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# **MALAWI CARER**

*The Malawi Centre for Advice, Research and Education on  
Rights*

**MALAWI TEA RESEARCH PROJECT**

COMMISSIONED BY SOMO

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## 1.0 Introduction

This report is the outcome of a research commissioned by Centre for Research on Multinational Corporations (SOMO) a Dutch non profit research and advisory bureau and conducted by Malawi Centre for Advice, Research and Education on Rights (Malawi CARER). It covers tea research findings in Malawi on social, economic, environmental and labour issues. Desk and primary data forms the basis of the report. The report aims at informing the world of issues and development related to growing tea in Malawi. It can also form the basis for advocacy and lobbying initiatives in tea sector in Malawi.

The agricultural sector is extremely important to Malawi's economy and to most of Malawi's households, contributing to 40 percent of Gross Domestic Product (GDP) and 90 percent of export earnings. More than eight of every ten Malawian households rely on agriculture as their major livelihood strategy. And while the Government of Malawi (GoM) recognizes agriculture as the main engine in the sectoral growth of the economy and economic empowerment to the rural populace, smallholder farmers continue to face constraints to sustainable growth, particularly poor access to markets.

Smallholder farmers frequently rely on informal traders to sell their produce, thereby increasing their vulnerability to the vagaries of the market. The lack of economies of scale reduces bargaining power, increases transaction costs and enhances production and marketing vulnerability. Laborers working in the fields do not know their rights. As a result of this ignorance on labour rights and rights in general, plantation owners take advantage of the situation and exploit them. This exploitation takes form of Labour or employment abuses in the estates which include poor working environments (poor housing, lack of protective wear, poor sanitation), unfair dismissals, non payment of wages and non payment and underpayment of severance pay.<sup>1</sup>

60% of people working as laborers and those living around the estates are illiterate and this perpetuates the cycle of poverty. This situation is compounded by a high prevalence rate of HIV/AIDS, which has decimated the labor force and raised the household dependency ratio. Additionally, HIV/AIDS has created large numbers of "demographically vulnerable" groups, which are defined as households lacking adult labor, elderly-headed households and child-headed households. The decline of social capital in poor communities has exacerbated the vulnerability of these households.

With a 2001 national seroprevalence rate of 15% that is likely to decline slowly over the next 10 years given current sexual behavior patterns, Malawi is facing severe demographic, social, economic, and political consequences from the HIV/AIDS epidemic for at least the next three decades. In the view of many HIV/AIDS experts, the ability to deliver prevention, care, treatment, and impact mitigation services on a national scale is absolutely critical to the future social and economic stability of the country.

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<sup>1</sup> MSMC-Labour Document: Tea Estates Labour Issues in the Shire Highlands Sustainable Livelihood Programme Area

It is in this regard that SOMO and partners would like to carry a research to find out how positively and negatively the tea sector has impacted the communities working in and around the tea plantations in Malawi. The Research will also assist SOMO and Partners to come up with initiatives and strategies such as advocacy to address the issues.

### **1.1 Acknowledgement**

Malawi CARER would like to thank SOMO for financial and technical support rendered during preparation, collection of data and reporting. It would be unfair not thank district labour officers for Mulanje and Thyolo for their cooperation, guidance and human support rendered during the data collection exercise.

### **1.2 Executive summary**

Malawi lies within the Great African Rift Valley. The elevation is 3000 to 9000 meters above sea level with Lake Malawi along the western border. Nutrient rich soil, tropical climate and high elevation are the components of some of the best teas produced. Although Malawi teas are not known as single estate teas, yet they are essential in many tea blends.

Malawi was the first country in Africa to grow tea on a commercial scale, which started at Mulanje in the 1880s. Today, large commercial estates account for 93% of production, with the remainder grown by some 6,500-8000 smallholders who share only 15% of the land under tea<sup>2</sup>. Most of the estates are owned by foreign companies and are based in the districts of Mulanje and Thyolo the principle tea growing regions in the South (East) of Malawi. (See map below)

Ownership of these commercial estates is concentrated among 11 companies, of which the largest is Eastern Produce Malawi (EPM), which owns 21 of the 44 estates. The company is a subsidiary of British Public Limited Company CAMILIA. Interestingly, all the tea estates are Members of Tea Association of Malawi Limited (TAML) an organization that control and dictate some policies to the members.

Figure 1 is the map of Malawi showing regions and districts

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<sup>2</sup> Line Eldring, Malawi Tea Child Labour Sector (Fafo Study)



Malawi is the second largest tea producer in Africa after Kenya and produces approximately 10% of African tea. In 2005 and 2006 she exported 44,613,528 kilograms valued at US\$ 42,213,259 (MK5, 909,856,224) and 43,979,917 kilograms valued at \$48,123,417 (Mk 6,737,278,325) respectively<sup>3</sup>. The table 1 below shows exports of tea and major exporters in 2005 and 2006.

<sup>3</sup>National Statistics Office (NSO) Report; 2006

Table 1.

