

From The Times

October 25, 2007

# Minister hits out at 'false reports' on child labour by NGOs

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Foreign social activists are spreading "false reports" about the use of child labourers in India that are damaging its global corporate image, according to the country's Trade Minister.

Kamal Nath attacked European nongovernment organisations (NGOs) yesterday for painting a misleading picture of Indian business practices and said that his Government could feel compelled to "take retaliatory action".

He said: "Some NGOs, including those funded by some European governments, are spreading false reports about Indian industry. They impact on the credibility of the Indian Government. This is not acceptable to us. Our industries are subject to laws and Indian labour laws are quite good."

The Indian Government's resentment towards its European critics was unleashed on visiting trade ministers from Finland and the Netherlands, who were in Delhi this week for talks with India. Mr Nath said that he had called on Paavo Vayrynen, his Finnish counterpart, and MJA van der Hoeven, the Dutch Trade Minister, to raise the matter at European level.

Last month, a Dutch NGO published a damning report about India's cottonseed industry, claiming that it was staffed by more than 416,000 children under 18, many in bonded labour, working up to 12 hours in the fields for less than 30 rupees (37p) a day. The report said that big Indian groups as well as multinationals did nothing to stop the "modern form of child slavery".

Mr Nath's remarks came as India and the European Union inch towards a free trade agreement, which should be signed by the end of the year. The agreement would dispense with certain import duties, boosting trade between India and the EU from its present value of more than \$50 billion (£24.5 billion) a year. It would also provide a basis for a breakthrough in protracted multilateral discussions at the World Trade Organisation that are in danger of total collapse.

Mr Nath said that it was appropriate to raise the subject of attacks on India's labour practices during bilateral discussions, even though human rights were not covered by the EU agreement, because the criticisms were "causing trade disruptions".

The textile industry has come in for particular fire from social activists, who say that India has done little in practice to stop child labour, despite outlawing it a year ago. Last week, a local supplier to Gap, the American clothing retailer, promised to clean up its act after newspaper reports high-lighted poor working conditions at its factories.

With the rupee at a nine-year high against the dollar, it is a particularly sensitive time for Indian exporters, who have suffered dwindling profit margins and increased competition from rival emerging economies. The Federation of Indian Export Organisations said that 600,000 people in the textiles industry alone would lose their jobs this year. It said that nearly four million people in export-dependent industries had already been made unemployed and that if the rupee continued its rise, the number was likely to double.

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