Sri Lankan plantation companies reap huge profits while attacking workers’ wages and conditions

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When over 100,000 estate workers went on strike last December to demand a 1,000-rupee ($US5.50) daily basic wage, the Planters Association of Ceylon, the representative body of the Sri Lankan plantation companies dismissed the demand, declaring it unaffordable.

The plantation companies made this claim amidst soaring profits for the majority of them, according to their latest annual reports. Moreover, the profits of the national tea broking companies, as well as those of the giant global tea companies—which ultimately manipulate the world market—are on the rise.

The tea companies have offered a paltry 20-rupee increase, raising the workers' daily gross wage to just 750 rupees, while scrapping productivity and attendance-based allowances.

There are 24 regional plantation companies (RPC) in the country. The following are the latest recorded annual net profits of seven of them, for the 2017–2018 financial year:

* Kotagala Plantations: 255 million rupees ($US1,417,769)
* Maskeliya Plantations: 251 million rupees
* Bogawantalwa Plantations: 163 million rupees
* Kelani Valley Plantations: 160 million rupees
* Horana Plantations: 84 million rupees
* Watawala Plantations & Hatton Plantations (Sunshine Holdings): 1,200 million rupees
* Elpitiya Plantations: 335 million rupees.

There are around eight national tea broking companies. These are the recorded annual net profits of two of them, for 2017-2018:

* Ceylon Tea Brokers: 100 million rupees ($US556,000)
* Asia Siyaka Commodities: 97 million rupees

While corporate and individual shareholders are benefiting, the plantation company directors are reaping massive fortunes. The annual remuneration of the three executive directors of Kelani Valley Plantation was 35 million rupees. This means that the monthly income of each director is close to one million rupees.

If this is compared to a worker’s monthly wage—after the proposed increase—and assuming the worker works for 26 days a month, his or her salary will be 19,500 rupees. In other words, the executive director will earn over 50 times more than his or her employees.

The largest global tea conglomerate, Unilever Company, based in the United Kingdom, sells tea under the Lipton brand all over the world. The tea is sold by Unilever under the auspices of its “refreshment” section, along with ice cream. The net profit of this section in 2017 was £6,486 million, with a profit margin of 11.3 percent. Its profit in the previous year was £5,547 million, with a profit margin of 9.8 percent.

The second largest global tea brand, Tetley, is owned by Tata Global Beverages, based in India. This transnational company sells tea globally and collected a net profit of 5670 million Indian rupees ($US80 million) for the 2017–2018 financial year, up from 4,640 million in the previous year.

While reaping these huge benefits from the brutal exploitation of plantation workers in countries such as Sri Lanka, Kenya, Vietnam, South Africa, India and China, these international corporations are pretending that they have been addressing the acute social problems facing their employees.

Unilever’s 2017–18 annual report declares, “By addressing strategic human rights issues and helping the business tackle and prevent endemic abuses in global value chains, it is seeking to deliver a positive social impact alongside business growth."

This is a lie. On the contrary, far from delivering a "positive social impact," these companies are, in fact, further depressing the wages and social rights of the workers in order to increase their superprofits. Global tea buyers select their choice through the producing countries, on the basis of maintaining their superprofits.

The plantation companies seek to serve the buyers by slashing their production costs in order to remain competitive and maintain their markets and profits. Central to this process is their drive to lower labour costs, which means slashing the plantation workers' living and working conditions.

To this end, the plantation companies are now introducing a so-called "revenue sharing model" or "out-grower" program, to ensure higher productivity through ever higher rates of exploitation. One of the clauses in the collective agreement recently signed between the companies and the trade unions deals with the upcoming implementation of the "out-grower" model.

According to the Employers Federation of Ceylon, Plantation Services Group Chairman Roshan Rajadurai declared, "We are constrained by conditions beyond our control. Over 95 percent of Ceylon Tea is exported, and those prices are determined not by us, but the world market" (*Daily FT*, December 12, 2018).

Under this "out-grower" scheme, a worker will be assigned to tend a plot of land with around 1,000 tea bushes. The company provides the supplies, such as manure, chemicals and equipment, and will expect that the workers' entire family will work the land in order to increase production. The tea leaves will be bought by the company and, after deducting for supplies, office maintenance and profit, the remainder will be paid to the worker.

In its annual report, Kelani Valley Plantations insisted, "Structured along the lines of the out-grower program, the Revenue-share model is a bold new initiative aimed at encouraging workers to increase their plucking average."

The companies' objective is to scrap the "wage model" and transform the worker into a modern share-cropper. This system will also be used to break the organised power of the plantation workers.

The Bogawantalwa Plantations annual report emphasises that "the industry is highly labour intensive, with high bargaining power, low productivity, work stoppages, strikes" and these can have "a major impact on the profitability and liquidity of the company."

In other words, the large international tea-producing companies are using various methods to drive down plantation workers' living and social conditions, in order to be competitive on the world market and protect their profits. Thus, the workers in all these countries face a similar international assault, which is part of the broader attack on the working class internationally under conditions of the break-down of world capitalism.

Like their international counterparts, the trade unions in Sri Lanka's plantations, such as the Ceylon Workers Congress, the Lanka Jathika Estate Workers Union, the Democratic People's Front and the National Union of Workers, have fully backed these intensified attacks by the companies, which have had government support.

The struggle to defend the democratic and social rights of the working class can only be waged through an international fight against the capitalist profit system. The plantation workers must unite with their international class brothers and sisters in the struggle to end the profit system, and organise production under workers' control and a workers' and peasants' government.

The March 17 plantation workers conference, called by the Abbotsleigh Estate Workers Action Committee, with the support of the Socialist Equality Party (Sri Lanka), will discuss these vital issues for Sri Lanka's plantation workers and for the working class as a whole.