H.S	DESCRIPTION	COUNTRY	EXPORTS OF TEA 2005 AND 2006			
			2005		2006	
			Quantity(kgs)	FOB Value(mk)	Quantity(kgs)	FOB Value
09021000	GREEN TEA, WHETHER OR NOT FLAVOURED, IN IMMEDIATE PACKINGS	UK	0	0	3000	374138
09021000	GREEN TEA, WHETHER OR NOT FLAVOURED, IN IMMEDIATE PACKINGS	KENYA	0	0	6000	755983
09021000	GREEN TEA, WHETHER OR NOT FLAVOURED, IN IMMEDIATE PACKINGS	RSA	27226	7086245	4080	1185405
09021000	GREEN TEA, WHETHER OR NOT FLAVOURED, IN IMMEDIATE PACKINGS	ZAMBIA	500	48500	850	16150
	TOTAL		27826	7136845	13970	2331676
09023000	BLACK TEA FERMENTED/PARTLY FERMENTED, FLAVOURED OR NOT, IN PACKINGS OF >=3KG	RSA	111010	8521661	0	0
09023000	BLACK TEA FERMENTED/PARTLY FERMENTED, FLAVOURED OR NOT, IN PACKINGS OF >=3KG	ZAMBIA	25000	4783740	19760	6183030
	TOTAL		136010	13405401	19760	6183030
09024000	BLACK TEA FERMENTED/PARTLY FERMENTED, FLAVOURED OR NOT, IN PACKINGS OF >=3KG	UAE	127296	15561332	258420	52627498
09024000	BLACK TEA FERMENTED/PARTLY FERMENTED, FLAVOURED OR NOT, IN PACKINGS OF >=3KG	AUSTRALIA	11000	1202467	54420	10352428
09024000	BLACK TEA FERMENTED/PARTLY FERMENTED, FLAVOURED OR NOT, IN PACKINGS OF >=3KG	BOTSWANA	658200	71235916	650350	90462813
09024000	BLACK TEA FERMENTED/PARTLY FERMENTED, FLAVOURED OR NOT, IN PACKINGS OF >=3KG	CANADA	1098745	88378572	257328	40892789
09024000	BLACK TEA FERMENTED/PARTLY FERMENTED, FLAVOURED OR NOT, IN PACKINGS OF >=3KG	CONGO	45505	2657993	89000	7481073
09024000	BLACK TEA FERMENTED/PARTLY FERMENTED, FLAVOURED OR NOT, IN PACKINGS OF >=3KG	GERMANY	378953	42830070	480020	59256810
09024000	BLACK TEA FERMENTED/PARTLY FERMENTED, FLAVOURED OR NOT, IN PACKINGS OF >=3KG	EGYPT	0	0	418100	83051941
09024000	BLACK TEA FERMENTED/PARTLY FERMENTED, FLAVOURED OR NOT, IN PACKINGS OF >=3KG	FINLAND	97452	13085863	0	0
09024000	BLACK TEA FERMENTED/PARTLY FERMENTED, FLAVOURED OR NOT, IN PACKINGS OF >=3KG	UK	14786643	1777210402	16324989	2667981987
09024000	BLACK TEA FERMENTED/PARTLY FERMENTED, FLAVOURED OR NOT, IN PACKINGS OF >=3KG	GEORGIA	22500	2389573	0	0
09024000	BLACK TEA FERMENTED/PARTLY FERMENTED, FLAVOURED OR NOT, IN PACKINGS OF >=3KG	INDONESIA	119340	20949706	0	0
09024000	BLACK TEA FERMENTED/PARTLY FERMENTED, FLAVOURED OR NOT, IN PACKINGS OF >=3KG	IRELAND	1107	107273	0	0
09024000	BLACK TEA FERMENTED/PARTLY FERMENTED, FLAVOURED OR NOT, IN PACKINGS OF >=3KG	ISRAEL	0	0	21680	2455680
09024000	BLACK TEA FERMENTED/PARTLY FERMENTED, FLAVOURED OR NOT, IN PACKINGS OF >=3KG	INDIA	801760	117250493	310228	59092836
09024000	BLACK TEA FERMENTED/PARTLY FERMENTED, FLAVOURED OR NOT, IN PACKINGS OF >=3KG	IRAN	11000	1213960	11600	1215824
09024000	BLACK TEA FERMENTED/PARTLY FERMENTED, FLAVOURED OR NOT, IN PACKINGS OF >=3KG	JAPAN	96220	18403954	100	20526
09024000	BLACK TEA FERMENTED/PARTLY FERMENTED, FLAVOURED OR NOT, IN PACKINGS OF >=3KG	KENYA	5201359	575486322	5804213	742676856
09024000	BLACK TEA FERMENTED/PARTLY FERMENTED, FLAVOURED OR NOT, IN PACKINGS OF >=3KG	SRI-LANKA	11580	1167263	11600	2107557
09024000	BLACK TEA FERMENTED/PARTLY FERMENTED, FLAVOURED OR NOT, IN PACKINGS OF >=3KG	MAURITIUS	2040	99050	0	0
09024000	BLACK TEA FERMENTED/PARTLY FERMENTED, FLAVOURED OR NOT, IN PACKINGS OF >=3KG	MOZAMBIQUE	68175	5988092	0	0
09024000	BLACK TEA FERMENTED/PARTLY FERMENTED, FLAVOURED OR NOT, IN PACKINGS OF >=3KG	NETHERLAND	1794047	183214153	1823844	239917993
09024000	BLACK TEA FERMENTED/PARTLY FERMENTED, FLAVOURED OR NOT, IN PACKINGS OF >=3KG	PAKISTAN	1786200	210824893	2047360	426010604
09024000	BLACK TEA FERMENTED/PARTLY FERMENTED, FLAVOURED OR NOT, IN PACKINGS OF >=3KG	POLAND	617910	84462723	332428	59763274
09024000	BLACK TEA FERMENTED/PARTLY FERMENTED, FLAVOURED OR NOT, IN PACKINGS OF >=3KG	RUSSIAN FE	484829	51377334	155397	21825562
09024000	BLACK TEA FERMENTED/PARTLY FERMENTED, FLAVOURED OR NOT, IN PACKINGS OF >=3KG	RWANDA	5	70	0	0
09024000	BLACK TEA FERMENTED/PARTLY FERMENTED, FLAVOURED OR NOT, IN PACKINGS OF >=3KG	SAUDI ARAB	152360	14053720	15900	3098779
09024000	BLACK TEA FERMENTED/PARTLY FERMENTED, FLAVOURED OR NOT, IN PACKINGS OF >=3KG	SWEDEN	23200	2589117	0	0
09024000	BLACK TEA FERMENTED/PARTLY FERMENTED, FLAVOURED OR NOT, IN PACKINGS OF >=3KG	SIERRA LEO	11500	851378	0	0
09024000	BLACK TEA FERMENTED/PARTLY FERMENTED, FLAVOURED OR NOT, IN PACKINGS OF >=3KG	TANZANIA	21180	2601243	0	0
09024000	BLACK TEA FERMENTED/PARTLY FERMENTED, FLAVOURED OR NOT, IN PACKINGS OF >=3KG	USA	3843345	317209276	1814138	250015470
09024000	BLACK TEA FERMENTED/PARTLY FERMENTED, FLAVOURED OR NOT, IN PACKINGS OF >=3KG	RSA	12180012	2266682556	13041938	1908120819
09024000	BLACK TEA FERMENTED/PARTLY FERMENTED, FLAVOURED OR NOT, IN PACKINGS OF >=3KG	ZAMBIA	16249	196514	23136	333500
	TOTAL		44449692	5889313978	43946187	6728763619
	GRAND TOTAL		44613528	5809856224	43979917	6737278325

Source: National Statistics office (NSO), Report 2007

The Current (2006-2007) annual tea exports stands at about 43,000 metric tones, contributing 3% of global tea exports<sup>4</sup>. Roughly one-third of Malawi's crop is sold through the Limbe Auction the rest is sold directly to exporters. Major international companies such as Unilever and Tata Tetley buy a high proportion of the tea. The biggest export destinations are the UK and South Africa. The color and brightness of Malawi tea is a key factor in blending of leading British tea brands.<sup>5</sup>

Although Malawians have been producing tea on commercial scale for over 100 years, socio-economic conditions of workers and the surrounding communities are very poor<sup>6</sup>. Work on the tea plantations is highly intensive, but wages are very low. In all estates the basic wage for time work of all daily rated employees in 2007 was MK101 (Malawian Kwacha) equivalent to US\$ 0.72 and plucking rate was as low as MK2.29 equivalent to US\$ 0.016 per kilogram of green leaf plucked.<sup>7</sup>

Although there is existence of memoranda of recognition and access agreement between Agricultural Employers Association and Plantation and Agricultural Workers Union

<sup>4</sup> Reported by The Sunday Times March 2, 2008

<sup>5</sup> Malawi Tea 2002 : Journal of Malawi Tea, 2, 7-16

<sup>6</sup> diagnostic trade integration study-Malawi, 2002)

<sup>7</sup> TAML Employment Practices and Conditions: WCE/TEA/1/2007

(PAWU), industrial relations in the tea sector can be described as hardly existing<sup>8</sup>. Absence of a strong trade union in the sector affects the workers freedom of association and collective bargaining. Hence the conditions of service and employment practices are dictated by the Tea Association of Malawi Limited in which estate owners are major players and workers have no representation.<sup>9</sup>

Harassment and sexual discrimination remains a challenge in all estates and women are victims. This study noted that it is very difficult to measure extent of this discrimination and harassment due to the fact that most of these cases go unreported.

This study also found that, the child labor is widespread in small-scale tea farming where it takes the form of household chores. Child labour was not directly observed in the field research on the large and small tea estates.

### **1.3 Study Objectives**

This Study set to assess social, economic and environmental condition in tea sector in Malawi.

- Social conditions covered include working conditions, wages, freedom of association and collective bargaining, trade unions, discrimination, child and bonded labour, social security/insurances, medical care, maternity and sick leave, contracts, transportation, health, and safety issues, housing, gender and livelihood.
- Economic issues under study include factors that determine tea prices, the buyer power, and smallholders' role in price setting, position of smallholders in processing, distribution and auctions. Contracts and agreements between big and small players and opportunities and bottlenecks with respect to adding value to the tea sector.
- Environmentally, the study will assess issues such as soil degradation, erosion, biodiversity, waste management, soil conservation measures, use of agro-chemicals, use of natural resources,

The Research is expected to deepen the understanding of the challenges and opportunities of communities living and working in the tea sector so that ways can be found to address the issues in the short and long term basis.

### **1.4 Methodology**

The study employed various data collection methods including secondary data review, and primary data collection techniques, qualitative (focus group discussions) and quantitative data collection using questionnaires.

