEN ENOUGH TO EAT. WE HAVE TO PAY THE INTEREST OF OUR DEBTS.’**

\*\*\*

Diya, seafood processing worker in Thailand<sup>166</sup>

FIGURE 28: AVERAGE EARNINGS OF SMALL-SCALE FARMERS AND WORKERS IN MANY FOOD SUPPLY CHAINS ARE INADEQUATE FOR A DECENT STANDARD OF LIVING



Note: Data from 2015. Workers refers to those with permanent contracts working on large-scale plantations, in processing facilities or on fishing vessels. Some commodities appear twice, as they are both produced by small-scale farmers and on plantations or in processing plants.

Source: C. Alliot et al. (Forthcoming). Distribution of Value and Power in Food Value Chains. Oxfam-commissioned research undertaken by BASIC.



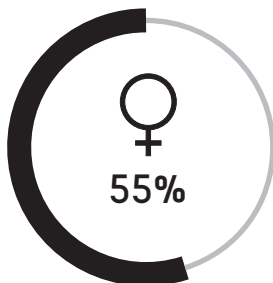
Tea harvesting in Vietnam.  
Photo: Oxfam Novib

And the situation is much worse for women. As Figure 29 shows, of these 12 cases, the gap between prevailing income and wage levels and the level needed for a decent standard of living is greatest in those products for which women provide the majority of the labour.

This finding echoes previous Oxfam research which found a pay gap between women and men in India of 32.6% for equivalent jobs.<sup>167</sup> Similarly, Oxfam’s case studies in Costa Rica and Ecuador, summarized in Box 5, highlight a pay-gap for similar jobs in the supply chain of supermarkets like Aldi South, Aldi North and Lidl.

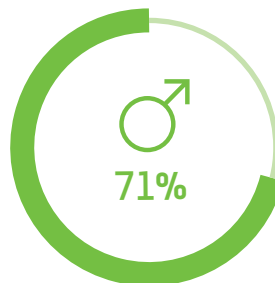
**FIGURE 29: THE GAP TO A LIVING INCOME OR WAGE IS GREATEST WHERE WOMEN PREVAIL IN THE WORKFORCE**

Average income/wage as % of living income/wage



**WOMEN PREVAILING IN WORKFORCE**

Tea (India), green beans (Kenya), tomatoes (Morocco), rice (Thailand), shrimp (Vietnam), canned tuna (Thailand)



**MEN PREVAILING IN WORKFORCE**

Bananas (Ecuador), cocoa (Côte d’Ivoire), coffee (Colombia), avocados (Peru), orange juice (Brazil), grapes (South Africa)

Note: Data from 2015.

Source: C. Alliot et al. (Forthcoming). Distribution of Value and Power in Food Value Chains. Oxfam-commissioned research undertaken by BASIC.

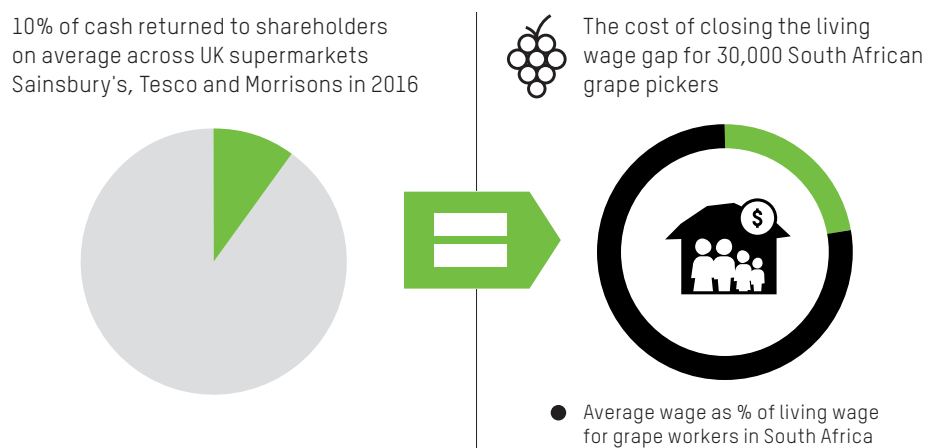


Such income levels are a grave global injustice. Previous Oxfam research found Indian tea pluckers in the state of Assam earning barely more than the World Bank's extreme poverty line.<sup>168</sup> For Côte d'Ivoire's 800,000 cocoa farmers, incomes in 2015 similarly fell short even of the absolute poverty line. Simply put, the world's leading export country for cocoa – the main ingredient in a world chocolate market worth around \$100bn per year<sup>169</sup> – depends on farmers who are already living in or are at risk of falling into abject poverty.<sup>170</sup>

The injustice is only heightened by comparison of small-scale farmer and worker incomes with the salaries of supermarket executives and massive on-going shareholder dividends at the other end of the supply chain. For example:

- It would take a woman processing shrimp at a typical plant in Indonesia or Thailand more than 4,000 years to earn what the chief executive at a top US supermarket earns, on average, in a year.<sup>171</sup>
- In less than five days, the highest paid chief executive at a UK supermarket earns the same as a woman picking grapes on a typical farm in South Africa will earn in her entire lifetime.<sup>172</sup>
- Just 10% of the cash returned to shareholders in the biggest three US supermarkets – Walmart, Costco and Kroger – in 2016 would be enough to lift more than 600,000 workers in the Thai shrimp sector to a living wage.<sup>173</sup>
- Just 10% of the cash returned to shareholders on average across the biggest three UK supermarkets in 2016<sup>174</sup> would be enough to lift more than 30,000 workers on South African grape farms to a living wage.<sup>175</sup>

**FIGURE 30: SUPERMARKET SHAREHOLDERS BENEFIT WHILE SUPPLY CHAIN WORKERS STRUGGLE TO MAKE ENDS MEET**



Source: Oxfam calculations; for details please see the methodology note in Annex 1. Note that shareholder dividends were zero at Tesco in 2016.

### Small-scale farming as a viable proposition is increasingly at risk

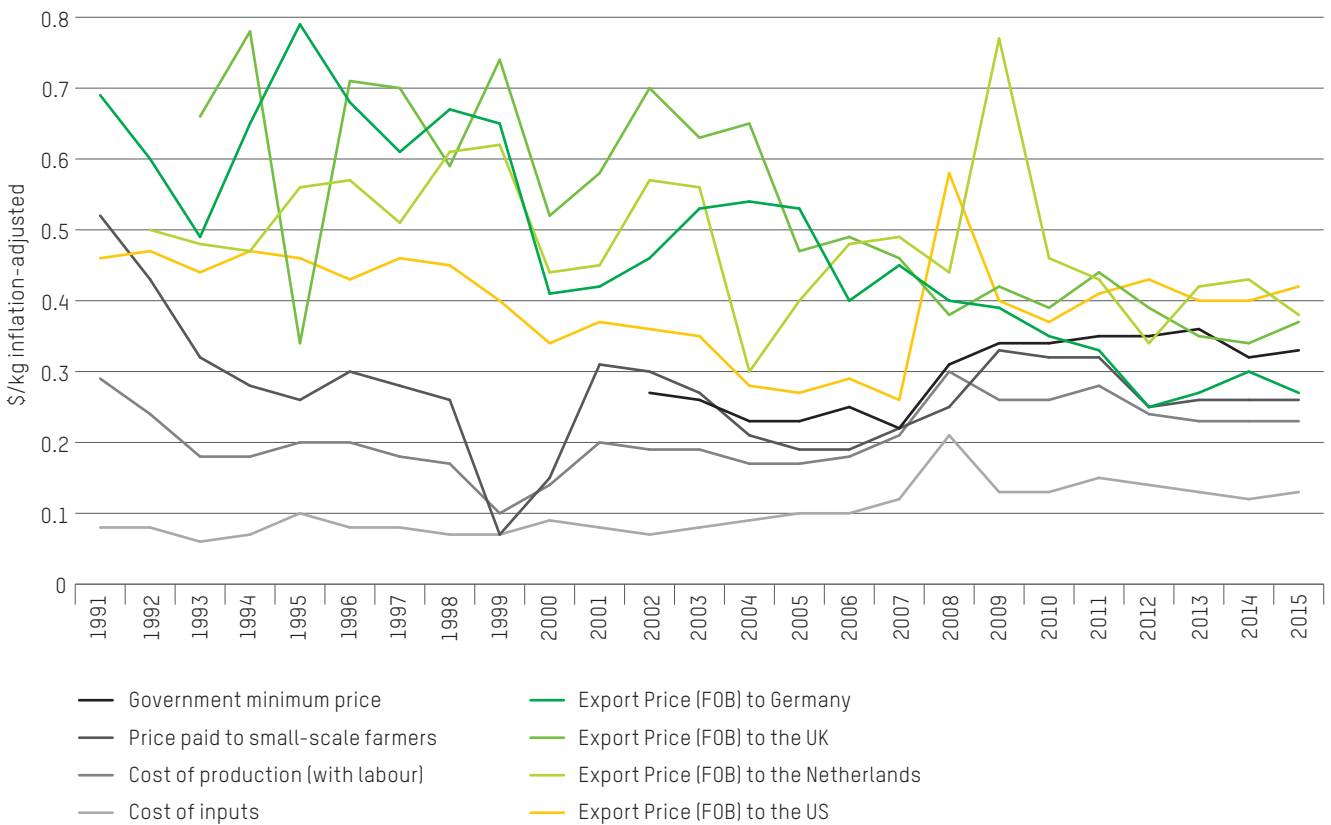
For millions of small-scale farmers around the world, a tipping point is being reached in which the very viability of their livelihood is threatened. The experiences of producers of Ecuadorian bananas, Brazilian oranges and Kenyan green beans are illustrative of the challenges. BASIC's analysis for Oxfam of the long-run evolution of producer prices and estimated costs of production in each of these cases demonstrates the increasing struggle for farmers to even cover their production costs.

### Ecuadorian bananas

Supermarkets have been the main winners in Ecuadorian banana value chains since 2001, seeing their share of the consumer price increase to over 40% while the share left in Ecuador has fallen. By 2015, small-scale banana farmers were left with just 3% of the end consumer price – half what it was in 1992.

With such low-value shares, small-scale farmers have often struggled over the past decade or more to even cover their costs of production, as shown in Figure 31. This is despite government efforts to introduce a minimum price in the early 2000s, reflecting in part regulatory loopholes that the government is working to close. But more fundamentally, it is the consequence of long-term downward pressure on export prices, allied with rising costs of production, pushing farmers to accept ever-tighter margins.

**FIGURE 31: FROM THE EARLY 1990S TO 2015, EXPORT PRICES FOR ECUADORIAN BANANAS PRODUCED BY SMALL-SCALE FARMERS FELL SIGNIFICANTLY**



Note: Cost of inputs refers to the price of things like fertilizers, pesticides and packaging materials. Export prices are based on free-on-board (FOB) contracts. Source: C. Alliot et al. (Forthcoming). Distribution of Value and Power in Food Value Chains. Oxfam-commissioned research undertaken by BASIC.

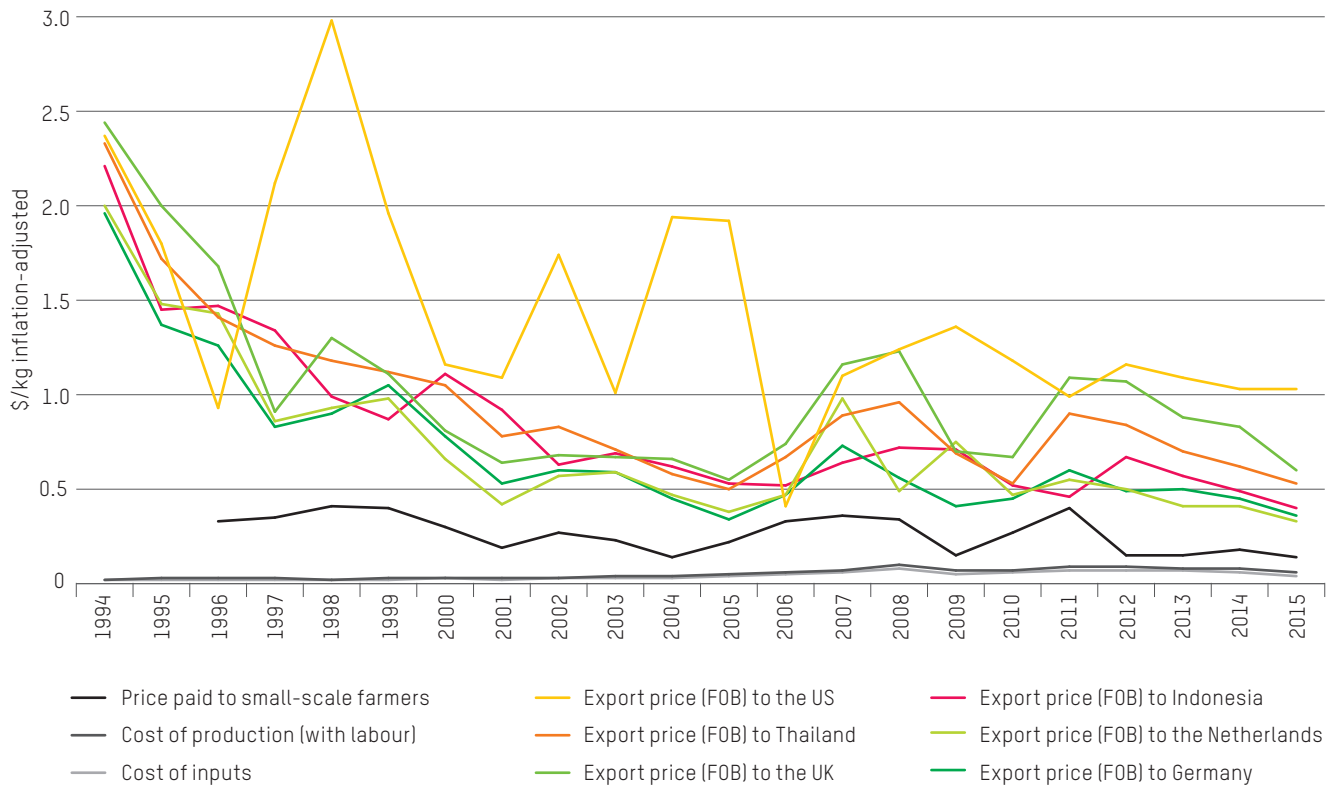
Export prices to Germany, for example, have fallen to such an extent that since 2010 they have been lower than the government minimum price, demonstrating the strong pressure German supermarkets are able to exert over the rest of the chain. Meanwhile, agricultural input costs strongly increased from 2000 to 2012: by 195% for fertilizers and agrochemicals and 150% for packaging materials.<sup>176</sup>

### Brazilian orange juice

Similar dynamics are evident in the Brazilian orange juice sector, the source of a third of the world's oranges and 40% of orange juice. While consumer prices have increased 50% in nominal terms since the mid-1990s, with both supermarkets and orange juice brands/bottlers increasing their value shares, the share going to small-scale farmers has shrunk from 17% to little more than 4% in this period.<sup>177</sup>

As Figure 32 demonstrates, long-term declines in export prices seem to have pushed down the price received by small-scale farmers to little more than the level of their production costs – again challenging the very viability of small-scale production in the global orange juice value chain. The number of farms in the orange juice production sector declined from 28,000 to less than 10,000 in the two decades preceding 2008,<sup>178</sup> of which the low prices paid to farmers is likely to be a significant contributing factor.

**FIGURE 32: FROM THE EARLY 1990S TO 2015, EXPORT PRICES FOR BRAZILIAN SMALL-SCALE FARMERS IN ORANGE JUICE SUPPLY CHAINS FELL SIGNIFICANTLY**



Note: Export prices are based on free-on-board (FOB) contracts.

