SYED NASIM MANZUR
MANAGING DIRECTOR, APEX FOOTWEAR LTD
&
PRESIDENT LFMEAB,
(LEATHERGOODS & FOOTWEAR MANUFACTURERS & EXPORTERS ASSOCIATION OF BANGLADESH)
- Capital: Dhaka
- Area: 147,570 sq. km.
- Average GDP growth: 6+ % (average over last decade)
- Total population: 152 million
- Official Language: Bangla, English is generally understood

Strategically located between India, China & Myanmar
WORLD MARKET POSITION OF BANGLADESH

Finished leather around 200 million sft
95% output for export

80% Finished leather exported

Accounts for 3% of Global leather & product market by volume

Europe

Major export destinations for products

Japan, China, Singapore and Taiwan

Brazil
STATE OF THE INDUSTRY

220 Tanneries in Hazaribagh, 90% of total tanneries

70% Of the workforce are women

Direct employment of 180,000 people

Around 30 large export footwear firms

Around 2500 footwear making units in Dhaka city

3,500 Firms including 110 large firms

Sourcing from Bangladesh

Armani

Bass

Picard

Hush Puppies

Hugo Boss

Timberland

Armani

Bass

Picard

Hush Puppies

Hugo Boss

Timberland
Bangladesh livestock base: 1.8% of the world’s cattle & 3.7% of the world’s goat

The annual supply of hides and skins in Bangladesh is estimated - 300 million sft.

Only 15-18% of the total supply is needed to meet domestic demand

About 76% of tanneries in Bangladesh are export-oriented
WHY IS LEATHER IMPORTANT FOR BANGLADESH?

80% of BD exports come from apparel & textiles

Exports of leather goods experienced exponential growth, 48.55% during FY 2013-14

The 4th largest foreign exchange earner

High value addition
Export diversification
Job creation

One of the 4 prioritized sectors
BUT GROWTH IS SERIOUSLY CONSTRAINED

DESPITE STEADY GROWTH AND HUGE POTENTIAL, INDUSTRY IS FACING 2 CRITICAL CHALLENGES IN ITS TANNERY SUBSECTOR...

ENVIRONMENTAL DEGRADATION OF EXISTING TANNERY AREA, HAZARIBAGH

INCREASED EMPHASIS ON SUSTAINABILITY
POLLUTION FROM HAZARIBAGH TANNERIES

- Around 200 tanneries are located near the capital’s river systems.

- The tanneries discharge the effluents and waste into the river Buriganga.

- Causing acid sludge alongside the flood protection embankment.

- The 149 operating tanneries produce 14,910 metric tons of effluent during the peak time, about 9,100 metric tons during the off-peak period.
<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
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<tbody>
<tr>
<td>1940</td>
<td>Leather processing industry begun in Bengal</td>
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<tr>
<td>1949</td>
<td>Establishment of Leather College in Hazaribagh</td>
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<tr>
<td>1965</td>
<td>Manufacture of Wetblue &amp; Chrome tanned leather</td>
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<tr>
<td>1980</td>
<td>Expansion into Crust production</td>
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<tr>
<td>1986</td>
<td>Government ordered 903 factories to clean up</td>
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<tr>
<td>1990</td>
<td>Move into finished leather &amp; products production</td>
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<tr>
<td>1991</td>
<td>Ban of Wetblue exports</td>
</tr>
<tr>
<td>2001</td>
<td>High Court ordered GoB &amp; factories to act within one year</td>
</tr>
<tr>
<td>2002</td>
<td>Government finalized site for relocation of tanneries -TED</td>
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</tbody>
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WHY WAS HAZARIBAGH ORIGINALY SELECTED?

- Outside the city
- Near the river
- Uninhabited
- Designated as an industrial area
SO THEN HOW DID HAZARIBAGH BECOME UNSUSTAINABLE?

- Number of tanneries grew exponentially
- Post independence, government sold abandoned industrial plots indiscriminately
- Dhaka expanded rapidly & Hazaribagh become part of Dhanmondi, a prime residential zone in Dhaka
- Many new owners began to use illegally this industrial land for residential purposes due to the central location of Hazaribagh

(Even now no residential permit is allowed officially !)
RISE OF ENVIRONMENTAL AWARENESS: NEW IMPETUS

NEW SUSTAINABLE DEVELOPMENT PARADIGM

1992
The Earth Summit in Rio de Janeiro

ENVIRONMENTAL ACTIVISM TAKES SHAPE

1992
Bangladesh Environmental Lawyers Association (BELA) was established by Dr. Mohiuddin Farooque
FIRST ATTEMPT AT SOLUTION

- In 1990, UNIDO recommended a treatment plant inside Hazaribagh
- In 1991, Apex court issued directives for relocation of the tanneries from Hazaribagh
- Initiative to establish CETP in Hazaribagh
- Faced hurdle due to DAM near Hazaribagh & chronic shortage of space
- Biggest hurdle was the unwillingness of tannery owners to set up individual ETP

