

A vibrant, slightly hazy photograph of a tea plantation. In the foreground, several women are working in the tea bushes. They are wearing colorful saris and headscarves. One woman in a pink shirt is smiling at the camera. The middle ground shows rows of tea bushes on a hillside. In the background, there are more hills, a small building, and a waterfall on the left. The sky is bright and yellowish, suggesting a sunny day.

SEARCHING FOR ALTERNATIVES

Human Rights Based Approach
To the participation of Plantation workers
In management and Ownership

searching for alternatives

This preparatory document was presented at WSF – Nairobi by
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Globalization in Sri Lanka

Globalization started during British colonial time and was very wide ranging of economics, administration, structure, culture, religion, capitalist value system, liberalism, and was far flung across the African Continent, Asia and Latin America. However its grip on Ceylonese society was tightened in 1833 through the Colebrooke – Cameron reforms. In fact the year was a launching pad for a modern capitalist society rejecting feudal structure. Modern Man came in through radical changes. Through the local elites they achieved what they wanted. The elitists were given massive land grants who in turn invested in Plantations which newly acquired wealth enabled them to enter the political arena. In every sphere of life be they social/political/economic or cultural, the elites were manipulated and globalization in this way penetrated through elites.

1931, saw the entry of universal franchise – a turning point in Sri Lankan politics- a major break through into ultra nationalism. The elite that held sway were shaken up because the power of electing their representatives now rested with people. In order to consolidate their power within the new Parliamentary structure, they resorted to ethno-nationalism.

From the 60s to the 70s Ceylon relied on support from the socialist block. In fact some Afro/Latin American and Asian countries came under Eastern Globalization coming off the communist block that confronted Western Capitalism. After 1977, a Neo Liberal kind of approach by the political elite saw a shift from communist to capitalist globalization. Only after 1977, the existing industries were paralyzed as locally manufactured goods failed the fierce competition of imported goods.

The absence of the concept of citizenship in a liberal sense has led Sri Lankans developed hegemonic ethnic identities based on ethnicity, language, religion, race and so on.

Introduction

The plantation industry was the highest foreign exchange earner and the leading industry until the mid eighties when it was overtaken by foreign employment, garments and tourism, but it still plays a significant role contributing 2.6 percent to the GDP (2005) in the country's economy. The contribution of the plantation sector (production plus processing of tea, rubber and coconut kernel products), to the GDP is 4.8% (Source: Central Bank of Sri Lanka, 2006). The total land extent utilized in the plantation sector is about 750,000 hectares. The direct and indirect employment generated through the sector is about 1.5 million (MPI, 2006).

Tea export in 2005 recorded 298.8 million kg earning Rs.81.5 billion which accounts for 13% of the national foreign exchange earnings. Tea covers an extent of 210,621 ha. The tea sector is managed by both the corporate (35%) and the smallholder (65%) sectors.

The average cost of production of made tea in the year 2005 was Rs.168/85 per kg and the average Colombo auction Price for the same year was Rs 185/84 per kg.

World tea export in 2005 showed a remarkable growth as against the previous year. Almost all tea producing countries had increased their exports.

The main exporters being Kenya, Sri Lanka, China and India accounted for more than 80 per cent of global export. Tea export in the year 2005. The total export earnings amounted to Rs.81,480 million.

The average yield in the corporate sector remained at around 1,400 kg/ha and in the smallholder sector 1,867 kg/ha bringing the national average about 1,600 kg/ha.

The sector also faces a looming labour shortage due to out-migration with higher wages offered by other manufacturing and service sectors, voluntary unemployment and ageing workforce. Considering the above, a National Plantation Industry Policy framework has to be formulated with the participation of the workers to ensure their long term sustainability and the future of the industry.

Agriculture Sector in Sri Lanka

Agriculture sector in Sri Lanka consists of mainly of rice , other field crops, vegetables and fruit crops and the export agricultural crops – mainly tea, rubber, coconut and spices. The newly emerging floriculture and organic agriculture also comes under the export crops. In the early stages of development agriculture was predominant in the Sri Lankan economy –rice, spices, coffee, tea ,rubber and coconut. But over the past 5 decades gradually its input is diminishing especially with the open economic policy since 1977.

The agricultural cash crops were the main foreign exchange earners since the beginning of the 19th century. With the advent of neo liberal globalization policy this sector is facing severe crisis. This trend can be observed in international development process too. Table one reveals that the country's gross domestic products(GDP) has grown at satisfactorily high rates during the past few decades, while the share of agricultural output in total GDP diminish with rapid development of the other sectors particularly the services sector.

Table-01 Ten-Year Average of the GDP Growth Rate and the Share of each Sector

Period	GDP growth rate	Share of Agriculture (%)	Share of Industry(%)	Share of Services(%)
1950-59	2.8	46.3	17.9	40.1
1960-69	4.7	36.2	17.2	46.6
1970-79	3.9	29.0	26.1	45.0
1980-89	4.2	27.2	27.0	45.8
1990-99	5.2	23.6	26.4	50.0
2000-04	4.0	19.5	26.7	53.8
2004	5.4	17.8	26.8	55.4
2005	6.0	17.2		

Source :Central Bank of Sri Lanka

In 1951, the agriculture sector alone accounted for 46.3% of the GDP and this share has deteriorated to 17.8% by 2004. In spite of the fact, that the agriculture sector accounts for a larger proportion of employment, it accounts for much lower share of the output. According to 1981 census, nearly 72 % of the population lived in the rural sector and in the plantation sector livelihood was agriculture or agriculture related activities. Of 7.3 million total employed persons over 34% engaged in the agriculture sector by the 3rd quarter 2004. This simply reflects the relatively low levels of labour productivity in agriculture against those in manufacturing and commerce.

