



# Missed the Goal for Workers:

The Reality of Soccer Ball Stitchers in Pakistan, India, China and Thailand

An International Labor Rights Forum report  
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The 2010 World Cup presents a golden business opportunity for soccer ball companies. During the 2006 World Cup, Adidas' revenue in the soccer category increased more than US \$800 million.

However, these business opportunities may come at the expense of workers in factories, stitching centers and homes globally to produce soccer balls. Over a decade ago, the world was shocked by reports that Pakistani children were stitching soccer balls for six cents an hour<sup>1</sup>. In response to the media frenzy and public outrage, companies, governments, and other stakeholders committed to eliminating child labor in the industry by supporting the 1997 Atlanta Agreement which aimed to end child labor within the soccer ball industry<sup>2</sup>.

Thirteen years later, with the 2010 World Cup hosted by South Africa just around the corner, it is time to ask what, if any, improvements have been made for workers that produce the most important symbol of the game: the soccer ball.

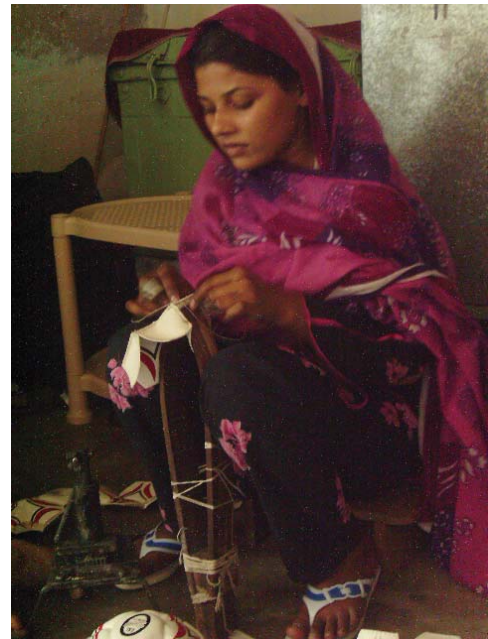
**This report presents the key findings of the International Labor Rights Forum's research in the four largest soccer balls producing countries: Pakistan, India, China and Thailand. This report also highlights the need to rethink the strategies being utilized by companies to encourage suppliers to adhere to strong labor standards.**

### Child Labor:

Since first exposed in the late 1990s in Pakistan<sup>3</sup>, child labor has been the defining labor problem in the soccer ball industry. Among all labor rights violations, child labor attracts the most public attention and has been at the center of many sporting goods industry agreements pertaining to labor standards. Despite multi-stakeholder initiatives and various monitoring programs at the company and country-wide levels, ILRF found that child labor continues to exist.

### Temporary Labor:

ILRF found that non-permanent workers are the standard for the hand-stitched soccer ball industry. In Pakistan, India and China, factories outsource the labor intensive stitching process to workers in stitching centers and in homes who work on a casual or temporary basis. This kind of supply chain segmentation makes it difficult to monitor the production process for labor rights compliance.



Moreover, due to the prevalence of casual or temporary contracts, workers are subject to frequent and serious violations of their labor rights. Workers are often paid below the legal minimum wage and their incomes can barely cover basic needs. While they are vulnerable to occupational health hazards, their part-time status makes them ineligible for many social protections including health care. The rights to organize and bargain collectively are usually legally barred to workers with informal employment status.

At one Pakistani manufacturer, ILRF researchers found that all interviewed stitching center or home-based workers were employed on a casual basis and almost all of them were paid below the legally required minimum wage. In the same manufacturer's supply chain, workers spoke of gender-based discrimination. Female home-based workers were paid the least and faced the possibility of losing their jobs permanently due to pregnancy.

### Working Conditions:

A decade-long effort which exclusively focused on child labor left fundamental issues such as low wages and unsatisfactory working conditions in the industry almost unaddressed.

