Ripe for Change in US Supermarket Supply Chains

Ending the human suffering behind our food

The following is a summary of findings from a number of documents prepared for the launch of Oxfam’s Behind the Barcodes campaign: Ripe for Change; Ending Human Suffering in Supermarket Supply Chains; Supermarket Responsibilities for Supply Chain Workers’ Rights; US Supermarket Supply Chains: End the Human Suffering Behind Our Food; and Ripe for Change: Methodology Note.

Oxfam is launching the Behind the Barcodes campaign to spotlight the unequal and unjust treatment of farmers and workers in our global food system, and to highlight the role and responsibility of supermarket giants. As part of the campaign, Oxfam looks at some of the world’s top supermarkets, especially those in the US, to assess how their policies, commitments, and actions affect the workers and farmers—especially women—who supply their products.

No supermarket is doing enough to address these concerns. In fact, we have found that across the board, the policies and practices of these supermarkets need to change and be strengthened as a first step toward improving the well-being of the most vulnerable people in their supply chains.

As the first example of inequality in our global food system, Oxfam looked at workers’ rights in seafood supply chains originating in Southeast Asia, finding new evidence of ongoing challenges to the rights of workers in Indonesia and Thailand who supply shrimp to US and European supermarkets. While interviewing workers from some of the biggest shrimp processors and exporters in Thailand and Indonesia that supply to supermarkets like Whole Foods and Ahold Delhaize, Oxfam and the Sustainable Seafood Alliance Indonesia, respectively, found inhumane treatment and appalling working conditions still taking place for workers.

Oxfam calls on supermarkets to use their power and influence to reduce inequality in their value chains. Supermarkets have the ability to satisfy their shareholders while still respecting the rights and livelihoods of the producers and workers who grow and process our food.
Introduction

Inequality is rampant across the global economy, and the agrifood sector is no exception. At the top, big supermarkets and other corporate food giants dominate global food markets, allowing them to squeeze value from vast supply chains that span the globe; while at the bottom, the bargaining power of small-scale farmers and workers has been steadily eroded in many of the countries from which they source.

The result is widespread suffering among the women and men producing the food for supermarkets around the world. From forced labor aboard fishing vessels in Southeast Asia to poverty wages on Indian tea plantations, to hunger faced by workers on South African grape farms, human and labor rights abuses are all too common in food supply chains.

In the US, big supermarkets have become big business with tremendous market power, but not always acting ethically and equitably. Instead, they are using their huge buying power to pressure suppliers to compete on the lowest costs, allowing for wage squeeze and human rights violations to take place within their supply chains.

In an era of gross global inequality and escalating climate change, this business model is increasingly unsustainable. But it doesn't have to be this way. Food companies, small-scale farmers and workers, governments, and consumers around the world can all help to rebalance power in food supply chains and ensure that those producing our food are more fairly rewarded. The supermarket sector is ripe for change.

There is no justifiable reason that the human and labor rights of women and men supplying supermarkets cannot be respected. There is no moral excuse for anyone producing our food to go hungry. Different policy choices by both governments and companies can rebalance power and share more fairly the vast revenues of the global food industry in the interests of the many, not the few.

The growing buyer power of supermarkets

Over the last 30 years, a global inequality crisis has seen the power and financial reward of big business increase at the expense of ordinary people—including those who grow and process our food. As highlighted in Figure 1, in the agrifood sector market, concentration has reached new extremes at all stages of the food supply chain, and food retail is no exception.

In most developed countries, and increasingly in developing countries too, just a handful of supermarket giants dominate food sales. This tight grip on retail markets gives supermarkets significant power to shape food production around the world.

Disproportionate bargaining power has developed as supermarkets are the last link in the food supply chain, creating a few gatekeepers of the global food trade with an effective monopoly over the distribution of food to consumers. These food giants are using significant buying power to pressure their suppliers using a range of purchasing practices to secure lower prices for their products.
**Figure 1: Market concentration is high in food supply chains**

<table>
<thead>
<tr>
<th>INPUTS AND SERVICES</th>
<th>FARMING</th>
<th>TRADE AND PROCESSING</th>
<th>FOOD MANUFACTURING</th>
<th>RETAIL AND MARKETING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Three conglomerates dominate nearly 60% of global turnover for commercial seed and agricultural chemicals.¹</td>
<td>The vast majority of the world’s farms are small-scale and family farms.</td>
<td>Four companies account for 70% of trade in agricultural commodities globally by revenue.²</td>
<td>50 food manufacturers account for half of all global food sales.³</td>
<td>Just 10 supermarkets account for over half of all food retail sales.⁴</td>
</tr>
</tbody>
</table>


⁴ Friends of the Earth Europe, Heinrich Boll Foundation, and Rosa Luxemburg Foundation.