The relatively poor performance of the agriculture sector would be perhaps due to the neglect of this sector in the development priorities of the government. This neglect of agriculture and the accompanying bias toward investment in the urban industrial economy can in turn be traced largely to the misplaced emphasis on rapid industrialization via import substitution and exchange rate over valuation that permeated global development thinking and strategy during the post war decades. In efficiency and low productivity in the agriculture sector in many instances has led to farmers to commit suicide (India, Sri Lanka), farmers to sell their body parts (India, Pakistan) and reduced others to absolute poverty.

A sectoral analysis of income and consumption data on poverty provides an alternative analysis in structural and spatial terms for the country. In Sri Lanka, poverty is widely seen as a rural phenomenon. This may be because of the development bias towards the urban sector since independence, as opposed to the slow-moving predominantly agricultural rural sector. Indeed, industrialization in Sri Lanka has taken place mainly in the region surrounding Colombo's trading hub. However the estate sector fares the worst in terms of poverty when taking into account social indication such as housing, access to education and health services, safe drinking water, sanitation, electricity and malnutrition (Jabbar and

Senanayake-2204). This identification of poverty is only possible when assessing poverty with a multidimensional approach.

The growth in the industrial sector, export earnings from ready-made garments and remittance from the Sri Lankan Nationals working abroad has added a new dimension to the economy but created social and cultural problems and further it also creates severe crisis.

At present shortage of labour is one of the growing issues spread throughout the agriculture sectors both plantation and food crops. In tea cultivation, particularly in the low country, both large and small holder sectors face an acute problem of getting skilled workers for operation such as plucking and pruning of tea. Rubber industry is suffering of a shortage of tapers while retaining skilled labour and scarcity are pressuring the coconut sector. This paradox of shortage of labour in an economy that has a high rate of unemployment owing to lack of attractiveness of agriculture for those who have had even an incomplete education. Agriculture in Sri Lanka has not yet taken a shape of an industry due to lack of clear cut policy of the government and lack of capital from the side of the companies and lack of credit facilities for the farmers.

According to the census of agriculture 2002, the fragmentation of land in the agriculture sector is significant during the last few decades. This census reveals that there are 3.3 million agricultural holdings in the small holding sector, which are less than 20 acres in extent. The corresponding number reported in 1982 was 1.8 million holdings. Of 3.3 million holdings devoted for agricultural crops and livestock in the small holding sector, about 45% are less than 40 perches and their agriculture produce is used mainly for home consumption.

From 2003 the productivity of Sri Lanka tea and rubber has increased to some extent.. But the productivity is lower compared to its' competitors. Poor soil condition in the majority of the tea and rubber land due to land degradation as a result of soil erosion and high percentage of vacancies in tea, rubber and coconut lands are the major contributory factors for poor productivity.

Historically, over the world, agriculture addressed only the need for food. Now it seeks to simultaneously help meet the triple objectives of poverty reduction, food security and environmental sustainability. In Sri Lanka, nearly 0.2 million people are added to the population annually. With this growth in population the agriculture sector should be able to meet the demand for food.

Another requirement of the development of the agriculture sector is to have a market oriented, consistent and well- specified trade policy in place.

China was trying to be the factory of the World,
India the office of the World,
**Sri Lanka was leading towards providing the
House Maids of the World**

Never give up working for social change.

Poverty alleviation through peace.

Tea Small Holders

Tea crop is extensively grown in 8 districts although it is cultivated in 14 districts in Sri Lanka. Tea cultivation is confined to 3692 Grama Niladari divisions.(Village Officer divisions-GN Divisions) in 123 Divisional Secretariat divisions. Small holding is defined as land cultivated with tea and rubber managed on private basis irrespective of size of the land. By this definition all estates or holdings owned and managed by 22 corporate sectors and by state are excluded. Tea Small Holding Authority comes under the Ministry of Plantation Industry. The total tea extent in Corporate sector enumerated in 2003 by TRI is 81,581 hectares. When this figure is added to the small holding sector the aggregate tea extent for both sectors is 213,920 hectares. The extent of small holdings is estimated at 62% of the total tea extent in the island. 370,842 operators have been operating 397,223 tea small holdings in the island and the total extent covered by them is 191,402 hectares. 46,241 holdings out of 397,223 are less than 20 perches.

About 82.5% of operators who operating singly cover about 76.6% of the total tea extent. About 51.8% of Tea Small Holders sold their green tea directly to dealers/ collectors and another 33.7% sold to tea factories and 5.9 % Tea Societies.

The contribution to the total production from Small Holders in 2004 was 66% as against 31% reported in the year 1982.

