

# **Sugar Coating Exploitation**

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Southern Africa has become well known for being one of the cheapest places to produce sugar. Consequently, million of tons are produced in the region every year. Two companies have come to dominate much of this lucrative industry: Illovo Sugar and Tongaat-Hulett. It is little wonder (given how profitable the sector is), that in 2012 these two South African headquartered sugar giants once again declared massive annual profits. In fact, Illovo and Tongaat-Hulett have been reaping in billions of Rands from their operations in South Africa, Mozambique, Zimbabwe, Tanzania, Malawi, Zambia and Swaziland over the years.

Illovo and Tongaat-Hulett have publicly claimed that despite their drive to maximise profits and their self-declared goals of becoming the cheapest sugar producers in the world; they have also played a valuable social role in the southern Africa. As part of this, both these companies have publicly declared that they care deeply about the welfare of workers. They claim workers employed by them are well paid, that they are respected and valued. It is, however, not only workers that these two companies claim to treat well. Illovo and Tongaat-Hulett have repeatedly highlighted their Corporate Social Responsibility programmes, including work around HIV/AIDS and outgrowing schemes. This has all been used by these two companies to argue that they play a very positive role in society.

Unfortunately, much of this is a public relations campaign that is designed to sugar coat the shady practices of these two companies. In reality, both of these companies' profits are based on paying abysmal wages. Linked to this, other negative practices have been prevalent like forcing workers to work and live under appalling conditions, being involved in land grabs, destroying people's livelihoods, and abusing the environment. Racial discrimination against low paid black workers also appears to be part of the practices of Illovo. If truth be told, Illovo and Tongaat-Hulett too have benefited from the political links they have in the region, which has included states aiding these companies to break strikes or handing out tax breaks. The aim of this article is to trace some of these negative practices, and to juxtapose them with the positive images that have been portrayed by these companies' public relations machines.

## **Paying a Pittance**

While claiming to remunerate their workers relatively well, when one scratches beneath the media statements, one finds a much darker story. Many workers are badly paid, overworked and/or casualised. Undoubtedly, the worst paid workers in Illovo and Tongaat-Hulett's operations are the workers in the cane fields. In 2007 on Tongaat-Hulett's Mozambique plantations, for example, cane cutters were being paid as little as R 300 a month. By 2012, the situation had not improved with cane cutters still earning a mere R 378 a month. The company has claimed that this was above the national minimum wage, and hence believes that there has been nothing wrong. However, this is no hard-stick to be proud of – the minimum wage in Mozambique is not enough to secure the very basics of life. Consequently, many of the field workers have had to find other ways of making extra money to simply cover the costs of food and rent. Coupled to this, some workers have complained that the company forces them to work up to 14 hours a day and that they have been expected to also work weekends. This means that within a month, some workers have been working up to 30 to 31 days, but were only paid for 26 days.

Such practices are not isolated instances. Workers in the sugar sector from Tanzania to Malawi have complained of poor pay. Cane cutters at Illovo's operations in Tanzania and Malawi were

respectively earning R 371 and R 349 a month in 2011/12. Workers in Tongaat-Hulett's fields in Zimbabwe were faring a little better and were receiving just over R 600 a month – which, however, is still a pittance. Workers too in South Africa have highlighted grievances around Illovo and Tongaat-Hulett. Workers have not always been paid overtime and promised bonuses have, at times, been withheld.

To cut costs and increase profits, most workers in Illovo's and Tongaat-Hulett's fields are hired only on a seasonal basis. Outsourcing of agricultural production has also become common. While Illovo and Tongaat-Hulett claim that the lives of many people have been improved by these 'out-grower' schemes, the truth has not been so simple. Illovo and Tongaat-Hulett reportedly place immense pressure on the outgrowers to produce sugarcane at a very low price. To produce cheaply, many of the outgrowers are involved in employing vulnerable workers at extremely low wages. Targets are also set for the workers; and if not met, they are not paid in full. Benefits are reportedly also non-existent for many of the workers, which includes basic rights such as maternity leave, sick leave and over-time pay. Of course, Illovo and Tongaat-Hulett benefit from such abuses: it has become cheaper and more profitable for Illovo and Tongaat-Hulett to outsource agricultural production, but it has been the workers that have paid the consequences.

