

# Mapping Bangladesh's tanning and leather industries

## Colophon

### Mapping of the tannery and leather sectors in Bangladesh

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## 1. Summary

Over the past decade the export value of Bangladeshi leather and leather goods has grown significantly. This growth potential presents opportunities as well as challenges for the labour conditions of workers in the country's tanning and leather industries. This report presents the results of field and desk research into the labour issues of workers in the Bangladeshi leather sector, and into the supply chain links between Bangladesh's tanning and leather industries, and export markets.

Bangladeshi tanneries and leather workshops produce a full range of leather, from wet blue to finished leather, and leather products ranging from bags and belts to shoes. Around 50 per cent of the leather produced in Bangladesh is exported, mainly in the form of semi-finished leather. The remaining 50 per cent is used for the production of shoes and leather goods. Although domestic hides and skins account for 90 per cent of the raw material used for these leather products, Bangladesh also imports hides and skins to process.

Agents and buying houses play an important role in the export of leather and leather products, but tanneries sometimes also have direct relations with foreign leather goods manufacturers. The main export destinations for leather are Hong Kong, China, Italy, Korea, Taiwan, Japan, Vietnam and Spain. Among the main importers of leather goods are Belgium, Germany and the United States. Most of the leather shoes produced in Bangladesh are shipped to the EU, followed by Japan and the United States. The research team identified several specific supply chain links, but the general lack of transparency in the industry makes it difficult to uncover relationships between brands, retailers and producers of leather in Bangladesh.

Some 75,000 workers are employed in the tanning and leather industry in Bangladesh, of which 15,000 work in the Hazaribagh tanneries. This report reveals that there are under-aged workers in the workforce – the youngest was 11 when she started working for a Hazaribagh tanner. In total, 22 per cent of the interviewed workers were younger than 18 at the start of their employment and 7 per cent of the interviewed workers were younger than 14 when they started working for their current employer. In addition, workers at one tannery and at one workshop indicated that several of their colleagues were younger than 14 years old.

For years there have been plans to relocate these tanneries to a new site in Savar, Dhaka. The new site would include a modern effluent plant to address current adverse environmental impacts. Although the construction of new tanneries offers opportunities for improved workplaces, the fact that there are currently no plans to build social facilities such as houses, schools, medical facilities and mosques means that relocation will negatively impact workers' and their families' lives. Continued dialogue and campaigning is necessary to ensure that both the government and the employers fulfil their duties and responsibilities towards the workers. In addition, tanning industry trade unions must make sure they have permission, access and accommodation in order to be able to conduct their work at the new site.

Another major concern for workers in tanneries and leather workshops, as uncovered by this research, is the precariousness of employment. Few workers have signed a contract with their employer and a quarter of those interviewed have no proof of their employment relationship. Furthermore, tannery and leather workers in Hazaribagh work extremely long hours – working weeks of more than 60 hours are commonplace and on more than a few occasions a working week of 78 hours was reported. Wages are far below the living wage for Bangladesh (as calculated by the Asia Floor Wage campaign) and also do not meet the minimum tannery worker wage of BDT 11,000, for

which the Tannery Workers' Union strives. Also, according workers themselves, their earnings are largely insufficient to provide for their basic needs.

Although there are significant occupational health and safety risks for workers, mainly during the tanning process, workers are unaware of the health risks of working with chemicals and often do not receive appropriate protective gear, or adequate safety instructions or training. Almost half of the tannery workers interviewed reported work-related illnesses or injuries, mainly skin diseases. Although workers at leather workshops do not receive proper occupational health and safety training and protective gear, they did not report serious recurring health issues.

There are four active trade unions in Bangladesh's tanning industry and almost all tannery workers interviewed were members of them – mostly of the Tannery Workers' Union. The research reveals that while the unionisation level in the tanning industry is quite high, workers in the Hazaribagh leather workshops are largely unaware of the benefits of joining a trade union and are generally not organised in unions. To support workers in the Bangladeshi tanning and leather industry in organising and claiming their rights, SOMO suggests sharing the findings of this report with trade union partners and workers. A process could be initiated to investigate whether leather workshop workers are as interested in forming and joining unions as their tannery counterparts and – if so – further support could be offered to workers in their efforts to organise.

## 2. Introduction

### 2.1. Background and objectives

The Government of Bangladesh has identified the leather industry as being of key importance to the country's economy in terms of growth and export potential.

In Bangladesh, tanneries are concentrated in the Hazaribagh area in Dhaka City, in an area covering just 50 acres. Here there are about 200 tanneries and more than 150 small leather workshops and leather goods manufacturers. The leather industry in Bangladesh produces for the domestic market, but is largely export oriented.

The Bangladesh Labour Welfare Foundation (BLF), supported by FNV Mondiaal, is working with associated unions to organise and support workers in the tanning and leather industries in Bangladesh, and develop campaign, advocacy and engagement strategies to improve working conditions in the sector. As pressure from international brands and buyers can help improve working conditions in Bangladesh, it is important to understand the supply chain links. To this end, FNV Mondiaal commissioned SOMO and CBSG to undertake supply chain research in Bangladesh's tanning and leather industries.

The objective of this study is to provide insight into the supply chain links between Bangladesh's tanning and leather industries, and export markets. A second objective is to provide information about the working conditions in the Hazaribagh-based tanneries and leather workshops.

### 2.2. Methodology

This report is the reflection of desk and field research undertaken by SOMO in cooperation with CBSG. The report portrays the situation at tanneries and leather workshops Hazaribagh, Dhaka.

#### 2.2.1. Field research

Field research for this study was undertaken by Capacity Building Service Group (CBSG) from Bangladesh. CBSG gathered data through a combination of qualitative and quantitative research methods. All interviews were conducted in May 2015. In total, 73 workers employed in 21 tanneries and five leather workshops were interviewed. BLF provided valuable advice and assistance during the field research trajectory.

Owners of 14 companies (three tanneries, five leather workshops and six buying agents) were interviewed. In addition, five representatives of the Tannery Workers' Union, a representative of IndustriALL in Bangladesh, two representatives of the Bangladesh Tanners' Association and one representative of the Finished Leather, Leather Goods, Footwear Exporters' Association (BFLLGFEA) were interviewed.

#### **Tannery workers**

Individual interviews were conducted with 30 tannery workers; 24 male workers and six female workers. The choice to interview mostly male workers represents the work floor reality: tanneries mainly employ men. In addition, two focus group discussions with nine male and nine female tannery workers were conducted. All interviewed tannery workers were employed in the Hazaribagh area.

Name of tannery	Number of workers interviewed	Total number of workers
Apex Tannery	6	700
Azmir Leather	2	20
Chowdhury Leather	1	170
Dhaka Hide & Skin Tannery	2	350
East Asia Tannery	1	80
Fmix Leather	1	200
Kaisar Leather	1	40
Karim Leather	6	120
Kit Leather	5	35
Lexco Limited	1	200
LIB Tannery	3	45
Millat Tannery	1	30
Mitali Tannery	1	75
Phonex Leather	1	200
Reliance Tannery	2	110
Ruma Leather	2	80
SB Tannery Ltd	1	60
Somota Tannery	8	40
SNS Leather	1	40
Toggle Leather Ltd	1	350
Zomilla Tannery Ltd	1	25
Total	48	2,970

#### Leather workshop workers

Twenty-five workers employed at different sized leather workshops were interviewed, including 18 male workers and seven female workers.

Name of Leather workshop	Number of workers interviewed	Total number of workers
B.A.J. Footwear	6	40
Progati Footwear	3	5
Rupali Handicraft	9	410
Sabbir Leather	4	7
Shovon Leather	3	7
Total	25	469

#### Tannery owners, leather workshop owners and buying agents

Key informant interviews were conducted with three tannery owners, five leather workshop owners and six buying agents.

Tanneries	Leather workshops	Buying agents
Fancy Leather Enterprise	Ayub Leather	Borderless Japan Bangladesh Corp. Ltd
FFM Leather Complex	Harun Enterprise	Delta Leather Trade Int.
Progati Leather Complex	Leather Dot Com	Gigantic Buying House
	Progati Leather	Momo Enterprise
	Shovon Leather	Oracle Trade International
		Textan Export

#### Trade unions and business associations

Five trade union leaders from the Tannery Workers' Union and the coordinator of IndustriALL's textiles, garments and leather programme were interviewed. Two representatives of the Bangladesh Tanners' Association were interviewed and one representative of the Finished Leather, Leather Goods, Footwear Exporters' Association (BFLLGFEA).

### Field visit

SOMO researchers visited Dhaka from 29 March 2015 – 4 April 2015. During the field visit interviews were conducted with the Finished Leather, Leather Goods, Footwear Exporters' Association (BFLGFEA), the Bangladesh Tanners' Association (BTA), the Tannery Workers' Union, and IndustriALL's textiles, garments and leather coordinator. In addition, three tanneries in Hazaribagh were visited, as well as the tannery relocation site in Savar.

### 2.2.2. Desk research

In order to establish additional supply chain relationships in the Bangladeshi leather sector, SOMO conducted desk research through database research and analysing US import data (as the US is one of the few countries for which these data are available). These data were purchased from Infodrive India and cover the period January to December 2014.

### 2.2.3. Review procedure

SOMO has strict guidelines for review procedures stipulating that all companies mentioned in a public research report should be given the opportunity to review, respond to and comment on findings that directly relate to them. This is intended to avoid publishing inaccuracies and is, as such, an essential element of ensuring high-quality research.

Because of the large number of companies (tanneries, leather goods producers, buying agents, brands and retailers), SOMO decided to contact a selected number of companies. Because FNV Mondiaal and BLF were interested in identifying links with international brands and retailers, SOMO selected such companies for the review procedure, as well as Bangladeshi and foreign manufacturers who appeared to have links with these brands and retailers. These companies were sent a set of questions to a) verify if the established supply chain linkages were correct and b) to ask the company to provide further information about production of leather and leather goods in Bangladesh and policies and initiatives in place to address labour rights and environmental concerns. The responses that have been given by companies that replied to the review request have been integrated in the relevant tables in Chapter 4 of this report.

The following table provides an overview of all companies mentioned in this report. For each company SOMO has indicated if the company received a review request or not; if the company responded to the review request; or if the company was interviewed by CBSG during field data collection. It is important to note that information about companies not included in the review process cannot be publicised or shared with others.

#### Colour coding:

**Blue:** CBSG interviewed this company. SOMO did not send a review request to this company.

**Green:** SOMO sent a review request to this company. The company responded to this review request.

**Brown:** SOMO sent a review request to this company. The company did not respond to this review request.

**Red:** SOMO did not send a review request to this company.

<b>International brands and retailers</b>				
Name	HQ country	Contact	Relation with	Source
<b>Deichmann</b>	Germany	Received response, meeting held 16/07/15	<b>Apex Footwear Limited</b>	Article in Forbes Asia
<b>J.C. Penney</b>	US	Email 07/07/15 + reminder 6/07/2015. No response	<b>Apex Footwear Limited</b>	Article in Forbes Asia

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<b>ABC-Mart</b>	Japan	Email 07/07/15 + reminder 16/07/15 No response	<b>Apex Footwear Limited</b>	Article in Forbes Asia
<b>Macy's</b>	US		<b>Apex Adelchi Footwear</b>	Shipment data
<b>Harbor Footwear Ltd</b>	US	Email 07/07/15 + reminder 16/07/15 No response	<b>Apex Adelchi Footwear</b>	Shipment data
<b>Timberland (VF Corp.)</b>	US	Emails 07/07/2015 + reminder 16/07/2015 No response	<b>Bangladesh Pou Hung Ind. Ltd</b> <b>Bay Footwear</b> <b>Maf Shoes Limited</b> <b>Xin Chang Shoes (Bd) Ltd</b>	Shipment data Shipment data + Timberland supplier list Website Maf shoes Shipment data + Timberland supplier list
<b>Bata</b>	Czech Republic	Email 07/07/15 + Reminder 16/07/15 No response	<b>Bata Bangladesh</b>	Bata annual report 2013
<b>VF Outdoor Mexico</b>	US	Email 07/07/15 + reminder 16/07/15 No response	<b>Bay Footwear</b>	Shipment data
<b>Hugo Boss</b>	US	Reaction received	<b>Bonshoe Bangladesh Ltd</b>	Shipment data
<b>Mason</b>	US	Email 07/07/15 + reminder 16/07/2015 No response	<b>Dhaka Leather Corporation</b>	Website Dhaka Leather
<b>H&amp;M</b>	Sweden	Received response 13/07/15	<b>Fortuna shoes/Fortuna Leather Crafts</b>	H&M supplier list
<b>Lotto</b>	Italy	Email 07/07/2015 + reminder 16/07/2015 No response	<b>Express Leather Products Limited – Lotto Bangladesh</b>	Lotto website
<b>Decathlon</b>	France	Response received 17/07/15	<b>Maf Shoes Limited</b>	Website Maf shoes
<b>Kappa</b>	Italy	Email 07/07/15 + reminder 16/07/15 No response	<b>Maf Shoes Limited</b>	Website Maf shoes
<b>5.11 Inc.</b>	US	Email 07/07/15 + reminder 16/07/15 No response	<b>Xin Chang Shoes (Bd) Ltd</b>	Shipment data
<b>Academy ltd.</b>	US	Email 07/07/15 + reminder 16/07/15 No response	<b>Xin Chang Shoes (Bd) Ltd</b>	Shipment data
<b>Justin Brands</b>	US	Email 07/07/15 + reminder 16/07/15 No response	<b>Xin Chang Shoes (Bd) Ltd</b>	Shipment data
<b>Wolverine World Wide, Inc</b>	US	Email 07/07/15 + reminder 16/07/15 No response	<b>Xin Chang Shoes (Bd) Ltd</b>	Shipment data
<b>Caponi Pellami di Caponi Rossano</b>	Italy	Email 07/07/15 + reminder 16/07/15 No response	<b>Fancy Leather Enterprise (BD)</b>	CBSG research
<b>Tamaris</b>	Germany	Email 20/07/15 No response	<b>Blue Ocean</b>	Article in Forbes Asia
<b>Esprit</b>	Germany		<b>Blue Ocean</b>	Article in Forbes Asia
<b>Foreign manufacturers</b>				

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<b>White industry Co Ltd</b>	Korea	Email 07/07/15 + reminder 16/07/15 No response	Sources from: <a href="#">Fancy Leather Enterprise (BD)</a> , <a href="#">Progati Leather Complex Ltd</a> , <a href="#">Ayub Leather</a> , <a href="#">Oracle Trade International</a> (buying house) Supplies: <a href="#">Coach</a> , <a href="#">Michael Kors</a> , <a href="#">Kate Spade</a> , <a href="#">Fossil</a> , <a href="#">Rebecca Minkoff</a> , <a href="#">Tory Burch</a> , <a href="#">DKNY</a> , <a href="#">Marc Jacobs</a> , <a href="#">Ralph Lauren</a> , <a href="#">Banana Republic</a> , <a href="#">Prada</a> and <a href="#">Burberry</a>	CBSG research (BD relations) website white industry
<b>Baoding Nabowan Leather Product Industrial Co. Ltd</b>	China	Email 08/07/15 + reminder 16/07/15 No response	Sources from: <a href="#">Fancy Leather Enterprise (BD)</a> , <a href="#">Ayub Leather</a> Buys from: <a href="#">Textan Export</a> (buying house) Textan sources from: <a href="#">Gulshan Leather</a> , <a href="#">Milon Tannery</a> , <a href="#">Harun Leather</a> Buys from: <a href="#">Delta Leather Trade Int.</a> (buying house) Delta sources from: <a href="#">Kohinur Tannery</a> , <a href="#">Mamun Tannery</a> , <a href="#">M.M. Leather</a>	CBSG research
<b>Goodmark Leather Limited</b>	Hong Kong		Buys from: <a href="#">Momo Enterprise</a> (buying house) Momo sources from: <a href="#">Somota Tannery</a> , <a href="#">Sonali Tannery</a> , <a href="#">Diamond Leather Complex</a> .	CBSG research
<b>Wenzhou Wolda Import &amp; Export Co. Ltd</b>	China		Buys from: <a href="#">Momo Enterprise</a> (buying house) Momo sources from: <a href="#">Somota Tannery</a> , <a href="#">Sonali Tannery</a> , <a href="#">Diamond Leather Complex</a> . Buys from: <a href="#">Gigantic Buying House</a> Gigantic sources from: <a href="#">Asif Leather</a> , <a href="#">Sodesh Tannery</a> , <a href="#">G.M. Leather Export</a> , <a href="#">Metro Tannery</a>	CBSG research
<b>Daily Fashion Ltd</b>	China		Buys from: <a href="#">Momo Enterprise</a> (buying house) Momo sources from: <a href="#">Somota Tannery</a> , <a href="#">Sonali Tannery</a> , <a href="#">Diamond Leather Complex</a> . Buys from: <a href="#">Gigantic Buying House</a> Gigantic sources from: <a href="#">Asif Leather</a> , <a href="#">Sodesh Tannery</a> , <a href="#">G.M. Leather Export</a> , <a href="#">Metro Tannery</a>	CBSG research
<b>YAXIUMEI</b>	China	Email 07/07/15 + reminder 16/07/15 No response	Buys from: <a href="#">Textan Export</a> (buying house) Textan sources from: <a href="#">Gulshan Leather</a> , <a href="#">Milon Tannery</a> , <a href="#">Harun Leather</a>	CBSG research
<b>Guangzhou Fiedle Leather</b>	China		Buys from: <a href="#">Oracle Trade International</a> (buying house) Oracle sources from: <a href="#">Helal Tannery</a> , <a href="#">EXIM Leather</a> , <a href="#">Dhaka Tanneries Limited</a> , <a href="#">Aziz Tannery Ltd</a>	CBSG research
<b>Laolisi</b>	China		Buys from: <a href="#">Delta Leather Trade Int.</a> (buying house) Delta sources from: <a href="#">Kohinur Tannery</a> , <a href="#">Mamun Tannery</a> , <a href="#">M.M. Leather</a>	CBSG research
<b>Youngone</b>	Korea	Email 20/07/15 No response	<a href="#">Decathlon</a>	Review Decathlon

