



# FORCED LABOR, CHILD LABOR AND LAND USE IN THAILAND'S SUGAR INDUSTRY

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Date: March 2017

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## Acronyms and Abbreviations

ILO	International Labor Organization
NGO	Non-governmental Organization
SGP	Supplier Guiding Principles
TCCC	The Coca-Cola Co.
UN	United Nations
UNDP	United Nations Development Programme
UNICEF	United Nations International Children's Emergency Fund
USAID	United States Agency for International Development
US DOL	United States Department of Labor

## Executive Summary

This report provides a review of forced labor, child labor and land use in The Coca-Cola Company's (TCCC) sugarcane supply chain in Thailand. The study was commissioned by TCCC to Arche Advisors in an effort to expand TCCC's understanding of labor and human rights conditions in its supply chain. The study also responds to a commitment made by TCCC in November 2013 to zero tolerance for land grabbing across its operations.

To carry out the study, researchers conducted extensive desk research on the issues, consulted stakeholders from industry, civil society, government, intergovernmental organizations, academia and unions. In addition, the researchers visited 10 mills and 136 farms, where over 400 farmers, workers and local community stakeholders were interviewed. The results of the farm visits are not necessarily representative of all sugarcane farms in the country, as the sample makes up less than 1% of the total number of farms in the country. The most relevant findings are highlighted below.

### Forced Labor

Over the last few years, international attention has focused on the issues of forced labor and human trafficking in the Thai fishing and seafood sector. Media reports highlighted the exploitative and abusive conditions found in these sectors, as well as in agricultural and domestic work. According to the Thailand Ministry of Interior, there are 2.46 million migrants from Cambodia, Lao and Myanmar working in Thailand, 1.4 million of whom are unregistered. Approximately 15% of these work in the agricultural sector. The traditional challenges for migrant workers are present in Thailand, including debt related to recruitment, usurious interest fees associated with loans taken out to pay labor brokers, and the withholding of identification documents that prevent free movement and which can lead to coercive working conditions. The vulnerability of foreign migrants is compounded by a lack of legal status and knowledge of rights, and language barriers, including ineffective complaint mechanisms for non-Thai speakers.

However, non-Thai migrant labor was not found to be common among the farm areas observed in this study, reportedly due to the cost of transporting workers far from the border region. Instead, Thai migrants were used for work on sugar farmland in the North, Northeast and Central regions. Workers were given pay advances at the end of each harvest season and then were expected to return to the farm the next season to work off this advance. If workers did not return to clear their debt, the farmer could charge 30-40% interest on the loan, though there were no examples of this happening from workers interviewed in this study. Workers reported that they were able to repay the advance prior to the end of harvest; therefore, they did not carry over any debt. However, they would again take an advance at the end of the harvest, ensuring that they return to work again the next sugar season.

## Child Labor

Statistics from 2005-2006 indicate that 13% of children aged 5-14 were working.<sup>1</sup> Children were found to be working in agriculture, industry, and the service sector, among other areas. Reports indicate there is a lack of public understanding of child labor laws and standards for hazardous work for children, including the dangers posed by pesticides, heat, and machinery. This lack of awareness of the risks of work to children contributes greatly to their presence in the workforce, especially in agricultural work and in family-owned businesses.

The government has initiated public-private partnerships that focus on the prohibition of child labor and trafficking. Memorandum of Understanding have been signed by regional sugar associations, the Ministry of Labor, farmers and some of the mills in this study. Before the harvest season begins, mills who are signatories to the program hold meetings with farmers to discuss the prevention of child labor.

Of the 136 farm sites visited over the course of the study, 30 children were observed, working or present but not working, at 10 farms, or 7% of the sample. The children who were working at the time of the visits were assisting family members who work on the farms. Other children were observed at the labor camps and could accompany their parents to work at any time. The lack of child care options for migrant families appeared to contribute to the presence of children in the fields.

## Land Use

Historically, there has been little land inequality in Thailand. According to the USAID, Thailand 's land administration system is a model for other countries. Land tenure challenges in Thailand are primarily focused in forest areas, which account for nearly 30% of land area, and where there is a long history of informal settlements. According to stakeholders consulted, land conflicts have not been common in Thailand's sugar industry. There were no reports of land disputes by any of the local stakeholder groups consulted nor specific conflicts identified related to any of the sugar mills included in this study.

TCCC has adopted a policy stance on the principles of Free, Prior and Informed Consent related to land acquisition and has asked suppliers to do the same. Only one mill in the study was found to have a land acquisition policy in place and this policy is said to apply to farm suppliers. While the amount of land available for sugar production has increased over the last ten years, this is largely due to conversion of land previously used for rice production rather than the acquisition of new land. Mills surveyed in the study reported they were expanding their production base by incentivizing local farmers to convert their land for sugar farming. This would be in line with a government strategy to continue to expand sugar production for the export market. Interviews with farmers, workers and local community members did not disclose any evidence of recent historical or currently on-going land disputes. There were no reports that the land currently owned or rented by mills and their supplier farms was obtained inappropriately, illegally or without the consent of the sellers.

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<sup>1</sup> US DOL, 2016.

## Introduction

The purpose of this study was to provide a country specific, factual review of forced labor, child labor and land use in The Coca-Cola Company's (TCCC) sugarcane supply chain in Thailand, from the overall sugar industry down to specific mills and farms. The study, commissioned by TCCC, was part of the Company's continued effort to expand its understanding of labor and human rights conditions in its supply chain and provides an evidence-based tool for TCCC, and its engagement with bottlers and suppliers, to mitigate the impact of these issues, where they exist, on workers in its value chain. It analyzes the agricultural value chain and complements the Company's already-existing system to continuously address human rights' issues by evaluating mills' adherence to legal requirements and TCCC's Supplier Guiding Principles (SGP).

The report is divided into four major sections. The first section presents the methodology employed in the study. The second part of the report describes the sugarcane industry in Thailand. In this section, the report summarizes the country's legal framework and provides a contextual overview of child labor, forced labor and land use in Thailand. The third section of the report describes findings specific to the TCCC supply chain in Thailand. The report concludes with a summary of the main insights discovered as a result of the study.

## Methodology

The study aimed to examine forced labor, child labor and land use in Thailand and to provide an overview of the current situation at the country level, as well as to report on any occurrences in TCCC's supply chain. The purpose was not to determine the overall prevalence of findings in Thailand or the sugarcane industry as a whole but to elaborate a micro-level understanding of practices that could inform the macro-level view and larger industry discussions around child labor, forced labor and land use. The methods employed in this study were qualitative. No statistical methods were used. A more detailed description of the methodology is below.

### *Desk Research*

Research was conducted to identify historical child labor, forced labor and land use issues, past efforts to address these, and current conditions that prevail in Thailand's sugar industry. To this end, researchers reviewed reputable publications to understand the historical context of the target issues, obtain national statistics on their incidence at the country-level, as well as specific to the sugarcane industry where possible, and identify efforts to eliminate these human rights abuses. The study also researched possible links between TCCC mills that participated in the study and any reported violations. The legal framework specific to each issue was examined as well.

### *Stakeholder Consultations*

Stakeholders were consulted as part of the research process to corroborate desk research findings. Researchers used a semi-structured questionnaire to guide the interviews and adjusted according to the stakeholder's area of expertise. Questions asked related to the existence of issues, prevalence, changes observed in the last 10 years, as well as root causes of the problems. Stakeholders consulted groups or individuals from industry, civil society, academia, and unions. When applicable,

researchers asked stakeholders specifically about the TCCC participating mills.

### *Onsite Observations*

This Thailand country study was launched in the fourth quarter of 2013 and continued through the first quarter of 2014. At the time, the focus of the study was on child labor and forced labor. However, when TCCC made a global commitment to zero tolerance for land grabbing in 2013, the scope of land use was incorporated into these country sugar studies. In 2015, the overall methodology for these country studies was revised to explicitly include the land use scope; an expansion of the Thailand study was planned that would allow assessment of land use issues through an expanded sample size of mills and farms. This expansion was carried out from November through February 2016-17.

### *Mill Visits*

Mill site visits were conducted to review sugar purchasing practices and forced and child labor monitoring protocols of the mills, and potential land use issues. Structured questionnaires were used to guide the visits. The 2013-14 study included visits to six mills for the purposes of this study, which constituted 12% of mills in Thailand at the time. The 2016-17 field visits included an additional four mills, for a total of ten mill visits, reaching 19% of sugar mills in Thailand and 71% of mills supplying to TCCC in 2016-17. Of these ten mill visits, four were in Central Thailand, four in the Northeast region, and two in the North, covering nine different provinces. These sites were selected due to their regional location, in an effort to visit a sample of regions that was reflective of the overall TCCC sugar supply chain in Thailand.

### *Farm Visits*

Site visits to farms that supplied to the participating sugar mills were conducted. Farm visits took place during both study periods, including in 2013-14 and 2016-17. While 12 farms were visited during the 2013-14 period, due to enhanced sampling sizes under the revised study methodology, 124 farms were visited during the 2016-17 study. The 2013-14 study included visits to two farms near the border of Cambodia in order to ensure that farms with migrant labor were included in the sampling. These farms supplied to the only TCCC supplier mill close enough to the border where Cambodian migrant labor was present. Another farm in this region was found to have an ethnic group of workers that spoke Khmer, but these individuals were from Thailand.

Farm visits focused on interviews with over 400 farmers, workers and community stakeholders. The goal was to understand the general labor practices at the farm level through interview and observation. During these field visits, meetings with sugar grower associations and other local organizations were conducted to gather further information related to child labor, forced labor, and land use. In addition, farm workers were interviewed during these visits. The workers were chosen at random and interviewed privately in the fields and, in limited cases, in their housing. They were assured that the information shared was confidential and would not be shared with mill or farm management nor would it be attributed to them, in any way, in the final report.

