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# **Globalization and its Impact on Child Labor in Soccer Ball Industry in Pakistan**

Imran Naseem\*

## **Abstract**

*With the advent of the era of fast globalization, child labor drew equal attention from perpetrators as well as the protectors. In case of Soccer Ball Industry in Pakistan, once highlighted by the international media, global actors impacted positively to eliminate child labor from the industry. However, this success has not been free of loopholes.*

**Keywords:** Globalization, Child Labor, Soccer Industry, Pakistan

## **Introduction**

Globalization is a complex phenomenon burdened with sweeping effects and inferences. No wonder, the term has obtained many connotations and has been widely debated. Extremists, on one hand, view globalization essential component of the era and tie hopes of economic prosperity for people worldwide. On the other side, globalization is deemed as the mother of all contemporary ills<sup>1</sup>. The following discourse would attempt to review its impacts on child labor in the soccer ball industry in Pakistan.

Schanberg, Sydney H. "On the playgrounds of America, Every Kid's Goal is to Score: In Pakistan, Where children stitch soccer balls for Six Cents an hour, the goal is to Survive." <sup>2</sup> "It's an age-old practice," said Nike spokeswoman Donna Gibbs, acknowledging that her company did not implement its stated goal of eliminating child labor in the

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production of soccer balls. "And the process of change is going to take time. Too often, well-intentioned human rights groups can cause dramatic negative effects if they scare companies into stopping production and the kids are thrown out on the street<sup>3</sup>."

In June, 1996 *Life Magazine* published photos of kids stitching soccer balls for Nike, Adidas AG and other companies. By May 1996 (knowing before the publishing of the story) Nike was drafting a plan with Pakistani subcontractor to eliminate child labor, said Dust Kidd, Manager Nike's labor practices department<sup>4</sup>.

*"This is the key to understanding the pervasiveness of child labor in the third world. Everywhere I went to India or Pakistan I was told by the masters that children's agile hands and nimble fingers are gifted for weaving hand-loomed carpets and stitching soccer balls. If it is the same then why they are being paid less than adults for per soccer ball<sup>5</sup>?"*

Seventy five percent of World's \$1 billion Soccer Ball Industry is in Pakistan, mostly in Sialkot. In which about 10000 Pakistani kids are stitching balls for approximately 10 hours a day<sup>6</sup>. Pakistani Kids (mostly bonded labor) produced one quarter of about 35 million soccer ball stitched in Pakistan<sup>7</sup>. About 80% of soccer balls sold in USA are made in Pakistan, where every 5<sup>th</sup> worker is a kid aging 7-12 years old<sup>8</sup>. Seventy five percent of world's hand stitched soccer balls are produced in Sialkot, Pakistan. As many as 7,000 children worked in the industry before the international community intervened. In 1996 Punjab Labor Department revealed through a survey of child labor in soccer ball that 17 % of child labor were working in Soccer Ball Industry<sup>9</sup>. South Asian Coalition on Child Servitude reported that kids were working in sporting industries in Sialkot and adjoining areas. Pakistan Human Rights Commission report revealed that in international sports manufacturing

units child laborers were not found. But they were found in the cottage level family units, stitching soccer balls to be exported to the international market<sup>10</sup>. About 20-25% of the total work force found was children of age group 12-15 years<sup>11</sup>, working for 5-6 hours per day, and with an earning of Rs 800-900 per month or on a piece-work basis at 20 rupees per football. A child can usually stitch three footballs a day<sup>12</sup>. According to another source many students, majority of them 5-10 years of age, stitched a single soccer ball at Rs. 40, and earned about Rs. 120 a day, working for an estimated 80 hours a week, in a very non-conducive environment. The foreman told that the children were kept in dark and in silence, so that energy could be saved, as well as to keep at bay the child rights activist from taking pictures of these children, while silence for complete concentration for ensuring standard quality<sup>13</sup>. He further added that 30 minutes were given to these kids each day; punished for any violation from the time table, misbehaved with the parents, wastage of raw material and any leakage of any information to the outsiders<sup>14</sup>.

In April 1995, murder of a child, Iqbal Masih, became an international incident sparking widespread international condemnation of the carpet-weaving industry (and football industry) of Pakistan, because he had been a child rights campaigner and had worked as a child laborer himself. Its aftershocks changed the entire carpet-weaving industry (and football industry) of Pakistan. His murder, though unrelated to his activities, brought Pakistan under international scrutiny, with possibilities of sanctions by the West on Pakistani carpets, and also on the football-stitching industry. The incident became a watershed for the two industries - major export earners after cotton and textiles - which sprang into action and decided to change the way they did business and to rehabilitate their tarnished image<sup>15</sup>.

In 1996, it was reported that in Pakistan production of soccer balls was centred at various hand-stitching centres and outsourced to private homes in Sialkot. The same were produced for contractors like Nike, Adidas, Challenge, with other soccer ball retailers and manufacturers. "In 1996, the International Labor Organization (ILO) and the International Programme on the Elimination of Child Labor (IPEC) found that the Sialkot-based Pakistani soccer ball stitching industry—which produces 30 million soccer balls a year for companies that include Nike, Adidas, Challenge, and others—employed about 7,000 children<sup>16</sup>". By August 1996, Nike Corporation joined the Apparel Industry Partnership, a coalition of companies and labor and human rights groups assembled by the Clinton administration, to draft an industry-wide code of conduct<sup>17</sup>.