⁵ Friends of the Earth Europe, Heinrich Boll Foundation, and Rosa Luxemburg Foundation.

While this business model has delivered low prices, year-round choice, and convenience for many consumers, it’s based on supermarkets using their huge buying power to exert pressure on their suppliers to cut costs and incur more of the risks of agricultural production, even while meeting quality requirements.

One of the most common practices is for supermarkets to set a price on a particular good lower than that of competitors, increasing pressure on suppliers to unrealistically reduce costs. Other unfair trading practice tactics include difficult contract terms, demanding payments in exchange for high-profile shelf space, or payments for warehousing costs. For further examples of unfair trading practices, please see Annex 1 in *Ripe for Change: Ending Human Suffering in Supermarket Supply Chains*.

**Booming business at the top**

The results of this disproportionate bargaining power and these buying practices have created a lucrative business, especially for those at the top. The eight largest publicly owned supermarkets in the world generated some $1 trillion from sales in 2016 and nearly $22 billion in profit. Rather than reinvest in their suppliers’ chains, the same year they returned over $15 billion to shareholders in cash.⁸

While this is happening all over the globe, it’s especially true for US supermarkets. The world’s largest food retailer, Walmart, majority-owned by the richest family in the US,⁹ generated revenue of nearly $486 billion in 2016—equivalent to the gross national income (GNI) of Norway or Nigeria.¹⁰ Similarly, Kroger, Walmart’s closest competitor in the food and beverage arena, has enjoyed a significant rise in revenues and profits in recent years—topping off at $110 billion in 2016. Kroger’s profits rose nearly 20 percent in just four years—from $20 billion in 2013 to $24 billion in 2016.¹¹ Over the past 25 years, the supermarket sector in the US has seen a huge increase in consolidation from mergers and acquisitions.
In 2016, the top four US supermarkets controlled over 40 percent of total market share,\textsuperscript{12} compared with just 17 percent that they controlled in 1992.\textsuperscript{13}

Other grocery stores have looked to mergers and acquisitions to keep up with the growing leaders in the industry. In June 2015, Ahold Delhaize (headquartered in the Netherlands) agreed to acquire one of its biggest competitors, the Belgian Delhaize Group, for around $12 billion, creating one of the world’s largest food retail companies.\textsuperscript{14} The transaction also brought four popular US East Coast supermarkets—Stop & Shop, Giant, Food Lion, and Hannaford—under the same parent company.\textsuperscript{15}

With this greater market concentration has come a sharp increase in profits and growth in dividend payouts to shareholders and compensation for executives. For example, Walmart’s CEO received over $22.3 million in 2017, a 1,487 percent increase in just 20 years.\textsuperscript{16} Meanwhile, Kroger’s CEO has seen a 1,458 percent pay rise, from $905,212 in 1997 to $13.2 million in 2016.\textsuperscript{17}

Supermarkets driving inequality and human suffering in supply chains

As big supermarkets exert more and more buyer power, and as governments offer less support for small-scale farmers and workers, inhumane treatment and human rights violations for those who produce food continue to grow. Wages below the standard of living, discrimination, poor working conditions, and physical and verbal abuse are sadly the reality for many owing to the brutal squeeze and pressure supermarkets put on producers through the supply chain, among other factors. And far too often, the situation is much worse for women.

Whether on small-scale family farms or in processing factories, deeply entrenched gender norms mean the impact is most severe on women: they are denied the right to own land,\textsuperscript{18} they are less likely to enjoy trade union representation,\textsuperscript{19} they shoulder most unpaid care work,\textsuperscript{20} they face discrimination over pay and progression to more senior roles, and they face the threat of sexual harassment and violence.\textsuperscript{21} Women’s work in food supply chains goes unseen, and their voices at the negotiation table are the least heard.

