

Pandemic Pushes Struggling Tannery Workers to the Brink

*Survey shows low wages and lack of contracts threaten
the livelihoods of Bangladeshi tannery workers*

December 2020



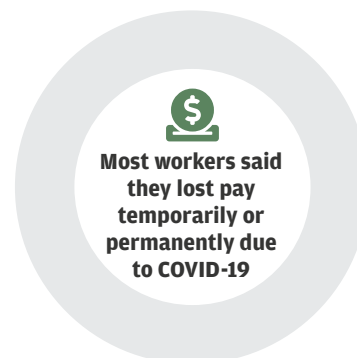
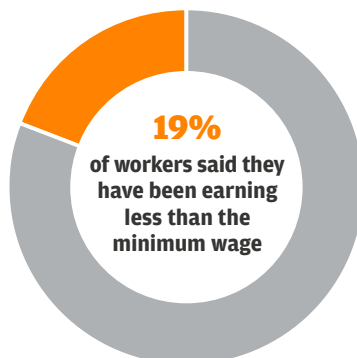
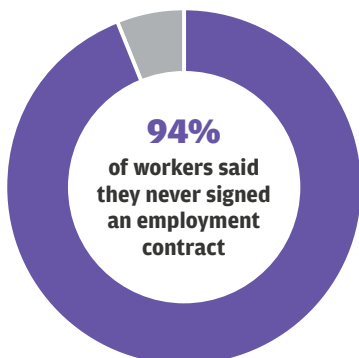
Introduction

Many workers in Bangladesh’s tannery industry work without written employment contracts, according to a Transparentem survey of 100 current and recently employed workers at 19 tanneries. The survey indicates that the lack of employment documentation, along with low wages, has left these workers and their families in a desperate financial position. The COVID-19 pandemic, which has ravaged the industry, has made an already precarious situation almost untenable for many workers.

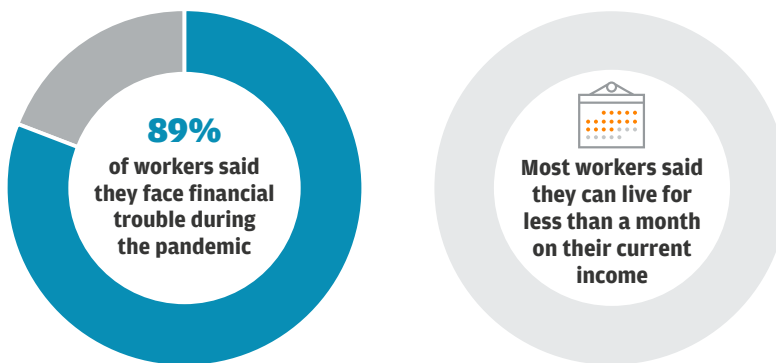
“I have no money, I cannot provide for my family, I cannot fulfill my children’s needs properly. My life is full of sorrows,” said one of the tannery workers surveyed by Transparentem in August 2020, to assess how the COVID-19 pandemic has affected workers in the Savar tannery estate. The survey found that immediate action is required to ensure that workers and their families survive the pandemic that is threatening their livelihoods. Tannery workers urgently need written work contracts or appointment letters, and must be paid at least the legal minimum wage in accordance with the Labour Act 2006, supplemental labor rules of 2015, and minimum wage notifications from the Ministry of Labour and Employment.

Top-line survey findings

- 94 of 100 interviewed workers said they never signed an employment contract with their tannery.
- At least 19 percent of workers appear to have been earning less than the minimum wage for tannery workers even before the pandemic began.
- Most workers lost pay temporarily or permanently due to COVID-19.



- When asked about the main difficulty they face during the pandemic, 89 of 100 workers said financial trouble.
- Most workers said they could live for less than a month on their current income.



Transparentem calls for a concerted effort from a variety of stakeholders to address the problems revealed by the survey. This report concludes with recommendations for the tannery industry, the Bangladeshi government, international buyers, advocacy organizations, and the media.