In addition, **this report presents an analysis of previous corporate social responsibility initiatives**, namely the Independent Monitoring Association for Child Labor (IMAC) in Pakistan, the Sports Goods Foundation in India (SGFI), SA8000 certification, and the Fairtrade Labeling Organization certification system. ILRF points out that both IMAC and SGFI are facing issues of governance transparency, financial sustainability and human capacity. Their limited capability in terms of finance and human capital makes it questionable whether they are capable of carrying out effective monitoring activities especially beyond basic identification of cases of child labor.

The companies that buy the soccer balls from manufacturers must also identify negative impacts on working conditions resulting from their own purchasing practices. Companies should determine a strategy for developing a new way of business so that workers rights are not adversely impacted by changes in product design, extended terms of payment and other specifications dictated by the buyer.

This report also calls attention to companies that are rarely in the international media spotlight and feel far less pressure, if any, to comply with corporate social responsibility standards. They have not taken the issues faced by workers producing soccer balls seriously and have not taken steps to address them. Furthermore, there is a need to determine the ways in which sourcing practices of the buyers have adverse impacts on workers and what steps must be taken by the buyers and industry associations to send a clear signal to all suppliers that labor rights in the production of soccer balls must be respected.

Industry associations such as FIFA and the World Federation of the Sporting Goods Industry (WFSGI) need to utilize their common platform to focus on improving wages, transitioning to permanent jobs, protecting the rights of workers to form unions and most importantly providing incentives for “approved” and “inspected” manufacturers by prioritizing sourcing to those that have strong labor standards in place.

To conclude, ILRF calls on the soccer ball industry, in coordination with trade unions and civil society, to take immediate action to address the issues of extremely low wages, proliferation of temporary workers, and a lack of civil society engagement in order to improve conditions for the workers that produce the ball at the center of the World Cup 2010 games. The continued use of a multi-stakeholder process which includes trade unions, industry, local manufacturers, civil society, and monitoring entities is essential in order for workers rights to be protected in the production of soccer balls.

## The Soccer Ball Industry:

The World Cup is a major business opportunity for soccer ball brands, especially those key brands with the highest concentration of market power, such as Nike and adidas. During the 2006 World Cup, adidas' revenue in the soccer category increased more than US \$800 million<sup>4</sup>. However the profits have not benefited the workers that toil in factories, stitching centers and homes to produce these beloved balls. (See Table 1)

**Table 1: Comparison of Wages: CEO VS Workers (US \$)**<sup>5</sup>

	Nike's CEO	Pakistani Workers	Indian Workers
Year 2009	US \$3,950,000	US \$708	US \$600

According to the U.S. Department of Commerce and the U.S. International Trade Commission, the majority of soccer balls are made in China, Pakistan, India and Thailand.

Pakistan was the largest producer of soccer balls in the late 1990s, producing an estimated 75% of the hand-stitched soccer balls in the world<sup>7</sup>. With the development of new materials and technological innovations in the production process, China posed a significant challenge to the traditional hand-stitched model in Pakistan and India. Nevertheless, Pakistan continues to be the primary source for high quality, hand-stitched soccer balls while China and Thailand have emerged as the principal producers for machine-stitched soccer balls. India primarily produces low to medium quality hand-stitched balls.

## The Soccer Ball Industry and Child Labor:

In the late 1990s, a number of high profile articles and reports were published detailing the use of child labor within the sporting goods industry in southern Asia, specifically within the soccer ball industry. Life magazine

published an article in 1996 on the story of a 12-year old boy named Tariq, a child worker stitching soccer balls in Pakistan. In addition an ILO study estimated that at least 7,000 children between the ages of 5 and 14 were engaged in soccer ball stitching<sup>8</sup>. The reports shocked the public and sent many major soccer ball brands such as Nike, Adidas, and adidas reeling in the wake of such negative media attention<sup>9</sup>.