**Bangladeshi leather goods producers**

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<b>Apex Footwear Limited</b>	Bangladesh	Email 07/07/15 + reminder 16/07/15 Reaction received	International clients: <b>Macy's</b> , Harbor Footwear Ltd <b>Deichmann</b> , J.C. Penney, ABC-Mart, <b>Borderless Japan</b> Apex Tanneries: <b>Shovon Leather</b>  Apex further indicated to supply: <b>Leder &amp; Schuh</b> , Euro Shoe Group, <b>Redisco</b> , Town Shoes Limited, SA Super Chauss 34, Chauss 63, <b>Kienast Schuhhandels &amp; Co</b> , <b>Mayers Markenschuhe</b> , North Group Germany, <b>Siemes Einkaufs and Beteiligungs</b> , Merkur Shoe Group, Hamm Reno Group, Ludwig Gortz, <b>Dubarry Shose Limited</b> , Tata Italia, <b>Comper</b> , F.LLI Pietrini, Van Haren Schoenen, <b>Dolcis</b> , Bristol, <b>Durlingers Schoenenbedrijf</b> , Euro Sko Norge, <b>Quo Vadis</b> , <b>Hipercor</b> , <b>Karl Voegele</b> , <b>Dosen Bach-Ochsner</b> , <b>Nilson Group</b> , <b>Bergqvist SKOR</b> .	Field + desk research+ Apex review response
<b>Bangladesh Pou Hung Ind Ltd</b>	Bangladesh		Timberland	Shipment data
<b>Bata Bangladesh</b>	Bangladesh	Email 07/07/15 + reminder 16/07/15 No response		
<b>Bay Footwear</b>	Bangladesh	Email 07/07/15 + reminder 16/07/15 No response	<b>Timberland</b> , <b>VF Outdoor Mexico</b> , <b>Borderless Japan</b>	Shipment data
<b>Bonshoe Bangladesh Ltd</b>	Bangladesh		<b>Hugo Boss</b>	Shipment data
<b>Dhaka Leather Corporation</b>	Bangladesh	Response received 08/07/15	<b>Mason</b>  Dhaka Leather indicates sourcing crust leather from <b>AL-madina</b> , <b>Vulva</b> , <b>Amin</b> , <b>Millat</b> , <b>Crescent Tanneries</b> . Sourcing finished leather from <b>Bay</b> and <b>Apex Tanneries</b>	Dhaka Leather Corp website + review response
<b>Fortuna</b>	Bangladesh	Email 07/07/15 + reminder 16/07/15 No response	<b>H&amp;M</b>	Supplier list of H&M
<b>Express Leather Products Limited</b>	Bangladesh		<b>Lotto</b>	Lotto website
<b>Maf Shoes Limited</b>	Bangladesh	Response received 09/07/15	<b>Timberland</b> , <b>Decathlon</b> , <b>Kappa</b>	Company website
<b>Xin Chang Shoes (Bd) Ltd.</b>	Bangladesh		<b>5.11 Inc.</b> , <b>Academy Ltd</b> , <b>Justin Brands</b> , <b>Timberland</b> , <b>Wolverine World Wide Inc.</b>	
<b>Aurora</b>	Bangladesh		Sources from: <b>Fancy Leather Enterprise</b>	CBSG research
<b>Leather Zone</b>	Bangladesh		Sources from: <b>Progati Leather Complex Ltd</b>	CBSG research
<b>Harun Enterprise</b>	Bangladesh	CBSG interview	Sources from: <b>Fancy Leather</b> and <b>Kit Leather</b> Sells to: <b>Life Family</b>	CBSG research

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<b>Ayub Leather</b>	Bangladesh	CBSG interview	Sources from: <b>Somota Leather, Kit Leather Complex, Selim Leather</b> Sells to: <b>White Industry</b> and <b>Baoding Nabowan Leather Product Industrial</b>	CBSG research
<b>Leather Dot Com</b>	Bangladesh	CBSG interview	Sources from: <b>Sarowar Tannery</b> Sells to: <b>Leather Centre</b> and <b>Dhaka Leather Corporation</b>	CBSG research
<b>Shovon Leather</b>	Bangladesh	CBSG interview	Sources from: <b>Apex Tannery</b> Sells to: <b>Chittagong Shoes</b> (Bangladesh), <b>SS Leathers</b> (Bangladesh), <b>King shoes</b> (Bangladesh), <b>Rafin shoes</b> (Bangladesh)	CBSG research
<b>Progati Leather Complex Ltd</b>	Bangladesh	CBSG interview	Sells to: <b>Leather Zone, White Industry</b>	CBSG research
<b>Blue Ocean Footwear</b>	Bangladesh	Email 20/07/15 No response	Supplies <b>Esprit, Tamaris</b>	Forbes article, conversation Deichmann
<b>Tanneries</b>				
<b>FFM leather Complex</b>	Bangladesh	CBSG interview	Unknown	CBSG research
<b>Fancy Leather Enterprise</b>	Bangladesh	CBSG interview	<b>Aurora</b> (Bangladesh) <b>White industry Co. Ltd</b> (Korea) <b>Baoding Nabowan Leather Product Industrial Co Ltd</b> , <b>Caponi &amp; Caponi Srl</b> Italy <b>Harun Enterprise</b>	CBSG research
<b>Mitali Tannery</b>	Bangladesh		Unknown	CBSG research
<b>Dhaka Hide &amp; Skin Tannery</b>	Bangladesh		Unknown	CBSG research
<b>Reliance Tannery</b>	Bangladesh		Unknown	CBSG research
<b>Karim Leather</b>	Bangladesh		Unknown	CBSG research
<b>Kit Leather</b>	Bangladesh		<b>Harun Enterprise, Ayub Leather</b>	CBSG research
<b>Somota Leather</b>	Bangladesh		<b>Ayub Leather, Momo Enterprise</b>	CBSG research
<b>Sonali Tannery</b>	Bangladesh		<b>Momo Enterprise</b>	CBSG research
<b>Selim Leather</b>	Bangladesh		<b>Ayub Leather</b>	CBSG research
<b>Sarowar Tannery</b>	Bangladesh		<b>Leather Dot Com</b>	CBSG research
<b>Diamond Leather Complex</b>	Bangladesh		<b>Momo Enterprise</b>	CBSG research
<b>Gulshan Leather</b>	Bangladesh		<b>Textan Export</b>	CBSG research
<b>Milon Tannery</b>	Bangladesh		<b>Textan Export</b>	CBSG research
<b>Harun Leather</b>	Bangladesh		<b>Textan Export</b>	CBSG research
<b>Helal Tannery</b>	Bangladesh		<b>Oracle Trade International</b>	CBSG research
<b>EXIM Leather</b>	Bangladesh		<b>Oracle Trade International</b>	CBSG research
<b>Dhaka Tanneries Limited</b>	Bangladesh		<b>Oracle Trade International</b>	CBSG research
<b>Aziz Tannery Ltd</b>	Bangladesh		<b>Oracle Trade International</b>	CBSG research
<b>Asif Leather</b>	Bangladesh		<b>Gigantic Buying House</b>	CBSG research
<b>Sodesh Tannery</b>	Bangladesh		<b>Gigantic Buying House</b>	CBSG research
<b>G.M. Leather Export</b>	Bangladesh		<b>Gigantic Buying House</b>	CBSG research
<b>Metro Tannery</b>	Bangladesh		<b>Gigantic Buying House</b>	CBSG research
<b>Kohinur Tannery</b>	Bangladesh		<b>Delta Leather, Borderless Japan</b>	CBSG research

<b>Mamun Tanney</b>	Bangladesh		Delta Leather, Borderless Japan	CBSG research
<b>M.M. Leather</b>	Bangladesh		Delta Leather, Borderless Japan	CBSG research
<b>Buying agents</b>				
<b>Momo Enterprise</b>	Bangladesh	CBSG interview	Suppliers: Somota Tannery, Sonali Tannery, Diamond Leather Complex Buyers: Goodmark Leather Limited (Hong Kong) Wenzhou Wolda Import & Export Co. Ltd Daily Fashion Ltd (China)	CBSG research
<b>Textan Export</b>	Bangladesh	CBSG interview	Suppliers: Gulshan Leather Milon Tannery, Harun Leather Buyers: YAXIUMEI Baoding Nabowan Leather Product Industrial Co. Ltd (China)	CBSG research
<b>Oracle Trade International</b>	Bangladesh	CBSG interview	Suppliers: Helal Tannery EXIM Leather, Dhaka Tanneries Limited, Aziz Tannery Ltd Buyers: Guangzhou Fiedle Leather, White industry Co. Ltd (Korea)	CBSG research
<b>Gigantic Buying House</b>	Bangladesh	CBSG interview	Suppliers: Asif Leather, Sodesh Tannery, G.M. Leather Export, Metro Tannery Buyers: Wenzhou Wolda Import & Export Co. Ltd Daily Fashion Ltd (China)	CBSG research
<b>Delta Leather Trade Int.</b>	Bangladesh	CBSG interview	Suppliers: Kohinur Tannery, Mamun Tanney, M.M. Leather Buyers: Baoding Nabowan Leather Product Industrial Co. Ltd. (China), Laolisi	CBSG research
<b>Borderless Japan Bangladesh Corp Ltd</b>	Bangladesh	CBSG interview	Suppliers: Kohinur Tannery, Mamun Tanney, M.M. Leather Buyers: Business Leather Factory (Japan), Borderless factory (Japan), Joggo (Japan), Saiji (Japan)	CBSG research

### Responses to the review request

The majority of companies did not respond to the review request. The table below contains the names of the companies that did respond to the review request. In addition to sending a written reaction, Deichmann additionally proposed a meeting. A meeting between Deichmann, FNV Mondiaal and SOMO took place on 16 July 2015 in Amsterdam.

Type of company	Names of companies
Brands and retailers	Decathlon, Deichmann, H&M, Hugo Boss
Foreign manufacturers	-
Bangladesh leather goods producers	Apex Footwear Limited, Dhaka Leather Corporation, Maf Shoes Limited

### 2.3. Outline

The report starts with a description of the leather industry in Bangladesh, followed by a mapping of supply chain links found by the research. The report then looks into the labour characteristics, conditions and problems for workers in the tanning and leather industry, and presents conclusions and suggestions on how FNV Mondiaal and BLF may follow up on the findings of this report.

## **2.4. Disclaimer**

This report is intended for internal use only by FNV Mondiaal and BLF. Information about companies that have not been included in the review process should not be shared with other parties. If FNV Mondiaal and BLF wish to publicise information contained in this report or share information from this report with other parties, they should first contact SOMO.

## 3. The leather industry in Bangladesh

This chapter describes the Bangladeshi leather and tanning industry and provides employment, revenue and export figures.

### 3.1. The Bangladeshi leather industry

The Government of Bangladesh has identified the leather industry as being of key importance to the Bangladeshi economy in terms of growth and export potential. The leather sector in Bangladesh consists of two sub-sectors, namely tanning and production of leather goods, including footwear. The majority of the sector's production takes place in and around Dhaka. Precise figures of the number of people employed in the leather industry are hard to ascertain given the considerable number of people active in the informal sector. In addition, employment figures may fluctuate during the year as the number of workers rises after the annual Muslim festival of sacrifice, Eid-al-Adha<sup>1</sup>. As the festival, Eid-al-Adha involves the slaughtering of mainly cows, goats and sheep, there is a peak in the number of slaughtered animals. In 2014 an estimated 6.5 million animals were slaughtered during the Eid-al-Adha festival.<sup>2</sup> Consequently, the peak period in the processing of raw hides starts right after Eid-al-Adha and lasts until two or three months after the festival.<sup>3</sup> According to the Bangladesh Business Promotion Council, there are some 15,000 people employed in the tanning industry, 50,000 in the footwear industry and another 10,000 in the leather goods industry.<sup>4</sup> In total, approximately 75,000 workers are employed in the tanning and leather industry in Bangladesh.

### 3.2. Production of leather

The leather industry is of growing importance to Bangladeshi economy. Compared to 10 years ago, the production of leather and related products has grown by about 50 per cent and the country now has an approximately 2-3 per cent market share of global leather production.<sup>5</sup>

Table 1: Quantum index of production of leather and related products<sup>6</sup>

Year	Production of leather and related products (base year 2005-2006=100)
2006 – 2007	105.76
2007 – 2008	110.87
2008 – 2009	115.48
2009 – 2010	120.90
2010 – 2011	129.02
2011 – 2012	132.32
2012 – 2013	139.76
2013 – 2014	147.83

<sup>1</sup> Eid-al-Adha commemorates the willingness of the prophet Ibrahim to sacrifice his son to Allah

<sup>2</sup> "Rising BD, "Indian restriction can be blessing for local livestock sector" 19 September, <<http://www.risingbd.com/english/indian-restriction-can-be-blessing-for-local-livestock-sector/28121> > (15 October 2015)

<sup>3</sup> Human Rights Watch, 'Toxic Tanneries - The Health Repercussions of Bangladesh's Hazaribagh Leather, 2012 <<http://hrw.org>>

<sup>4</sup> Business Promotion Council website, "Leather Sector Business Promotion Council," no date, <[http://www.bpc.org.bd/lspbpc\\_home.php](http://www.bpc.org.bd/lspbpc_home.php)> (27 July 2015).

<sup>5</sup> Bangladesh Board of Investment, "Leather and leather goods," no date, <<http://www.boi.gov.bd/index.php/potential-sector/leather-and-leather-goods>> (27 July 2015).

<sup>6</sup> Bangladesh Ministry of Finance, "Bangladesh Economic Review 2014, Statistical appendixes", no date <[http://www.mof.gov.bd/en/budget/14\\_15/ber/en/D.%20Appendices%20BER%202014%20ENG.pdf](http://www.mof.gov.bd/en/budget/14_15/ber/en/D.%20Appendices%20BER%202014%20ENG.pdf)> (27 July 2015).

### Value of leather exports

Over the past 10 years the value of leather exports has grown by an average US\$ 41 million.<sup>7</sup> With a total export value of US\$ 883 million in the financial year 2013-2014, leather and leather products amounted to 2.4 per cent of total export income and an estimated 1 per cent of GDP.<sup>8</sup>

**Table 2: Leather sector exports (million US\$)<sup>9</sup>**

	2011-2012	2012-2013	2013-2014
<b>Leather</b>	US\$ 540,000,000	US\$ 360,000,000	US\$ 484,000,000
<b>Leather goods</b>	US\$ 308,000,000	US\$ 317,000,000	US\$ 399,000,000
<b>Total leather and leather goods</b>	US\$ 232,000,000	US\$ 677,000,000	US\$ 883,000,000
<b>% of total exports all products</b>	3.2%	2.8%	2.4%

For the past three years, the four main countries importing raw hides and skins and leather from Bangladesh have been Hong Kong, China, Italy and Korea. Other major buyers include Taiwan, Japan, Vietnam and Spain. The two most significant types of leather being exported from Bangladesh are cow (60 per cent) and goat (10 per cent) skin leather.

**Table 3: Total export of all raw hides and skins<sup>10</sup>, and leather<sup>11</sup>**

July 2012 – June 2013		July 2013 – June 2014		July 2014 – June 2015	
Total US\$ 399,726,733		Total US\$ 505,535,546		Total US\$ 397,544,864	
Hong Kong	\$149,932,911	Hong Kong	\$130,812,132	Hong Kong	\$ 93,160,354
Korea	\$ 75,822,293	Korea	\$110,098,503	China	\$ 68,421,622
Italy	\$ 54,702,197	Italy	\$ 74,415,856	Italy	\$ 59,880,847
China	\$ 30,393,825	China	\$ 69,400,361	Korea	\$ 57,621,002
Japan	\$ 20,795,882	Vietnam	\$ 23,891,273	Taiwan	\$ 27,332,957

**Table 4: Export of cow / horse skin leather<sup>12</sup>**

July 2012 – June 2013		July 2013 – June 2014		July 2014 – June 2015	
Total US\$ 243,315,688		Total US\$ 321,476,272		Total US\$ 239,276,901	
Korea	\$ 74,608,613	Korea	\$ 106,656,882	Korea	\$ 56,960,364
Hong Kong	\$ 63,039,683	Hong Kong	\$ 53,899,411	Hong Kong	\$ 44,769,773
Italy	\$ 36,650,955	Italy	\$ 50,387,439	Italy	\$ 32,451,786
China	\$ 24,635,499	China	\$ 38,516,949	China	\$ 31,261,845
Spain	\$ 8,119,741	Vietnam	\$ 20,302,596	Spain	\$ 15,481,578

<sup>7</sup> Ernst & Young, "Sustainability in the leather supply chain – Research for MVO Nederland, December 2013  
<<http://www.mvonderland.nl/publicatie/sustainability-leather-supply-chain>> (27 July 2015).

<sup>8</sup> Central Bank of Bangladesh, "Commodity-wise export receipts," no date.

<[https://www.bb.org.bd/econdata/export/exp\\_rcpt\\_comodity.php](https://www.bb.org.bd/econdata/export/exp_rcpt_comodity.php)> (27 July 2015).

<sup>9</sup> Central Bank of Bangladesh, "Commodity-wise export receipts", no date

<[https://www.bb.org.bd/econdata/export/exp\\_rcpt\\_comodity.php](https://www.bb.org.bd/econdata/export/exp_rcpt_comodity.php)> (27 July 2015).

<sup>10</sup> Hides generally refer to the pelt of large animals including cows, buffalos and horses, whereas skins refer to the pelt of younger or smaller animals such as goats or sheep. See United States Hides, Skins and Leather Association website: <http://www.ushsa.org/ht/d/sp/i/26148/pid/26148>.

<sup>11</sup> Export Promotion Bureau, Statistics Product-wise, July 2012 – June 2015  
<<http://www.epb.gov.bd/index.php/home/productexportdata>> (27 July 2015).

<sup>12</sup> Export Promotion Bureau, Statistics Product-wise, July 2012 – June 2015  
<<http://www.epb.gov.bd/index.php/home/productexportdata>> (27 July 2015).