Sialkot hub of Soccer Ball Industry, producing about 30 million balls a year, lying on 70 miles distance from the capital city of Lahore. There are no child laborers in the established industries, however, sub-contractors involve cottage family units for stitching, and here child laborers are involved in it<sup>18</sup>.

In mid 1996 surgical and soccer ball industries of Sialkot, Pakistan was badly hit by USA's withdrawal of General System of Preferences (GSP). Government and private sector came under intense pressure from the international community for the elimination of child labor from the country's export industry. This resulted in signing of Atlanta Agreement in 1997, under which first major child labor program was initiated for elimination of child labor from soccer ball industry<sup>19</sup>.

In May 2005, in an article by Frankie reminded the American people that items they were using were mainly manufactured in units, in which the malady of child labor was at its peak. Nike had been blamed

for child exploitation to make soccer balls in Pakistan and had also been under observation for using bonded labor in the country. Child labor is against the law of Pakistan, but its implementation is neglected. ("NIKE: Nike Shoes and Child Labor in Pakistan"). Therefore buying a soccer ball from market meant that a product which came in to being after a long process in which 200 children (inclusive of children of 4-5 years of age) were involved. The type of child labor in which Nike was involved in Pakistan was also present in countries like India, Indonesia and Bangladesh. ("NIKE: Nike Shoes and Child Labor in Pakistan"). Although some activists such as Stephen Chapmen argued that the solution to this problem, was to buy more products produced by children who worked in these terrible conditions, that would further the problem. If we buy more products produced by these poor children, we increase the demand for such products, therefore increase the demand for cheap labor ("NIKE: Nike Shoes and Child Labor in Pakistan"). Nike denied all these charges, shifted the blame to the local contractors, however, Nike could not deny the fact that little girls hardly of 12 years of age, working 70 hours a week, in a very unfavorable environment making shoes for Nike. ("NIKE: Nike Shoes and Child Labor in Pakistan"). The name Nike is derived from the Greek goddess called Nike who was winged victory; The Company Nike has become a successful universal corporation who owes it "victory" to the wings which are the millions of suppressed workers in its factories all over the world"<sup>20</sup>.

In 1997 some students took up a research on child labor and consequently started advocacy to stop buying gear from the countries using child labor. A student class project transformed into a war against child labor. The student researchers brought their study to the Los

Angeles Board of Education and persuaded the trustees to stop buying soccer from Pakistan and other countries using child labor<sup>21</sup>.

Some 7,000 children were said to had been working at home for hours stitching footballs, and although they were not generally employed in hazardous conditions, they were missing out on their crucial years of education<sup>22</sup>. In a study ILO confirmed that 7000 children aged 7-14 years were involved in stitching footballs on full-time basis, 10-11 hours a day and earning Rs 20 to Rs-22 per ball, while other were working part-time after school<sup>23</sup>.

The statistics acquired more significance with the publication of Tariq story in June 1996 by Life Magazine, a 12 years old boy stitching soccer balls in a unit in Sialkot. This got the attention of international media which led the consumers' pressure on international brands such as Nike, Reebok, Adidas, Umbra and Puma to ensure that their products were not produced with use of child labor<sup>24</sup>.

ILO joined hands with industry association for combating child labor in Pakistan, in 1997. U.S. Labor Department Provided Funds Under Appropriation Sponsored by Sen. Harkin–Atlanta. ILO partnered with UNICEF and Sialkot Chamber of Commerce & Industry (SCCI) for the elimination of child labor in the Soccer Ball Industry in Sialkot Pakistan<sup>25</sup>. As a result Atlanta agreement was inked for the elimination of child labor from the Soccer Ball Industry through improved monitoring.

The Government of Pakistan has been a member of ILO-IPEC since 1994<sup>26</sup>. Pakistan signed MoU on June 21<sup>st</sup>, 1994 with ILO, which was later on extended from December 31<sup>st</sup>, 1996 to December 31<sup>st</sup>,2001 and was further extended till December 2004<sup>27</sup>. The ILO-IPEC Action Program is still in process.

Pakistan devised an action plan encompassing government, non-government, and other stakeholders for a combined effort against elimination of child labor. A task force was established to formulate policies and strategies for eliminating child labor and bonded labor from Pakistan in March 1998<sup>28</sup>. A national policy and Action Plan to Combat Child labor was approved by the federal government in May 2000<sup>29</sup>.

ILO-IPEC National Steering Committee formed in Ministry of Labor held 18 meetings during period of December 1994 - January 2000 for recommending nature and scope of activities to be taken under IPEC and select / recommend proposals for national program<sup>30</sup>. Several action programs have been initiated for addressing child labor problem under the auspices of IPEC since then. In 1994-95, 15 action programs and in 1996-97 13 biennium action programs were initiated. In 1998-99 a total of 14 Action programs were implemented. In addition, 11 mini programs and 7 special events/ workshops were implemented in collaboration with ILOs constituents and partner NGOs. In 2000-1, 9 Action Programs were initiated<sup>31</sup>.