In the mid-1990s, the International Labor Rights Forum (ILRF) partnered with organizations in Pakistan to continue to monitor the situation and push for changes in the soccer ball industry. Following the public exposure, buyers were forced to take action. Major brands began to demand that local suppliers meet International Labor Organization (ILO) core labor standards conventions on child labor and comply with their own codes of conduct<sup>10</sup>. The initial step to assuage the negative reaction from the media and the public was a Code of Labor Practice adopted by the International Federation of Football Associations (FIFA) in 1996. This code was designed to be applied to all manufacturers who produced balls carrying the FIFA label. The code negotiated by the International Confederation of Free Trade Unions (now the International Trade Union Confederation (ITUC)), the International Textile, Garment and Leather Workers Federation (ITGLWF) and the International Federation of Commercial, Clerical, and Technical Employees (FIET) prohibited the use of child labor, guaranteed workers' rights to organize and bargain collectively, and ensured fair and safe working conditions<sup>11</sup>.

However, the World Federation of Sporting Goods Industries (WFSGI) rejected the FIFA code, and therefore a new one was drafted in 1997 focusing solely on issues of child labor. This code was developed through discussion with the ILO, UNICEF, Save the

**Table 2: US Imports of Soccer Balls for Consumption 2004-2009 (in actual US dollars)**

	2004	2005	2006	2007	2008	2009
China	25,084,501	26,179,882	32,395,627	32,901,199	36,603,669	31,108,439
Pakistan	16,434,130	16,324,885	20,364,242	14,869,219	15,335,329	11,623,939
India	1,009,428	1,658,677	2,877,121	1,441,242	2,266,025	1,443,765
Thailand	370,172	710,654	1,394,845	1,629,041	1,357,368	607,108

(Sources: Data have been compiled from tariff and trade data from the U.S. Department of Commerce and the U.S. International Trade Commission<sup>6</sup>)



## INTRODUCTION

Children (UK), and the Sialkot Chamber of Commerce and Industry (SCCI). On February 14, 1997 in Atlanta, Georgia, the Partners' Agreement to Eliminate Child Labour in the Soccer Ball Industry in Pakistan (more commonly known as the Atlanta Agreement) was signed by representatives from the above organizations with the goal of eliminating child labor from the industry within 18 months. To this end, international sporting goods brands agreed to only source soccer balls that were made in Pakistan from manufacturers who could ensure that children were not used during the production of its balls<sup>12</sup>. The agreement focused on two areas: (1) child labor prevention and monitoring in Sialkot by the ILO's International Programme for the Elimination of Child Labour (IPEC); and (2) social protection implemented by UNICEF and Save the Children (UK) along with the Pakistani Government and NGOs with a focus on training and education<sup>13</sup>. With the signing of the Atlanta Agreement, the more complete code composed by the ITUC and FIFA in 1996 was never implemented<sup>14</sup>.

ILO-IPEC carried out monitoring in Sialkot between 1998 and 2003 with the financial support of SCCI and FIFA. In 2002, a Pakistani monitoring organization was created: the Independent Monitoring Association for Child Labour (IMAC). In 2003, the second phase of the Atlanta Agreement began which aimed to make the program more locally sustainable, and monitoring duties were passed from ILO-IPEC to IMAC.

At the same time that child labor in the sporting good industry was found in Pakistan, it was also uncovered in India. In 1997, the South Asia Coalition on Child Servitude (SACCS), a network made up of more than 500 non-governmental organizations in India, began discussion of the problem of child labor in India with WFSGI, the Sports Goods Export Promotion Council (SGEPC), several sporting goods exporters, the National

Human Rights Commission, UNICEF, and the National Trade Union Centre. They decided to form a Joint Committee that would be made up of the Sports Goods Export Promotion Council, the sports goods industry itself, experts and SACCS<sup>15</sup>.

A month after the decision was made to form the committee, Christian Aid and SACCS published the report "A Sporting Chance" which discussed child labor in the sporting goods industry. The report claimed that between 25,000 and 30,000 children were working in the sporting goods industry in India. This claim generated both a great deal of publicity and strong objections from the Sporting Goods Industry which eventually led to the demise of the proposed joint committee<sup>16</sup>.