**Table 5: Export of goat skin leather<sup>13</sup>**

July 2012 – June 2013		July 2013 – June 2014		July 2014 – June 2015	
Total US\$ 45,794,580		Total US \$ 45,503,732		Total US \$ 40,547,657	
Hong Kong	\$ 26,190,568	Hong Kong	\$ 19,338,711	Hong Kong	\$ 12,941,044
Italy	\$ 8,108,824	Italy	\$ 11,075,182	Italy	\$ 12,186,509
Taiwan	\$ 5,081,971	Taiwan	\$ 5,363,113	Taiwan	\$ 5,625,579
China	\$ 2,217,592	China	\$ 2,931,256	China	\$ 4,287,502
Japan	\$ 979,696	Korea	\$ 2,808,337	Spain	\$ 2,698,203

The export value of leather goods has more than doubled over the past decade, totalling US\$ 249 million in 2014-2015.<sup>14</sup> The main importers of leather goods are China, Japan, Belgium, USA, Germany and Hong Kong.

The production of leather footwear has increased from 12 million pairs of shoes in 2005 to over 16 million pairs in 2013.<sup>15</sup> The export revenue generated by the leather footwear sector in Bangladesh totalled US\$ 483 million in 2014-2015. And with 50 per cent of production going to the EU, Europe is the biggest destination for footwear exports from Bangladesh, followed by Japan and the United States, which account for 18 per cent and 11 per cent of exports respectively.<sup>16</sup>

**Table 6: Export of leather goods, animal gut, harness, travel goods<sup>17</sup>**

July 2012 – June 2013		July 2013 – June 2014		July 2014 – June 2015	
Total US\$ 161,603,305		Total US\$ 240,082,385		Total US\$249,162,653	
Hong Kong	\$ 76,222,134	China	\$158,453,595	China	\$140,899,370
China	\$ 34,453,517	Japan	\$ 17,486,677	Japan	\$ 22,181,577
Japan	\$ 12,507,798	United States	\$ 12,720,330	Belgium	\$ 18,295,707
Germany	\$ 11,414,092	Germany	\$ 12,115,650	United States	\$ 15,875,820
United States	\$ 8,218,795	Belgium	\$ 11,610,734	Germany	\$ 14,078,777

**Table 7: Exports of leather footwear<sup>18</sup>**

July 2012 – June 2013		July 2013 – June 2014		July 2014 – June 2015	
Total US\$ 305,112,917		Total US \$ 378,539,255		Total US \$ 483,805,338	
Japan	\$104,773,875	Japan	\$107,337,531	Germany	\$117,757,939
Germany	\$ 55,744,860	Germany	\$ 84,105,495	Japan	\$ 87,244,282
Italy	\$ 25,250,348	Netherlands	\$ 32,198,855	United States	\$ 74,723,053
France	\$ 11,969,751	United States	\$ 31,378,157	Netherlands	\$ 54,641,147
Netherlands	\$ 19,906,258	Italy	\$ 20,836,332	Italy	\$ 24,626,234

<sup>13</sup> Export Promotion Bureau, Statistics Product-wise, July 2012 – June 2015  
<<http://www.epb.gov.bd/index.php/home/productexportdata>> (27 July 2015).

<sup>14</sup> Export Promotion Bureau, Statistics Product-wise, July 2012 – June 2015  
<<http://www.epb.gov.bd/index.php/home/productexportdata>> (27 July 2015).

<sup>15</sup> Ministry of Finance Bangladesh, Appendix-33: Production of Major Industrial Goods,  
<[http://www.mof.gov.bd/en/budget/14\\_15/ber/en/D.%20Appendices%20BER%202014%20ENG.pdf](http://www.mof.gov.bd/en/budget/14_15/ber/en/D.%20Appendices%20BER%202014%20ENG.pdf)> (27 July 2015).

<sup>16</sup> Export Promotion Bureau, Statistics Product-wise, July 2012 – June 2015  
<<http://www.epb.gov.bd/index.php/home/productexportdata>> (27 July 2015).

<sup>17</sup> Export Promotion Bureau, Statistics Product-wise, July 2012 – June 2015  
<<http://www.epb.gov.bd/index.php/home/productexportdata>> (27 July 2015).

<sup>18</sup> Export Promotion Bureau, Statistics Product-wise, July 2012 – June 2015  
<<http://www.epb.gov.bd/index.php/home/productexportdata>> (27 July 2015).

### 3.3. Trade benefits

The European Union's Generalised Scheme of Preferences (GSP) allows exporters from developing countries to pay lower or no duties on their exports to the EU. Bangladesh is said to have the most generous GSP allowance on goods coming into Europe.<sup>19</sup> Bangladesh falls under Group III Culmination for GSP<sup>20</sup>, which means that if “materials originating” from within a regional group (in this case from Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka) are used in a product, this product then considered as originating in the country.<sup>21</sup>

As a least developed country (LDC), Bangladesh benefits from the most favourable regime available under the GSP, namely the Everything But Arms (EBA) arrangement. EBA grants the 48 LDCs – including Bangladesh – duty free quotas and free access to the EU for exports of all products except arms and ammunition.

In 2013, serious accidents in garment factories in Bangladesh highlighted the need to ensure that factories across the country comply with international labour standards, including International Labour Organization (ILO) conventions. Following these accidents, the then Commissioner De Gucht and High Representative Ashton made joint statements expressing their concerns about the labour conditions, including health and safety provisions, for workers in factories across the country.<sup>22</sup>

Like the EU, the United States also has a Generalized System of Preferences (GSP) that gives trade benefits to eligible countries exporting products eligible to be duty-free to the US. After GSP expired in July 2013 the US government decided to suspend Bangladesh's GSP status. The Rana Plaza disaster signalled that Bangladesh failed to meet statutory eligibility requirements related to worker rights. The United States Trade Representative-led review team concluded in January 2015 that the Bangladesh government needs to do more to address serious worker rights issues before Bangladesh's trade benefits will be reconsidered.<sup>23</sup> During the most recent review, in June 2015, the GSP programme was renewed and is currently reinstated until 31 December 2017.<sup>24</sup>

### 3.4. Concluding remarks

While Bangladesh's leather industry is small compared to the country's garment industry (which offers employment to some 4 million workers), the production of leather and leather goods in Bangladesh has been growing consistently in the past few years. Currently, some 75,000 workers find employment in this industry.

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<sup>19</sup> Reuters Business News, “Bangladesh tells EU it will boost worker rights, 8 July 2013  
<<http://www.reuters.com/article/2013/07/08/us-bangladesh-eu-idUSBRE9670P120130708>> (27 July 2015).

<sup>20</sup> “Culmination is a term used to indicate the basis upon which a product may enjoy originating status, even though the normal origin rules would not confer origin on the basis of the work done in the country of last processing. Products manufactured in a beneficiary country which is a member of a regional group may be further processed in another beneficiary country of the same group and will be treated as if they originate in the country of further manufacture.”  
<<http://www.revenue.ie/en/customs/leaflets/gsp-information-importers.html>> (27 July 2015).

<sup>21</sup> Upon request and in certain circumstances this culmination rule can also be applied if products have a link with so-called Group I countries, i.e. Brunei-Darussalam, Cambodia, Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand and Vietnam. Bangladesh further has tariff-free access to Canada, Australia and Japan. European Commission, “Do you want to export to the EU? Export Helpdesk is the right tool to use, Generalised Scheme of Preferences, 2013,  
<[http://trade.ec.europa.eu/doclib/docs/2013/may/tradoc\\_151176.pdf](http://trade.ec.europa.eu/doclib/docs/2013/may/tradoc_151176.pdf)> (27 July 2015).

<sup>22</sup> European Commission website, “Trade”, last updated 22 April 20145 <http://ec.europa.eu/trade/policy/countries-and-regions/countries/bangladesh/> (27 July 2015).

<sup>23</sup> GSP Review of Bangladesh Recognizes Progress, Urges that More be Done on Worker Safety and Rights,  
<https://ustr.gov/about-us/policy-offices/press-office/press-releases/2015/january/gsp-review-bangladesh-recognizes>

<sup>24</sup> Office of the United States Trade Representative, Generalized System of Preferences (GSP) < <https://ustr.gov/issue-areas/trade-development/preference-programs/generalized-system-preference-gsp> > (31 July 2015).

Around 50 per cent of the leather produced in Bangladesh is exported, mainly in the form of semi-finished leather. The remaining 50 per cent is used for the production of leather shoes and leather goods. Although the domestic supply of raw hides and skins accounts for 90 per cent of the raw material used for these leather products, Bangladesh also imports hides and skins to process into leather and leather products.

## 4. The leather supply chain

There are some 220 tanneries in Bangladesh producing wet blue, crust and finished leather. The tanneries first process the raw hides into a semi-finished product called wet blue leather by tanning the hides with chromium, which turns the leather into pale blue color. This wet blue leather is further processed into crust leather by further tanning and thinning, colouring and lubricating the leather. Tanneries that process the leather into finished leather further apply a surface coating<sup>25</sup>.

Leather footwear and leather goods are produced by around 110 large manufacturers and 3,500 micro, small and medium enterprises. Research for this report aimed to uncover the links between tanneries, producers of leather goods, buying houses and international brands and retailers. The following chapter presents the findings of this supply chain mapping.

### 4.1. Tanneries

Tanneries are concentrated in Hazaribagh, Dhaka, in an area covering approximately 50 acres. Nearly, 90 per cent of all tanneries are located in this area. Other tanneries are located in Bhairab and Chittagong.<sup>26</sup> In Hazaribagh, there are over 200 tanneries, employing approximately 15,000 workers. Tannery workers are predominantly male. According to estimates, some 10 per cent of tannery workers is female<sup>27</sup>. Some tanneries are part of larger companies that also engage in the manufacture of leather goods.

Most tanneries have a trade licence and an export licence issued by Dhaka City Corporation. Some of the tanneries are registered at the Register of Joint Stock Companies in Bangladesh. The Bangladesh Tanners Association (BTA) brings together 137 tanneries and members are listed on the BTA's website.<sup>28</sup> In addition, the BTA has 450 associate members which are commercial exporters making use of the facilities of other tanners.

On average, 0.25 million tons of raw hide is processed into leather and leather goods every year in Bangladesh.<sup>29</sup> The vast majority of hides come from Bangladesh. The annual domestic supply of hides and skins is around 220 million square feet and accounts for 90 per cent of the raw material used for leather products. Bangladesh mainly processes cow hides (64 per cent) and goat skins (32 per cent) and its tanners produce wet blue, crust and finished leather. Leather produced by the tanneries is either exported, mostly via buying agents, or sold to leather workshops or leather factories for further processing in Bangladesh.<sup>30</sup>

<sup>25</sup> Leathernet website, "Leather", no date <<http://www.leathernet.com/leather.htm>> (4 August 2015).

<sup>26</sup> The European Union's INSPIRED Program for Bangladesh, "Technical Report Leather Sector", January 2013, [http://euinspired.org.bd/docs/grant\\_scheme/INSPIRED%20-%20Leather%20Sector%20Report%20-%20Jan%202013.pdf](http://euinspired.org.bd/docs/grant_scheme/INSPIRED%20-%20Leather%20Sector%20Report%20-%20Jan%202013.pdf)

<sup>27</sup> Toggling and trimming are typical tasks for women, they fold the skins and cut the fat off, drying leather outside is the part of their activities. They also work with fleshing machine, extract moisture from the hides, mixes chemical, do hydraulic ironing. Sometimes women are used to transport the skins from one place to another by pushcart. Majority of the women workers are designated as 'Helper' or 'Assistant'. Source: BLF, "Mapping and Analysis of Tannery Industries in Bangladesh", 2014.

<sup>28</sup> Bangladesh Tanners Association website, "Ordinary Member List", no date, <<http://tannersbd.com/index.php/front/information/3/3>> (5 June 2015).

<sup>29</sup> Ernst & Young, "Sustainability in the leather supply chain – Research for MVO Nederland, December 2013, <<http://www.mvonderland.nl/publicatie/sustainability-leather-supply-chain>> (27 July 2015).

<sup>30</sup> Business Promotion Council website, "An abridged overview of Bangladesh Leather Sector," no date, <[http://bpc.org.bd/lsbpc\\_bridge\\_overview.php](http://bpc.org.bd/lsbpc_bridge_overview.php)>

Around 50 per cent of leather produced in Bangladesh is exported in the form of semi-finished leather (approximately 80 per cent<sup>31</sup>) and finished leather (approximately 20 per cent). Top export destinations of raw hides, skins and leather are Hong Kong, Republic of Korea, Italy, Japan, China, Spain, Vietnam, Taipei, India, and Germany<sup>32</sup> The remaining 50 per cent is used for the production of leather shoes and leather goods.<sup>33</sup> No conclusive information could be found about what percentage of Bangladesh produced leather footwear and leather goods is sold domestically and what percentage is exported. Leather exports currently face a setback after the fall of the Euro, Japanese Yen and Chinese Yuan against the US dollar (trading currency in Bangladesh is the US dollar).<sup>34</sup>

#### **4.1.1. Hazaribagh tanneries**

Three tannery owners were interviewed for this study, each of whom work with four to six clients, including leather workshops, leather factories and buying houses. They all export part of their production – either via buying agents or through direct relations with foreign leather goods manufacturers. The tannery owners indicated that they were exporting products to China, Germany, Hong Kong, Italy, Korea, and Vietnam, and that the leather is used for products such as belts, wallets, bags, purses, shoes, jackets and furniture.

Two interviewed tannery owners indicated that their annual production has decreased in the past two years. Another indicated that although his annual production has increased, profits have decreased. According to the tannery owners, political instability, the drop in the exchange rate of the Euro and duty fees imposed by China on leather products from Hong Kong leading to a decrease of leather imports from Bangladesh were reasons for changes in production and profits.



<sup>31</sup> Interview with the treasurer of Bangladesh Tanners Association (BTA), 31 March 2015.

<sup>32</sup> International Trade Center, Trade Map, "List of importing markets for a product exported by Bangladesh – Product: 41 Raw hides and skins (other than fur skins) and leather," last updated in 2011, <[http://www.trademap.org/%28X%281%29S%28xkaq0erxusiiygqtm2d0rm55%29%29/Country\\_SelProductCountry\\_TS.aspx?nvpm=1|050|||41|||2|1|1|2|2|1|2|1|1|1&subsitem=tradestat&AspxAutoDetectCookieSupport=1](http://www.trademap.org/%28X%281%29S%28xkaq0erxusiiygqtm2d0rm55%29%29/Country_SelProductCountry_TS.aspx?nvpm=1|050|||41|||2|1|1|2|2|1|2|1|1|1&subsitem=tradestat&AspxAutoDetectCookieSupport=1)> (15 June 2015).

<sup>33</sup> The European Union's INSPIRED Program for Bangladesh, "Technical Report Leather Sector", January 2013 <[http://euinspired.org.bd/docs/grant\\_scheme/INSPIRED%20-%20Leather%20Sector%20Report%20-%20Jan%2013.pdf](http://euinspired.org.bd/docs/grant_scheme/INSPIRED%20-%20Leather%20Sector%20Report%20-%20Jan%2013.pdf)> (27 July 2015).

<sup>34</sup> See <<http://www.thefinancialexpress-bd.com/2015/04/16/88963>> (27 July 2015).



Leather produced in Hazaribagh. Pictures taken during SOMO field visit, 3 April 2015.

**Table 8: Hazaribagh tanneries researched**

	FFM Leather Complex	Fancy Leather	Progati Leather Complex
<b>Annual production</b>	150,000 pieces of hides	1 million square feet of cow hide	1.5 million square feet of crust leather 0.5 million square feet of finished leather
<b>Annual turnover</b>	5,000,000 – 6,000,000 BDT (US\$ 64,300 – 77,200) <sup>35</sup>	Approx. 111 million BDT (US\$ 1.4 million)	252,000,000 BDT (US\$ 3.2 million)
<b>Annual profit</b>	1,500,000 – 1,600,000 BDT (US\$ 19,300 – 20,600)	2 million BDT (US\$ 25,700)	30,000,000 – 40,000,000 BDT (US\$ 385,800 – 514,400)
<b>% exported</b>	20% through buying agents to clients in China, Italy and Korea.	100% to clients in Korea, China, Italy and Vietnam (80% through direct contacts with clients, 20% through buying agents)	90% to Korea, Germany and Hong Kong (mainly through buying agents).
<b>Number of workers</b>	100 (all male)	160 (140 male, 20 female)	140 (110 male, 30 female)
<b>Buyers</b>	No information provided	<b>Aurora</b> (Bangladesh) Aurora is a producer of leather accessories. <sup>36</sup>  <b>White Industry Co. Ltd</b> (Korea) White industry is an exporter of leather. The company states on its website that it supplies: Coach, Michael Kors, Kate Spade, Fossil, Rebecca Minkoff, Tory Burch, DKNY, Marc Jacobs, Ralph Lauren, Banana Republic, Prada and Burberry. <sup>37</sup>	<b>Leather Zone</b> (Bangladesh) A manufacturer and retailer of leather shoes and leather goods. <sup>40</sup>  <b>White Industry Co. Ltd</b> (Korea, see left)

<sup>35</sup> When converting Bangladesh Taka to US Dollars the currency rate of 23 June 2015 was used. The currency rate of 23 June 2015 was 1 BDT = 0.0128603 US\$.

<sup>36</sup> Aurora website, no date, <<http://www.aurora.com.bd>> (4 June 2015. As of 27 July 2015 the website is no longer available.

<sup>37</sup> White Industry Co. Ltd website, "Partners", no date, <<http://www.whtind.co.kr/eng/company/partner.php>> (27 July 2015).