Transparentem is an independent, philanthropically funded nonprofit organization that strives to eradicate human and environmental abuses in global supply chains. Transparentem has specific expertise in identifying exploitative and abusive labor conditions in production facilities around the world. Transparentem's previous investigations include a multiyear project focusing on environmental and labor abuses in Bangladesh's tannery industry.

Background

The COVID-19 pandemic is both a public health and economic crisis for Bangladesh and many other countries around the world. As of November 4, Bangladesh, with a population of 163 million, had seen 412,647 confirmed cases and 5,983 dead from the virus, according to the World Health Organization.¹ The World Bank has warned of deep and lasting economic damage in Bangladesh as a result of virus-related business shutdowns and trade losses.² During a government-imposed shutdown, nearly 36 million Bangladeshi workers lost their jobs in just over two months, according to one media report.³

Historically, the leather industry has played a central role in Bangladesh's export economy. Leather, leather goods, and footwear are among the country's top exports, alongside apparel and fish.⁴ Tanneries have been the main employer in Bangladesh's leather and leather goods industry, accounting for 92 percent of the sector's workforce.⁵ The country's tanning activity is centered in a large industrial estate in Savar, home to more than 120 tanneries.⁶

“Often there is no money to eat. I think I would die from the tension of providing for my family.”

– survey respondent

Survey demographics

In August 2020, Transparentem commissioned a telephone survey of 100 workers employed in 19 tanneries in Savar. According to shipping data, these 19 tanneries were a mix of small, medium, and large-scale operations.

Respondent demographics:



Age

Average age: **38**

Youngest: **18**

Oldest: **68**



Years employed in tanning industry

< 2 years: **6**

2-5 years: **34**

5-10 years: **18**

> 10 years: **42**



Work hours per week

Less than 40 hours: **7**

40-60 hours: **74**

More than 60 hours: **19**



Gender

Male: **71**

Female: **29**



Job titles



Positions included machine operators, daily laborers, technicians, security guards, and others.

Findings

Transparentem’s survey revealed several issues that require immediate attention and remediation: lack of employment contracts, low wages, loss of income, and financial precarity.

Precarious employment:

One of the most striking findings is that nearly all respondents said they were employed without signed contracts. Out of 100 workers surveyed, 94 said they had not signed employment contracts with their tanneries. Only two of the six workers who stated that they signed such contracts said they possessed copies of their contract. The United Nations Office on Drugs and Crime includes a lack of employment contracts among its human trafficking indicators.⁷

Working without an employment contract or equivalent document can leave workers vulnerable to exploitation if they are unable to prove the wages they were offered or the terms of their employment. In extreme cases, a worker without a written contract may be unable to demonstrate that they had been employed by a tannery and are owed back pay.

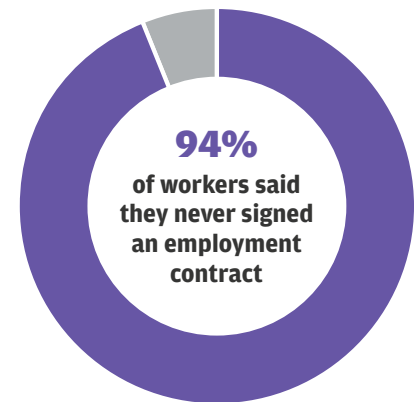
A November 2019 media report indicated that only 20 percent of tannery workers had signed contracts and 45 percent did not have proof of employment. Bangladesh’s 2006 Labour Act and 2015 Labour Rules require employers to issue appointment letters to all employees, detailing each worker’s class and designation, type of work, wages, and other benefits including medical care, education, food, attendance allowances, and tips.⁸ Transparentem’s survey used the phrase “employment contract” rather than “appointment letter.”

Low wages:

In 2018, the government of Bangladesh set the minimum wage⁹ for the least experienced tannery workers in Savar at 13,500 taka (\$159)¹⁰ per month.¹¹ Despite that mandate, 19 survey respondents, including many with years of experience who may be legally entitled to even higher wages, said their regular monthly wages—before COVID-19—were less than 13,500 taka (\$159) per month for full-time employment.

“The tannery owes me three months’ wages but I do not know if I will ever get that money.... If I complain about my wages they will ask me to quit and will not pay my three months’ wages they owe me.”

