

Darjeeling Tea: Fair-trade Labeling Organization International

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Abstract

Rohin draws from his rich experience of working with grassroot initiatives in Tea Gardens of Darjeeling. He is making an assessment of the fair trade organisation (FLO) operative in region and offer suggestion for empowering the Tea Garden Labour Communities.

Keywords: Fair Trade Labeling Planning Environment Communal Benefits Need Assessment.

Introduction

The meaning of Development is constantly changing. Sustainable Development is a commonly accepted concept today, with various interpretations depending on who is interpreting it. One community that most agreed upon the aspect that sustainable development is both a process and a product. Thus, sustainable development would mean a process of development which brings about a positive change to the existing generation without compromising the needs of the coming generations. It is also a holistic understanding of the various socio-ecological systems that are in relationship with each other in the process of evolution, thus making it a dynamic system. But, the process of development seen from a historical perspective has downside of inequity and injustice. Thus, when we view development from the perspective of equity one finds that various communities and regions legacy are in different stages of development. This creates an unequal playing field for various communities and regions both in terms of the process as well as the products of development.

In this conceptual understanding of sustainable development "Fair trade Labelling Organizations International (FLO)" intervenes to create a more sustainable and equitable world. This article is based on the field experience of working with Tea Promoters of India (TPI) gardens and small farmers group which is working within fair-trade system in Darjeeling Hills. It addresses the historical inequity and seeks to improve the lives of the most marginalized and the primary producers of the various products (in this case Darjeeling-Tea) in the market. It uses an economic model of niche and ethical marketing to address the inequity and sustainable development. However, it should be noted that in 1988, because of the coffee price sliding down, the first fair trade certification initiative was born. It was branded "Max Havelaar," a fictional Dutch character who opposed the exploitation of coffee pickers in Dutch colonies. In 1997, FLO, the international umbrella organization for Fair Trade labeling brought Max Havelaar together with its counterparts in other countries.

Marketing of tea and Fair Trade

The tea marketing varies from company to company but mostly the following strategies are adopted. These strategies are auction, negotiation with buyer group for the whole year, contacting High-end buyer (small quantity) and contacting major buyers directly. For the last 8-9 years the buyers like 'Equal Exchange', 'Alter Eco,' DWP (Third world partners) etc are buying the fair trade certified teas. Even then not all the tea produced are sold through fair trade market. The generally acknowledged description of 'Fair trade is that of 'an Alternative for Small Farmers and Workers'; Fair trade is therefore an initiative for small farmers and other workers in the South who have been restrained in their economical and or social development by the conditions of trade or in other words (disadvantaged), if fair access to markets under better conditions of trade can help to overcome the restraints of development, they can join Fair trade."¹ It thus appears that Fair trade (FT) is equally a strategy for poverty alleviation and sustainable development. Its purpose is to create opportunities for producers and workers who are economically disadvantaged or marginalized by the conventional trading system. It assumes that fair access to markets under better trade conditions would help them to overcome barriers to development if they can join Fair trade.² Organizations can therefore be certified by FLO if they comply with the requirements of the Generic Fair trade Standards. As of a system of 'standard evolution,' 'independent inspection' and 'certification' are in place. Besides a strict monitoring system of product flow is maintained to ensure proper use of the label.

FLO follows certain standards which are internationally recognized especially by the ILO (International Labour organization). The standard is composed of requirements against which companies will be inspected. These requirements are divided into: First, minimum requirements, which all companies or organisations must meet from the moment they join Fair trade. The minimum requirements are defined as those which ensure that the benefits of Fair trade reach the workers/ small farmers and that the company or organisation and its workers or small farmers have the potential for development. Fair trade instruments, thus help to bring about development which cannot be achieved otherwise.³ Second, progress requirements, against which companies or organisations must demonstrate efforts towards long-term improvement and which are to be developed according to a plan agreed by the company's or organisations' management, some within a specified period of time. A report on the achievement of progress requirements should be made available to the certification body each year.