## **Additional Methodology Considerations Around Land Rights**

In November 2013, TCCC committed to zero-tolerance for land grabbing across its operations and added land to the scope of a broad assessment effort to make its sugar supply chain transparent from a labor perspective.

TCCC's land assessment methodology is intended to provide a diagnostic snapshot of a supplier's past sugar supply chain land-related practices (to the extent possible), with the goal of informing and shaping future sugar supplier (mills and cane farms) land use and acquisition practices. Specifically, the land assessments are intended to:

- Flag significant diagnostic findings for use in shaping future supplier land-related conduct.
- Permit TCCC to make suggestions or provide concrete guidance to sugar suppliers about how they can acquire land in a transparent and socially responsible way.
- Identify the types of land-related grievances (if any) that may have arisen in response to past land acquisition practices, and that may arise during future land acquisitions.
- Be used to inform the shape and implementation of future land-related grievance identification and resolution mechanisms that can be put in place when sugar supply chain actors acquire land or otherwise affect land access, use, and tenure security.

The refined land assessment methodology uses a series of questionnaires to permit researchers to obtain land-related information from a number of stakeholder groups, including:

- Mill owners and operators
- Large- and medium-sized cane farm owners and operators
- Smallholder cane farmers
- Government officials
- Representatives from civil society organizations
- Smallholder land users adjacent to or near mills and large- and medium-sized cane farms

It is important to stress that TCCC does not directly or indirectly acquire land as it obtains sugar from suppliers. That is, TCCC does not own or lease land for sugar cane farming or for sugar mill operations. In addition, in no case do TCCC in-country partners purchase all of the sugar produced by any single sugar supplier. TCCC in-country partners purchased sugar from fourteen of fifty-four mills that operate in Thailand during the period of the study.

## **Limitations of the Study**

The main limitations of the study are related to the onsite observations. Farm visits were tied to the harvest schedule and researchers only visited farms that had planting or harvest activities scheduled during the time of the visit. In addition, researchers received the aid of mills to locate farms in the mill supply chain. Farmers would have received approximately 1-2 days of notice prior to the visit of the field team. Nevertheless, it was not apparent that any field workers were missing or removed due to the visit of the field team. As harvest schedules had to be kept, it is unlikely that work teams could be altered with such little notice.



Nevertheless, the various activities implemented as part of the methodology provided opportunities to triangulate information and obtain an accurate diagnostic of child and forced labor as well as land use in TCCC's sugar supply chain. Additionally, the stakeholder engagement process conducted, especially at the local level, allowed for information to be provided on these issues and on the related mills' operations without any interference from mill management. These stakeholder interviews and the information collected during mill visits matched onsite observations and farm worker statements collected during visits to sampled farms, validating the methodology of the study. Finally, onsite visits are reliable in the assessment of physical infrastructure related to the target areas of study as well as the evaluation of the presence and implementation of processes and standards put in place by mills to avoid forced and child labor and land conflicts at the farm level.

### **Research Team**

Arche Advisors is a corporate responsibility consulting firm that specializes in labor and human rights in global supply chains. Arche's research team for this study was comprised of field experts with decades of experience in monitoring and supply chain work. The team included experts in monitoring human rights, child and forced labor research, and community development in Thailand.



There are approximately 4 million acres of sugarcane production in Thailand, spread throughout 48 provinces in the Central, lower Northern, Eastern and Northeastern regions of the country.<sup>6</sup>

Key Statistics	
Number of operating mills	54
Number of farms	200,000 <sup>5</sup>
Harvest season	December to April

Overall sugar cane production in Thailand grew nearly 50% between 2007 and 2015.<sup>7</sup> According to Somsak Jantararoungtong, secretary-general of the Office of the Cane and Sugar Board, sugar mills have requested licenses for new mills and mill expansion in response to government efforts to support the continued growth of the sector. In 2016 alone, the sugar board issued approvals for 22 new plants and 17 mill expansions.<sup>8</sup> There are currently 54 sugar mills in Thailand.

In 2013, the Agriculture and Cooperatives Ministry announced an initiative to convert 6.7 million rai (1,072,000 ha) now used for rice farming to sugar-cane farming. Sirivuth Siamphakdee, a spokesman for Thai Sugar Millers Corporation, said the ministry's plan is in line with sugar mills' goal to expand cane plantations by 7.2 million rai by 2018.<sup>9</sup> Mills were assuring rice farmers who changed their crops that the sugar would be purchased. The sugar mills were also prepared to provide investment and equipment loans.<sup>10</sup> This was a contentious topic among Thai people in the Northeast and Central regions, where some expressed their satisfaction in renting their land to farmers for sugarcane production, while others felt this would lead to a rice shortage and dependency on sugarcane.

Contract farming has been promoted by the government since the 1980s as a means of stabilizing income for farmers. Small farmers are able to have improved “market certainty, price stability, access to technical knowledge in farming methods and ease of access to loans.”<sup>11</sup> However, small-scale farmers lack the leverage to negotiate beneficial contracts with large agri-businesses. They are often required to bear the costs related to new crop entry, including expensive machinery and equipment. “Farmers also have to contend with the risk of natural disasters and crop failures. As a result, they are increasingly indebted, with smallholders owing an average of THB 105 000 (Thailand baht) in 2011 – equivalent to five months of their average monthly income (see Figure 2, from OECD 2013).”<sup>12</sup>

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<sup>5</sup> Meriot 2015

<sup>6</sup> Department of Labour Protection and Welfare, 2015.

<sup>7</sup> Chow, 2016

<sup>8</sup> Ibid.

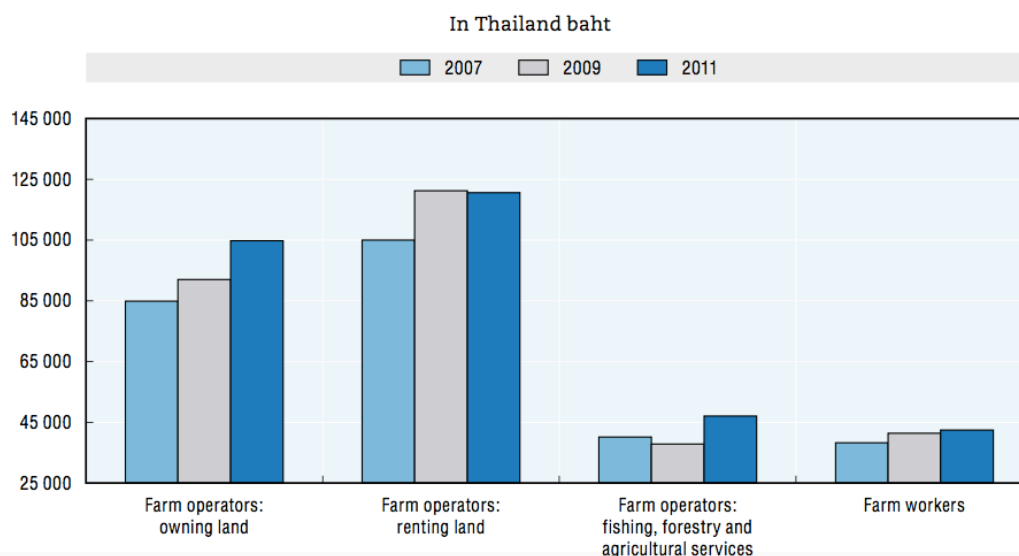
<sup>9</sup> Wongsamuth, 2013

<sup>10</sup> Ibid.

<sup>11</sup> OECD, 2013.

<sup>12</sup> OECD, 2013.

**Figure 2. Average household debt in the farming industry in Thailand, by type of occupation, 2007-11**



The country suffered a devastating drought in 2016 that impacted sugar yields. According to industry reports, Thailand's cane output has been dropping since the country harvested 105.96 million tons during the 2014/15 season.<sup>13</sup> Some farmers reported that they could not repay their debts to the mills due to the lesser crop yield.<sup>14</sup>

In addition, there was a critical labor shortage affecting the Thai agricultural sector, including the sugar cane industry. As farmers transitioned into the more lucrative manufacturing and service sectors, the average age of farmers rose “from 31 years old in 1985 to 42 in 2010. Only 12% were under 25, compared to 34% in 1985.”<sup>15</sup> Farmers found it increasingly difficult to find people that would work on farms as most young people migrated to urban areas. Sugar mills were addressing this issue by teaching farmers and farm workers to use harvesting machines instead of manually cutting cane. They were facilitating loans for equipment and encouraging farmers to work together to buy cutting machines with joint loans. Similarly, sugar growers' associations and the government Bank for Agriculture and Cooperatives were providing loans and awareness-raising campaigns to promote mechanization. Yet farmer debt remained a challenge for the industry.