The Sports Goods Manufacturers' and Exporters' Association (SGMEA) took up the cause of ending child labor in India shortly after the joint committee's attempt failed. In its first survey of the industry, 18 exporters took part and only seven children were found to be stitching soccer balls. The conflicting reports led the Federation of Indian Chambers of Commerce and Industry (FICCI) along with ILO-IPEC to commission a study focusing on child labor and socio-economic conditions in the Jalandhar area of Punjab. The study was completed by the V.V. Giri National Labour Institute and found that close to 10,000 children were stitching soccer balls in the Jalandhar district of India<sup>17</sup>.

Similar to what followed in Pakistan after child labor was exposed, two different approaches developed after the release of the different reports and studies in India. SACCS began its Fair Play Campaign in 1998, which focused on training and education of children as well as their mothers. The exporters formed the Sports Goods Foundation of India (SGFI) in 1999 which was similar to IMAC in terms of its mission and monitoring system.

### WORKER STORY A FEMALE STITCHER FROM AKI: (GHAZALA)

Ghazala, 60, has been stitching soccer balls for AKI for years as a casual laborer. Her monthly wage is 5,200 PKR (US\$64) which is less than the legal minimum wage. She needs 12,000 PKR (US\$148) to cover her living expenses. She is also a mother of three children. When she was asked about her hopes for the future, she responded that 'there is no future.' All she wished was that her children could receive an education.

# INTRODUCTION

Unlike Pakistan, however, a formal commitment such as the Atlanta Agreement never materialized in India. ILO-IPEC was not part of the monitoring program due to the Indian government’s rejection, which resulted in the U.S. government’s withdrawal of its financial support. Instead, FIFA provided US \$400,000 over a period of four years to maintain the SGFI’s monitoring mechanism.

## ILRF and the Soccer Ball Industry:

The International Labor Rights Forum (ILRF) has been at the front line of combating child labor in the soccer ball industry for over a decade. In 1996, ILRF launched its “Foul Ball Campaign” which mobilized soccer players and consumers of soccer balls around the world by calling attention to the plight of thousands of children who were working full time stitching soccer balls in the Sialkot region of Pakistan. This campaign also effectively contributed to the creation of the Atlanta Agreement. Three years later in 1999, and one year after the agreement’s implementation, ILRF released a critical report, *Child Labor in the Soccer Ball Industry: A Report on Continued Use of Child Labor in the Soccer Ball Industry in Pakistan*, discussing the short-comings of the program that had been put in the place by the Atlanta Agreement. ILRF’s partner organizations in Pakistan found that many manufacturers who signed the agreement had not paid their dues or provided any information about their stitching centers, that children were still being used in the stitching centers of some participating employers, that soccer ball production was potentially shifting out of Sialkot to unregulated areas of Pakistan, and that schools created to serve soccer-stitching children may instead have been serving other children while soccer ball stitchers continued to work<sup>18</sup>. At this time, the ILO planned to expand its program into other areas and industries but ILRF cautioned against this step, explaining that obvious problems must first be eliminated from the program. ILRF has remained deeply involved in the issue of child labor in the sporting goods industry over the years. Since the release of the 1999 report, ILRF has contributed to two major reports on child labor in the soccer ball industry: *Labour Standards in the Sports Goods Industry in India – with special reference to Child Labour (2002)* and *Child Labour in Football Stitching Activity in India (2008)*.

Timeline	
Date	Activity
1996	ILRF Foul Ball Campaign Launched
1999	Report: “Child Labor in the Soccer Ball Industry: A Report on Continued Use of Child Labor in the Soccer Ball Industry in Pakistan”
2002	Report: “Labor Standards in the Sports Goods Industry in India-With Special Reference to Child Labor”
2008	Report: “Child Labour in Football Stitching Activity in India: A Case Study of Meerut District in Uttar Pradesh” (released in coordination with Bachpan Bachao Andolan (BBA) in India)

The Atlanta Agreement and the subsequent monitoring programs are often seen as one of the first examples of a multi-stakeholder response to corporate social responsibility issues. The engagement of various players in the problem solving process, namely international buyers, local manufacturers, international civil society organizations, trade unions, UN agencies and governments, was perceived positively by the international community. However, the spotlight was removed from the soccer ball industry for a number of years until 2006 when there were allegations of child labor and violations of other international labor standards at Saga Sport, a key Nike supplier in Sialkot, Pakistan. Nike decided to cut ties with this supplier and has since shifted its business to Silver Star Group in Sialkot.

