

# WHO'S GETTING THE CASH FOR CASHEWS?

Cashew nuts undergo a long and complicated process before ending up on Europe's supermarket shelves. But while supermarkets squeeze their supply chains to maximise their own profits, it's the workers in the cashew processing factories who are paying the real price.

READ THE STORY ➡



**W**e think of cashews as a luxury treat that we enjoy in a number of ways: by themselves as a healthy snack or as an ingredient in products such as cakes, cereals, ready-made meals and even ice-cream.

But cashew nuts are also big business. One of the biggest players is India

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which buys over 60% of the world's 'raw' cashew nut exports. Half a million people work in Indian cashew factories: an estimated 90% of these workers are women. Over a quarter of the cashews processed in India are sold to Europe, the majority through supermarkets. But who's getting the cash from these cashews?

## THE PROBLEM WITH SUPERMARKETS

"At the end of the day [the supermarkets] only care about profit".

**A cashew nut trader.**

Supermarkets have overwhelming control over the European food sector. Fewer than five large retailers typically dominate the market in each European country: for example over three quarters of the groceries in the UK are sold through four supermarkets alone (ASDA, Tesco, Morrisons and Sainsbury's). In Germany, four supermarkets control 85% of the groceries market and, in Finland, just three retailers account for a staggering

88%. This dominance puts supermarkets in a powerful position over the people who pick, pack and grow the food that ends up on supermarket shelves across the continent.

The supermarkets' control over this sector means that farmers and suppliers around the world have little choice but to sell into their supply chains if they want to access the European market. Indian cashew factories are forced to offer the lowest prices to secure contracts with European roasting and packing companies. These buyers have to accept whatever terms and conditions are dictated to them by the supermarkets if they want their cashews to reach EU consumers.



## NON-GOVERNMENTAL ORGANISATION (NGO)

NAME: CADRE-INDIA  
LOCATION: TAMIL NADU, INDIA  
WEBSITE: [WWW.CADREINDIA.ORG.IN](http://WWW.CADREINDIA.ORG.IN)

CADRE supports cashew nut workers in southern India. They have chosen to work in Tamil Nadu as the lower standard of labour legislation means that working conditions are even poorer than in the neighbouring state of Kerala.

CADRE provide advice and care to those suffering from health problems related to cashew processing factory work. Having been active in this area for many years, they have seen that "whenever the cashew factories are there, health problems are increasing."

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## PAYING THE PRICE FOR SUPERMARKET CASHEWS

"The traders are the only ones benefiting, we're not benefiting."

**A cashew worker, Kerala.**

European supermarkets squeeze supply chains to keep their costs low and their profits high. The pressure to supply good quality cashews at the lowest possible price is passed on to workers, such as those in the cashew factories of southern India.

Sunita is one such worker. Having worked in cashew factories since the age of eleven, she spends the day crouched on a small wooden stool, hitting cashews with a wooden baton to break open the shells and extract the nut. Sunita and the others in her factory suffer knee and back pain from their

working conditions: "it's not just me: everyone I work with gets this". She used to suffer blisters to the hands from the acidic oil produced by the nuts, but now uses her own wages to buy vital protective gloves. Many of the women she works with cannot afford these gloves, which cost about 8p, so they go without.

The cashew roasting process releases an acrid smoke which causes nausea and headaches. The cashew shells are acidic; the dust created as they are broken open causes infections and can damage workers' eyesight. A local community worker explained how the women's working conditions lead to health problems ranging from aching limbs, backache and worse: "urinary infections are there, skin diseases, and some of the ladies [...] get infections in personal parts". In some cases, these infections even lead to fertility problems.

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## THE SUPERMARKET PRICE SQUEEZE

“They are much concerned about price. They are not paying a good price.”

**An Indian cashew factory owner on supplying the European market.**

At the receiving end of this downward price pressure, workers are not only risking their health to bring cashews to our supermarket shelves: they are trapped in a poverty cycle.

Despite the high price that cashew nuts sell for in the supermarkets, Indian factory workers earn a fraction of the retail price. From each 200g bag of cashews that sells for £2.50 in a UK supermarket, the individual worker in the factory earns only 3p. For putting that same bag of nuts on their shelf, £1.03 is captured by the supermarket.

The supermarkets push risks and costs down the supply chain while refusing to pay a fair price for the products they buy. Lalita is another worker paying the price for the supermarket squeeze. She finds the smell of the acrid smoke from the cashew roasting process nauseating so is unable to work in a factory. She is one of the many women who are sub-contracted by local cashew factories to take on processing work from home. As a home-worker she receives even less pay than many factory workers, and no social security payments are made on her behalf, for example towards health insurance or a

pension. Like others in her situation she is unable to save, bringing in barely enough money to pay for her daily living costs.