Despite these challenges in the agricultural sector, some progress had been made towards improving farmers' welfare. “In 2011, the Department of Rice in the Ministry of Agriculture and Cooperatives set up the Farmers' Welfare Fund to provide old age pensions and disability compensation. With the dynamics of the Fund now in place, it should be easier to extend welfare

<sup>13</sup> Sugaronline.com, 2016

<sup>14</sup> Tanakasempipat and Webb, 2016

<sup>15</sup> OECD, 2013.

coverage to crop insurance for farmers affected by natural disasters and health insurance for those whose health has been damaged by pesticide poisoning.”<sup>16</sup>

## Forced Labor in Thailand

### Legal Framework

#### *Constitution*

At the time of this report writing, Thailand was in the process of approving a new constitution, drafted in 2016. The 2016 draft was intended to replace the 2014 interim constitution that was enacted following a coup d'état that same year. The 2014 interim constitution made no reference to forced labor. However, the 2016 draft constitution had a forced labor provision similar to previous constitutions. Section 30 of the draft 2016 constitutions states, “Forced labor shall be prohibited, except by virtue of the provisions of law enacted for the purpose of averting imminent public calamity or during the declaration of state of emergency or the imposition of the martial law or during the time when the country is in a state of war or armed conflict.”<sup>17</sup>

Thailand Forced Labor International Convention Ratifications	
ILO C029, Forced Labor	Yes
ILO C105, Abolition of Forced Labor	Yes

#### *Labour Protection Act*

Originally, the Labour Protection Act was not applicable to employers and employees engaged in agriculture. However, this was changed by a 2014 Ministerial Regulation. Employers in agriculture who employ workers in agricultural work for the entire year were required to act in accordance with the Labour Protection Act. If the agricultural employment was seasonal and not for the entire year, then the employer must adhere only to specific sections of the act as listed in the Ministerial Regulation. The list of applicable sections for agriculture did not include section 10 on the prohibition of taking security deposits from workers or section 24 requiring employee consent prior to working overtime. Therefore, these legal protections were only in place for year-round agricultural workers. There were also no overtime limits or rest day requirements applicable to seasonal agricultural workers.

#### *Penal Code*

Section 312 and 312 bis of the Penal Code established the penalties for anyone who would enslave a person or cause them to be in a similar position to a slave, including buying, selling, restraining any person. Penalties were increased for offences to children and offences that include bodily or mental harm to the victim.<sup>18</sup>

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<sup>16</sup> Ibid.

<sup>17</sup> Government of Thailand, 2016.

<sup>18</sup> Government of Thailand, 1956.

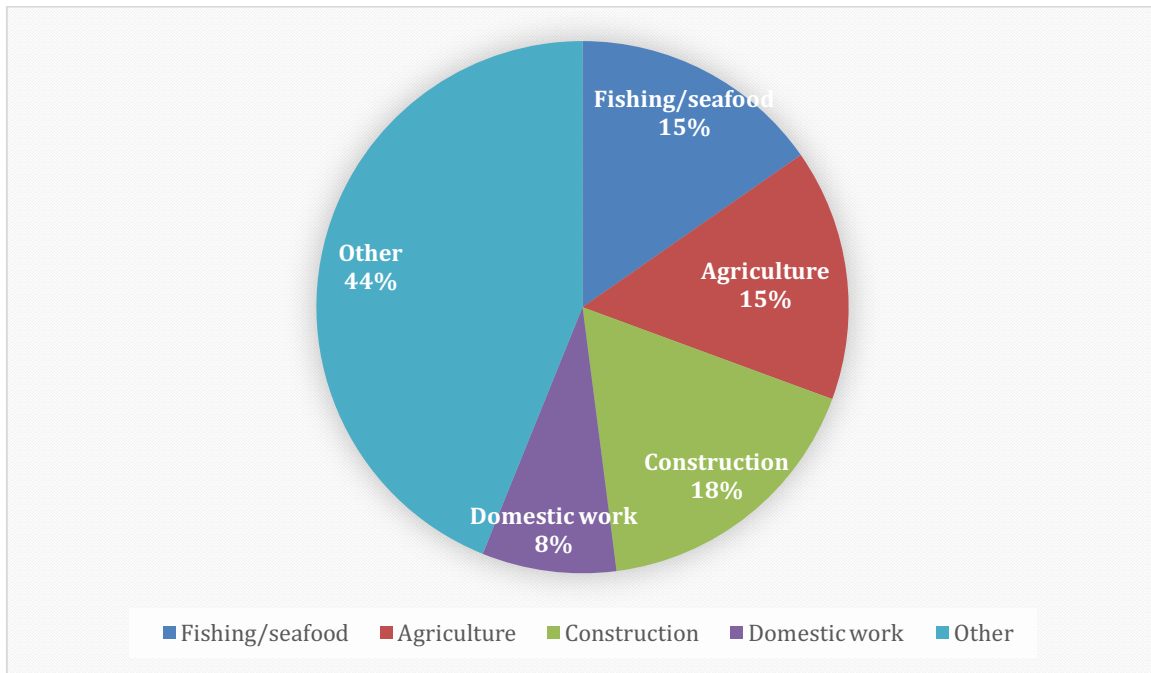
In recent years, the Thai government has responded to high profile incidents of forced labor and human trafficking in the fishing industry by implementing new laws and regulations to bar exploitative conditions. In 2015, enforcement of these laws expanded. The Thai government reported “72 investigations (up from 58 in 2014) involving suspected cases of forced labor and prosecuted 33 cases of forced labor involving 71 suspected traffickers.” There were increases in labor trafficking investigations, in identification of labor trafficking victims and in corresponding assistance to victims of trafficking and forced labor.<sup>19</sup>

### Current Context

Over the last few years, international attention has focused on the issues of forced labor and human trafficking in the Thai fishing and seafood sector. Media reports highlighted the exploitative and abusive conditions found in these sectors, as well as in agricultural and domestic work. The workers are predominantly foreign migrant laborers from border countries, including Myanmar and Cambodia. According to the US State Department, an estimated 90 percent of workers in the seafood processing industry were migrant workers.<sup>20</sup>

According to the Thailand Ministry of Interior, there were 2.46 million migrants from Cambodia, Lao and Myanmar working in Thailand, 1.4 million of whom were unregistered. Approximately 15% of these worked in the agricultural sector.<sup>21</sup>

**Figure 3. Working Migrants in Thailand<sup>22</sup>**



<sup>19</sup> US State Department, 2016.

<sup>20</sup> US State Department, 2016.

<sup>21</sup> Hugué, 2011.

<sup>22</sup> Hugué, 2011.

The traditional challenges for migrant workers were present in Thailand, including debt related to recruitment, usurious interest fees associated with loans taken out to pay labor brokers, and the withholding of identification documents that prevented free movement and could lead to coercive working conditions. According to the US State Department:

Migrant labor advocates reported that employers, subcontractors, and brokers (both formal and informal) charged excessive fees to workers to acquire documentation, such as transportation or identity documents from origin countries, exacerbating vulnerability to debt bondage. There were reports some employers confiscated migrant registration cards, work permits, and travel documents of migrant workers, thus restricting internal movement and contributing to their vulnerability to forced labor with little recourse under the law. Work permits that tied workers to a single employer and required burdensome procedures to change an employer made it difficult for migrant workers to leave unscrupulous employers. The law limited noncitizens in their choice of occupation. To avoid deportation, illegal migrants often paid additional fees or bribes to police and immigration officers.<sup>23</sup>

The vulnerability of foreign migrants was compounded by a lack of legal status and knowledge of rights, and language barriers, including ineffective complaint mechanisms for non-Thai speakers.

### Initiatives Combatting Forced Labor<sup>24</sup>

Provincial Monitoring Team for Migrant Workers and Human Trafficking.	Run by the Governor of each Thai Province, the teams monitor employers and establishments for law enforcement with migrant workers, as well as preventing and suppressing human trafficking, forced labor, and child labor in provincial areas.
National Policy Committee on Anti-Trafficking in Persons and Illegal, Unreported, and Unregulated Fishing.	The Prime Minister chairs this effort that links 5 policy-driven subcommittees, including the Subcommittee on Child Labor, Forced Labor, and Migrants Workers chaired by MOL. It also includes the Anti-Trafficking in Persons Committee and the Policy Committee on the Resolution of Migrant labor and Human Trafficking Problems.
Government Shelters for Trafficking Victims.	The Bureau of Anti-Trafficking in Women and Children operates 76 Provincial Centers to provide emergency assistance and protection to human trafficking victims. Nine long-term shelters offer medical care, psychosocial services, education, and life skills education for human trafficking victims. In 2014, government shelters provided assistance to 303 trafficked victims, including 138 children under the age of 18.
One-Stop Service Centers.	Government-run centers register undocumented migrant workers and their dependents from Myanmar, Laos, Cambodia. Centers can grant

<sup>23</sup> US State Department, 2016.

<sup>24</sup> Department of Labour Protection and Welfare. 2015.

temporary stays and temporary work permits to registered migrants, offer health checks, assist them in purchasing health insurance for themselves and their children, and record them in the MOI's nationwide online citizen database system, along with Thai nationals.

## Child Labor in Thailand

### Legal Framework

Thailand ratified the International Labor Organization (ILO) Convention No. 182 on the elimination of the worst forms of child labor in 2001.

### Labour Protection Act

The Labour Protection Act set the minimum age for employment at 15 and the minimum age for hazardous employment at 18.<sup>25</sup> In 2014, the

Thailand Child Labor Laws and International Labor Convention Ratifications	
ILO C138, Minimum Age	Yes
ILO C182, Worst Forms of Child Labor	Yes
Minimum age for employment	15
Minimum age for hazardous employment	18
Minimum age for agricultural work	15

minimum age for agricultural work was increased from 13 to 15 years of age.<sup>26</sup> The Labor Protection Act was also amended to remove an exception that previously permitted agricultural employers to employ children over 13 years old for work during their school holidays or after school in particular jobs that were not considered to be harmful to their health as long as parental or guardian consent was obtained.<sup>27</sup> Section 49 of the Act prohibited specific types of work for anyone under 18 years of age, including work with hazardous chemical substances, explosives, driving a forklift or crane, or cleaning of machinery or engines while in operation.