		<p><b>Baoding Nabowan Leather Product Industrial Co. Ltd</b> (China) A manufacturer and exporter of leather bags, wallets and trolleys. The company's main export market is Europe (45%).<sup>38</sup></p> <p><b>Caponi Pellami di Caponi Rossano</b> (Italy) A wholesaler of leather, leather shoes and gloves.<sup>39</sup></p>	
<p><b>Colour code:</b>  <b>Blue:</b> CBSG interviewed this company. SOMO did not send a review request to this company.  <b>Green:</b> SOMO sent a review request to this company. The company responded to this review request.  <b>Brown:</b> SOMO sent a review request to this company. The company did not respond to this review request.  <b>Red:</b> SOMO did not send a review request to this company.</p>			

### Box 1: Relocation to Savar

In 2003 the Bangladesh government decided that tanneries located in Hazaribagh should relocate to a new purpose-built and modern cluster in Savar, 10 kilometres from Hazaribagh. The relocation is deemed necessary to solve the current pollution of the Buriganga river caused by effluent from Hazaribagh's high number of tanneries. The relocation site in Savar is to be equipped with a Common Effluent Treatment Plant (CETP), in conformance with international environmental standards. Both the tannery owners and workers have expressed their objections to the relocation to Savar. The deadline for relocation has been postponed multiple times. The most recent deadline for tanneries to move to Savar was June 2015, but at the time of the research no tanneries had yet moved to Savar as construction of many tanneries had not yet even started.

#### Tannery owners' attitude towards the relocation

Tannery owners have mixed attitudes about the relocation to Savar. According to the BTA there is insufficient land available at the Savar site to house all tanneries currently located in Hazaribagh. The BTA indicates that 233 tanneries are planning to move to Savar, but 17 have not been assigned a new plot. Moreover, a maximum of 10,000 square feet is allocated per tannery, which is not enough for some of the bigger Hazaribagh tanneries. The BTA expects some tanneries to move in 2015, but the relocation process will take a long time. The Bangladeshi government has made no provision to accommodate workers and the BTA indicates it is difficult for most tannery owners to provide housing facilities as their plot is small and land is very expensive. However, BTA expects that working conditions will improve and that tanneries compliant with regulation will have easier direct access to foreign markets.

Three tannery owners interviewed for this research indicated that they were positive about the relocation plans. However, they did not expect to relocate by June 2015 (a deadline that has now passed). They indicated that environmental benefits and easier access to loans for their business operations were positive aspects of relocating to Savar, and one tannery owner expected exports to grow if the tannery became compliant with environmental regulations, and that a healthier work environment would increase worker efficiency. Although the three tannery owners recognised there would be no workers' accommodation, they did not say this was a challenge. Scarcity of experienced workers at the beginning of the relocation process is nevertheless a concern raised by one tannery owner.

<sup>40</sup> Leather Zone BD Facebook page, <<https://www.facebook.com/LeatherZoneBD>> (27 July 2015).

<sup>38</sup> Alibaba website, "Baoding Nabowan Leather Product Co, Ltd., no date, <[http://nabowan.en.alibaba.com/company\\_profile/trade\\_capacity.html](http://nabowan.en.alibaba.com/company_profile/trade_capacity.html)> (27 July 2015).

<sup>39</sup> Caponi Pellami di Caponi Rossano website, no date, <<http://cajonipellami.it/en/pagescarpe.html>> (27 July 2015).



*Empty plots at the tannery relocation site in Savar, picture taken during SOMO field visit, 3 April 2015.*

#### **Workers' attitude towards the relocation**

Tannery workers are resisting the relocation because of the lack of facilities in Savar. There are no housing facilities yet and also schools and medical facilities are lacking. Workers and supporting organisations, including the TWU, have raised their concerns on multiple occasions. In the interviews and focus group discussions most workers indicated that they can only relocate if facilities, including accommodation, medical services, schools, Koran schools and mosques are available.

Despite their concerns, workers interviewed in this study indicated that they would move to Savar should the tannery they work for relocate. Two female workers indicated they felt forced to move to Savar because of the lack of alternative job opportunities while others indicated they would relocate but only if basic conditions and facilities were good enough.



*Toxic effluent from the Hazaribagh tanneries is polluting the river. Picture taken during SOMO field visit, 3 April 2015.*

## 4.2. Producers of leather footwear and leather goods

There are around 110 large leather goods manufacturers and 3,500 micro, small and medium enterprises producing leather goods in Hazaribagh.<sup>41</sup> The Bangladesh Finished Leather, Leather Goods, Footwear Exporters Association (BFLGFEA) has 120 members, including tanneries and leather goods and footwear producers (all focused on the export market), and estimates that 80-85 per cent of exporters are its members.<sup>42</sup> The Leather Goods & Footwear Manufacturers & Exporters Association represents 103 members – most of the footwear producers.<sup>43</sup>

### 4.2.1. Hazaribagh leather workshops

Five leather workshop owners interviewed for this research all indicated that their production and profits had decreased over the past year, attributing this decrease to the political unrest in Bangladesh and Chinese duties imposed on leather. One of the interviewed workshop owners also owns a tannery while the other workshop owners source leather from tanneries located in Hazaribagh. Four of the five interviewed workshop owners sell their products to buying agents. Part of the production is sold to foreign customers by the buying agents but the workshop owners do not know the names of the end-customers. Two of the interviewed workshop owners also sell products to local retailers.

**Table 9: Hazaribagh leather workshops researched**

	<b>Harun Enterprise</b>	<b>Ayub Leather</b>	<b>Leather Dot Com</b>	<b>Shovon Leather</b>	<b>Progati Leather</b>
<b>Products</b>	Shoes, wallets, belts, sandals	Wallets, purses, bags, shoes, belts, vanity bags, passport wallets	Jackets, shoes, bags, wallets	Shoes	Bags, purses, key rings, jackets
<b>Customers</b>	<b>Life Family</b> (buying house)	<b>White industry Co. Ltd</b> (Korea, see above)  <b>Baoding Nabowan Leather Product Industrial Co. Ltd.</b>	<b>Leather centre</b> (Bangladesh) Retailer of leather shoes, jackets, bags, wallets and belts <sup>44</sup>  <b>Dhaka leather</b> (Bangladesh) Exporter of leather and leather goods (garments, footwear, belts, wallets). The company exports to Hong Kong, China, Korea, Vietnam,	<b>Chittagong Shoes</b> (Bangladesh)  <b>SS Leathers</b> (Bangladesh)  <b>King Shoes</b> (Bangladesh)  <b>Rafin Shoes</b> (Bangladesh)	<b>Leather Zone</b> (Bangladesh, see above)

<sup>41</sup> The European Union's INSPIRED Program for Bangladesh, "Technical Report Leather Sector," January 2013, <[http://euinspired.org.bd/docs/grant\\_scheme/INSPIRED%20-%20Leather%20Sector%20Report%20-%20Jan%2013.pdf](http://euinspired.org.bd/docs/grant_scheme/INSPIRED%20-%20Leather%20Sector%20Report%20-%20Jan%2013.pdf)> (27 July 2015).

<sup>42</sup> SOMO, interview with Interview with the secretary of the Finished Leather, Leather goods, footwear exporters association (BFLGFEA), 31 March 2015.

<sup>43</sup> Leather Goods & Footwear Manufacturers & Exporters Association website, "member list", no date, <<http://lfmeab.org/member-area/member-list>> (27 July 2015).

<sup>44</sup> Leather Centre BD website, no date, <<http://www.leathercentrebd.com/about-us>> (4 June 2015. As of 27 July 2015 the website is no longer available).

			Taiwan, Italy, Poland and Mexico. Clients include US-based Mason <sup>45</sup>		
<b>Leather suppliers (tanneries)</b>	<b>Fancy Leather Kit Leather</b>	<b>Somota Leather Kit Leather Selim Leather</b>	<b>Sarowar Tannery</b>	<b>Apex Tannery</b>	0, the workshop has its own tannery
<b>% exported</b>	20% (to Taiwan, China, Korea, Italy)	100% (to Korea, China and Hong Kong)	10% (to Germany and Saudi Arabia)	0%	0%
<b>No. of workers</b>	20	15	5	8	7
<b>Colour code:</b>					
<b>Blue:</b> CBSG interviewed this company. SOMO did not send a review request to this company.					
<b>Green:</b> SOMO sent a review request to this company. The company responded to this review request.					
<b>Brown:</b> SOMO sent a review request to this company. The company did not respond to this review request.					
<b>Red:</b> SOMO did not send a review request to this company.					

#### 4.2.2. Big export-orientated leather footwear and leather goods producers

In addition to small and medium size workshops there are a number of big export-oriented leather footwear and leather goods producers in Bangladesh. The following table lists a number of major producers of leather footwear and leather goods. SOMO contacted a number of these companies with questions about their supplier and customer base. The responses of these companies are summarised in the right column.

**Table 10: Big export-orientated leather footwear and leather goods producers researched**

Manufacturer	Description	Export markets and clients	Company review
<b>Apex Footwear Limited</b>	Manufacturer and exporter of leather footwear. The company has its own tanneries operating under the name Apex Tanneries. In addition it is the second largest shoe retailer in Bangladesh with over 500 retail outlets.	<p>Exporting finished and crust leather to major leather product manufacturers in China, Japan and Italy.<sup>46</sup></p> <p>Exporting shoes to major shoe retailers in Europe (Germany, Italy, France, Czech Republic, the Netherlands, Sweden, Switzerland, Spain, Belgium, Austria, Slovenia and the Slovak Republic), the US and Japan.</p> <p>US import data data<sup>47</sup> reveal the following clients of Apex Adelchi Footwear: <b>Macy's</b> (US)</p> <p><b>Harbor Footwear Ltd</b> (US) Shoe company operating the brands G.H Bass, Giorgio Brutini, GBX, Impulse, and Zengara).</p> <p>In addition, the following clients were mentioned in an article in Forbes Asia:<sup>48</sup></p>	<p>Apex confirms it supplies Macy's, Harbor Footwear Ltd, Deichmann, J.C. Penney, ABC-Mart.</p> <p>Apex further indicates it further supplies:<sup>50</sup></p> <p>Leder &amp; Schuh, Borderless Japan, Euro Shoe Group, Redisco, Town Shoes Limited, SA Super Chauss 34, Chauss 63, Kienast Schuhhandels &amp; Co, Mayers Markenschuhe, North Group Germany, Siemes Einkaufs and Beteiligungs, Merkur Shoe Group, Hamm Reno Group, Ludwig Gortz, Dubarry Shose Limited, Tata Italia, Comper, F.LLI Pietrini, Van Haren Schoenen, Dolcis, Bristol, Durlingers Schoenenbedrijf, Euro Sko Norge, Quo Vadis, Hipercor, Karl Voegelé, Dosen</p>

<sup>45</sup> Dhaka Leather Corporation website, no date, <<http://www.dhakaleather.com>> (27 July 2015).

<sup>46</sup> Apex Footwear Limited website, "Apex Tannery Limited," no date, <[http://www.apexfootwearltd.com/apex\\_footwear/Associate-Company/2](http://www.apexfootwearltd.com/apex_footwear/Associate-Company/2)> (12 June 2015).

<sup>47</sup> US Import data, Leather Footwear, January 2014 – December 2014, obtained through Infodrive India.

<sup>48</sup> Forbes Asia, "Bangladesh's Apex Group Emerges As Shoemaker To The World," September 2014,

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		<p><b>Deichmann (Germany)</b> Shoe and sportswear retail chain. It is Europe's biggest shoe retailer. The Deichmann group operates 60 brands. Dutch retailer van Haren is one of them.</p> <p><b>J.C. Penney (US)</b> Department store chain. J.C. Penney operates various private label brands.</p> <p><b>ABC-Mart (Japan)</b> The company operates shoe retail stores under the name ABC-Mart in Japan, offering shoes under brand names Hawkins, Vans and Nuovo Collection, as well as self-developed goods and national brands. The company also runs stores in Korea and is engaged in the sale of goods of Hawkins and Vans brands in Hong Kong and Taiwan, through its subsidiaries.<sup>49</sup></p>	<p>Bach-Ochsner, Nilson Group, Bergqvist SKOR.</p> <p>Apex further reports that 60 per cent of the leather used is finished at its own adjacent tannery. The other 40% is sourced from other (foreign) tanneries.</p> <p>Deichmann confirms it sources leather sports footwear from Apex Footwear Limited. However, the leather used for Deichmann production is imported from South America and Australia at its wet blue stage.<sup>51</sup></p>
<b>Bangladesh Pou Hung Ind. Ltd</b>	Subsidiary of Yue Yuen Industrial (Holdings) Limited (Hong Kong)	Shipment data show <b>Timberland (US)</b> is a customer	
<b>Bata Bangladesh</b>	<p>Bata is the largest shoe retailer in Bangladesh.</p> <p>Bata Bangladesh is part of Bata group of companies (Czech Republic). Bafin (Nederland) BV, a Dutch holding company that owns much of Bata Brands' global subsidiaries, is majority shareholder of Bata Bangladesh, holding 70% of the company's shares. Bata has two manufacturing units and a tannery in Tongi and Dhamrai, Dhaka. Bata Bangladesh produces for local retail and wholesale points as well as for export. Bata Bangladesh produces about 8 million pairs of shoes and over 5 million square feet of finished leather annually.</p>	The company exports finished leather and leather footwear to, amongst others, the UK, Italy, Japan, China, Thailand, Middle East, Fiji Island, Nepal, India. <sup>52</sup>	
<b>Bay Footwear</b>	Bay Footwear Ltd has two production factories	The company states on its website that major export destinations include Italy,	

<<http://www.forbes.com/sites/naazneenkarmali/2014/08/27/bangladeshs-apex-group-emerges-as-shoemaker-to-the-world/>> (4 August 2015).

<sup>50</sup> Response to review request, email sent by Apex Footwear Limited, 23 July 2015.

<sup>49</sup> News Bites Pty Ltd, Daily Securities Dashboard, 11 June 2015.

<sup>51</sup> Interview with Andreas Tepest, Deichmann, 16 July 2015.

<sup>52</sup> Bata [Bangladesh], Annual report 2013, <[http://www.batabd.com/data/files/en\\_BD/annual-report/Bata%20Annual\\_Report%202013.pdf](http://www.batabd.com/data/files/en_BD/annual-report/Bata%20Annual_Report%202013.pdf)> (4 August 2015).

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	in Konabari & Gazipur which produce vulcanized, cemented, Goodyear welted, stitch-down safety shoes and other construction shoes. <sup>53</sup> Bay Footwear is part of the Bay Group which also includes <b>Bay Tanneries</b> that produces crust and finished leather.	France, Hong Kong, Japan and the UAE. <sup>54</sup>  Shipment data show <b>Timberland</b> <sup>55</sup> and <b>VF Outdoor Mexico</b> as customers. Timberland (US) is an outdoor and footwear company and is one of the brands of VF Corporation.	
<b>Blue Ocean Footwear</b>	Blue Ocean Footwear Limited (BOFL) is a joint venture between Apex Enterprise Limited and Green Ocean International Limited, which produces leather footwear. <sup>56</sup>	An article in Forbes Asia mentions the following clients: <sup>57</sup>  <b>Esprit</b> (Germany)  <b>Tamaris</b> (Germany)	
<b>Bonshoe Bangladesh Ltd</b>		Shipment data list <b>Hugo Boss</b> (US) as client.	Hugo Boss confirms sourcing mainly sports shoes, with only minimal leather detailing from Bonshoe Bangladesh Ltd. It further indicates that none of the leather components used for its products are sourced in Bangladesh.
<b>Dhaka Leather Corporation</b>	Buying house supplying crust and finished leather and leather goods (shoes, garments, gloves, wallets, bags, belts).	Exporting to Hong Kong, China, Korea, Vietnam, Taiwan, Italy, Poland and Mexico. On its website feature leather garments of the US brand <b>Mason</b> . <sup>58</sup>	Dhaka Leather Corporation has not confirmed it supplies to Mason.  They source crust leather from AL-madina, Vulua, Amin, Millat, Crescent tanneries. They source finished leather from Bay and Apex tanneries. <sup>59</sup>
<b>Fortuna Leather Craft</b>	Fortuna Leather Craft Ltd produces leather footwear and bags. Its manufacturing plants have the capacity to produce 6,000 pairs of shoes and 500 bags per day. The company also owns a tannery named <b>Ruma Leather Industries Ltd</b> that has the capacity to produce 500,000 square feet of	Fortuna Leather Crafts features on <b>H&amp;M's</b> (Sweden) supplier list. <sup>61</sup>	H&M confirms sourcing from Fortuna Leather Crafts. The shoes sourced from Fortuna Leather Craft are however made of polyurethane (fake leather).  H&M indicates they have a ban on leather from Bangladesh due to poor tannery processes in the country and do not buy any leather or leather products from Bangladesh. <sup>62</sup>

<sup>53</sup> Bay Footwear website, "About us," no date, <<http://www.baygroupco.com/index.php?p=about>> (5 June 2015).

<sup>54</sup> Bay Footwear website, "Export Market," no date, <<http://www.baygroupco.com/index.php?p=export>>(5 June 2015).

<sup>55</sup> Bay Footwear features on Timberland's supplier list. Timberland, "Q4 2014 Timberland Factory Disclosure", December 2014, <<http://responsibility.timberland.com/factories../>> (4 August 2015).

<sup>56</sup> Apex Pharma website, "Blue Ocean Footwear Limited," no date, <<http://www.apexpharmabd.com/blue-ocean-footwear.php>> (21 July 2015).

<sup>57</sup> Forbes Asia, "Bangladesh Footwear Industry Is Making Tracks," 27 August 2014, <<http://www.forbes.com/sites/naazneenkarmali/2014/08/27/bangladeshs-footwear-industry-is-making-tracks/>> (21 July 2015).

<sup>58</sup> Dhaka Leather Corporation, "Products," no date, <<http://www.dhakaleather.com/products.html>> (5 June 2015).