Even when workers are covered by health insurance through their employer, the quality of treatment is often of such a low standard and the process to make a claim so complex that many workers end up bearing the brunt of their own healthcare costs. The daughter of one cashew worker told us that, when her mother was ill, the “hospital was there, but no proper medicine, no proper treatment was there”.

Just as suppliers to supermarkets are reluctant to complain about unfair treatment for fear of losing their contracts, so too are cashew workers reluctant to complain about their pay for fear of losing their jobs. One cashew worker explained that she would like to ask for a pay rise, but that “if we ask [...] then they say the factory will close”.

Supermarket purchasing practices have harmful repercussions for workers in their supply chains, but many retailers have little interest in remedying the situation. One European importer explained that “supermarkets knowingly take offers lower than the cost price, [so] they should know that there are problems in that supply chain, but since there are insufficient consequences it is not in the interest of supermarket buyers to face up to having made a mistake [in sourcing a product too cheaply]”.

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## WHY EUROPE? WHY NOW?

“Retailers make big claims, but when their results are under pressure then everything else goes overboard.”

**A European importer.**

In the Indian cashew industry, Europe is frequently singled out as the number one price offender, offering the lowest prices for the highest quality nuts. The largest European importer to supply the supermarkets was described as an ‘aggressive buyer’ by Indian factory owners. But, given the level of supermarket dominance over the European groceries sector, Indian cashew factories have little option but to sell into European supermarket supply chains.



## FACTORY GRADER

**PAY: £1.71 PER DAY AGE: 47  
DEPENDENTS: ONE DAUGHTER**

Ekani has been working in a cashew factory for 13 years, sorting cashew nuts into different sizes. She is married with one daughter and lives in Tamil Nadu, India.

Although her income is lower than the average for those working in the same sector in the neighbouring state, Kerala, Ekani refuses to complain. She points out how the wages elsewhere in her state are even lower than her own: “nobody’s satisfied, and if I got more I’d be very happy, but that’s the situation.”

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Insufficient wages and terrible working conditions are the result of factory owners being forced to cut costs as they compete to offer the lowest prices to European buyers. The price pressure on cashew factories is huge. The largest European buyer pays the Indian factories up to sixty days late: at the same time, some Indian factories have to make large down payments in order to forward-buy ‘raw’ cashew nuts. Indian processing factories are often forced to take out loans with interest rates of up to 13% to allow them to buy cashew nuts to be processed. Delayed payments from Europe exacerbate cash flow problems by extending the length of time that Indian factories have to rely on these loans.

To prevent the exploitation of workers around the world, the International

Labour Organisation (ILO), an agency of the United Nations, has created a set of international minimum labour standards. Voluntary schemes which are based on these standards, such as the Ethical Trading Initiative (ETI), have been set up to encourage European companies sourcing products from countries where labour rights are not sufficiently safeguarded to take responsibility for the workers in their supply chains and to treat their suppliers fairly.

Many supermarkets have signed up to the ETI which includes commitments to workers that supermarkets will ensure that their suppliers:

- Provide a safe and hygienic working environment for employees.
- Pay wages which not only meet a worker’s daily needs but enable some saving.
- Ensure that social security obligations are paid.

Yet the conditions in the cashew factories of southern India prove that these supermarkets are failing to meet the standards they have committed to. A buyer for one of the big four UK supermarkets was described by a European processor as just buying “from anyone in the street”, as all they care about is price.

The supermarkets are the key players in the cashew nut supply chain. They wield unparalleled power over producers and suppliers around the world, and use their buying power to maximise profit by passing risks and costs onto suppliers. As one cashew trader noted, “at the end of the day

they [the supermarkets] only care about profit”. This directly undermines suppliers’ ability to meet the minimum working conditions to which these supermarkets have publicly committed.

Three of the four largest global supermarkets have their headquarters in Europe. To tackle supermarket bullying across the world, policy-makers in Brussels need to take the lead in establishing tough rules to stop exploitative buying practices by the big retailers.

Despite assurances from the supermarkets, the evidence has shown time and time again that they fail to meet voluntary standards on labour rights and working conditions. The conditions in the cashew factories of southern India are just one of many examples that show why supermarkets need to be held to account.

The UK has led the way by setting up a watchdog that can impose fines on supermarkets who break the rules. We want to build on this success by campaigning for a European regulator that will have the powers it needs to stop the major European retailers from bullying suppliers: not more voluntary codes that the supermarkets will ignore.