### Additional Regulations

In April 2013, the Ministry of Agriculture and Cooperatives released information regarding the prohibition of child labor in sugarcane.<sup>28</sup> Additional details on this prohibition have not been identified.

The Thai government launched a *National Policy and Plan to Eliminate the Worst Forms of Child Labor*, that aims to eradicate child labor by 2020. The program was in its second phase, for the period 2015-2020, and focused on poverty reduction, access to education, income stabilization, among other things, intended to drive the prevention of child labor.<sup>29</sup>

<sup>25</sup> Government of Thailand, 1998.

<sup>26</sup> US State Department, 2016.

<sup>27</sup> Jaranya, 2006.

<sup>28</sup> Ministry of Foreign Affairs, 2014.

<sup>29</sup> Royal Thai Embassy, 2016.



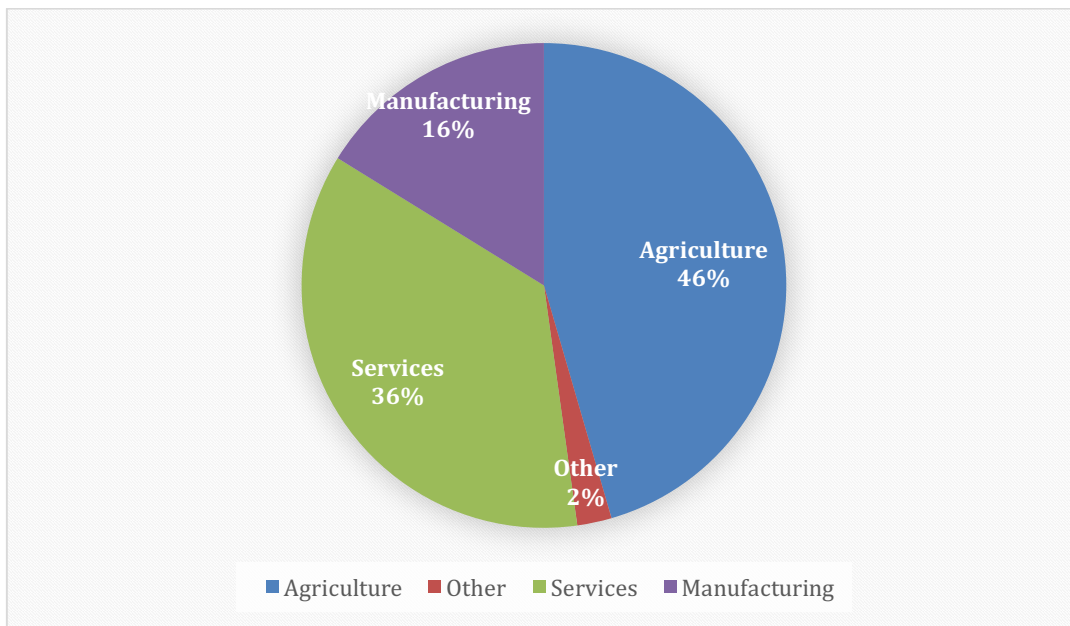
According to the US DOL Bureau of International Labor Affairs 2016 Findings on the Worst Forms of Child Labor report, while the government of Thailand made moderate advancements in efforts to eliminate the worst forms of child labor, enforcement still proved challenging, especially in the agricultural sector.<sup>30</sup>

### Current Context

As with many countries, Thailand has evolved over time from an agrarian country to an industrialized country. However, agriculture still has an important place in Thai society, culture and the economy. As with other agricultural societies, children in Thailand have long played an important role working alongside their parents or family members. As such, moving children from farms to school can be a lengthy and complicated process.

Thailand's National Statistical Office (NSO) planned to survey working children in the agriculture sector, particularly in the sugarcane sector in 48 provinces nationwide. This work was to commence in 2016.<sup>31</sup> Statistics from 2005-2006 indicate that 96% of Thai children aged 5-14 were attending school, 13% were working and just over 14% were combining work and school.<sup>32</sup> According to a United Nations report, over 600,000 children of primary school age 6-11 were not in school in 2010.<sup>33</sup> Children were found to be working in agriculture, industry, the service sector, among other areas, as indicated in the chart below.

**Figure 4. Child Labor by Sector**<sup>34</sup>



<sup>30</sup> US DOL, 2016.

<sup>31</sup> Department of Labour Protection and Welfare. 2015.

<sup>32</sup> US DOL, 2016.

<sup>33</sup> IPEC, 2014.

<sup>34</sup> Ibid.

According to the 2016 US State Department Country Report on Human Rights, Thailand's Department of Labour Protection and Welfare and the National Statistical Office issued the country's first national report on working children in August 2015. "The survey found that common hazardous conditions for children included lifting heavy objects, exposure to hazardous temperatures or loud noises, and exposure to dangerous chemical and radioactive substances, such as pesticide or fireworks. Most working children were employed in agriculture, forestry, fisheries, wholesale retail trade, hotels, restaurants, and manufacturing."<sup>35</sup>

This same report noted that there was a lack of public understanding of child labor laws and standards for hazardous work for children, including the dangers posed by pesticides, heat, and machinery. This lack of awareness of the risks of work to children contributed greatly to their presence in the workforce, especially in agricultural work and in family-owned businesses.<sup>36</sup>

Education was free and compulsory until the age of 15 for both Thai and migrant children.<sup>37</sup> According to an OECD report from 2014, Thailand's educational system had seen a significant increase in access and enrollment levels at primary, secondary, and tertiary levels.<sup>38</sup> However, access to education, particularly for migrant and ethnic minority children travelling for the harvest season, remained limited by a variety of factors. These factors included class instruction only in the Thai language; long distances to school; the costs of school lunches; burdensome student registration requirements; and pressure from families for children to work rather than attend school.<sup>39</sup> However, since 2012, enrollment of noncitizens in public schools had increased by 38%.<sup>40</sup>

In early 2012, the Government legalized formal and non-formal basic education by nongovernmental organizations and/or individuals to undocumented and non-Thai persons at migrant learning centers. Students should have met certain criteria to receive a certificate of completion from the Ministry of Education. The Government provided subsidies for management, technical, and financial support to the migrant learning centers.<sup>41</sup> Reportedly, parents were enrolling their children in these migrant learning centers to avoid the barriers noted above, including burdensome registration requirements.

No nongovernmental organization was found to work directly on issues related to the worst forms of child labor in the sugarcane industry of Thailand, as sectors such as fisheries and garments have garnered a greater spotlight in recent years.

### **Initiatives to Combat Child Labor**

In November 2012, the Ministry of Labor invited the private sector to sign on to a Declaration of Commitment to Combat Child Labor and Forced Labor. The Thai Sugarcane Association is a

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<sup>35</sup> US State Department, 2016.

<sup>36</sup> Ibid.

<sup>37</sup> US DOL, 2012.

<sup>38</sup> OECD, 2013.

<sup>39</sup> Jaranya, 2006.

<sup>40</sup> US State Department, 2016

<sup>41</sup> US DOL, 2012.

signatory to this commitment.<sup>42</sup> By 2014, 156 workplaces had expressed their intent to be certified as a workplace free of child or forced labor, including sugarcane, garment, fish and shrimp companies. Twenty-six of these were certified as child labor and forced labor free, including seven sugarcane operations.

Participating organizations should implement a series of management systems intended to ensure child labor was not present in sugar. These measures included:

- Sugar mill and grower associations should hold trainings for their members to discuss prevention and remediation of child labor in sugarcane;
- Sugar grower associations should encourage the provision of child community development centers where childcare can be given to the children and grandchildren of field cutters while they are at work in the fields;
- Sugar mills should include a clause in written contracts with sugar growers prohibiting the use of child labor under 18 years of age. Breach of this contract would result in cancellation of the contract.<sup>43</sup>

In addition to this public-private sector partnership, the following initiatives were underway:

<p><b>Government Working Groups on Child Labor in Sugarcane</b></p>	<p>The Office of the Cane and Sugar Board under the Ministry of Industry set up a working group to address child labor in sugarcane. The Ministry of Labour also has a working group on child and forced labor in sugarcane. In July 2015, the Department of Labour Protection and Welfare held a workshop on “Guidelines for Solving Child Labour Problem in Sugarcane Sector ‘with the aim of educating sugar mill executives and sugarcane farmers and creating mutual understanding between the parties as well as promoting a roadmap for the elimination of child labor in the sugar sector.’<sup>44</sup></p>
<p><b>Provincial Government Memorandum of Understanding on Human Trafficking and Campaign Against Child Labor</b></p>	<p>The Khon Kaen Provincial Office of Labour Protection and Welfare signed a Memorandum of Understanding (MOU) to address human trafficking problems with local sugar mills and sugarcane associations in order to establish a campaign against the use of child labor at high-risk establishments. The campaign promoted the use of workplace signage that states “This establishment does not employ children under 15 years of age does not use forced labor and promotes anti-human trafficking labor measures.” The provincial</p>

<sup>42</sup> Ministry of Foreign Affairs, 2014.

<sup>43</sup> Department of Labour Protection and Welfare. 2015.

<sup>44</sup> Department of Labour Protection and Welfare. 2015.

	office also organized a mechanism for civil society to report on incidents of the worst forms of child labor. <sup>45</sup>
<b>Operation Centers for Providing Assistance to Women and Child Laborers</b>	Funded by the Department of Labour Protection and Welfare, these National and Provincial centers provide assistance to women and child laborers and collect and disseminate information on the worst forms of child labor. <sup>46</sup>
<b>Migrant Learning Centers</b>	These government funded and civil society run centers provide basic education to children in migrant communities. As of February 2015, there were approximately 95 migrant learning centers serving 17161 students. <sup>47</sup>

## Land Use in Thailand

### Legal Framework

Historically, all the land in Thailand belonged to the king. It was only with population growth and increasing international trade that the kingdom sought to secure land for its citizens.<sup>48</sup> In 1872 King Chulalongkorn introduced private property rights. Nearly a century later, a full legal framework would emerge to govern land use, transfer, purchase, ownership and government allocations in Thailand. A brief overview of the primary land legislation of Thailand is provided here.