Five special major projects in focusing sectors such as carpet manufacturing (Gujrawala, Lahore), soccer ball (Sialkot), surgical instruments (Sialkot) industries, street children (Peshawar), and EC funded project for eliminating child labor were launched in all the provinces of Pakistan. Soccer Ball project has been very successful, and mentioned as a success story<sup>32</sup>.

ILO-IPEC with the Government of Pakistan and local NGOs initiated various projects for the elimination of child labor and rehabilitation of child workers especially from the export industries such as Soccer Ball<sup>33</sup>, Carpet Weaving (funded by USDOL)<sup>34</sup>, Surgical Instrument manufacturing, and Child Trafficking<sup>35</sup>. Pakistan Bait-ul-Mal

across Pakistan operates 33 rehabilitation centres targeting children aged 8-14 years exposed to hazardous labor, in addition, it is also providing training and stipends to the families of these children for economic support<sup>36</sup>.

|  |                 |
|--|-----------------|
| Sialkot's Share in the World's Football Production | 75%             |
| Sialkot's Population over 14 yrs                   | 39.50%          |
| Workforce (M:F) in Football Industry               | 11.7% (7.7%:4%) |
| Children who work for basic needs                  | 81%             |
| Child' share in household income                   | 23%             |
| Paid Working M:F in football industry              | 10%:66%         |
| 1997-98 Football Export                            | 35.4 million    |
| Export Amount                                      | 5000 million    |
| Sports Goods Export Share (2002)                   | 3.3%            |
| Stitchers in Sialkot                               | 30000           |
| Child Labor in FI                                  | 7000-10000      |

Football is one of the most popular games all over the world, and around 40 million footballs are sold every year. Approximately 75% of the world's hand-stitched footballs are made in Sialkot. The first report on child labor in the sporting goods industry, including the production of footballs, was released in 1995<sup>37</sup>.

The campaign against child labor in the football industry, which mobilized football players and users around the world, was fully implemented in December 1997. Youth football leagues, city councils, and other groups with sports programs were encouraged to pass resolutions banning their use of balls made by children. This effort was accompanied by extensive media coverage on the exploitative child labor practices in the football industry. For example, in June 1996, on the eve

of the European Cup, the unions released footage showing eight-year-old children from Sialkot, Pakistan stitching footballs bearing logos of the International Federation of Football Associations (FIFA) and Union of European Football Associations (UEFA)<sup>38</sup>. In the wake of international pressure and adverse consequences for the industry, Atlanta Agreement was signed on 14 February 1997 in Atlanta (Georgia, USA) by the Sialkot Chamber for Commerce and Industry (SCCI), the International Labor Organisation (ILO) and UNICEF. The NGOs Save the Children, Pakistan Bait-ul-Mal and Bunyad Literacy Community Council also joined the project<sup>39</sup>.

Global Exchange reported that Nike Inc. bowed down to international pressure and promised to root out underage workers by making overseas manufacturers of its wares to strictly meet U.S health and Safety Standards<sup>40</sup>. Furthermore, while scrutinizing child labor in carpet weaving, the "economic" argument that it costs much less to employ children than adults collapses under close scrutiny<sup>41</sup>.

The government says it has taken concrete steps to curtail the problem of child workers in the football-stitching industry in the city of Sialkot in Punjab Province. Atlanta Agreement proved successful in eradicating child labor in the football industry through the establishment of education, rehabilitation and formal stitching centers employing adults only<sup>42</sup>. Labor Department Director Saeed Awan reported that till 2007 , the department had reached 26000 children working in carpet weaving industry, and 8000 children in foot ball industry (reported on Friday 28/3/8)<sup>43</sup>.

In 1996 during the European Nations Cup, various trade unions and NGOs drew attention to child labor issue prevalent in Pakistan<sup>44</sup>, the major exporter of footballs to the world. Children are working for

making footballs for big giants of the sport industry like Nike, Puma, Decathlon, Adidas or Reebok. Confronted with these revelations, the football manufacturers agreed to take part in a monitoring programme set up by the International Labor Organisation (ILO). The main objective of the Atlanta Agreement - named after the city in the United States where it was signed - was to eliminate child labor from the football industry in Pakistan within 18 months. It was also to give child workers the opportunity to go to school rather than simply end up working in another sector of industry<sup>45</sup>.

