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Barriers and Challenges to Environmentally Friendly Manufacturing in Developing Countries: *The Views of a Young Tannery Owner in Bangladesh*

Momtazul Karim

Owns a tannery in Bangladesh that supplies to European buyers.

Md Nazmul Hasan spoke with him on the challenges tanneries in Bangladesh face and the multi-stakeholder support they receive to reduce negative environmental impacts.

The Hazaribagh leather tanning area recently received significant attention from international NGOs and development partners such as the World Bank and the UK Department for International Development (DFID). In 2013, the area was also named 5th most polluted place on earth in a report published by the Zurich-based Green Cross Switzerland and the New York-based Blacksmith Institute.

Md Nazmul Hasan (MNH): Can you give us an overview of your business?

Momtazul Karim (MK) – the tannery owner: Karim Leathers Limited was started from scratch in 1983 by my late father Rezaul Karim. Today, our business is the third largest high end leather manufacturer in Bangladesh. We produce approximately four million square-feet of finished leather per month. Our main products are crust and finished leathers and we are one of the very few tanneries here in Hazaribagh that deals directly with European buyers.

INTERVIEW

MNH: What initiatives has your business taken so far to reduce its negative environmental impacts?

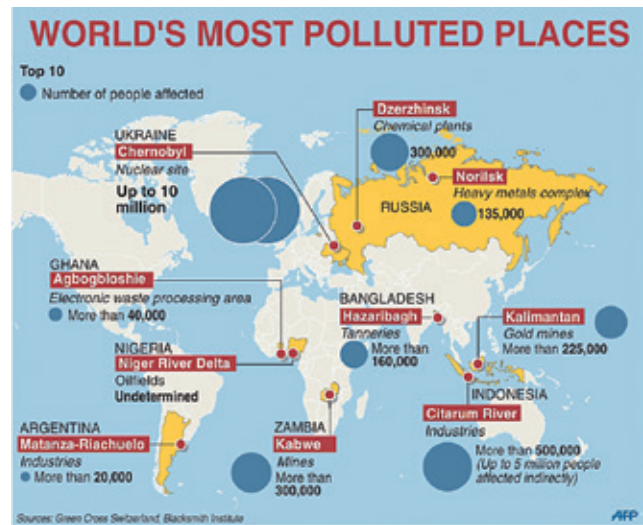
MK: We have earned internationally recognised compliance certificates. The only one we do not have is an environmental certificate, because we do not have any effluent treatment plants (ETPs), just like all other tanneries in Hazaribagh. But we are working in earnest to improve our environmental performance. If you tested even my factory’s chemical substance discharge, you would notice that the amount of hazardous chemicals is very low. Now we are trying to establish a ‘salt-free’ tanning system within our factory, but we are still in the trial process. I hope that, within the next three-four months, we will be able to run our production processes without any salt. If we succeed in this, it will mean that we will no longer be dispersing saline water into the environment, which would be a significant achievement, and we are doing this with our own initiative.

I am not sure about others, but I think that we are the only company to have enlisted the help of consultants from Germany, Switzerland, and Italy. We are investing an enormous amount of money in our new environmentally friendly project because we aspire to earn the Leather Working Group (LWG) certificate in the near future.

MNH: Do you get any support (either financial or technical) from buyers to improve the environmental performance of your business?



Untreated waste outside a tannery in Hazaribagh



MK: In plain and simple terms, not at all. And this is something the pressure groups tend to forget when imposing their strict requirements. We must remember that leather tanning is a competitive business and that, at the end of the day, any cost we incur has a commercial impact [*emphasised*] that ends up increasing the product price, affecting our foreign customers and the retail buyers. And the harsh reality is that they [the buyers] will never pay us one single penny for any environmental mitigation efforts. All the buyers want to talk about is: “Yes, Bangladesh must do this, do that”. No buyers, not a single one has ever said: “Okay, I will pay you extra for installing ETPs”. Because the buyers look at what is more economical for them. As long as the media is not covering the issue or the environmental agencies are not saying anything against their brands, they do not worry. The big brands especially, that buy in bulk volume from different suppliers, say nothing.

MNH: Do you get any support from other stakeholders, e.g. NGOs?

MK: The European Union funded a project called SWITCH-Asia a couple of years ago, which helped in raising awareness about negative environmental impacts of tanneries in Hazaribagh. SWITCH-Asia project consultants provided training on environmentally friendly tanning processes, minimising water usage, chromium-free tanning and occupational health and safety for the tannery workers. Apart from that, I cannot recall any other support from anyone in the recent past.

MNH: Do you source your raw materials responsibly?

MK: If you are asking me whether I am sourcing the raw materials with full traceability, then I am sorry; I cannot say that I do. But, through our own initiatives, we are trying to trace our raw materials (cow hides and chemicals) from the mid-point.

If you are talking about purchasing raw materials responsibly, it also means that I do not have to pay unfair prices for my raw materials, right? But this is also a problem in Bangladesh. Tannery owners can sometimes be confronted with extremely high prices that are incompatible with the international leather market. During the Qurbani (i.e. the Eid-ul-Adha/festival of Sacrifice) season, tannery owners buy cow hides from middlemen with bundles of cash, so the supply is low and the demand is high. As a result, the middlemen overcharge us, and we pay. This is why we fail to strike a balance with the international leather prices. Most tanners these days are new to the industry; they have the money, but not the knowledge. First of all, you have to understand the international market. See, I would pay for all types of environmental mitigation efforts if the product that I am selling could absorb the costs. I would stop doing it without anybody's permission the moment I realised that I was losing my money!

MNH: Do you feel any regulatory pressure to change the environmental performance of your business?

MK: Yes, huge pressure, and unethical pressure from the government at this very moment. The government is pushing all tannery owners to move their factories to a new location outside Dhaka (the capital). But the government does not even know when the new industrial area will be ready, how the waste treatment facility would work there, and what impact it will have on the business. Nobody knows anything, the government had an election agenda to shift us to a new place and this is what it is doing. It is just pushing without any consideration for the consequences. I am highly sceptical about whether this relocation will be a successful one.

In fact, this decision was taken a long time ago. It took the government ten years to finally put it into practice, which has made the tanneries in the Hazaribagh area even more unsustainable in recent times. Those owners who had taken initiatives to mitigate their negative environmental impacts eventually started thinking that investing in

environmentally friendly technologies in their current locations would be a waste of money. This is another reason why the physical environment in the Hazaribagh area has worsened in recent years.

MNH: What are the key challenges you face in terms of doing business in an environmentally friendly way?

MK: Corruption, lack of education, lack of understanding of the international leather trade, and lack of understanding of logical business benefits. Education is a big issue here; non-technical people are developing and enforcing ill-informed environmental policies. They are providing unsustainable approaches that are totally incompatible with the international leather business.

Leather is something we do not consume locally, it is an international product. Leather must be designated as one of the highly technical sectors. I truly believe that the work we do is helping society. Should we, the tanners, not carry out our production in Bangladesh, where would the government dump all the millions of cow and goat hides? I imagine that there would be epidemics; diseases would spread across the country and people would have to leave.



Workers carrying Wet Blue cow hides on a Wheelbarrow