<sup>59</sup> Response to review request, email sent by Dhaka Leather Corporation, 8 July 2015.

	finished leather per month. <sup>60</sup>		
<b>Express Leather Products Limited –Lotto Bangladesh</b>	In December 2010 Lotto Sport Italia signed a 10-year licensing agreement with Express Leather Products Ltd for the production, distribution and retailing of footwear, accessories and, at a later stage, apparel, in Bangladesh starting from January 2011. <sup>63</sup>		
<b>Maf Shoes Limited</b>	Maf Shoes is an export-orientated shoe manufacturing company and is part of T.K Group of industries. The company manufactures a wide range of sports shoes, leather shoes, casual shoes, dress shoes, boots, sandals, slippers and flip-flops for men, women and children. T.K. Group also owns a tannery named <b>RIFF Leather Limited</b> .	On its website, the company states that <b>Timberland</b> (US), <b>Decathlon</b> , (France) and <b>Kappa</b> (Italy) are among its clients. <sup>64</sup>	In response to the review request, Maf Shoes limited clarified that it is no longer producing leather products. They produce non-leather based athletic footwear. They confirm supplying Timberland, Decathlon and Kappa. <sup>65</sup>  However, Decathlon denies sourcing from Maf Shoes Ltd. <sup>66</sup>
<b>Xin Chang Shoes (Bd) Ltd.</b>	Part of Oftenrich Holdings	Shipment data show the following clients: <b>5.11 Inc.</b> (US) <b>Academy ltd.</b> (US) <b>Justin Brands</b> (US) <b>Timberland</b> <sup>67</sup> (US) <b>Wolverine World Wide Inc.</b> (US footwear company, brands: Bates, Cat Footwear, Chaco, Cushe, Harley-Davidson Footwear, Hush Puppies, HyTest, Keds, Merrell, Saucony, Sebago, Sperry, Stride Rite, Wolverine.	
<b>Young One</b>			In response to the review request, Decathlon indicated sourcing from Youngone. <sup>68</sup>  According to Decathlon, the leather used for the Decathlon products is not sourced from Bangladesh tanneries but imported from Mastroto (Italy),

<sup>61</sup> H&M, "Supplier list", no date <<http://sustainability.hm.com/en/sustainability/downloads-resources/resources/supplier-list.html>> (5 June 2015).

<sup>62</sup> Response to review request, email sent by H&M, 13 July 2015.

<sup>60</sup> Fortuna website, "Companies," no date, <<http://www.fortunabd.com/companies>> (5 June 2015).

<sup>63</sup> See <<http://www.lottosport.com/en/news-events/news/lotto-in-bangladesh>> (4 August 2015).

<sup>64</sup> Maf shoes website, "Customers," no date, <<http://www.mafshoes.com/#>> (5 June 2015).

<sup>65</sup> Response to review request, email sent by Maf Shoes Limited, 9 July 2015.

<sup>66</sup> Response to review request, email sent by Decathlon, 17 July 2015.

<sup>67</sup> Response to review request, email sent by Decathlon, 17 July 2015.

<sup>68</sup> Response to review request, email sent by Decathlon, 17 July 2015.

			Tong Hong (China), and Van Hoorn (Netherland).
<b>Colour code:</b>			
<b>Blue:</b> CBSG interviewed this company. SOMO did not send a review request to this company.			
<b>Green:</b> SOMO sent a review request to this company. The company responded to this review request.			
<b>Brown:</b> SOMO sent a review request to this company. The company did not respond to this review request.			
<b>Red:</b> SOMO did not send a review request to this company.			

### 3.3 Buying agents

Around 30 buying agents are active in the Bangladesh leather industry. They sell crust and finished leather to foreign clients as well as leather goods such as wallets, shoes, bags, belts, phone covers, jackets, gloves and furniture covers. There is no specific trade association for buying agents but some of the buying agents are members of the Bangladesh Tanners Association.

#### 3.3.1 Hazaribagh buying agents

Six buying agents were interviewed for this research. Only one of them buys and sells crust leather. The other five buying agents are engaged in the buying and selling of leather (crust and finished leather) and leather goods (such as shoes, sandals, bags, wallets and jackets). They source leather and leather goods from Hazaribagh.

Five out of the six buying agents sell exclusively to foreign customers. The buying agents explained that previously China was the main export destination. However, as China has imposed a duty on Bangladeshi leather products, exports to China have decreased. Exports to Taiwan and Korea are increasing and these countries have now taken over the leading position as main export destinations. Exports to Europe have also been affected due to the depreciation of the Euro. One of the buying agents said that overall profit margins are decreasing. Previously the price of leather was US\$ 1.6 per square foot, but now it has fallen to US\$ 1.4 per square foot. According to the buying agents, during 2015 the production of leather slowed because of the political unrest in the country.

**Table 11: Hazaribagh buying agents researched**

	<b>Momo Enterprise</b>	<b>Textan Export</b>	<b>Oracle Trade International</b>	<b>Gigantic Buying House</b>	<b>Delta Leather Trade Int.</b>	<b>Borderless Japan Bangladesh Corp. Ltd</b>
<b>Products</b>	Crust leather	Crust and finished leather  Purses, jackets, shoes, bags, vanity bags, passport bags, wallets	Crust and finished leather  Wallets, briefcases, bags, shoes, boots, sandals	Crust and finished leather  Shoes, jackets, belts, purses, vanity bags	Crust and finished leather  Purses, bags, wallets, belts	Finished cow leather  bags, wallets, book covers, diary covers, iPhone wallets, key cases, pen cases, pass cases, passport cases
<b>Suppliers</b>	<b>Somota Tannery, Sonali Tannery, Diamond Leather Complex</b>	<b>Gulshan Leather Milon Tannery Harun Leather</b>	<b>Helal Tanery EXIM Leather Dhaka Tanneries Limited Aziz Tannery Ltd</b>	<b>Asif leather Sodesh Tannery G.M. leather Export Metro Tannery</b>	<b>Kohinur Tannery Mamun Tannery M.M. Leather</b>	<b>Kohinur Tannery Mamun Tannery M.M. Leather Apex Tannery Bay Tannery</b>
<b>%</b>	90% (to Hong	100% (to	100% (to Hong	100% (to	100% (to	100% (to

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<b>exported</b>	Kong, China, Taiwan and India)	Hong Kong, China, Vietnam, India, Korea, Taiwan, Italy, Spain)	Kong, Vietnam, China, India, Korea, Japan)	China, Japan, Turkey, Taiwan)	Hong Kong, Korea, China, Japan)	Japan)
<b>Buyers</b>	<p><b>Goodmark Leather Limited</b> (Hong Kong) Leather trader<sup>69</sup></p> <p><b>Wenzhou Wolda Import &amp; Export Co. Ltd</b><sup>70</sup> (China) Manufacturer and trader of leather and leather goods. Exporting to North America, South America, Eastern Europe. Southeast Asia, Africa, Oceania, Middle East, Eastern Asia, Western Europe.</p> <p><b>Daily Fashion Ltd</b><sup>71</sup> (China) Manufacturer and exporter of shoes, bags and garments. Exports to Europe, America, Australia, Russia, Japan, African, the Middle East, Southeast Asia</p>	<p><b>YAXIUMEI</b> (China) Manufacturer and exporter of bags<sup>72</sup></p> <p><b>Baoding Nabowan Leather Product Industrial Co. Ltd</b> (China, see above)</p>	<p><b>Guangzhou Fiedle Leather</b><sup>73</sup> (China) Manufacturer of leather bags. Export markets include North America, Australia, Europe (including Belgium, The Netherlands, France, Germany, Spain, UK and Italy).</p> <p><b>White industry Co. Ltd</b> (Korea, see above)</p>	<p><b>Wenzhou Wolda Import &amp; Export Co. Ltd</b> (China)</p> <p><b>Daily Fashion Ltd</b> (China)</p>	<p><b>Baoding Nabowan Leather Product Industrial Co., Ltd.</b> (China)</p> <p><b>Laolisi</b><sup>74</sup> (China) Manufacturer of leather bags, mainly exporting to North America (70%)</p>	<p><b>Joggo</b><sup>75</sup> a brand of Borderless Japan, producing amongst others iPhone 6 wallets. This company calls itself a social company. It operates a leather factory in Bangladesh called Business Leather Factory.</p>
<p><b>Colour code:</b></p> <p><b>Blue:</b> CBSG interviewed this company. SOMO did not send a review request to this company.</p> <p><b>Green:</b> SOMO sent a review request to this company. The company responded to this review request.</p> <p><b>Brown:</b> SOMO sent a review request to this company. The company did not respond to this review request.</p> <p><b>Red:</b> SOMO did not send a review request to this company.</p>						

<sup>69</sup> Kompass website, "Goodmark Leather Limited", no date < <http://hk.kompass.com/c/goodmark-leather-limited/hk019666/>>

<sup>70</sup> Made-in-China.com website, "Wenzhou Wolda Import & Export Co., Ltd.", no date <<http://wz-wolda.en.made-in-china.com/>>

<sup>71</sup> Made-in-China.com website "Daily Fashion Apparel Co., Ltd.", no date <http://fashionapparel.en.made-in-china.com/company-Daily-Fashion-Apparel-Co-Ltd-.html>

<sup>72</sup> Yaxiumei website, no date < <http://www.yaxiumei.com>> (27 July 2015)

<sup>73</sup> Global Sources website, "Guangzhou Fiedle Leather Bag Co.,Ltd.", no date <http://gzfiedle.manufacturer.globalsources.com/si/6008850143671/Homepage.htm> (27 July 2015).

<sup>74</sup> Alibaba website, "Guangzhou City Baiyun District Zhanwang Leather Factory (Laolisi), no date <[http://www.laolisi.com.cn/company\\_profile.html](http://www.laolisi.com.cn/company_profile.html)> (27 July 2015).

<sup>75</sup> Borderless website, "Joggo," no date, <<http://www.borderless-japan.com/social-business/joggo/>> (23 June 2015).

### **4.3. Concluding remarks**

Currently, leather production takes place almost exclusively in tanneries in Hazaribagh, and most is exported to countries such as Hong Kong, China and Italy for further processing. Most tanneries do not have direct relationships with foreign customers but sell leather to buying agents.

Production of leather goods and leather footwear takes place in small and medium-sized workshops in Hazaribagh, or in big export-oriented factories in industrial zones. The Hazaribagh workshops mainly sell their products to local retailers, as well as to Asian customers. The big export-oriented leather goods producers have well-known European and US customers, including Deichmann, Timberland and Decathlon.

## 5. Working conditions in the leather industry in Hazaribagh

Around 15,000 people (approximately 90 % male and 10% female work in the Hazaribagh tanneries. A further 50,000 work in footwear production with another 10,000 engaged in the production of other leather goods either in big export-oriented factories in industrial zones or in small leather workshop in Hazaribagh. For this research, 73 workers were interviewed – 48 at Hazaribagh-based tanneries and 25 at Hazaribagh-based leather workshops.

The majority of interviewed tannery employees (22) worked at tanneries producing wet blue, crust, and finished leather, with the remainder employed at tanneries engaged in the production of one type of leather (either, crust leather, finished leather or blue leather). Workers knew that most of the leather is exported and that products like shoes, bags and wallets were made from it, but they had no idea which companies eventually sold these products.

Of the 25 workers employed at leather workshops, 15 were employed at formal workshops properly registered with Bangladeshi authorities and 10 were employed at unregistered, informal workshops. The formal workshops were export oriented, while the informal workshops generally produced for the domestic market. As the working conditions and wages for workers were comparable, the report does not make a distinction between workshops where the respondents worked. Leather goods produced by these workshops are gloves, bags, wallets, purses belts and shoes.

This chapter discusses the findings of the interviews and focus group discussions with workers, and where relevant it refers to relevant ILO Conventions and local labour law

### 5.1. Age

The 48 interviewed tannery workers were aged between 16 and 67. The average age of female workers interviewed was 30, while the average age of male workers interviewed was 40. The 30 workers interviewed from leather workshops were between 17 and 55 years. The average age of the interviewed female workers was 28, while the average age of male workers interviewed was 30.

### 5.2. Education

In general, workers in the tanning and leather industry have a low level of education. Approximately one-fifth of the tannery and formal leather workers did not enjoy any education at all (see Table 12).

**Table 12: Education level of interviewed tannery and leather workers (excludes 18 participants in focus group discussions)**

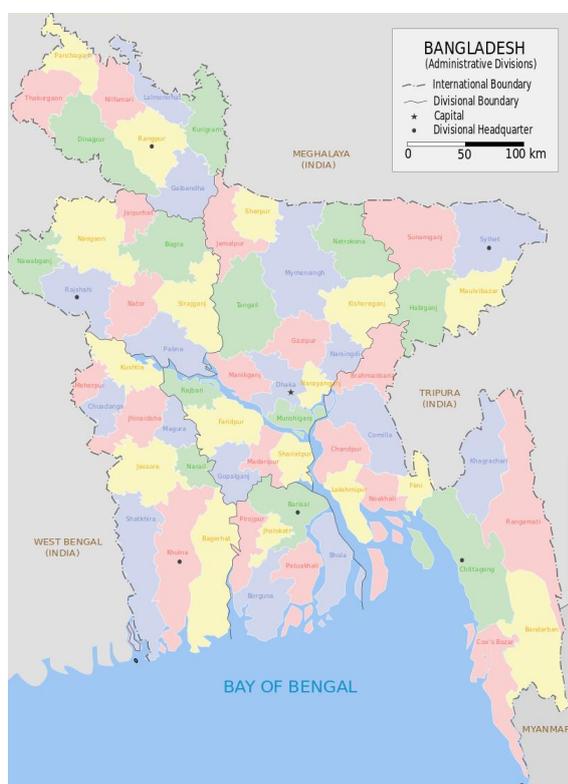
Workers	Tannery		Leather goods workshops		Total
	M	F	M	F	
No education	5	1	3	1	10
Class I-V (primary education)	9	4	7	3	23
Class VI-VIII (junior secondary education)	9	1	8	2	20
Class IX and above	1	0	0	1	2
Total interviewed workers	24	6	18	7	55

### 5.3 Origin of workers

Most of the workers have moved from other districts of the Bangladesh to Dhaka to work in the tanneries and leather workshops. In total the workers originate from eighteen different districts. Most of the workers come from Comilla, Barisal or Noakhali, districts relatively close to Dhaka.

**Table 13: Origin of workers (excludes 18 participants in focus group discussions)**

Workers	Tannery		Leather goods workshops		Total
	M	F	M	F	
Comilla district	4	1	5		10
Barisal district	6	1	1	1	9
Noakhali district	6	1	2		9
Dhaka district		1	1	2	4
Chandpur district	1	1	1		3
Faridpur district	1		1	1	3
Shariatpur district		1	1	2	4
Gaibandha district	1		1		2
Manikganj district	1		1		2
Bikrampur district				1	1
Feni district			1		1
Jamalpur district			1		1
Kishorganj district	1				1
Laxmipur district			1		1
Madaripur district	1				1
Netrokona district	1				1
Potua khali district	1				1
Sherpur district			1		1



Map of districts in Bangladesh, [https://en.wikipedia.org/wiki/Districts\\_of\\_Bangladesh](https://en.wikipedia.org/wiki/Districts_of_Bangladesh)

### 5.3. Child Labour

#### Tanneries

The research showed that tanneries of all sizes - small, mid-size and large - were associated with the employment of children and minors. Eleven interviewed workers were younger than 18 when they started working at their current employer. Of these 11 workers, three were younger than 14 at the when they started (two girls, one boy). One girl (now 18) was only 11 when she started working for her current employer. Among the workers that started their employment when they were younger than 18 were seven boys and four girls. Looking at the total number of interviewed workers, 21% of the male workers were younger than 18 while 27% of the interviewed female workers were younger than 18 at the start of their employment. The data thus suggest that prevalence of underage workers is slightly higher among female workers.

At one of the smaller tanneries, providing employment for 40 workers, interviewed workers further indicated that five boys under the age of 14 were employed. At four other tanneries, workers indicated that children under the age of 18 were employed, the youngest being 16 years old.

#### Leather workshops

Five of the interviewed workers were younger than 18 when they started working at their current employer. Two boys were 14 at the start of their employment and one boy was 15 years old. These boys were employed by three different small informal workshops that provided work for 5-7 workers. Two girls (now 17 and 18) were 16 and 17 when they started working at a formal workshop that provides work for more than 400 workers. These girls and other workers from this workshop further indicated that five girls under the age of 14 were employed there, together with five boys and 10 more girls between 14 and 18.

Looking at the total number of interviewed leather workers, 17% of the male workers were younger than 18 when they started their work at the leather workshop. Among the female interviewed workers, 29% were younger than 18 at the start of their employment. It should be noted that the sample size was quite small (25 workers in total). Still, as with the tannery workers, the data suggest that underage work is more prevalent among female workers.

The United Nations Convention on the Rights of the Child (1989) stipulates that all work done by children under the age of fifteen – and all hazardous work done by children under the age of eighteen – is illegal. The content of the UN Convention on the Rights of the Child is articulated in two Conventions of the International Labour Organization (ILO): Convention 182 on the Worst Forms of Child Labour (1999) and Convention 138 (1973) on the Minimum Age for Admission to Employment and Work. These conventions are part of the ILO Declaration on Fundamental Principles and Rights at Work, which means they are binding on every member country of the ILO; regardless of ratification (Bangladesh ratified Convention 182 but did not ratify Convention 138). According to these conventions, children between the ages of 14 to 18 should not perform work that is likely to harm their health, safety and morals. As explained later in this chapter, conditions in Hazaribagh tanneries involve extremely long working hours, forced overtime and highly unhealthy conditions – conditions to which nobody (especially children below the age of 18) should be exposed.

Sections 34 to 44 of the Bangladesh Labour Act, which was last amended in 2013, deal with the issue of child labour. According to the Bangladesh Labor Act (section 34), the minimum age for admission to work is 14 years. This is not in line with the ILO Minimum Age Convention which stipulates that the minimum age for admission to work should be 15<sup>76</sup>.

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<sup>76</sup> The Conventions includes some exceptions for light work that may in particular cases be executed by children between the ages of 13 and 15.

## 5.4. Contracts

### Tanneries

Most of the workers have a long-standing working history with their employers, on average 11 years. However, only 10 out of the 48 workers signed a contract with their employers (eight male workers and two female workers). Eight workers indicated they had no proof whatsoever of their employment relationship. The other workers said that they have an 'identity card' which mentions the name of their employer. Ten workers mentioned the attendance card as proof of their employment. Five workers mentioned that they received an appointment letter.

In addition, most workers did not receive pay slips. Of the 48 interviewed tannery workers, only six male workers received a pay slip.