Estimated average yield of made tea per hectare for the year 2004 is 1853 kilos. While the average yield estimated in the holdings reporting tea as mono-crops is 1967 kilo per hectare. About 79% of the holdings were operated by males and rest 21 % operated by females. About 2/3 of extent under tea reported to be mono-crop.

Table:02 Number of Tea small Holdings, Extent and Production by District

District	No.of Holdings	No.of Operators	Total Tea Land hectares	Extent-Planted Tea hectares	Annual Leaf Production 2004(kg)	Green Production
Colombo	491	478	679	246	1,051,630	
Gampaha	2	9	3	2	340	
Kalutara	38,263	35,908	16,613	7,823	79,625,335	
Kandy	30,707	29,224	21,190	16,058	58,955,172	
Matale	1,408	1,387	2,162	1,672	6,265,998	
Nuwara eliya	17,457	16,875	10,420	7,205	30,814,920	
Galle	90,524	81,491	37,017	27,427	239,854,031	
Matara	67,613	63,273	36,533	25,417	181,339,162	
Hambantota	2,533	2,386	1,122	546	3,010,831	
Kuruegala	151	145	186	180	186,747	
Badulla	29,679	28,101	11,432	9,020	37,550,267	
Monaragala	637	634	403	199	266,862	
Ratnaura	97,984	92,038	41,291	30,441	263,554,040	
Kegalle	19,637	18,893	12,351	6,093	47,139,719	
Total	397,223	370,842	191,402	132,329	949,615,254	

Source: Census of Tea Small Holdings in Sri Lanka, p-20, Table-1

Table:03 Price Received by Operators during Nov.2004

Green Leaf price (Rupees)	No.operators	%
Less than 15.00	553	0.2
15.00-20.00	6,144	1.7
21.01-25.00	23,426	6.7
25.01-30.00	92,168	26.2
30.01-35.00	193,113	54.9
Above 35	36,247	10.3
Total	351,651	100.0

Source: Census of Tea Small Holdings in Sri Lanka, p-19, Table-22

Nearly 65% of the operators have reported that they have been able to obtain price per kilo of green leave above Rs.30/= while another 26% have received within the range of Rs.25-30 during the month of November 2004.

The tea small holders contributed to the country more than 62% of the total production.

Rubber

Rubber farmers of Sri Lanka both in the small holders sector and the estate sector are quite happy now with the increased price of rubber in the world market since the year 2003. The price of all grades of natural rubber before the last quarter 2003 was around Rs.40/= per kilo. But today rubber prices in the local auctions is moving from Rs.200 to 400 per kilo. Since there is a big demand for rubber the rubber prices will never go down below Rs.250 per kilo. Even at this price a farmer maintaining a hectare of rubber according to rubber research institute recommendations should get a profit of not less than 30 000 a month. In addition to that at the time of uprooting the trees after 20 years of tapping he or she should get half a million for the old trees. In the past most of the rubber land owners neglected rubber production due to very low prices. And rubber lands were converted into tea and oil palm especially in the southern province of Sri Lanka. According to International rubber Study Group prediction, there will be a shortage of 3.5 million metric tons in the world by the year 2020. There is a demand for rubber in Asia specially in China.

Sri Lanka, accounts for less than 2% of global production and supply of NR. In the early 60s Sri Lanka had been the fourth leading global rubber producer. We have long way to go from the present 9th position. In Sri Lanka, the total rubber planted area has declined from about 270,000ha in early 60s to reach about 115,000ha in

2005. The rubber production that was in the region of 155,000mt in 1978 also declined steadily to reach a level of about 90,000mt in the mid 90s. Sri Lanka's rubber industry showed signs of growth recording a total production of 104,000mt in year 2005 with a productivity of about 1000kilos per hectare.

The Corporate sector has about 30% of the rubber extent under their management. This sector has a huge backlog for replanting. Planting materials with yield potential 2500 to 3000kilos per hectare per year are available in Sri Lanka. If these can replace old trees (30-year span is considered as the economic life of a tree), the average productivity can be raised from about 1000 kilos per hectare to about 2500kilos per hectare. The Monaragala Rubber Development Project that has already been set in motion aims at bringing 40,000 hectare unused and abandoned land under rubber cultivation based on small holder farm model with private sector support, phased over a 10 year period.

Agricultural sector poor need a comprehensive social safety net.

Corporate Sector Refuses to uplift living standard of the workers

The Hill Country Tamils were betrayed with the new wage agreement that was signed on 19th December 2006

The workers today face severe hardships due to the rapid increase in the cost of living and also through the depreciation of the rupee, which has had an impact on food items imported to the country.

Last Wage Agreement -2004

The Collective Agreement No.42 of year 2004 entered into with the plantation companies and trade unions on 26th Oct. 2004, published in Gazette Extra Ordinary No.1375/5 dated 10th January 2005 has been extended to cover all employees in tea and rubber growing and manufacturing trades by Gazette Extraordinary No.1395/13 of June 2005.

According to the Collective Agreement of 2004, clause No.2 “parties agree that the remuneration package as determined under Clause -1 above shall remain in force until 31st October 2006 and neither party in any manner add or attempt or add to, vary or alter the remuneration package or any of the direct monetary payments currently applicable to the employees”.

