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Supermarkets, transnational supply chains and labour rights' abuses



[Local market in Sumbawa, Indonesia. Photo: Suci Fitriah/Solidaritas Perempuan](#)

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Editorial: Supermarkets, transnational supply chains and labour rights' abuses

Transnational supply chains are networks of locally-based enterprises that supply the demands of transnational corporations, mostly for raw materials and parts of manufactured goods. Transnational corporations set the terms of exchange within this supply chain: quality, prices, quantities and deadlines, leaving the supplying enterprises to determine working conditions, safety and environmental management. Retail and supermarkets are well-known examples of transnational supply chains, along with other chain businesses like call centres, postal services or transport management.

Transnational supply chains have been an expanding economic actor since transnational corporations began outsourcing manufacturing and suppliers to places where extremely low wages, low or non-existing labour safety standards and even slave labour prevailed or were tolerated. According to different sources, transnational supply chains currently account for 30 to 60 per cent of all global trade, and depend on the work of over 100 million workers globally. On average, companies relying on transnational supply chains only directly hire 6 per cent of the labour force they actually employ. The rest is “outsourced”, often scattered across several countries and amongst thousands of suppliers.

A report in 2016 by the International Trade Union Confederation (ITUC) looked inside the global supply chains of 50 multinational companies. According to the findings, some of the companies using most hidden workforce are retail chains and supermarkets like Walmart, Carrefour, Tesco or Seven & I, the Japanese company that owned 7-Eleven. The biggest is Walmart with 10 million hidden workers over the registered 2,2 million workers worldwide. Having hidden workforce means that companies can dodge compliance with national and international labour laws, minimum wages, pensions and job security regulations. In many of these transnational supply chains, human rights abuses, like unpaid extra working hours, unattainable mandatory daily or hourly output quotas, forbidding the use of toilets, locking in workers, physical punishment, sexual abuse, anti-union measures and threats, are routine.

For example, 7-Eleven convenience stores have been the scene of numerous violations of labour rights. A South Korean investigation by the Ministry of Employment found below-minimum wages in almost a quarter of the 7-Eleven stores. And in Australia, up to two thirds of 7-Eleven licensees were deliberately paying workers less than half the minimum wage, with some staff working up to 16-hour shifts without a proper break. The company has also been involved in a tax avoidance case in Indonesia and has been forced to close this year.

Farmers are also directly hit by the expansion of transnational supply chains. The purchasing side is increasingly concentrated, as supermarkets and mega food companies keep on merging, integrating and wiping out smaller competitors. As a result, farmers face fewer options for where to sell and have to deal with buyers who have more muscle to impose their conditions, including lower prices.

One such example can be found in [India's dairy](#), a sector eyed by global agribusiness giants for long due to its enormous size and unorganised nature. If a new free trade agreement is signed and ratified, milk prices are doomed to keep sinking and farmers' debts rising.

A new report by GRAIN shows how the new generation of free trade agreements, like the TPP and RCEP, provide corporations with enhanced legal protections for the abusive hidden labour practices in their supply chains.

Note: editorial based on GRAIN's [New free trade agreements: normalising the brutality of transnational supply chains](#) and ITUC's [Frontlines report 2016 - Scandal: inside the global supply chain of 50 top companies](#).



ACROSS THE REGION

She quit her corporate job to support small farmers: Maithri's TRUNA organic and natural shop in Mysore, India

Maithri is from near Mysore in South Karnataka. At the age of twenty one she got a job in the human resources department of a tech company during Bangalore's tech boom.

She didn't quite feel at ease and often questioned the point of her corporate job. Eventually, she quit her job a few years later and found Amrita Bhoomi, the peasant agroecology school set up by the farmer's movement KRRS. She became a full-time volunteer there and was actively involved with the institution for two years. During this time she helped to organize various farmers training camps including an international Zero Budget Natural Farming training camp with more than 40 international farmer activists from around the world.

Her work at Amrita Bhoomi and being in the thick of the farmer's movement was a real game changer for Maithri and where she developed her politics. "It's where I learned about farmers issues, capitalism, economic policies, social justice, and what not". Maithri also went on a special training course for political educators carried out by the Movimiento Sem Terra (MST) in Brazil every year. That sealed the deal, and Maithri decided that she wanted to become deeply involved in a livelihood that also contributed to conserving nature, empowering people, and creating social justice.

Thanks to a number of lucky circumstances Maithri got the opportunity to access a retail space in Mysore. She immediately took up the offer and went about finding farmers and suppliers and learning the ropes. She also got an internship in another well-established organic store. Such organic shops are important for small farmers to market their products and for consumers to access chemical free and ethically produced food.