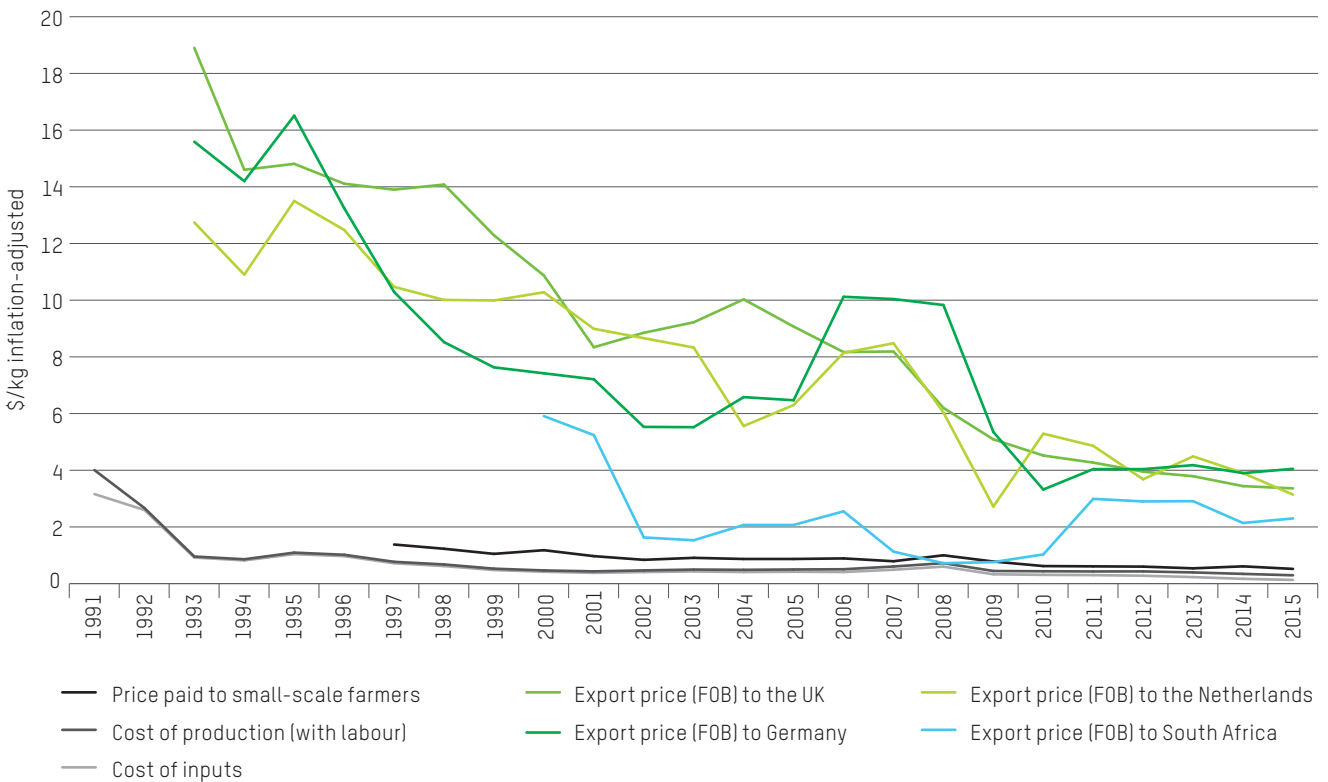
Source: C. Alliot et al. (Forthcoming). Distribution of Value and Power in Food Value Chains, Oxfam Research Report undertaken by BASIC.

### Kenyan green beans

The same pressure can be seen among Kenyan green bean producers, market leaders in fine bean exports to the EU. While consumer prices tripled between 2000 and 2015, with supermarkets and large plantations both increasing their shares in the same period, the share left for small-scale farmers has fallen from 2.7% to 2.2%, and for workers' wages in the country from 1.6% to 0.5%.

As illustrated in Figure 33, the price paid to small-scale farmers in Kenya for green beans dropped by a third between 1997 and 2015, in the context of export prices which halved over the same period. Once again, the price paid to producers is shown to barely cover the cost of production. The result is a deeply uncertain future for small-scale production in Kenya: the Fresh Produce Exporters' Association of Kenya estimates that the number of small-scale farmers who export horticulture products declined by 5,000 in 2013–14 alone.<sup>179</sup>

**FIGURE 33: BETWEEN THE EARLY 1990S AND 2015, EXPORT PRICES FOR KENYAN GREEN BEANS PRODUCED BY SMALL-SCALE FARMERS FELL SIGNIFICANTLY**



Note: Export prices are based on free-on-board (FOB) contracts.

Source: C. Alliot et al. (Forthcoming). Distribution of Value and Power in Food Value Chains. Oxfam-commissioned research undertaken by BASIC.

## The right to adequate food is jeopardized

When incomes fall too low, the ability of small-scale farmers and workers to access adequate food is likely to be threatened.<sup>180</sup>

To provide a snapshot of the food security<sup>181</sup> status of women and men working in supermarket supply chains, Oxfam conducted Household Food Insecurity Access Scale (HFIAS) surveys in 2017 among hundreds of small-scale farmers and workers in five countries linked to supermarket supply chains. See the methodology note in Annex 1 for details; the full dataset can be accessed [here](#).

A clear majority of respondents were categorized as either moderately or severely food insecure<sup>183</sup> – meaning that they or a family member had gone without enough food in the previous month.<sup>184</sup> For example:

- In South Africa, over 90% of surveyed women workers on grape farms reported not having enough to eat in the previous month. Nearly a third said they or a family member had gone to bed hungry at least once in that time.
- 72% of women small-scale banana farmers surveyed in the Philippines said they worried about feeding their family in the previous month.
- In Italy, 75% of surveyed women workers on fruit and vegetable farms said they or a family member had cut back on the number of meals in the previous month because their household could not afford sufficient food.
- In Thailand, over 90% of surveyed workers at seafood processing plants reported going without enough food in the previous month. Of those, 54% of the women workers said there had been no food to eat at home of any kind on several occasions in that time.

While these surveys are only snapshots, the results suggest that the right to adequate food is in jeopardy in many countries for the people supplying food to supermarkets. It is one of the cruellest paradoxes of our time that the people producing supermarket food and their families are at risk of going without enough to eat themselves.

\* \* \*

**‘MONEY IS EXTREMELY TIGHT. WE MUST CUT DOWN ON FOOD TO BE ABLE TO PAY OUR CHILDREN’S SCHOOL FEES.’**

\* \* \*

Wife of a worker at Finca Once, Costa Rica, producer for Lidl<sup>182</sup>

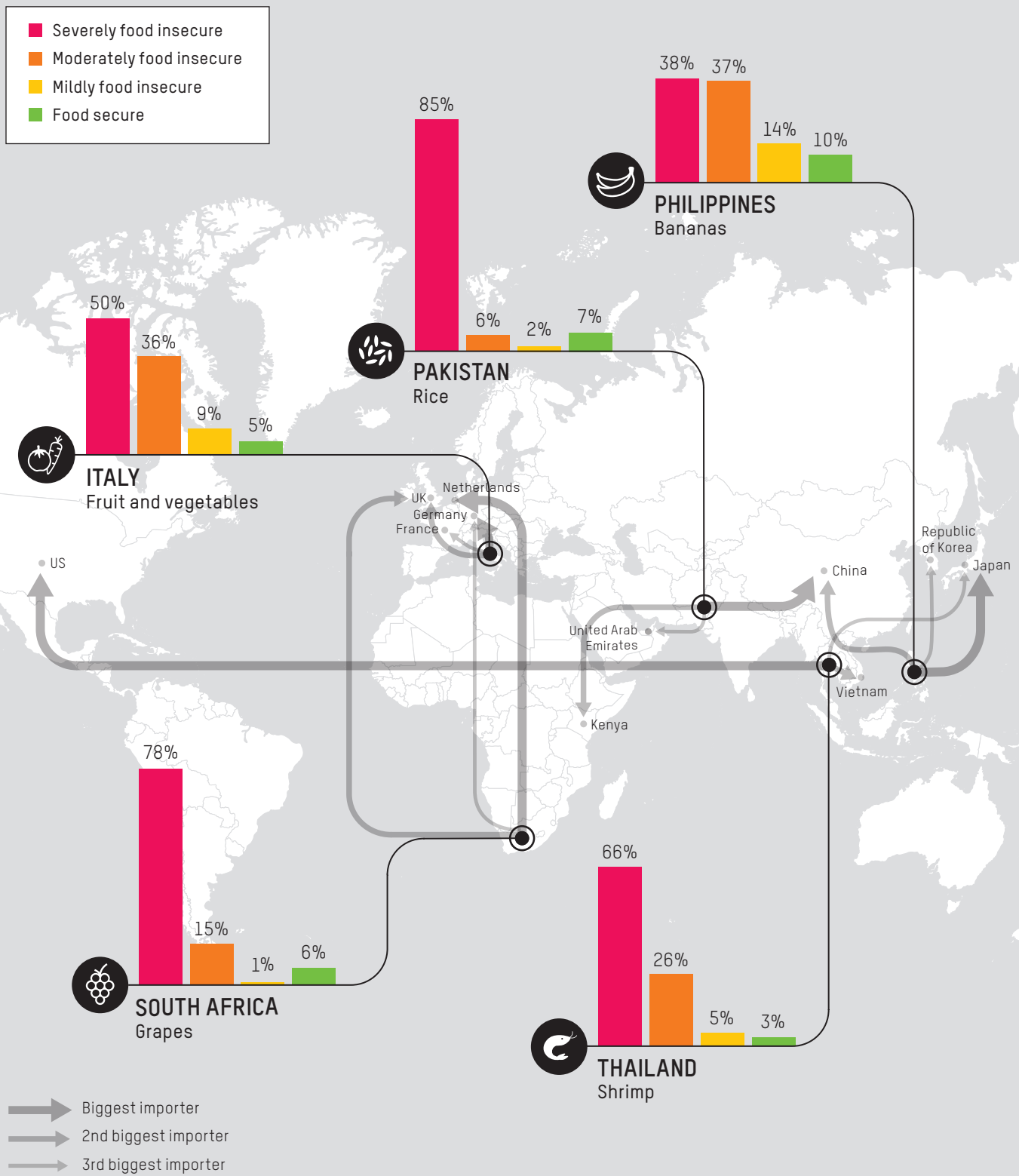


Prak was a worker on a boat in Thailand. After getting sick, he was dismissed from his job and also told that he owed the boat operators 14,000 THB (about \$438) — money that he doesn't have. But if he doesn't pay, Prak won't be able to get his passport back. Photo: Suthep Kritsanavarin/Oxfam



FIGURE 34: WHEN EARNINGS ARE TOO LOW, SMALL-SCALE FARMERS' AND WORKERS' ACCESS TO ADEQUATE FOOD IS PUT AT RISK

Food security categorization of respondents to Household Food Insecurity Access Scale surveys in selected food value chains in 2017 (%)



Source: Data from HFIAS surveys conducted in 2017 with a sample of farmers and workers in specific food supply chains in South Africa (101 respondents), Thailand (64), Italy (42), Pakistan (100) and the Philippines (147). The research in South Africa was carried out by the Women on Farms Project. See the methodology note in Annex 1 for more information.<sup>185</sup>

Note that not all of the percentages sum to exactly 100% due to rounding. Export data from 2016. See endnote for full source information.<sup>186</sup>



A farmer picks coffee beans in her field in Ethiopia. Photo: Eva-Lotta Jansson/Oxfam

## Women's rights are routinely violated

Not only do the studies discussed above suggest that women are furthest from earning enough for a decent standard of living and therefore at heightened risk of going hungry, as a number of our case studies show, a further range of women's rights are routinely put at risk in supermarket supply chains.<sup>187</sup>

The prevalence of sexual harassment in the workplace is difficult to estimate due to a lack of acknowledgement of women's rights and a 'fear factor' of speaking out. However, an International Trade Union Confederation (ITUC) study in South Africa found that 77% of women reported sexual harassment at some point in their working lives.<sup>188</sup> Sexual harassment in the horticulture industry in East Africa, as another example, appears to be widespread.<sup>189</sup> In one 2013 study, 89% of women workers interviewed across 20 farms in Tanzania said they had personally witnessed one or more incidents of sexual harassment, mainly perpetrated by managers.<sup>190</sup> These findings echo the fears of serious sexual assault reported by women workers in Oxfam's case study on grape farms in South Africa, summarized in Box 4. The ILO has found that women workers are often expected to provide sexual services or endure harassment in exchange for gaining a job or a promotion.<sup>191</sup>

While principles and rights related to maternity protection at work are supported by national legislation in nearly every country in the world,<sup>192</sup> as Oxfam's case study on shrimp processing sectors, summarized in Box 4 suggests, women often face pregnancy testing as a condition of employment, and cases of women being asked or expected to resign after becoming pregnant have been reported from Malaysia to Ecuador.<sup>193</sup> For women in informal employment, there is often a complete absence of any form of adequate maternity protection.

\* \* \*

**'THERE WAS A URINE TEST HELD AT THE FACTORY. THE RESULT WAS TAKEN TO THE HOSPITAL [...] WHEN SIGNING THE CONTRACT, THEY ALSO ASKED WHAT KIND OF CONTRACEPTION METHOD I USED. I WAS PROVEN NOT PREGNANT SO I WAS ALLOWED TO WORK.'**

\* \* \*

Tutut, former shrimp processing plant worker in Indonesia<sup>194</sup>

Meanwhile the heavy and unequal burden of care work faced by women working in supermarket supply chains acts to further curtail the enjoyment of human rights by women – including to the highest attainable standard of health and an adequate standard of living.<sup>195</sup> Our case study in the Philippines, summarized in Box 6, shows the impact on women of exploitative loans signed by men in their household – often without their consultation – including their struggle as a result to cover the costs of basic household items.

## BOX 2: EXPLOITATION OF WOMEN AND MEN PICKING FRUIT AND VEGETABLES IN SOUTHERN ITALY

In Italy, the systematic exploitation of women and men, especially migrant workers from Europe and Africa, underpins the production of seasonal fruit and vegetables that make their way onto supermarket shelves across Europe.<sup>196</sup>

Through an elaborate system known as *caporalato* (‘corporals’), gang masters, powerful bosses and their teams use intimidation and coercion to recruit and organize the agricultural labour force. Their power can be all-encompassing, from the management of pay for workers through to the entire logistics of their life, including housing, food, and transportation.

Supermarkets in Italy indirectly exacerbate this exploitation through their use of an auction mechanism to set the purchase price for fruit and vegetables before the season starts. Prices are set at extremely low levels, encouraging suppliers to maintain profit margins by reducing labour costs, including through extensive use of informal labour. Estimates suggest that nearly half of Italy’s informal agricultural workers are women.

Research by Oxfam and Terra!Onlus reveals the harsh conditions of women and men exploited in seasonal harvesting:<sup>197</sup>

- Wages for working 8–12 hours a day without a break often total around €22–30 per day – half of the legal minimum wage.
- The illegal use of piece rates is common, meaning that workers can earn as little as €3–4 for picking nearly 300kg of tomatoes.
- Women typically earn 20–30% less than men for similar jobs, and are particularly vulnerable to blackmail and sexual abuse.

Women and men in seasonal fruit and vegetable production toil in horrendous working conditions, often sweltering in greenhouses during the summer while inhaling toxic pesticides, and exposed to severe cold weather during the winter. Reports by the Italian Trade Union FLAI-CGIL point to the regular deferral of wages and deduction of income by employers for dubious taxes or ‘services’.<sup>198</sup>

Workers often live in disused buildings or factories in rural areas, without running water or heating. The Placido Rizotto Observatory estimates that 60% of exploited migrant workers do not have access to clean water or sanitation.<sup>199</sup>

Oxfam’s food insecurity survey in three Italian regions (Sicily, Campania and Apulia) found that 50% of the women and men surveyed were classified as severely food insecure and a further 36% as moderately food insecure.<sup>200</sup>

The full case study is available here: <https://policy-practice.oxfam.org.uk/publications/human-suffering-in-italys-agricultural-value-chain-620479>

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**‘IN MY PAYSIP THE WAGE WAS OF 46 EUROS PER DAY. BUT I’VE NEVER SEEN THIS MONEY. I ONLY RECEIVED 28 EUROS PER DAY.’**

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A women farmer from Campania<sup>201</sup>

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**‘THEY TREAT US LIKE BEASTS. THEY CONTROL HOW MANY TIMES WE GO TO THE TOILET AND DICTATE TO COME BACK SOON. IF YOU REFUSE TO WORK ON SUNDAY THEY THREATEN TO FIRE YOU.’**

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A women farmer from Campania<sup>202</sup>



### **BOX 3: LOW PAY, EXCESSIVE HOURS AND DEGRADING CONDITIONS FOR WORKERS PROCESSING SHRIMP IN SOUTHEAST ASIA**

Some of the most egregious examples of human and labour rights abuse to have hit media headlines in recent years concern the use of forced labour in supermarket shrimp supply chains originating in Southeast Asia.

Despite areas of progress in the years since, new research by Oxfam and the Sustainable Seafood Alliance Indonesia reveals that grave problems persist both for men facing forced labour onboard fishing vessels in the region, and for the predominantly women workers in seafood processing plants.

In interviews with workers from some of the biggest shrimp processors and exporters in Indonesia and Thailand – that among them supply or have supplied supermarkets such as Ahold Delhaize, Albertson's, national entities of Aldi North and Aldi South, Asda, Costco, Edeka, Jumbo, Kroger, Lidl, Morrisons, Rewe, Sainsbury's, Tesco, Walmart and Wholefoods – workers reported a range of concerning labour issues. For example:

- Among the suppliers in Thailand, wages were so low that over 60% of women surveyed were categorized as severely food insecure and extensive overtime was reported to be routine. Many had paid recruitment fees, incurring significant debts, to secure their jobs.
- Among the suppliers in Indonesia, women reported working unpaid hours in order to hit targets of up to 19kg of shrimp peeled per hour of their shift, just to make the minimum wage.
- Workers at some processing plants reported that toilet breaks and access to drinking water are strictly controlled. One worker in Thailand reported that just nine toilets were available for 1,000 workers; another in Indonesia that only a couple of drinking glasses were available for hundreds of workers – with some complaining of urinary tract infections.
- Across the sector, work is exhausting, verbal abuse by supervisors routine and access to effective trade unions strictly limited.

While a plethora of government reforms and private sector initiatives have been launched in both countries leading to progress in many areas, further efforts should seek to tackle the root causes of labour rights concerns – including addressing the shrinking share of the end consumer price for shrimp that reaches processors and their workers.