According to this Clause the new wage agreement will commence only on the 1st day of November 2006

The companies have agreed in principle from the time of privatization to increase the wages every two years by 11 per cent. The Wage Agreement with the Trade Unions also agreed to increase every two years from July.

But the last Wage Agreement has changed this according to the Collective Agreement No.13 of 2003. Therefore workers' expectation of the new agreement to come into effect in July 2006

is nullified. According to the Wage Board Ordinance all employees engaged tea and rubber growing and manufacturing trades are entitled to receive the under mentioned remuneration package for the month of June 2006.

Table - 04: Wage for the month of June 2006

No.	Wage for the month of June-2006	Tea	Rubber
01	Daily wage for which EPF&ETF contribution should be paid	135.00	125.00
02	Daily Price Share Supplement	20.00	10.00
03	Daily Attendance Incentive(If attendance is more than 75%)	25.00	35.00
04	Variable Price Share Supplement	2.80	55.50
	Daily Remuneration package	182.80	225.50

Source: Department of Labour,14.06.06

Remuneration package

This remuneration package is very complicated and the workers are unable to calculate their pay slips. According to the chart, No.- 03 :daily attendance incentive is not very clear to the workers. Normally it is expected if the worker attends 18 days for a month should get this incentive. But some companies expect 23 to 24 days. The agreement was also not clear if work on holidays (Sundays and Full Moon days) are taken into account or not. But in actual fact working on holidays is not part of the incentive. Some of the workers work on the holidays and take off on normal working days thinking of the 1 ½ day extra payment. Even for the ½ day extra payment the workers are expected to pluck more than the norm (tea and rubber). Therefore at present the demand of the trade unions attendance incentive from 75% to 65% is not going to solve the problem and none of the pay slips of the companies indicate the number of days work offered and number of holidays they worked.

No.04 : The variable price share supplement varies every month. National sales average for the particular month is declared by the Tea & Rubber Boards.(Clause: 1C,Collective Agreement -2004) But

this amount is not indicated in the pay slips. Therefore VPSS (threshold) cannot be calculated by the workers.

This type of remuneration package is an advantage for the employer to deceive the workers and make a profit for the company. Therefore the workers want the wage system to be made simple for them to calculate easily and everything should be indicated in the pay slip clearly.

Public Sector

The public sector was agitating for increase of their salary for a long time according to the increase of the cost of living index. The Government has increased their salary a number of times. From July 2006 the Government has agreed to the following wage structure for the public sector

- The wage structure must be simplified
- Basic minimum wage Rs. 11,730/= (for grade 3 unskilled workers)
- Cost of Living Allowance is Rs.2100/=
- Rs.2.50 for each point of increase in cost of living index.

For example an ordinary harbour worker had received more than Rs.23,207 in the month of June 2006 and the meal allowance for a day Rs.285/= is given separately. They have to work a maximum 22 days in a month.

Cost of Living Index.

The cost of living has been on the rise since 1994. In June 2004 Colombo Consumer Price Index was 3672.2. In June 2005 it increased to 4019.1. In April 2006 it was 4321.6. In the month of May the same year it was 4553.1. This shows an increase of 231.5 index points. According to the Census and Statistics Department this is an increase of Rs.468.21 in the expenditure of a "Market Basket" compared to April 2006. The department has also stated

that the increase of CCPI for May was mainly due to the price increase of consumer food items and also due to the increase of the money inflation rate. The important factor is due to the increase of fuel prices.(Sunday Leader 02.06.06)

Table : 05: Price of Fuel

	Petrol	Diesel	Kerosene
01.01.2004	Rs.53.00	32.00	25.50
24.05.2004	65.00	32.00	25.50
13.08.2004	68.00	36.00	28.50
05.06.2005	80.00	50.00	30.50
15.04.2006	88.00	58.00	38.50
06.07.2006	93.00	66.00	43.50
01.08.2006	98.00	73.00	48.30
01.09.06	105.00	73.00	48.30

Source: Central Bank of Sri Lanka Report 2004,2005 ,Table :3.4

From the beginning of 2004 up to now petrol increased by 90%, diesel by 100% and kerosene oil by 88% which affects the estate workers very badly. Except vegetables all food items have to be transported to the estates. For example one kilo of sugar in Colombo is sold between Rs.55-60. But in the estate areas it is sold at Rs.70-75. Most of the food items are imported and transported to estate areas. Due to the rise in fuel price workers' purchasing power is severely reduced.

Poverty in the Estate Sector

It was told under Mahinda Chintana that the budget for 2005 will reduce poverty. But looking into the present economic situation the poverty level has increased. In the plantation the percentage of family income earners has gradually declined. The present increase for flour from Rs.36 to Rs.40 adds further burden to their ordinary daily meal.

Table :- 06: Percentage of the income earners in the family

One in the Family	23.8 %
Two in the Family	57.0 %
Three in the Family	13.6 %
Four in the Family	5.6 %

Table :- 07: Economic Situation of the Plantation Workers

	1986	1996	2003
Members of the family	4.78	4.74	4.59
Income Earners	2.39	2.06	1.87
Patients according to the population	8.8	8.5	10.1

Source ; The consumer & Socio Economic Survey Report 2003/04 Part-1

In the past an average of more than 3 people in a family was working. Therefore, they have had purchasing power. But now this has been reduced and 80 % of the people are living in poverty. At the same time dependants in the families are on the increase. This still affects the plantation people.