In September 1999, nearly two years after signing of Atlanta Agreement, following were the results and impact of this agreement<sup>46</sup>.

|                                      |                |
|--------------------------------------|----------------|
| Exporters Registered for Monitoring  | 95%            |
| Stitching Centres (M:F)              | 600 (450:150)  |
| Employment                           | 12000          |
| Children Enrolled in NFEs            | 10572          |
| Mainstreamed                         | 5838           |
| BLCC's UTCs (Umang Taleemi Centre)   | 176            |
| Children / UTC                       | 35             |
| Children in UTC (M:F)                | 6500 (37%:63%) |
| Teachers (M:F)                       | 176 (13:163)   |
| Teacher Wage                         | Rs. 1000/month |
| Sudhaar School Management Committees | 85             |
| Attendance increase in 16 months     | 5.40%          |
| NRSP Village Committees              | 220            |
| Families involved in VCs             | 3500           |
| Government loan                      | 80 million     |
| Saving Schemes Produced              | Rs. 1890,000   |
| Micro-Credits Distribution           | Rs 19349,000   |
| Receipients                          | 873            |
| Repayment Rate                       | 97%            |

In 1997-98 35.4 million footballs were exported with an estimated amount of Rs. 5000 million. Belgium imported 1 million. Sialkot has 39.5% of population over 14 in employment, 11.7 % work sewing footballs (4% women and 7.7% men). ILO reported that 5-7 thousand children between 5-14 age worked in Soccer Ball Industry in 1996. INGO Save the Children in 1997 in a study found that 81% of football stitching kids did it for meeting need of basic food, clothing, shelter and education. These kids contributed to about 23 % to their household income. According to the ILO, between 5 and 7 thousands children aged between 5 and 14 worked in the football industry in 1996. Children are often forced to work in order to supplement the family income. In 1997, the English NGO Save the Children published a survey showing that 81% of the children who stitched footballs did so to meet basic needs such as food, clothing, shelter and education. The need for children to supplement the family income has increased lately as the purchasing power of the household has declined. On average, children stitching footballs contribute up to 23% to the household income.

There are a lot of middlemen between the company marketing the footballs (Nike, Adidas, Reebok...) and workers stitching in the villages. The different components of a ball are supplied to the workers through a large network of subcontractors. Before the Atlanta Agreement, balls were mainly stitched at home, which provided opportunities for women and girls, only 10% of men as opposed to 66% of women in paid work sew football. The women allocated larger portion of their wages to the housekeeping than the men.

*"On one level, the system of providing soccer ball panels for home stitching made good sense. It allowed workers with other obligations, including rearing children, running a home, and tending to*

*crops and livestock, the opportunity to earn cash income. The industry had functioned this way for decades*<sup>47</sup>."

The job doesn't require special equipment and is, for that reason, regarded as a better alternative to other kinds of work. Its main disadvantage lies in the poor wages it brings in comparison with other jobs. The employers pay small loans to the employees binding them till the repayment of these loans. These small loans lent to new employees constitute a very simple and cheap credit system. In brick making this practice created heavy dependence and is labelled as debt bondage.

Contrary to surgical instrument production and bricks, local industry sewing footballs doesn't expose workers to heat, sharp instruments, toxic substances or dust particles which might cause respiratory diseases.

Some permanent workers are registered under the factory Act in few large production units, while in stitching centres and other small companies workers are paid on daily basis without any fixed daily wages, job or social security, and can be dismissed at any time with out any benefit or remedy.

The first phase of the project eliminating child labor in the Soccer Ball Industry was implemented from August 1997 to October 1999, after signing Atlanta Agreement on February 1997.

The first phase of the program to prevent and eliminate child labor in the Soccer Ball Industry was implemented from August 1997 to October 1999, after the signing of the Atlanta Agreement on 14 February 1997<sup>48</sup>. US Department of Labor reported in 1998 that 5,400 children were removed from the Soccer Ball Industry in 1997<sup>49</sup>.

Atlanta Agreement was inked for elimination of labor of children of fewer than 14 years of age from the Soccer Ball Industry. Monitoring

of child labor at home was very difficult; therefore it was made mandatory to transfer footballs for stitching to ILO certified centres. Any place where 5 men and 3 women were gathered for stitching balls was regarded as a stitching centre.

Nike proposed in 1996 to construct series of stitching centres in district Sialkot to bring out stitchers from homes to these centres. Therefore Nike agreed to pay higher prices for soccer balls to support their pledge for the proposal<sup>50</sup>.

The exporters had to transfer their production to these centres in 3 six months stages. Phase I Oct 1<sup>st</sup> 1997 to Mar 31<sup>st</sup> 1998, 25% of the production; Phase II April 1<sup>st</sup> 1998 to Sep 31<sup>st</sup> 1998, 50% of the production; Phase III Oct 1<sup>st</sup> 1998 to Mar 31<sup>st</sup> 1999, 100% of the total production.

Companies have to carry out internal monitoring themselves. They have to identify and locate stitching centres from which they receive footballs directly or indirectly. In addition each centre has to keep a register in which name, address, age of workers, along with reference number of the exporter for whom the ball is produced must be recorded<sup>51</sup>. The reference number of the exporter for whom the ball is produced must be stamped inside each football.

The final phase of the program had to be finished till 31<sup>st</sup> March 1999. But a very small number of major exporters (39 out of 69) joined the scheme. Therefore, SCCI and ILO extended the project until 31<sup>st</sup> October 1999. Unregistered companies had to face the penalty of cancellation of FIFA License, for attraction Atlanta Agreement fee was brought to Rs. 15000 from Rs. 10000.