Oxfam’s new report, \textit{Ripe for Change: End Human Suffering in Supermarket Supply Chains}, shows how this unequal distribution of value across supermarket supply chains has had devastating consequences for food producers and workers around the world, preventing them from earning a living wage\textsuperscript{22} and achieving a decent livelihood.\textsuperscript{23}

In 2017, Oxfam and partners conducted surveys of hundreds of small-scale farmers and workers in supermarket supply chains across five countries using the Household Food Insecurity Access Scale (HFIAS) method. The research found a clear majority of respondents categorized as either moderately or severely food insecure—meaning that they or a family member had gone without enough food in the previous month.\textsuperscript{24} For example, 72 percent of women small-scale banana farmers surveyed in the Philippines said they or a family member had cut back on the number of meals in the previous month because of lack of food.
Figure 2: When earnings are too low, small-scale farmers’ and workers’ access to adequate food is put at risk

Source: Data from HFIAS surveys conducted in 2017 with a sample of farmers and workers in specific food supply chains in South Africa (160 respondents), Thailand (84), Italy (142), Pakistan (136) and the Philippines (147). The research in South Africa was carried out by the Women on Farms Project. See the methodology note in Annex 1 for more information. Note that not all of the percentages sum to exactly 100% due to rounding. Export data is from 2016. See endnote for full source information.
Although these surveys are just snapshots, they hint at a bigger picture of systemic economic exploitation. In other research commissioned by Oxfam, undertaken by the Bureau for the Appraisal of Social Impacts for Citizen Information (BASIC), 27 analyzed the value chain of 12 common products sourced by supermarkets around the world, from a range of producing countries spanning the Asian, African, and Latin American continents, including examples of both small- and large-scale production. Common products include coffee, tea, cocoa, orange juice, bananas, grapes, green beans, tomatoes, avocados, rice, frozen shrimp, and canned tuna. As shown in Figure 3, in none of these examples are the average earnings of small-scale farmers or workers enough for a decent standard of living, sufficient to realize their human rights. In some cases, they fall well short. 28 For further information on research findings, please see *Ripe for Change: Ending Human Suffering in Supermarket Supply Chains*.

**Figure 3:** Average earning of small-scale farmers and workers in many food supply chains are inadequate for a decent standard of living 29

<table>
<thead>
<tr>
<th>SMALL-SCALE FARMERS</th>
<th>WORKERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>COCOA CÔTE D’IVOIRE</td>
<td>81%</td>
</tr>
<tr>
<td>BANANAS ECUADOR</td>
<td>77%</td>
</tr>
<tr>
<td>COFFEE COLOMBIA</td>
<td>71%</td>
</tr>
<tr>
<td>ORANGE JUICE BRAZIL</td>
<td>58%</td>
</tr>
<tr>
<td>RICE THAILAND</td>
<td>56%</td>
</tr>
<tr>
<td>GREEN BEANS KENYA</td>
<td>53%</td>
</tr>
<tr>
<td>AVOCADOS PERU</td>
<td>91%</td>
</tr>
<tr>
<td>BANANAS ECUADOR</td>
<td>82%</td>
</tr>
<tr>
<td>SHRIMP VIETNAM</td>
<td>80%</td>
</tr>
<tr>
<td>GRAPES SOUTH AFRICA</td>
<td>78%</td>
</tr>
<tr>
<td>ORANGE JUICE BRAZIL</td>
<td>61%</td>
</tr>
<tr>
<td>CANNED TUNA THAILAND</td>
<td>58%</td>
</tr>
<tr>
<td>TOMATOES MOROCCO</td>
<td>56%</td>
</tr>
<tr>
<td>GREEN BEANS KENYA</td>
<td>41%</td>
</tr>
<tr>
<td>TEA INDIA</td>
<td>38%</td>
</tr>
</tbody>
</table>

Average income/wage as % of living income/wage

Note: Data is from 2015. *Workers* refers to those with permanent contracts working on large-scale plantations, in processing facilities, or on fishing vessels. Some commodities appear twice, as they are both produced by small-scale farmers and workers. See the methodology note for more information.

Source: Christophe Alliot et al., *Distribution of Value and Power in Food Value Chains* (Oxfam: forthcoming), an Oxfam-commissioned research paper undertaken by BASIC.

While workers in supermarket supply chains struggle on poverty wages and deal with inhumane treatment, billions of dollars are paid out to supermarket shareholders every year. Just 10 percent of the cash returned to shareholders in the three biggest US supermarkets—Walmart, Costco, and Kroger—in 2016 would be enough to lift more than 600,000 workers in the Thai shrimp sector to a living wage, 30 to cite one example.

According to a new study for Oxfam by BASIC, 31 in 2015, US supermarkets captured almost half of the value created across a sample basket of food products sourced from around the world. At the same time, just 5.9 percent on average reached the small-scale farmers who
worked behind these products—a number that has dropped from 10.5 percent in the last 20 years.