Research and analysis on Indonesia is co-authored with the Sustainable Seafood Alliance Indonesia. The wider analysis can be found here: <https://policy-practice.oxfam.org.uk/publications/supermarket-responsibilities-for-supply-chain-workers-rights-continuing-challen-620480>

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**WORKERS PEELING SHRIMP IN INDONESIA COULD EARN LESS THAN €0.02 FOR PEELING A 225G PACK OF SHRIMP THAT SELLS IN DUTCH SUPERMARKET ALBERT HEIJN (OWNED BY AHOLD DELHAIZE) FOR €5.**

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**'AT THE DECAPITATION SECTION THE DISTANCE FROM THE TOILET WAS QUITE FAR. WE WOULD HAVE 10 MINUTES. IN THAT TIME, WE COULD FINISH TWO BUCKETS OF SHRIMPS. THAT IS WHY WE HAD TO HOLD IT IN, BECAUSE WE NEEDED THE MONEY. WE JUST CONTINUED, UNTIL WE COULDN'T STAND IT ANYMORE.'**

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Ara, former shrimp processing worker in Indonesia



Melati, a former shrimp worker in Indonesia, was unable to read her contract when asked to sign it and was not allowed to take a photo. When working with chlorine, she would often feel short of breath. She was not allowed to drink water during her shift. Photo: Adrian Mulya/Sustainable Seafood Alliance Indonesia



#### BOX 4: FLEXIBLE, INFORMAL WOMEN'S LABOUR ON GRAPE FARMS IN SOUTH AFRICA

Women working to pick grapes on South African farms are particularly vulnerable to significant price pressure from supermarkets in the wine and table grape market.

Since 2000, the export price for South African grapes has decreased significantly due to a price squeeze from European supermarkets and a devaluation in the Rand compared with the Euro and the US Dollar.

Coupled with a rise in production costs, South African grape farms are increasingly squeezed. It has been reported that only one in five South African grape farms were profitable in 2016, and one in three ran at a loss.<sup>203</sup>

Women working on grape plantations are likely to suffer most from these price pressures, as they are perceived as the weakest link in the supply chain, often lacking union representation and employed informally, without a contract.

Research by Oxfam's partner 'Women on Farms Project' of 343 female farm workers in Western and Northern Cape, South Africa, during 2016 and 2017 shows that women who harvest grapes face appalling wages, precarious working conditions and insufficient health and safety protection.<sup>204</sup>

The study found that:

- Only 30% of women interviewed had received a copy of their work contract, and about 40% had not signed a contract at all.
- Wages were often based on piece rates, with payment subject to reaching high individual production targets that could increase daily. Failure to meet a target could result in a penalty, or in some cases, dismissal.
- Women reported hazardous work conditions. Over half of those surveyed (51%) and 69% of seasonal workers reported being exposed to pesticides, and the majority worked without any protective clothing. Some suggested that farmers would withhold wages if a worker went to hospital.
- Workers had a low awareness of the existence of trade unions, and in many cases reported that their employers banned or denied access to trade union representatives.
- Women reported that they were paid less than men for similar roles, and reported fears of serious sexual assault while working on the farm.

A follow up survey by Women on Farms Project in April 2017 of over 100 women grape workers in De Doorns, Stellenbosch and Wolseley found that 92% of those surveyed were classified as food insecure – and 78% as severely food insecure. In practice, this means that those surveyed feared that their household did not have enough food; or that someone in their household had gone to bed feeling hunger or gone an entire day or night without eating in the previous month.<sup>205</sup>

The full case study is available here: <https://www.oxfam.de/system/files/20171010-oxfam-wine-study-english.pdf>

\* \* \*

**ONLY 30% OF WOMEN INTERVIEWED BY WOMEN ON FARMS PROJECT HAD RECEIVED A COPY OF THEIR WORK CONTRACT, AND ABOUT 40% HAD NOT SIGNED A CONTRACT AT ALL.**

\* \* \*

**BOX 5: TRADE UNION SUPPRESSION AND TOXIC CHEMICAL EXPOSURE IN TROPICAL FRUIT PRODUCTION IN COSTA RICA AND ECUADOR**

Costa Rica and Ecuador are two of the world’s biggest exporters of tropical fruit. An Oxfam investigation<sup>206</sup> of the Finca Once and Agrícola Agromonte pineapple plantations in 2017, which supply European supermarkets such as Lidl and Aldi North and Aldi South, shows the intimidation and health risks faced by women and men working to stock supermarket shelves.

At Agrícola Agromonte, workers report that highly toxic agrochemicals are being sprayed while they are still in the fields. Costa Rica is the country with the longest list of permitted agrochemicals – including Oxamyl, Diuron, Mancozeb and Oxylfluorfen – a number of which are highly toxic by ingestion and restricted in other countries.<sup>207</sup> Workers at the site reported dizziness, fainting, vomiting and allergic skin reactions. One reported hospitalization due to pesticide poisoning.

In Ecuador, while most workers earn the national minimum wage (although in many cases only by working unpaid overtime due to challenging piece-rate targets), Oxfam heard reports from workers at the El Naranjo packing station – a supplier of Lidl – that many are employed without formal contracts, do not receive detailed payslips, and in at least some cases may not earn the minimum wage. Workers similarly described a pervasive culture of fear that encourages the suppression of trade union activity.

Workers at banana plantations in the country also noted that fields are sprayed from aeroplanes with toxic pesticides, either while workers are in the fields, or less than two hours before they enter. Health complications were widely reported, including dizziness, vomiting and diarrhoea, skin irritations, insomnia and irregular heartbeat. Among the pesticides used in Costa Rica are the highly toxic Oxamyl, Paraquat, Mancozeb and Glyphosate.



The full case study is available here: <https://policy-practice.oxfam.org.uk/publications/the-plight-of-pineapple-and-banana-workers-in-retail-supply-chains-continuing-e-620420>

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**‘I SPENT ONE MONTH IN A HOSPITAL DUE TO POISONING. WHEN I RETURNED BACK TO WORK, I HAD TO WORK AGAIN WITH PESTICIDES AND WITHOUT PROTECTIVE CLOTHING.’**

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Former worker at Agrícola Agromonte, pineapple producer for Aldi<sup>208</sup>

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**‘WE ARE WORRIED BECAUSE WE HAVE TO WORK IN A RAIN OF PESTICIDES. WE HAVE SKIN RASHES. BUT IF YOU COMPLAIN, YOU RISK BEING FIRED.’**

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Worker at Matías, banana supplier, Ecuador<sup>209</sup>

## BOX 6: BANANA FARMERS LOCKED IN ONEROUS CONTRACTS IN THE PHILIPPINES

Over 90% of bananas traded in Asia are grown in the Philippines, the world's second largest exporter – largely to serve supermarket and other retailers in Japan, China and South Korea.<sup>210</sup> Oxfam research shows how powerful banana trading companies such as Sumifru Philippines and Standard Fruit Corporation have locked farmers in Mindanao province into grossly unfair contracts, resulting in poverty and hunger for banana farmers and their families.<sup>211</sup>

A government land reform programme was intended to free farmers from generations of poverty and landlessness. But without the capital required to make the land productive, many farmers signed onerous agribusiness venture agreements (AVAs) with large trading companies as part of a lease agreement, 'growership' arrangement or joint venture contract.<sup>212</sup>

Farmers report that representatives of banana buying companies 'lured' them with the promise of a signing bonus; while contracts contained opaque legal provisions that – in the absence of any legal representation or support – farmers couldn't adequately understand.

In practical terms, a typical AVA contract:

- Allowed buyers to impose a set price for bananas, regardless of production costs or prevailing market rates.
- Set restrictions on property rights that prevent farmers from planting alternative crops to diversify their income streams.
- Provided no mechanism for remedy against abuse of contract.
- Resulted in farmers incurring high levels of debt, meaning that they are, in practice, unable to leave the contract without severe penalty.

Oxfam's study shows that this exploitative, rent-seeking behaviour has kept farmers locked into a vicious cycle of debt, while banana trading companies are able to extract significant value from the production process.

These exploitative deals affect women and men differently because of prevailing social norms. While formal loans are usually signed by men, the eventual liabilities are shared with women in the household who are barely consulted on household loans, contracts and payment conditions. Oxfam's experience in the region suggests that new levels of indebtedness and poverty mean that women are struggling to cover the costs of basic household items.

Oxfam's food insecurity survey with women and men farmers, harvesting workers and packers in Compostela and Mawab municipalities found that 75% of those surveyed were classified as food insecure, 38% of whom as severely food insecure.<sup>213</sup>

The full case study is available here: <https://policy-practice.oxfam.org.uk/publications/land-but-no-freedom-debt-poverty-and-human-suffering-in-the-philippine-banana-t-620492>

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**'I REALLY HOPE WOMEN WILL BE ELECTED ON THE COOPERATIVE BOARD ONE DAY, SO THAT NEEDS LIKE [OURS] ARE ADDRESSED.'**

\*\*\*

Mary Jane, secretary at the Davao Fruit Corporation Agrarian Reform Cooperative, Mindanao Region, Philippines<sup>214</sup>

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**'[...] OUR SITUATION IS FAR FROM WHAT I'D DREAMED OF, AND I CAN'T REALLY SEE THAT MUCH CAN CHANGE. WE'RE TIED INTO A CONTRACT WITH VERY LOW WAGES, AND BUYING PRICES ARE FIXED AT A VERY LOW PRICE.'**

\*\*\*

Mary Jane, secretary at the Davao Fruit Corporation Agrarian Reform Cooperative, Mindanao Region, Philippines<sup>215</sup>

\*\*\* SECTION 3 \*\*\*

# THE SUPERMARKET SECTOR AT A CROSSROADS

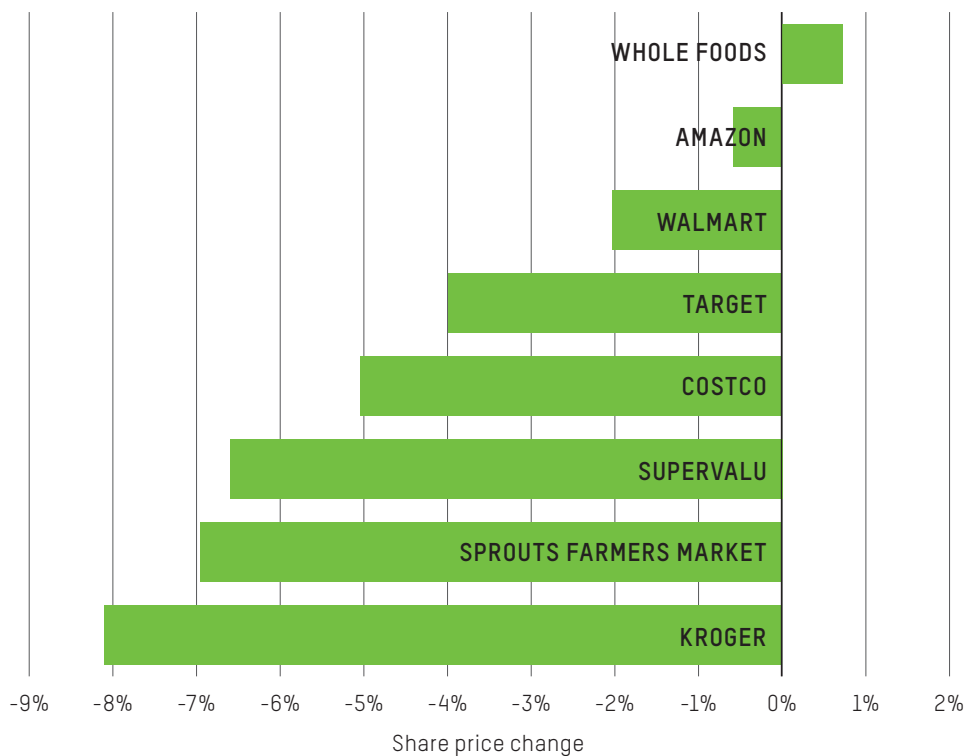
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Despite the seemingly relentless expansion of the supermarket model into new markets, and its increasing control over food supply chains, there are signs that the sector is facing significant disruption. The supermarket industry is reaching a critical fork in the road, with competing forces pulling it in opposite directions. It is a struggle that will determine the shape of the food retail sector for the next decade and beyond.

## NEW MARKET ENTRANTS THREATEN TO ACCELERATE THE RACE TO THE BOTTOM

On one side, discount retailers such as Aldi North, Aldi South and Lidl are increasing their sales and influence in the supermarket sector in several countries. Meanwhile, low-cost retail titan Amazon's 2017 buy-out of Whole Foods sent shockwaves through the US supermarket sector. As shown in Figure 35, nearly \$12bn was wiped from its competitors' market value in a single day as Whole Foods committed to a new strategy of 'continuously lower prices'.<sup>216</sup> The news for many suppliers struggling to make ends meet could not have been worse. In the UK, media reports of a possible merger of Sainsbury's and Asda, with a promised 10% cut in prices, hints at further challenges for suppliers.<sup>217</sup> The increased influence of such actors could threaten a new era of even more ruthless cost-cutting and an acceleration of the race to the bottom on social and environmental supply chain standards.

FIGURE 35: AMAZON'S BUY-OUT OF WHOLE FOODS WIPED ALMOST \$12BN FROM ITS COMPETITORS' MARKET VALUE IN A SINGLE DAY



Source: E. Cheng. (2017, 24 August). Amazon's new Whole Foods discounts wipe out nearly \$12 billion in market value from grocery sellers. Retrieved from: <https://www.cnbc.com/2017/08/24/amazons-new-whole-foods-discounts-wipe-out-10-billion-in-market-value-from-grocery-sellers.html>





A shrimp auction site in Indonesia.  
Photo: Adrian Mulya/Sustainable Seafood Alliance Indonesia

## THE VULNERABILITY OF THE CURRENT SUPPLY CHAIN MODEL

On the other side, the global inequality crisis and gathering pace of climate change are exposing the vulnerability of the current supply chain model, just as new norms of responsible business are taking hold. Taken together, these trends should be a powerful counter-signal to the supermarket sector of the need for an alternative, fairer and more resilient approach.

### Increased supply chain costs and risks

With production in many agri-food supply chains focused in few countries or regions, their susceptibility to disruption – both from labour unrest and climate-related weather shocks – is high and seems to be rising.

The ILO has found that increasing inequality is linked to a heightened risk of social unrest.<sup>218</sup> China’s recent record level of labour unrest – following a tenfold increase in strikes since 2011<sup>219</sup> – could be a taste of major new supply chain costs to come if extreme levels of inequality continue around the world. A 2016 study in South Africa, for example, found labour unrest to be the most frequent form of supply chain disruption facing grocery manufacturers in the country.<sup>220</sup> So long as the squeeze on small-scale farmers and workers in supermarket supply chains explored in Section 2 continues, in the context of rising inequality in many countries, supermarkets should expect increasing disruption.

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**THE GLOBAL INEQUALITY CRISIS AND GATHERING PACE OF CLIMATE CHANGE ARE EXPOSING THE VULNERABILITY OF THE CURRENT SUPPLY CHAIN MODEL.**

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And as researchers from the European Food Crime Research Group at the University of Manchester have argued, such pressure on suppliers can be a major factor in encouraging food fraud and driving other food safety concerns.<sup>221</sup> From European horsemeat,<sup>222</sup> to Brazilian beef<sup>223</sup> and UK chicken,<sup>224</sup> food safety breaches are a form of supply chain disruption that no supermarket can afford.

At the same time, extreme weather shocks are set to cause ever more disruption to food production in every continent in the years ahead.<sup>225</sup> Supermarkets are already grappling with the costs of unpredictable weather. In January 2016, for example, a shortage of winter vegetables due to a combination of floods, snow and storms, reportedly cost UK supermarkets £8m in one month alone.<sup>226</sup>

Supermarket suppliers would struggle to cope even if they were resilient to climate change. In fact, suppliers may be pressured to undertake practices that gravely degrade the environment – as both Greenpeace and numerous labour rights federations have argued – often as a direct result of the pressure they face to cut costs: excessively extracting water, over-exploiting the seas and eroding fertile land.<sup>227</sup> This further undermines suppliers' own climate resilience in the process. It is by no means clear that, as climate change gathers pace, supermarkets will continue to be able to guarantee tens of thousands of products, every day of the year, delivered 'just-in-time' to their shelves.

\* \* \*

**SUPPLIERS MAY  
BE PRESSURED TO  
UNDERTAKE PRACTICES  
THAT GRAVELY DEGRADE  
THE ENVIRONMENT,  
OFTEN AS A DIRECT  
RESULT OF THE  
PRESSURE THEY  
FACE TO CUT COSTS.**

\* \* \*



A member of the Oxfam-supported COPROCAEL Coffee Cooperative, Santa Teresa, Honduras walks through his plantation. Photo: Eleanor Farmer/Oxfam

## Foregone sales and investments and lasting reputational damage

Meanwhile, increasing awareness of global inequality means that both investors and consumers are more sensitive to labour rights scandals. Already in recent years, supermarkets have been forced to pull from their shelves products associated with such scandals – from Brazilian beef<sup>228</sup> to South African wine.<sup>229</sup> Such incidents imply both direct costs from lost sales, and longer lasting and potentially much more significant reputational damage to the companies involved.<sup>230</sup> But examples like these could be just the tip of the iceberg as new technologies empower consumers with ever more data on the origins and sustainability credentials of their food.<sup>231</sup>

The opportunity costs of failing to address such risks are also becoming clear. A report for Unilever finds that one-third of consumers prefer brands they believe are doing social or environmental good, indicating a potential untapped opportunity of €966bn out of a €2.5 trillion total market worldwide for sustainable goods.<sup>232</sup>

The increasing demand of institutional investors, in particular, for more information on the sustainability credentials of companies, and the growing availability of such data,<sup>233</sup> means they will increasingly favour those that can demonstrate the most positive impact of their operations and supply chains on people and the environment.