Table :- 08: Family income for the month of April 2006

No	Family	Members	Total wage	Deduction	Received	Total Income
01	Husband	04	Rs.2100.00	Rs.1523.00	Rs. 580.00	Rs.1892.85
	Wife		2265.50	942.75	1312.85	
02	Husband	05	Rs.1750.00	Rs.1288.00	Rs. 460.00	Rs.4961.80
	Wife		5137.50	635.70	4501.80	
03	Husband	06	Rs.4067.00	Rs.1036.00	Rs.3030.00	Rs.5930.00
	Wife		3920.00	1025.00	2900.00	
04	Husband	05	Rs.3600.00	Rs.1254.00	Rs.2346.00	Rs.5006.00
	Wife		4730.00	2070.00	2660.00	

According to the 2005 agreement a worker should have got at least Rs.6000/= per month. But no worker has received this amount. The above chart shows that the women workers receive more than the men workers. And also, deduction for the various activities in the pay slip, makes the workers borrow money from outside and lead to eternal indebtedness. They are not only malnourished but also unable to look after children's education, health, family welfare etc.

Today most of the men prefer to go outside for work in order to purchase daily food items. And when they go out they are getting Rs.350-400 on the same day. In the long run this could affect the plantation industry. According to the Report of Central Bank, 2004, a worker was getting Rs.304 a day in a informal sector (tea & rubber). Today the workers demand is that they should be paid Rs.300/= as a basic pay per day plus the cost of living allowance as given to the public sector.

Private Sector

Just like the public sector the private sector is also demanding an increase of wages. The Ceylon Federation of Trade Unions is asking a national minimum wage Rs.10,000 for private sector employees and also an additional monthly cost of living allowance. Since the plantations come under formal private sector this demand must be accepted by plantation companies.

Employers Federation of Ceylon

Every time there is a debate on wages, they come out with lot of excuses for not able to increase the wage according to the present needs. They say except 08 companies all others are running at a loss. And the other party to the agreement relies on the statement of accounts submitted by the companies. But these accounts are not checked by an independent authority. And also there is an increase in production, reduced work force, reduced cultivable land and

closed down factories are on the increase. Yet they have been exempted from certain taxes from the beginning of privatization.

Table :- 09:Tea & Rubber Exports, Sales and Prices

TEA	1996	2000	2004	2005
Volume Exported in '000kgs	244	288	300	309
Value Rs.Million	34060	53133	74897	81481
Price Rs.Kg.(Until fob)	139.56	184.37	249.38	263.81
Cost of Production,Rs.Kg	87.04	110.64	157.34	168.85
RUBBER				
Volume Exported in '000kgs	72	33	41	32
Value Rs.Million	5753	2179	5155	4724
Price Rs.Kg.(Until Fob)	79.78	66.95	127.26	147.00
Cost of Production,Rs.Kg	36.70	44.50	73.40	76.12

Source; Annual Report 2005 Central Bank of Sri Lanka, Table 70&13

This chart clearly indicates from 1996-2005 an increase of income from tea(139 per cent). Also the price of tea has increased by 93%. Increase in production for the year 2005 is 317 million kilos. The same trend is seen also in the case of rubber. Production of natural rubber in the year 2005 was 104,500 metric tons. And 65% of it was used for end products in local industries. Only 35% of natural rubber was exported as sheets and crepe. According to the recent survey done Sri Lanka will need 120,000 metric tons of natural rubber in the year 2015 for local consumption only. There is also a big demand for natural rubber in a number of countries. For example China. The profit that is to be expected for rubber will increase from 50 to 225 per cent.

Table :- 10: Trends in Tea & Rubber Crops

Category	Unit ha	TEA			RUBBER		
		1996	2000	2004	1996	2000	2004
Total Extent	'000	189	189	211	162	157	115
Extent Bearing	'000	174	166	166	122	128	89
Re- Planting	ha	937	1094	1245	3443	793	820
New Planting	ha	479	264	22	1297	251	518

Source; Annual Report 2005 Central Bank of Sri Lanka, Table 13

The above chart clearly indicates that the total hectares under cultivation are gradually reduced. One of the important aspects of privatization was to increase cultivation of tea and rubber. For this the companies were expected to invest large amounts of money. But the companies did not invest in replanting and infilling. Instead, the land was subleased to outsiders and also given for village expansion and urbanization programmes. The old seedling tea land has to be uprooted totally and replanted with new vegetative propagated tea. For this they need 800,000 rupees to 1.2 million for one hectare. The companies today borrow money from the bank and pay back with interest . This too is added to the cost of production.

In 1991 the total rubber cultivation in Sri Lanka was 250,000 hectares. It has dropped down to 115,319 hectares in 2004 due to various reasons. Today the rubber subsidies have increased by 25% that is Rs.125, 000 per hectare. These subsidies are given by the government. Therefore if the companies are willing to invest they can create more profit.

From 1996 the number of workers are retrenched. This includes workers and the staff.