Along with paying many workers extremely low wages, Illovo and Tongaat-Hulett also operate as exploitative landlords hiring out accommodation to their workers at high prices. This accommodation is often in an appalling state. It has been reported by the Tanzania Union of Industrial and Commercial Organisation that rent charged by Illovo for housing for cane cutters was so expensive that up to 10 workers were being forced to live in one room; despite clubbing their wages to afford the rent. Likewise, at Tongaat-Hulett's accommodation for seasonal cane cutters in Mozambique, 4 workers were being expected to share a single room. This accommodation was in a dreadful condition, and as a result an outbreak of cholera occurred in 2010. During this, 3 workers died in the accommodation; while more workers reportedly died later once they had been transported to hospital. Indeed, through renting accommodation to workers at high prices, both Illovo and Tongaat-Hulett have been, in practice, reducing the real wages that workers earn. Central, therefore, to the huge profits of these companies has been the ruthless exploitation of workers.

## **Bullying workers**

Despite clearly paying many workers exceptionally low wages, Illovo and Tongaat-Hulett, nonetheless, claim to respect workers' rights, including their right to organise. However, at various times, workers have complained that they have been subjected to abuses at the hands of these companies, including attacks on their basic organising rights.

There is ample evidence to back up these claims. At Illovo Malawi, when workers embarked on a strike in 2011, to demand improved wages, some of the key workers involved were immediately dismissed. The grounds that the company dismissed the workers on included, amongst other things, holding a union meeting without the knowledge and permission of the company. Amongst those fired were officials from the Sugar Plantation and Allied Workers Union. Prior to being fired these two officials had been subjected to intimidation at the hands of management. Linked to this, the union had its access to emails restricted by the company. The company also colluded with the local police, and the two union officials were later detained. The fact that the

company openly believes that a union should not be allowed to meet without its permission, reveals the level of arrogance that exists amongst top Illovo management. Indeed, such practices are a complete violation of the right of freedom of association.

In Zambia in mid-2012 a similar attack on striking workers occurred at Illovo's Nakambala Estate. In the run up to mid-2012, the company's operations in Zambia had declared huge profits. In the light of this, 3000 workers demanded their rightful share and went out on strike for higher wages. Illovo and the state, however, declared the strike illegal. A solution looked like it had been reached when the company and the National Union of Plantation and Allied Workers reached an agreement around wage increases. With this, the workers returned to work. Illovo, however, went on the offensive and wrote letters to a 119 of the workers, informing them of the company's intention to charge them with misconduct. Of these, 70 workers identified as ringleaders were also suspended. If truth be told, the company looks as if it is seeking to dismiss these workers in what appears to be blatant retaliation against sections of the workers that went out on strike.

A similar story has occurred at Illovo's operation in Tanzania. When migrant workers undertook a go-slow to protest against ill-treatment and low pay in 2011, they were threatened with losing their jobs. At one point, the local police were called by the company, in what was a barefaced bid to intimidate workers. This even saw police members individually questioning workers whether they intended to continue with their action. If so, they were informed that they would no longer be employed and would be physically returned to the areas from which they had come. Most workers chose not to return to work and in the end as many as 1 400 workers were fired. The company, realising production would be severely hit, then offered to re-employ some of these workers; many of whom rejected the offer. Clearly, Illovo in Tanzania has little regard for workers or their rights – despite what it may claim on its website.

In the case of Tongaat-Hulett, the company has also been willing to use violence to break strikes. In Mozambique in 2007, one worker was killed by Tongaat-Hulett's security guards during a strike. During this incident, the guards fired rubber bullets and even live ammunition at striking workers.

Workers at Illovo have not only faced an attack on their basic right to organise, but at times have been subjected to racial abuse and humiliation. At Illovo's operations in Zambia, for instance, it has been claimed that some managers – mostly white South African expatriates – have used racially abusive language towards workers. The company itself apparently favours hiring South African's in management positions over graduates from Zambia. This same management too has reportedly unconstitutionally imposed curfews for workers in the past at its Nakambala Estate. It seems quite clear that Illovo and Tongaat-Hulett's claims to care about workers' rights have been hollow.