Besides, 58 mega sport companies (including Adidas, Kappa, Nike etc) declared that they would not buy from companies not accepting

ILO monitoring program. By the end of August 1999, 53 exporters joined the ILO monitoring program, which is almost 70% of all the exporters. Till the end of June 1999, 600 stitching centres (150 female centres) employing about 1200 workers were established by ILO, including 150 centres for women, employing more or less 12,000 workers. While another website reflects that nearly 100 manufacturers, representing 95% of Sialkot total soccer ball export units came under the umbrella of the program<sup>52</sup>.

In April 1999 ILO, being unsatisfied with manufacturer's published information, started investigation of hidden stitching centres working for companies that signed Atlanta Treaty, inside Sialkot and 74 centres outside Sialkot.

ILO in the past immediately dismissed children found in these units and informed the manufacturer, but this time they changed their strategy, children found in these units were allowed to work with an undertaking to undergo training. The manufacturer was informed of the number of children found in centres every month, but was not told which centres were involved. By the end of 1999, child labor was almost removed from these stitching centres.

Education and rehabilitation of children withdrawn from football stitching was also one of the major components of this program. The aim was that after leaving this trade children should get some financial support so that they should be prevented from indulging in other hazardous work. With the collaboration of UNICEF, informal education and micro-credit were also started for these kids.

ILO-IPEC project main components were workplace monitoring, and special protection component providing educational opportunities to children withdrawn from working in Soccer Ball Industry. The project

provided non-formal education to 10572 soccer ball stitching children, out of which 5838 children were mainstreamed into formal schools. For the elimination of child labor, ILO-IPEC setup an external monitoring system in stitching centres of participating producers. The objective was achieved only because of active participation and SCCI members' contribution<sup>53</sup>.

International experts also monitor the program, Nando Time, New York, on 12<sup>th</sup> November 1997 reported that Monitors Scan Pakistan for Child Labor in soccer balls. (November 12, 1997 3:41 p.m. EST <http://www.nando.net>) which said, "Fifteen monitors will begin crisscrossing a region of Pakistan next week to ensure children aren't making soccer balls anymore, a coalition of sporting goods makers and child advocacy groups said. "

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|------------------------------|----------------------|
| ILO-GoP's 1999 Budget for FI | Rs. 15+22.16 million |
| UNICEF-GoP Budget 2000       | Rs. 33.36 million    |
| UNICEF-GoP Budget 2001       | Rs. 37.4 million     |

Lack of proper education facilities leave children vulnerable to fall into child labor. President Oscar Arias of Costa Rica rightly pointed out, "Nothing prevents the creation of decent jobs like indecent education", he said, "The educational catastrophe of today is the economic catastrophe of tomorrow"<sup>54</sup>.

Bunyard Literacy Community Council (BLCC) established 176 informal education centres, known as Umang Taleemi Centres (UTCs) for fulfilling the education need of children involved in child labor<sup>55</sup>. According to ILO, UTCs are established in areas where child stitchers

are mostly found i.e. Sialkot, Pasrur, and Daska Tehsils of Sialkot. In each centre there were about 35 kids. Almost 6500 children aged 7-14 (63% girls) attended these centres for 3-4 hours a day, reducing their working hours. UTCs gave these kids a fast education program for 2 years. A total of 176 teachers (13 men, 163 women) were hired by BLCC. Teachers' salaries were low Rs. 1000 per month for 3-4 hours classes in their own houses or in public buildings secondary schooling was must for teacher, with 2-4 days training after every two months.

BLCC provided equipments and resources such as tables, chairs, books etc. teachers received first aid training from Al-Khidmat NGO, which also sent doctors to UTCs for examining the children. BLCC also started micro-credit program to increase the income of the families of these children. The Universal Primary Education Program was started in Sialkot by UNICEF for the prevention of Child Labor. The objectives of the program were to enrol about 46000 children in schools. Local communities were mobilized, 6-7 thousands teachers were trained. The teachers in return committed to enrol children in the specified schools. UNICEF objective was elimination of child labor between 8-12 years age child group, within five years period. UNICEF worked in coordination with departments of government of Punjab, responsible for providing information regarding hygiene, medical care etc, in schools, health department of Punjab organized annual medical examination of children, but there are many delays and postponement in government works. UNICEF had also linkage with ILO, in which UNICEF informed ILO of child labor cases in the villages. ILO was a bridge between UNICEF and SCCI.

Manufacturers accepted to sponsor children from 20 villages and to pay their school fees. The ILO worked with 6 other NGOs - BLCC

and SAHA, a Human Rights organisation, and four local NGOs. Its 1999 budget amounted to Rs. 15 million, to which the government added 22.16 million. The combined budget of UNICEF and Government of Pakistan for 2000-01 was Rs.33.36 million and Rs.37.4 million respectively.