Instead of using their huge buying power to put pressure on their suppliers to cut costs and absorb risks, supermarkets could act ethically and equitably but have so far failed to live up to this responsibility.

How supermarkets stack up

Oxfam’s experience with its Behind the Brands campaign was that transparency about a company’s policies, practices, and supply chain gives a meaningful indication of its direction of travel. The more transparent a company is about these, the more likely they have been to act accordingly. With this objective in mind, Oxfam assessed how supermarkets in Germany, the Netherlands, the UK, and the US are measuring, addressing, and ultimately fixing problems encountered by the workers, small-scale producers, and women and men who supply the food stocked on their shelves.

Oxfam’s Supermarket Scorecard shows where companies stand on four key aspects of supply chain management and analyzes the steps they have taken to ensure rights are respected and people treated fairly. It gives the general public—including shareholders, consumers, and suppliers—the information they need to hold supermarkets to account for how they source their produces. It also gives workers, small-scale producers, and their representatives and advocates useful information on the commitments companies have made.

The scorecard was developed following several rounds of consultation with companies, nongovernmental organizations (NGOs), other benchmarking organizations, and technical experts to determine the issues of most relevance to respecting the rights of people and addressing issues of inequality in supermarket supply chains.

It is divided into four themes: 1) Transparency and accountability; 2) Workers; 3) Farmers (and other small-scale food producers); and 4) Women. Each theme has 8 indicators (except Women which has 7 indicators) and each indicator has 3 sub-indicators. We will repeat the scoring on a yearly basis, while engaging with the supermarkets, which will provide all assessed companies with an opportunity to show the progress they are making. A further description of Oxfam’s methodology behind the research can be found in Ripe for Change: Methodology Note.

The 16 supermarkets assessed include Ahold Delhaize, Albertsons, Aldi North, Aldi South, Costco, Edeka, Jumbo, Kroger, Lidl, Morrisons, Plus, Rewe, Sainsbury’s, Tesco, Walmart, and Whole Foods. The results reveal that the sector can do much more to protect the rights of supply chain workers, address the inequalities faced by women, and be more transparent throughout their supply chains. None of the 16 supermarkets Oxfam looked at in the US and Europe scored any points for policies supporting the rights of workers in their supply chains’ to earn a living wage, and just four scored at all on the rights of women. Further scorecard findings can be found in Oxfam’s Ripe for Change: End Human Suffering in Supermarket Supply Chains report and relevant national reports.
Figure 4: Global scorecard

**BEHIND THE BARCODES**

SUPERMARKETS SCORECARD

<table>
<thead>
<tr>
<th>Transparency &amp; Accountability</th>
<th>Workers</th>
<th>Farmers</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ahold</td>
<td>4%</td>
<td>10%</td>
<td>0%</td>
</tr>
<tr>
<td>Aldi</td>
<td>13%</td>
<td>13%</td>
<td>0%</td>
</tr>
<tr>
<td>Amazon</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Asda</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Costco</td>
<td>21%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Deki</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Edeka</td>
<td>8%</td>
<td>2%</td>
<td>0%</td>
</tr>
<tr>
<td>Edeka</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Hiper</td>
<td>17%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Jumbo</td>
<td>17%</td>
<td>17%</td>
<td>5%</td>
</tr>
<tr>
<td>Lidl</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Morrisons</td>
<td>4%</td>
<td>4%</td>
<td>0%</td>
</tr>
<tr>
<td>Netto</td>
<td>29%</td>
<td>42%</td>
<td>10%</td>
</tr>
<tr>
<td>Sainsbury's</td>
<td>8%</td>
<td>38%</td>
<td>15%</td>
</tr>
<tr>
<td>Tesco</td>
<td>17%</td>
<td>17%</td>
<td>5%</td>
</tr>
<tr>
<td>Walmart</td>
<td>0%</td>
<td>25%</td>
<td>17%</td>
</tr>
<tr>
<td>Whole Foods</td>
<td>0%</td>
<td>4%</td>
<td>4%</td>
</tr>
</tbody>
</table>

**KEY**

0 1-10 11-20 21-30 31-50 51-70 71-80 91-100

GOOD

POOR

*These scores are based on supermarkets’ publicly reported policies and actions in their food supply chains. Reported human rights allegations in the supply chains of companies can be found here: www.business-humanrights.org/barcodes.*
Oxfam assessed and ranked six of the major supermarkets operating in the US: Ahold Delhaize (owner of US stores such as Stop & Shop, Giant, and Food Lion), Albertsons, Costco, Kroger, Walmart, and Whole Foods. No US retailer received an overall score above 17 percent across four themes, with Whole Foods and Kroger scoring the lowest in overall national ranking—2 percent and under. Oxfam’s US supermarket scorecard found:

- All US retailers scored very low across all four themes assessed (transparency, workers, farmers, and women), with the lowest scores found in the transparency and women categories, demonstrating that retailers have barely exhibited any awareness on these issues and have yet to show that they are prioritizing human rights, due diligence, supply chain traceability, living wage, and important gender inequality issues.
- All six retailers need to radically improve transparency around their food sourcing policies. They need to demonstrate that their suppliers respect labor and human rights. While Albertsons, Ahold Delhaize, and Costco are the most transparent of those assessed and are taking some action around issues of social responsibility, no retailer is providing enough information about its suppliers, making it difficult to ensure that they have conducted proper due diligence on human rights risks in their supply chains.
- Although several of the supermarkets have taken steps toward committing to good labor practices in their supply chains, the results show that all of the supermarkets can do more to empower workers within their supply chains, such as promoting and providing living wages, proactively engaging trade unions, and ensuring access to effective grievance mechanisms. Two retailers fall the furthest behind their competitors in this area: Kroger and Whole Foods. In addition, supermarkets have not demonstrated that they are willing to leverage their market power to advocate with national governments to reform outdated national labor laws that limit freedom of association and collective bargaining power of workers in places like Thailand. The scorecard indicators for the workers theme did not measure the supermarkets’ treatment of workers in their own stores.
- Although four retailers have made some commitments around fair share of value for small-scale producers, all need to do better at engaging in advocacy with governments of countries from where they source, and in implementing purchasing practices to allow small-scale producers to achieve a fair deal.
- Only one retailer scored in the women theme; most are failing to demonstrate any awareness on key issues related to gender pay gaps and working conditions. Retailers should take stronger action on implementing the UN Women’s Empowerment Principles, tracking and disclosing information on women workers’ roles and pay, and guaranteeing safer working conditions and equal opportunities for women working in their supply chains.

Further results from our US scorecard research can be found in the Oxfam report, *US Supermarket Supply Chains*. 
Figure 5: US supermarket scorecard
The risks to workers’ rights in supermarket shrimp supply chains

The seafood industry employs millions of people to produce everyday products (like fish and shrimp) that are sold in our supermarkets. Seafood today is the highest traded food commodity by value, worth more than $150 billion per year, and a bigger source of export revenues for developing countries than many other agricultural commodities—like meat, tobacco, rice, and sugar—combined. A complex web of global supply chains has emerged to meet this demand, making getting seafood products to supermarket shelves a long and murky journey with many actors.

Some of the most egregious examples of abuse to have hit headlines in recent years concern the use of forced labor in supermarket shrimp supply chains originating in Southeast Asia.

In the years since these cases received international attention, both governments in the region and private sector actors have introduced a plethora of new initiatives. These initiatives demonstrate a growing awareness of the labor rights challenges in the sector, some important benefits of which are beginning to show for workers. For examples of reforms enacted by the governments of Thailand and Indonesia and private sector actors, please see Boxes 1, 2, and 3 cited in the *Supermarket Responsibilities for Supply Chain Workers’ Rights* report.

New evidence of continued challenges

But new research by Oxfam and the Sustainable Seafood Alliance Indonesia (cited in the *Supermarket Responsibilities for Supply Chain Workers’ Rights* report) reveals that grave problems persist for the women and men working to supply shrimp and other types of seafood to major supermarkets in the US and Europe.

In the context of downward pressure on prices from supermarket buyers, stringent quality standards, and escalating production costs, the least powerful actors in shrimp and many other supply chains tend to pay the heaviest price.

Oxfam and the Sustainable Seafood Alliance Indonesia interviewed workers from some of the biggest shrimp processors and exporters in Thailand and Indonesia, respectively, that among them supply or have supplied to some of the largest supermarkets in the world. In the US specifically, these processors and exporters supply Ahold Delhaize, Albertsons, Costco, Kroger, Walmart, and Whole Foods, among others. Our findings echo those of other recent reports, meaning that supermarkets sourcing shrimp and other seafood from the region still have questions to answer about the conditions of fisheries workers behind the products they sell.
Figure 6: Shrimp supply chains are long and complex
Workers reported numerous examples of entrenched “low road” working conditions—including excessive working hours for low pay, physical and verbal abuse, and discrimination against women workers. Some of the findings include the following. For further examples of new research, please see Boxes 5 and 6 cited in the Supermarket Responsibilities for Supply Chain Workers’ Rights report.