– survey respondent



“Everything depends on money, but money was not coming from anywhere. I could not pay rent, I could not provide for my family. The tannery still owes me money, they need to pay me.”

– survey respondent

Respondents who said they earned less than 13,500 taka (\$159) per month before the COVID-19 pandemic



Another 56 survey respondents, who said they were part-time tannery employees, said their regular monthly wages before the pandemic were less than 13,500 taka (\$159) per month. Transparentem was unable to determine whether, given their part-time status, these workers' low wages violated minimum-wage regulations.

Regardless, even tannery workers who earn the minimum wage may struggle to get by. The increase in the cost of housing has outpaced that of wages, which has led to a housing crisis for tannery workers unable to afford rent.¹²

“During coronavirus I have struggled providing for my family and my children. I could not buy food all the time, everyone needs food to survive. There were some nights my children just drank water before they went to sleep.”

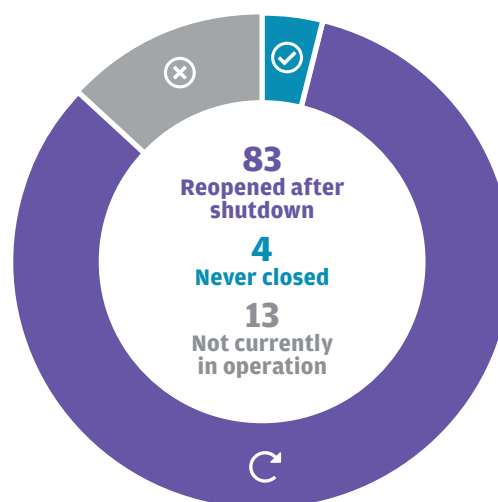
– survey respondent

Loss of income due to COVID-19:

Tannery shutdowns in Bangladesh began in late December 2019, largely due to a cessation of trade with China as a result of COVID-19.¹³ China is both the largest export market for Bangladeshi leather and a main supplier of the chemicals used in the tanning process.¹⁴ By March, most tanneries in Savar had ceased operations.¹⁵ Tanneries that later reopened often returned to limited production, forcing some tannery workers to look for employment elsewhere.¹⁶

- Of the 100 workers interviewed, 13 said their tannery was not currently in operation, 83 said it had reopened after a shutdown, and only 4 said their tannery never closed during the pandemic.
- Of those who said their tannery shut down, the average shutdown length was 7 weeks.
- Of the 87 workers who said their tannery was currently operating, 39 (45 percent) said it was functioning at reduced capacity.

Asked if their tanneries were currently in operation, respondents said:



Of those who said their tannery shut down, the average shutdown length was 7 weeks.

Temporary or permanent tannery closures represent a devastating loss of wages for vulnerable workers. Of the 92 workers who said their tannery had at some point shut down due to COVID-19, most said they received either no wages or less than regular wages during the shutdown. (Transparentem was unable to determine from the survey whether, under Bangladeshi law, some or all of these workers may have been entitled to wages during the shutdown.)

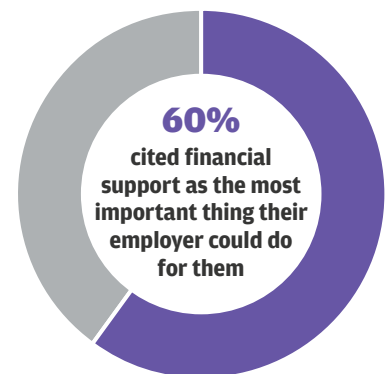
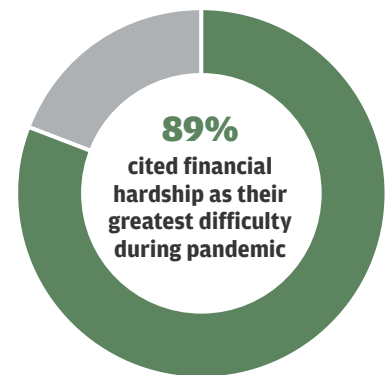
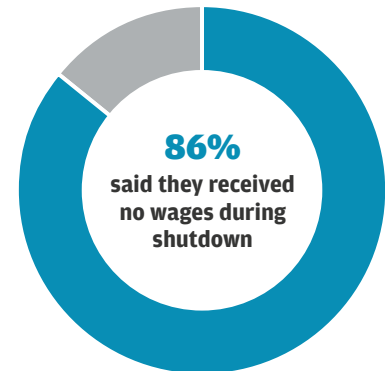
- 38 workers (41 percent) said their tannery was not paying/had not paid them wages during the shutdown.
- 41 workers (45 percent) said their tannery was paying/had paid them less than regular wages during the shutdown.
- 13 workers (14 percent) said their tannery was paying/had paid them regular wages during the shutdown.