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<sup>8</sup> Line Eldring, Malawi Tea Child Labour Sector, Fafu Study

<sup>9</sup> Personal Interview, plantation workers: Paul Kachusa.

a. Document Review

Key documents were collected from National Statistics Office (NSO), tea estates, and other stakeholders in relation to the objectives of this study. Academic literature and comparative studies from other countries on issues affecting tea industries were reviewed for their insights into how to approach the subject under study.

b. Field Data Collection Methods

Four approaches were used in collecting Field data:

(i.) Plantation Workers Questionnaire

This questionnaire was randomly administered to 49 tea plantation workers from nine tea plantations / estates. A total of 23 workers were interviewed in Thyolo district and were randomly sampled from Conforzi Plantations (7) Makandi Tea and Coffee Estates (8) and Naming'omba Estate (9). The remaining 26 workers were interviewed in Mulanje district in 4 estates namely, Eastern Produce (6), Lujeri Tea Estate (7) Chitakale (8), and Goa estate (5). For objectivity, and for the workers to express themselves freely, most interviews were conducted off plantations and without the consent of the management.

(ii) Smallholder Questionnaire

This was administered to 25 Smallholder tea farmers of whom 18 were males and 7 were females. 10 Smallholders were sample from Thyolo and the rest came from Mulanje district.

(iii) Focus Group Discussions

4 group discussions were held in Mulanje (2) and Thyolo (2) districts. In Thyolo, one of the discussions involved 12 Smallholder farmers and the other involved 10 plantation and factory workers. In Mulanje the discussions involved 15 Smallholder farmers and 20 plantation and factory workers. During these discussions Smallholders and the workers brainstormed and discussed several issues which were impossible to capture in questionnaires.

(iv.) In-depth Interviews

These were conducted to top official in tea estates (managers, personnel officers, and accountants), labour officers of Mulanje and Thyolo and officials of Tea Association of Malawi limited (TAML). Union members of Tea, Coffee and Macadamia Workers Union (TECOMA) and Plantation and Agricultural Workers Union (PAWU) were interviewed only at Makandi Tea and Coffee Estates. In all other estates visited, members of the above unions did not show up for interviews. Therefore, members of Joint Consultative Committees (JCC) were interviewed instead. These interviews generated information on policies, tea production and processing, trade issues and challenges affecting tea industry in Malawi.

(v.) Challenges Encountered During Data Collection

Despite the fact that Tea Industry is one of the major economic backbones for Malawi, there is very little literature on the issues affecting this industry. One of the reasons for this problem is the reception the researchers encounter in the estates. Just like other

people before us like Line Eldring (Fafu study) and ICFTU/IUF mission, we have been receiving cold shoulders and no cooperation from some major stakeholders such like the Tea Association of Malawi Limited (TAML) and some tea estates as well as a number of key Smallholder farmers. ICFTU/IUF mission reported that the meetings and encounters with management were very unpleasant and held in unfavorable mood.<sup>10</sup>

Secondly, it was hard to interview labourers, workers and owners of tea estates because they were not interested and we were being looked down upon as negative social auditors. It had to take the intervention of labour commissioner for us to start the research. Many targeted informers never shown up just because we offered them no monetary benefits. They demanded lunch and transport allowances as a precondition for interview.

Smallholder farmers, workers and casual labourers have been witnessing a lot of research for the last 10 years. Much of these studies are academic (undergraduate dissertations) which are often not published and are inaccessible to public. Hence respondents of this study claim that they don't see the rewards of such studies. Therefore they have come to conclude that these researches and studies are useless, wastage of their time and no connection to their work. Hence many of them shun away the interviews.

## **1.5 STRUCTURE OF THE REPORT**

The account below presents the findings of the study in 4 sections. The first section discusses the findings relating to Smallholder sector. This section examines the background of smallholder tea farming and highlights the challenges this sector is facing. The second section focuses on the activities of local and foreign tea estates in Malawi. Social, economic and environmental impacts of tea industry will be discussed in this section. The third section of this document analyses the role of associations and the trade unions in tea industry. Special attention will be paid on the strengths and weaknesses of these associations. The last section highlights some key observations and makes recommendations for further research in this field

## **2.0 SMALLHOLDER SECTOR**

### **2.1 Background**

In Malawi, Smallholder tea farming began in 1964. It was introduced in 3 districts, namely Nkhata Bay, Mulanje and Thyolo. (See the map). This report however, will concentrate on Mulanje and Thyolo districts only. From its conception to the early 1990's this sector developed rapidly<sup>11</sup>. One of the factors that enabled it to grow was the massive support from the government of Malawi. Smallholder Tea Authority (STA) under ministry of agriculture was given the responsibility to undertake this development with a

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<sup>10</sup> Line Eldring 2002

<sup>11</sup> Amstrong Khoza, (Unpublished)

joint financing from Malawi government and British Common wealth Development Cooperation (CDC).

All Smallholder farmers registered with Smallholder Tea Authority received government support through subsidized farm inputs (seedlings, fertilizer and chemicals). In addition, the government employed many agricultural advisers/extension workers who frequently visited the Smallholder farmers. A factory to purchase, process and market all smallholders' tea was established in Mulanje in 1974 with capacity to process 2.5 million kilograms of made tea per year. This factory was called Malawi Tea Company (MATECO) and had STA and Agricultural Development Marketing Cooperation (ADMARC) as share holders. STA and MATECO had monopoly to purchase and process all green leaf from smallholder growers.

The farmers who grew tea during this period explained how they enjoyed and benefited from this government support. They claimed that their duty was just to produce the green leaf i.e. to plant, weed and pluck the green leaf. The STA bore all other responsibilities such like pest and disease control and treatment, transportation, processing packaging as well as marketing of smallholder tea. Some farmers interviewed claimed that the STA even bought damaged or poor tea at the same price of the quality tea, just to motivate and encourage the Smallholder farmers. On top of this, payment for green leaf by STA to growers was prompt and timely. Hence this period experienced the production of high quality tea from Smallholder farmers in spite of the fact that smallholder tea production was only 900 kilograms of made tea per hectare against 2500 kilograms per hectare produced by private estates<sup>12</sup>.

In the early 1990's Malawians experienced transformation in all aspects of life. Politically, there was a change of leadership from Dr Kamuzu Banda to Mr. Bakili Muluzi and from one party state to multiparty system of government. This change of politics was followed by the liberalization of the economy. Several state-controlled companies were privatized and local institutions were decentralized. This transformation heavily affected the tea industry especially the Smallholder sector.

The management of Smallholder Tea Authority as well as state run estates like Chitakale in Mulanje district was changed from qualified and experienced personnel to unqualified political appointees. Consequently, these institutions experienced poor administration and gross mismanagement of resources.<sup>13</sup> Earlier efforts of assisting smallholders in production, transportation processing and selling of their tea by the STA were affected. Default in payment to growers for green leaf delivered became a norm, sometimes 3 months overdue. Therefore the production and morale of the farmers dwindled.<sup>14</sup>

In response to the above problems, government dissolved STA and MATECO and created Smallholder Tea Growers Trust (STGT) and Smallholder Tea Company (STECO) to replace the two. This move however did not help but deteriorate the

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<sup>12</sup> Armstrong Khoza, The Tea Industry in Malawi (unpublished)

<sup>13</sup> A Khoza Unpublished

<sup>14</sup> Malawi Tea 2, 2002 (also reported by Khoza A.)

situation. Mismanagement and default in payments continued. By 2006 STECO accumulated large debts for the growers. Hence the government closed down the factory and sold it to private individual.

Due to problems stated above, smallholder farmers who account for about 14% of the land under tea and 7% of the production started to abandon the STA and formed marketing and development partnership with six private estates/companies. These estates include Lujeri Tea Estate, Eastern Produce (Malawi) Ltd. Makandi Tea and Coffee Estates, Satemwa Tea Estate, Conforzi Plantations, and Zoa Tea Estate.

This change of partnership from government to private sector has two major developments. To some Smallholder farmers this initiative has motivated them and they have improved and increased tea production.<sup>15</sup> Most of the farmers who have benefited are those who have formed partnership with three major multinational companies namely Lujeri Tea Estate, Eastern Produce Malawi Limited (EPM) and Makandi Tea and Coffee Estates.

These three multinational companies engage the communities in some projects whose main purpose is to increase the production capacity of smallholder farmers and to provide the local growers with constant cash income throughout the year. The projects in question include activities such like:

(a.) Provision of extension managers who visit the smallholder farmers and advise them good agricultural practices. The lessons which the out-growers learn from these extension managers include pest and disease identification/treatment, soil management, plucking methods as well as general agricultural practices like weeding, pruning and how to control soil erosion.

