

# How Companies can deal with Labour Exploitation in the Agricultural Sector

## I. Abstract

This short paper tends to shed light and reflect on the way forward for companies to address labour exploitation in their agricultural supply chain. For that, it will first refer to some of the cases reported in Spain and Italy (II) to then briefly reflect on the potential actions companies might take to tackle labour exploitation in their agricultural supply chain (III).

Germany is the main market destination for Spanish and Italian exportations in the processed food market, with a particular focus on the fruit and vegetable sector.<sup>1</sup> In crop year 2016/2017, Germany bought from Spain almost 2.0 billion kilograms of fruits.<sup>2</sup> Citrus fruit, pepper and cucumber are among the most in demand.<sup>3</sup>

## II. Labour Exploitation in the European Agricultural Field

Spain and Italy are among the EU countries where severe labour exploitation occurs more frequently<sup>4</sup> and agriculture is considered to be one of the most exposed economic sectors to exploitative practices,<sup>5</sup> and where, due to strong migration flows in these countries, many migrants or immigrants find themselves in a situation of extreme vulnerability and necessity: impoverished, discriminated, isolated with limited access to information and assistance and with no other real working alternative, becoming thus the main victims of exploitative labour practices.

**Spain** Labour exploitation in Spain involved in most of the cases immigrants who are paid significantly lower than what is stipulated by law<sup>6</sup> for working hard and relentlessly with no protection at all and under insalubrious living conditions. One of the most striking cases that have been brought by the media already in 2011<sup>7</sup> was the inhumane working and living conditions, in which thousands of immigrants work in many greenhouses of Almeria harvesting fruit and vegetables.

Severe labour exploitation has also been reported in the harvest of garlics in Cuenca<sup>8</sup> and citrus fruits in Valencia. Some workers were working without the necessary safeguards for 6 euros per

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<sup>1</sup> [Ministerio de Agricultura y Pesca, Alimentación y Medio Ambiente de España, 'Informe Anual de Comercio Exterior Agroalimentario y Pesquero', June 2017](#) 51

<sup>2</sup> [Hortoinfo, 'Alemania compra a España la mayor cantidad de fruta de la historia, casi 2.000 millones de kilos', Nov 2017](#)

<sup>3</sup> [Diario de Almería, 'Canadá, primer cliente de frutas y hortalizas extracomunitario', 2017](#) and [Ministerio de Agricultura y Pesca, Alimentación y Medio Ambiente de España, 'Informe Anual de Comercio Exterior Agroalimentario y Pesquero', June 2017](#) 51

<sup>4</sup> [European Agency for Fundamental Rights \(FRA\), Report 'Severe labour exploitation: workers moving within or into the European Union, States' obligations and victims' rights' 2015](#) 39.

<sup>5</sup> *ibid* 46

<sup>6</sup> [El Público, 'Explotados en el "paraíso"' 2016](#)

<sup>7</sup> [The Guardian, 'Spain's salad growers are modern-day slaves, say charities', 2011](#)

<sup>8</sup> [El Norte de Castilla, 'Hallan a 59 inmigrantes en Cuenca en condiciones inhumanas trabajando en la campaña del ajo' 2017](#)

day,<sup>9</sup> others were forced laboured, exploited for 25 euros per month and squeezed up to 20 of them into one apartment in insalubrious conditions.<sup>10</sup> In some cases, immigrants were not even paid at all.<sup>11</sup>

**Italy** Also in Italy the phenomenon of labour exploitation in the agriculture sector has been largely reported.<sup>12</sup> Particularly striking is the case of Romanian women in the area of Ragusa, Sicily. Romanian women were subjected to sexual assault and exploitation, including working 12-hour days in extreme heat with no water, non-payment of wages and were forced to live in degrading and unsanitary conditions in isolated sheds.<sup>13</sup>

Media outlets have brought to light already in 2011 the case of severe labour exploitation of migrants in the harvest of tomato in the region of Basilicata<sup>14</sup>, and recently the focus was put on three of the biggest Italian food companies: Conserve Italia (Cirio), Mutti and La Rosina.<sup>15</sup> A case that was uncovered due to the death of a migrant worker while picking up tomatoes in Nardò, Lecce, Puglia.<sup>16</sup> Interestingly enough, 60 % of the Italian tomato (and its derivatives) is sold abroad, with Germany to the fore, followed by the UK.<sup>17</sup>