### Leather workshops

Eleven of the interviewed workers had been with their current employer for two years or less, while the others had been with their current employer for up to 10 years, with an average employment period of 5.5 years.

Only one of the workers indicated she had signed a contract with her employer, but had not received a copy of her contract. All other interviewed workers did not have a contract. Nine of the 24 workers (five males and four females) had received an attendance card from their employer and three others (two males, one female) said they had received an identity card. One of the 24 workers that did not have a contract indicated she had received a proof of her employment, but did not specify what type of proof. The other 11 workers had no proof whatsoever of their employment relationship. In addition, none of the workers received pay slips.

Without contracts or pay slips, workers lack real information about the wages and benefits to which they are entitled. As workers were unaware of what they should get and had no documentation to prove what they do get, they are hardly in a position to make any claims. Also, in the case of work-related accidents, workers are not in a strong position as they often have no formal proof of their employment relationship.

According to the Bangladesh Labour Act, employers need to provide workers with a letter of appointment and an identity card.<sup>77</sup>

## 5.5. Working hours

### Tanneries

All interviewed tannery workers worked six-day weeks. Nine workers indicated not working overtime; their working week consists of 48 hours. All other workers perform overtime, ranging from 7 to 30 overtime hours a week. In the most extreme case, working weeks added up to 78 hours (mentioned by 10 workers). In total, 30 respondents worked more than 60 hours a week, the average for male tannery workers being 66 hours a week and for female workers 61 hours a week.

### Leather workshops

All interviewed leather workshop workers worked six-day weeks, with regular working days of eight hours a day. Additionally, all workers indicated working overtime, ranging from 3 to 30 overtime hours a week. Extremely long working weeks (up to 78 hours) were reported by four interviewed leather workshop workers. In total, 21 respondents worked more than 60 hours a week, the average for both

<sup>77</sup> Government of Bangladesh, Bangladesh Labour Act, 2006, <[http://www.mole.gov.bd/site/view/legislative\\_information/Acts-%E2%80%8D&-Rules](http://www.mole.gov.bd/site/view/legislative_information/Acts-%E2%80%8D&-Rules)> (4 August 2015).

male and female workers being 66 hours a week. The only significant difference found in the research between workers in formal and informal workshops was that some employed in informal workshops indicated overtime as being voluntary. Others – some of whom were employed at the one of those three workshops – indicated working overtime was not voluntary.

**Table 13: Average working hours and wages for tannery and leather workshop workers (calculations are based on 48 working weeks in a year)**

	Tannery		Leather workshops	
	Male	Female	Male	Female
Working day per week	6	6	6	6
Regular working hours per week	48	48	48	48
Overtime hours per week	18.6	13.2	18.72	18.00
Total working hours (r+o) per week	66.6	61.2	66.72	66.00
Regular income per month (in BDT)	8995.16	5416.47	7100	6000
Average overtime rate per hour (in BDT)	43.39	32.50	31.66	23.86
Income from overtime per week (in BDT)	807.05	429.00	640.84	442.29
Total income per month (in BDT)	12,223.36	7,132.42	9,707.13	7,769.14
Total Income per month overtime (in US\$)	160.95	98.91	124.84	99.91

According to the ILO Convention on maximum working hours and the Bangladesh Labour Act (2006),<sup>78</sup> a working week may not exceed 60 hours (48 regular hours + 12 overtime hours).

## 5.6. Wages

### Tanneries

Wages are paid in cash, on a monthly basis. For male tannery workers, regular wages (excluding overtime payments) ranged from BDT 5,550 (US\$ 70.73<sup>79</sup>) to BDT 15,000 (US\$ 192.90). In the tanning process there are many different designated functions (washing, rolling, drying, transporting etc). Differences in wages are explained by the level of skill necessary to perform the job as well as the physical capacity needed to perform the work. The average wage was BDT 8,995 (US\$ 115.68). Overtime rates ranged from BDT 20 (US\$ 0.26) to BDT 69 (US\$ 0.89) per hour, with an average of BDT 43 (US\$ 0.55) per hour.

The interviewed female tannery workers earned between BDT 4,300 (US\$ 55.30) and BDT 8,400 (US\$ 108.03) a month. Reported overtime rates were between BDT 20 (US\$ 0.26) and BDT 46 (US\$ 0.59) per hour.

There is no minimum wage for tannery workers. The Tannery Workers Union proposes a minimum wage of BDT 11,000 (US\$ 141.46). Only 10 of the interviewed workers earn BDT 11,000 or more. Only three out of the 48 interviewed workers said that their salary is sufficient to provide for their basic needs.

<sup>78</sup> Government of Bangladesh, Bangladesh Labour Act, 2006, <[http://www.mole.gov.bd/site/view/legislative\\_information/Acts-%E2%80%8D&-Rules](http://www.mole.gov.bd/site/view/legislative_information/Acts-%E2%80%8D&-Rules)> (4 August 2015).

<sup>79</sup> When converting Bangladesh Taka to US Dollars the currency rate of 23 June 2015 was used. The currency rate of 23 June 2015 was 1 BDT = 0.0128603 US\$.

### Leather workshops

Leather workshop workers also receive their wages in cash, on a monthly basis. For male workers, regular wages (excluding overtime payments) ranged from BDT 4,500 (US\$ 57.87) to BDT 10,500 (US\$ 135.03) – the average wage being BDT 7,100 (US\$ 91.31). Overtime rates ranged from BDT 17 (US\$ 0.22) to BDT 44 (US\$ 0.57) per hour, with an average of BDT 31.66 (US\$ 0.41) per hour. Two interviewed male workers did not report their overtime rate and so have not been taken into account when calculating the average overtime rate.

The interviewed female workers in leather workshops earned between BDT 4,000 (US\$ 51.44) and BDT 8,000 (US\$ 102.88) per month. Reported overtime rates were between BDT 17 (US\$ 0.22) and BDT 30 (US\$ 0.39) per hour, with an average of BDT 23.86 (US\$ 0.31) per hour.

Only eight of the 25 interviewed workers said their salary is sufficient to provide for their basic needs. The monthly wages of these eight workers range from BDT 4,500 (US\$ 57.87) to BDT 10,500 (US\$ 135.03) per month, excluding overtime.

In 2013, the Asia Floor Wage campaign calculated that a living wage in Bangladesh would be BDT 25,687 (US\$ 323 in 2013).<sup>80</sup> None of the interviewed workers earned a salary anywhere near this amount.

Women workers – both in tanneries and leather workshops – earn significantly less than their male colleagues. Especially in the tanning sector, many tasks are valued as hard, physically demanding tasks and that men would be better fitted to perform such jobs. Consequently, women are mainly employed as helpers.

## **5.7. Benefits**

### Tanneries

Out of the 48 interviewed workers, 21 indicated not being entitled to any casual or annual leave. These workers are temporary workers – although they have worked for the same employer for many years – and said that only permanent workers were entitled to annual leave. The remaining 27 workers said they were allowed to take leave; 13 indicated that leave was paid while 14 can only take unpaid leave. On average, tannery workers entitled to take leave could take 22 days of leave per year.

Of the interviewed workers, 18 are enrolled in the Provident Fund. The employee contribution towards the Provident Fund is between BDT 400 and BDT 600 a month.

### Leather workshops

The number of leave days reported by interviewed workers ranged from 10 to 44 days per year, with average annual leave being 20 days. Eighteen interviewed workers indicated they received paid leave. Only one worker indicated she was enrolled in a social security scheme, but did not specify what type of scheme.

According to the Bangladesh Labour Act, workers are entitled to paid casual leave (10 days a year) and paid annual leave (one day for every 18 days of work).<sup>81</sup>

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<sup>80</sup> Asia Floor Wage and Clean Clothes Campaign, "Asia Floor Wage By Country," 2013, <<https://www.cleanclothes.org/livingwage/asia-floor-wage-by-country>> (28 July 2015).

<sup>81</sup> Government of Bangladesh, Bangladesh Labour Act, 2006 <[http://www.mole.gov.bd/site/view/legislative\\_information/Acts-%E2%80%8D&-Rules](http://www.mole.gov.bd/site/view/legislative_information/Acts-%E2%80%8D&-Rules)> (4 August 2015).

## 5.8. Occupational health and safety

### Tanneries

Only four of the interviewed workers (all male) said they had received training on occupational health and safety issues despite the fact they have to work with chemicals that may pose risks to health. Only nine workers (seven male workers and two female workers) indicated that their employers provided them with protective gear. In most cases (seven) only gloves were provided. Three workers said that in addition to gloves they were given boots. Two workers indicated that they worked with masks and one said that their employer provided aprons. Workers indicated that they worked with chemicals but that they did not know the names of those chemicals, nor the risks associated with their use.



*Tannery workers wearing no protective gloves, boots or masks (SOMO and CBSG visit to Hazaribagh tannery, 31 March 2015).*



*Tannery workers wearing no protective gloves, boots or masks (SOMO and CBSG visit to Hazaribagh tannery, 31 March 2015).*

Tannery workers describe their workplaces as hot, smelly, unhygienic and – in some cases – insufficiently lit. Twenty workers testified that they had experienced work-related illnesses or injuries. Nine workers reported suffering skin diseases. Four workers experienced breathing problems, two reported hand injuries and one reported a leg injury. Another worker reported a waist fracture. One worker reported suffering dizziness. In addition, three workers said they experienced discomfort because of the heat. Sixteen workers indicated they were entitled to paid sick leave.

During SOMO and CBSG visits to three different tanneries, the following chemicals were spotted (these are just a few of the chemicals used in the tanning process, see Box 2 for more information on the use of chemicals and their health impacts):

- **Formic acid (85%):** used during the pickling process to lower the pH of the hides or skins.<sup>82</sup> Inhalation may cause eye and nose irritation, sore throat, cough, tightness of the chest, headache and confusion. Ingestion cause causes burning of the mouth and throat, difficulty swallowing, vomiting and stomach pain. Exposure to skin can cause burns to the skin layers and eye exposure causes pain, watering eyes and increased sensitivity to light.<sup>83</sup>
- **Polyol AK:** used for fat liquoring all types of upper and bag leathers made from hides of very diverse origin.<sup>84</sup> No major health risks reported.
- **Odinoil BDC-G:** a blended fat liquor, designed for shoe uppers. The label says: “Irritating to eyes. Wear suitable gloves and eye/face protection”.
- **Caustic soda (also known as sodium hydroxine):** Caustic soda is used during the liming process to help swell the hides or skins.<sup>85</sup> Inhalation causes irritation to the eyes and nose, sore throat, cough, chest tightness, headache and confusion. Ingestion will burn the mouth, throat and stomach. Skin contact can result in severe burns. Eye contact causes pain, twitching of the eyelid, watering eyes, inflammation, sensitivity to light and severe burns.<sup>86</sup>
- **Busperse 7794:** is an NPE free, non-ionic wetting, degreasing and emulsifying agent.<sup>87</sup> No information could be found about possible adverse health impacts.

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<sup>82</sup> International School of Tanning Technology, “Chemicals Used in Leather Processing”, no date, <<https://sites.google.com/site/istschool/useful-information/chemicals-used-in-leather-processing>> (28 July 2015).

<sup>83</sup> Health Protection Agency, “Formic Acid – General Information”, 2010, <[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/317446/hpa\\_Formic\\_Acid\\_General\\_Information\\_v1.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/317446/hpa_Formic_Acid_General_Information_v1.pdf)> (4 August 2015).

<sup>84</sup> Smit & Zoon, “Polyol AK”, 22 January 2015, <<http://www.smitzoon.nl/documents/Polyol%20AK%20-%20UK.pdf>>

<sup>85</sup> International School of Tanning Technology, “Chemicals Used in Leather Processing,” no date, <<https://sites.google.com/site/istschool/useful-information/chemicals-used-in-leather-processing>> (28 July 2015).

<sup>86</sup> Health Protection Agency, “Sodium Hydroxine – General Information”, 2010, <[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/318331/hpa\\_Sodium\\_hydroxide\\_General\\_Information\\_v1.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/318331/hpa_Sodium_hydroxide_General_Information_v1.pdf)> (4 August 2015).

<sup>87</sup> Buckman, “Busperse 7794,” 2013, <[http://www.buckman.com/images/stories/Leather/D228W-Busperse7794\\_SS.pdf](http://www.buckman.com/images/stories/Leather/D228W-Busperse7794_SS.pdf)> (4 August 2015).



*Formic acid (85 per cent) used in the tanning process. Picture taken during SOMO and CBSG visit to a Hazaribagh tannery (31 March 2015). The label reads: 'Danger. Causes severe skin burn and eye damage. Do not breathe mist/ vapor. Wear protective gloves/ protective clothing/ eye protection/ face protection'.*

## **Box 2: Health risks associated with chemicals used in the tanning industry**

Tanning involves different kinds of chemicals. Some of them can cause severe health risks if proper safety precautions are not taken. According to a 2012 Human Rights Watch (HRW) report, each of the three stages of leather processing commonly involves around 20 chemicals.

The HRW report notes that in Hazaribagh about 2,000-3,000 tonnes of sodium sulfide and nearly 3,000 tonnes of basic chromium sulfate, in addition to other chemicals, are used each year for leather processing and tanning. These other chemicals include non-ionic wetting agents, bactericides, soda ash, calcium oxide, ammonium sulfate, ammonium chloride, enzymes, sodium bisulfate, sodium chlorite, sodium hypochlorite, sodium chloride, sulfuric acid, formic acid, sodium formate, sodium bicarbonate, vegetable tannins, syntans, resins, polyurethane, dyes, fat emulsions, pigments, binders, waxes, lacquers and formaldehyde. Various types of process and finishing solvents and auxiliaries are also used.

Some workers come in direct contact with chemicals when they touch them without protective gloves, aprons or boots, or inhale them in poorly ventilated spaces without protective masks. In many cases, such contact is injurious to human health. For example, sodium sulfide, sulfuric acid and formic acid can corrode or burn tissue and membrane of the eyes, the skin, and the respiratory tract. Inhalation of sulfuric and formic acid vapours can cause lung edema (fluid accumulation in the lungs). Short-term exposure to sodium carbonate irritates the eyes, skin, and respiratory tract, while repeated exposure can result in dermatitis and perforation of the nasal septum. Sodium metabisulfite is severely irritating to the gastrointestinal tract and inhalation may cause reactions similar to asthma.

Chemicals that tannery workers must use in the tanning process, particularly at the 'wet blue' stage, give off gases such as hydrogen sulfide, sulfur dioxide and ammonia. Short-term exposure by breathing in hydrogen sulfide may result in unconsciousness, lung edema, and affect the central nervous system. Exposure to high concentrations may result in death. Ammonia gas can corrode tissue and membrane of the eyes, the skin and the respiratory tract. Inhalation of high concentrations may cause lung edema. Repeated or prolonged inhalation of sulfur dioxide may trigger asthma attacks in asthmatics.

Basic chromium sulfate is the mostly commonly used chemical in Hazaribagh. It is irritating to the respiratory tract and should only be handled with protective gloves, safety goggles and protective breathing gear. Some studies have found that chronic occupational exposure to trivalent chromium (which can form part of basic chromium sulfate) can lead to a detectable increase in lymphocyte DNA damage, which may increase the risk of cancer. Other reports have noted the risks to tannery worker health when, under certain conditions, trivalent chromium

may convert to hexavalent chromium (a known human carcinogen) during the tanning process. Leather technicians told Human Rights Watch that Hazaribagh tanneries use several chemicals that are confirmed or potential carcinogens.

Formaldehyde (used as a re-tanning agent and a preservative) is carcinogenic to humans. Azocolorants (for leather dyeing) can produce aromatic amines considered carcinogenic or potentially carcinogenic. Pentachlorophenol (a preservative) may be carcinogenic in humans and may impact the central nervous system, kidneys, liver, lungs, immune system and thyroid. The World Health Organization's International Agency for Research on Cancer considers leather dust (which is generated when leather is impregnated with chemicals or undergoes mechanical operations such as buffing) as carcinogenic to humans.

*Source: Human Rights Watch, 'Toxic Tanneries - The Health Repercussions of Bangladesh's Hazaribagh Leather, 2012 <<http://hrw.org>>*

### Leather workshops

Although workers may have to operate machines that can cause severe injury, only six of those interviewed (four males, two females) said they had received training on occupational health and safety issues. Of those six workers, five indicated that their employers had provided with protective gear. Additionally, six more workers reported being supplied with protective gear. Of the six workers that had further specified the type of protective gear received, four had received gloves and masks and two had only received gloves.

Five of the workers (all male) testified that they had experienced work-related illnesses or injuries. One worker reported unspecified discomfort in the workplace. Another worker reported a hand injury. A third worker reported heat problems and two others reported breathing problems.

Ten interviewed workers (six males, four females), working at four different workshops, indicated that they were entitled to paid sick leave. Yet their 12 colleagues working at the same four leather workshops indicated they were not entitled to paid sick leave. At three of those workshops, workers said their employer would cover the cost medical treatment.

The Bangladesh Labour (Amendment) Act 2013 makes a large number of amendments to the Labour Act 2006 and introduces several provisions aimed at improving workplace safety. Among others, the amended legislation requires the creation of safety committees in factories with 50 workers or more. The labour inspectorate is given new responsibilities to inspect safety and health conditions of workplaces and conduct on-the-spot inspections. Other important amendments deal with dangerous work for children; emergency exits; access to gangways and stairs for workers; mandatory use of personal safety equipment; notification of the competent authority in the case of incidents; provisions on social dialogue, trade unions and dispute resolution; and employers' and companies' responsibilities.<sup>88</sup>

Bangladesh has not ratified key international labour standards on occupational safety and health policy including the ILO's Conventions on Occupational Safety and Health (No. 155) and the Promotional Framework for Occupational Safety and Health Convention (No. 187).

## **5.9. Right to organise**

### Unionisation in the tanning industry

There are four trade unions active in the Hazaribagh tannery industry. The biggest is the Tannery Workers Union (TWU). Because of the small sizes of the tanneries (in terms of number of workers) it

<sup>88</sup> ILO website, "Occupational safety and health country profile: Bangladesh", no date <<http://www.ilo.org/safework/countries/asia/bangladesh/lang--en/index.htm>> (29 July 2015).

is not possible to organise at plant level. Unlike the garment industry, in the leather industry temporary workers can become member of a trade union.