(b.) Organization of field days where smallholder farmers from different areas gather at one farm to learn from or help their friend. Each and every month, some estates call all its out-growers to one of smallholder gardens. After touring the garden, they discuss the problems with the extension managers. There by, learning new things in the process.

(c.) Provision of farm inputs on loan. These include fertilizer, seedlings, pesticides and other farm implements like hoes and cutting knives. These loans are paid through deductions of payments of green leaf delivered to the particular private estate.

According to estate managers of Lujeri Estate, Eastern Produce and Makandi Tea and Coffee Estates, these projects have helped the out growers in increasing their production. For instance Makandi Estates' Out Growers project has benefited a total of 351 smallholder farmers in increasing tea production as the table 1 below shows.

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<sup>15</sup> A Khoza Unpublished

Table 2. Shows the Impact of Makandi Tea and Coffee Estates' Out Growers Project

Year	Kilograms
2003	935,200
2004	843,265
2005	978,725
2006	1,100,405

Source: Makandi Tea and Coffee Estates yearly records

However, field study noted that multinational companies only undertake these projects. Out of 11 private companies only 3 have taken the above initiatives. Secondly, the projects are not extended to all smallholder tea farmers but are limited to only farmers who supply tea to these three companies. Therefore, for a smallholder farmer to benefit from these services he/she must enter into partnership with these particular estates and is required to sign a contract. These contracts in question makes the farmer to lose his freedom of supplying green leaf to the company of his/her choice on whatever situation.<sup>16</sup>

The situation for the smallholder tea growers in Malawi is very interesting. Actually, they don't have a choice as far as prices for green leaf are concerned. For whatever quality or variety, the buyers (all private estates) offer the same price. The current price (2008) is MK 11.60 equivalent to US\$ 0.082.

On the other hand, this change of partnership has affected many Smallholder farmers negatively. Many of them could not manage to meet the cost of production. Therefore, smallholder farmers depend solely on private estates to offer farm inputs (on loan) and to sell their produce, thereby increasing their vulnerability to the vagaries of the market. Unlike other farmers (tobacco/maize farmers) who enjoy government support in subsidized farm inputs and price setting of their produce, tea growers bear all the cost of production in full and government of Malawi does not intervene on price setting on their behalf. Hence all the smallholder farmers we interviewed claim that they do not see the benefits of growing tea.

## 2.2 Challenges Faced by Smallholder Farmers

### a. Lack of Supply Chain Responsibility

This study found out that the smallholder farmers are ignorant of many purchasing practices. Almost all farmers interviewed (96%) are not aware of quality and quality of tea supplied annually to the buyer. They do not know pricing mechanism or terms of trade. Moreover, the majority (92%) of smallholder tea farmers interviewed does not know how much money is deducted from their payments as tax. Therefore, this implies that the purchasing practices are not clear to smallholder farmers most of which are illiterate.

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<sup>16</sup> Personal interview Management of Eastern Produce

b. High Cost of Production

Since the dissolution of STA and privatization of MATECO the government of Malawi no longer lender any support to tea industry. Smallholder farmers who joined partnerships with private estates are compelled to bear all the cost of tea production, from farm inputs to transportation of tea to the buying company. This demand, which could not be met by the majority of Smallholders, has led to a very unhealthy relationship with the buying companies i.e. private estates.

Unlike other crops like tobacco and cotton which enjoy government support in subsidized inputs as well as government intervention in price setting, tea production receives no such favours. Therefore smallholders farmers are compelled to ask for loans and credits from their partners, the particular estate where they sell their tea. This loan is in form of farm inputs such like, fertilizer, seedlings and chemicals.<sup>17</sup> However it must be noted that private estates who offer loan and credits are in business. Their primary objective is to make more profits. Therefore it is possible that these loans are exploitative considering the fact that majority of smallholder farmers are illiterate. For instance the management of Eastern produce said that they buy fertilizer and other farm inputs from abroad. So when farmers get the loans stated above there are no subsidies and farmers are expected to pay tax and transportation costs of these farm inputs. However farmers interviewed showed ignorance of the formula used to calculate tax and transportation costs stated above. This observation implies that farm inputs which farmers get on loan from private estates are more expensive than buying from local markets.

In Malawi Smallholder Farmers are very poor. Almost none has own transportation.<sup>18</sup> This means that, farmers solely depend on buying company to offer them transport. This scenario implies that the six private buyer/estates have to sent and collect green tea to over 6000 Smallholder farmers. This situation is even worse during peak season and a lot of farmers interviewed lament that their tea gets destroyed and could not be bought.

In order to reduce the cost of production, the Smallholders exclusively use family labour in weeding, pruning, as well as picking. In this kind of situation it is very difficult to exclude child labour. From the interviews, 80% of the farmers accepted that they use their children even as young as 10 years of age in weeding, pruning and picking tea. According to many of them, if a child is working after school, it is not child labour.

c. Lack of Collective Bargaining

Almost 80% of Smallholder farmers are illiterate or have low literacy level (did not go beyond primary school). This is evident by lack of knowledge of market structures, absence of business plans; they don't even know their profit margins. The buyers take advantage of this ignorance and exploit the Smallholders heavily. For instance, some former estate clerks interviewed revealed that they used to cheat the farmers by adjusting

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<sup>17</sup> Personal interviews Tea estates and smallholder tea farmers, Paul Kachusa

<sup>18</sup> Personal interviews Tea estates and smallholder tea farmers, Paul Kachusa

their scales. The implication is that a farmer who supply 100 kilogram's of tea would get the money for tea less than 80 kilograms.

This lack of knowledge above affects the farmers to the extent of not having the bargaining power. 90% of the farmers interviewed showed no knowledge of other tea growing countries or even where Malawian tea is exported. Most of them neither belong to any association nor do they actively participate in any meeting affecting them. This means that most smallholder farmers do not work collectively with other producers. No wonder the Tea Association of Malawi Limited (TAML) a grouping of estate owners, dictates the prices of green leaf bought from the Smallholder farmers.

d. Limited access to Markets

Since the dissolution of STA, Smallholder farmers are forced to sign contracts with buying company. Unfortunately the research team was unable to see and assess the contract papers due to unwillingness of estate managers. However, the implication is that farmers are not free to sell their tea to any other company but to their partners only.

In Malawi, there is no single smallholder farmer who has a factory. All smallholder tea farmers sell their green leaf to private estates that process and sell it at the auction. Hence smallholders are easily cheated because they cannot deduce the processing cost nor could they know prices of processed tea.

d. Low Tea Prices

The smallholders in Malawi started growing tea in 1960s'. This means that they have been in business for over 40 years. From observation majority of them live below poverty line (most of them still walking without shoes or could not afford a push bicycle.) Although the prices of green unprocessed leaf change over time the quality and variety of the leaf are not considered as a determinant of better price. The private estates demand only 2 leaf and a bud from smallholders as a condition for buying their green leaf. According to smallholder tea farmers, in Malawi they produce different types of tea namely Superior cartivars and propagated clonal. Seedlings of these tea types has been produced and provided by Mimosa Research Station in Mulanje district a Malawi Tea Research Foundation (TRF) with funding from the European Union. Despite quality and variety the price of green leaf is MK 11.60 equivalent to US\$ 0.082 per kilogram of green leaf delivered. And there is no premium for quality or variety of tea produced.<sup>19</sup>

All smallholders interviewed revealed that they have never visited the tea auction nor do they know the prices of processed tea. This is because in Malawi smallholder farmers have no factories. They only produce green leaf all of which is bought by private companies. Hence it is the private companies who enjoy and understand what ever happens at the auction. Interestingly all private tea companies/estates belong to Tea Association of Malawi Limited (TAML).