## New norms of responsible business

In 2011, the UN recognized the vast human rights impacts of businesses and endorsed a detailed set of responsibilities applicable to all companies.<sup>234</sup> Under the UN Guiding Principles on Business and Human Rights (UNGPs), states are reminded of their responsibility to protect against human rights abuse – including by business enterprise.

States are encouraged to enforce laws to regulate business activities in relation to human rights; provide guidance to business on how to protect human rights and encourage businesses to communicate how they will address any human rights violations.

Companies are required to undertake ‘due diligence’ to ensure that they do not violate human rights, and to address and mitigate any adverse impacts in any of their ‘activities or relationships’, extending down their supply chains and across business and government partners.

To meet these requirements, companies must put in place policies and processes to identify and manage human rights risks, engage with relevant suppliers, stakeholders and government bodies, and establish grievance mechanisms to redress any abuses. The UNGPs have found their way into multilateral standards, national laws, and investor agreements, and as the examples in Section 4 illustrate, are the basis for an increasing number of binding national, regional and potentially international instruments.

Taken together, these developments will require supermarkets and many other sectors to find new ways of doing business in the years ahead.

\* \* \*


**INCREASING  
AWARENESS OF  
GLOBAL INEQUALITY  
MEANS THAT BOTH  
INVESTORS AND  
CONSUMERS ARE MORE  
SENSITIVE TO LABOUR  
RIGHTS SCANDALS.**

\* \* \*



## A decisive moment

All this means that the time is ripe for a reappraisal of the supermarket industry. Disruption is coming, but the future is not inevitable. The question now is whether the sector chooses to double-down on its current business model, or whether – in light of its sustainability risks – a new fairer and more resilient way of doing business can be pursued.



Born in Thailand, Sornlak has worked on boats for years. But that life may now be over for him, as he lost his arm in an accident when the sleeve of his shirt got entangled in a piece of machinery after he was asked to do a job he wasn't familiar with. Photo: Suthep Kritsanavarin/Oxfam

\*\*\* SECTION 4 \*\*\*

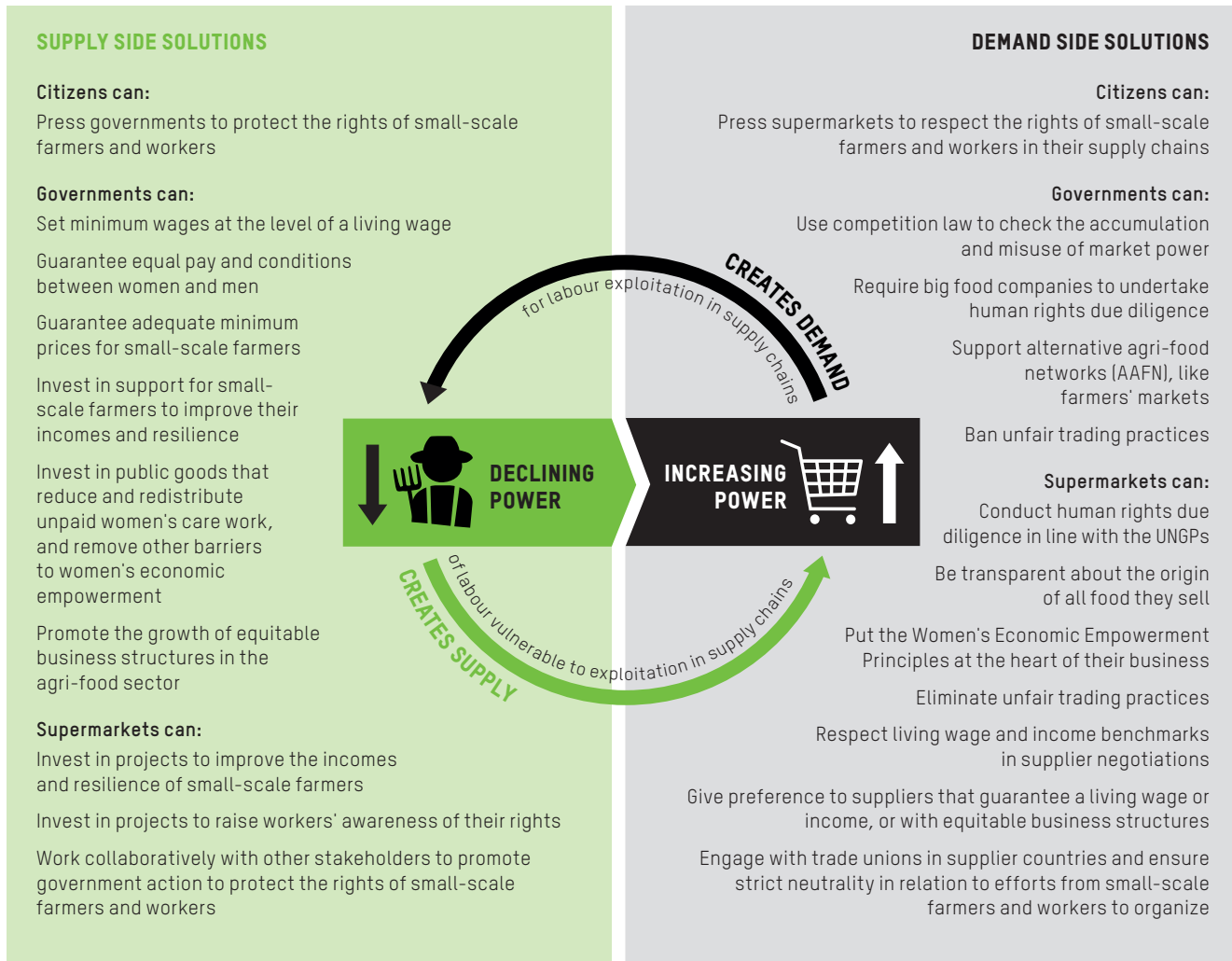
# TOWARDS A FOOD RETAIL REVOLUTION

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The future need not be marked by new and more extreme forms of market failure, economic exploitation and heightened inequality in ever-expanding supermarket supply chains. The current brutally unequal food system is a result of political choices, not immutable market forces. Proactive efforts – such as those illustrated in Figure 36 – to rebalance power between supermarkets and some of their suppliers on the one hand, and the women and men who grow and process our food on the other, would encourage a fairer sharing of the industry’s huge revenues and help stamp out the worst forms of human suffering explored in this report.

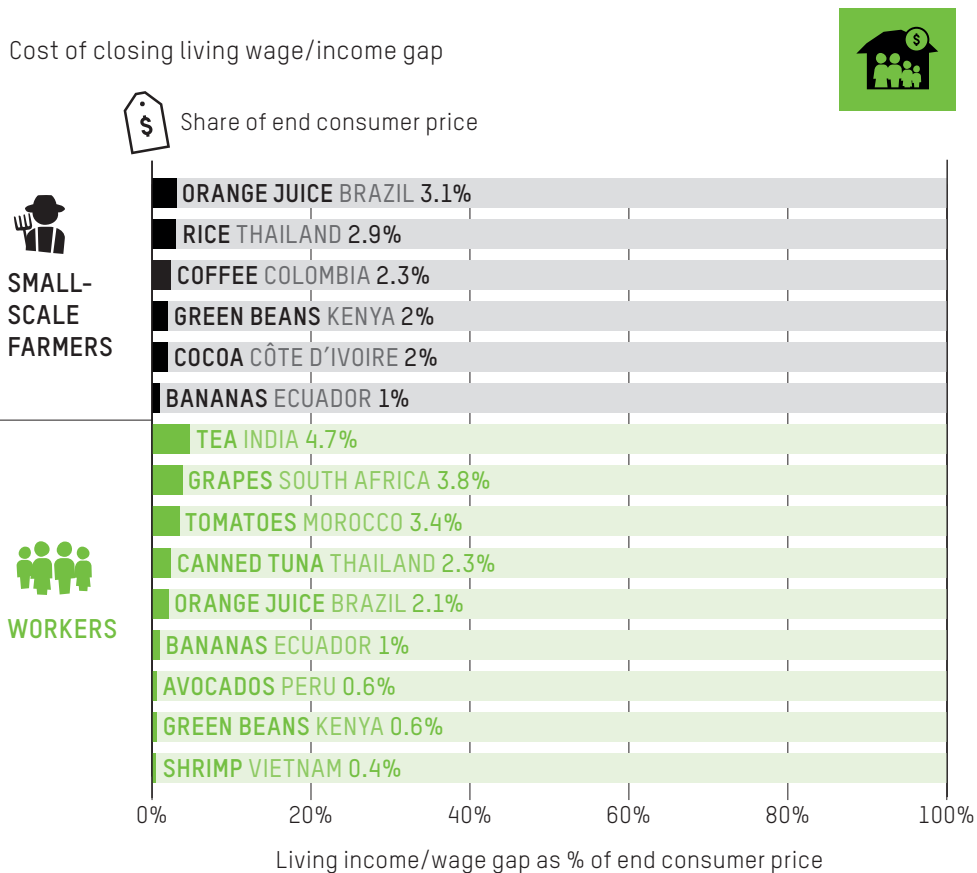
**FIGURE 36: ENDING HUMAN SUFFERING IN FOOD SUPPLY CHAINS REQUIRES TACKLING THE IMBALANCE OF POWER BETWEEN SUPERMARKETS AND THE PEOPLE WHO PRODUCE THEIR FOOD**



## A DECENT STANDARD OF LIVING IS IN REACH FOR SMALL-SCALE FARMERS AND WORKERS IN SUPERMARKET SUPPLY CHAINS

BASIC's analysis for Oxfam suggests that it is entirely possible for small-scale farmers and workers to earn a living income in supermarket supply chains. As shown in Figure 37, supermarkets and other supply chain actors would need to invest only a marginal amount to close the gap between prevailing and living incomes or wages in comparison to the end consumer price – no more than 5% across our basket of 12 products, and often less than 1%.

FIGURE 37: FOR MANY PRODUCTS, THE INVESTMENT NEEDED TO CLOSE THE GAP BETWEEN PREVAILING AND LIVING INCOMES OR WAGES IS MARGINAL COMPARED TO THE END CONSUMER PRICE



Note: Data as of 2015. Some commodities appear twice, as they are both produced by small-scale farmers and on plantations by waged workers.


Source: C. Alliot et al. (Forthcoming). Distribution of Value and Power in Food Value Chains. Oxfam-commissioned research undertaken by BASIC.

This does not mean that consumer prices must necessarily rise – even marginally – to ensure that small-scale farmers and workers receive a living income. BASIC's analysis shows that in each of these examples, either supermarkets or sometimes other lead firms have in recent years increased their share of the end consumer price in the chain by an amount that is *far greater than* the cost of small-scale farmers and workers achieving a living income or wage.

As shown in Table 3, in each of these 12 examples, the increased share of the end consumer price retained by supermarkets in some or all of the assessed consumer countries between 2000 and 2015 is many times greater than the cost of closing the living income or wage gap in 2015.

TABLE 3: FOR MANY PRODUCTS, SUPERMARKETS OR OTHER LEAD FIRMS HAVE INCREASED THEIR SHARE OF THE END CONSUMER PRICE BY MUCH MORE THAN IS NEEDED TO LIFT SMALL-SCALE FARMERS OR WORKERS TO A LIVING INCOME OR WAGE



			
	<b>SMALL-SCALE FARMERS/WORKERS</b> Share of end consumer price (US\$/Kg in 2015)	<b>LIVING INCOME/ WAGE GAP</b> (US\$/Kg in 2015)	<b>SUPERMARKETS</b> Share of end consumer price (US\$/Kg)
<b>COFFEE</b> Colombia	\$1.10	\$0.37	\$6.73 (2011) → \$8.11 (2015)
<b>TEA</b> India	\$1.29	\$0.78	For the UK and the Netherlands \$12.96 (2000) → \$13.44 (2015)
<b>COCOA</b> Côte d'Ivoire	\$1.18	\$0.28	\$5.52 (2001) → \$6.00 (2015)
<b>RICE</b> Thailand	\$0.06	\$0.05	\$0.71 (2012) → \$0.89 (2015)
<b>SHRIMP*</b>	\$0.50	\$0.15	\$7.89 (2001) → \$10.21 (2015)
<b>CANNED TUNA</b> Thailand	\$0.25	\$0.18	\$4.22 (2012) → \$4.65 (2015)
<b>ORANGE JUICE</b> Brazil	\$0.08	\$0.06	\$0.53 (2005) → \$0.83 (2015)
<b>BANANAS</b> Ecuador	\$0.14	\$0.02	For Germany, the UK and the US \$0.34 (2001) → \$0.47 (2015)
<b>TABLE GRAPE</b> South Africa	\$0.69	\$0.20	\$1.29 (2001) → \$1.96 (2015)
<b>GREEN BEAN</b> Kenya	\$0.23	\$0.20	\$3.13 (2000) → \$3.75 (2015)
<b>AVOCADO</b> Peru	\$0.26	\$0.03	For the Netherlands, the UK and the US \$2.31 (2009) → \$2.39 (2015)
<b>TOMATO</b> Morocco	\$0.12	\$0.10	\$0.88 (2006) → \$1.15 (2015)

\*In this analysis, figures for shrimp are based on an average for Vietnam and two additional countries of production – Indonesia and Thailand. For further analysis on shrimp supply chains, see: Oxfam and the Sustainable Seafood Alliance Indonesia. (2018). Supermarket Responsibilities for Supply Chain Workers' Rights: Continuing challenges in seafood supply chains and the case for stronger supermarket action.

Source: C. Alliot et al. (Forthcoming). Distribution of Value and Power in Food Value Chains. Oxfam-commissioned research undertaken by BASIC.



A woman plants crops as part of an Oxfam livelihoods project in Tanzania. Photo: Phil Moore/Oxfam

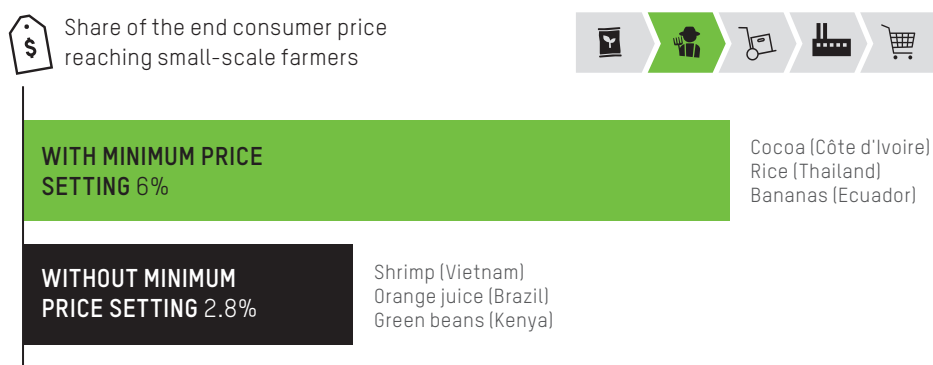
Of course, not all of this increased value may be considered pure profit by supermarkets themselves, which typically operate on narrow profit margins across their business as a whole. And as the BASIC analysis also shows, even where some large-scale producers have managed to increase their share of the end consumer price in recent years, this has rarely translated into higher wages for their workers.

But even these indicative estimates seem to suggest that living income or wage benchmarks – and with them the possibility for realizing the right to an adequate standard of living for millions of small-scale farmers and workers – are within reach in supermarket supply chains. Redistributing the value between the actors in food supply chains to achieve them, however, will take concerted effort from governments, small-scale farmers and workers and from supermarkets themselves, often working collaboratively. Examples of such steps from each actor are explored below.

## GOVERNMENT ACTION IN PRODUCER COUNTRIES

Government action is a critical driver to improve returns for small-scale farmers and workers. From Ecuador to Côte d'Ivoire and Thailand, some governments have moved to reintroduce minimum producer prices for crops like bananas, cocoa and rice respectively. BASIC's analysis of Oxfam's 12 product basket suggests – as indicated in Figure 38 – that where governments have intervened in this way, small-scale farmers receive a share of the end consumer price that is around twice as high as that received by farmers without such support.

**FIGURE 38: GOVERNMENT INTERVENTION TO SET MINIMUM PRICES FOR AGRICULTURAL COMMODITIES BENEFITS SMALL-SCALE FARMERS IN FOOD SUPPLY CHAINS**



Note: Data from 2015. The commodities shown are those analysed that are produced by small-scale farmers, so where minimum price setting is relevant.

