

Summary

Impact of COVID-19 on the Workers of the Leather Tanning Industry of Bangladesh

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1. Introduction

COVID-19 has been causing unprecedented disruptions by affecting both production and trade of goods around the world. 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. It is worth noting that the leather production and export, due to various bottlenecks, had already been showing negative signs of growth after the relocation of tanneries from Hazaribagh to Savar in early 2017. Hence, the government's order for the shutdown of all businesses on 26 March 2020 to contain the COVID-19 pandemic nationally and the simultaneous crisis in the global economy has allegedly worsened the conditions of the leather tanning business in Bangladesh. On this backdrop, this study seeks to examine the impact of COVID-19 pandemic on the lives and livelihoods of the tannery workers by taking an explorative approach. Both quantitative and qualitative methods for data collection have been used in this study. On the one hand, a questionnaire survey has been conducted on 60 workers selected purposively from 10 tanneries of Savar. On the other hand, 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.

2. Background of the study

The leather sector was once considered to be a contender to replace the country's over-dependence on the export earnings from the ready-made garments (RMGs). The relocation of the tanneries was believed to solve a number of longstanding bottlenecks. However, while stopping environmental pollution by constructing a Central Effluent Treatment Plant (CETP) was at the core of the relocation project, various other important concerns were regrettably ignored. Accommodation and medical facilities for the workers were two of the most pressing concerns which lacked the attention of other important stakeholders during the relocation time. By early 2020, after a couple of years since the tanneries were forcefully relocated to the new Tannery Industrial Estate (TIE), the CETP has yet to be fully functional and the demands of the workers are yet to be unfulfilled. In the meantime, failure of the successful operation of the CETP has led to the stigmatization of Bangladeshi leather for non-compliance in the environmental regard. In consequence, the production and export of processed leather started to decline heavily since 2017. The reality of COVID-19 has, hence, added further strain not only on the future of the tanning industry but also of the workers.

3. Impact of COVID-19 on the production and export of leather

Leather sector in Bangladesh had experienced positive growth in export since 2009-10 to 2016-17 from 459 million USD to 1234 million USD by more than doubling the volume in less than a decade. The export figure started to show negative growth since 2017 and fell down to 1020 million USD in 2018-19 even before the global pandemic. In 2019-2020, with the fallout of COVID-19 pandemic, the export earnings further declined to 798 million USD. Moreover, within the leather sector, export of the processed leather vis-à-vis the leather goods and the leather footwear has declined sharply since 2013-14. Currently, the export of processed leather constitutes only about 12 percent of the total export in the leather sector. The owners of different tanneries have admitted that the COVID-19 pandemic has added to the worsening scenario of tanning business. In this instance, the volume of leather processing allegedly came down to one-third of its pre-pandemic average for most of tanneries in the first month following the nationwide shutdown which again recovered slightly by May 2020. By December 2020, about one-third of the active tanneries have been processing leather at the fullest capacity while the others are still falling behind to reach up to the pre-pandemic average. While most of the tannery owners admit the adverse impact of COVID-19 on tanning business, they also acknowledge that the COVID-19 situation in Bangladesh is not the true enemy of the tanning industry, but the compliance issues are.

4. Impact of COVID-19 on the tannery workers

The COVID-19 pandemic has also adversely affected the conditions of the tannery workers. Majority of the workers were already deprived of improved occupational safety and health (OSH) measures, formal employment, formal training, personal protective equipment (PPE), and primary healthcare at the tanneries even after the relocation. Implementing government-directed minimum wage and ensuring the provisions for the accommodation, transportation, and medical facilities for the tannery workers have remained the key demands from the labour unions. Now that the COVID-19 has been causing losses in production and export of leather, the informal nature of employment at the tanneries are seemingly taking a firm root in the industry.

4.1. Impact on the employment

Following the nationwide shutdown in March 2020, it required a smaller number of workers at the factory premises for a couple of months as the production was limited. Due to worsening business conditions, many workers lost their jobs at the tanneries while some left their jobs willingly. According to many workers, some tannery owners have laid off the old workers to replace them with new and young ones. On the other hand, some temporary workers left the job at the beginning of shutdown as the informal nature of the job does not guarantee any pensions, paid leaves, and other benefits for the workers. The survey data reveals that about one-third of the respondents have seen their colleagues losing and, in some cases, leaving jobs during the pandemic.

4.2. Impact on wages

In terms of income, minimum wage for the unskilled workers was declared 13500 BDT for the tannery workers by the Wage commission 2018 which most of the workers could barely enjoy as they are often employed on a temporary basis. 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 which is equal to what the workers used to get before the relocation in 2016.

4.3. Impact on income

On a positive note, most of the tannery workers received 65 percent of the total salaries and wages from the respective tanneries during the first couple months after the nationwide shutdown of businesses. However, a small number of temporary workers who work for the third-party contractors in the rented factories have received no such support during the shutdown period. Yet, the reduction in leather production has squeezed the scope for the workers to work overtime in recent times which further reduced their income. Low wage added with the less scope for earning from overtime have made the living standard of many tannery workers poorer than ever. Data from the survey reveals 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.

4.4. Impact on occupational safety and health (OSH)

As per latest data, there has been no reported case of COVID-19 among the tannery workers. The tannery workers have neither been seen to suffer from critical illness nor to show severe symptoms of COVID-19 in the past few months, according to field survey. However, few owners of the tanneries were infected by COVID-19 and a couple of them passed away due to the disease. During this pandemic period, masks and hand sanitizers have often been provided to majority of the tannery workers by respective tanneries and also by many non-government organizations (NGOs). In addition, the workers union and the employers have collaborated with several NGOs to make the workers aware of the health and safety protocols at workplace during the pandemic.

4.5. Supports for the workers during the pandemic

Data from the survey reveals that about 88 percent of the respondents have received at least some form of supports like masks during COVID-19. Furthermore, some workers also received both food and non-food items like rice, oil, onions, salt, sugar, potatoes, soaps, and sanitizers from different NGOs during the pandemic. In this instance, the NGOs partnered with the tannery owners' association and the tannery workers' union to select the most vulnerable workers to provide the food packages. According to survey data, about 35 percent of the respondents have received such supports.

5. Recommendations and way forward

Given the worrying scenario of the leather tanning industry since COVID-19 has unleashed more pressure on the tanning business on top of the post-relocation challenges, the tannery owners have asked for leather sector specific extensive financial support from the government. Most of the tanneries could not avail the benefits of stimulus package for not fulfilling the conditions set by the government following Bank- Client relationship. Hence, 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 can be helpful for most of the tannery owners to resume operation in Savar. To fight with the compliance issues as well as with the COVID-19 pandemic, separate stimulus package for leather sector may help the tannery owners to invest on the environmental as well as social compliance at the tanneries. Moreover, technical support from the relevant government agencies to successfully operate and maintain the CETP in the TIE is also crucial for the growth of the industry. Furthermore, registration of the allocated land to the tannery owners in Savar and the clearance of the lands of older tanneries in Hazaribagh for further development need to be accomplished urgently so that the tannery owners can leverage the lands for bank loans.

For the tannery workers, on the other hand, several key issues related to the welfare of the tannery workers have remained unsolved for the last few years after the relocation of tanneries. The issues of accommodation, transportation, and medical facilities are some of the longstanding demands of the tannery workers which are yet to fulfilled. Implementation of the annual increment to the wages of tannery workers in this crucial time when the total income of the workers has decreased in many cases is crucial. Furthermore, ensuring formal job recruitment, retention, and termination along with the implementation of the minimum wage have now become more crucial for the welfare of tannery workers than ever.