From interviews this study establishes that tea prices are set by the Tea association of Malawi; Industrial Relations Committee under which the private companies are major

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<sup>19</sup> Personal interviews, Smallholder farmers and Estate management

players. It is these private companies who determine the prices with no or little input from smallholders. Although smallholder farmers have representatives at the pricing committee, they are still ignorant of how the prices are set and they do not know the factors that determine the changes in prices. Their representatives at the pricing committee are not well empowered educationally and could not argue nor bargain effectively with their buyers almost all of which are European Managers due to inferiority complex. Hence the just accept everything offered even without consulting other smallholder farmers.<sup>20</sup> All farmers interviewed felt that price of green tea they get from private estates is very low and not in tandem with the cost of production. Hence, they claim of not benefiting from tea growing at all.

e. Lack of Capital

Despite the fact that smallholder farmers play a very big role in the growth of Malawi economy, local banks are very reluctant to assist these farmers with loan facilities. None of the smallholders interviewed ever accessed a bank loan. One of the explanations to the above observation is that, Smallholder farmers in Malawi are very poor with little or no formal education. Hence banks doubt their ability of paying back the debts.<sup>21</sup>

f. Lack of Land

Lack of land for expansion is another challenge Smallholders face. On average Smallholder tea grower has 0.4 hectares of tea, typically along side 1-1.5 hectares of maize and other subsistence crops.<sup>22</sup> The land is either personal (60%) or leased by the government (40%). This piece of land yields around 1600 to 2500 kilogram's of green leaf equivalent to around US\$150 per year minus the cost of production .i.e. fertilizer and labour.

In Malawi Tea farms of less than one acre and up to five acres of land are/considered as smallholders.

Table 3 Shows Land ownership by smallholder farmers

Sex of the farmer	no idea	< 1 acre	1.5 acres	2 acres	5 acres
Male	3	3	9	1	1
Female	1	3	0	3	0
Total	4	6	10	4	1

Source: Personal interviews smallholder farmers, Paul Kachusa

All smallholder farmers interviewed feel that they do not have enough land for cultivation of tea and other crops.

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<sup>21</sup> Personal Interviews smallholder farmers Paul kachusa

<sup>22</sup> Personal interviews smallholder tea farmers, Paul Kachusa

### 3.0 Activities of Local and Foreign Companies and their Impacts

#### 3.1 Social Impacts

##### (i.) Employment

Statistical data on Malawi are in general poor and there is no single authentic source on employment in various agricultural sub-sectors<sup>23</sup>. However, we cannot ignore the most important impact of tea industry in Malawi, which is the provision of employment up to 70,000 people making it the largest organized employer of direct labour in private sector<sup>24</sup>. For instance, Eastern Produce (EPM) the largest tea growing enterprise in the country operating 15 plantations and 10 processing factories, employs 16,500 workers during peak season and 13 000 in low season. Evaluation of National Statistics Office Data on employment, offers no general demographic information on tea workers. It is therefore, not possible to come up with gender or literacy levels of all tea plantation workers in all estates.

According to ECAM (Child Labour Report) between 2004 and 2005, the Thyolo district's estates alone had a total labour force of not less than 30,425 people of whom 24, 373 were male and 6,052 were female.<sup>25</sup> The figures for the Mulanje estates are more systematic and comprehensive. They give a fuller picture of the size of the estate labour force there:

Table 4: Size of Labour Force on Mulanje Tea Estates: July 1999 – June 2004

Year	Male	Female	Total
1999/2000	36, 318	15, 007	51, 343
2000/2001	30, 526	9, 569	40, 095
2001/2002	21, 242	7, 624	28, 866
2002/2003	22,589	6, 350	28,938
2003/2004	31, 230	9, 377	40, 607

Source: ECAM Child Labour Report

There are 2 categories of employees in tea estates, namely temporary and permanent. The majority of them are temporary employees. These are tea pluckers most of which are casual labourers and they sign no contract. The table above indicates some major variations in employment in the tea industry. The above figures suggest that there were some major reductions in employment in the tea industry between mid-1999 and mid-2003. The possible explanation of this reduction in employment is that there was drought and acute famine during that period. The Majority of Malawian households survived on

<sup>23</sup> ECAM Child Labour Report

<sup>24</sup> Kitching, 2002

<sup>25</sup> These figures are not complete. Comprehensive employment figures on the Thyolo estates were not available at the time of this study

food aid from government and World Food Programme (WFP). Therefore, it is possible that several people were busy searching for food than working in tea estates.

The employment situation picked up again between end 2003 and mid-2004. These changes might have affected some specific categories of employees more than others. Under normal circumstances, such volatility in the labour market would render vulnerable social categories such as children, women, migrants, tenants, and other minorities extremely susceptible to exploitative employment practices.<sup>26</sup>

#### (ii) Child Labour

The International Labour Organization ILO has estimated that 211 million children one of every five children between 5-14 years are engaged in economic activities world wide 48 million of these live in sub-Saharan Africa and most of them work in agricultural sector<sup>27</sup>. In recent years, Malawi has been seen as one of the worst countries in the continent when it comes to child labour practices and attention has especially been directed at tobacco growing sector. Less is known about the situation in other commercial agricultural sector, as the tea sector, which is another major export sector in Malawi economy. Malawi Congress of Trade Unions (MCTU) has received reports on serious incidents of child labour also in tea growing, but there is lack of systematic knowledge on the situation.<sup>28</sup>

The respondents of the research did not indicate child labour in tea estates. According to Tea Association of Malawi Limited (TAML) and Estates owners, the enterprise formally does not hire anyone younger than 18 years. This is a policy for all tea estates dictated by TAML in its employment practices and procedures which all tea estates are compelled to follow<sup>29</sup>. Signs indicating the ban on child labour were observed in the premises of almost all estates.<sup>30</sup> However, In Malawi, tea estates in particular, it is very difficult to access the extent of child labour.

The first reason is that, access to estates is limited. The nature of tea plantations, their locations plus issues of robbery make them very frightening to visitors. Secondly it is often claimed that tea estates are strong and well organized and have clever management that easily hide the use of children. Although most interviews were conducted off-site and without the consent of management, this study observed that, only 2 of the targeted estates were taken by surprise. Thereafter, other estates were very cautious. Indications of preparation for our visit were prevalent. Almost in all estates we could hardly find workers in the field as expected and in other estates we could find workers assembled and eagerly waiting for interviews. This observation is in line with what other researchers found out that estate owners often alert each other if inspections are underway.<sup>31</sup>

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<sup>26</sup> ECAM Child Labour Report

<sup>27</sup> ILO, 2002

<sup>28</sup> Torres 2002; Eldring 2002)

<sup>29</sup> WCE/TEA/1/2007

<sup>30</sup> Personal Observation Paul Kachusa

<sup>31</sup> Line Eldring 2002

The other major problem in Malawi is that there is no age registration in place. Therefore one could easily be cheated that particular person is below or over 18 years of age. Although child labour is either prohibited or concealed in estates, it is being used in small-scale farmers who mostly depend on family labour. 20 of 25 smallholder farmers interviewed revealed that children of school going ages help their parents in caring of tea farms.<sup>32</sup>

(iii) Working hours

The normal hours of work on each estate is 48 hours per week or in shorter working week the number of days worked multiplied by eight hours. Normally an adult employee not employed on piece rate works eight hours a day excluding time taken to eat the cooked food provided and any other statutory rest breaks.<sup>33</sup>

Due to illiteracy and the nature of work in Malawi tea estates, the majority of tea estate workers do not know the number of hours they provide labour to the estates. See table below.

Table 5. Shows number of hours per week

Sex of worker	Describes the hours worked per week					Total
	40 hours	48 hours	60 hours	Do not know	Unlimited hours	
Male	5	5	1	22	3	36
Female	1	3	0	8	1	13
Total	6	8	1	30	4	49

Source: Interviews with workers

The major reason behind this ignorance is illiteracy. The other reason is that in tea estates number of hours is not a determinant for wages but the amount of tea collected. Therefore it is possible that many people work many hours to reach the target demanded by the estates. There are indications that tea estate workers work 40 to 60 hours a week. Worker interviews reveal that for them to reach the targeted 44 kilograms they are compelled to work for 8-9 hours a day. That means they work for over 40 hours a week (6 days a week). All the workers interviewed feel that they do not get adequate wages to support purchase of basic needs like food.

(iv.) Social Benefits

Tea estates provide free housing, health services, food and health insurance to contract employees as non-monetary benefits. However, about 47% (23 of 49 interviewed) of the employees have no access to any benefits from tea estates. 46% (22 of 49 interviewed) of the tea plantation workers indicated that they are compensated if they work overtime. The compensation is in the form of time off and cash.