### *Constitution*

As noted in the Forced Labor section of this report, Thailand had been engaged in the process of approving a new constitution, drafted in 2016. While the 2014 interim constitution made no reference to land use, the 2016 draft constitution had provisions similar to previous constitutions that focus on fair distribution of and access to land. Specifically, the draft constitution instructed the State to adopt measures to allow people fair access to land to make their living from land. It also provided a mandate for the State to support farmers in efficient agriculture and ensure poor farmers had access to farm land through land reform or other efforts. It also restricted expropriation of private property, except for the public benefit, and required timely and fair compensation.<sup>49</sup>

### *Land Code of 1954*

The 1954 Land Code was the primary land legislation of Thailand; it created a differentiation between private property, which was legally protected by land titles, and state land, which included all land “‘over which no one has possessory rights.’ State land could be given as concessions,

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<sup>45</sup> Ibid.

<sup>46</sup> US DOL, 2016.

<sup>47</sup> Ibid.

<sup>48</sup> Gine, 2005.

<sup>49</sup> Draft Constitution 2016

rented or leased by the government.”<sup>50</sup> The Land Code further provided for cadastral surveys, land titling, and registration. It defined the different types of documents owners could use to claim land ownership (NS-4 is an unrestricted legal title), utilization (NS-3, NS-3K certify use for a prescribed period of time), or occupancy (NS-2, authorizes temporary occupation of the land.)<sup>51</sup> Mining and forestry were governed under another law.

### *Agricultural Land Reform Act, 1975*

At the time this Act was passed, Thailand had a high rate of land tenancy, large numbers of landless households, and encroachment on state lands, including forest land.<sup>52</sup> This Act aimed to address these issues, defining Thailand’s land policy as the “redistribution of land for farming and residential uses by allocating state land or, land purchased or expropriated from landowners who do not themselves cultivate or who own land in excess of what is stipulated by the Agricultural Land Reform Act of 1975, to farmers who are landless or do not have sufficient land for cultivation, and to farmers’ institutions by means of lease and sale. In doing so, the state will provide supporting services such as resource development, marketing facilities as well as public utilities.”<sup>53</sup>

### *Customary Law*

In rural areas, it was possible that family property and land disputes were still settled through customary law. Indigenous groups, who lived primarily in forested highlands, also relied on customary law. Although Thailand voted in favor of the United Nations Declaration of the Rights of Indigenous Peoples, indigenous people were not a recognized group under the Constitution. Thailand did not have a special classification of or provisions for indigenous land rights and the forested highlands were considered to be state forestland. Under the law, indigenous people were treated the same as informal settlers in protected forest areas. However, politicians had called for some form of regularization of collective rights, though this was not yet accomplished.<sup>54</sup>

### *Gender and Land Ownership*

The Civil and Commercial Code of 1923 supported the rights of women to own land individually and to jointly control marital property. Historically, property and assets passed matriarchally through the female line. However, in practice, men usually maintained decision-making control over agricultural lands. Approximately 22% of cultivated land was registered in the name of a woman.<sup>55</sup>

### **Current Context**

According to World Bank data from 2014, 43.3% of Thailand’s land was classified as agricultural.<sup>56</sup> Sixty-seven percent of the population lived in rural areas, with 38% of the labor force engaged in

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<sup>50</sup> Open Development.

<sup>51</sup> Gine, 2005.

<sup>52</sup> Ibid.

<sup>53</sup> Food and Agriculture Organization

<sup>54</sup> USAID, 2011.

<sup>55</sup> Ibid.

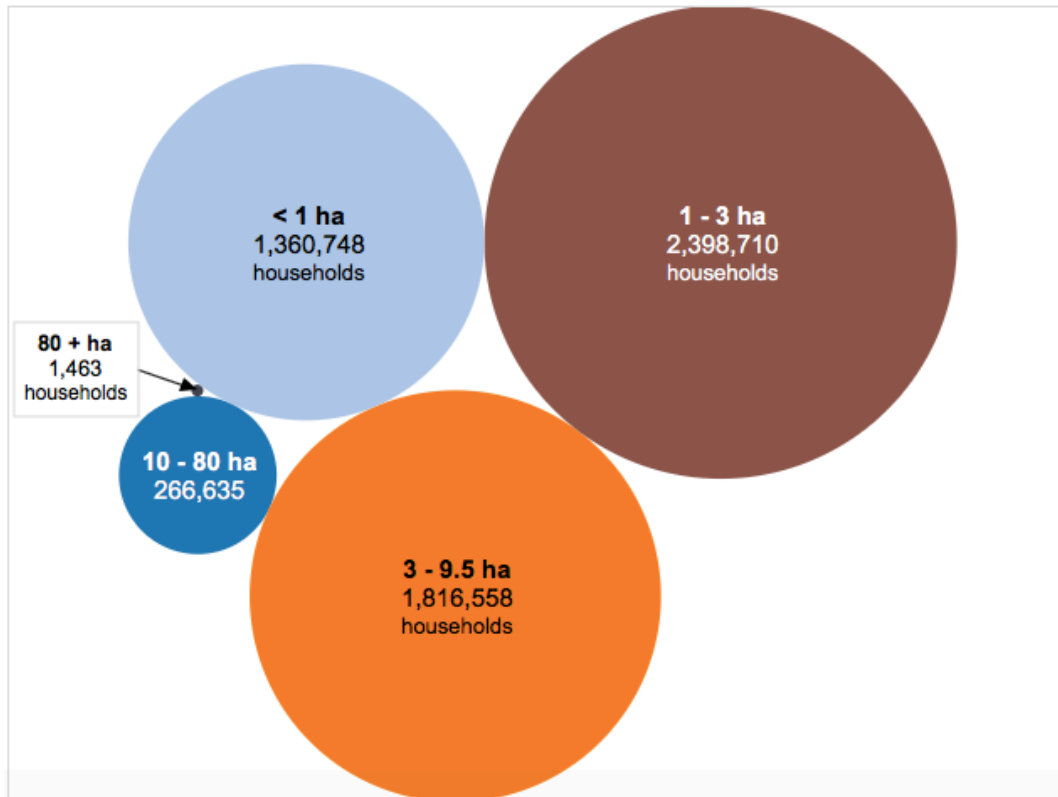
<sup>56</sup> World Bank, 2014.

agricultural work.<sup>57</sup> While agriculture contributed less and less to annual GDP, declining from 40% in the 1960s to 10-12% over time, Thailand has been one of the world’s top exporters of commodity crops such as rice and sugarcane.<sup>58</sup> The Northeast plateaus of the country were a primary area for sugarcane cultivation.

According to the USAID, “Thailand’s efficient, transparent land administration system is a model for other countries. It has issued title deeds to large portions of the country’s population, thus contributing to tenure security and developing a robust land market. However, the system has not reached many residents of the rapidly growing informal settlements in urban and peri-urban areas, nor has it addressed the rights of occupants of the country’s forestland.”

Thailand had 7.5 million farming households holding 5.7 million farms; about 10% of farming households were landless. The average farm size was 3.7 hectares. “The largest farms are found in the Central region (averaging 4.6 hectares), and the smallest in the North and Northeast (averaging 3.3 hectares). Twenty percent of farm households hold between 0.8 and 1.6 hectares, and 52% hold over 1.6 hectares.”<sup>59</sup>

**Figure 5. Amount of Land Owned by Household.**



<sup>57</sup> World Bank, 2010.

<sup>58</sup> OECD, 2013.

<sup>59</sup> USAID, 2011.

*From Open Development Initiative*<sup>60</sup>

Historically, there has been comparatively little land inequality in Thailand.<sup>61</sup> Thailand had a 0.47 GINI coefficient for land, a measure of inequality of distribution, which attributes a value between 0, representing perfect equality (all land equally shared between farmers) and 1, representing total inequality (all land occupied by one individual).<sup>62</sup>

Approximately 71% of Thailand's agricultural land was privately owned, especially in the Southern region, where up to 83% was under private ownership. From 11-30% of agricultural land was leased, with about 25% of land in the Central region under lease.<sup>63</sup>

Land tenure challenges in Thailand are primarily focused in forest areas, which account for nearly 30% of land area, and where there has been a long history of informal settlements. The recent land reform program in Thailand focused primarily on addressing the tenure status of these informal settlers in forests.<sup>64</sup> According to USAID, "conservation interests, forest communities and mining companies vie for control of forestland and resources" and conflict between interested parties was expected to increase as investment and development continue to come into conflict with indigenous communities and informal settlements. For decades, indigenous leaders have complained about being forcibly evicted from their lands due to displacement for pine or eucalyptus plantations, or even drug trafficking activities.<sup>65</sup> A 2004 article from the Bangkok Post cited 16 murders of environmental activists within a 3-year period, related to protests against developments that were displacing local forest communities. This type of conflict had reportedly arisen related to the development of tree plantations as well as other "lucrative commercial agriculture opportunities (sugar cane, shrimp), or speculative industrial development (mining, dams, tourism, golf courses); [combined with] corruptible bureaucrats; a lack of local political accountability; insecure local land tenure; and rural debt (which is a situation representative of much of the Thai countryside)." <sup>66</sup>

As noted, the majority of land conflicts arose related to rural poor located in informal settlements and indigenous communities who were frequently located on what had been classified as public land. Despite what had been considered to be an advanced land registry system compared to that of regional neighbors, it was a complex system governed by numerous regulations and fourteen different government departments that could work to the disadvantage of poor communities.<sup>67</sup> However, in an example of government response to rural protests, in recent years the Royal Forest Department took steps to reclaim 23,000 ha of land previously leased to private companies under

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<sup>60</sup> Open Development

<sup>61</sup> Gine, 2005.