1 Generic Fair trade Standards for Small Farmers' Organizations Current version, 17.12.2007, *url. www.fairtrade.net/standards.*

2 Generic Fairtrade Standards for Hired Labour Current version, 17.12.2007, *url. www.fairtrade.net/standards.*

3 Adapted from Generic Fairtrade Standards for Hired Labour and Small Farmers Current version, 17.12.2007, *url. www.fairtrade.net/standards.*

Fair trade Price and Practice

For most products, Fair trade ensures a minimum price which is appropriate and leaves enough money to plan for the future business. This price is expected to cover the cost of production. The Fair trade price is only a minimum price. Buyers must pay at least this minimum price, and FLO-Cert does check that the producer receives the due money.

The premium in Fair trade is a separate amount paid to Fair trade producers when they sell their products. It is in addition to the Fair trade price and is sometimes called the "social premium". The premium is meant to be used to improve the lives of the workers, their families and communities. For small farmers organization the premium can also be invested in improving and developing the organization. To ensure that the premium is properly managed, it needs to be administered by a Joint Body (JB), in the case of a "plantation" (the farm employing farm-workers), or a Premium Committee, in the case of a small-farmers organization. The Fair trade premium is usually between 7 and 15% on top of the Fair trade price. The Fair trade premium is paid after the product is sold and the co-operative, or farming company and the exporter have sent reports to FLO-Cert. These reports are called "flow of goods reports." They state the volume of Fair trade products sold, the price received and amount of premium earned. It should be noted that in the case of "plantations", the export company will pay the product price to the farming company but the premium is paid directly into the Joint Body's bank account. Small farmers organisation are encouraged to open a separate bank account for premium money.

With regards to the premium received, the premium usage guidelines are to be decided democratically. That is, the members decide in consensus on how the premium amount will be used. The members will also have to decide on the management body, which has to be selected/elected within the members. The group has to have a yearly plan of action on the use of the premium, which will be called 'yearly premium work plan.' All the account or premium use has to be documented and needs to be transparent.

FLO gives five criteria for the use of the Fair trade premium, which should assist the JB or Premium Committee in finding suitable ways of spending the premium. However, FLO does not prescribe on how the money should be used. This is the group's (JB/ small farmers organization) decision as long as it follows the rules given by the FLO. These 5 criteria can be listed as below:

1. Communal benefit is maintained by preferring projects that help the community rather than those which only benefit some individuals;
2. Lasting benefit for a longterm sustenance;
3. Satisfying basic needs by choosing projects that respond to the most urgent needs of the organisation or community;

4. Benefit the community by ensuring that the benefit from the Fairtrade premium reach not only the members of the organisation, but also their families and the community as a whole; and finally

5. Additional benefit by showing how the premium can bring additional benefit to the community. This means the premium may not be used to pay for benefits that the state or some other institution should provide. In this regard it should be noted that unlike plantations, small farmer organisations are allowed to use premium money to buy equipment for their farm and business.⁴

Darjeeling Tea and Fair trade

Darjeeling is the northernmost district in West Bengal. Darjeeling is a part of the Eastern Himalayas a bio-diversity hotspot with very high endemism. The region provides tremendous ecological services, yet very little benefits accrue into the region. Historically, the British developed this region with tea plantations and also exploited the forest resources. Over the century Darjeeling Tea became an exclusive high end product internationally. But the history of the evolution of Darjeeling Tea as a high end product, many a times does include the colonial system of inequity in the plantations. A system based on a slave and master tradition. A system which made the master tremendously rich, while a larger work force remained in abject poverty. Importantly, the workers had no voice or say in the management of the plantation. Neither did they have access to the profits or hope to own the assets someday. In the post independence period, the tea plantations have not completely come out of the colonial hangover and many of the old systems are still in place. Even in the post independence legislation Plantation Labour Act 1951 was based on the monoculture of the crop. It still primarily retains the plantation system of management of tea gardens and excludes small farmers from the tea production process.⁵ There are 87 Tea gardens in Darjeeling spread over 17500 hectares which are registered with Tea Board of India. Out of these 11 Tea Gardens and two Small farmers or workers group are registered under Fair trade Labeling Organisation.