## **Intimidating communities, land grabbing and polluting**

Unfortunately, it has not only been workers that have faced the callousness of these two companies, but also communities – communities that Illovo and Tongaat-Hulett claim to care sincerely about.

In Zambia, for example, as part of Illovo's outsourcing drive, the company has attempted to expand its outgrowing scheme to the Magobbo village. As part of this, people were expected to incorporate their land into the scheme. Some members of the community were, however, unwill-

ing to join. One of these community members noted that when this happened Illovo threatened to come with graders and destroy their homes unless they joined.

In Mozambique, Illovo has had similar practices. At Maragra it has also been attempting to expand its outgrowing scheme. Once again, people that refused to join were victimised. It has been alleged that Illovo did so by damming the local water-source, and then refusing local peasant farmers access to this water unless they joined the scheme. Fortunately, the National Union of Peasant Farmers (UNAC) has taken up the struggle against this.

Peasant farmers in Malawi have also not been spared. There, the state transferred land that was being used by people for subsistence farming around Chipakuza to Illovo, without the people's consent. While the company did provide some compensation, this was only for the people's houses and existing crops; and not for the land or the future loss of income. Added to this, the compensation was small.

Pushing people off the land has not only been limited to operations outside of South Africa. In South Africa too, Tongaat-Hulett has evicted farmworkers that had been longstanding residents on its land. Along with this, Illovo and Tongaat-Hulett seem to have an utter disregard for the health of the communities that surround their factories in South Africa. In Durban, communities surrounding Illovo's factory have repeatedly complained of air and noise pollution; and have been subjected to such pollutants as sulphur, nitrous oxide, carbon monoxide; leading to numerous health problems.

In fact, the environmental consequences of Illovo and Tongaat-Hulett's production can be seen across southern Africa. An estimated 60% of the water supply in the Zambezi river basin – stretching across Zambia, Zimbabwe, and Mozambique – is used for sugar production, in which Illovo and Tongaat-Hulett are the biggest players. Illovo in Malawi has also diverted the Shire River to irrigate its plantations. The consequences have been that subsistence farmers in the area no longer have access to this water. During the dry season this has meant that these people face the real prospect of failed crops and starvation. As such, these two companies are not saints out to help society, but rather vultures that exploit people.

## **Connections in all the right places**

Part of the reason why Illovo and Tongaat-Hulett seem to be able to get away with such practices is the power that they have, along with the political connections they have, in southern Africa. As a matter of fact, these two companies have very close relations with the states, and members of the political elite, in the countries in which they operate

Zambia provides a good example of this. President Banda, along with the South African President Zuma, even opened the company's Nakambala Expansion Project. In their speeches both of these Presidents highlighted how the economic policies of the states they head have been aimed at benefiting corporations, such as Illovo. In fact, in Zambia the company has been given massive tax breaks and incentives by the state. The state also protects Illovo from competition from imports, by placing high import tariffs on sugar. Added to this, Illovo managed to get the state to block the entry of potential rival, the Indian linked company Shree Rakuna, into the country. In 2009, President Banda even announced that crop levies for commercial farmers would be scrapped, of which Illovo was the main beneficiary.

In the case of the South African state, it too protects the local operations of Illovo and Tongaat-Hulett through tariffs. In some states in southern Africa, Illovo and Tongaat-Hulett are even involved directly with the state as partners in the sugar industry, which has included public-private partnerships, getting cheap finance from the state and other forms major assistance. Across the region, certain states have also pushed for, and adopted positions, in their trade policies and negotiations that benefit Illovo and Tongaat-Hulett. For example, the South African state in its negotiations around trade with the European Union pushed for preferential access to European markets for sugar produced in South Africa. Of course, the main beneficiaries of this would be Illovo and Tongaat-Hulett.

Some politically influential people have also been part of the boards of these companies. For instance, Tongaat-Hulett's board members have included a Director in SADC, the former Governor of the Mozambique Central Bank, a one-time member of the South African State Presidency's National Planning Commission and an advisor to the drafters of the South African state's economic policy, ASGISA.