<sup>62</sup> Food and Agriculture Organization, 1990.

<sup>63</sup> USAID. 2011.

<sup>64</sup> Childress, 2004.

<sup>65</sup> Ibid.

<sup>66</sup> Barney, 2005.

<sup>67</sup> Chao, 2013.

now-expired concessions and make the land available for local community use.<sup>68</sup> This land in the South region of Thailand was previously used for palm and rubber tree plantations.

Specific to the sugar industry and according to stakeholders consulted, land conflicts had not been common in Thailand's sugar industry. There were no reports of land disputes by any of the local stakeholder groups consulted nor specific conflicts identified related to any of the sugar mills included in this study.

## Initiatives to Promote Land Rights

<b>Baan Mankong Collective Housing Program</b>	The Baan Mankong Collective Housing Program was launched by the Thai government in January 2003, as part of its efforts to address the housing problems of the country's poorest urban citizens. The program channels government funds, in the form of infrastructure subsidies and soft housing and land loans, directly to poor communities, which plan and carry out improvements to their housing, environment, basic services and tenure security and manage the budget themselves. <sup>69</sup>
<b>Baan Ua Arthorn</b>	The Baan Ua Arthorn program was launched in 2003 under the National Housing Authority and builds and sells subsidized apartments and homes to low- income households. As of 2006, there were 72 completed projects with 65,293 housing units in total. <sup>70</sup>
<b>Land Titling Program</b>	Thailand implemented a 20-year Land Titling Program, which ended in 2004. Supported by the World Bank and AusAid, the program included land surveying and demarcation, adjudication of land rights, and issuance of land titles. Approximately 13 million titles were granted to Thai landowners during the course of the project. <sup>71</sup>
<b>Asian Coalition for Housing Rights</b>	Asian Coalition for Housing Rights (ACHR) has set up Thailand's first city-based community development funds to manage the housing activities of all the communities in the city, and which are owned and managed by poor community networks, in collaboration with their local governments and other stakeholders. <sup>72</sup>

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<sup>68</sup> Sarnsamak, 2012

<sup>69</sup> CODI.

<sup>70</sup> National Housing Authority.

<sup>71</sup> USAID, 2011.

<sup>72</sup> ACHC.





## Findings from Onsite Observations

### General Supply Chain Characteristics

The TCCC sugar supply chain was located across the Central, Northeast and North regions of Thailand. From a total of fourteen mills supplying sugarcane to TCCC, ten were included in the scope of this study, with four in the Central region, four in the Northeast, and two in the North. The structure of the farms supplying to the sugar mills varied by region.



*Harvesting sugarcane in Thailand*

### *Northeast Region*

There were approximately 19 sugar mills in the Northeast of Thailand, known as the Isan region. Mills competed to buy sugar from farmers as new mills opened. Mills that used to purchase all their sugar from farms within a 50km radius now bought sugar from farms located up to 100km away. In order to facilitate the sale of sugarcane, mills built regional centers where farmers could bring their sugarcane via tractor and have their tractor loaded onto a large truck to deliver the sugarcane to a mill up to 100km away. Occasionally, these large trucks were owned by the sugar mill; however, it was more common for farmers to pay independent truck drivers to collect their sugarcane or for farmers to drive their own trucks to the mill.

Farmers and laborers were usually from the surrounding villages. Farmers from the village worked together, going to each of their respective farms to harvest the cane. Over 90% of the farms supplying the sugar mills were small, with around 5 or 6 people combined for each farming area. Each farmer might own about 50 rai, or 8 ha of land. The number of small farms providing cane to each sugar mill varied from 1,900 to 10,700 farms.

### *Central Region*

Moving towards the Central region, there were approximately 18 mills. Farms were larger overall, an average of 63 ha in size. Farm laborers came from the Isan region and migrated towards the Central region for the four-month sugarcane harvest, December to April. The largest farms in the Central region could have up to 300 workers; however, these farms were aggregated together across different provinces and the workers were not all in the same location. For example, there could be 10 workers that covered one group of farm sites and another labor camp with 30 workers that covered another area of farms. Cutting machines were used more frequently on the large farms. Several mills were sourcing sugarcane from 600-700 farms, while one mill had as many as 30,000 contract farmers. Of the farms sampled in this region, 25% had female farmers, though this ranged from 6% of farms for one mill up to 40% farms at another mill.

### *North Region*

This region has approximately nine mills. It functioned similarly to the Central region in the use of recruited labor combined with mechanization. Thirty percent of the farms employed local workers while the rest recruited workers from the Isan region using labor brokers. Farms in the North region were an average of 25 ha. Larger farms used cutting machines and some farms combined machinery with manual labor. One mill in this area had 4,000 farms in its supply chain. Of the sample farms visited in this region, 53% had female farmers.

Except for two farms selected due to their proximity to the Cambodian border, all farm laborers observed in the three regions were Thai, although one group of laborers was found to be part of an ethnic minority group in the Northeast that speaks Khmer. Farmers in this region said it would be too expensive to recruit non-Thai migrant laborers from areas close to the borders.

### **General Mill Practices**

The structured mill assessment was revised between the time of the first field visits and the second field visits in the Thailand country study. Therefore, the information in this section on certifications and community and worker support was only gathered during the second round of field visits, which was comprised of four mill visits in the Central and North regions.

### *Certifications*

Of the four mills queried in the second part of the study, all of them had in place an ISO 9001-QMS and FSSC 22000. Half of them had ISO 14001-EMS and OHSAS 18001 H&SMS. None of them had Bonsucro, SA8000 or Fairtrade certifications.

### *Community Support*

Two mills in this portion of the study reported offering support to local schools, as well as temples and other community organizations. The other two mills did not report any specific examples of community support or involvement.

### *Worker Support*

No unions were present at any of the four mills. Mill workers had suggestion boxes available to submit complaints. Farm workers did not have a formal complaint mechanism. Mill workers were in the fields on a regular basis and they were available to receive community feedback.

### *Farmer Payment*

Farmers were paid by ton of cane by the mill. Mills used electronic weighing stations that printed a ticket with a copy for the farmer, weigh station, and mill. No tickets could be handwritten to ensure transparency of payment. The sophistication of payment systems from weighing station to farmer varies depended on the mill. Ninety percent of farmers had loans with the mills and deductions were made from sugarcane payments throughout the season.

## **Forced Labor Findings**

The information in this section was based on field interviews with sugar mill managers, farmers, and workers.

### *Mill Policies on Forced Labor*

Of the four mills queried in the second part of the study, three had written policies on forced labor at the mill level and an intent to apply this policy at the supplier level, though the policies did not appear to be published or clearly communicated to farm sites. None of the four mills had remediation plans in place in case forced labor was identified.

### *Worker Recruitment*

The majority of workers were seasonally hired to harvest sugarcane. They either lived in nearby villages or traveled to the sugar plantations where they stayed in labor camps near the farms from December to April.

On the small farms in the Isan region, farmers worked together with other farm families cutting cane cooperatively on one another's land. Each person kept track of how many cane bundles they made and were compensated accordingly by the farmer when the mill paid for the sugarcane. The majority of workers hired to help with the harvest and planting were family members. There were no employment contracts, timesheets, or pay records for these informal transactions. All farmers and workers kept track of their own wages.

For large farms in the North and Central regions, farmers would drive to the northeast and recruit workers to come work on their farms. Recruiters were not always used; just as often, workers were recruited based on word of mouth. Most workers worked with other family members when going to a large farm.

Non-Thai migrant labor was not common among the farm areas observed. Farmers noted that it was prohibitively expensive to travel to border areas to bring back migrant workers to the North, Northeast or Central areas of the country. In Thailand, sugarcane farms were located within 100km of the sugar mill that processes their cane. If a mill was not buying sugar from a farm close to the border, it would be very rare to find non-Thai migrant labor present.

### Migrant Labor

Two farms near the border of Cambodia were visited to ensure that migrant labor could be included within the scope of the study. At the first farm, approximately twenty Cambodian workers were employed. One person who worked for the farm for many years was recruiting others to come with him from Cambodia to the farm, acting as a middleman. He spoke both Khmer and Thai and had been the middleman for approximately four years. He was paid 205 Baht per ton of sugarcane; he then paid the other workers per bundle of cane or per ton for loading the cane. For each ton of sugarcane, workers received about 175 Baht, and the middleman received about 30 Baht. The middleman also received wages for his own work. The farmer was issued a receipt from the sugar mill, and then handled the payment with the middleman. Workers received living expenses in cash and the farmer transferred the remaining wages into Cambodian bank accounts twice a month. Each worker had a book to record their daily pay. Workers reconciled their pay records with the middleman. Workers received approximately 250 - 500 Baht (8-16 USD) per day. The workers came to the farm for 4-5 months, December to April.

The farmer paid the middleman for transportation from Cambodia, and the middleman arranged a bus for the workers. If a worker needed to return home early, they would pay for early transport home. The farmer provided housing, water, and machetes; and workers were transported by truck to the fields at 6:00am and returned to the housing at 6:00pm. Workers did not pay recruitment fees, nor did any report issues with their identity documents. It is likely that workers crossed the border into the country without travel documents, though workers were reluctant to discuss this issue specifically. Most reported leaving their rice farms in Cambodia to cut cane during the harvest season.