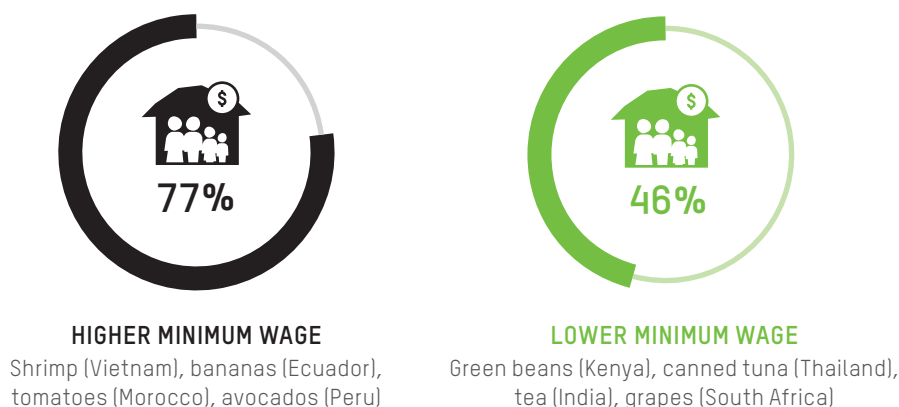
Source: C. Alliot et al. (Forthcoming). Distribution of Value and Power in Food Value Chains. Oxfam-commissioned research undertaken by BASIC.

Similarly, BASIC’s analysis suggests that the level at which statutory minimum wages are set has a significant impact on the capacity of workers to achieve a living wage. Figure 39 shows the relationship between – on the one hand – the gap between prevailing wages and living wage benchmarks and – on the other hand – the relative level of the legal minimum wage in each country. This is based on the ratio between the minimum wage and monthly GDP per capita, an indicator used in Oxfam’s Commitment to Reduce Inequality Index.<sup>235</sup>

The results indicate that where minimum wages exceed 50% of the monthly GDP per capita, workers in the assessed product sectors earn on average more than 75% of the estimated living wage level, whereas in countries where minimum wages are less than 50% of the monthly GDP per capita, workers in the assessed product sectors earn on average just 46% of the estimated living wage level.

**FIGURE 39: HIGHER MINIMUM WAGES HELP NARROW THE LIVING WAGE GAP FOR WORKERS IN FOOD SUPPLY CHAINS**

Average wage as % of living wage



Note: Data from 2015. The commodities shown are those analysed that are produced on large-scale plantations, in processing facilities or on fishing vessels, so where waged work is relevant. Higher minimum wage is defined here as exceeding 50% of monthly GDP/capita, and lower minimum wage as less than 50% of monthly GDP/capita.

Source: C. Alliot et al. (Forthcoming). Distribution of Value and Power in Food Value Chains. Oxfam-commissioned research undertaken by BASIC.



Raising minimum wage levels has also been shown to lower the gender pay gap, and can play a critical role in supporting women’s economic empowerment, provided that minimum wage rises are extended to the informal sector.<sup>236</sup> There is a variety of other tools available to governments to support small-scale farmers and workers, and it is vital that these are tailored to ensure that they deliver for women as well as men. For example:

- Social spending on public goods like health, education and forms of social protection that are particularly valued by women, such as paid maternity leave, parental leave and flexible working;
- Legislation and enforcement of policy on equal pay for equal work between women and men;
- Strengthening and ensuring stringent enforcement of policy and legislation on the elimination of violence against women;
- Ensuring that labour and wage standards cover migrant workers and women who are informally employed;
- Supporting the training of women’s organizations to effectively advocate on human rights violations in food supply chains.

A farmer collecting rice from her fields in Bangladesh.  
Photo: Rachel Corner/Oxfam





While such government interventions clearly play a critical role in boosting the capacity of small-scale farmers and workers to achieve a decent standard of living, they are likely to be insufficient on their own to fully safeguard the rights of small-scale farmers and workers in a globalized economy. Ecuador's challenges in implementing the minimum banana price and minimum wage for banana workers in the face of countervailing world market pressures show the limits to government power to protect producers.

Similar lessons can be drawn from Côte d'Ivoire's experience with re-establishing a guaranteed minimum cocoa price in 2009, set ahead of the harvest season at 60% of the market export price. Having helped to drive a doubling of the price paid to producers in four years after its introduction, the global market price of cocoa crashed at the start of 2017, forcing the government to slash its minimum price by 37% to avoid bankrupting the system.<sup>237</sup>

These examples indicate that while government support to small-scale farmers and workers – notably by establishing minimum prices and wages – is vital, to be successful it must go hand-in-hand with efforts to address the market forces that relentlessly squeeze value from producers.



A worker transports bananas on a banana plantation in Ecuador. Photo: M. Hägele/Oxfam

## COLLECTIVE ACTION BY FARMERS AND WORKERS

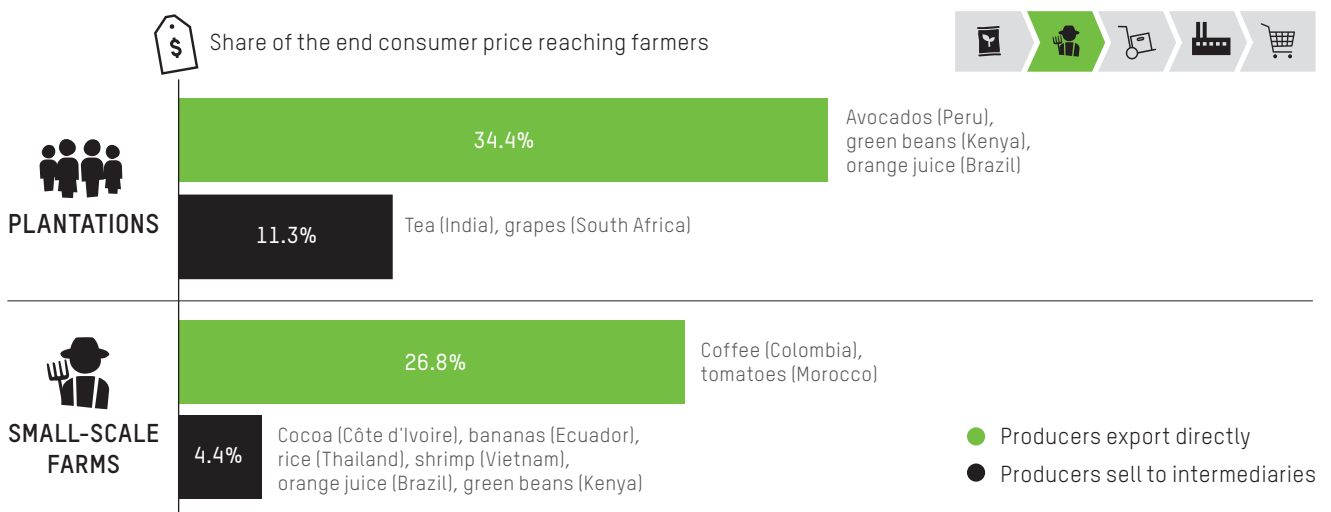
Increasing both the price paid to and the share of the end consumer price that reaches small-scale farmers and workers depends to a large extent on increasing their relative power and bargaining position within food supply chains. Various examples demonstrate opportunities through which this power can be enhanced for both women and men.

### Small-scale farmers' cooperatives and vertical integration

BASIC's analysis for Oxfam clearly suggests that the level of 'vertical integration' – the extent to which producers are able to organize production up to the export stage, usually by building direct links with buyers in consumer countries – has a significant effect on their share of the end consumer price. This is consistent across both large-scale plantations and small-scale farms, suggesting that a stronger bargaining position is critical, irrespective of the scale of production.

For small-scale farmers, a significantly higher share of the end consumer price (around 26% on average) is achieved where farmers are organized in cooperatives capable of sufficient economies of scale up to the point of export. By contrast, a far lower share of the end consumer price (around 4% on average) is secured where small-scale farmers are dependent on private processors or exporters to channel their products to consumer markets (see Figure 40).

FIGURE 40: COLLECTIVE ACTION INCREASES THE BARGAINING POWER OF SMALL-SCALE FARMERS IN FOOD SUPPLY CHAINS



Note: Data from 2015. Some commodities appear twice, as they are both produced by small-scale farmers and by waged workers on large-scale plantations, in processing facilities or on fishing vessels.

Source: C. Alliot et al. (Forthcoming). Distribution of Value and Power in Food Value Chains. Oxfam-commissioned research undertaken by BASIC.

## BOX 7: EXAMPLES OF PRODUCER COOPERATIVES ADDING VALUE

Cooperative groups allow farmers to aggregate their produce, supporting marketing and a stronger bargaining position with buyers. They also support the sharing of risks and a stronger negotiating position to purchase inputs such as fertilizer and pesticides – thus reducing costs.<sup>238</sup>

In India alone, there are an estimated 230 million cooperative members, and cooperatives form more than one-third of some of the country's key agricultural services and input providers.<sup>239</sup> There is also a body of evidence to suggest that cooperative membership can lead to reduced input costs, more income for farmers and increased savings.<sup>240</sup>

Oxfam's experience supports this evidence. For example, the Alaznistavi Cheese Cooperative in Georgia, described in the paper *Fair Value*,<sup>241</sup> has allowed members to gain a higher share of the end consumer price through niche production of high quality handmade cheese for distribution through supermarkets in the capital, Tbilisi. The cooperative has generated additional income for families and encouraged them to stay in rural areas rather than migrate to cities.<sup>242</sup>

Cooperatives can also operate as shareholders in processing or trading companies, thereby increasing their agency and power in the value chain. This model of ownership has been successfully utilized by UK company Divine Chocolate, as one example.

Oxfam's experience in Rwanda similarly shows how this arrangement can work in practice. Nearly 3,000 farmers from five cooperative groups supply the Muhanga Food Processing Industries company, which operates as a private enterprise owned by farmers. The company, in turn, blends flour and produces beverages and processed products for domestic supermarkets, schools and refugee camps.

Results have included increased yields for farmers supplying the company, higher prices, and greater income, which has been reinvested in electricity, healthcare and improved nutrition for farming households.<sup>243</sup>

Contrary to common perception, these business models do not have to be niche – and could be taken to scale. Across all economic sectors, the largest 300 cooperatives in the world held a combined revenue of \$1.6 trillion in 2011, which is comparable to the GDP of the world's ninth largest economy – Spain.<sup>244</sup>

For example, the producer-led Kaira District Cooperative Milk Producers Chain in India (popularly known as Amul) is jointly owned by 3.6 million milk producers in Gujarat, with a sales turnover of \$736m in 2015–2016.

Consumer-facing companies such as Divine Chocolate and Cafédirect – which are both jointly owned by producers in developing countries – each have a turnover of \$15m per annum.<sup>245</sup>

\* \* \*

**'CONSOLIDATING VINEYARDS WITH NEIGHBOURS BY FORMING A COOPERATIVE MIGHT ALLOW ME TO SHARE PRODUCTION COSTS (SUCH AS MACHINERY AND CHEMICALS) AND GAIN A COUPLE OF OTHER PRIVILEGES THAT THE STATE GIVES TO COOPERATIVES.'**

\* \* \*

Interview with a small-scale grape grower from the Khaketi wine region, Georgia<sup>246</sup>

\* \* \*

**'WHEN I JOINED THE COOPERATIVE, WE WERE TRAINED, WE LEARNED AND I FELT RELIEVED THAT I WOULD HAVE A GOOD LIFE ONE DAY [...] WHAT MAKES ME PROUD IN LIFE IS WHEN I BUY CLOTHES OR FOOD WHEN MY CHILDREN NEED IT.'**

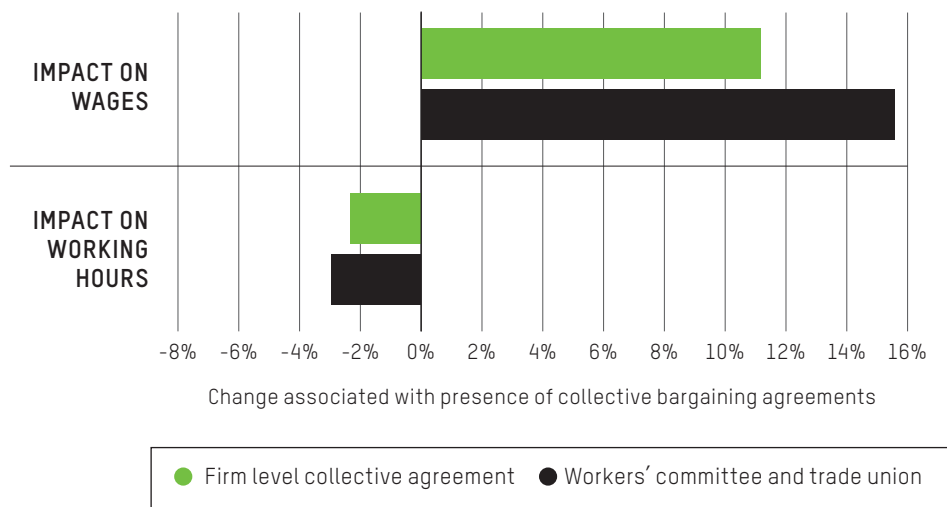
\* \* \*

Tuzamurane Cooperative member, Rwanda<sup>247</sup>

## Collective bargaining and worker ownership

Similarly, workers are able to strengthen their bargaining position in food supply chains where they enjoy freedom of association and the right to collective bargaining – fundamental labour rights enshrined in core ILO conventions.<sup>248</sup> A recent joint ETI and ILO survey of global supply chain working conditions confirms the significantly positive impact that the presence of company-level collective agreements and trade unions or workers’ committees – both proxies for strong institutions of collective bargaining in the workplace – has on both wages and working hours.<sup>249</sup>

**FIGURE 41: STRONG TRADE UNIONS AND COLLECTIVE BARGAINING AGREEMENTS BOOST WAGES AND REDUCE WORKING HOURS FOR WORKERS IN GLOBAL SUPPLY CHAINS**



Source: Adapted from D. Vaughan-Whitehead and L.P Caro (2017), Purchasing Practices and Working Conditions in Global Supply Chains: Global Survey Results, Geneva: ILO. Retrieved from: [http://www.ilo.org/travail/info/fs/WCMS\\_556336/lang--en/index.htm](http://www.ilo.org/travail/info/fs/WCMS_556336/lang--en/index.htm)

## Women’s collective action

Research shows that women who mobilize and organize can be a powerful force in challenging inequality and poverty, and confronting the discrimination which holds women back. For example, the presence of strong women’s rights and feminist movements has been found to be the single most effective factor in governments taking action to end violence against women and girls.<sup>250</sup>

Oxfam’s experience shows that collective action is an important mechanism to improve the conditions for women in the food system. Research by Oxfam in Mali, Tanzania and Ethiopia, for example, has shown that women working together in agriculture-based enterprises typically earn 70–80% more than their counterparts working alone.<sup>251</sup>

In addition, while women in large and often mixed gender cooperatives often gain access to agricultural inputs and services, they enjoy only a limited role in decision making. By contrast, small, more informal women-only groups typically allow women to build confidence, leadership, skills and savings.<sup>252</sup>



In one example, Twin, a development through trade NGO, works with 59 producer organizations representing 400,000 coffee, cocoa, and nut smallholder farmers. One of their initiatives is to combine work on gender justice at household and producer organization levels with its 'Women's Coffee' or 'Coffee Grown by Women', coffee which is solely grown by and traceable to women farmers.<sup>254</sup> Women's Coffee has been supported by the UK supermarket Sainsbury's (in a project funded by the Department for International Development); internet-based Equal Exchange, which has successfully made it a major marketing story; and Taylors of Harrogate. Evidence points to increased voice for women in decision making, improved gender justice in land ownership as a result of the enterprise, and increases in individual members' incomes.<sup>255</sup>

Women's organizing in the labour workforce has also been key to achieving better economic rights and empowerment. Decades of experience in countries around the world confirms that the number one strategy for women workers to demand changes to adverse norms – and thereby to be economically empowered – is through organization and voice, one of the four 'pillars' of decent work.<sup>256</sup>



Coffee beans. Photo: Oxfam America

\* \* \*

**'I WOULD TELL OTHER WOMEN TO COME AND JOIN THE COOPERATIVE AND BECOME PINEAPPLE FARMERS. I WOULD TELL THEM THAT THEY SHOULDN'T BE CULTIVATING ON THEIR OWN, BUT SHOULD WORK TOGETHER WITH OTHERS TO INCREASE THEIR PRODUCTION.'**

\* \* \*

Theresie, who supplies Tuzamurane Cooperative with pineapples from her farm, Rwanda<sup>253</sup>

## GOVERNMENT ACTION IN RETAIL COUNTRIES

### Limiting industry concentration and abuse of power

Increasing recognition of the link between the extent of market concentration among supply chain actors and their ability to capture value has led to calls for governments to make more use of competition law as a tool for limiting the abuse of buyer power. Former UN Special Rapporteur on the Right to Food, Olivier de Schutter, has been among the most vocal advocates for reforms to competition law designed to address the buyer power of supermarkets and other lead firms.<sup>257</sup>

Meanwhile, the European Commission has proposed legislation to curtail the use of unfair trading practices in EU food supply chains (see Section 1). As well as banning certain practices,<sup>258</sup> the proposal enables small and medium-sized food producers, wherever they are based, to anonymously complain about abusive practices of large European buyers.<sup>259</sup>

While the equal treatment of both EU and non-EU food producers could make a significant difference to small-scale farmers in developing countries, the law could go further. For example, the list of banned unfair trading practices could

be expanded, and all actors in the food supply chain covered by the ban, not only the largest buyers. National authorities could also be required to take proactive steps to ensure access to redress for the most vulnerable actors, and sanctions toughened to ensure offenders effectively halt unfair trading practices.<sup>260</sup>

Both these regulatory approaches offer important new opportunities to limit the power of supermarkets and other lead firms in the interests of small-scale farmers and workers in their supply chains.