- **Low wages are prevalent.** Among the suppliers in Thailand, wages were so low that over 60 percent of women surveyed were categorized as severely food insecure, and extensive overtime was reported to be routine. Many workers had paid recruitment fees, incurring significant debts, to secure their jobs.

- **Bathroom breaks are routinely denied.** Workers at some processing plants reported that toilet breaks and access to drinking water are strictly controlled. One worker in Thailand reported that just nine toilets were available for 1,000 workers; another in Indonesia said that only a couple of drinking glasses were available for hundreds of workers—with some complaining of urinary tract infections.

- **Workers face unattainable output goals.** Among the suppliers in Indonesia, women reported working unpaid hours in order to hit targets of up to 19kg of shrimp peeled per hour of their shift, just to make the minimum wage.

- **Women suffer all kinds of discrimination.** Workers in Indonesia reported that pregnant workers did not have their contracts renewed or that those who reapplied after giving birth were taken on as ‘interns’ at a much lower rate of pay than before.

- **Hazardous conditions are common.** Several workers in Indonesia described the exhausting nature of work in a physically demanding environment, including close to freezing temperatures and exposure to hot water and chlorine. In many plants across Thailand and Indonesia workers said they are expected to provide their own safety equipment.

- **Harsh conditions and excessive working hours for little pay are reported.** Several Myanmar fishers in forced labor situations reported that, despite being promised Thai bahts (THB) 9,000 ($270) a month, they received irregular monthly payments between THB 1,500 and 6,000 ($45–$180)—just $1.50–$6.00 a day—without explanation. Long hours and being cheated out of pay also topped fishers’ lists of complaints. When catches are large or when nets need repairing, fishers on Thai boats reported working without sleep—much less overtime pay—over multiple days. Fourteen-hour days are common, and many reported working 27 to 28 days a month.

- **High recruitment fees are a common practice.** Migrant workers in Thai seafood processing plants also described payment of recruitment fees subsequently deducted from wages—a situation that can lead to debt bondage. Some reported financing debt repayments through salary deductions of around THB 1,000 ($30) per month—a deduction of around 15 percent from wages, and a powerful restriction on their opportunities to change employer.

- **Withholding of wages and retention of identity documents occurs.** Chhay, a 50-year-old Cambodian migrant in Thailand, told Oxfam that after he had not been paid his wages for four months, he informed his employer that he wanted to change jobs, for which he needed his identity and immigration documents. His employer said he would only return the documents if Chhay paid off a fabricated debt of THB 2,500 ($75).

**Root causes**

As Oxfam’s campaign launch report argues, the root causes of workers’ rights violations in food supply chains relate both to the increase in the power of supermarkets and other lead firms to squeeze value from their suppliers, and to the lack of collective power of workers in many countries from which they source.
There have been areas of progress in recent years; at a minimum, awareness of the challenges around labor rights has increased; transparency around working conditions and traceability of products in complex seafood supply chains has improved; and significant numbers of workers have benefited from improved working conditions as a result of strengthened policies and new practices.

However, although many of these recent initiatives are welcome and provide an important foundation on which to build, too many supermarkets still fail to tackle adequately the root causes of labor rights violations in shrimp and other international food supply chains. Until they do, challenges like those described will continue to arise.

New research for Oxfam suggests that supermarkets in Germany, the Netherlands, the UK, and the US have, on average, increased their share of the money their consumers spend on shrimp sourced from Indonesia and Thailand—as with many other supply chains—while the share left for actors in the producing countries has steadily declined.39

Shrimp is the most consumed seafood product in the US, and retailers are capturing a growing share of the value of the shrimp they sell. During the past 15 years, US retailers have nearly doubled the share of value they capture from shrimp sourced from Indonesia and Thailand, to nearly 50 percent, with processors now receiving just 7 percent.40

Such wages and working conditions are especially shocking when compared to incomes and the wealth at the other end of the supply chain. It would take a woman processing shrimp at a typical plant in Indonesia or Thailand more than 4,000 years to earn what the chief executive at a top US supermarket earns in a year.41

At the same time, just 10 percent of the cash returned to shareholders of the biggest three US supermarkets—Walmart, Costco, and Kroger—in 2016 is equivalent to the amount needed to lift over 600,000 Thai shrimp processing workers to a living wage.42

Whole Foods and Ahold Delhaize must do more on workers’ rights

But, as Oxfam’s new research reveals, grave problems continue to exist for workers in this sector. Even the biggest supermarkets can’t fix these problems on their own; but, as our new scorecard shows, all supermarkets can and should be doing more to improve working conditions throughout their supply chains—not just in their sourcing of shrimp, but across all the products they source.