Indeed, the vast majority of policies and actions of the states in southern Africa have been aimed at benefiting capitalists, such as Illovo and Tongaat-Hulett. Even the SADC agreements around sugar were designed to benefit the likes of Illovo and Tongaat-Hulett. In many African countries, as touched upon above, local states have also intervened to assist the likes of Illovo in grabbing land and undermining strikes. As such, the great revolutionary anarchist Peter Kropotkin had a point when he said:

*“states have always interfered in the economic life in favour of the capitalist exploiter. They have always granted protection in robbery, given aid and support for further enrichment. And it could not be otherwise. To do so was one of the functions – the chief mission – of the state.”*

## **Conclusion**

Far from benefiting society in southern Africa, many of the actions of Illovo and Tongaat-Hulett have had a negative impact on workers and communities. As such, workers and communities linked to, or working in, Illovo and Tongaat-Hulett face a massive struggle. These companies possess a lot of power and have proven most willing to use this power against workers. The states in which these two companies operate have also been strong backers of Illovo and Tongaat-Hulett, and have intervened to blunt and undermine worker and community struggles.

Despite these massive challenges, fortunately workers and communities have been involved in fighting many of the abuses of Illovo, Tongaat-Hulett and their state backers, as has been evident in such actions as strikes (including wildcat strikes). The fact that Illovo and Tongaat-Hulett operate in a number of countries, however, has been a major challenge to the effectiveness of such struggles. Because Illovo and Tongaat-Hulett have operations in different countries they have been able to undermine and hold out against local strikes as their operations in other countries have remained unaffected. As such, they are able to play workers off against one another, and are able to continue production in other areas as normal

To effectively combat this requires that workers forge unity across borders, and that in the region they begin to work towards building a counter-power that can win the massive gains

that are so desperately needed. Both Illovo and Tongaat-Hulett are multinationals, and therefore, need to be challenged in all of the areas in which they operate, so that any gains won do not remain isolated or rolled back. Through cross-border struggles, the power that Illovo and Tongaat-Hulett currently have could be undermined. For example, strike actions would be far more effective if they could take place simultaneously across borders. This would mean Illovo and Tongaat-Hulett's operations as a whole would be impacted on; limiting the manoeuvrability they have. The prospect of workers forging unity and taking up struggles across borders, nonetheless, remains distant; but steps have already been made in this direction through an initiative called the Southern African Farm Workers Network. This, however, would have to be built on if workers in Illovo and Tongaat-Hulett are to win better wages and working conditions as it would require uniting to fight across the region.

Linking across borders, nonetheless, needs to also be connected to linking the struggles of communities and workers. The trade union organisational form has the potential to do this. This, nonetheless, would require that unions go beyond narrowly focusing on permanent workers. It would, thus, require unions to also take up the issues of casual workers and those faced by the impoverished communities that surround Illovo and Tongaat-Hulett's operations. For instance, trade unions could take up issues such as land grabs, or access to water, or they could demand jobs for community members. Unions would also need greater flexibility so that they could recruit casual workers and impoverished community members. Considering that permanent work is also on the decline, such a strategy may prove vital for the survival of unions. But taking up struggles of all workers and the wider community would also strengthen the hand of permanent workers, and could ensure community support when strikes are undertaken.

An important part of the struggle against companies like Illovo and Tongaat-Hulett is that unions need to be based on direct democracy, self-organisation and self-education. Unions need to be directed by members themselves along with establishing a culture of self-education. This is vital in effectively fighting bosses – without militant, confident, self-organised, and knowledgeable members, unions can't win gains on a sustained basis. If union officials become disconnected from workers, if unions rely on specialised negotiators, institutionalised social dialogue and the law to try and win and maintain gains, they usually end up becoming bureaucratized and their power sags. It is only independent worker power that can win gains, and that requires very democratic and militant unions. Certainly, hoping that institutionalised social dialogue or the state (which is allied to the bosses) will bring workers gains, as opposed to workers themselves mobilising and fighting for gains, offers little hope. While demands by workers must be placed on bosses and the state, to win meaningful gains needs workers' power and militancy. It was long ago pointed out that only workers can free themselves, the same too applies for workers struggling for gains against Illovo and Tongaat-Hulett.



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