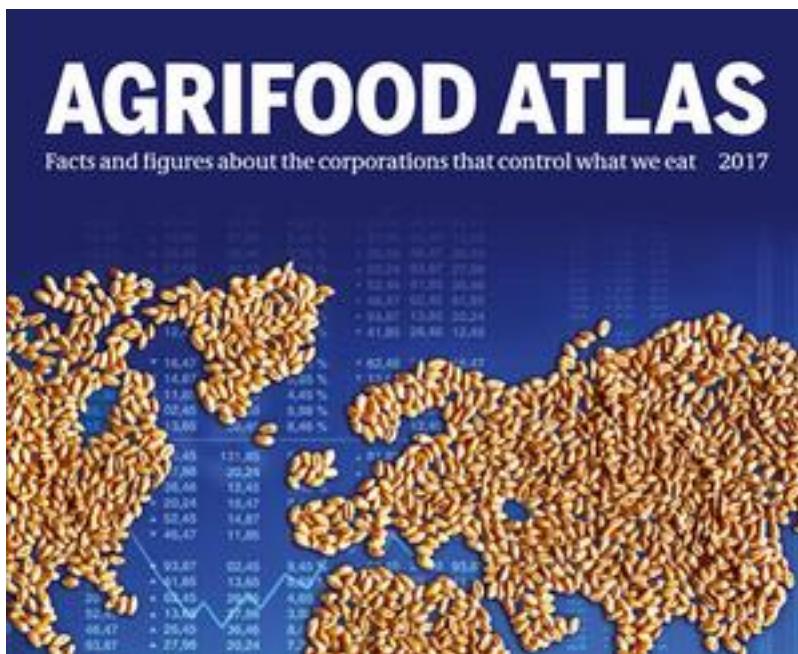
"It's complicated, and there are many problems, but it's working slowly. I'm a single woman trying to make a livelihood, so I really need to think about the business aspects as well." Maithri has tried to and succeeded in setting up connections with some ZBNF farmers, but it's not easy for small sellers or for small shops like hers to connect, the logistical challenges are big for such small players. She points out that small shops like hers also work with very small volumes of produce and storage or perishable goods is a challenge. "The only way I see for this to work is for people to get into groups or cooperatives to share costs to improve services."

"I want to expand operations in the future and especially create more awareness among

consumers.” Maithri points out that consumer commitment is quite low. “Some argue with me and say something is not completely organic or that prices are slightly higher. It's difficult to be 100% chemical free, and I can't always guarantee this for all products- mostly I try to support the small farmers and women who bring in home made food products like laddoos. I inform the consumers when something is not guaranteed chemical free. When it comes to spending on luxuries like jewelry, people don't think twice, but a one rupee price increase on vegetables seems to press their buttons. We really need to educate consumers, I believe that food is one's medicine. We should see local and natural food as our political and social commitment and an investment in our health,” says Maithri.

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The Agrifood Atlas: how corporations are tightening their stranglehold on people's food

New research shows the dramatic impacts of the global food system being rapidly monopolised by ever-fewer, ever-larger corporations at every stage of the food chain. This

alarming trend poses risks to consumer choice, jobs and working conditions and food production in the future, warn the authors of the Agrifood Atlas.

Between 2015 and 2016, five of the largest 12 mergers between publicly-traded companies came in the agrifood sector, with a total value of almost US \$500 billion.

The authors raise concerns that the growing consolidation in the food chain is causing:

- Less consumer choice: increased monopolies are putting the food chain into even fewer hands. Almost half of all food sold in the EU comes from just ten supermarket chains and 50 food processing companies account for half of all global food sales. Only four companies produce 60% of the world's baby food.
- A risk to future food production: merged agrifood corporations are driving industrialisation along the whole food chain, with 20% of the world's agricultural land now degraded.
- Job cuts and low wages: The current wave of mergers in the processing industries – such as Kraft-Heinz and AB Inbev-SAB Miller – were driven by cost saving calculations, and led to thousands of job cuts.
- Price pressure through buyers' cartels: Food retailers and processors put pressure on their suppliers, squeezing out smaller producers, and poor working conditions and low pay exist along the food chain. Around 80% of the global tea market is controlled by just three corporations.
- A situation where the poorest stay hungry despite an oversupply of food. The global harvest of edible crops is today equal to around 4,600 kcal per person per day – but more than half of this is lost in storage, via distribution, food waste and being fed to livestock.

The report comes as the European Commission faces a crunch decision on whether to authorise the potential Bayer-Monsanto mega-merger, and after Agriculture Commissioner Phil Hogan's announced intention to rein in supermarkets' outsize buying power.

Mute Schimpf, food campaigner at Friends of the Earth Europe said: "The increasing size and power of agri-food corporations threatens the quality of our food, the working conditions

of the people producing it, and our ability to feed future generations. The EU can play a leading role in rejecting these consolidations. An alternative food system is possible and is being built by local food producers and citizens across Europe, creating safe jobs and greener farms."

Olivier de Schutter, co-chair of the International Panel of Experts on Sustainable Food Systems (IPES-Food) said, "This report should be a wake-up call for anyone who cares about their food, countryside and rural livelihoods. We are seeing an unprecedented surge in mergers and acquisitions in the food and farm sectors that will have major impacts on what we eat and what food we grow in the future. We need an urgent debate and the proactive involvement of regulators to protect the public interest, workers and the environment."

Benjamin Luig, Coordinator of the Food Sovereignty Programme at the Rosa Luxemburg Foundation said: "The report reveals a largely ignored dimension of agri-food sector restructuring. Private equity firms – rather than companies' shareholders – are increasingly driving concentration in the agri-food sector. Since 2004, one investment group, 3G capital, has led or accompanied mergers which have created the world's largest beer company (AB InBev), the third-largest fast food company (Burger King), and the fifth-largest food processor (Kraft-Heinz). Massive job cuts and the closing of bottling stations in the beverage industry are part of the plan. We urgently need regulations that limit the grip of the financial sector over the agrifood sector."

Barbara Unmüßig, President of the Heinrich Böll Foundation said: "Mergers and market concentration in the agricultural sector are skyrocketing - land concentration, monocultures and an almost complete dependency of farmers and consumers on corporate decisions are the alarming consequences. As a result, global biodiversity and the variety and independence in our food chain are at risk. Activists fighting for the right to access to water, land and seeds are met with ever more violent public or private repressions all across the world."

Research publication by Friends of the Earth Europe. Click here for the full report: <http://www.foeeurope.org/agrifood-atlas-corporations-stranglehold-food-311117>