In the United States, Whole Foods and Ahold Delhaize in particular are falling behind their competitors when it comes to tackling these issues. Ahold Delhaize is currently the largest supermarket in the Netherlands and, after the merger of Ahold and Delhaize, the company became the fifth-largest retailer in the United States. Additionally, by 2016, Whole Foods was one of the 10 largest retailers in the US, and after its acquisition by Amazon (the eighth-largest general retailer in the world), it increased its market share even further. Whole Foods and Ahold Delhaize have a responsibility to act on these issues given their large, and growing, market share in the US and in the Netherlands.

Both Whole Foods and Ahold Delhaize are two of the lowest performers on the worker indicator in Oxfam’s scorecard, which measures, among other things, supermarkets’ ability to reduce the risk of workers being economically exploited by their suppliers and their commitment to good labor practices throughout their supply chain. Whole Foods received 4 percent while Ahold Delhaize scored just 10 percent in this category.

Additionally, both supermarkets either confirmed or did not deny that they currently source or have sourced from one of the shrimp processors or exporters in Indonesia and Thailand.
where Oxfam and others interviewed workers and found appalling working conditions. This means that both of these supermarket giants are selling or have sold products in their stores that are very likely linked to at least some of the worker’s rights violations described above.

Whole Foods has also failed to demonstrate a serious commitment to improving working conditions in its supply chain. In 2015, a media investigation\(^{46}\) uncovered terrible working conditions in a shrimp processing factory in Thailand connected to Whole Foods’ supply chain. Whole Foods issued a strong response, claiming in part that the company would now be “going beyond our existing third-party audits of processing facilities by conducting our own on-site inspections.”\(^{47}\) But as this research from Oxfam and others shows, serious labor rights violations continue to exist for workers across the region, and there are limitations in the auditing system in uncovering critical issues around workers’ rights.

One of the outcomes of the media investigation was the creation of the Thai-based Global Seafood Task Force, which is focused on addressing issues of labor rights abuses and other social concerns within the Thailand seafood supply chain. However, Whole Foods is one of the only major US food retailers to not take part in this initiative, demonstrating a failure to work collaboratively with stakeholders to address these critical issues.

At a crossroads for the food industry

After years of expansion, there are signs that the supermarket industry is reaching a critical fork in the road, with competing forces pulling it in opposite directions.

On one side, new actors are entering the supermarket sector through acquisitions that threaten a new era of even more ruthless cost-cutting and an acceleration of the race to the bottom on social and environmental supply chain standards. Amazon’s 2017 buyout of Whole Foods sent shockwaves through the US supermarket sector, with nearly $12 billion wiped from Whole Foods’ competitors’ market value in a single day as the company committed to a new strategy of “continuously lower prices.”\(^{48}\)

On the other side, the global inequality crisis and gathering pace of climate change are exposing the vulnerability of the current supply chain model, just as new norms of responsible business are taking hold and new technologies are emerging that can empower investors and consumers alike with more insight into the origins of our food.\(^{49}\)

The future need not be marked by new and more extreme forms of economic exploitation and heightened inequality in ever-expanding supermarket supply chains. BASIC’s analysis for Oxfam suggests that it is entirely possible for small-scale farmers and workers to earn a living income in supermarket supply chains.\(^{50}\) As shown in the Ripe for Change report, supermarkets and other supply chain actors would need to invest only a marginal amount to close the gap between prevailing and living incomes or wages in comparison to the end consumer price—no more than 5 percent across Oxfam’s basket of 12 products, and often less than 1 percent.

And consumer prices may not even need to rise to achieve this. In each of the 12 product cases, the extra investment needed by supply chain actors is much less than the amount that supermarkets have increased their share of the end consumer price in the past 10–15 years.