Save The Children also played an important role in the project, by financing two local NGOs, NRSP for creating job opportunities for the rural families and SUDHAAR for education. They also published reports on child labor eradication from the Soccer Ball Industry. SUDHAAR also played role in infrastructure development and teachers training. Eighty five school management committees (SMCs) were formed, representing about 25% of families associated with soccer ball stitching industry. SMCs were supervising the children enrolment program, and during the period May 1998 to September 1999 in areas where SUDHAAR was active an increase of 5.4% in school attendance was recorded in these areas.

|                                   |             |
|-----------------------------------|-------------|
| Save the Children                 | \$1,000,000 |
| ILO                               | \$500,000   |
| Chamber for Commerce and Industry | \$250,000   |
| UNICEF                            | \$200,000   |
| Total                             | \$1,950,000 |

Objective of NRSP was income generation of the families living in rural areas. From the initiation of the program in Sialkot, NRSP used Save the Children database for village identification having high number of soccer ball stitching families. 220 village organizations were formed

in these villages, almost of 3500 families. They were trained and mobilized for micro-credit organizations, and other inputs.

The government contributed a grant of Rs.80 million at market interest rate (between 18% and 20% a year). Saving schemes produced Rs.1.89 million, about 12 of communities provided micro- credit to 873 borrowers. As a safety measure community was made responsible for the loan borrowed by any member of the community. Repayment rates were excellent, round about 97%. All the key stakeholders of the project for eliminating child labor met in two monthly discussion forums; SCF, ILO, UNICEF and SCCI as the Project Coordinating Community, while SUDHAAR, BLCC, UNICEF, The ILO, SCF, BAIDARI and CCIS as the Sialkot Implementation Team. With regard to financial support, Save the Children, ILO, Chamber for Commerce and Industry, and UNICEF contributed in this programme with \$ 1,000,000, \$500,000, \$ 250,000, \$ 200,000 respectively with a total of \$ 1,950,000.

### **Results and Impacts of the Project for Elimination of Child Labor in the Soccer Ball Industry:**

On Aug 26<sup>th</sup> 1999 Nike informed ILO about recovering counterfeit GEO footballs bearing its un-authorized trade mark believed to be produced by un-authorized factory in Pakistan<sup>56</sup>. The incidences of soccer ball stitching by children at home are almost finished, after the organization of stitching centres and fall of demand. Now no child work exists in these stitching centres. World Federation of Sporting Goods, comprising more than 50 brand names, took up the campaign, and in 1998 FIFA established its Code of Labor Practice and with the support of trade unions. It banned use of official FIFA stamp on soccer balls manufactured in units, where there were child labor. Severe penalties were levied for any breach of the code. Almost about 100 producers,

about 95% of Sialkot total export production of footballs were actively participating in this program by then<sup>57</sup>.

*What is the Future of the kids who used to work in these units?*

Contradictory reports are coming about these kids. Local NGOs working with NRSP reported three different cases of under 14 years age, where one worked in a small spinning mill, the second shuttlecock making unit, while the third one worked in bags stitching unit. Working women organizations, and association of network for community empowerment reported that these kids were working for soccer balls stitching units not signatories to Atlanta Agreement, or rather started work in other local industries. The number of school going children increased, teacher absenteeism from schools decreased, quality of teaching improved, especially in Maths and English, since the initiation of the program. But still some children did not benefit from education and rehabilitation centres (UTCa): in order to make this possible, the identification of children who worked stitching footballs would need to be improved.

Nighat-un-Nisa, NRSP coordinator, told that women were the most affected by the establishment of these centres, cultural restraints in working places outside homes are still prevalent, also the young girls feel unsafe working in these centres. Women living in joint family can easily join these centres without any worry of keeping their houses, while in nuclear family women going to the stitching centres is very difficult, because there would no one looking after their kids and house.

In 1999, Save the Children conducted a study in which it was observed that in the initial 16 months of the program decrease was recorded in women works. Before the initiation of the program these women were used to stitch 3-4 soccer balls a day, with an average income of Rs.20-25

per ball. The income earned from these activities was utilized for supporting their family and also saving amount for the dowry etc. The program reduced the workload to about 25-50%, while the wages got lowered to 50%, Rs,10-20 per ball; the decrease in income affected meals, marriages of these poor girls, and purchasing power of these workers was also badly affected.

Some women workers worked in units that were non-signatory to Atlanta Treaty, which pay them much less than Atlanta registered companies.

In the registered centres mainly male workers were working, while women were keeping away from it. The gap between male and female wages was widening, sub-contractors also frequently deducted money from the wages of these workers on the plea of substandard seams, etc. Those women have been sewing footballs for years and it is unrealistic to pretend that they are unable to produce quality footballs. But the balance of power is unequal and women who want to continue working from home must accept lower wages. A woman after taking advance from the employer, cannot go to another employer unless and until she repays the loan. Many producers favour women workers because workers demand would be met, and that too at very low cost. Another main reason for low wages noted was fall in the demand of these goods. Workers living away from these production units get less, while workers near these units get more wages. The fact that there is less work available in stitching footballs significantly affects the income of other members of the community, such as grocers.

