Sri Lankan plantation companies reject wage increase

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The Ceylon Employers Federation (CEF) opposed any wage increase in discussions last week with trade unions over a new collective agreement and instead demanded higher workloads. Planters Association officials want an immediate increase in the daily tea plucking quota by 5 kilograms, taking it to 23 kilograms.

The unions involved in the talks are the Ceylon Workers Congress (CWC), Lanka Jathika Estate Workers Union (LJEWU) and Joint Plantation Trade Union Committee (JPTUC). Questioned by a WSWS reporter, CWC president Muthu Sivalingam said the unions were looking forward to further discussion with the CEF.

As has occurred repeatedly in the past, the CWC and other unions are holding talks with the employers behind workers' backs, and are again getting ready to sign a collective agreement giving the companies a free hand to increase workloads.

More than 200,000 workers are employed by 22 large regional plantation companies in Sri Lanka. Tens of thousands more are employed in small private plantation holdings. They still receive a daily wage, just as they did during the British colonial period. It is a poverty-level wage, averaging 12,000 rupees or $US90 per month. Most workers live in cramped plantation line-rooms that have had no significant improvements since they were built under colonial rule.

The CWC's Sivalingam claimed that his union had presented a demand for an increase in the daily wage to 1,000 rupees. However, many workers do not even receive the current 650-rupee wage, agreed by the unions in the 2013 collective agreement. That is because they cannot achieve the tea plucking quotas or complete the "mandatory" monthly attendance requirements.

In 2013, CWC leader Arumugam Thondaman, who was a cabinet minister under President Mahinda Rajapakse, played a leading role in including a clause that allowed companies to raise production quotas. Other unions accepted the agreement, including the National Union of Workers (NUW), Up Country Peoples Front (UPF) and Democratic People's Front (DPF).

The NUW, UPF and DPF are not backing the CWC's wage claim, saying that the government has already proposed a monthly increase of 2,500 rupees to private sector employees, including estate workers. Employers, however, including the estate companies, have completely ignored the government's proposal.

The NUW and UPF leaders, P. Digambaram and V. Radhakrishnan, are ministers in the current United National Party (UNP)-led government under President Maithripala Sirisena.

Over recent months, Planters Association (PA) officials have published statements and articles insisting on the "necessity" of increasing daily output levels, citing the crisis in the international tea market and lower labour costs in other countries.

An article in the *Island* on March 19 stated: "The overall slump in tea prices is due to many reasons, the main being the current catastrophic situations in key markets of Russia, Middle East and Ukraine that account for over 70% of exports of Ceylon Tea. The downturn in the Middle East following drastic reduction in oil prices, a raging military conflict in Ukraine and economic sanctions in Russia, as well as the recent depreciation of its currency, have created an almost impossible situation for Ceylon Tea. With the global rubber market in a slump and prices not expected to recover soon, a double whammy situation has emerged."

PA chairman Roshan Rajudurai told the *Island* "the future sustenance and the survival of the industry" was "in the hands of the workers themselves." He declared: "They can easily increase the daily output and support cost reduction so that we can be competitive in the world markets, as our costs are the highest in the world on account of our labour productivity being the lowest in the world."

Rajudurai compared output levels with major tea producing countries such as Kenya and India. In Sri Lanka, the average daily plucking of a worker was 18 kilograms, but it was 38 kilos in south India and 48 in Kenya. "In tea, the unit labour cost alone in Sri Lanka (which is approximately 67 percent to 70 percent of the total) is higher than the entire unit cost of production of some of its competitors," he claimed.

This is a demand that workers sacrifice for the raging cutthroat competition in the world market, in order to defend the profits of the Sri Lankan companies. The message was obvious—plantation workers must accept Kenyan and Indian levels of exploitation "to save the industry."

A Bitter Cup, a report issued in 2010 by the European War on Want organisation, showed that northern India tea workers earned just £15.45 or 1,220 rupees a month ($US25), well below an estimated living wage of at least 3,500 rupees a month. Tea factory workers in central Kenya toiled up to 74 hours a week for just £39.52 (5,000 Kenyan shillings) a month—half a living wage. Kenyan tea pickers were even worse off, earning on average only £24.18 (3,060 shillings, about $US39) a month.

Indian plantation employers mostly use temporary contract employment in order to deny benefits such as medical facilities, maternity leave and food rations. This method is rapidly spreading in other sectors in Sri Lanka, and plantation employers will soon follow suit.

Plantation companies are also seeking to reduce wages by cutting working hours. The *Island* article reported that tea and rubber companies want to change the "mandatory" clause requiring they provide 25 days' work in a month. Many companies already ignore this "mandatory" clause, and reduce days of production when the harvest drops.

Employers have asked the government of President Sirisena to provide "relief," as governments have done in the past. Governments have intervened to bring together the unions and companies that to prepare new collective agreements to drive up production levels.

Businesses are facing falling world tea and rubber prices. In Colombo, the tea auction average price of one kilogram of produced tea declined to 418 rupees in February 2015, compared to 482 last year and 423 rupees in 2013. According to the PA, rubber companies incurred losses of 70 rupees per kilogram last year because of declining prices.

Struggles have already erupted in tea plantations against increased workloads. In February, workers from the Glenuige Estate's Deeside plantation in Maskeliya stopped work to protest the raising of the daily tea plucking target. This week, using framed-up charges, the company sacked three and suspended four of the workers involved. This is a warning of the ruthless measures that employers, backed by the government, will adopt to impose the burden of the crisis onto the backs of workers.

Workers must prepare a unified counter-offensive including with their international class brothers and sisters. Plantation workers in every country need a decent monthly wage, paid leaves, medical schemes, pension system, and proper housing.

Such a struggle will require a political struggle not only against the estate companies, but the government and the trade unions, which have been the chief instrument for sabotaging previous attempts by workers to defend their interests.

Workers need to form their own independent action committees based on a socialist perspective, including the nationalisation of the plantation corporations under workers' control, and the fight for a workers' and peasants' government. That is the perspective for which the Socialist Equality Party fights.