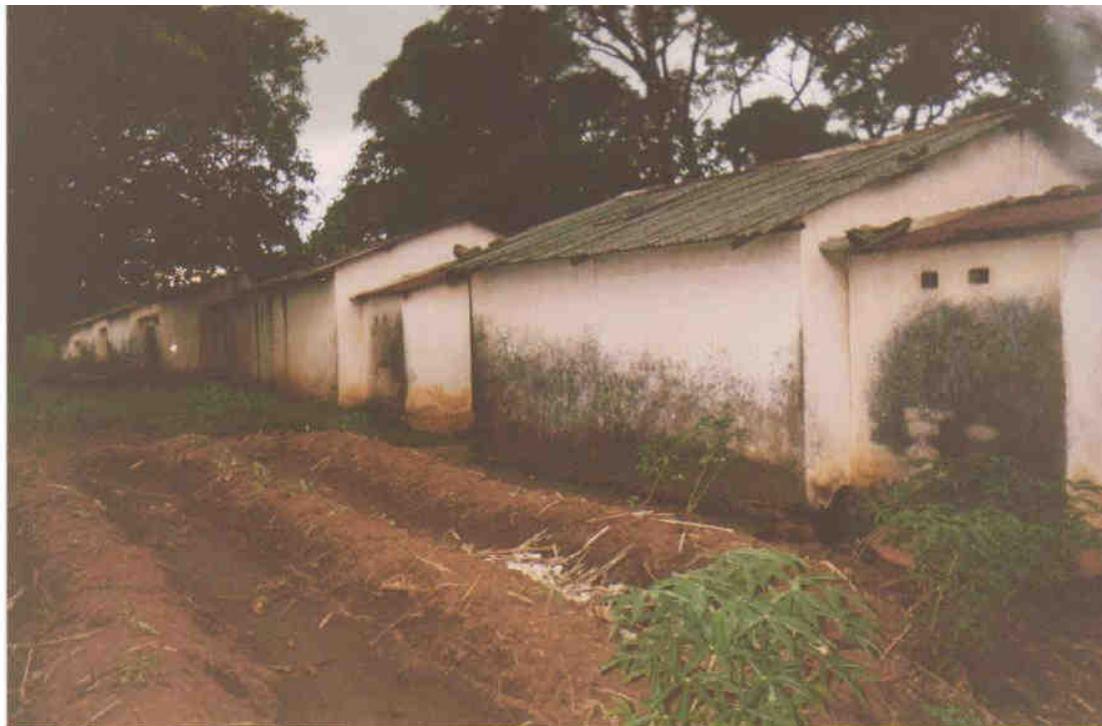
<sup>32</sup> Reported by G. Mothisa District Labour Officer, Mulanje. Also by Paul Kachusa MALAWI CARER Paralegal report, Mulanje 2007,

<sup>33</sup> Interview with District Labour Officer, Mulanje, Paul Kachusa 2007

a. Housing

Most plantation workers enjoy free housing offered by the private estates. These free houses are offered only to contract/permanent workers. According to all workers interviewed there is no possibility of becoming the owner of the company housing facility. The seasonal and casual workers find their own accommodation. Most of these workers are from nearby villages. Hence they commute from their homes. However the conditions of these houses differed from one estate to the other. In big multinational companies like Eastern Produce (MW) Ltd and Lujeri Tea Estates they have better houses. But in local estate like Conforzi Plantations the conditions are very poor. See the photo below.

Figure: 2 shows the nature of houses in tea estates



b. Food Security

All contract and seasonal workers enjoy free lunch while in the plantations. This lunch is in form of maize flour (nsima) and beans. In multinational estates like Lujeri workers get subsidized food stuffs like maize. However, many workers interviewed complained about the substandard of the food offered while in the field. In many estates, the food offered is always maize flour and beans and due to lack of plates, this food is offered in unhygienic plastic packs which have the possibility of spreading diseases. As the photo indicates, there are possibilities of growing food on designated plots by company.

c. Education

The tea industry supports education through various ways such as scholarships, bursaries, and stipends and by providing funds to establish and improve schools near a plantation or factory. Generally, primary school education is free in Malawi. The estates support these primary schools by providing desks, books and building school blocks. But secondary education is not free. Pupils are expected to pay \$100 per academic year. Here is where the estates came in and assist the community around the plantations with bursaries and scholarships to outstanding pupils. According to estate managers of Eastern Produce and Makandi Tea and Coffee Estates, these benefits are not only to the dependants of plantation workers but are also spread to every child around the estates. However, the estates did not provide any information or records of how many students have so far benefited.

d. Health Services

The estates offer medical services or care to workers and other people from surrounding areas. In Malawi patients pay for treatment when they visit health facilities that are not run by government. However, the employees, their dependants and people from the surrounding community access free medical services in the estates. From the estates' management point of view these health services are free to every body (workers and non workers). However, the capacity and the resources differ from one estate to the other.

Most plantations in both Mulanje and Thyolo have better clinics and they provide first treatment before referring the patients to government hospitals. Indeed some of these estate clinics have better facilities, equipment and qualified personnel than government hospitals. For example, Lujeri Tea Estates Ltd. has the possibility of scanning cancer, a thing most hospitals can not manage in Malawi.<sup>34</sup>

On the other hand local registered estates do not have adequate resources for them to offer medical care to its own employee let alone people from surrounding areas. Lack of medicine and qualified personnel was noted in some these estates. One of the most important observations was the availability of ambulance services in all estates. This means that despite the fact that most estates have inadequate resources, patients reach government hospitals on time.

e. Capacity building

Majority of estate workers has no opportunity for upward mobility. 94% of the employees in the tea estates have had no access to capacity building initiatives provided by the employers. The only training offered is in the areas of tea harvesting methods. Observations and interviews indicated that only people in high position such like accountants, managers and agricultural advisers are considered for in service training. For instance, Lujeri Tea Estate sent 5 managers to India to learn what their counterparts do.

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<sup>34</sup> Personal observation Paul Kachusa

None from lower position (from clerks to plantation workers) has the opportunity of improving the skills and livelihood through education or training.

(v.) Occupation Health and Safety

Despite the claim that Free healthcare is provided to all workers permanent and seasonal as well as the surrounding communities, not all the plantations have enough resources to help workers and surrounding areas. The problem of poor health and safety conditions could be noticed in small estates especially those managed by local people. For instance we observed that at Conforzi Plantations the sanitation was very poor. Almost hundred people have only one pit latrine at their disposition hence most people use nearby bushes in relieving themselves. There by, increasing the chances of spreading diseases like Cholera among workers. Although poverty is wide spread in Malawi, a normal situation is at least a pit latrine for every household. However this study could not assess the impact of the above situation on product quality.

Most of the estates we visited had sound policies on health and occupation safety which include accident reporting, specific safety rules and regulations, safety checklist safety equipment and good house keeping. But reality on the ground points to the contrary. Tea plucking is hazardous work, resulting in back pains because it entails carrying a basket at the back for more than 8 hours in a day. Workers who cultivate and pluck tea are exposed to pesticides and insecticides, insects like mosquitoes and poisonous snakes<sup>35</sup>. Unfortunately this study does not have information on the kind of pesticide or fertilizers used and how often it is used. However In most estates workers could be seen in plantations without protective clothes. (See photo below)

Figure 3: shows plantation workers without protective gear



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<sup>35</sup> Personal interviews Paul Kachusa

The Tea Association of Malawi advises its members to follow conditions set aside before issuing any protective gear. One of the clauses in conditions of service states that: one must work for a period of time before he/she gets a protective gear.<sup>36</sup> This implies that workers are firstly exposed to harm before they get the protection.

There is evidence by the statistics from ministry of health, which says that chronic malnutrition in Thyolo and Mulanje is among the highest in Malawi, and in Africa, with 49% of children under the age of five with stunted mental and physical development. Despite, 17% of the population of Malawi are children, infant mortality is very high. Chronic malnutrition results from the effects of food shortages, recurrent infections, and poor care practices, and can have multi-generation effects.