Tea Promoters India is one of the prominent Tea Group with 6 tea gardens and a partnership with 4 small farmers' collectives. These are: Seeyok, Selimbong, Singell, Puttharjhora, Samabeong, Snow View - Tea Gardens; Puttong Tea Workers Welfare Committee, Mineral Spring Sanjukta Vikas Sanstha, Subarna Small Farmers Tea Society, Teesta Tea Co-operative - Small Farmers Collectives' are forging seminal paths

4 An introduction to Fairtrade a FLO IEC material.

5 Roshan Rai, "A study of adequacy of Plantation labour act, 1951 in protecting the interests and promoting the welfare of the tea plantation workers in West Bengal", with special reference to North Tukver tea garden, Darjeeling, 1995.

6 J.N Pretty, et al., "Sustainable Agriculture Programme: A trainer's Guide for participatory Learning and Action", London, International Institute for Environment and development" 3 Endsleigh Street, WC1H 0DD, UK, 1995.

in the Darjeeling Hills and for Darjeeling Tea using Fair trade. It is an acknowledgment for the colonial evolution of the tea industry in Darjeeling and the world. Moreover, it is consciously adopting Fair trade Practices as a means of sustainable development. Thus, all the gardens and most of the small farmers are certified organic and Fair trade Labeled. Within the group (TPI) all the tea estate are under Fair trade and two small farmers group (Puttong Tea Workers Welfare Committee and Mineral Spring Sanjukta Vikas Sanstha) are under Fair trade.

From Needs Assessment to Problem Analysis: A Case for FLO

In the promotion of Fair trade the need assessment and the problem analysis were worked out in consultation with the Joint Body members and the Small Farmers Organisations. This assesment analysis is built around certain universal truths, and they are: an organisation functions within a milieu which is a network of socio-ecological relationships; this milieu is changing constantly; and that change is the only constant. The organisational responses to this changing milieu are, in turn, built on the following principles: Degenerative Organisation resists change so dies a natural death; Generative Organisation adapts to change and continues to exist. The process of adaptation is reactive to the change and therefore it is a continual struggle of adaptation consuming immense energy which could be used productively elsewhere; Regenerative Organisation is proactive to change. It constantly adds value to itself and the changing milieu thus constantly evolving. Thus in changing and evolving itself, it also contributes to the process of change itself. Now, a Regenerative Organisation or a Learning Organisation constantly seeks to improve itself by: creating a learning environment within itself; recognizing and investing time and effort for capacity enhancement on visible and invisible structures; recognizing and promoting the innate potential and diversity of members of the organization; investing in the principle of subsidiarity and solidarity; investing in Planning.

The points given above indicate that the first three points need to have 'capacity enhancement' embedded in it, whereas the last two points needs to have 'plan' embedded. Therefore, Capacity Enhancement is a continual process of organizational improvement through up-gradation of knowledge, skills and capacity of the organisation and its members - human and material. Whereas, Planning is generally of two types in a system, 'Top down' and 'decentralized.' The Top Down or trickle down theory means centralised directive planning process though it often does not give proper results as the micro-diverse realities can never be taken into account. This was the predominantly accepted practice worldwide based on the principle that only a few people can plan, and the results of the plan ultimately trickle down to all sections of society. However, Decentralised planning occurs when Centralised planning gives way to decentralised indicative planning. Planning is understood as a process which needs to be owned by primary stakeholders. Macro-indicators are provided in many cases for the planning process thus termed - indicative. This ensures a better outcome as

it is sensitive to the micro-realities and the stakeholders own the plan and the product ensuring sustainability. The process also ensures transparency and accountability. It also takes into consideration that there is life after a plan. With ownership of the plan by the primary stakeholders, it ensures that possible changes in a plan at the implementation level can be undertaken by taking into consideration the realities and needs of the moment. Decentralised indicative planning requires behavioural and attitudinal change from the various stakeholders. For the primary stakeholders it means taking the responsibility of the process and the product of planning along with the rights it brings to them.

Within the above theoretical perspective FLO proposes a path for sustainable development by providing indicators and standards for decentralised planning and financial outcome of Fair trade to the primary producers. It ensures that the issues of inequity and injustice are incorporated. It also has mechanisms to ensure that these standards are maintained by its partners. On the other hand, the challenges of this system are that it does not have a clear mandate or a plan to enable the primary stakeholders to undertake the process of decentralised indicative planning. It fails to recognize the challenges of decentralised indicative planning that can be anticipated as first a paradigm shift in which change of mindset is fundamental, second knowledge, skills and capacity for planning as it is usually based on formal education often excluding other life experiences; and third recognition of the marginal people with little past opportunities, skills and capacity for planning in the existing format of planning.