### Legislation to encourage due diligence on human rights risks

New legislation introduced in key consumer markets can help to shine a light into the furthest corners of supermarket supply chains. A growing number of jurisdictions have introduced or are planning to introduce binding supply chain due diligence legislation. For example:

- The UK Modern Slavery Act (2015) requires businesses over a certain size to disclose each year what action they have taken to ensure that there is no modern slavery in their business or supply chain.<sup>261</sup>
- The California Transparency in Supply Chains Act (2012) requires companies with worldwide revenue of \$100m or more to report on their specific actions to eradicate slavery and human trafficking.
- The French Duty of Vigilance law goes further, requiring all large French companies and foreign companies with French subsidiaries to undertake ‘reasonable vigilance’ to prevent and address human rights violations and environmental impacts throughout their business operations and supply chains.<sup>262</sup>

An increasing number of countries are putting in place national action plans based on the UNGPs, which puts a duty on states to protect human rights through policy incentives or the regulation of business.<sup>263</sup> There are also moves to introduce binding legislation on the role of business in human rights globally. In 2014, 20 countries tabled a proposal at the UN to elaborate an internationally binding instrument to regulate the activities of corporations and other businesses based on human rights law.<sup>264</sup>

Such an instrument could complement the UNGPs, clarifying and codifying the extraterritorial obligations of states, and provide for civil, criminal and administrative sanctions in case of violations of human rights by companies. Critically it could ensure that people affected by human rights violations connected with corporate activity have access to adequate, effective, prompt, and appropriate remedies – including from third party countries.

\* \* \*

**AN INTERNATIONALLY BINDING INSTRUMENT COULD ENSURE THAT PEOPLE AFFECTED BY HUMAN RIGHTS VIOLATIONS CONNECTED WITH CORPORATE ACTIVITY HAVE ACCESS TO ADEQUATE, EFFECTIVE, PROMPT, AND APPROPRIATE REMEDIES.**

\* \* \*

### ACTION BY SUPERMARKETS THEMSELVES

While stronger government regulation and empowered farmers and workers are vital to rebalancing power in supermarket supply chains, there is much more that supermarkets themselves can and should do – in line with the UNGPs – to respect the human rights of those working to supply them and to ensure a fairer sharing of the industry’s huge revenues.

As discussed in Section 1, for more than a decade, many have taken voluntary action to address sustainability issues in their supply chains, though these have largely failed to address the fundamental power imbalances at the heart of the current supermarket system. While some more promising examples of deeper reform are emerging, Oxfam’s Supermarkets Scorecard shows there is still a lot more that supermarkets can and should do.

## The explosion of certification schemes and multi-stakeholder initiatives

Many supermarkets have complemented their own audit-compliance systems with increased sourcing of Fairtrade and other certified products. Sales of Fairtrade International certified products boomed between 2006 and 2016, from €1.6bn to nearly €7.9bn – a 385% increase.<sup>265</sup> As explored in Box 8, while some such schemes may deliver important benefits to certified producers, they can never be the full answer to ending economic exploitation in supermarket supply chains. No supermarket should assume that simply sourcing a variety of certified products is in any way a sufficient response to the scale of human rights and related risks in their supply chains.

### BOX 8: THE BENEFITS – AND LIMITATIONS – OF CERTIFICATION SCHEMES

To verify their sustainability claims, supermarkets often point to the certifications that their products carry, which set voluntary standards and monitor their compliance through auditors.

Certification schemes, such as Fairtrade and Rainforest Alliance, have elevated the importance of economic, social and environmental production in the eyes of many consumers and can increase prices and income for certified producers.<sup>266</sup>

The number and scope of certification schemes has increased significantly over the past few decades. There are currently around 463<sup>267</sup> global product labelling or certification schemes with various standards.

Fairtrade's mission goes beyond other certification schemes in building greater fairness into its model, including a minimum price and a social premium. Independent evaluation has demonstrated higher incomes for Fairtrade coffee farmers in Tanzania and Peru, banana growers in Colombia and tea smallholders in Kenya.<sup>268</sup>

However, certification schemes are not powerful enough alone to ensure decent living standards for farmers and workers, given the context of huge power imbalances in the global food system, gaps in government protection of human rights, and downward price pressure from buyers. In recent years, there has been a proliferation of less rigorous certification schemes, including schemes managed by food brand manufacturers and supermarkets themselves with limited external scrutiny, such that in effect they are 'marking their own homework.'

For these reasons, certification schemes are useful but not sufficient. Supermarkets, and their suppliers, need to understand the human rights concerns in their supply chain and show how they are addressing them, rather than relying solely on sourcing certified products to achieve this aim. Companies can also engage with certification bodies in a meaningful way so that they result in systemic solutions to current concerns in food supply chains.

Some companies have gone further, collaborating with other stakeholders both to improve policies and practices on social and environmental issues in their own supply chains, and sometimes to consider wider change beyond them. Such multi-stakeholder initiatives have, like certification schemes, proliferated in recent years,<sup>269</sup> and while they have varying levels of effectiveness and credibility, some show how collaboration can help stakeholders to address the root causes of entrenched sustainability challenges that lie beyond their own supply chain.



FAIRTRADE







One of the most established, the Ethical Trading Initiative (ETI) in the UK brings together companies, NGOs, and trade unions to tackle complex issues which cannot be addressed by the private sector alone. It runs collaborative programmes in high-risk supply chains, advocacy platforms to influence public policy, and guidance on good practice in implementation of its code, based on multi-stakeholder dialogue.<sup>270</sup> The Initiative has been at the forefront of work to tackle systemic issues in labour rights, including the Gangmasters and Labour Abuse Authority and the UK Modern Slavery Act.

Key industry stakeholders have also formed the Malawi Tea 2020 Coalition following the publication of research in 2013 that showed that the wages of tea pluckers in the country sat at a level below the extreme poverty line.<sup>271</sup> This programme aims to achieve a competitive tea industry that can provide its workers with living wages, living incomes and improved nutrition by 2020.<sup>272</sup>

Similarly, the Equitable Food Initiative (EFI) in the US, which includes participation from Costco and Whole Foods, aims to improve working conditions, pesticide management and food safety on domestic farms through a certification scheme.<sup>273</sup> In 2017, 64 farms had contracts with the EFI; more than 16,000 people were working on farms either trained or certified by EFI and 22 unique commodities had been certified.<sup>274</sup>

Above: A small-scale farmer in Ghana who has benefitted from Oxfam's projects to help farmers increase their crop yields and gain access to small loans. Photo: Adam Patterson/Oxfam



## Greater supply chain transparency

For too long, concerns over commercial sensitivity and the sheer complexity of supply chains have hampered efforts to improve transparency, but a number of companies are starting to open up about the origin of their products. UK supermarket Marks & Spencer, for example, publishes an interactive map of where it sources clothing and food products – including the names and locations of factories, what they make and how many people work there.<sup>275</sup>

Innovation in labelling also encourages transparency. For example, US company The Real Company provides ‘single origin verified’ food, with labels that show where a particular food comes from, alongside environmental sustainability and labour rights information for farm workers.<sup>276</sup> Finnish S-Group includes the supplier name and country of origin of all major ingredients on all private label products at its stores.<sup>277</sup>

Some companies are incorporating a Quick Response (QR) code into product barcodes which, when scanned, tell customers where the ingredients in a particular food come from.<sup>278</sup> Undoubtedly, technological innovations have the potential to radically enhance supply chain transparency in the coming years.

Shrimp at an auction site in Indonesia.  
Photo: Adrian Mulya/Sustainable  
Seafood Alliance Indonesia





## BOX 9: BLOCKCHAIN TECHNOLOGY

Some companies are piloting 'blockchain' or distributed ledger technology. Blockchain is an information system, shared across many computers, which allows members of a network to add data and see information added by others. When data is added, for instance about a transaction between two members of the network, it is verified by the users and then cannot be altered.

To date, the technology has mainly been trialled by small-scale alternative food producers such as farmers' markets, although recently Walmart launched a trial to assess its value in the pork supply chain in China, and Carrefour has announced its use of the technology to improve traceability of free-range chickens, with plans to extend the approach to eight more animal and vegetable product lines.<sup>279</sup>

Some pilot initiatives demonstrate potential positive impact for smallholders. AgriLedger, a social impact start-up creating mobile technology solutions for smallholder farmers, aims to enable them to access to market information and supply chain data so that they can get a better price for their products and reduce waste. A technology company called Project Provenance Ltd has used mobile, blockchain and smart tagging to create a transparent supply chain for tuna from Southeast Asia designed to support artisanal fisherfolk.<sup>280</sup>

However certain applications could serve only to enhance the power of supermarkets or other lead firms in food supply chains at the expense of their suppliers. For example, adding temperature sensors to transportation logistics, with data sent in real-time to a blockchain, could allow supermarkets to monitor food quality along the supply chain, setting new contractual penalties for suppliers for any problems incurred along the way.

For whichever purpose it is employed, blockchain looks set to act as a radical and disruptive technology that could change the way that businesses in the agri-food sector, and across the economy, operate.

## Alternative purchasing practices

Some supermarkets are experimenting with alternative purchasing approaches that can help share more value with small-scale farmers. For example, Walmart has committed to increasing the proportion of its sourcing from women agricultural producers, and the company has publicly challenged unequal gender norms and unequal, unpaid care responsibilities across the food sector through its *Global Women's Economic Empowerment Initiative*.<sup>281</sup>

Marqt, a Dutch supermarket established in 2008, applies the principles of no large-scale purchases in its supply chain, but rather promotes the purchase of locally produced food at a 'fair' price. A progressive agreement with shareholders means that any profit higher than 3% of turnover will only partially be paid to shareholders, with 75% paid back to workers and consumers.<sup>282</sup>

Entrepreneurs in middle-income countries are also experimenting with new business models that can better share value with their suppliers. For example, Lemon Farm, a medium-sized supermarket in Thailand, works to support small-scale farmers and fisherfolk and change their terms of trade to be more flexible and accommodating.<sup>283</sup>

Some of the most striking examples of reform can be seen in the UK dairy sector. Sparked by increasing concern that dairy farmers were unable to sustain a living in the face of relentless pressure from supermarkets to cut milk prices, some UK supermarkets have been forced to think innovatively about their purchasing approach. If business arrangements can be modified to the benefit of UK farmers and supermarkets, such practices could also be applied more broadly.

- The 'Milk Pledge Plus' from Marks & Spencer encourages a long-term relationship between its supermarkets and 40 dairy farms, and pays farmers based on the cost of production and the achievement of farm, animal health and welfare standards.<sup>284</sup>
- Tesco claims to pay dairy farmers a market-leading price, set for three months at a time, ensuring they have a stable income. The Tesco Sustainable Dairy Group, since established in 2007, has paid £270m above the cost of production to farmers.<sup>285</sup>
- Sainsbury's Dairy Development Group (SDDG) employs a model in which farmers benefit from full membership of the group and equal votes in decision making on the price of milk. This more equitable structure has led to a boost in the income of farmers alongside savings for the supermarket.<sup>286</sup>

In 2013, supermarket giant Tesco committed to pay banana prices that at least covered the Fairtrade minimum price, and in November 2014 became the first retailer to announce that it would pay a living wage to banana workers in key sourcing sites by 2017.<sup>287</sup> Sainsbury's has also provided a 100% commitment to Fairtrade certification on loose bananas (giving farmers an 8–10% premium).

Such approaches offer great potential for ensuring that small-scale farmers and workers in supermarket supply chains receive a greater share of the end consumer price of their produce. Further such examples and cases are provided in the accompanying discussion paper: *Fair Value: Case studies of business structures for a more equitable distribution of value in food supply chains*.<sup>288</sup>

### **But far more needs to be done**

While these emergent examples hint at a different way of doing business, they do not yet go far enough. From radically enhanced supply chain transparency to more equitable sourcing strategies and the promotion of business structures that share more power and profits directly with farmers and workers, there are many bold steps that supermarkets can take to help address the root causes of exploitation and growing inequality in food supply chains.

Oxfam's Supermarkets Scorecard sets challenging new benchmarks for the industry to move towards a more inclusive supply chain model. Achieving them will not be easy, and they are no substitute for the measures required of other stakeholders, but they offer a path for supermarkets to demonstrate their commitment to fairer, more sustainable supply chains for the women and men who work in them.

## BOX 10: SCORING SUPERMARKET SUPPLY CHAIN POLICIES

To inform Oxfam's campaign, we assessed the publicly available supply chain policies and reported practices disclosed by some of the biggest and fastest growing supermarkets in Germany, the Netherlands, the UK and the US.

The assessment focused on the transparency of the supermarkets' supply chains, and on the treatment of the workers, small-scale farmers and women in those chains.

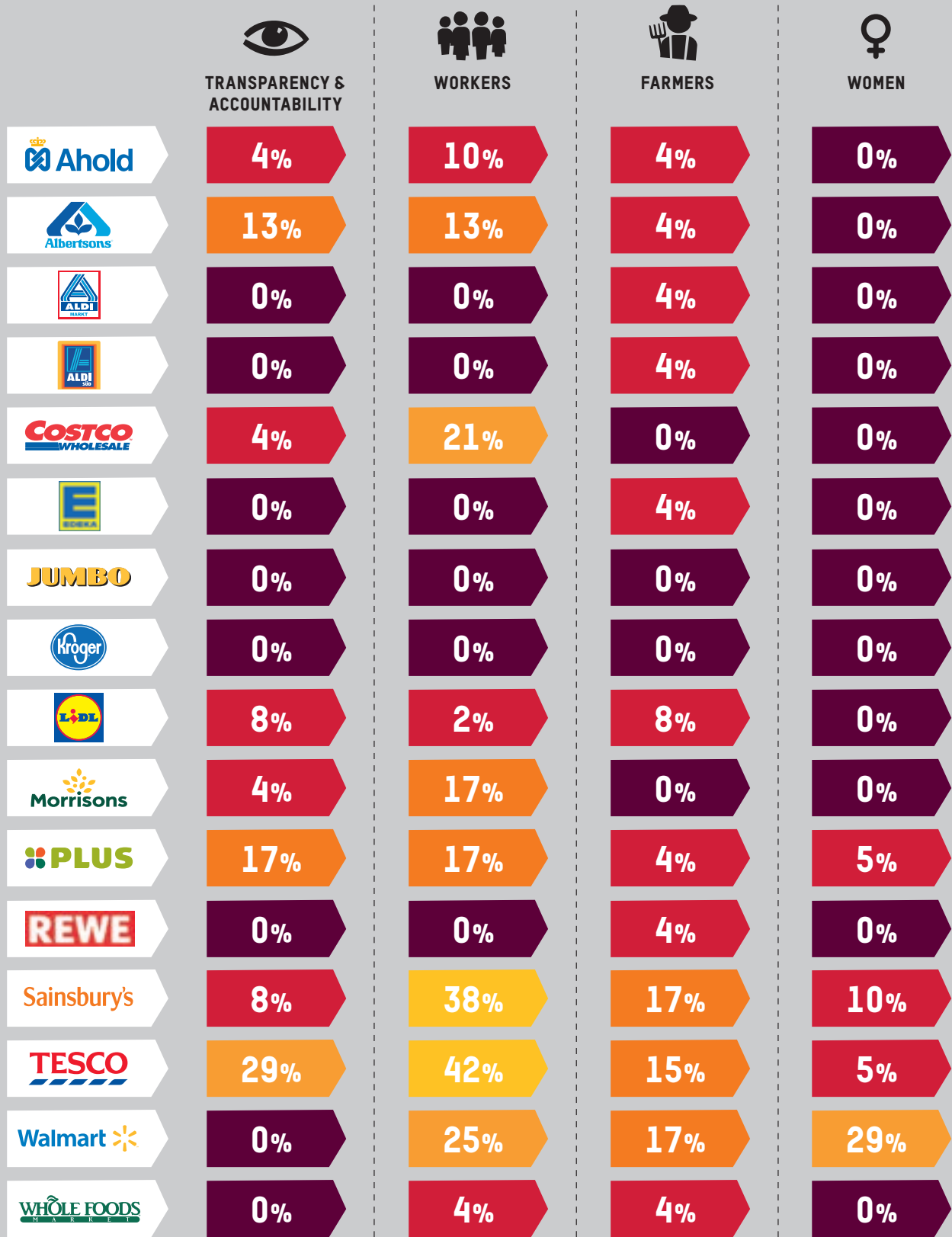
Overall, the initial results indicate a striking gap between current supermarket policies and practice and Oxfam's benchmarks, which are based on robust international standards and widely recognized good practice.