Due to low wages among laborers, women who in most cases cannot afford daily provisions indulge in prostitution. Absolute poverty as observed among estate workers forces many women use sex in order to get basic needs, such like food and clothing. This behavior has brought in HIV/AIDS, which has devastated a lot of households in the plantations. Men too played a role in the spread of the disease. According to MSMC labour Document, senior employees such like Kapitaos coerce women into sexual relationships in exchange for better payment and promotion or lighter work.

Food insecurity is also a prevalent condition for large portions of the population, but is severe among the most vulnerable groups: female-headed households, smallholder farmers with insufficient and poor quality land, rural laborers, and orphans who have lost one or both parents to HIV/AIDS. These affected communities find themselves much more vulnerable to economic, climactic, and personal crises. This situation is compounded by a high prevalence rate of HIV/AIDS, which has decimated the labor force and raised the household dependency ratio. Additionally, HIV/AIDS has created large numbers of “demographically vulnerable” groups, which are defined as households lacking adult labor, elderly-headed households and child-headed households. The decline of social capital in poor communities has exacerbated the vulnerability of these households.

With a 2001 national seroprevalence rate of 15% that is likely to decline slowly over the next 10 years given current sexual behavior patterns, Malawi is facing severe demographic, social, economic, and political consequences from the HIV/AIDS epidemic for at least the next three decades. In the view of many HIV/AIDS experts, the ability to deliver prevention, care, treatment, and impact mitigation services on a national scale is absolutely critical to the future social and economic stability of the country.

(vi.) Harassment and Discrimination

There are number of cases of sex abuse and discrimination in the estates and the victims are women. Many women employees in tea estates have ever been sexually harassed and discriminated.<sup>37</sup> However it is very difficult to come up with the percentage because most of such cases are not reported.

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<sup>36</sup> The Tea Association of Malawi; WCE/TEA/1/2007

<sup>37</sup> Personal interviews Tea estates and smallholder tea farmers, Paul Kachusa 2007

The most common problem for women in Malawi is discrimination. Almost in all tea estates, very few women are in management positions. Even at Tea Association of Malawi offices, only one woman who works as a receptionist was seen. In tea estates women are employed as tea-pluckers or messengers. The highest position observed during interviews was that of a nurse at EPM Clinic. In plantations women meet reluctance to get employment. When they fall pregnant they lose their jobs and all the terminal benefits like pension and gratuity which they were entitled.<sup>38</sup>

Harassment is another problem faced by women in plantations. Since women occupy the lowest level in the employment hierarchy they are easily coerced into sexual relationships with their seniors, in exchange for better payment, promotion or lighter work.<sup>39</sup> In some cases, male managers demand sex as a precondition for employing a woman. However, Malawians have a culture of silence on sex and sexuality. Hence sexual harassment issues are not discussed in public and most of them go unreported. Therefore it is very difficult to measure or evaluate the extent of this problem.<sup>40</sup>

### **3.2 Economic impact**

Despite the fact that Malawians have been in commercial tea industry for over 100 years, plantation workers and smallholder farmers are the poorest in the production chain and almost 80% live below poverty line. However, Multinational companies such as Eastern Produce (Malawi) Limited (EPM), Lujeri Tea Estates and Makandi Tea and Coffee Estates make a lot of profits. For instance, at Lujeri Tea Estates we noticed state of the art machinery at Broomfield factory worth millions of dollars. A visit at EPM and Makandi estates revealed expensive 4×4 luxury cars driven by the management. Yet a lot of plantation workers and smallholder farmers could not afford a pair of plastic shoes.

#### **(i.) Smallholder farmers**

As discussed above in the smallholder section, smallholder farmers in Malawi claim not to benefit from tea farming. The price of green leaf which is uniform through out the industry is very low and does not cover the cost of production. In 2007 the price of green leaf was at MK 11.60 (US\$ 0.082) per kilogram while a 50 kilogram bag of fertilizer was approximately at MK 4,000 (US\$ 28.57) This implies that for a farmer to buy 50 kilograms of fertilizer, has to deliver 350 kilograms of green leaf to a buying company. According to Armstrong Khoza<sup>41</sup> the average annual smallholder production per hectare is 900 kilogram. However majority of smallholder tea farmers has less than a hectare of land. This means that  $\frac{3}{4}$  of the annual income is spent just on fertilizer. Therefore,

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<sup>38</sup> Personal Interviews, workers, Paul Kachusa 2007

<sup>39</sup> MSMC Labour Document

<sup>40</sup> Malawi Police Victim Support Unit, Mulanje, Malawi CARER legal clinic, Mulanje report, 2007

<sup>41</sup> Chairman National Smallholder Tea Development Committee Malawi

majority of smallholder farmers could not afford to meet other costs of production like labour, pesticides, and transportation.

Instead of offering price premium for quality and variety of green leaf delivered by smallholder farmers, the private estates give annual bonuses to farmers. However these bonuses are not uniform or constant. A particular private estate decides what to give its out-growers depending on the profits realized at the tea auction.

It takes between 4-5 weeks before small holder tea farmers can access payments from tea sales. The buyers determine the price of tea. The prices for green leaf are not constant. All smallholder farmers interviewed do not know what makes price fluctuate. But the estate owners all of which belong to the TAML and are major players in price setting say that auction profits determines the prices for green leaf and bonuses offered to the smallholder farmers.

76% (19) of smallholder tea farmers do not realize any benefits or profits of growing tea. The benefits in tea farming include; ability to build houses, buy food and sending children to good schools. Although most of the smallholders started growing tea long time ago (some 40 years ago) they are still very poor. Most of the growers interviewed asserted that they struggle to buy basic needs like food and clothing. Some were even observed wearing torn clothes. In Malawi it is very difficult to understand why people still cling to agricultural production even when it is unprofitable. One of the explanations is that most Malawians are illiterate (have no formal education) they cannot find employment. Hence most people take farming as part of life.

Most smallholder tea farmers that were interviewed compliment their income from tea by growing bananas and sometimes by also growing maize, pineapples and cassava. A few smallholders were also working for other smallholders.

48% of the decisions on how to use proceeds from tea farm are made by both spouses. 44% of the men are decision makers on how to use tea proceeds and only 8% of the decisions are solely made by women. However, the sample size for women in the study is small and hence it is difficult to make definite conclusions from such a small sample size.

(ii.) Plantation workers

Actually, work on the tea plantations is highly intensive; however in Malawi wages are very low. In all estates the basic wage for timework for all daily rated employees is US\$ 0.72 (MK101.00) per day<sup>42</sup>. The plucking rate seasonal and casual worker is as low as MK2.29 per kg of green leaf plucked. The minimum wage in tea estates is 25 US\$ (Mk 3500) and maximum is 35.7 US\$ (Mk 5000) per month. For workers on temporary employment, they get 0.72 US\$ (Mk101.00) per day, which translates to about 21.64 US\$ (MK 3030) per month. The wages are determined by the Tea Association of Malawi Limited in which plantation workers have no representation.

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It is very surprising to note that all Estates foreign and local follow the same practices as far as wages, terms and conditions of employment are concerned. The possible explanation for this similarity is that it seems like the Tea Association of Malawi forces all estates to conform or risk isolation. However it must be noted that the problem is not for the Tea Association or Estate owners alone for coming up with low wages. The government of Malawi also share the blame for enacting labour registration that put minimum wage as low as 0.39 US\$ a day.<sup>43</sup> Hence the members of tea association only utilize this loophole and nobody could take them to task.

(iii.) Other sources of family income in Tea estates

This study found out that most estate workers have no any other means of income apart from wages. See table below

Table 6

Describes the sex of worker	Describes other sources of family income			Total
	no other source	loan from other people	farming & selling vegetables	
Male	34	1	1	36
Female	13	0	0	13
Total	47	1	1	49

Source Personal Interviews, estate workers

(iv.) Ability of the tea estate workers to save the money

The majority (92%) of workers in tea estates is unable to save money for future use. The employees, who save money, save between Mk50 and Mk1000.00 equivalent to US\$ 0.36 and US\$ 7.14 respectively.

