

# Impact of Covid-19 on the workers of the Leather Tanning Industry of Bangladesh

**Dr. M. Abu Eusuf**

Professor of Development Studies,  
University of Dhaka; & Executive Director,  
RAPID

&

**Md. Imran Hossain Bhuiyan**

Assistant Professor, University of Dhaka; &  
Research Fellow at RAPID



The Asia Foundation



23 January 2021



# Covid-19 and Bangladesh's Leather sector



Covid-19 is causing unprecedented disruptions for global economies

Bangladesh has also been affected

Leather is one of the oldest manufacturing sectors but was beset with various bottlenecks even before Covid-19 hit the global economy.

Immediate (short-to-medium term) export prospects look challenging.

# Consequences of Covid-19

- It might take up to **3 – 5 years** for a **full recovery** in major world economies
- **International travel and tourism** will face **very slow recovery** (e.g. recovery for the airline industry could take at least 2 years)
- **Consumer confidence** in international market will be critical for **export revival**.
- 40% of European and U.S. consumers are likely to reduce household spending, but a much higher proportion of 65% to **cut back spending** on **clothing and footwear**.



# Covid-19 and Bangladesh's Leather sector

Like all the other manufacturing sectors of Bangladesh, production and employment in the leather tanning industry has been affected by the advent of COVID-19 since March 2020.

This study seeks to examine the impact of COVID-19 pandemic on the production and export of processed leather as well as on the lives and livelihoods of the tannery workers

This study takes an explorative approach where both quantitative and qualitative methods for data collection have been used.

A questionnaire survey has been conducted in 10 tanneries of Savar.

A total of 15 key informant interviews (KIIs) among the tannery owners as well as the workers and a focus group discussion (FGD) with 12 workers have also been conducted.

# Background of this study

- ❑ The leather sector was once considered to be a worthy contender to replace the country's over-dependence on the RMGs for export earnings
- ❑ The relocation of the tanneries was believed to solve a number of longstanding bottlenecks.
- ❑ Though the tanneries were relocated to Savar in 2017, the CETP has yet to be fully functional and the demands of the workers are yet to be unfulfilled .
- ❑ Lack of the successful operation of the CETP
  - ❑ Led to the stigmatization of Bangladeshi leather for non-compliance
  - ❑ Led to the reduction in production and export of processed leather for last few years
- ❑ The reality of COVID-19 has, hence, added further strain not only on the future of the tanning industry but also of the workers.