Workers at the edge of survival:

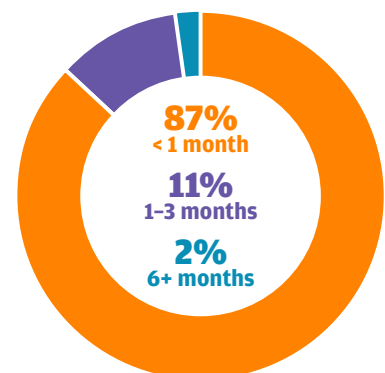
Tannery workers, who were often already earning low wages, found themselves in perilous financial positions due to a sudden loss of income.

- When asked to name their greatest difficulty during the pandemic, 89 of 100 workers mentioned financial hardship. Some workers said they took out loans or sold property as they struggled to pay for food, housing, and their children’s education.
- When asked to name the most important thing their employer could do for them, 60 of 100 workers said financial support from tanneries.
- All 100 workers were asked how long they could continue to support themselves on their current income:
 - 87 said less than a month
 - 11 said one to three months
 - 2 said six months or more
- Of the 83 workers who said their tannery had shut down and reopened due to COVID-19, 27 said their wages had decreased. Of these 27:
 - Only 2 said they had enough money for food.
 - Only 6 said they had enough money for housing.
 - 22 said they had had to borrow money to support themselves

Asked about their wages during lockdown, respondents said:



Asked how long they could continue to support themselves on their current income, respondents said:



Of those with decreased wages, these were cited as the top financial impacts:

-  **Not enough money for food**
-  **Not enough money for housing**
-  **Had to borrow money to subsist**

Call to action

A concerted effort from a variety of stakeholders is necessary to ensure that Bangladesh tannery workers are protected from exploitation and employed in accordance with all labor laws. All workers should receive the minimum wage and an appointment letter or contract that details, at a minimum: their class and designation, type of work, wages, and other benefits including medical care, education, food, attendance allowances, and tips. To help achieve this goal, Transparentem recommends that the following groups take these actions:

- **Tannery owners and industry organizations must understand and follow the law.** Industry organizations must ensure that all tannery owners and managers are aware of and complying with all relevant labor laws, including those covering employment documentation and wages. Owners should provide written appointment letters to all workers and pay wages in accordance with the law.
- **The government should enforce all relevant labor laws.** The Ministry of Labour and Employment's Department of Inspection for Factories and Establishments (DIFE) should conduct frequent and thorough tannery inspections to detect and rectify any violations of labor law, including those covering appointment letters and wages. The DIFE should be staffed with a sufficient number of inspectors to cover the country's leather industry. The Asia Foundation has reported that only two inspectors are assigned to the entire Savar tannery estate.¹⁷
- **Buyers sourcing from Bangladeshi tanneries should assess and remediate risks of exploitative work, require suppliers to follow all labor laws, and take collective action.**
 - Companies sourcing leather from Savar tanneries should exercise due diligence in assessing working conditions, including through in-depth preassessments of potential suppliers and regular monitoring assessments. Any identified labor violations should be urgently addressed through appropriate corrective action.
 - Companies should require their suppliers to provide written appointment letters to all workers and pay at least the minimum wage.
 - Companies should also, where possible, work together to leverage their collective influence to improve industry standards. Companies can collaborate to support the training of tannery management and workers on labor laws and rights, and to lobby the Bangladeshi government for greater enforcement of legal protections for workers.