### **Tannery Workers Union (TWU)**

TWU is a registered union (no. B1033) established in 1965 and affiliated to the Bangladesh Trade Union Centre and to the World Federation of Trade Unions. TWU is supported by Bangladesh Labour Welfare Foundation (BLF) in its efforts to organise workers and strengthen its internal organisation.

There is some confusion about the number of members of the TWU. The TWU claims it has around 15,000 members and that it represents all Hazaribagh-based tannery workers as it is “the only organization which is actively taking care of the workers’ rights and demands”. However, according to records of the Joint Director of Labour (JDL, responsible for registering trade unions) the union has 5,050 members (of which 490 are women).

It appears to be a commonly accepted practice that Hazaribagh-based tanneries deduct a membership fee of BDT19 from the workers’ monthly salary. By paying the membership fee workers automatically become member of the union. However, not all workers signed a membership form. This might explain the difference in membership numbers reported by the JDL and the TWU. This practice raises a number of questions which require further investigation (see below).

In every tannery there is a TWU representative who ensures the membership fees of all workers are deposited to the TWU account. Tannery owners transfer the monthly membership fees to TWU’s bank account and give a photocopy of the bank receipt to the TWU representative.

Unlike many other unions TWU is not connected to any political party. Members pay a fee of BDT 19 per month which is deducted from their monthly salary. TWU holds monthly meetings which are attended by around 70 members.

There is a sectoral collective bargaining agreement between TWU and the two owners’ associations (BTA and BLLGFEA). It is renewed every two years when TWU presents a charter agreement and negotiates with the owners’ association. If bilateral negotiations fail they engage in a tri-partite negotiation that includes the government. Although TWU has a good position because it represents a large group of workers, the owners’ associations are much more powerful. As a result, not everything that is covered in the CBA, e.g. maternity leave, is being implemented.

Main worker issues according to TWU:

- **Relocation to Savar:** According to TWU there is an opportunity to build more modern tanneries in Savar with good effluent systems, but relocation should not happen unless facilities for workers are provided – there are currently no facilities such as accommodation, hospitals or schools for workers in Savar.
- **Occupational health and safety:** Employees work with hazardous chemicals without protective gear. In addition, there is no proper guidance for workers, no separate sanitation, ventilation is bad and there is no canteen.
- **Wages:** The tannery industry is very hazardous because of the use of chemicals. As the work also requires skills, workers’ salaries should be higher. TWU is demanding a minimum wage of BDT 11,000 for tannery workers.
- **Job insecurity / casual work:** Temporary workers receive piece-rate payments and earn less than permanent workers. After having worked three months, workers should be made permanent. However, this does not happen in practice. Contract / agency labour is also becoming more prevalent in the tannery industry. Lack of job security is a big issue.

Even though a considerable number of tannery workers are members of a trade union, TWU feels there are still some barriers for workers to join trade unions. Some tannery owners are very hostile

towards trade unions and threaten to fire workers if they join one. Another barrier is that some workers do not know the benefits brought by membership of a trade union.

#### **Jatio Tannery Sromik League (JTSL)**

Jatio Tannery Sromik League was established in 1997 and registered at the JDL. JTSL is associated with the Bangladesh Awami League, a political party. According to JDL records, the union has 4,500 members – 1,500 are female (33 per cent). The members are employed at 45 tanneries. The union holds weekly and monthly meetings and supports members in negotiations with employers.

#### **Jatitabadi Tannery Sromik Dal (JTSD)**

Established in 1995 and affiliated with the Jatitabadi Sromik Dal, a wing of the Bangladesh Nationalist Party (BNP), a political party (main opposition). According to JDL records, they have 600 members, among them 30 women, employed at 20 tanneries. The union is quite inactive.

#### **Jatio Somaztantric Chamra Shilpo Sromik Jot (JSCSSJ)**

Established in 1982 but not registered under JDL. Affiliated with Jatio Somajtantrik Dal, a political party. JSCSSJ has 4000 members (400 of them women), employed at 40 tanneries. They do not have a Collective Bargaining Agreement (CBA) with the owners but work side by side with the Tannery Workers Union.

**Table 14: Overview of trade unions in the tannery sector**

SI	Name of union	Year of establishment	Members of committee	Subscription payments	Membership
1	Tannery Workers Union (TWU)	1965	25 (Female 1)	Regular	5,050 (female 490)
2	Jatio Tannery Sromik League	1997	22 (female1)	Not collected	4,500 (female 1500)
3	Jatitabadi Tannery Sromik Dal	1990	21 (female 0)	Not collected	600 (female 30)
4	Jatio Somaztantric Chamra Shilpo Sromik Jot	1982	21 (female 1)	Not collected	4,000 (female 400)

The majority of interviewed workers – 43 out of 48 – are members of a trade union, most of them of the TWU. Regardless of explicit registration as member of TWU, all workers pay a membership fee to TWU which is collected through deduction of BDT 19 per month from their salary by the tanneries they work for. However, only five workers mentioned the union fee when they were asked which deductions are being made from their salaries. It is not clear if all workers have given their explicit consent for these union dues.

It is not clear whether workers are aware of their automatic membership of TWU and whether they have objections to this practice. In addition, it is not clear whether this practice interferes with workers' rights to join unions of their own choosing. As this practice only became apparent at the final phase of this research, it could not be further investigated at this stage.

According to interviewed workers, the main activities of TWU are organising meetings on labour rights for workers and supporting them in negotiations with employers. When asked where workers go to if they experience work-related problems, the majority (23 workers) said they go to the trade union office. Fifteen said they would address the issue with their supervisor. Seven workers indicated that they would contact management and three would address the issue with the owner.

### Unionisation in the leather workshops

Of the 25 interviewed workers, six say they are a member of a trade union. They did not mention the name of the trade union. Surprisingly, only two workers indicated that they knew what a trade union was. Workers at three of the leather workshops reported that the Tannery Workers Union is active at the workplace. However, the TWU does not represent workers at leather workshops. Workers report they would either go to their manager or supervisor or the owner of the leather workshop if they had complaints or grievances.

One of the reviewed international brands indicates that there is no trade union activity at its supplier in Bangladesh. According to the brand, the supplier does have a worker committee representing the complete workforce at the factory.

Bangladesh has ratified the fundamental ILO conventions on the right to organise and to bargain collectively (Convention 87 on Freedom of Association and Protection of the Right to Organise and convention 98 on the Right to Organise and Collective Bargaining). However, there are many barriers for workers – both in law and in practice – to enjoy their right to form and join unions of their own choosing. The amended labour law (2013) includes improved provisions regarding freedom of association and collective bargaining, but still serious concerns remain.

According to the ILO, the amended law eliminates the previous obligation to send to employers the names of union leaders at the time of registration of a trade union at the factory or federation level. The amended law also allows workers to call on outside experts for advice during collective bargaining. However, a number of restrictions to workers' freedom of association rights which have been the subject of ILO concerns were not addressed by the amendments. For example, major areas that remain unaddressed include the reduction of the 30 per cent minimum membership requirement to form a union. The amendments also do not extend freedom of association and collective bargaining rights to workers in export processing zones.<sup>89</sup>

### **Other civil society organisations working on the leather sector**

In addition to BLF and the abovementioned trade unions, one of the organisations that has performed research into the issues that affects the workers and residents of Hazaribagh is Human Rights Watch. Its 2012 report 'Toxic Tanneries' provides valuable information on the risks for workers in the Hazaribagh tannery industry.<sup>90</sup> Additionally, the Research Initiative for Social Equity, Society (RISE Society) is following the issues faced by leather workers.<sup>91</sup> The environmental problems associated with the tanneries in Hazaribagh are emphasised by a coalition of environmental organisations, including the Bangladesh Environment Movement (Bangladesh Poribesh Andolon), Seba, Bangladesh Environment Engineers Association and thirteen other organisations.<sup>92</sup> Additionally BRAC, ASA, Grameen Bank, Proshika, Nijera Kari and Cap have been identified as having activities in Hazaribagh.<sup>93</sup> Health services are provided by a number of NGOs, including Marie Stops-Hazaribagh<sup>94</sup> and BRAC.

<sup>89</sup> ILO website, "ILO statement on reform of Bangladesh labour law," 22 July 2013, <[http://www.ilo.org/global/about-the-ilo/media-centre/statements-and-speeches/WCMS\\_218067/lang-en/index.htm](http://www.ilo.org/global/about-the-ilo/media-centre/statements-and-speeches/WCMS_218067/lang-en/index.htm)> (4 August 2015).

<sup>90</sup> Human Rights Watch, 'Toxic Tanneries - The Health Repercussions of Bangladesh's Hazaribagh Leather, 2012 <<http://hrw.org>>

<sup>91</sup> See <http://risebd.com/category/leather-worker-issues/>

<sup>92</sup> <http://www.thedailystar.net/relocate-dhaka-tanneries-this-yr-13488>

<sup>93</sup> <http://www.ebanglapedia.com/en/article.php?id=2396#.VjNexS6rHTZ>

<sup>94</sup> see [http://facilityregistry.dghs.gov.bd/org\\_profile.php?org\\_code=10020635](http://facilityregistry.dghs.gov.bd/org_profile.php?org_code=10020635)

## 5.10. Workers' priorities

### Tanneries

All interviewed workers were asked what they felt was the most important issue in need of improvement. The most important issues raised related to wages, as current wages were not enough to provide a decent living. A salary increase is therefore the first priority of the interviewed workers (mentioned 25 times), followed by a better working environment and improved canteens.

**Table 15: Tannery workers' priorities**

<b>Issue</b>	<b>Number of workers who mentioned this issue</b>
Salary increase	25
Better work environment, hygienic workplace	13
Improvement of canteen (a hygienic place to eat)	12
Correct payment of overtime hours	5
Risk allowance for health implications	5
Fire safety training	5
Bonus	3
Provide transport facility	3
Better bathrooms	3
Provide appointment letter	2
Provide protective gear	2
Permanent jobs	2

### Leather workshops

Workers reported they would like to change the following aspects: salary increase (16), more job security (6), dignity (1), better and healthier workplace (1), improved sanitary system (1) and a secure workplace (1). Workers from one of the workshops said there were no employment issues on which they would like to see change

## 5.11. Concluding remarks

From the interviews with tannery and leather workers, a clear picture of poorly paid and precarious employment arises. Wages are not sufficient to provide for a decent living and workers have to work extremely long hours to make ends meet. Most workers are not provided with contracts or pay slips and most of them never attain the status of permanent workers, despite having worked for many consecutive years for the same employer. The research also found child workers to be employed both at tanneries and leather workshops. In the tanneries, workers handle hazardous chemicals without any protective gear and without receiving adequate safety instructions.

## 6. Conclusions and recommendations

### 6.1. Conclusions

The Bangladesh leather industry is an important export sector and offers employment to a considerable number of people. However, there are currently many concerns relating to workers' rights, workers' health and the environmental impacts of the industry.

#### 6.1.1. *Export destinations*

Production of leather goods and footwear takes place in small and medium-sized workshops in Hazaribagh, or in big, export-oriented factories in industrial zones. The Hazaribagh workshops sell their products mainly to local retailers and to Asian customers. The big export-oriented leather goods producers have well-known European and US customers, including Deichmann, Timberland and Decathlon.

Around half of the leather produced in Bangladesh is exported directly to countries such as Hong Kong, China, Italy, Korea, Taiwan, Vietnam and Spain, where it is further processed. The remaining 50 per cent is used to produce leather footwear and leather goods in Bangladesh. Leather footwear is mainly exported to Germany, Japan, the US, the Netherlands and Italy. Leather goods are mainly exported to China, Japan, Belgium, the US and Germany. It should be noted, however, that Bangladesh also imports leather for the production of leather goods. For instance, companies such as Deichmann, Decathlon and Hugo Boss stated that they source leather products from Bangladesh, but that the leather used in these products comes from other countries. Deichmann explained that the leather produced in Bangladesh is not thick enough for the specific shoes the company makes in Bangladesh.

#### 6.1.2. *Workers' issues*

##### **Child labour**

This research revealed that under-age workers are employed both in Hazaribagh tanneries and in leather workshops. The youngest worker was 11 when she started working for a Hazaribagh tanner. In total, 22 per cent of the interviewed workers were younger than 18 at the start of their employment and 7 per cent of the interviewed workers were younger than 14 when they started working for their current employer. In addition, workers at one tannery and at one workshop indicated that several of their co-workers are younger than 14 years old.

##### **Relocation**

Production of leather and small-scale production of leather footwear and leather goods is concentrated in Hazaribagh, Dhaka. However, for years there have been plans to relocate the tanneries to a new site in Savar, Dhaka. The new site should contain a modern effluent plant to address current adverse environmental impacts. Currently, one of the major concerns of tannery workers is how this relocation will affect their lives. The new site, in theory, offers opportunities for improved workplaces. The reality is that the relocation as it is currently foreseen will negatively impact workers' and their families lives as there are no plans to build facilities (housing, schools, medical facilities etc.) for workers.

The exact impact of the relocation of tanneries on the leather industry needs further study. However, as only a few large export-oriented leather workshops will also relocate to Savar and most of the small and informal leather workshops will remain situated at their current location in Hazaribagh and

other areas of Dhaka, the relocation of tanneries is likely to mean a serious change for the current transportation system between the leather workshops and the tanneries.

### **Precarious work**

Another major concern, both for tannery workers and workers in leather workshops, is the precariousness of their employment. Of the 73 interviewed workers only 11 had signed a contract with their employer. Nineteen workers had no proof whatsoever of their employment relationship. The majority of workers (67) did not receive pay slips. Without contracts or pay slips, workers lack real information about the wages and benefits to which they are entitled. As workers are unaware of what they should receive and have no documentation to prove what they do receive, they are hardly in a position to make any claims. Also, in cases of work-related accidents, workers are not in a strong position as often they have no formal proof of their employment.

### **Working hours and wages**

Tannery and leather workers in Hazaribagh work extremely long hours. Of the 73 interviewed workers, 51 testified to work more than 60 hours a week. Fourteen workers reported working weeks of 78 hours. The average wage for a regular working week of 48 hours of male tannery workers is around BDT 9,000. Their female colleagues earn significantly less – BDT 5,400. The average wage of male leather workers is BDT 7,100, whereas female leather workers earn BDT 6,000 on average. In 2013, the Asia Floor Wage campaign calculated that a living wage in Bangladesh would be BDT 25,687 (US\$ 323, in 2013).<sup>95</sup> However, none of the interviewed workers earns a salary anywhere near this amount and only eight workers indicated that their earnings are sufficient to provide for their basic needs. The Tannery Workers Union is striving for a minimum wage of BDT 11,000 for tannery workers.

### **Occupational health and safety**

In the tanning process, various chemicals are used that may cause severe health impacts when handled without adequate protective measures. A clear picture of unhealthy working conditions emerges from the interviews. The workers understand little about the chemicals with which they work, or how to safely use them. Only four of the 48 interviewed tannery workers had received training on occupational health and safety and only nine workers were provided with protective gear. Tannery workers are exposed to hazardous chemicals day in, day out, for many consecutive years. This affects their health. Almost half of the workers reported work-related illnesses or injuries. Most of them suffer from skin diseases. Leather workshop workers did not report serious recurring health issues.

## **6.2. Suggestions for follow up**

This report is written for the Bangladesh Labour Welfare Foundation (BLF) and Mondiaal FNV. Both organisations aim to support workers in the Bangladesh tanning and leather industry in their efforts to organise and claim their rights. In order to support this process SOMO suggests the following activities.

### **Share findings with trade union partners and workers**

As a first step, BLF could discuss the findings of this research with its trade union partner in Hazaribagh, TWU, with TWU members and, if possible, with the other three trade unions that represent tannery workers. Aligning trade union priorities with worker priorities could be part of such discussions.

An issue which should be taken up by BLF and TWU relates to union membership and membership fees. This report revealed that many workers automatically become member of TWU and that union

<sup>95</sup> Asia Floor Wage and Clean Clothes Campaign, "Asia Floor Wage by Country," 2013, <<https://www.cleanclothes.org/livingwage/asia-floor-wage-by-country>> (28 July 2015).

fees are deducted from workers' salaries without their explicit consent. However, despite paying membership fees, not all workers signed a membership form. This might explain the difference in membership numbers reported by the JDL and the TWU. All workers should give their explicit consent for membership and membership fees. They should be aware of the functions and activities of the trade union. BLF, who is supporting TWU should further investigate and discuss this issue and support TWU in implementing improvements regarding membership policies.

### **Relocation of tanneries**

Although the relocation of tanneries to Savar has been delayed for many years, it seems inevitable that in the end the relocation will take place. There are serious concerns regarding the lack of facilities (housing, schools, medical posts, mosques etc.) for workers at the new site. Continued dialogue and campaigning is necessary to ensure that both the government and the employers fulfil their duties and responsibilities towards the workers. In addition, tanning industry trade unions should make sure that they have permission, access and housing in order to be able to conduct their work at the new site. BLF should support TWU and other trade unions in their campaigning and negotiating efforts with the Bangladesh government as well as with the employers' associations. In addition, BLF could offer support to TWU and other unions to secure access and office space at the new site.

### **Investigate whether leather workshop workers are interested in forming and joining trade unions**

The report reveals that while the unionisation level in the tanning industry is quite high, workers in the Hazaribagh leather workshops are generally not organised in unions. In fact, there is no trade union that represents these workers. BLF could start a process to investigate whether leather workshop workers are interested in forming and joining unions and, if they are, to support workers in their organising efforts. As in the tanning industry, leather workshops in Hazaribagh are small and medium-sized enterprises. Organising efforts could therefore focus at the sectoral level in Hazaribagh. Exchanges with TWU and TWU members could be organised in order to learn from their experiences.