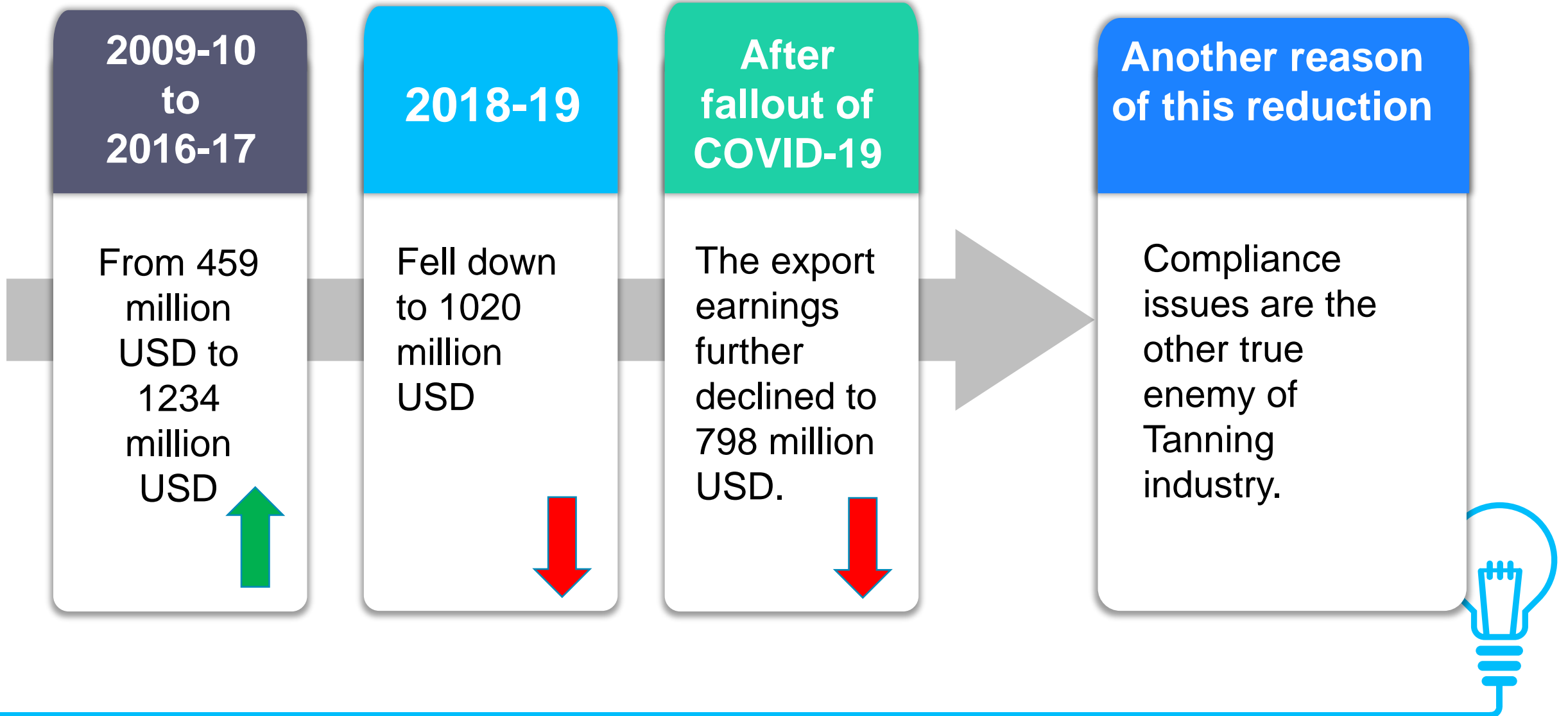
# Exports of leather and leather goods



# Export Figure for the Leather Sector!

Year	Leather	Leather Footwear	Leather Goods	Total (million\$)
2009-2010	226.10	204.09	29.06	459
2010-2011	297.83	297.80	55.42	651
2011-2012	330.16	335.51	99.36	765
2012-2013	399.73	305.11	161.62	866
2013-2014	505.54	378.54	240.09	1124
2014-2015	397.54	483.81	249.16	1131
2015-2016	277.90	494.83	388.22	1161
2016-2017	232.61	536.96	464.43	1234
2017-2018	183.00	565.60	336.80	1085
2018-19	164.62	607.88	247.28	1020
2019-20	98.31	478.75	220.55	798

# Impact of COVID-19 on the production and export of leather



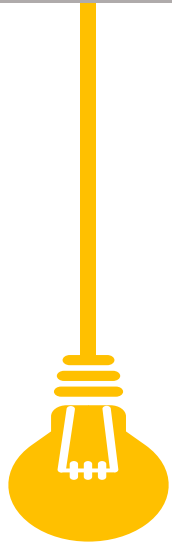




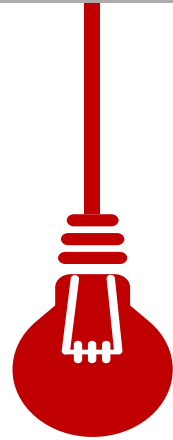
## Impact of COVID-19 on the Tannery Workers

- ☑ Workers were already facing some problems like **no minimum wage, prevalence of informal recruitment, absence of formal Training**
- ☑ **Accommodations, transportation and Medical Facilities** have still remained unsolved, even after relocation.
- ☑ Now, because of Covid-19, the **informal nature of employment at the tanneries are seemingly taking a firm root in the industry**

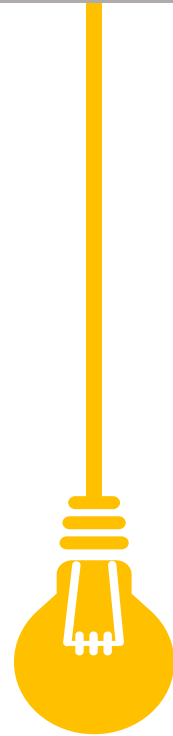
# Impact on employment



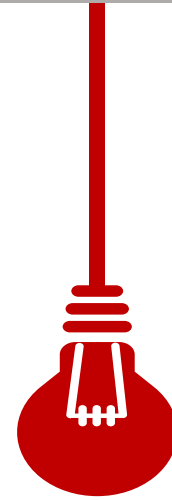
Some workers left job willingly as the informal nature of the job does not guarantee any pensions, paid leaves



Due to worsening business conditions, many workers lost their jobs



The owners have used the pandemic as an opportunity to layoff the old workers to replace them with new and young ones



The survey data reveals that about one-third of the respondents have seen their colleagues losing their jobs.

# Impact on Income

Most of the tannery workers received 65 percent of the total salaries and wages from the respective tanneries for April-May 2020 after the nationwide shutdown of businesses

A small number of temporary workers who work for the third-party contractors have received no wages for a small period of shutdown


This study found that about 32 percent of the respondents think that their monthly income has declined recently

While about 65 percent feel that it has almost remained the same






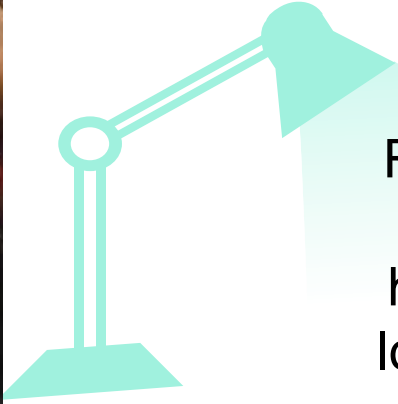
# Impact on Wages



While the permanent workers in the tanneries get about 11000 BDT per month, the temporary workers earn about 7000-8000 BDT per month.