Big multinational companies also caught up in controversy in 2012<sup>18</sup> with respect to the Italy's orange harvest in Rosarno, Calabria, when the precarious working and living conditions of migrants (mainly from African countries) while harvesting oranges were uncovered. Workers were found to be paid 25 euros per day and to be living in abandoned houses or makeshift slums in insalubrious conditions. In similar degrading conditions were reported to be migrant workers working in the olive groves and aubergine greenhouses on the west coast of Sicily<sup>19</sup> and Indian workers in the courgettes, radishes, melons, kiwis and mozzarella farms and greenhouses in the Pontine Marshes area, south of Rome.<sup>20</sup>

<sup>9</sup> ABC, 'Explotación de inmigrantes en el campo: seis euros al día y heridas en las manos', 2016

<sup>10</sup> Levante, 'Liberan a 33 inmigrantes explotados por 25 euros al mes en la recogida de cítricos en Valencia', 2016 Also, EUROPOL, 'Europol supports the Spanish Guardia Civil in dismantling a human trafficking network involved in forced labour exploitation' 2016

<sup>11</sup> Euronews, 'Spain dismantles labour exploitation network' 2016

<sup>12</sup> Palumbo, L., 'Trafficking and Labour Exploitation in Domestic Work and the Agricultural Sector in Italy' June 2016 ; Amnesty International, 'Exploited Labour: Migrant Workers in Italy's Agricultural Sector 2012', Ciconte F., and Liberti S., (Terra, riavvia il pianeta), 'SPOLPATI: La crisi dell'industria del pomodoro tra sfruttamento e insostenibilità' 2016 Terzo Rapporto della Campagna #FiliereSporca; Farolfi S. 'La Raccolta dei Rifugiati: trasparenza di filiera e responsabilità sociale delle aziende' 2016 Secondo Rapporto della Campagna #FiliereSporca

<sup>13</sup> The Guardian, 'Raped, beaten, exploited: the 21st-century slavery propping up Sicilian farming' 2017

Freitag, 'Europas neue Sklavinnen' 2017 ; The Guardian, 'Terrible Conditions: police uncover abuse and exploitation on farms in Sicily' 2017

<sup>14</sup> See The Ecologist, 'Scandal of the tomato slaves harvesting crop exported to UK' 2011

<sup>15</sup> The Guardian, 'The terrible truth about your tin of Italian tomatoes', 2017 Also, Il Fatto Quotidiano, 'La scia color del sangue del pomodoro', 2017

<sup>16</sup> Internazionale, 'La morte di un bracciante chiama in causa Cirio e Mutti' 2017

<sup>17</sup> RAI, 'Il pomodoro, la forza del made in Italy: fatturato export di 1,6 mld' 2016

<sup>18</sup> The Guardian, 'How Italy's oranges are linked to a modern day story of exploitation' 2016

<sup>19</sup> The Guardian, 'Ours are the hands and faces of slavery': the exploitation of migrants in Sicily' 2016

<sup>20</sup> Thomson Reuters Foundation News, 'Opium numbs the pain for Indian pickers exploited on Italian farms' 2017

### III. What actions can companies take?

Notwithstanding the important and necessary role of national governments through relevant legislation, labour inspections and increasing compliance with national labour law, **companies also need to take a firm lead on the matter: their actions certainly have a great impact on the eradication of labour exploitation.**

#### Improving Supply Chain Visibility & Traceability

**Supply Chain Mapping** One of the main problems for companies working in the food sector that impedes the identification of labour exploitation in their supply chains is the lack of traceability of the products, which means the lack of track product provenance. For instance, one problem detected in the orange chain in Italy was ‘the number of passages of the product’.<sup>21</sup> For instance, ‘Coca-Cola says that all its suppliers are based in Sicily, but it could be sourcing oranges that had been harvested in the Rosarno region where labour exploitation had taken place and shipped to Sicily.’<sup>22</sup> Certainly, the lack of traceability affects the ability to see what is going on across the supply chain, that is, the visibility. Lack of visibility and lack of traceability will undoubtedly hinder supply chain transparency. Companies need to work on mapping their supply chain at all levels, that is, going beyond the “1<sup>st</sup> tier supplier”, and especially and above all, increasing their visibility at the actual harvest tier (the agricultural producer) where indeed the most serious human rights violations take place.