Table 11 :- 08: Number of Employees Retrenched

Year	Staff	Workers
1996	15,295	300,016
2002	14,424	266,100
2005	14,048	246,478

Source: Plantation Sector Statistical Pocket Book -2006,
Table:5.6 &5.7

The estates run by the companies, JEDB, SLSPC during the last 7 years (1996-2002) 871 staff and 33,916 workers were retrenched. From the time of privatization every year this retrenchment is taking place. Due to this companies have saved on the wages payable to retrenched workers and staff. But the production is increased. After privatization the management agent fee has increased rapidly and it varies from company to company from Rs.50 million to Rs.300 millions. The management agents are the major share holders of the companies. This fee is also added to the cost of production. But the companies are not willing to pay a decent living wage to the workers saying that they cannot afford to pay. Further they say they are not responsible for the increasing cost of living.

Due to the devaluation of the rupee the export value of tea and rubber in terms of Sri Lankan rupees will be more. This is an advantage for the companies to increase their profit in rupee terms. Since privatization the social welfare activities in the estates are supported by external donor agencies, by the workers and in a limited way by the government. Only less than 25% is spent by the management. (For example; the loan paid by the workers for housing schemes with interest.)

The plantation sector companies earn not only by the production of tea and rubber but also through other sources such as timber, crop diversification and sub leasing of land etc.(for gemming). These

amounts are not taken into consideration in working out the wage increase.

At the time of privatization it was said that more workers will be recruited, more work will be offered, and workers living standard will be improved and a better living wage paid to workers. But none of these things have been achieved.

It was said that privatization is the engine of growth. But in the plantation sector we see just the opposite. Therefore they cannot crush the workers saying that the companies are running at a loss when everyone knows that at the estate level no estate is running at a real loss.

If it is really a loss then we have to search for an alternative model. If not the Plantation industry will have to face serious challenges such as shortage of labour, especially the women and youth and be unable to modernize the industry and unable to compete in the world market.

The role of the Government

Government is still getting a major share of foreign exchange through rubber and tea and also through other taxes (CESS). At the time of privatization it was said the government has taken a golden share of 19 per cent. The government cannot ignore the formal private sector. Today 6,500,000 employees are in the private sector and they contribute 80 per cent of the national income. Therefore they have to see to the wellbeing of this sector. Most of the private sector Wage Boards are ineffective and these Boards have not fixed even the minimum basic salary considering today's cost of living index. Surplus from the estate was siphoned off by the successive governments for meeting the needs of the welfare state and the taxes from the estates are ploughed back, for the government subsidies that goes to Tea Research Centre, Sri Lanka Tea Board and Small Tea and Rubber Holders. Through this, plantation workers are never

being benefited. The role of the government in supporting the workers should be one of the major concerns.

The government has drafted a major ten year development plan for the plantation industry known as '**Long Term Development Programme -2006 to 2015**'. But in this plan there is nothing about increasing the **living standard** of the workers. The government must interfere in the present crisis in deciding wage increases.

- They should come out with a basic minimum wage for the private sector including the plantation sector by fixing 10,000 rupees as a basic minimum wage and also a cost of living allowance on top.
- Uncultivated land should be given to the workers for agriculture, self employment schemes and animal husbandry etc.
- Major consumer food items must be subsidized. Housing loans should be cancelled or 35 per cent of the EPF must be set aside to pay off the loan immediately.
- The government must appoint a Regulatory Commission to supervise the companies.
- The National Council for Economic Development should come out with alternative model to reduce the challenges faced by the plantation industry.

The main objective of privatization of the plantation industry is the revitalization of the plantation sector. This will require large scale capital investment and a high level of management competence. Unfortunately many companies do not have the financial resources on the scale required for investment. They are forced to borrow. If not for the soft loans negotiated by the government with the Asian Development Bank and other sources, there would be practically no investment in rehabilitation of the estates. Thus defaulting the whole objective of privatization.

Today the workers have lost confidence in the companies. Only if there is a contented labour force there be production which would indeed help the economy.

As Pope Leo the XIII stated, "Each needs the other : Capital cannot do without labour, nor labour without capital".

New Collective Agreement

The new collective wage agreement was signed on the 19th December 2006 by the Employers Federation of Ceylon(21 corporate sector) and the Trade Unions (Ceylon Workers Congress, Lanka Jathika Estate workers' Union and Joint Plantation Trade Union Centre).

- The new agreement will come into force with effect from November 2006. According to this agreement tea and rubber workers will get the same remuneration package. That is, a daily wage of Rs.170/ on which EPF and ETF benefits shall be paid.(12 +3% and workers contribution 3%)
- And daily price share supplement of Rs.20/=
- Daily attendance incentive Rs.70/= whose attendance is 75% and over of the number of days work offered per month.