The second farm employed approximately fourteen workers. These workers were much more transient. The middleman asked the farmer if there was work. The group of workers was paid as a whole once the section of land was harvested. Everyone in the group would receive an equal share of the pay. The middleman was responsible for dividing the wages. The group had been coming to Thailand for the harvest season for 5-6 years.

The farmer paid for the transport to the farm upfront and the fee would later be deducted from worker pay. The farmer provided tents and makeshift housing depending on the field locations. There did not appear to be toilet facilities or running water in the tent areas. The workers dug in the ground for water, and if there was no water, the farmer would bring barrels of water to the tents. The work day started at 7:00am and ended about 5:00pm. Workers were paid 2.20 Baht per bundle of fresh cane and 2 Baht per bundle of burnt cane.

The workers came for 3 months and would go back to Cambodia to be laborers on rice farms when the cane harvest season concluded. Some returned to the farms in Thailand if there was work in the planting season.

### *Wages and Advances*

In January 2013, a new minimum wage of 300 Baht per day was implemented; the previous wage was 185 Baht per day, a 40 percent rise.<sup>73</sup> In January 2017, the minimum wages were marginally increased and, for the first time, shifted from one national wage to a system of provincial wage rates that ranged from 305 Baht to 310 Baht per day.<sup>74</sup>

Workers were paid for each bundle of 12 pieces of cane. The price they were paid varied by whether the cane was burned first. For example, burnt cane was paid at 1 Baht per bundle, while “green” cane was paid at 1.2 Baht per bundle. Workers often preferred to work with burnt cane, as they could work with it faster and earn more than with raw cane.

Workers were given pay advances at the end of the prior harvest season and they were expected to return to the farm the next season to work off this advance. Similarly, a loan could be extended at the start of the new harvest season to encourage workers to come to the farm. Fifty-eight percent of farms visited in the study gave advances to workers before the start of the harvest season. These were farms utilizing recruited labor. According to farmers, some workers did not return to clear their debt; however, farmers could not retain workers without paying a loan for the season in advance. If workers did not return to clear their debt, then the labor broker, who acts as a guarantor of the advance, would be responsible for repayment to the farmer.

It was reported that the farmer could charge 30-40% interest on the advance if it was not repaid; however, there were no specific instances of this having occurred according to workers and farmers interviewed. Farmers did say it was possible for both workers and labor brokers to “disappear” rather than repay the advance. However, this would only happen with newer workers and brokers, who had not spent several seasons working with the farmer and did not have a relationship in place. Most of the workers planned to return to work again and therefore the repayment of the debt would be made.

Workers interviewed regarding advances reported that they were able to clear the debt prior to the end of harvest; therefore, they did not carry over any debt. However, they would again take an advance at the end of the harvest, ensuring that they would return again for the next sugar season.

Workers reported a wide range of earnings, from 5,000 Baht per month up to 15,000 Baht per month, with a median reported monthly earning of 8,750 Baht per month and an average of 9,048 Baht per month. With a four-month harvest season, earnings would range from 20,000 Baht to 60,000 Baht, with an average of 36,190 Baht for the harvest season. By comparison, advances ranged from 20,000-40,000 Baht. This indicates that by working the entire season, many workers

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<sup>73</sup> Maierbrugger, 2012.

<sup>74</sup> Erdenebileg, 2016.

earned just enough to pay off the debt taken from last season. Workers in this situation would need to take another advance when they went home, ensuring a cycle of advances, debt and repayment.

As no time records were maintained, it was difficult to assess whether there was an issue with minimum wage payment. Workers reported they were able to earn the minimum wage and indicated that other crops do not pay as much as sugarcane. Workers reported it was not difficult to bundle more than 300 bundles of cane per day, which would bring earnings equal to or above the minimum wage. They generally worked regular work hours, discussed further in the next section.

Some workers reported that they preferred for the farmer to hold their wages in order to keep their earnings secure. When the worker needed money, they would make a request to the farmer for some of their pay. At the end of the season, the farmer would pay the worker all of the outstanding wages. There was no charge for housing and electricity; however, workers were responsible for buying their own food. If children went with their parents to the fields, they were not paid separately; only the parent was paid for the collective work.

### *Work Hours*

Farmers and workers set their own hours. Their compensation was determined by how much sugarcane they took to the mill. If it was a large farm, workers received wages based on the amount of cane they cut; therefore, workers pushed themselves to work long hours in order to increase their pay. Work began around 6:00am and finished around 4:00-5:00pm, with a lunch break for 1-2 hours, depending on the heat. It should be noted that farmers and field managers worked the same hours and workers were free to take breaks as needed. Workers agreed to complete a section of cane and then they set controlled fires for the next day's section. If it was fresh ("green") cane, workers agreed when they would stop for the day. The workers worked seven days a week during the harvest season.

### *Housing*

Workers that traveled to cut sugarcane in the Central or North regions lived temporarily at labor camps. If a farmer employed only a small group of seasonal labor (under 30), the workers were provided temporary housing at the farm close to the farmer's house. This housing was simple, consisting of a single concrete or aluminum room approximately 8 feet by 6 feet for each person, couple, or family with small children. There were aluminum doors on each room with a raised roof to allow light in the rooms. There was an electrical line that provided a light bulb in each room. There did not appear to be regular trash collection. Bathing facilities were generally not private –there were shared, large outdoor water tubs or hoses on platforms. In general, latrines were quite dirty and did not appear to have lighting.

The farmer or the labor manager took workers to the local market for food and other supplies. Some farmers also had stores at their homes where workers could buy necessities on credit. Housing was usually free of charge. While most temporary housing was constructed for single occupants, it was often used by entire families.

Most farmers and workers for the sugarcane harvest in the Northeast region lived close to the land in nearby villages. Their homes were not visited for this report.



*Labor camp housing for sugarcane workers in Thailand.*

## Child Labor Findings

### *Mill Policies on Child Labor*

Of the ten mills included in this study, nine had written policies on the employment of minors and prohibition of child labor. These policies applied at the mill level and in most cases, additional policies, written or otherwise, were addressed to the farm suppliers. Two mills communicated their child labor policies to the farms through regular meetings with farmers. Of these two mills, only one had a plan for remediation of child labor, should it be discovered (see box below).

Mills in the North and Central region, where seasonal labor was used to harvest the sugarcane, appeared to be more proactive about educating farmers on the prohibition of child labor and child labor definitions. For example, they attached copies of child labor policies to farm paperwork. Two mills supplied copies of a memorandum of understanding (MOU) detailing the prohibition of child labor and trafficking, signed by regional sugar associations, these mills, the Ministry of Labor, and farmers. Before the harvest season began, the mills held meetings with farmers in each of their respective zones. Child labor was discussed at the meetings as well as hiring of non-regularized migrants.



In the Northeast region, where farmers worked with their families and fellow villagers, the sugar mills did not appear to have as much community involvement on the issue of child labor. This may be due to the prevailing view in these communities that it is important for young people to work with their families on school breaks in order to gain work experience and to contribute to family well-being.

Finally, sugar mills were found to have policies prohibiting truck drivers from bringing children into the mill while offloading sugarcane. Every mill had two waiting areas. In the long-term waiting area, there could be 1,000 – 1,500 trucks at a time. There were rest areas that usually had showers, toilets, and canteens. Small children were observed working in the independently operated canteen areas but children were not observed coming with their parents into the mill area. Family members that came with the truck driver needed to stay in the long-term waiting area once the truck was called to the second waiting area inside the sugar mill. This same policy was applied to independent truck companies picking up finished product. Drivers were prohibited from bringing children into the mill area. Sometimes wives accompanied husbands, however, mill representatives said it had been a long time since children came with drivers instead of being in school.

### *Field Observations*

Based on visiting villages, farms and local schools for this report, most children appeared to be in school during the day and attending recreational activities at the school during non-school hours. However, a small number of Thai migrant children were observed travelling with their parents to labor camps and fields during the four-month harvest season and a number were found to be working as well.

Of the 136 farm sites visited over the course of the study, 30 children were observed onsite at 10 farms, or 7% of the sample farms. Twenty children aged zero to five were observed in various places on the farms: leaving the farm site, in the field with their parents, sleeping in a hammock near where their parents were working, or playing on a sugar loading truck or tractor. Nine children aged six to fourteen were observed in various places on the farm: leaving the farm site, bundling sugarcane, working in the field as a harvester with their parents, playing on a tractor or playing on cell phones at the farm site. Of the 30 children, 4 children (14%) were working and 1 child's (3%) activities could not be confirmed. (See Figure 7.)