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- **NGOs, CSOs, labor unions, and worker representative groups should advocate for workers.** Local and international civil society organizations (CSOs) should use the information in this report, as well other existing resources, to examine working conditions in Savar tanneries, train workers about their rights, train owners about their obligations under the law, and make employment documentation and wages a focus of any projects involving the tannery industry. These organizations should also assist workers in lodging complaints with the DIFE when appropriate.
 - **Media should raise awareness.** Local and international media organizations should cover working conditions in Savar tanneries and amplify workers' stories, with particular scrutiny of contract and wage issues.

These efforts, if successful, will contribute to a stronger tannery industry in which both workers and tanneries can thrive. Clear evidence of safe working conditions free from exploitation will generate buyer confidence in Bangladesh leather production, helping to grow and fortify the tannery industry so that it can continue to be an economic engine for Bangladesh.

Survey Methodology:

The demographics of 100 tannery workers included in this survey may not perfectly match the overall demographics of the thousands of workers employed in the Savar tannery estate. By speaking to workers in 19 small, medium, and large tannery facilities among the more than 120 tanneries in the estate, Transparentem intended to capture a snapshot of working conditions in the estate as a whole during the COVID-19 pandemic.

Workers were asked a series of yes/no or multiple-choice questions (in Bangla) about how COVID-19 had affected their work and income, and how their employers had responded to the virus and its effects. The survey also included two open-ended, qualitative questions, asking workers to identify their greatest difficulty during the COVID-19 outbreak and how they would like employers to support them. The survey was conducted by Evaluation and Consulting Services (ECONS) Ltd.

Endnotes

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4. “Bangladesh,” Observatory of Economic Complexity, n.d., accessed October 23, 2020, <https://oec.world/en/profile/country/asbgd>.
5. Md. Sadat, S. Shibli and Md. Taherul Islam, “In Bangladesh, Tanneries in Trouble,” The Asia Foundation, May 27, 2020, accessed October 23, 2020, <https://asiafoundation.org/2020/05/27/in-bangladesh-tanneries-in-trouble/>.
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7. United Nations Office on Drugs and Crime, “Human Trafficking Indicators,” 2017, p.2, accessed December 16, 2020, https://www.unodc.org/pdf/HT_indicators_E_LOWRES.pdf.
8. Bangladesh Labour Act, 2006, § 5 (2006); Bangladesh Gazette, Extra, September 15, 2015, § 19 (2015).
9. Bangladesh’s minimum wage comprises a basic wage plus mandatory allowances for housing, medical, and transportation expenses. Minimum wages for tannery workers are based on six grades of workers and are higher in Savar than elsewhere in Bangladesh. The minimum wage for apprentices or probationary tannery workers (Grade 6) is 7,000 taka (\$83). For Grade 5 tannery workers in Savar, it is 13,500 taka (\$159) per month. And for Grade 1 tannery workers in Savar, it is 25,400 taka (\$300) per month. None of the survey respondents appear to have been apprentices.
10. Calculated at the rate of 85.00 Bangladeshi taka to one US dollar, per the “Treasury Reporting Rates of Exchange as of September 30, 2020,” US Treasury Department (website), accessed November 23, 2020, <https://fiscal.treasury.gov/files/reports-statements/treasury-reporting-rates-exchange/treasury-reporting-rates-of-exchange-as-of-september-30-2020.pdf>.
11. Minimum Wages Board, “Minimum Wages Chart,” 2018, p. 3, accessed December 16, 2020, <http://mwb.portal.gov.bd/site/page/dd0d5638-5303-4869-af41-ea321807408e/->; “Minimum wage for tannery workers set at Tk 12,800,” *New Age*, March 6, 2018, accessed October 23, 2020, <https://www.newagebd.net/article/36107/minimum-wage-for-tannery-workers-set-at-tk-12800>.
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13. Abbas Uddin Noyon, “Pulling rickshaws after losing job: Tannery workers hit hard by shutdown,” *The Business Standard*, April 20, 2020, accessed October 23, 2020, <https://tbsnews.net/coronavirus-chronicle/covid-19-bangladesh/pulling-rickshaws-after-losing-job-tannery-workers-hit>.
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