**Engaging with Suppliers** Many companies engage with direct suppliers in requiring them to align with social and environmental standards, for instance through codes of conduct. Yet, as shown, human rights concerns arise beyond the first tier, mainly at the farmer level. Supplier standards should be applied not only to direct suppliers but cascaded throughout the entire supply chain.<sup>23</sup> For that, suppliers at each level can be required to include social standards into the contracts of their own suppliers, and to further monitor them.<sup>24</sup> Companies should also engage on training in labour exploitation related issues with their suppliers to raise awareness, help them identify the matter, and progress towards social and environmental targets. Also, suppliers can be rewarded or penalised according to their social and environmental performance.<sup>25</sup>

**Using new technology** Blockchain technology is now on the spotlight for its great potential in helping companies from different business sectors improve their product traceability and stamp out illegal practices and human rights abuses. Blockchain technology consists of an incorruptible open decentralised database of every transaction involving value (e.g. money, products), creating a record whose authenticity can be verified by the entire community. Every transaction is recorded on a public and distributed ledger, which will be accessible by anyone who has an Internet connection, without the need of a centralised recordkeeping. Records cannot be modified or altered once stored in the database.

*Could this technology be used to tackle human rights abuses in the agriculture sector?* Further development and analysis will probably shed light on its applicability for the agriculture sector, especially if one bears in mind that it is a peer-to-peer network that secures flow of neutral and

<sup>21</sup> [The Guardian, ‘How Italy’s oranges are linked to a modern day story of exploitation’ 2016](#)

<sup>22</sup> *ibid.*

<sup>23</sup> [The Economist, The Economist Intelligence Unit, Report ‘No more excuses: Responsible supply in a globalised world’ 2017](#), 50

<sup>24</sup> *ibid.*

<sup>25</sup> *ibid* 51

reliable information. This makes it an extremely valuable tool to be used involving diverse parties with little trust in each other,<sup>26</sup> as it might be the case of fragmented food supply chains which involve diverse actors at different levels with little to no knowledge of one another's action. And, certainly greater traceability will decrease illegal and unreported practices.

Recent attempts to track products through consumers were made in the tuna industry<sup>27</sup> with blockchain technology to prove slavery-free and sustainable practices. The system provides information, which is accessible to and can be scrutinised by anyone. It includes information about the origin of the fish, where it was caught, processed and sold on. Fishermen's social and environmental conditions are verified through trusted local NGOs, whose audit systems validate their compliance to an external standard (e.g. Fair Trade US).<sup>28</sup> Local fishermen send SMS messages to register their catch on the blockchain system. Then, the identification is transferred to a supplier with the catch, with any subsequent move (e.g. processing or tinning) also recorded. The information about the origin and whole journey of the fish can then be verified by anyone (end buyers, consumers).<sup>29</sup> The UK largest consumer co-operative, Co-op, is also engaged with blockchain technology in tracking fresh crops from origin to the supermarket shelf, making the whole journey of the product accessible to all, together with information about its environmental and social impact.<sup>30</sup>

### A closer Look on the Recruitment Process

The compression of workers' rights in the agriculture sector occurs already during the **recruitment procedure** where usually appears the figure of the intermediary or middleman (*caporali* in Italy) between the landowners and the workers. The middleman frequently enriches himself at the expense of exploiting cheap labour force, through practices such as charging a fee on workers which is deducted from their already not fair wage. Many landlords resort to the *caporali* when they need cheap labour; *caporali* control the access to work.<sup>31</sup>

In the case of Spain, on the other hand, the focus has been put on the temporary work agencies (*empresas de trabajo temporal*), which seem not to comply with the conditions stipulated in the relevant collective bargaining agreement when hiring workers in the agricultural field. Once the worker signs the contract with the temporary work agency, the relationship between them *de facto* terminates, as the latter delegates all the power to a 'supervisor' which usually leads to abuse.<sup>32</sup>