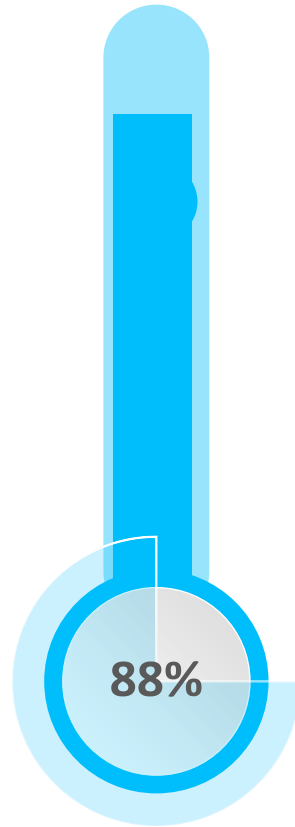


The daily wage for the temporary workers went a bit high immediately after the relocation to about 300 BDT in some cases

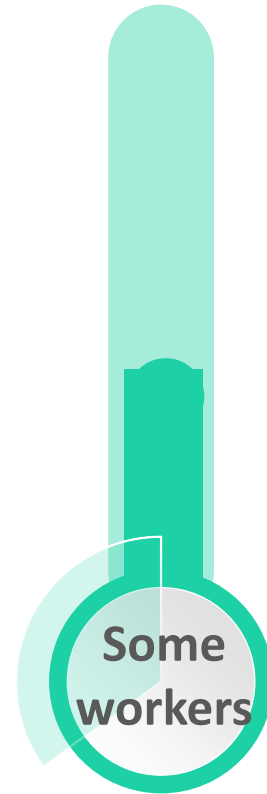


Recent downturn in business due to COVID-19, however, has again resulted in a lower daily wage of 200-250 BDT

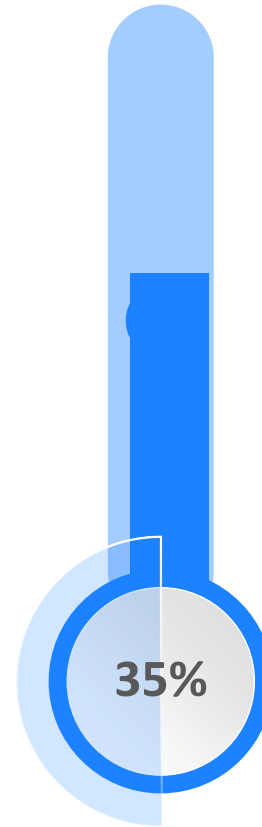
# Supports for the workers during the pandemic



MASK During Covid-19



Food and Non-food items



Food Package

**On a positive note,**

Data from the survey reveals that about 88 percent of the respondents have received at least some form of supports like masks and awareness sessions during COVID-19



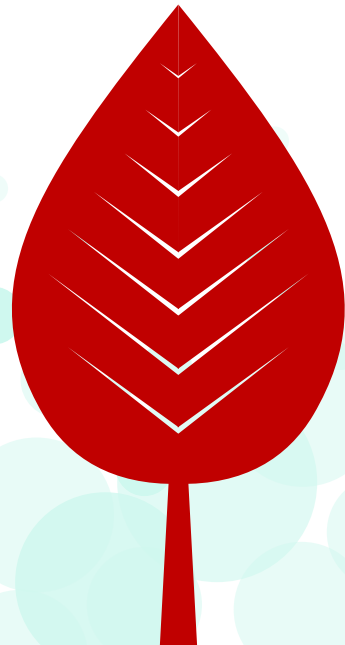


# Impact on occupational safety and health (OSH)

As per latest data, there has been no reported case of COVID-19 among the tannery workers



Few owners were infected by COVID-19 and a couple of them passed away



During Covid-19, masks, hand sanitizers have often been provided to majority of the tannery workers by tanneries NGOs



Awareness workshops by Workers union and NGOs



# Leather and leather goods sector: Critical issues in the aftermath of Covid-19

- The sector already had severe supply-side issues. Covid-19 could aggravate the problems
- Issues that need immediate policy attention
  - Disruptions since the relocation of tanneries
  - Securing accreditation from Leather Working Group (LWG)
  - Effective supply chains and backward linkage management (cattle production, skill development for flaying and curing, modernised abattoir facilities, etc)
  - Shortage of a skilled workforce
  - Attracting FDI will remain a priority
  - Changing market dynamics – domestic market sales vs exports
  - Market access prospects after LDC graduation

# Recommendations and way forward

The leather sector needs a sector-specific, realistic, and modern policy framework & successful operation of CETP with LWG certification

Registration of the allocated land to the tannery owners in Savar need to be accomplished urgently

Clearance of the lands of older tanneries in Hazaribagh for further development so that the tannery owners can leverage the lands for bank loans

Leather sector specific new financial support at subsidized interest rate and exemption of the interest rate on the bank loans since early 2017 to late 2021

Close collaboration of Government and non-government actors on minimum wage and annual increment issues

Ensuring formal job recruitment, retention, and termination of tannery workers



Any questions!



Thank you all!