Traidcraft and partners across Europe are calling for meaningful EU regulation to stop these unfair practices by the big retailers. Join the campaign to stop supermarket bullying and rein in the retailers at [www.traidcraft.co.uk/supermarkets](http://www.traidcraft.co.uk/supermarkets)

*Names have been changed to protect identity.*

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## TRAIIDCRAFT: A FAIRER DEAL FOR OUR FOOD PRODUCERS



**WEBSITE: [WWW.TRAIIDCRAFT.CO.UK](http://WWW.TRAIIDCRAFT.CO.UK)**

At Traidcraft we source products, including cashew nuts, from over a hundred producer groups across thirty countries.

Cashew farmers supplying to Traidcraft, for example through the Fair Trade Alliance Kerala (FTAK) in southern India, are guaranteed a minimum price for their crop. Rafulla (pictured) works in one of the cashew factories that supplies Traidcraft. She enjoys her job, explaining that since Fairtrade certification the hygiene

standards have improved and incomes have increased.

Although Rafulla has no family herself, she explained how “for many this wage increase means they can help to support their childrens’ education.”

When you buy from Traidcraft, you can trust us to value and respect the people and places that are part of our fair trade supply chains. Supporting farmers and producers around the world to get a fair deal and campaigning for trade justice is what we’re all about.



This Briefing Paper was produced with the support of the European Union. The views expressed in it are exclusively those of Traidcraft and can under no circumstances be regarded as reflecting the position of the European Union.

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# A BIG PRICE FOR A SMALL NUT

Every cashew nut we buy and eat has travelled around the world through a complicated supply chain before it ends up on our supermarket shelves. These little nuts are big business – but who's really getting the cash from cashews?

## 1 GROWING

India is the biggest producer of raw cashews in the world, growing half a million tonnes of cashew nuts each year as well as importing from other large cashew nut growing regions, such as East and West Africa.

WEST AFRICA

EAST AFRICA

## 2 IMPORTING

Over sixty percent of cashew nuts sold as exports are shipped to India for processing. India processed 1.37 million tonnes of cashew nuts in 2012. That's the equivalent weight of 8,058 blue whales!

INDONESIA

OTHER COUNTRIES

## 3 PROCESSING

This is the most labour-intensive stage of preparing cashew nuts for sale. India has the largest processing capacity in the world and processes half of the world's cashew nuts. This involves...

### 1. DE-SHELLING

Many de-shelling workers spend their whole day crouching on a small plank using a wooden baton to break open the nuts. The oil produced by the cashew nut shells is acidic, yet workers are often not provided with any protection for their hands.

### 2. PEELING

Before the peeling stage, the nuts are roasted to make the thin outer layer of skin come away from the nut more easily. Many factories outsource de-shelling and peeling to home-workers who are paid less than factory workers for carrying out the same work.

### 3. GRADING

Workers separate the nuts into different sizes and grades by hand, often while sitting on the floor. The nuts that have been de-shelled and peeled by home-workers are returned to the factories to be graded and packed.

### 4. PACKING

After they have been graded, the cashew nuts are given a final quality check and are vacuum-packed into plastic pouches ready to be sent to Europe. European buyers tend to seek out the highest quality grades.

INDIA BUYS 64% OF THE WORLD'S EXPORTED CASHEW CROP

Over half a million tonnes of cashews sold to India

164,000 tonnes of cashews sold to India

57,400 tonnes of cashews sold to India

41,000 tonnes of cashews sold to India

The European Union buys over a quarter of India's processed cashews

## 4 EXPORTING

Over a quarter (27%) of India's processed cashew nuts are exported to Europe where they are bought by companies which roast, salt and re-pack the nuts before sending them on to retailers, mostly supermarkets.

## 5 SUPERMARKETS

The vast majority of cashew nuts bought as snacks in Europe are sold through supermarkets. The constant pressure from the supermarkets to push down prices is felt throughout the supply chain, but particularly by cashew processing workers.

## "WE'RE NOT BENEFITING"

### FACTORY DE-SHELLER

PAY: £1.51 PER DAY  
AGE: 50  
DEPENDENTS: TWO DAUGHTERS AND ONE SON

Sunita is a widow living with her mother in Kerala, India. Working as a factory de-sheller since the age of eleven, Sunita spends the day sitting crouched on a small wooden stool, hitting cashews with a wooden baton to break open the shells and extract the nut.

Her uncomfortable working conditions cause her knee and back pain. She used to suffer blisters on her hands from the caustic oil produced by the nuts, but now uses her own money to buy vital protective gloves.

Although Sunita has been paying into a pension for 24 years, she has only £500 in her account. She has no savings of her own as her minimal daily income means "there's nothing to save".