For instance, M&S, Tesco, Waitrose, Sainsbury's and ASDA were under focus in 2015 as report revealed that despite their well published policies and commitment on sourcing food responsibly and ensuring decent working conditions at their supplier level, these companies were supplied by *Agroherni*, a Spanish company that in turn had a contract with a temporary work agency called *Integra Empleo*. This agency exploited lettuce pickers by making them work overtime without extra

<sup>26</sup> [Provenance, Blockchain: the solution for transparency in product supply chain 2015](#)

<sup>27</sup> [Provenance, 'From shore to plate: Tracking tuna on the blockchain Provenance pilot blockchain technology for tracing yellowfin and skipjack tuna fish in Indonesia from catch to consumer' 2016](#)

See also, [WEF, Can Blockchain serve businesses, people and the planet? 2018](#) See also, [WWF, How blockchain, and smartphone can stamp out illegal fishing and slavery? 2018](#)

<sup>28</sup> [Provenance, 'From shore to plate: Tracking tuna on the blockchain Provenance pilot blockchain technology for tracing yellowfin and skipjack tuna fish in Indonesia from catch to consumer' 2016](#)

<sup>29</sup> [The Guardian, 'Blockchain technology trialled to tackle slavery in the fishing industry' 2016](#)

<sup>30</sup> [Provenance, 'Pioneering a new standard for trust in food retail'](#)

<sup>31</sup> [CNN, 'The migrant workers exploited in Italy' 2017](#)

<sup>32</sup> [Público, 'Explotados en el "paraíso"' 2016](#)

payment and blacklisting them if they complained or called in sick, even if they were suffering from health problems due to inhalation of pesticides.<sup>33</sup>

Indeed, one of the sticking points for companies to identify labour exploitation of workers is their **lack of audit of the recruitment process** that takes place at the supplier level. As shown above, this is an important point in the agricultural sector. Specifically, because this industry employs a lot of seasonal and migrant workers who are recruited through middlemen and are therefore at a high risk of being exploited. Initiatives have been adopted to foster *ethical recruitment of migrant workers*,<sup>34</sup> including business collaboration to erase the fees being charged to migrant workers,<sup>35</sup> thus embracing the ‘Dhaka Principles for Migration with Dignity.’<sup>36</sup>

**Adopting Ethical Recruitment** According to the ‘Best Practice Guidance on Ethical Recruitment of Migrant Workers’<sup>37</sup> published by the Interfaith Center on Corporate Responsibility, a 3-pillar approach should be the basis for an ethical recruitment program, which consists of (1) ensuring that ‘workers do not pay any fees (in whole or in part) for recruitment, jobs or other parts of the employment process’, (2) that all workers must be given a understandable written contract and finally, (3) that no retention of documents will be made or monetary deposits will be required as a condition to be employed.

As the cases in Italy and Spain show, the exploitative working treatment already takes place at the recruitment level, which is operated by middlemen who take advantage of workers’ vulnerable situation and will certainly continue along the working period, where workers are even obliged to pay a fee not only for daily transport, but also for basic needs (e.g. drinking water). The scope of supplier audits should then include suppliers’ recruitment process, including suppliers’ recruitment agencies.

Starbucks Coffee within its ‘C.A.F.E (Coffee and Farmers Equity) practices’<sup>38</sup> programme asked its suppliers with whom the company works to send them all the payments made to all the personnel involved in the whole production process of the coffee. The company requires their suppliers to pay the farmers at least the minimum wage stipulated by law or, by category, the average salary for that position in the relevant country. Suppliers need to specify workers’ working hours, access to housing, health and safety measures together with environmental indicators. Once the survey is done and verified, scores will be given and in accordance with them, benefits and low interest rate credits will be offered.<sup>39</sup>

**Fostering Direct Recruitment** Companies should also encourage their suppliers to *directly recruit* workers. In a recent case in Spain hundreds of workers, mostly immigrants, publicly denounced the inhumane labour conditions to which they were subjected in the lettuce harvest in Albacete.<sup>40</sup> As a result, and probably also due to the public denounce, the company decided to directly hire them to secure decent working conditions. By doing that, the company *eliminated* the figure of the

<sup>33</sup> Channel 4, ‘What’s the real cost of your fresh salad?’ 2015

<sup>34</sup> See for instance, [International Recruitment Integrity System](#)

<sup>35</sup> See ‘[The Leadership Group for Responsible Recruitment](#)’ was launched in 2016. It is a collaboration among leading companies and expert organisations with the goal of achieving ‘the total eradication of fees being charged to workers to secure employment’.