### 3.3 Environmental impact

(i.) Agrochemicals

a. Pesticides

According to tea estates, as well as Tea Association of Malawi, Malawi tea is free of chemical and pesticides. But they failed to elaborate on measures that are in place in order to ensure that farmers are not applying dangerous chemicals nor could they give much information on the required types and amount of pesticides to be applied on particular problem. Despite the claim that the use of agrochemical is restricted in Malawi tea industry a lot of estates still use pesticides in saving their trees from insects (e.g. mosquitoes) that destroy tea and other fruit trees in the estates.<sup>44</sup> Workers were seen with sprayers a vindication that pesticides are still used in estates.

<sup>43</sup> Information provided by Mr. G. Mothisa, District Labour Officer, Mulanje

<sup>44</sup> Personal interviews Tea estates and smallholder tea farmers, Paul Kachusa 2007

In smallholder sector, the use of pesticides is very minimal. Majority (90%) of smallholder tea farmers is very poor and could not afford to buy pesticides. However, a good number of smallholder farmers have access to pesticides especially those benefiting from out-growers projects undertaken by multinational companies. Unfortunately, this study does not have information about the amount of pesticide applied to tea by smallholders or large plantations. The majority of workers and smallholders has low levels of education and as such does apply dangerous chemicals without understanding the effects of the chemical being used to their health and environment.<sup>45</sup>

b. Fertilizers

In order to boost tea production, growers use organic and inorganic fertilizers. The chemical mostly used in tea estates or plantation is inorganic fertilizer. This study has no information on the type and amount of fertilizers applied in tea plantations. 21 of the 25 smallholder tea farmers interviewed conceded the use of inorganic fertilizers. They obtain these inorganic fertilizers on loan from private estates. 12 of the 25 smallholder tea farmers also apply organic fertilizer (manure) to tea. There is increase in production when organic and inorganic fertilizers are combined. All (25) tea smallholder farmers feel using chemicals on the farms destroys the ecosystem and make soils more acidic or basic depending on the type of fertilizers used on the farms. Private estates especially multinationals like Makandi have been encouraging its out-grower to use more manure than inorganic fertilizers. However, the management of the said estate reveal that the above initiative was received coldly and smallholder farmers still prefers inorganic fertilizer than manure.

c. Agrochemicals and Food Safety

One of the important developments in Malawi tea production is the insistence on food safety. Of late large estates have been sending personnel to India and Kenya to be trained in Hazard Assessment on Critical Control Points (HACCP programme) and quality management systems. One of such estates is Lujeri in Mulanje. This estate has embarked on HACCP training to all smallholders who supply tea. Five managers have been entrusted with this task in Mulanje district.<sup>46</sup> This study has no information on food safety in small estates and other smallholder farmers.

(ii.) Waste Management

Waste Management is one of the biggest problems in Malawi. Solids like metal, plastics and glass among other things are thrown anyhow. Heaps of solids could be noticed everywhere from backyards to rubbish pits. Apart from burning/burying, Malawians do not take the trouble of recycling the solid wastes. The tea industry is not exceptional. On waste management, the estates visited only indicated plans of constructing dams where water from tea farms and factories would be treated to remove toxic substances. But nothing was said on what they are doing right now.

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<sup>45</sup> Personal interviews with labour office in Mulanje, Paul Kachusa 2007

<sup>46</sup> Personal interview, Managing Director, Lujeri Tea Estate

(iii.) Natural Resources

Lack of land for cultivation of different crops has greatly contributed to environmental degradation in Mulanje and Thyolo. In these districts, land is a contentious issue. Almost 85% of land, is used by companies who own tea plantations. Then only 15% is shared among more than 6500 smallholder tea growers. The rest is marginal land. Therefore people are forced to cut down trees in marginal areas like Mulanje Mountain and surrounding hills in order to cultivate other crops.<sup>47</sup> Some people are forced to engage in alternative sources of income, which are detrimental to environment such like cutting down of trees make Charcoal or sell as firewood.

d. Measures applied to conserve the environment

56% (14 of 25) tea farmers interviewed are conserving the environment by making box ridges, constructing waterways, marching and firebreaks. Box ridges and water ways help in reducing running water and reduce soil erosion. Firebreaks help in reducing bush fires which are very common in Malawi especially during dry season. 44% of the farmers are not practicing any soil conservation method.

Table 7 Soil Conservation measures in tea Farms

Gender of respondents	Soil conservation measures in tea farms					
	waterways	box ridges	Waterways and box ridges	Marching	box ridges and fire breaks	None
Male	5	3	2	3	2	10
Female	2	3	0	0	1	1
Total	7	6	2	3	3	11
Source:	Personal Interviews	Smallholder	farmers;	Paul	Kachusa	

Mimosa Tea Research station did a lot in helping farmers in conserving the environment. Farmers were advised to plant vegetative cover like grass and trees in around their field. These have helped in controlling soil erosion.

<sup>47</sup> Tea Association of Malawi : intergrated Framework 2002

## 4.0 TEA ASSOCIATIONS AND TRADE UNIONS

### 4.1 Freedom of Association and Collective Bargaining

Although freedom of association as stipulated in the Constitution of Malawi is recognized by the Tea association of Malawi and all estates, there is no effective trade union in the sector to effectively bargain for the welfare of tea workers.

In this sector there are two rival trade unions namely Plantation and Agriculture Workers Union (PAWU) and Tea, Coffee and Macadamia Workers union (TECOMA). These two rival camps do not work together but instead compete with each other for members. For instance, there is a great difference in membership fee. PAWU is MK45.00 while TECOMA is as low as MK15.00. Members could either belong to PAWU or Tea Coffee and macadamia groups at a time and not both. This study has no background information (policies, membership and coverage) about these unions. Although Tea, Coffee and Macadamia Workers Union claim to have 15000 members the reality on the ground is Different. Unlike the Tea Association of Malawi Limited (TAML) which is very well organized, both PAWU and TECOMA up to now are still struggling to get to get a foothold within the tea sector.<sup>48</sup>

This observation is strengthened by the fact that, it was only at Makandi Tea and Coffee Estates where we noticed the existence of the said unions. But in all estates we visited we were compelled to meet with the Joint Consultative Committees instead of the union.

According to TAML, the existence of two competing trade unions within the sector has hampered all the efforts of formulating and signing of collective bargaining agreement between the unions and the tea association. Hence the Tea Association of Malawi took advantage of this situation and advised its members to set up Joint Consultative Committees in their estates. However, this study establishes that the tea industry is very reluctant to accept and recognize the trade union in the estates. This is evident by the way managers in tea estates, and the officials at TAML demonstrate disrespect and sarcasm at the unions. For example the Management of Eastern Produce called PAWU as a disgruntled family grouping of the TECOMA union leader and her Brother in laws not a union. This means that the JCC has diffused the power of the two trade unions. Hence trade unions in tea sector are just on paper and all tea estates in Malawi up to now continue to use JCC as a bridge between management and employee.<sup>49</sup>

However the structures of JCC are very weak and these committees are not independent, transparent and could not take management to account for certain actions<sup>50</sup> because membership is based on the loyalty of an individual towards the management. Hence members cannot speak out freely and there is fear among the members because they do not know who is working for the administration within their ranks.

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<sup>48</sup> Line Eldring 2002

<sup>49</sup> Observation and interviews with management and employees at tea estates

<sup>50</sup> Unknown Writer, Tea Industry Case Study of Mary Mkumba: Supporting the engagement of rights holders groups in holding duty bears to account

## **RECOMMENDATIONS**

There is a great need to embark on a coordinated advocacy campaigns to address most of the issues raised in the report regarding the conditions:

1. There is great need to advocate for the rights of the workers. Most of them have heard about human rights but have scanty knowledge as what exactly human rights are. As such they do not know what to do when their rights are violated. CARER believes that a comprehensive and coordinated civic education campaign on human and labourers rights can address the gap and empower the workers in tea estates to start demanding for their rights whenever there are violations.
2. We recommend that Sensitization meetings be held in the near future with National Labour and Workers Unions on the plight of tea workers in the tea industry and how they can intervene. These Unions would also be encouraged to be monitoring the work and performance of workers union in the tea industry.

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