RETHINKING THE SOLUTION

Due to increasing pressure from stakeholders:

- 1990 onwards buyers pressure intensified
- This forced the change of mindset of some industry leaders
- In 2003, Supreme court issued a verdict to relocate Hazaribagh Tanneries to TED, Savar
UNIDO HAS IMPLEMENTED A PROGRAMME THAT REDUCED CHEMICAL WASTE & HEALTH HAZARDS

CONCRETE OUTCOMES

- Reduction chromium load in wastewater by 15%
- Reduced water consumption by 30%
- Reduction of COD in wastewater by 15%
- Total water savings of over 21% achieved in Hazaribagh
- Chrome in wastewater reduced by 38%
- Chrome exhaustion is practiced by 30-35 of the tanneries in Hazaribagh

SOME MITIGATION MEASURES ADOPTED MEANWHILE
BUT THE ANSWER IS TANNERY ESTATE DHAKA (TED)

TIMELINE

- Fourth & last Tender Call: 12 November 2009
- Work order: 11 March 2012
- Deadline for CETP & STP construction: 30 June 2015
- CETP construction started: January 2013
- Will be completed: Q3, 2016

- 205 Plots
- 200 acres of land
- 155 industrial units
MAJOR FEATURES & FACILITIES OF TED

- Central Dumping Yard
- Water Treatment Plant with capacity of 22.8 MLD
- Sludge Power Generation System (SPGS)
- Common Chrome Recovery Unit (CCRU)
- Sewage Treatment Plant (STP)- with a capacity of 5 ML/D
WHY TED GOT HELD UP?

Procedural hurdles:

- Four times tender call due to absence of bids
- After 4th tender government awarded the contract to one company from the two bidding companies
- Losing company filed a case against the work order and halted the process
- Almost 6 years lost due to legal cases regarding compensation
- Lack of transparency in compensation calculation
- Lack of coordination amongst government, donors, and tanners
- Cost escalation- fivefold rise of the estimated cost for the project
- No clear picture on how the CETP was to be financed
- No financial resolution on the compensation issue
Tanners and GoB signed a MOU to ensure relocation on 13th October 2013.

- Allotted industry units: 155
- Factory construction started: 78
- Completed significant portion of construction work: 64 factories
- 75% civil work of CETP completed, 2 shift construction.
Major part of the facility development

**COMPLETED:**

- Electricity sub-station with capacity of 10 MVA (Mega Volt Amp)
- Water treatment plant established
- Gas connection line installed

**Under construction:**

- Common Effluent Treatment Plant (CETP)
- Waste Dumping Yard-50% completed
- CETP construction will be completed by the middle of 2015
STRUCTURAL CHALLENGES WITHIN THE INDUSTRY

- Weak market power – low value chain position
- Lack of product development & design capability
- Inconsistent buyer behavior
- Technology, skill and know how constraints
- “Proprietary” mindset
NEWLY EMERGING ISSUES

ETHICAL CONSIDERATIONS & HUMAN CHOICES

- Whether Leather is a by-product of the meat industry
- The problem with “poor” treatment of animals
- Chrome versus vegetable tanned leather

HIDE TRACEABILITY & AUDIT PROTOCOL

LEATHER WORKING GROUP’S AUDIT PROTOCOL CAN BE ONE ANSWER

- Yet, whatever leather processing option one chooses, there is no single solution that ticks every box, the need for APPROPRIATE technology
Central Bank directing the factories to be green certified by the US Green Building Council (USGBC) or by the Leadership in Energy and Environmental Design (LEED)

European Union (EU) supported Initiative: Introducing environmental management systems and eco-labelling schemes for the leather sector in Bangladesh
SO WHY SHOULD WE BELIEVE THIS TIME AROUND?

- Heightened environmental consciousness within the country – environmental activism: consumers, media, NGOs and regulators.
- Real estate realities – Hazaribagh is worth more as flats than tanneries.
- Hardest part is done: compensation.
- Buyers are putting the squeeze – supply chain traceability & RSL.
- Contractor has domain experience of building and running CETP.
- Big “win” for this government if they can deliver.
- Unprecedented coalition of industry, government and partners.
- High level of suspicion in new area of TED.
- Victims of our own success – on the radar now.
The Saga of TED

Courtesy: ASIA FOUNDATION
Some people want it to happen, some wish it would happen, others make it happen.

-Michael Jordan via www.unknownmami.com
The Royal Bengal Tiger is in the mood for making it happen nowadays....
THANK YOU

IMPORTANT LINKS

http://www.apexfootwearltd.com
http://www.lfmeab.org/
http://www.coelbd.com
http://boi.gov.bd/
Expert Interviews:
1. Mr. M.A. Majed– Tannery expert
2. Mr. Md. Sirajul Haider, ndc. Project Director, Tannery Industrial Estate, Dhaka

http://www.switch-asia.eu/
http://www.ecoleban.com/
http://www.bscic.gov.bd/
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