### **Further supply-chain mapping (focus on Spanish and Italian companies)**

This research shows that Italy and Spain are important European importers of Bangladeshi leather, making Spanish and Italian leather companies important leverage points. Due to a total lack of transparency in the industry it is very difficult to uncover which Italian and Spanish companies source leather from Bangladesh. Mondiaal FNV and BLF could engage with Spanish and Italian trade unions and NGOs in order to identify buyers of Bangladeshi leather. The Clean Clothes Campaign (CCC) is also researching the Bangladesh leather industry (SETEM from Spain, a CCC partner, is involved). All organisations could benefit from sharing knowledge and information. SOMO is in contact with SETEM and could arrange for a joint meeting.

### **Engage with international brands and retailers mentioned in this report**

This study identified a number of international brands and retailers sourcing leather footwear and leather goods from Bangladesh. In addition, the review procedure yielded a number of new leads (buying companies mentioned by Bangladeshi manufacturers that were not uncovered through desk research). International brands and retailers have a responsibility to respect human rights and labour rights in their own operations, as well as throughout their supply chain. They thus have a responsibility to address labour rights issues at tanneries and leather manufacturers in their supply chains (see box responsibilities of corporate actors).

As a first step to urge companies to assume this responsibility, Mondiaal FNV and BLF could engage with the companies (or a selection thereof) listed in this report. This could be done, for instance, by sending them a summary of the research findings and inviting them to discuss the findings and possible follow up actions with BLF and Mondiaal FNV and relevant local unions. If Mondiaal FNV and BLF decide to contact companies mentioned in this report and share (parts) of this research report

with the companies, they should first contact SOMO to prepare anonymised versions of the report (leaving out company information that has not undergone a company review).

In addition, engagement efforts could be directed towards the Leather Working Group, an industry initiative which brings together brands, retailers and manufacturers. The initiative focuses on environmental issues. BLF could engage with the Leather Working Group to sound out if there are possibilities to broaden the scope to social issues as well. Members of this initiative that are mentioned in this report are: Apex, Deichmann, Timberland and Wolverine Worldwide.

### **Assess possibilities for lobbying the Bangladesh government**

In line with the UN Guiding Principles on Business and Human Rights, the Bangladesh government should in the first place ensure that the rights of workers are protected – through appropriate policies, regulation and adjudication. If possible, Mondiaal FNV and BLF could engage in political lobbying to ensure the effective protection of workers' rights, including ensuring that the relocation of tanneries to Savar does not leave tannery workers worse off than at their current Hazaribagh workplaces.

To this end, the Bangladesh government should:

- Ratify all relevant ILO Conventions, in particular the ILO Minimum Age Convention
- Develop, implement and enforce national labour and human rights laws and legal regulations, in accordance with international norms and standards to address labour issues described in this report. Equally important is an effective labour inspection.
- Play a constructive and facilitating role towards bringing together corporate and non-governmental stakeholders in order to discuss and resolve on-going labour issues in the Bangladesh tanning and leather industries.

### **Assess possibilities for lobbying EU and EU governments**

In line with the UN Guiding Principles on Business and Human Rights, governments of countries at the buying end of the supply chain also have a role to play in the protection of workers' rights. To this end, Mondiaal FNV and BLF could investigate whether there is scope for political lobbying to generate pressure and incentives for companies sourcing from Bangladesh to improve working conditions at tanneries and leather workshops. Mondiaal FNV and BLF could explore whether the EU-Bangladesh Co-operation Agreement<sup>96</sup> that aims to support the sustainable economic and social development of Bangladesh offers any possibilities to generate pressure on the Bangladeshi government to improve labour conditions in the country's tanning and leather sectors.

Governments at the buying end of the supply chain should:

- Develop regulations that oblige companies to be transparent about their supply chain and report about their due diligence procedures.
- Take measures to ensure that companies domiciled in their territory/jurisdiction respect human rights throughout their supply chains. This includes mainstreaming corporate accountability requirements into existing governmental instruments that provide support to companies.
- Introduce legislation that holds companies domiciled in their territory/jurisdiction accountable for human rights violations throughout their supply chains.
- Raise concerns on labour rights violations in bilateral contacts with the Bangladesh Government and support efforts by the Bangladesh government to address those.
- Facilitate access to remedy, the third pillar of the United Nations Guiding Principles on Business and Human Rights, in countries where brands have their headquarters. This should be a final resort for workers

<sup>96</sup> European Union, "European External Action Service," Treaties Office Database, 12 July 2012, <<http://ec.europa.eu/world/agreements/prepareCreateTreatiesWorkspace/treatiesGeneralData.do?step=0&redirect=true&tratlid=339>> (4 August 2015).

### Responsibilities of corporate actors

Brands, retailers and manufacturers **should identify, prevent and mitigate risks and negative impacts** in their supply chain, in accordance with the United Nations Guiding Principles on Business and Human Rights. This means that companies need to proactively look into the human rights risks of their activities, including their supply chain and business relations, and develop strategies to address these risks. Due diligence requires that business enterprises have policies and processes in place through which they can both know and show that they respect human rights in practice. Showing involves communication, providing transparency and accountability to individuals or groups that may be impacted, as well as to other relevant stakeholders.

**Supply chain mapping:** Brands, retailers and manufacturers should focus on gaining full understanding of their supply chains. This includes second and further tier suppliers, subcontracted units, down to the informal sector. This includes, for example, tanning units in their supply chains. Companies should map their entire supply chain and provide transparency about their supplier base.

**Monitoring and improvement beyond first-tier suppliers:** Brands, retailers and manufacturers should accept a broad definition of supply chain responsibility beyond the end-manufacturing phase to include not only the end assembly phase but also preceding steps, including the tanning phase. Consequently, social auditing, monitoring and corrective actions should not be limited to the end-manufacturing units, but need to be extended up the supply chain. Companies should **communicate openly about monitoring and improvement processes**; including reporting about specific audit findings, corrective action plans and progress in action. Companies should facilitate independent verification with strong involvement of trade unions and NGOs.

**Transparency** is an important prerequisite for enabling different actors along the supply chain to address labour rights violations and improve working conditions. Brands, retailers and manufacturers should share information about first- and further-tier suppliers. Workers that are adversely affected by corporate activities, as well as local trade unions, need to know information about buyers to push claims for redress or compensation in cases where workers come away empty-handed when calling upon their employer. Currently, such supply chain information is not available. A handful of brands (including H&M and Timberland) disclose supplier list. However, this information is limited to the first tier and does thus not include tanning units.

This research revealed that wages in the tanning and leather industry are not sufficient for workers to meet their basic needs. Manufacturers should pay a **living wage**. A living wage is a wage paid for a standard working week meeting the basic needs of workers and their families and to provide some discretionary income. Basic needs include costs like housing (with basic facilities including electricity), nutrition, clothing, healthcare, education, drinking water, childcare, transport, and savings. The best way to determine an actual amount is through a continuing process of sound social dialogue between local social partners. Buying companies should develop a pricing policy that takes the social and environmental quality of sourced products into account and that enables suppliers along the supply chain to pay fair wages to their employees.

**Respect for trade union rights.** Independent trade unions should be able to play their designated roles. First and foremost, the right of workers to form and join trade unions and to bargain collectively should be protected and respected. These enabling rights permit workers to defend their rights, voice grievances and negotiate wages, as well as improving employment conditions. (Buying) companies should support and facilitate the training of management, workers and workers' representatives (both separately and jointly) in freedom of association, collective bargaining, labour-management relations, child labour, etc. Such training should be delivered by trade unions or credible labour rights organisations (see for further information the box below on steps buyers can take to support freedom of association).

**Ensure the establishment of genuine and credible grievance mechanisms** at both buyer and supplier level. To deal with workers' needs and complaints, grievance procedures should be put in place. Such grievance procedures should meet the following core criteria: legitimacy; accessibility; predictability; equality; compatibility with internationally acceptable rights; transparency. Complaint procedures should provide a basis for of continuous learning and improvement.

### Steps buyers can take to support freedom of association<sup>97</sup>

- Be informed about the prevailing trade union situation in the countries from which they source goods.
  - o Consult relevant reports about the regulatory framework, political environment, business climate, ability of public institutions to uphold the rule of law etc. A good source of information is the ITUC survey of violations of trade union rights (<http://survey.ituc-csi.org/>).
  - o Engage with trade unions in headquarters and production countries. Contacts with local trade unions in producing countries could be established with the help of trade unions in headquarters countries.
- Strengthen monitoring mechanisms around freedom of association
  - o Is there a union active at the factory, or possibly, several unions? Is/are the union/s independent, free and democratic? Is the union registered? Is the union affiliated to a union federation? How many workers are members of a trade union? Are there any signs that the employer is favouring one union above other(s)? Is there evidence that the union holds worker assemblies?
  - o If there is no union active, have there been any attempts to organise an independent union or coalition of workers in the factory? What was the management's response?
  - o Is there a collective bargaining agreement (CBA) at factory level? If so, is it renegotiated periodically? Do workers have access to copies of their CBA?
  - o Investigate possible cases of unjust dismissal.
  - o Companies should involve local trade unions in their supply chain monitoring.
- Engage with factory management and ensure that:
  - o Management respects the rights of workers to form and join unions of their own choosing and bargain collectively.
  - o The use of short term contracts is discouraged.
  - o Corrective action is taken if monitoring activities (see above) lead to concerns (e.g. if there is evidence that there has been discrimination in hiring, transfers, disciplinary action or dismissals, or pressure or inducements for workers to resign in response to workers' efforts to freely associate and bargain collectively). Buyers should demand an immediate cessation of such practices and that appropriate corrective action be taken, including immediate reinstatement with full back-pay for workers unjustly dismissed or coerced to resign.
- Facilitate training for workers and management
  - o Training for workers and for management is essential in raising awareness and understanding of international norms regarding freedom of association and collective bargaining. Buyers should facilitate training on freedom of association, collective bargaining and social dialogue. Such training should be carried out by credible and independent trade union organisations or labour rights NGOs.

<sup>97</sup> Some of the recommendations below are based on recommendations made by Maquila Solidarity Network, in: "What can brands do to support freedom of Association in Mexico?" October 2009.

## Annex I: Overview of supply chain linkages

The table below presents results of a mapping exercise undertaken in the study and includes information uncovered through field research. Tannery owners, leather workshop owners and buying agents were interviewed. They were all asked about their buyers and suppliers. The companies marked with an asterisk were interviewed for this study.

Tanneries		Buyers
	FFM leather Complex*	No information provided
	Fancy Leather Enterprise*	<p><b>Aurora</b> (Bangladesh) Aurora is a producer of leather accessories.<sup>98</sup></p> <p><b>White Industry Co. Ltd</b> (Korea) White industry is an exporter of leather. The company states on its website that it supplies: Coach, Michael Kors, Kate Spade, Fossil, Rebecca Minkoff, Tory Burch, DKNY, Marc Jacobs, Ralph Lauren, Banana Republic, Prada and Burberry.<sup>99</sup></p> <p><b>Baoding Nabowan Leather Product Industrial Co. Ltd</b> (China) A manufacturer and exporter of leather bags, wallets and trolleys. The company's main export market is Europe (45%).<sup>100</sup></p> <p><b>Caponi Pellami di Caponi Rossano</b> (Italy) A wholesaler of leather, leather shoes and gloves.<sup>101</sup></p>
	Progati Leather Complex Ltd*	<p><b>Leather Zone</b> (Bangladesh) A manufacturer and retailer of leather shoes and leather goods.<sup>102</sup></p> <p><b>White Industry Co. Ltd</b> (Korea, see above)</p>
<b>Leather factories</b>	<b>Suppliers to leather factories</b>	<b>Buyers of leather factories</b>
Harun Enterprise*	Fancy Leather Kit Leather	<b>Life Family</b> (buying house)
Ayub Leather*	Somota Leather Kit Leather complex Selim Leather	<p><b>White Industry Co. Ltd</b> (Korea, see above)</p> <p><b>Baoding Nabowan Leather Product Industrial Co. Ltd</b> (China, see above)</p>

<sup>98</sup> Aurora website, no date, <<http://www.aurora.com.bd>> (4 June 2015). As of 27 July 2015 the website is no longer available.

<sup>99</sup> White Industry Co. Ltd website, "Partners," no date, <<http://www.whitind.co.kr/eng/company/partner.php>> (27 July 2015).

<sup>100</sup> Alibaba website, "Baoding Nabowan Leather Product Co, Ltd," no date, <[http://nabowan.en.alibaba.com/company\\_profile/trade\\_capacity.html](http://nabowan.en.alibaba.com/company_profile/trade_capacity.html)> (27 July 2015).

<sup>101</sup> Caponi Pellami di Caponi Rossano website, no date, <<http://caponipellami.it/en/pagescarpe.html>> (27 July 2015).

<sup>102</sup> Leather Zone BD Facebook page, <<https://www.facebook.com/LeatherZoneBD>> (27 July 2015).

Mapping of the tannery and leather sectors in Bangladesh, July 2015

For internal use only.

Leather Dot Com*	Sarowar Tannery	<b>Leather centre</b> (Bangladesh) Retailer of leather shoes, jackets, bags, wallets and belts. <sup>103</sup>  <b>Dhaka leather</b> (Bangladesh) Exporter of leather and leather goods (garments, footwear, belts, wallets) The company exports to Hong Kong, China, Korea, Vietnam, Taiwan, Italy, Poland and Mexico. Clients include US-based Mason <sup>104</sup>
Shovon leather*	Apex Tannery	Chittagong Shoes (Bangladesh) SS Leathers (Bangladesh) King Shoes (Bangladesh) Rafin Shoes (Bangladesh)
Progati leather*		<b>Leather Zone</b> (Bangladesh, see above)
<b>Buying houses</b>	<b>Suppliers to buying houses</b>	<b>Buyers</b>
Momo Enterprise*	Somota Tannery Sonali Tannery Diamond Leather Complex	<b>Goodmark Leather Limited</b> (Hong Kong) Leather trader <sup>105</sup>  <b>Wenzhou Wolda Import &amp; Export Co. Ltd.</b> (China) Manufacturer and trader of leather and leather goods. Exporting to North America, South America, Eastern Europe, Southeast Asia, Africa, Oceania, Mid East, Eastern Asia, Western Europe. <sup>106</sup>  <b>Daily Fashion Ltd</b> (China) Manufacturer and exporter of shoes, bags and garments. Exports to Europe, America, Australia, Russia, Japan, African, the Middle East, Southeast Asia. <sup>107</sup>
Textan Export* Exporting to Hong Kong, China, Vietnam, India, Taiwan, Korea, Japan, Spain, Italy, Germany, USA, the Netherlands <sup>108</sup>	Gulshan Leather Milon Tannery Harun Leather	<b>YAXIUMEI</b> (China) Manufacturer and exporter of bags. <sup>109</sup>  <b>Baoding Nabowan Leather Product Industrial Co. Ltd</b> (China, see above)
Oracle Trade International*	Helal Tannery EXIM Leather Dhaka Tanneries Limited Aziz Tannery Ltd	<b>Guangzhou Fiedle Leather</b> (China) Manufacturer of leather bags. Export markets include North America, Australia, Europe (including Belgium, The Netherlands, France, Germany, Spain, UK and Italy). <sup>110</sup>

<sup>103</sup> Leather Centre BD website, no date, <<http://www.leathercentreb.com/about-us>> (4 June 2015). As of 27 July 2015 the website is no longer available.

<sup>104</sup> Dhaka Leather Corporation website, no date, <<http://www.dhakaleather.com>> (27 July 2015).

<sup>105</sup> Kompass website, "Goodmark Leather Limited," no date, <<http://hk.kompass.com/c/goodmark-leather-limited/hk019666/>> (4 August 2015).

<sup>106</sup> Made-in-China.com website, "Wenzhou Wolda Import & Export Co., Ltd.," no date, <<http://wz-wolda.en.made-in-china.com/>> (4 August 2015).

<sup>107</sup> Made-in-China.com website "Daily Fashion Apparel Co., Ltd.," no date, <<http://fashionapparel.en.made-in-china.com/company-Daily-Fashion-Apparel-Co-Ltd-.html>> (4 August 2015).

<sup>108</sup> Textan Export Website, "About us," no date, <[http://www.textanexport.com/about\\_us.html](http://www.textanexport.com/about_us.html)> (27 July 2015).

<sup>109</sup> Yaxiumei website, no date, <<http://www.yaxiumei.com>> (27 July 2015).

<sup>110</sup> Global Sources website, "Guangzhou Fiedle Leather Bag Co.,Ltd.," no date, <<http://gzfiedle.manufacturer.globalsources.com/si/6008850143671/Homepage.htm>> (27 July 2015).

		<b>White Industry Co. Ltd</b> (Korea, see above)
Gigantic Buying House*	Asif Leather Sodesh Tannery G.M. Leather Export Metro Tannery	<b>Wenzhou Wolda Import &amp; Export Co. Ltd</b> (China, see above)  <b>Daily Fashion Ltd</b> (China, see above)
Delta Leather Trade Int.*	Kohinur Tannery Mamun Tannery M.M. Leather	<b>Baoding Nabowan Leather Product Industrial Co. Ltd</b> (China, see above)  <b>Laolisi</b> (China) Manufacturer of leather bags, mainly exporting to North America (70%). <sup>111</sup>
Borderless Japan Bangladesh Corp. Ltd*	Kohinur Tannery Mamun Tannery M.M. Leather Apex Tannery Bay Tannery	<b>Borderless</b> (Japan) <sup>112</sup> This company calls itself a social company. It operates a leather factory in Bangladesh called Business Leather Factory.  <b>Joggo</b> (Japan) A brand of Borderless, producing amongst others iPhone 6 wallets. <sup>113</sup>

<sup>111</sup> Alibaba website, "Guangzhou City Baiyun District Zhanwang Leather Factory (Laolisi), no date, <[http://www.laolisi.com.cn/company\\_profile.html](http://www.laolisi.com.cn/company_profile.html)> (27 July 2015).

<sup>112</sup> Borderless Japan website, no date, <<http://www.borderless-japan.com/social-business/businessleather/>> (27 July 2015).

<sup>113</sup> Borderless website, "Joggo," no date, <<http://www.borderless-japan.com/social-business/joggo/>> (23 June 2015).