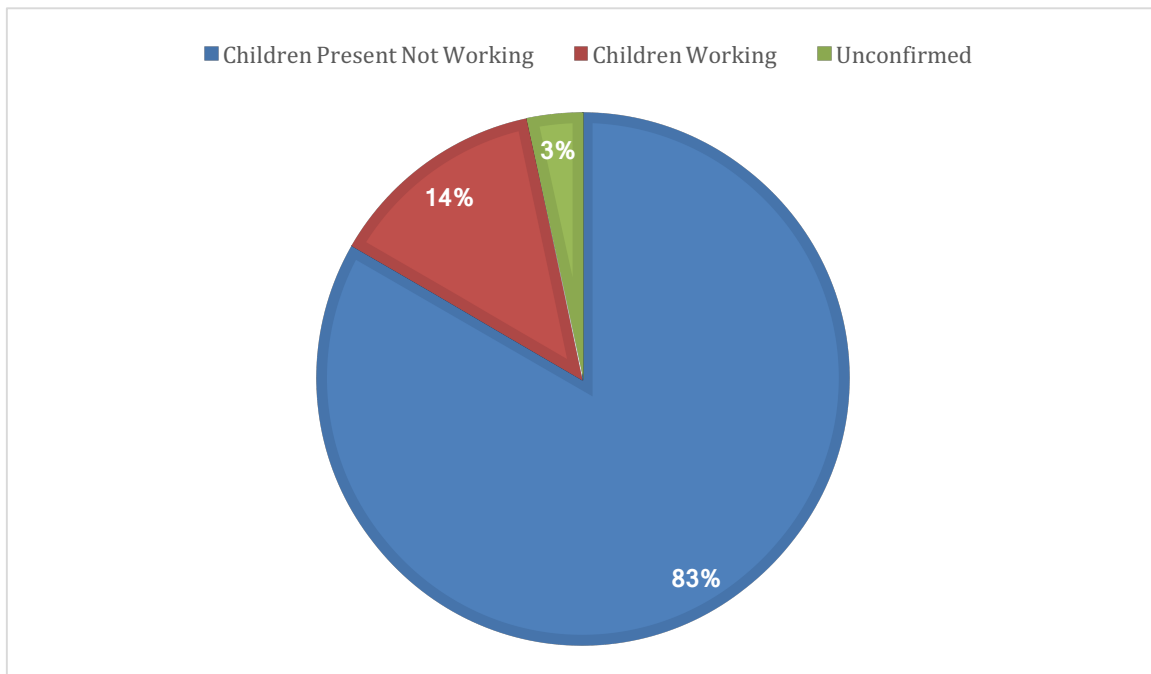
### Case Study: Child Labor Policy for Farms

One mill communicated their child labor policy for farm suppliers through regular meetings with managers and supervisors responsible for labor recruitment and interaction with vocational schools. Their policy included a remediation plan in case child labor was discovered. Any corrective action plan should take into account the best interests of the child, including the family economic and social situation and the child's level of education. The aim was not to shift the child worker from one workplace to another but to identify a viable and sustainable alternative for the child. Supplier farms would be required to be involved in the corrective action. Should they fail to implement the action within the agreed time, or if repeated violations occurred, the mill could terminate business with the farm.

One 12-year-old operating a tractor was the nephew of the farmer. He was operating the tractor on a Saturday when there was no school. He was not an employee of his uncle. Another 13-year-old boy was working as a harvester to help provide income for his family. He was not sure if he wanted to return to school. A 15-year-old girl was working as a harvester to cover for her mother, who was sick and in the hospital. The girl normally attended an informal school where she planned to get a secondary education certification that she could use to qualify for factory jobs.

Most of the children observed present on farms were not working. However, older children tended to be working, whether bundling cane, operating tractors, or harvesting sugarcane. Thailand restricted agricultural work to ages 15 and over. Moreover, children under 18 should not engage in hazardous work, which may prohibit driving tractors or cutting cane.

**Figure 7. Children Present in Fields**



While some farmers said, they try to assist parents who bring their children aged 0-5 years to work, some sugar mills and farmers did not appear to have a clear policy or approach for discussing childcare with parents who lack a care provider at home. Although farmers would prefer not to have young children in the fields or staying on their farms, with the current labor shortage, such families would not be turned away. Some parents that migrated for seasonal work would take their children with them to the sugarcane fields if they could not find suitable care. Some migrant workers left their children in the labor camp housing, possibly under the care of a family member. Numerous children were observed in the housing during site visits. Parents also could bring their small children to the mill centers or to the farmer's family to ask for help so their babies did not have to spend the day in the hot, dusty and ashy sugar fields. While some villages had local childcare centers, migrants were reportedly reluctant to leave their children with someone they did not know. While children this age were not working, the sugarcane fields presented an unsafe environment for infants and children

and more support for alternative care was seen to be an urgent need for seasonal workers at labor camps.

During field visits, no children were observed in the loading areas at the regional centers or at the unloading areas of the sugar mills. Child labor did not appear to be an issue in the transport of the sugar. All those interviewed at the mills insisted that children are not allowed in the mill sugarcane dumping areas.

## Land Use Findings

### Mill Policies on Land Use

TCCC adopted a policy stance on the principles of Free, Prior and Informed Consent related to land acquisition and asked suppliers to do the same. Only one mill in the study was found to have a land acquisition policy in place and this policy was said to apply to farm suppliers.

One mill in the North region and one in the Central region reported being aware of land conflict in the area; however, they reported that there were no land ownership disputes related to mill or supplier land. While the amount of land available for sugar production increased over the last ten years, this was largely due to conversion of land previously used for rice production rather than the acquisition of new land. Most of the mills owned little to no farm land, though they may have maintained a few hectares for sample sugarcane production. Mills were expanding their production base by incentivizing local farmers to convert their land for sugar farming. This was in line with a government strategy to continue to expand sugar production for the export market.

Local farmers could also expand their holdings by purchasing from other local people. There were reportedly very few disputes around local land purchasing in this manner. Farmers and workers did not report awareness of any land disputes or land expansion efforts in the area. All farmers interviewed reported holding the titles to their land.

Community stakeholders reported that while there were land conflicts in the country, these were primarily focused on forested areas and areas with indigenous populations, which were not located in the areas of sugar production. There were no reports that the land currently owned or rented by mills and their supplier farms was obtained inappropriately, illegally or without the consent of the sellers.

Three of four mills surveyed had plans for mill expansion in the next ten years. This aligned with reports from the Thai sugar industry that the government was supporting growth in the sector.

## Conclusion

The government of Thailand was actively engaged in addressing forced labor and trafficking in the fishing and seafood sectors. While there was less attention given to agriculture, initiatives have emerged to drive awareness of trafficking and migrant concerns and to engage companies in the process of eliminating forced labor. However, the sugar industry was not fully mobilized on this issue. While several mills had written policies on forced labor, the policies should be extended to farm suppliers and procedures should be elaborated to remediate any forced labor that may be identified. Mills can do more to raise awareness of the debt cycle to which migrant workers are vulnerable and to promote solutions that can help workers improve incomes, increase savings, and avoid debt, as well as the potential for coercive labor arrangements. Sector-wide efforts may be driven through local sugarcane associations or farmer associations.

The Ministry of Labor launched a public private partnership effort to eliminate child labor across high risk sectors, including sugarcane. A number of sugar associations, mills and farms were signatories to the commitment. The majority of mills had written policies prohibiting child labor at the mill and farm level. Only a few mills offered concrete examples of implementing these policies at the farm level through meetings and written contracts and only one had specific remediation plans in place. Thirty children were present and four of them observed to be working at 7% of the farm sites visited in this study. Especially when families have migrated to work the sugar harvest, young children could accompany family members to work while older children could assist with the work. Four children between the ages of 12-15 were found on three farms driving tractors, bundling cane, and harvesting cane. Some of them were engaged in work considered to hazardous for anyone under 18. Twenty children in the 0-5 age range were observed in the fields while family members worked. While children this young are not working, the sugarcane fields present an unsafe environment for infants and children. Childcare is an urgent need for seasonal workers at labor camps. Mills can do more to raise awareness of the legal limitations of youth work in agriculture as well as promote childcare options for farmers that use migrant labor. As with forced labor, sector wide efforts may be driven through local sugarcane associations or farmer associations.

Thailand was largely seen as a model for land tenure in the region. However, there were challenges for land security in the country, especially for informal settlements in forest lands that were primarily state-owned. While TCCC asked suppliers to adopt a policy on the principles of Free, Prior and Informed Consent related to land acquisition, only one mill in the study was found to have a land acquisition policy in place. At a time when sugar production is slated for on-going expansion, it is important for mills to establish formal policies related to their growth plans and to extend these policies to farmers in their supply chain. While much of the sugar growth is expected to come from rice farm conversion, it is important to raise awareness of land tenure and contribute to improved understandings of land ownership in the regions where mills operate.

## Appendix A: Stakeholders Consulted

<b>Government</b>
Thailand Ministry of Labor, Child labor specialist
United States Department of Labor, Bureau of International Labor Affairs
<b>Industry</b>
Kalasin Province sugarcane growers association
Kanjanaburi Province sugarcane growers association
Khon Kaen sugarcane growers association
Nakhon Ratchasima Province sugarcane growers' association
Nakhon Sawan Province sugarcane growers association
Rajburi Province sugarcane growers' association
Saraburi Province sugarcane growers association
Supanburi Province sugarcane growers' association
Uttradit Province sugarcane growers' association
<b>Intergovernmental Organizations</b>
International Labor Organization Bangkok, Child Labor Specialist
ILO-IPEC Country Director
International Organisation for Migration (IOM) Labor migration coordinator
UNICEF Thailand
<b>Non-Governmental Organizations</b>
Oxfam Thailand
<b>Independent Experts</b>
Child labor expert (Agricultural sector) Khon Kaen University
<b>Municipal Groups</b>
Primary school director, Kanchanaburi Province
Primary school director, Rajburi Province
Primary school director, Supanburi Province
Primary school director, Uttradit Province
Community leaders, Kanchanaburi Province
Community leaders, Rajburi Province
Community leaders, Supanburi Province
Community leaders, Uttradit Province
Police officer, Supanburi Province
Police officer, Uttradit Province

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## Appendix C: Revision History

<b>Date</b>	<b>Revision</b>
March 30, 2017	First draft of report submitted to TCCC
May 5, 2017	Second draft of report submitted to TCCC
August 20, 2017	Third draft of report submitted to TCCC