- All 16 supermarkets achieve very low scores across all of the issues assessed, with the lowest scores found in the 'Women' and 'Transparency and Accountability' themes, demonstrating that retailers have yet to make strong commitments on traceability within their supply chains. There is an almost universal lack of attention from major supermarkets to the issues women face in the industry.
- In the '**Transparency and Accountability**' theme, half of the companies were found to have some basic foundations in place for effectively managing human rights risks in their supply chains, but few practice effective human rights due diligence. All companies failed to demonstrate the results of grievance mechanisms, that they can trace key ingredients in their supply chains or that they monitor wage and income levels - including gender pay gaps. *Highest score = 29% (Tesco), average score 5%, 13 scored less than 10%, of which 8 scored 0.*
- In the '**Workers**' theme, many companies were found to have codes of practice that require their suppliers, for example, to pay decent wages or to reduce working hours, but without providing the support suppliers need to comply. Only one company – Sainsbury's – was found to check whether its own actions are preventing suppliers from being able to comply with their code. Three UK companies – Tesco, Sainsbury's and Asda (Walmart) – scored highest in this theme, where long and active membership of the Ethical Trading Initiative, as well as the UK's Modern Slavery reporting laws, helped drive good practice. *Highest score = 42% (Tesco), average score 12%, 8 scored less than 10%, of which 5 scored 0.*
- In the '**Farmers**' theme, we found companies are only making limited efforts to support small-scale producers, and those efforts mainly take the form of sourcing Fairtrade and other certified goods, rather than making direct efforts to ensure farmers earn living incomes, to strengthen farmers' negotiating power or to assess the impact of trade on farmers' human rights. *Farmers theme: Highest scores = 17% (Sainsbury's and Walmart), average score 6%, 13 scored less than 10%, of which 3 scored 0.*
- The biggest gaps were found in the '**Women**' theme, where all but four companies scored nothing at all – indicating that retailers need to pay more attention and address the specific challenges and systematic problems women face in their supply chains. Walmart scored 29% for commitments it has made to sourcing from women-owned companies, and to provide direct support to women in their supply chains. This shows what is possible if companies have the will to act. *Women theme: Highest score = 29% (Walmart), average score 3%, 14 scored less than 10%, of which 12 scored 0.*

These assessments will be repeated annually, making it possible for supermarket customers, investors and other stakeholders to track progress across the board.

A description of the methodology is included in Annex 1, and the full results are available [here](#). Additional scorecard analysis can be found in the national reports: [UK Supermarket Supply Chains](#), [US Supermarket Supply Chains](#), [German Supermarket Supply Chains](#), and [Dutch Supermarket Supply Chains](#).

# SUPERMARKETS SCORECARD



THESE SCORES ARE BASED ON SUPERMARKETS' PUBLICLY REPORTED POLICIES AND ACTIONS IN THEIR FOOD SUPPLY CHAINS.

REPORTED HUMAN RIGHTS ALLEGATIONS IN THE SUPPLY CHAINS OF COMPANIES CAN BE FOUND HERE: [WWW.BUSINESS-HUMANRIGHTS.ORG/BARCODES](http://WWW.BUSINESS-HUMANRIGHTS.ORG/BARCODES)

## KEY



POOR



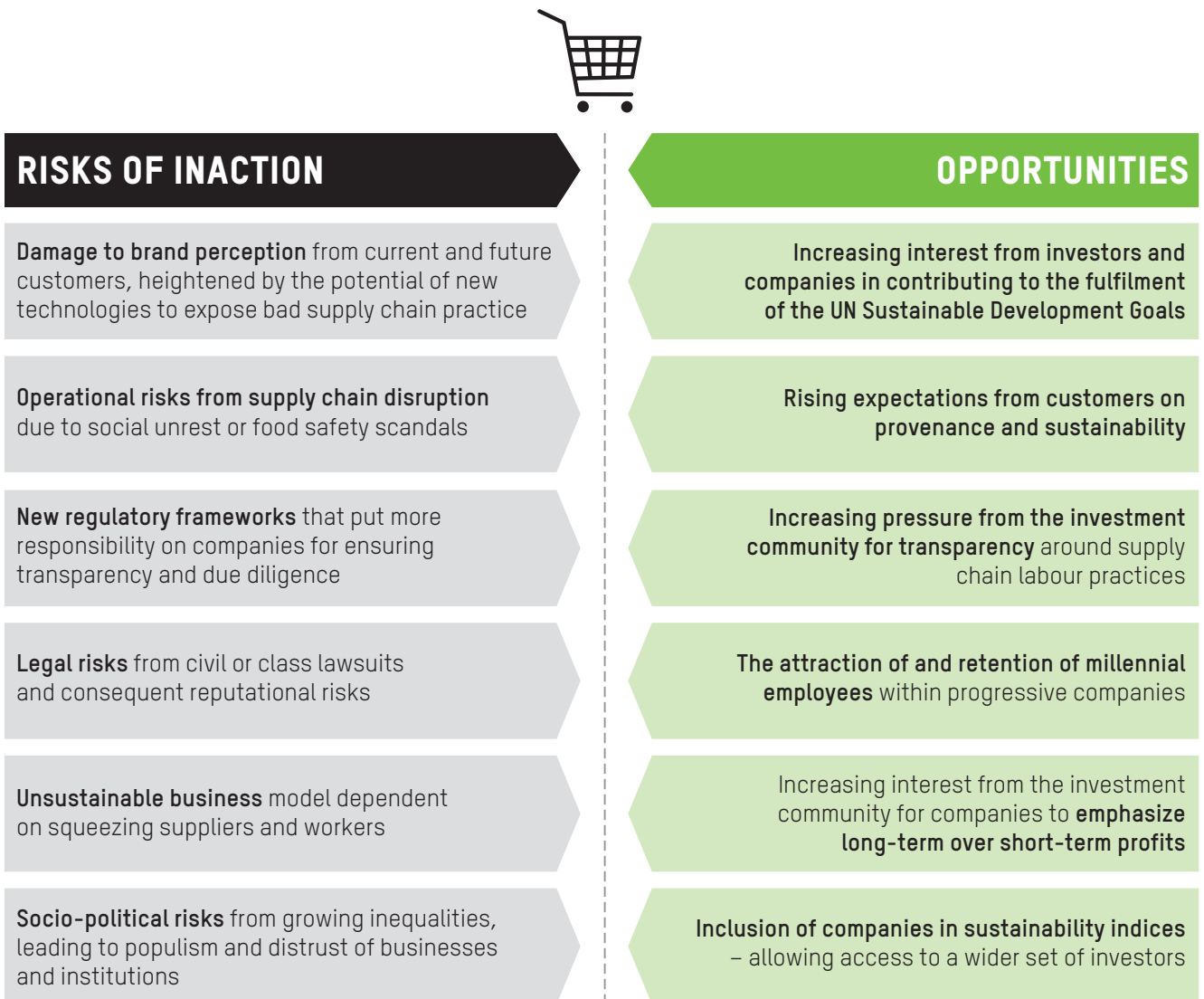
GOOD



## The business case for action

The current supermarket supply chain model is deeply ingrained, and will not be easily reformed. But in addition to the clear ethical duty of supermarkets to tackle today's exploitative practices, the evidence presented in this report points to a compelling business case for action.

FIGURE 43: THE BUSINESS CASE FOR MORE SUSTAINABLE FOOD SUPPLY CHAINS RESTS ON CAPTURING OPPORTUNITIES AND ADDRESSING THE RISKS OF INACTION



Source: Various sources including Ethical Trading Initiative and Holt International Business School (2016), Corporate Leadership on Modern Slavery, London: Ethical Trading Initiative; UN Principles on Responsible Investment (2016), From Poor Working Conditions to Forced Labour - What's Hidden in Your Portfolio? A Guide to Investor Engagement on Labour Practices in Agricultural Supply Chains, London: UNPRI; Deloitte (2016), The Ripple Effect: How Manufacturing and Retail Executives View the Growing Challenge of Supply Chain Risk, London: Deloitte; and Price Water House Cooper (2016), Workforce of the Future: the Competing Forces Shaping 2030, London: PWC.

\* \* \*

**'[...] WE KNOW THAT FOR EVERYBODY, WHETHER IT'S OUR OWN EMPLOYEES OR OUR SUPPLY CHAIN PARTNERS, IF YOU'RE IN AN ENVIRONMENT WHERE YOU FEEL SECURE, WHERE YOU FEEL YOU'RE RESPECTED, WHERE YOU FEEL YOU GET A FAIR REWARD, YOU WILL BE MORE PRODUCTIVE AND YOU'LL BE MORE LIKELY TO STAY. THEREFORE, WE'LL HAVE A BETTER SKILLED WORKFORCE AND BETTER QUALITY PRODUCTS. INHERENTLY, YOU KNOW IT MAKES REALLY GOOD BUSINESS SENSE.'**

\* \* \*

Louise Nicholls, Corporate Head of Human Rights, Marks & Spencer<sup>289</sup>



A small-scale farmer holding up soil.  
Photo: Adam Patterson/Oxfam

### BOX 11: A FUTURE BEYOND SUPERMARKETS?

While this report focuses on near-term steps to improve the terms and conditions of the millions of women and men small-scale farmers and workers in international supermarket supply chains, for many producers, research shows that policy support and investment in the growth of local and national food markets is an effective way to improve livelihoods and tackle poverty.<sup>290</sup>

Short supply chains serving local markets reduce the number of actors between farm and fork, keep money locally, support local businesses and thereby increase employment. Many such short supply chains have been created in developed countries and in major urban centres elsewhere in recent years, including Italy,<sup>291</sup> France,<sup>292</sup> the US,<sup>293</sup> China<sup>294</sup> and Colombia,<sup>295</sup> among many others.

Alternative Agri-Food Networks similarly aim to reconnect production and consumption with sustainable models. These networks include an emphasis on the principles of agro-ecology through the promotion of direct on-farm sales, farmer's markets, box schemes, collective farmers' shops and community-supported agriculture.<sup>296</sup>

Initiatives such as these are growing and can be found around the world. Many of them represent a more sustainable alternative to the current industrial agri-food system, and point to the possibility of a more radical, longer-term break with the current supermarket model.

\*\*\* SECTION 5 \*\*\*

# AN AGENDA FOR ACTION

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Growing inequality and the economic exploitation of women and men are hardwired into many food supply chains. There is no quick fix. But sustained effort to rebalance power in food supply chains, with action from governments, from small-scale farmers and workers, and from supermarkets and other industry actors themselves can make a difference to millions of lives.

Oxfam is joining forces with citizens from around the world to call for an end to human suffering in supermarket supply chains. We hope that as a result of Oxfam's campaign:

- consumers will find it unacceptable to be sold food that is produced with human suffering, and will demand change;
- governments will have re-established and enforce vital protections for small-scale farmers and workers, and rein in the abuse of power by supermarkets and their suppliers;
- small-scale farmers and workers will be empowered to negotiate a fairer deal with their buyers or employers, and women among them will be firmly established at the negotiating table with their rights respected; and
- supermarkets and their suppliers will change their core business models, to share more power and distribute more revenues to the women and men who supply them.



Supermarket. Photo: Shutterstock



We firmly believe that within our lifetime, no one will have to live in extreme poverty. A better deal for the women and men producing our food will ensure that day arrives all the sooner. Our recommendations to achieve that aim are as follows.

## CITIZENS SHOULD:

- Turn up the volume on this scandal and use their voice as citizens and consumers to push supermarkets to **end human suffering in their supply chains.**

## GOVERNMENTS SHOULD:

### Check abuses of power and legislate to respect, protect and fulfil human and labour rights

- **Introduce and implement binding legislation to impose human rights due diligence on company supply chains.** This should include a requirement for companies to act to prevent and address potential or real harm faced by people in their business operations, including in third party countries. Policy or legislation should be aligned with the UNGPs, and ensure meaningful participation from affected communities and workers as well as access to remedy for trade unions in producer countries.
- **Introduce or use existing competition law or anti-trust legislation to check against the accumulation and exercise of private power.** For example, governments should regulate against high degrees of market concentration or anti-competitive behaviour and misuse of market power.<sup>297</sup>
- **Introduce and implement policy or legislation to prevent unfair trading practices.** Any legislation should clearly outline access to redress for supply chain actors globally if they are directly or indirectly impacted by unfair trading practices. Enforcement mechanisms should include dissuasive sanctions and support own-initiative investigations, anonymous complaints procedures and guarantee true confidentiality.
- **Support the adoption of the UN Treaty on Business and Human Rights,** in addition to ensuring the UNGPs are being implemented nationally. This UN treaty should set binding standards on states, including a recognition that corporations have legal responsibilities in respect to human and labour rights and ensure that these are observed in practice; with provisions for sanctions and access to grievance and remedy for affected parties.

### Promote women's rights and economic equality

- **Repeal laws that discriminate against women's economic equality and implement legislation to support women's rights.** This should include developing policies or enacting legislation on: the elimination of all forms of violence against women; on the reduction and redistribution of unpaid women's care work, including investment in adequate maternity and paternity leave and public health and education services; on equitable access for women to land, other natural resources and financial services; on equal pay for equal work, including ensuring that labour or wage standards cover women working informally in supply chains; and on support for women's organizations and women-owned enterprises in the agri-food sector.

### Close the gap between prevailing and living wages and income for farmers and workers

- Guarantee that legislation is in place and implemented to **set a statutory minimum wage that ensures a living wage for workers**, based on the cost of living<sup>298</sup> and developed in consultation with trade unions, women's rights organizations and other national stakeholders. It should be adjusted annually for inflation.
- **Introduce minimum producer prices, and other support mechanisms such as direct subsidies targeted at smallholder farmers** to ensure that purchase price of goods cover the cost of sustainable production.
- **Support business training for farmers so that they can understand complex contractual arrangements with suppliers** and to operate their enterprise as a successful business. Governments should also ensure that legal regulations and enforcement mechanisms are in place to oversee fair contractual obligations between suppliers, supermarkets or other institutional buyers.<sup>299</sup>
- **Invest in public goods that can particularly support small-scale farmers to increase their income through markets.** These investments should include rural roads, electrification, market spaces and extension services focused on the needs of women. In this regard, governments should note the recommendations from the UN Committee on World Food Security regarding 'Connecting Smallholders to Markets'.<sup>300</sup>

### Promote sustainable local food systems and alternative business models

- **Support a transition to sustainable food systems and alternative agri-food networks (AAFN)** such as producer-consumer networks; collective producer shops; farmers' markets and school provisioning schemes. In this regard, governments should note the recommendations from the UN Committee on World Food Security on 'Investing in Smallholder Agriculture for Food Security and Nutrition'.<sup>301</sup>
- **Promote equitable business structures that could better share value with employees or workers in the supply chain.** This can include putting in place policy incentives to favour the formation or growth of equitable or social enterprises in areas such as public procurement, licencing, soft loans or tax treatment.<sup>302</sup>

## SUPERMARKETS SHOULD:

### Move to comprehensively understand and act upon human and labour rights risks in the company's supply chain

- **Make an explicit commitment to uphold the UNGPs and to report against them.** In this regard, companies should implement a human rights due diligence process that applies to all food supply chains, aligned with Guidance for Responsible Business Conduct and Food and Agriculture Organization Guidelines on Due Diligence, as well as outline grievance procedures and access to remedy.
- **Commit to strict neutrality in relation to efforts from farmers and workers to organize and commit to a zero-tolerance approach towards intimidation or retaliation against workers for attempting to establish a union**, in both the company's own operations and throughout its supply chain. Commit to guarantee regular, meaningful and constructive engagement with trade unions within the company and its suppliers.



### Put women's economic empowerment at the heart of business operations

- **Put women's empowerment at the heart of business operations by signing up to the UN Women's Empowerment principles;** making moves to understand and act on the risks faced by women in the company supply chain; and publicly advocate to challenge unequal gender norms and unpaid care responsibilities across the food sector and its own operations.

### Utilize commercial and trading practice that encourages a strong performance on human and labour rights and the sharing of value

- **Make a commitment to eliminate commercial and trading practices that place undue levels of risk and pressure to cut costs on suppliers.** This should include setting appropriate pricing based on sustainable production costs; long-term, predictable and transparent contracts and payment terms for suppliers.
- **Exercise preferential sourcing from suppliers that guarantee a living wage or income to employees.** Supermarkets should place a focus on sourcing from business structures that aim to share value with farmers and workers, such as cooperative groups or women's collective enterprise. They should also use prominent shelf positioning to promote these products.

Above: Dried pineapples are collected for packaging at the Tuzamurane Cooperative processing plant in Rwanda. Photo: Aurelie Marrier d'Unienville/Oxfam

- **Utilize a proactive trading and commercial buying policy to locate operations or source products from countries with a strong human and labour rights record.** This should be based on the results of due diligence assessments and could be undertaken in collaboration with other companies and suppliers.