Table : 12 Wage for the month of September 2006 and New Wage for November 2006

No.	Wage for the month of June-2006	Tea	Rubber	November
01	Daily wage for which EPF&ETF contribution should be paid	130.00	125.00	170.00
02	Daily Price Share Supplement	20.00	10.00	20.00
03	Daily Attendance Incentive (If attendance is more than 75%)	25.00	25.00	70.00
04	Variable Price Share Supplement	17.50	58.50	-
	Daily Remuneration package	197.50	228.50	260.00

In this new agreement the variable price share supplement was stopped. Further the attendance incentive of 75% is not clear. It says number of days offered per month. For example if 30 days work is given in a particular month they have to attend 25 days. Earlier also the management interpreted this in their favour. Therefore a normal worker will get only 190 rupees. Since they have not received what they really expected they are fed up with the unions that betrayed them. Therefore the agitation will continue and also they will join the other progressive unions of the other sectors and continue this agitation in the coming months. 13 companies have said they are running at a loss. If it is true they should handover the estates to the State. This agreement shall remain in force until 31st day of December 2008 and neither party can alter this remuneration package until such date.

This collective agreement is entered into in accordance with the clause 06 of the collective agreement between parties entered into on 24th July 2003. (collective Agreement No.13 of 2003.) All these factors show the plantation industry is in crisis. Therefore we have to search for an alternative model in order to raise the living standard of the workers and to improve the industry.

Revitalizing the plantation sector is an urgent necessity to face the challenges faced by the management and the workers. The declining of the plantation crops can have a considerable impact on Sri Lanka's foreign exchange earnings. (Tea accounted for 40% of export earnings in 2001). The high productivity and earnings by small holders (despite exploitation by middle men and lack of human security for the small holders) may offer a solution for the estate sector

*Globalization is merely a "race to the bottom"
in terms of workers' rights'*

Social Movement Unionism

The capacity for unions to mobilize relates to their specific context in the labour force. The level of unionization in Sri Lanka in 2000 was around 18% of the employed labour force, or nearly one million workers of the 5.6 million employed labour force. (Labour Department -2001) Between 1997-2000 numbers of unionized workers have fluctuated between 1.4 - one million workers. Now the figure is gradually reducing. In 2000 there were 1,636 unions.

Plantation workers are the largest segment of unionized agricultural workers. The urban labour movement is dominated by services sector workers. Mostly in the public sector. The public sector workers are a core segment of the labour movement, with a militant history. However, the fragmented character of the union movement is a main constraint to union mobilization.

The concentration of registered trade unions in 2000 included 140 in education, 123 in the health sector, 19 railways, 61 in the plantation, 36 in agriculture activities (Mahaveli related), 26 in Bank related areas and 29 in the courts. While there are numerous unions, in each sector and within each occupation, often only a handful of unions are active.

In Sri Lanka, as in most south Asian countries the liberalization policies are re-configuring dominant political unionism strategies towards business unionism. This is based on reinforcing authoritarian labour market coercive labour regimes aimed at making a productive and docile labour force. The authoritarian labour markets are essentially those that respect collective bargaining rights and freedom of association, while legitimizing coercive managerial authority.

Unions are restricted not only by the decision and non decision of the state, but also by the condition of unemployment, declining real wages and sustained levels of poverty. Today, the issues of under employment and unemployment in rural areas, of educated youth

and women are serious enduring issues. Today, women wage workers continue to be neglected by enduring male-biased unions. Even in unions where women are a majority of members, such as plantation workers, nurses and teachers, the union leaders and officials are mostly men. This masculine culture of trade unions also evades substantive alliance with the movement. However, male bias in unions is maintained by similar tendencies in other interconnected institutions such as the private sector, state and community. Given these internal / external constraints we have to search for alternative strategies to build social movement unionism

The southern Initiative on Globalization and Trade Union Rights-(SIGTUR) is an international union network resembling a new labour internationalism. Global Social Movement Unionism-(GSMU).

The “old” labour internationalism is maintained by the ICFTU(International Confederation of Free Trade Union), WFTU(World Federation of Trade Unions), and GFUs (Global Union Federations), which are industry based international unions such as the ITF(International Transport Federation). Among these ICFTU and GUFs are the main international unions and they primarily focus on systems of industrial relations, engaged in promoting union rights.

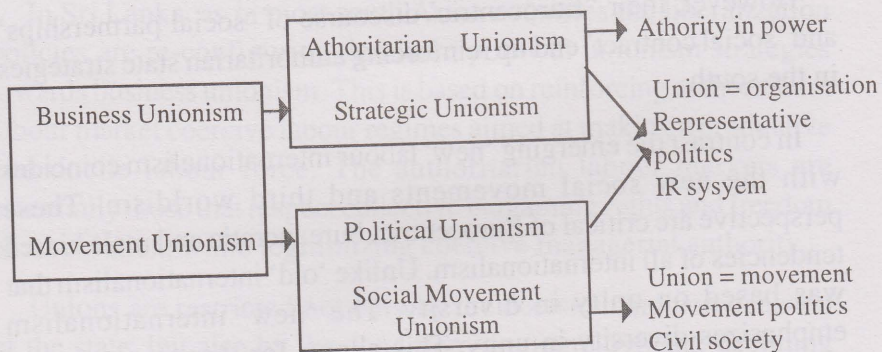
However, their “Eurocentric” discourse of ‘social partnerships’ and ‘social contract’ end up reinforcing authoritarian state strategies in the south.

In contrast the emerging ‘new’ labour internationalism coincides with the new social movements and third worldism. These perspective are critical of Eurocentric, bureaucratic and male biased tendencies of all internationalism. Unlike ‘old’ internationalism that was based on unity in diversity. The ‘new’ internationalism emphasizes diversity in unity. This allows for recognizing many internationalisms that are interdependent with labour.

