



# Where the shoe pinches

## Child Labour in the Production of Leather Shoes

SOMO, June 2012

### Summary<sup>i</sup>

*This report presents the findings of an investigation into child labour in shoe production chains of international brands which was commissioned by the 'Stop Child Labour – School is the best place to work' campaign and written by the Centre for Research on Multinational Corporations (SOMO). This investigation consists of a literature study, policy research including a questionnaire sent out to shoe companies and field research in India, one of the world's most important shoe producing countries.*

The Dutch wear shoes that are manufactured mainly in China, Vietnam, India and Indonesia. Leather shoes of a large number of European producers are manufactured in these countries. Before a leather shoe ends up in a shop in Europe, it has come a long way in a complex supply chain involving various actors in a range of different countries. The working conditions at the beginning of this supply chain are often very bad with people having to work long hours, being paid low wages while being exposed to dangerous chemicals. This chain starts at the farms that provide the cattle hides and continues at the leather tanneries where the hides are turned into leather followed by factories where the leather shoes are manufactured. This process usually takes place in developing countries or other low-wage countries. It is known that children are often involved in the production of leather and shoes in countries including Brazil, China, Vietnam and India. The research conducted by the Centre for Research on Multinational Corporations (SOMO) in India shows that children play a role in the production of leather shoes of well-known international brands intended for the European market. The research in India was carried out in the southern cities of Vaniyambadi and Ambur and in the northern city of Agra as these are considered to be the country's most important shoe producing centres for export.

Shoe manufacturing can be roughly divided into leather production and shoe production. The leather is produced in leather tanneries where the cattle hides are prepared with chemical processes and turned into leather. In this leather tanning process, workers are exposed to potentially dangerous chemicals without adequate protection. As a result they frequently suffer from allergies, skin diseases and bronchial problems. Large leather tanneries sometimes subcontract the work out to smaller tanneries. These

smaller tanneries, where health and safety measures in the workplace are often insufficient, employ a relatively large number of children. It is likely that child labour occurs in the supply chain of export oriented companies because subcontracting takes place on a large scale and small leather tanneries are inspected insufficiently.

Similar to the leather tanning sector, work is also subcontracted out in the manufacturing of shoes. The research by SOMO shows that, in India, child labour occurs precisely in these subcontracting chains. This also applies to the production of leather shoes for export. At this stage in the production chain there are roughly three types of shoe manufacturers. First, the large factories that export directly, secondly, the medium-sized factories or workshops that supply shoes to shoe companies (exporters) and, finally, the small-scale workshops that also work for the large factories.

The third category of small-scale workshops also includes the home industry where the work is carried out by families from their homes. The price per piece that is paid to home workers is so low that adult workers often do not make enough money to live on so their children regularly help out to earn a better living. The same goes for the smaller workshops where the owner sets his children to work to reduce the labour costs of adult workers.

The small workshops that were visited as part of the field research generally have work for three to five labourers, depending on the volume of work. This is where the upper parts of the shoes are manufactured and where the soles of the shoes are attached. Children are regularly involved. The workers that were interviewed explained that the skills are passed on from generation to generation. When these labourers were young they were taught by their parents. This is still the case today. The workshops that were visited nearly all supplied to large exporters who, in turn, supplied to European brands. However, child labour also took place in the medium-sized factories with 80 to 100 employees that were visited as part of the field research. Based on the findings of this field research, it can be concluded that child labour is not a rare occurrence in the production of leather shoes for the European market.

One of the major obstacles in checking whether child labour takes place is caused by the fact that a substantial part of the work, both in leather tanneries and in shoe factories, is carried out in the informal sector. According to Indian law, labour inspections are permitted in companies with ten or more employees. This means that child labour legislation is not reinforced in smaller businesses or workshops of home workers. Moreover, if inspections take place on the basis of official company records of the large company, it may well be the case that the activities that are subcontracted out to the informal sector are not monitored. Another factor is the fear of workers of losing their job if it is found out that their children are working with them in the production of shoes, which is why some children and adult workers do not want to cooperate with the investigation. No evidence was found during the investigation that child labour is used by the large export companies. However, it must be said that since 2008, the Indian government has not carried out any inspections in the Vaniyambadi and Ambur regions to establish whether shoe companies are adhering to the legislation against child labour. Insiders suggest that the political and socio-economic influence of the interested parties in the sector have played a role in the absence of any recent inspections.

Child labour in the shoe manufacturing industry, but also in other industries, puts children in a dependent position and can cause major physical and emotional damage. Factors that contribute to the occurrence of child labour in India are: poor labour conditions for adults, not paying the official minimum wage (let

alone a “liveable” wage), legislation that is not reinforced properly and the practice of subcontracting work out to smaller workshops (where inspections do not take place). Despite the fact that there is a national law in India that partially prohibits child labour, children continue to work in shoe manufacturing. The study in India also revealed that child labour varies depending on the Indian region in question. In Uttar Pradesh, for example, in northern India, child labour is more structural in nature, partly due to the fact that shoemaking skills are passed down from generation to generation. In the southern region of Tamil Nadu, on the other hand, child labour is more ad hoc as a result of the perceived need to supplement the family income. According to a trade union spokesperson from the leather products industry, who was interviewed as part of the field research, child labour will decrease when companies start paying at least the minimum wage and provide better working conditions.

In the autumn of 2011, policy research was conducted among 21 well-known and important shoe companies selling shoes on the Dutch market. A questionnaire was sent to all of these companies in the Netherlands and other European countries. The most important goal of the research was to identify whether the procurement policy of these organisations is aimed at child labour and corporate social responsibility (CSR). It proved difficult to enter into a dialogue with these companies. Only a few of these companies had a CSR department and/or a CSR policy on their corporate website. It can be concluded from the response of these companies that they are not very willing to share information about their procurement policy. Only two of the 21 companies who were approached responded to our request to complete the questionnaire; Van Haren (Deichmann group) and Timberland. These two companies each have a specific CSR policy including attention for child labour in the supply chain. Following the research conducted by the Centre for Research on Corporate Multinationals, Stop Child Labour conducted a follow-up study that will be presented by the campaign in June when this report is published as well.

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<sup>i</sup> The full report is only available in Dutch at <http://www.stopchildlabour.org/Stop-Childlabour/News-Items/Letter-to-companies-in-shoe-sector>