### Support a living wage and living income for women and men throughout the supply chain

- **Work collaboratively with other supermarkets, suppliers, trade unions, civil society and other stakeholders to identify the cost of living needs for farmers and workers in supply chains with high risks of human and labour rights violations.** This should be used as the basis to close the gap between prevailing and living wage or incomes. Companies should publish an annual statement to show progress against agreed objectives.
- **Make a time-bound commitment to factor living wage and income benchmarks into a company's price negotiations and contract terms with suppliers.**

### Level the playing field by proactively ensuring that human and labour rights are both strong and enforced in sourcing countries

- **Collaborate with other supermarkets, suppliers, trade unions, women's rights groups and civil society organizations to demand that relevant government bodies in producer countries guarantee human and labour rights standards.** This will create a higher, but equal, playing field and raise the bar for all supermarkets and institutional buyers.
- **Commit to withdraw from or refrain from joining trade associations or Chambers of Commerce that advocate or lobby against human and labour rights protections in producer countries.**

### Radically improve transparency in the sourcing of food

- **Improve transparency by making the names and locations (to site level) of all supermarket suppliers publicly available,** highlighting when work is sub-contracted, the number of women and men, and whether freedom of association is ensured and collective bargaining is undertaken.

## INVESTORS SHOULD:

- **Use Oxfam's Supermarkets Scorecard to engage companies on supply chain transparency and human and labour rights issues.** This can include dialogues, roundtables, and investor statements, and resolutions. Build coalitions with other investors to call on companies to adopt higher human rights and sourcing standards in their supply chains, and socialize how the Scorecard helps investors to benchmark corporate performance on these issues.
- **Assess the impact of companies on economic and gender inequality when making investment recommendations.** Incorporate company commitments to the UNGPs and the UN Women's Empowerment Principles into investment decision making processes.
- **Signal that human rights risk management and transparent sourcing policies are evidence of strong corporate governance.** Clarify that active monitoring and management of human rights-related impacts and investing in one's own suppliers are expectations of high performance corporations.



# APPENDIX 1: EXAMPLES OF UNFAIR TRADING PRACTICES

Unfair trading practices from supermarkets can include:

- **The sourcing of products from multiple different locations:** This practice facilitates frequent switching between suppliers within a country or between countries, based on price, often at short notice.<sup>303</sup> This mobility of capital leaves suppliers vulnerable to rapid changes in demand and can encourage a race to the bottom between different suppliers based on price.
- **Short-term contracts:** Contracts between buyers and suppliers for fresh produce are often negotiated on a very short-term basis in sourcing countries. This allows purchasers to move quickly to new suppliers if prices increase or lower cost suppliers become available in a different location.
- **Short lead times on orders:** This results in the use of overtime, casual labour and outsourcing of labour to meet tight deadlines.<sup>304</sup> The ILO shows that insufficient lead time results in increased outsourcing and temporary work. These practices are associated with lower wages, longer workdays and fewer rights for workers.<sup>305</sup>
- **One-sided contractual clauses that allow buyers to withdraw from a contract if margins are insufficient:** A survey commissioned by the UK-based Groceries Code Adjudicator reports a significant number of complaints about requests for lump sum payments to cover retailer margin shortfalls.<sup>306</sup> Supermarket buyers can also reportedly refuse to sign a written contract, or cancel contracts with no (or minimal) notice.<sup>307</sup>
- **Retrospective changes to orders at the last minute:** Last minute changes particularly affect the women and men who may be called into work or laid off at short notice to respond to these demands. This practice encourages short-term and insecure contracts or sub-contracting of workers. Supermarkets can fine or penalize suppliers for failing to meet deadlines, even if these were imposed at the last minute.<sup>308</sup>
- **Deletion of orders based on cosmetic or quality criteria:** Evidence indicates that to manage their supply, supermarkets routinely cut or reduce orders at the last minute based on arbitrary quality criteria.<sup>309</sup> In Peru, for example, reports show that farmers often have to physically bury 10–40% of their citrus fruit due to rejection by supermarket buyers, often for cosmetic reasons.<sup>310</sup>
- **Over-ordering beyond anticipated demand to manage the risks of empty shelves:** Reports shows that supermarkets can routinely order more than 150% of expected demand. After ordering, supermarkets then cut down or cancel orders at the last minute to calibrate to actual demand. This practice passes financial risk to farmers and suppliers, who are often unable to sell on goods to alternative market channels.<sup>311</sup>
- **Late or extended payment terms:** For example, a 2016 investigation by the Grocery Code Adjudicator found that Tesco had historically breached its Code regarding a delay in payments. The investigation found that payments to suppliers could frequently extend to months (in some cases up to 24 months).<sup>312</sup>

As a result of an internal investigation, the company has since put in place a number of reforms to improve its relationship with suppliers.<sup>313</sup>

- **Demanding retrospective discounts from suppliers:** For example, through asking for discounts on a previously agreed price. This practice creates difficulties for suppliers to plan production and labour requirements in advance.
- **Penetration pricing:** Large supermarkets set the price of goods lower than competitors, but make up for these reductions by squeezing further savings from suppliers and expanding their volume of sales. Some reports suggest that US supermarkets such as Costco and Kroger have used this strategy to consolidate their market position.<sup>314</sup>
- **Loss leaders:** Supermarkets can place products such as bananas and milk as 'loss leaders', where goods on the retail shelf are priced below the cost of production.<sup>315</sup> This can be offset by squeezing suppliers and/or making up for the losses through sales on other higher margin products. In the UK, the price consumers pay for bananas has halved in real terms since 2001, as they are often sold at prices below the cost of production.<sup>316</sup>
- **Paying prices at below the cost of production:** In a global survey of suppliers led by the ILO, 40% reported that they accepted orders where the price offered did not let them cover the costs of production.<sup>317</sup> The report shows that suppliers are more likely to sell below the cost of production in developing countries.<sup>318</sup> This practice, in turn, cuts revenue for suppliers and suppresses wages.<sup>319</sup>
- **Unwillingness to adjust prices to incorporate statutory increases in the minimum wage:** Despite efforts by some global brands to lobby for higher minimum wage legislation in countries such as Bangladesh and Cambodia, a global survey shows that only a quarter of supply chain buyers across a variety of sectors were willing to adjust their prices to incorporate statutory increases in the minimum wage in supplier countries.<sup>320</sup>
- **Demanding payment for shelf space through so-called slotting fees:** These payments have been used by supermarkets to boost profits at a time of low margins. For example, reports suggest that Costco requires suppliers to bid for shelf space at its stores.<sup>321</sup> In Europe, the Economist has claimed that some supermarkets receive greater payments from their suppliers than they receive in operating profits due to these fees.<sup>322</sup>
- **Demanding payment for distribution or storage costs:** For example, reports indicate that in 2015, Walmart told its suppliers that it would require them to pay for the use of its distribution centres, warehouses and shelf space in its stores.<sup>323</sup>
- **Asking for additional cash payments from suppliers:** For example, The Guardian newspaper reported in 2016 that UK supermarket Asda has asked suppliers for discounts and cash payments to help to fight against the rise of discounters Aldi and Lidl in the UK.<sup>324</sup> The GCA has noted that Morrisons has indirectly required suppliers to pay lump sums that were not provided for in relevant Supply Agreements for a short period during 2014 – which the retailer took swift action to rectify.<sup>325</sup> Consultancy firm Moore Stephens reports that some supermarket supply chain buyers' bonuses are contingent on securing cash contributions and other deductions from suppliers.<sup>326</sup>
- **Requiring small-scale farmers to absorb the costs of certification:** For example, US supermarket Whole Foods reportedly required farmers to absorb the cost of arbitrary certification as part of its 'Responsibly Grown' programme.<sup>327</sup>

# ANNEXES

**Annex 1**      [Ripe for Change: Methodology note](#)

## Extended case studies

**Annex 2**      [Supermarket Responsibilities for Supply Chain Workers' Rights: Continuing challenges in seafood supply chains and the case for stronger supermarket action](#)

**Annex 3**      [A Fair Share for Georgia's Grape Growers](#)

**Annex 4**      [Human Suffering in Italy's Agricultural Value Chain](#)

**Annex 5**      [The Plight of Pineapple and Banana Workers in Retail Supply Chains: Continuing evidence of rights violations in Costa Rica and Ecuador](#)

**Annex 6**      [Land But No Freedom: Debt, poverty and human suffering in the Philippine banana trade](#)

**Annex 7**      [Tuzamurane Pineapple Cooperative, Rwanda: Empowering smallholder farmers to benefit from the global market](#)

**Annex 8**      [Taking a Fresh Approach: Enabling local producers to meet rising demand in West Africa's dairy sector](#)

## National papers

**Annex 9**      [UK Supermarket Supply Chains: Ending the human suffering behind our food](#)

**Annex 10**     [US Supermarket Supply Chains: Ending the human suffering behind our food](#)

**Annex 11**     [Dutch Supermarket Supply Chains: Ending the human suffering behind our food](#)

**Annex 12**     [German Supermarket Supply Chains: Ending the human suffering behind our food](#)

## Background research

**Annex 13**     [Fair Value: Case studies of business structures for a more equitable distribution of value in food supply chains](#)

**Annex 14**     [Household Food Insecurity Access Scale data](#)

**Annex 15**     [BASIC data: Analysis of the distribution of value across a basket of food commodities over time](#)

**Annex 16**     [Supermarkets Scorecard data](#)

# NOTES

Except where stated otherwise, all links were last accessed May 2018.

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- 4 Note that for the purposes of this report, a 'supermarket' comprises a self-service food retail market selling a variety of food and household items, organized into departments. Our use of the term 'supermarket' also comprises large supermarkets such as 'hypermarkets', which specialize in food as well as other consumer goods, and 'discounters', which focus on a budget segment of the food retail market.
- 5 According to the ILO Forced Labour Convention, 1930 (No. 29), forced or compulsory labour is defined as 'all work or service which is exacted from any person under the threat of a penalty and for which the person has not offered himself or herself voluntarily'. As the ILO notes, 'it refers to situations in which persons are coerced to work through the use of violence or intimidation, or by more subtle means such as manipulated debt, retention of identity papers or threats of denunciation to immigration authorities.' See: <http://www.ilo.org/global/topics/forced-labour/definition/lang--en/index.htm>
- 6 In this report, the risk of hunger is used synonymously with conditions of moderate or severe food insecurity. See note 39 for a definition of food insecurity.
- 7 Note that the legal basis for international human and labour rights obligations are found in the Universal Declaration of Human Rights (1948); the International Covenant on Economic Social and Cultural Rights (1966) and the International Covenant on Civil and Political Rights (1966). Other relevant international labour standards can be found in the eight fundamental Conventions of the International Labour Organization, which can be accessed here: <http://www.ilo.org/global/standards/introduction-to-international-labour-standards/conventions-and-recommendations/lang--en/index.htm>
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Figures show a gross national income for Nigeria of \$396,373,000,000, based on current US\$ in 2016.  
Figures show a gross national income for Norway of \$390,635,000,000, based on current US\$ in 2016.
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A 'small-scale farmer' or 'smallholder' is a farmer, pastoralist, forest keeper or fisher who manages areas ranging from less than one hectare to 10 hectares. See: UN Food and Agriculture Organization [2012]. Enduring Farms: Climate Change, Smallholders and Traditional Farming Communities. Rome: FAO. Retrieved from: [http://www.fao.org/fileadmin/templates/nr/sustainability\\_pathways/docs/Factsheet\\_SMALLHOLDERS.pdf](http://www.fao.org/fileadmin/templates/nr/sustainability_pathways/docs/Factsheet_SMALLHOLDERS.pdf)
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# ENDORSEMENTS

This report rightly demands a shift to bold moves to transform supermarkets' supply chains to put human rights and environmental protection at their core. Without these changes, the risks for supermarkets and their investors will grow with expanding public scrutiny through social media. Public trust in global markets, including supermarkets, can only be rebuilt by demonstrating that they can work for everyone, not just shareholders and senior executives.

**Phil Bloomer, Executive Director, Business & Human Rights Resource Centre**

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This eye-opening report from Oxfam shows how conscientious consumers, as well as governments in the rich and the poor countries, can put pressure on global supermarkets to use their unprecedented market power to improve the conditions of producers in poor countries while still serving their consumers well. A sobering report that all citizens should read – and act upon.

**Ha-Joon Chang, University of Cambridge, author of *Bad Samaritans* and *Economics: The User's Guide***

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I encourage investors to use the key findings of this report, particularly the company scorecards, to engage companies on increasing supply chain transparency and improving labor and human rights of agricultural workers and producers. As investors, we have the opportunity to demand radically enhanced supply chain transparency and push supermarkets to adopt more equitable sourcing strategies and new business structures that share power and profits directly with farmers and workers.

**Lauren Compere, Boston Common Asset Management**

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Oxfam did not rest on its laurels after launching its influential Behind the Brands campaign back in 2012. That took aim at 10 food and beverage companies. Now it's the turn of retailers – who have even more power to squeeze ethical, social and environmental abuses out of their supply chains. If sustained over time, Oxfam's new campaign can help turn up the heat under supermarkets, building pressure for more and increasingly effective initiatives to tackle the multiple dimensions of inequality. Count me in!

**John Elkington, Chairman & Chief Pollinator, Volans, and co-author of 1988's million-selling book, *The Green Consumer Guide***

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The escalating global inequality crisis is being felt by communities everywhere, whether they be households, workers, producers or consumers. Oxfam is a long-standing initiator and supporter of campaigns aimed at challenging such inequalities. The report is designed to launch a campaign targeted at the supply chains dominated by the supermarkets which now exert their dominance over food producers and workers across the world. Based on carefully chosen case studies, Oxfam documents the causes and conditions of food insecurity. Equally if not more important, however, is that the report goes beyond the facts of these cases to set out the key principles of a campaign to benefit all stakeholders. Framing the campaign to mobilize consumers to help change the policies and practices of the large supermarkets, the report seeks to improve the dire situations of small producers, workers and women.

**Emeritus Professor Suzanne Franzway, Sociology and Gender Studies,  
University of South Australia**

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A select few companies are leading the way with supply chains that promote good jobs and fair pay. But Oxfam's new report shows there is much still to do to make sure the food and products we buy in stores and online promote equality rather than exploitation. As a company if you make it, trade it or profit from it then you have to take your share of responsibility.

**Steve Howard, Sustainability Business Leader**

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It is commendable that Oxfam engages with uncovering reality in the domain of injustice. The work also points to the failure of economists and other policy makers who are designing the economic policy of these countries. While one can lay blame on corporates, including the supermarkets that are engaging in this kind of exploitation, which in some cases amounts to modern slavery, one must also point fingers at economists especially those who advise governments, on not creating the kind of ground arrangements of employment and protective labour laws which could have prevented the kind of poverty, which is demonstrated by the fact that women and men suffer this kind of suffering in order to earn a wage.

**Devaki Jain, economist and writer**

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This report highlights the plight of many of those who toil to produce our food. Low wages, poor conditions, discrimination against women and frustration of the right to representation and collective bargaining are all too common. Supermarkets, their suppliers, and global food and agriculture companies all have a role to play in tackling these inequalities and should begin by examining their own practices and business models. We also need action from governments, both where food is produced and where it is consumed, to make sure proper laws and policies are in place and to create a regulatory environment that rewards responsible business. The danger is that unless action is taken, millions of workers and farmers will be condemned to in-work poverty, further fuelling discontent and conflict.

**Peter McAllister, Executive Director of Ethical Trading Initiative (ETI)**

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Not many people look at the supermarket system past the convenience it provides – easy access to food and other goods people need within reasonable distance from their homes or places of work. This report deftly exposes the layers of corporate exploitation – of communities, of small producers, of workers, of women – on which this system is built, and how it further deepens and exacerbates inequality. It alerts people to the urgency of action to stop exploitation.

**Lidy Nacpil, Activist and Co-Founder of the Fight Inequality Alliance**

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Markets are not anonymous processes, supply and demand curves meeting on graphs, or charts in stock exchanges: they are made of real actors, that seek to extract as much value as possible from supply chains by using whatever power their dominant position allows them to exercise. This report sheds light on these actors and on the strategies they use. It is more important than ever that competition policy and regulations addressing unfair business practices take its important findings into account.

**Olivier De Schutter, former UN Special Rapporteur on the right to food (2008–2014), co-chair of the International Panel of Experts on Sustainable Food Systems (IPES-Food)**

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Amul has achieved a formidable leadership position because of a strong link to its producer members and to urban consumers, through strong brand equity and an efficient supply chain that ensures a remuneration to its members based on their contribution to the value chain. As Amul works on a philosophy of *Value for Many and Value for Money* and is *by the farmers, for the farmers and of the farmers*, we endorse Oxfam's new report that highlights the importance of fair distribution of income among value chain actors.

**R S Sodhi, Managing Director, GCMMF Ltd (AMUL)**

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The CEO of a multinational food and beverage company told me recently that making food safe and tasty was no longer enough. To be a 'good product,' he said, what they make must be 'responsibly sourced, manufactured, and distributed.' Companies have to tell a new and better story about their products. And in a transparent world, that story includes the lives of the people – the farmers, workers and packers – who bring us the products we buy, especially our food. This report shows the stark reality of how these people live, with many struggling to earn a living wage. Oxfam has provided a wake-up call to shoppers and to companies that face rising pressure to make sure that everyone touched by their products, from supply chains to the stores to customers, can thrive.

**Andrew Winston, advisor to multinational companies and author of *The Big Pivot* and *Green to Gold***

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**OXFAM**