### HOME-WORKER

PAY: £1.60 PER DAY  
AGE: 32  
DEPENDENTS: ONE SON

Lalita is a single mother, bringing up her young son in their cramped, two-roomed house, in Tamil Nadu, India. To make ends meet she takes on work from her home, peeling cashew nuts.

Working from home instead of in a factory means that Lalita has no safety net: no health insurance or pension and she finds it difficult to save money. She makes just enough money to pay for her and her son's daily living expenses. Previously, when working in the cashew factories, the extreme heat and acrid smoke from the roasting of the cashews made her nauseous. So she works from home despite the lower pay for peeling work and the lack of benefits.

### FACTORY GRADER

PAY: £1.81 PER DAY  
AGE: 49  
DEPENDENTS: TWO DAUGHTERS

Divani works in the grading section of a cashew factory, sorting cashew nuts into different sizes. She is married with two daughters and lives in Tamil Nadu, India.

Because of her poor working conditions, Divani suffers from joint pains and backache. She claims that her working conditions have led to diabetes and high blood pressure. Although she pays for health insurance through her employer, making a health claim is so complicated and the treatment so bad that she ends up paying for her own medical care.

Divani would like to ask for more pay but won't for fear of losing her job: "if we ask [...] then they say the factory will close".

Names have been changed to protect identities

## THE HEALTH RISKS FOR CASHEW WORKERS

### DAMAGE TO EYESIGHT

Consistent exposure to the dust from the cashew nut shells can seriously damage worker's eyesight.

### CHEST INFECTIONS

Poor working conditions, combined with acrid smoke from the cashew roasting process and the dust from de-shelling, provoke chest complaints.

### BLISTERS TO THE HANDS

The oil produced by the cashew nut shells is acidic and burns the skin.

### FERTILITY PROBLEMS AND URINARY TRACT INFECTIONS

The combination of sitting in a crouched position on the floor all day along with exposure to the dust from the cashew shells means urinary tract infections are not uncommon. In the most serious cases women have been reported as suffering fertility problems as a result.

### HEADACHES AND NAUSEA

The cashew roasting process releases an acrid smoke which can cause nausea when inhaled regularly.

### BACKACHE

Uncomfortable working conditions, including inadequate seating, cause many workers to suffer back pain.

### ACHING JOINTS AND ARTHRITIS

Many workers sit in a crouched position all day while they break open or peel the cashew nuts.

### DIABETES AND HIGH BLOOD PRESSURE

Some workers claim to suffer from diabetes and high blood pressure as a result of their crouched seating position at work combined with the repetitive physical nature of their labour.

## EUROPEAN SUPERMARKETS ARE...



### 1. PUSHING DOWN PRICES

European supermarkets squeeze their supply chains by paying the lowest prices for the highest quality nuts. The supermarkets make sure they keep the majority of the profit.

"Retailers squeeze the supply chain until their eyes pop out."  
A cashew trader.



### 2. PAYING LATE

Delayed payments by European supermarkets contribute to the largest European roasting and salting company paying Indian factories up to 60 days late.

"Selling to supermarkets is never easy."  
An Indian cashew factory owner.



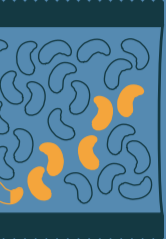
### 3. IGNORING WORKERS RIGHTS

Many of the biggest supermarkets have signed up to voluntary initiatives through which they commit to giving workers in their supply chains a fair deal. In reality, these are nothing but empty promises.

"Retailers only pay lip service to ethical trading. They're only interested in the bottom line."  
A European importer.

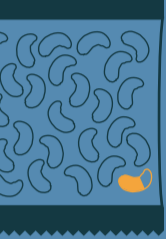
THE CASHEW CASH: Who gets what from a £2.50 bag of supermarket cashew nuts grown in India?

For growing and harvesting the cashews the farmer earns...



£0.54

For drying, warehousing and trading the cashews...



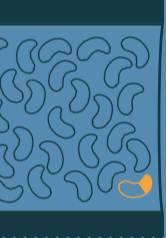
£0.07

For roasting, de-shelling, peeling, grading and packing the cashews the Indian cashew factory earns...



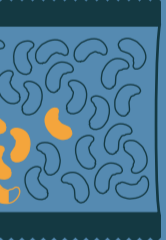
£0.40

The individual cashew worker in the factory earns...



£0.03

For roasting and packing the cashews, the European importer earns...



£0.43

For putting the packet of cashews on their shelf, the European supermarket earns...



£1.03

60% of the total end value of the cashew nut is kept within Europe.



It would take a worker in an Indian cashew factory a day and a half to make enough money to buy a 200g bag of supermarket cashew nuts in the UK.