<sup>36</sup> The [Dhaka Principles for Migration with Dignity](#), officially launched in 2012, are based on the UN Guiding Principle on Business and Human Rights and were developed by the Institute for Human Rights and Business (IHBR)

<sup>37</sup> [Interfaith Center on Corporate Responsibility, ‘Best Practice Guidance on Ethical Recruitment of Migrant Workers’ 2017](#)

<sup>38</sup> SCS Global Services, ‘Starbucks C.A.F.E Practices: Ensuring the Ethical Sourcing of Coffee’

<sup>39</sup> [Red Española del Pacto Mundial de Naciones Unidas, ‘La empresa y su cadena de suministro: una alternativa de gestión’ 2009](#), 22

<sup>40</sup> [El Diario.es, ‘Denuncian condiciones “inhumanas” y “esclavitud” en el campo albaceteño’, 2017](#)

middleman, who actually had imposed on workers abusive conditions: workers were indebted due to charged fees and were forced to resort to credits to pay back those 'debts'.<sup>41</sup>

## Thinking out of the box

**The breakdown of the price** One of the reasons most widely evoked as the causes of resorting to cheap labour is the pressure on the prices of agricultural products. It is the **little profit margin** due to the increasing pressure on agricultural products' prices by trade and large retailers, which lead farmers to look for cheap labour force as the way to stay in the market.<sup>42</sup> The orange harvest in Italy, for instance, illustrates how multinational drinks companies underpay for the juice exercising pressure on the small local processing plants.<sup>43</sup> Others have put the focus on the big retail companies, which would buy the fruit from small farmers, who have no real contractual power to negotiate, for a very low price to then sell them to big supermarkets.<sup>44</sup> Price transparency could show the breakdown of the actual price from one tier of the supply chain to the next and could certainly decrease illegal practices.

The Italian association SOS Rosarno was set up in the aftermath of the riot of African workers advocating decent working conditions in 2010 in Rosarno, Italy. The association has the objective of, on the one hand, improving workers' rights and on the other hand, helping small producers of citrus fruits to sell the fruits by a fair price, incorporating a 'transparent price'. Transparent price entails a 'breakdown' of the price among the different stages along the supply chain (e.g. harvest, transport, production, etc.).<sup>45</sup> This is a good example of a local initiative involving local actors aimed at improving the situation of migrant workers in the agriculture while also helping farmers to improve their situation.

**Looking for new partnerships** Collective action proves to be essential when addressing global human rights challenges, as it is the eradication of labour exploitation. Companies working together with other companies, (local) NGOs, or organisations can bring together the skills, expertise and usually the necessary resources to address human rights matters.

**Reassessing the business model** Companies need then to bear in mind that when exercising commercial power or negotiating prices and trading terms with their suppliers, they might (or might not) be generating conditions in which labour exploitation emerges and/or persists. Companies should then assess how their trading conditions affect labour standards. Therefore, in conjunction with actions aimed at improving traceability, visibility and control over the recruitment process, companies should also **reassess their actual business model**. That means a profound reassessment of the business structure to achieve and ensure an ethical way of doing business, making food production and trade under fair conditions the applicable norm and not the exception.

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<sup>41</sup> [El Diario.es, 'Contratados, con todas las garantías, los temporeros que denunciaron explotación en Albacete', 2017](#)

<sup>42</sup> [Palumbo, L., 'Trafficking and Labour Exploitation in Domestic Work and the Agricultural Sector in Italy' June 2016](#) 26; [El País, "El Cortijo de los Desposeídos", 2016](#) ; [The Guardian, 'Spain's salad growers are modern-day slaves, say charities' 2011](#)

<sup>43</sup> [The Ecologist Film Union, 'Orange harvest: the hidden cost of Italy's soft drinks trade' 2012](#)

<sup>44</sup> [Redattore Sociale "Filiera Sporca", così vengono sfruttati gli invisibili dell'agricoltura' 2015](#)

<sup>45</sup> [Internazionale, 'La filiera sporca delle arance italiane comincia a Rosarno' 2016](#)