In the midst of the Darjeeling Tea scenario FLO adopts a working pattern and a mindset typical of a centralized planning system. It is noteworthy that, conceptually FLO has adopted decentralised indicative planning but in many instances have not made the necessary behavioural changes. At the primary stakeholder level - tea workers tremendous expectations are made by the standards but very little effort is made to enhance the capacity to implement the standards. The primary stakeholders are first generation participants in this process, and come from a background of being told to perform certain specific tasks. In performing these tasks they are constantly policed. Their world view is very limited, as they are products of generations of tea workers who have no access to assets, decision making or profit management. Maintaining standards can for the involvement of both workers and non-workers in the entire process, making it even more difficult a practice. Decentralised indicative planning is a very powerful tool, an empowering action but conscious efforts need to be made for marginal people to use it effectively.

In the Tea Plantation scenario which is still in many ways stuck in the colonial systems, the management living in the garden is the symbol and power wielder. Their world view and functioning pattern is based on this dichotomy of power between them and the workers. Within this background, implementing a decentralised indicative planning process becomes an action to the letter minus the spirit. Thus sensitization of the management in the process is of utmost importance as they are the traditional

power wielders and set trends of action. Also in most cases they are the only ones who have the formal educational background and larger world view to understand the standards. Due to lack of focus on behavioral change in communication by the management, it has often resulted in them speaking the language of Fairtrade but not practicing the philosophy. The management ensures that the standards are maintained for the purpose of certification and inspection but not necessarily as a process of sustainable development.

The members of the JB lack the necessary knowledge and skills to use the FLO standards for sustainable development with the participation of all. In many instances the JB becomes highly management driven. The power inequity is there within the community too and the same top down approach is adopted by the members of the Joint Body. In many instances the JB is selected or elected to fit the language of Fair trade. Necessary efforts are not undertaken to ensure the capacity enhancement of the JB members to truly become participatory leaders with capacity to facilitate planning session involving various sections of the community equitably. This results in FLO being restricted to the JB only contrary to the philosophy of it being owned by the entire community.

Sustainable development is the goal in the FLO standards which is discussed in the earlier paragraphs. Besides decentralized planning FLO also designates broad standards of Social, Labour Environment and Economic. These standards are based on the evolution of the understanding of sustainable development. These standards are very pertinent. But when taken from the world view of small farmers and tea garden workers it presents a world view which is very broad compared to their existing one. In many cases this world view that is presented is beyond their control and thought processes. Maintaining or working towards standards beyond their existing world view is an extremely difficult task. Thus to enable the progress of the small farmers and workers towards the standards, it is important to expand their world view to encompass the standards. It is also important that the process of expansion to the standards is based on the socio-ecological systems of the small farmers and workers. One must offer the standard respecting the world view and the historical evolution of the small farmers and workers.

In the various levels or typology of participation. which are listed as: (1). I decide and order your participation, (2). I decide and inform you of my plan for your participation, (3). We decide on what we should do, the first two levels are usually practiced when one should be working at the 3rd level. In most instances the first two levels are practiced due to the lack of knowledge, capacity or skills for the 3rd level. The process of learning and decision making may vary for sub-groups in a community, and for different conditions and combination of participations. It may not be possible and wise to immediately start with the 3rd level - this requires trust, capacity and resources.

Conclusion

The world that we live in is constantly changing throwing new opportunities and challenges. On the journey of sustainable development one must take these changes into account. The study takes into consideration of the issues and challenges, even though they are not only of the FLO standards. One of the paths for sustainable development is to provide indicators and standards for decentralised planning. It is necessary to have standards for Environment protection, Social, Labour and Economic security.

The challenges of this system are that it does not have a clear mandate or a plan to enable the primary stakeholders to undertake the process of decentralised indicative planning. There is immense need for Knowledge, Skills and Capacity for planning, as planning is usually based more on formal education and less on valuation of experiences. This is important because if these issues are not addressed the very foundation of sustainable development will be shaken and the FLO vision will be compromised in the long run. This also challenges FLO to take into consideration the site specific issues when monitoring and evaluating the progress of small farmers and workers intending to take FLO standards.