Ending the suffering behind our food

Oxfam is joining forces with citizens from around the world to call for an end to the inhumane treatment and suffering of the women and men who grow, process, and pack the food that we buy in our supermarkets.
Oxfam’s Supermarket Scorecard provides a detailed set of challenging, but meaningful, benchmarks for adequate action by supermarkets on workers’ rights in their supply chains, and calls on them, and the sector as a whole, to toughen up their policies, specifically to:

- **Radically improve transparency in the sourcing of food**: to shine a light on current working practices in food supply chains and ensure that citizens can hold companies and governments to account for their activities;
- **Know, show, and act on the risk of human rights violations faced by women and men in supermarket supply chains**: to move beyond an ad hoc approach to the auditing of suppliers, to one based on the anticipation and prevention of human and labor rights violations;
- **Guarantee safe working conditions and equal opportunities for women**: including secure contracts and equal pay for equal work, and immediate steps to end violence and discrimination against women working in food supply chains; and
- **Fairly share the significant revenues in the food industry with the women and men who produce our food**: through closing the gap between prevailing and living income levels, through using trading practice to promote strong performance on human rights, and through exploring alternative business models and ways of doing business that may result in a fairer share of the value reaching producers.

For a full list of recommendations on what companies can do to support labor rights in seafood supply chains, please see [Oxfam’s Supermarket Responsibilities for Supply Chain Workers’ Rights](https://policy-practice.oxfam.org.uk/publications/reward-work-not-wealth-to-end-the-inequality-crisis-we-must-build-an-economy-to-620396).

**Notes**


2. Note that for the purposes of Oxfam’s *Ripe for Change* report, a *supermarket* comprises a self-service food retail market selling a variety of food and household items, organized into departments. Our use of the term supermarket also comprises large supermarkets such as hypermarkets, which specialize in food as well as other consumer goods, and discounters, which focus on a budget segment of the food retail market.

3. According to the International Labour Organization (ILO) Forced Labour Convention, 1930 (No. 29), forced or compulsory labour is defined as “all work or service which is exacted from any person under the threat of a penalty and for which the person has not offered himself or herself voluntarily.” As the ILO notes, “it refers to situations in which persons are coerced to work through the use of violence or intimidation, or by more subtle means such as manipulated debt, retention of identity papers or threats of denunciation to immigration authorities.” See “What Is Forced Labour, Modern Slavery and Human Trafficking,” ILO website, [http://www.ilo.org/global/topics/forced-labour/definition/lang--en/index.htm](http://www.ilo.org/global/topics/forced-labour/definition/lang--en/index.htm).


6. Note that for the purposes of this report, a ‘supermarket’ comprises a self-service food retail market selling a variety of food and household items, organized into departments. Our use of the term ‘supermarket’ also comprises large supermarkets such as ‘hypermarkets’, which specialize in food as well as other consumer goods, and ‘discounters’, which focus on a budget segment of the food retail market.


15 Duff and Phelps, Food Retail Industry Insights—2016.


21 The ILO has found that women workers are often expected to provide sexual services or endure harassment in exchange for gaining a job or a promotion. See Ending Violence and Harassment Against Women and Men in the World of Work (ILO, 2017), http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---reconf/documents/meetingdocument/wcms_553577.pdf.

22 At its root, the concept of a living wage is that a worker and their family should be able to afford a basic, but decent, lifestyle that is considered acceptable by society at its current level of economic development. Under this definition, workers and their families should be able to live above the poverty line and participate in social and cultural life. For more information on the concept and measurement tools, see Richard. Anker and Martha. Anker, (2017). Living Wages Around the World.. Cheltenham: EE Elgar. Available at: http://www.e-elgar.com/shop/living-wages-around-the-world [paywall].


24 A situation that exists when people (or a person) lack(s) secure access to sufficient amounts of safe and nutritious food for normal growth and development and an active and healthy life. It may be caused by the unavailability of food, insufficient purchasing power, inappropriate distribution, or inadequate use of food at the household level. Food insecurity, poor conditions of health and sanitation, and inappropriate care and feeding practices are the major causes of poor nutritional status. Food and Agriculture Organization (FAO), International Fund for Agricultural Development (IFAD), UNICEF, World Food Programme (WFP), and World Health Organization (WHO)., (2017)… The State of Food and Nutrition in the World 2017: Building Resilience for Peace and Food Security. Rome: FAO. Retrieved from: http://www.fao.org/3/a-i7695e.pdf.

25 For more on Oxfam’s measurement of food insecurity, see methodology note.R. Willoughby and T. Gore, Ripe for Change, methodology note.


29 See the the BASIC website for more, https://lebasic.com/en/.

28 C. Alliot et al. (Forthcoming). Distribution of Value and Power in Food Value Chains. Oxfam-commissioned research undertaken by BASIC.

29 A living income is defined as the net income that a household would need to earn to enable all members of the household to afford a decent standard of living. ISEAL Alliance, Living Income, available here: https://www.isealalliance.org/LivingIncome.