The new labour internationalism is initiated by workers in the global south involving Africans, Asians and Latino workers. The SIGTUR emerged from the struggles of the South African Unions-COSATU (Confederation of South African Trade Unions). SIGTUR orientation is based on encouraging open democratic internal structures engaging in contentious action outside of the established system and building alliances with other struggles, movements, and NGOs. Focused on mobilization and campaign orientation these strategies express new ways of organizing. SIGTUR since its origin in 1992 has held six international conferences between 1992-2005. The revitalization of unions is central to contesting the new liberal globalization that is undermining unions.

The dominant business unionism is often state centered, male biased, top down view of unions, that maintain hierarchical internal relation and limited union alliances.

In Sri Lanka, most of the unions practice a version of political unionism with some mainly promoting business unionism. But there are also a few unions within the labour movement experimenting with SMU strategies.



Performance of the Ministry, institutions & RPCs

Table 13 : Financial performance of the Ministry up to September 2006 (Rs. million)

Institution	Allocation for the Year 2006	Target up to Sep. 2006	Expenditure up to Sep. 2006	Performance against target %
Ministry	486		331	68
Sri lanka Tea Board	573	251	146	58
tea Research Institute	264	192	143	74
Tea Smallholdings D. A	319	282	244	87
Sub Total	1,156	725	533	74
Rubber Development D.	201	336	80	24
Rubber Research Institute	201	108	106	98
Thurusaviya Fund	22	09	02	06
Sub total	932	453	188	144
Tea Sakthi Fund	2,306	32	02	06
Kalubowitiyana T. F. L.	586	268	210	78
Janatha Estate D. B.	725	533	327	61
Sri lanka State P. C	675	473	344	73
Sub total	4,292	1306	883	218
Sugarcane Research I.	98	85	61	72
National Institute of P. M.	23	13	11	85
Sri lanka Cashew C.	163	68	47	69
Sri Lanka Palmyra D. B.	94	68	42	62
Sub total	378	234	161	69
Foreign Funded P.				
Plantation Development P.	300	237	40	17
Other				
SLRMEC	223	82	76	83
Elkaduwa Plantation L.	243	61	46	75
Sub Total	466	143	122	85
Grand Total	8,010	3,098	2,258	73

Note : Allocation & expenditure for both capital and recurrent activities

Source : Performance - 2006 & Activities 2007, ministry of Plantation Industries p11

Table :- 14: Funding Allocation in 2006 by Funding Sources

Funding Source	Allocation 2006	Expenditure (Up to Sep)	%
Domestic fund	693	426	61
PCDF	320	17	5
Cess	1,829	748	41
GF	4,868	1,027	21
Foreign aid	300	40	13
Total	8,010	2,258	28

Financial contribution of the RPCs

The financial contribution of the RPCs towards the social awareness programmes of the PDP was reduced from 40 per cent to 25 per cent. The balance will be borne through the PDP.

- 23 Regional Plantation Companies from June 1992 management of tea, rubber and coconut estates.
- Total land extent in 402 estates under the management of RPCs is 236, 240 ha.
- The RPCs have Rs. 32 billion crop value with 262,698 employees including 13,491 staff officers (2005)
- Lease Rental : government is to continue to own the land but lease it to RPC for 53 years from 1995.
- Lease Rental receivable (Rs.mn) as at 30. 09. 2006.

Total Due - 605.9

Total Paid 241.5

Minister Assures Wage Hike for Plantation Workers

Labour Relations and Foreign Employment Minister Athauda Seneviratne has pledged that he would take steps to increase the wage of the plantation workers...

Labour Ministry sources said that the Minister has also given instructions to ensure that all estate workers get the Rs.1000 monthly increase which had been approved by the Ministry... (yet to become a reality in the estates)

Meanwhile, moves are underway by the Ministry to increase the daily wages of estate workers from the present Rs.140 to Rs.250 by way of Parliament Act... (not materialized)

Minister sees no reason as to why the Planters are reluctant to increase the salaries of their workers since the government had taken steps to provide workers with welfare facilities...

He said the Planters hardly spent any money on worker welfare...

(source:Daily News,27.10.06)

If you are not aware of your rights it is as if you have no rights.

There is literacy but very little education.

Plantation Workers' agitation

I, As a former plantation manager who has worked for the plantation management companies as well as the state owned plantations, wish to state the following with regard to the demand for a higher wage by the plantation workers...

It is a well known fact that the plantation workers contribute about 90% for the effective running of any plantation. Without the effort of the workers there will not be any plantations left. This should immediately be taken into consideration and irrespective of whether male or female, a plantation worker should be paid a salary of at least five US dollars per day—equivalent to Rs.530 per day...

I once again reiterate a plantation worker who is the backbone of the industry should be paid five US dollars per day, as the CEO's, directors, etc. receive between Rs.150,000 to 200,000 per month.

(source: Sunday Leader, 31.12.06)

R. M. Suresh Wijwyaratne, Girulla

*Do not attempt to address rural poverty by
creating urban slums.*

*Sri Lanka is not a poor country but there are
many poor people.*