*Has football production been moved to other regions that are not monitored by the ILO?* The ILO, Save The Children Fund and UNICEF are of the opinion that they did not move to other regions. UNICEF

Coordinator Azhar Khan was of the opinion that some units were moved out of Sialkot, to places like Gujrawala, not for avoiding child labor, but only to pay low wages to the workers.. Working Women Organisation and the Association of Network for Community Empowerment also reported that football production units were partly moved to other districts, such as Narowal, Gujrawala, Hafizabad etc.

Before the soccer world cup in 2002, on 23<sup>rd</sup> May 2002, a world wide movement Global Movement against Child Labor India) announced that child labor still existed in Pakistan Soccer Ball Industry. The news had serious repercussions for Pakistan sports industry employing more than 30000 persons, about 3.3% of Pakistan total exports at that time i.e 2002. The Sialkot Chamber of Commerce and Industry (SCCI) was so concerned about a negative impact of the Global March report on the industry and wider economy that it launched its own fact-finding mission, which included representatives from industry, civil society and international monitoring bodies. The SCCI mission concluded that the Global March report falsely represented the industry (Global March 2002)<sup>58</sup>.

The revelation about the rampant occurrence of child labor in the football-making industry at Sialkot led to the demand from western consumer/pressure groups, trade unions and NGOs of boycott on products from Sialkot, unless child labor was banned. In response, the MNCs, such as Nike and Reebok, agreed with their contractors in Sialkot, to ban child laborers in football stitching. Consequently the child labor vanished from the football industry but where did they go is not fully clear. The consequences, particularly for women, were difficult, as many of them lost work because they could not leave their homes. Many

of the children shifted to hazardous industries, such as brick kilns, car workshops and production of surgical instruments<sup>59</sup>.

As said that some of the families affected by this new development, Mrs. Bhatti and her family was one such example. A reasonably well-off family was dreaming of having its own home before it scattered with the dramatic decrease in work and wages after the initiation of the program. Stitching workers from small families switched over to new and well monitored stitching centres established under the program; child labor all but disappeared in Sialkot football-making<sup>60</sup>.

Sajid Kazmi of Sustainable Development Policy Institute, Islamabad told that working in homes was very viable for women workers, the same is the case with child laborers, and they were shifting to works with more hazardous works. Khalid Khalil project coordinator SAHE objected on the adopted approach by saying that child labor could only be successfully defeated by imparting quality education<sup>61</sup>.

The Soccer ball project of IPEC was very innovative in many spheres; it combined all the key stakeholders i.e. local manufacturers, SCCI, NGOs, and International Organizations around one table, with one objective of elimination of child labor from the Soccer Ball Industry Sialkot. The program got wide publicity and created awareness for addressing the child labor issue nationally, as well as internationally. Other exporting industries in Pakistan, such as Pakistan Carpet manufacturer and Exporter Association (PCMEA), the Surgical Instruments Manufacturers Association of Pakistan (SIMAP) adopted similar approaches for addressing child labor issues in respective industries<sup>62</sup>.

Today NIKE is boasting about eight big stitching centres in district Lahore. Average age of workers in these centres was 22 years,

while the youngest of the workers was 18. Free meals, medical, subsidized commodities, children education facilities, recreational centre facilities were available for the workers and their immediate families in these centres, for women a separate stitching centre was established where they could work separately from men in strict conformity with religious injunctions<sup>63</sup>. Round about 25000 children directly benefited from IPEC programs. Six to seven thousands children in Soccer Ball Industry, 500 in surgical industry, 8000-10000 in the carpet weaving industry, 1080 from other hazardous works, 720 in auto-repair shops, and the rest in informal sector<sup>64</sup>.

Referring to the success achieved through efforts of national and international organizations, Mr. Ahsan Akhtar Malik, Joint Secretary, Ministry of Law Pakistan, stated in June 2006 that after Pakistan's joining of the IPEC various action programs relating to areas of law and policy development, institutional capacity building with direct involvement of government, social partners, and civil society have resulted in tangible progress<sup>65</sup>.

Pointing to the achieved success he further noted, "As stated by the Director General "more girls and boys around the world are on the path from workrooms to classrooms – out of exploitation toward real opportunity". Child labor, especially in its worst forms, is on decline for the first time across the globe. Since we last met, the actual number of child workers worldwide fell by 11% from 246 to 218 million due to increased political will and awareness and concrete action, particularly in the field of poverty reduction and mass education"<sup>66</sup>.

"I consider it a blessing," said Nasir Dogar at the UN's International Labor Organisation office in Sialkot. "It was successful and now it is a model for other countries"<sup>67</sup>."

The Global Report (p.76) declared Soccer Ball Industry Sialkot, Pakistan as child labor free. In 1996 about 7000 child workers were working in these industries, but after the IPEC program, IPEC monitors have found not a single case of child labor in Sialkot Soccer Ball Industry<sup>68</sup>. ILO reported from Geneva, that 6000 kids stitching soccer balls were placed in educational centres. Through registered work places and participatory monitoring the project ensured that not a single kid was engaged with the soccer ball stitching industry Sialkot<sup>69</sup>. BBC website last updated on 4<sup>th</sup> May 2006 cited Ahmet Ozdamir, Country Director for Pakistan, International Labor Organisation (ILO) saying that the country had virtually eliminated child labor in its Soccer Ball Industry<sup>70</sup>.

A follow up research was carried out on the same project<sup>71</sup>. The research revealed that by October, 2000, the Sialkot Agreement was hailed by many as an unqualified success. Nike and other brand manufacturers could boast that: 1) stitching centers had been set up that were monitored by the International Labor Organization (ILO), which announced that child labor was effectively eliminated from soccer ball manufacturing; 2) approximately 180 schools had been set up for the five to six thousand child laborers who had left the Soccer Ball Industry; and 3) new programs were being set up for ILO-registered contractors in smaller home centers, which it was claimed would raise registered soccer ball workers from the current 80% to nearly 100%. Moreover, it was indisputable that awareness of child labor had been raised to an unprecedented level, both within Pakistan and abroad. The Sialkot Agreement had even been lauded in a speech by US President Bill Clinton. Activists were turning their attention to the carpet and surgical instruments industries, which involved more hazardous labor than ball stitching.

However, these achievements perhaps were overshadowed by other developments that had received virtually no press coverage. For one thing, far from disappearing, subcontractors were thriving in the areas that “fell between the cracks.” Not only were they bringing materials to illegal home workshops in the evening hours when ILO inspectors had gone home, but they were able to charge a “risk premium” for their clandestine activities. Their power had grown. In practical terms, that meant that children of the poorest families – those that had no choice but work to survive – received even lower wages than before, losing an estimated five Pakistani Rupees less per day (a 20% cut in their income), virtually all of which wound up in the pockets of the subcontractors. According to one observer, this activity accounted for between 30% and 40% of the soccer balls manufactured in the area, all of which took place in illegal centers that were never monitored. “The villagers and everyone know when the inspectors will come,” he explained. “There is huge leakage into a new black market system: the agents bring in sheets [of synthetic soccer ball cloth] and then families cut them up and stitch them...ILO claims are thus greatly exaggerated.”

Second, soccer ball manufacturers in the Sialkot Chamber of Commerce and Industry (SCCI) were hit very hard. By some estimates, their production costs increased by approximately 6% -12%. Because SCCI members bore the brunt of the costs of the Sialkot Initiative, they had seen their profit margins shrink by up to 50%, though verifiable statistics were unavailable. “The brands said they would support the Initiative,” one observer claimed, “but now they are threatening to go elsewhere.” Furthermore, they were witnessing their competitive advantages in skilled labor evaporate into China, India, and elsewhere. One local company, Saga, had set up a factory in China, where its

workers were training low-cost laborers in stitching methods. Overall, SCCI market share dropped from 93% of the soccer ball market to about 73% in the last four years. For example, because of fears that the child labor issue would generate critical media attention, soccer ball manufacturing for the 1998 world cup had gone to factories in Morocco. While not all of the decline can be attributed to the effects of the Sialkot Agreement – there was also chronic economic and political instability – adverse publicity clearly impacted trade, particularly in the United States where Pakistan’s market share declined more steeply, from 65% in 1997 to 45% in 1998.

Finally, though verifiable statistics were difficult to obtain, some surveys as well as anecdotal evidence suggested that women soccer ball stitchers had suffered large job losses. According to estimates by Save the Children, women’s work in soccer ball stitching had declined by 25-50% since the program started, from a high that represented 66% of all working women in the Punjab<sup>72</sup>. Moreover, manufacturers were proving reluctant to make further investments to create single sex stitching centers; only the largest firms continued to do so. Mostly smaller companies argued that, with high unemployment due to a recession, investing in women’s centers was economically infeasible for them. To remedy this situation, the ILO approved the concept of the village-based female stitching center in early 1999, that is, any house in a village where more than 3 women were stitching could be registered as a “single-sex center.” However, because this again rendered monitoring extremely difficult, it increased the opportunities for children to assist in stitching at home, as they had done previously. While the ILO assured observers and other partners in the program that they could monitor village-based centers, their effectiveness was questionable at best. From

February 1999, when around 100 home-based centers were set up, the number mushroomed to 731 by the end of the year; at that point, it was decided that no more should be opened; by October, 2000, the number had dwindled to about 500.

Furthermore, observers claimed, a small percentage of children had been forced to work in brick kilns, which completely escaped international scrutiny, as well as in the surgical instruments industry. Nonetheless, because this meant leaving home, the percentage remained very small. “Families never felt that manufacturing footballs was hazardous,” one observer said. “They could do it at home under the supervision of their parents. Also, young teenagers can no longer work for making soccer balls to save for their weddings and dowry. That source of income is gone.” Changing some one else’s society, it seemed, was more complex than many had envisioned.

## Endnotes:

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71 This case was written by Robert J. Crawford, Visiting Professor at University of Bologna, under the direction of Olivier Cadot, Associate Professor of Economics at Insead. Ali Khan, a PhD student in social anthropology at Cambridge University, contributed to this case.

72 In contrast, 40% of all employed men worked as football stitchers.