Unfortunately, the past decade’s efforts have not resulted in the eradication of child labor in soccer ball stitching though it appears to have decreased in Sialkot, Pakistan. Despite efforts undertaken by governments, advocacy groups, and industry members alike, child labor still exists in the soccer ball industry where stitching is outsourced to home-based work. In addition, other issues, such as the use of casual or temporary labor, low wages, overtime and hazardous working environments persist.

In the Atlanta Agreement, the awareness-raising scheme was exclusively concentrated on the importance of education for children and the serious health and developmental hazards of child labor<sup>19</sup>. Poverty level wages and other labor rights violations were generally ignored. Child labor continues to exist in the industry in part because not enough emphasis is put on the current realities of adult workers and what can be done to improve their situation. It is essential for buyers and manufacturers to recognize the link between child labor and other labor violations. Among other root causes of child labor in South Asia, the persistence of child labor in export sectors is a symptom of low wages paid to adult workers, and if adults were provided with wages that meet their families' basic needs, then child labor would likely decrease.

In the soccer ball industry, stitching, the most labor intensive part in the construction of a soccer ball, is still done in informal settings such as stitching centers and home-based work. In this case, due to the low level of skills required, it is very easy for children to get involved. To make matters worse, if adult workers are not being paid enough to provide for their family, children are very likely to be used as extra hands given that workers are paid per ball they stitch. It is absolutely crucial to create a system where the stitchers including home-based workers and stitching center employees are employed directly by the manufacturers and provided with all of the required wages and benefits. Only when the adults are able to provide for their families and pay the costs of education will children be afforded the opportunity to attend school.

This section aims to analyze the working conditions in Pakistan, India, China and Thailand. Our findings indicate that precarious labor, low wages, poor working conditions and violations of freedom of association and collective bargaining rights are found in the value chain of hand-stitched soccer balls in three of the four focus countries: Pakistan, India and China. Despite cultural, political, religious and economic differences, workers in the soccer ball industry are similarly exploited regardless of the country of production.

### What is Precarious Work?

Labor rights protections are being undermined worldwide as workers are seeing permanent, regular jobs being replaced by contract labor and temporary, unstable work. This phenomenon has become known as “precarious work” in the international labor community. In the US, it is often described as temporary work. These workers are subject to unstable employment, lower wages and more dangerous working conditions. They rarely receive social benefits and are often denied the right to join a union. Even when they have the right to unionize, workers are scared to organize if they know they are easily replaceable. Unionized workers also suffer because with fewer members, they have less power at the bargaining table and less ability to grow.

What follows is a detailed analysis of the working conditions in each of the countries of focus. Our analysis begins with Pakistan, where local partner NGOs conducted on-site research throughout 2009 interviewing workers and visiting factories in the Sialkot sporting goods production cluster. Next the report discusses the working conditions in India, China, and finally Thailand, relying heavily on secondary sources.

*The high concentration of labor rights violations in the sporting goods industry has little to do with each country's labor laws or cultural traditions. Despite cultural, political, religious and economic differences, workers in the soccer ball industry are similarly exploited regardless of the country of production.*

As the data will show, working conditions in the global soccer ball supply chain are deeply connected to the way the industry is constructed and the ability of buyers to externalize risk. On the contrary, these violations have everything to do with the industry itself.



## PAKISTAN



The export data obtained from the U.S. Department of Commerce and the U.S. International Trade Commission suggests that Pakistan is the second largest soccer ball exporter country. In the late 1990s Pakistan was the leading producer of soccer balls, producing an estimated 80 percent of the hand-stitched soccer balls in the world. With the rise of production in China, Pakistan lost its premier position. Nevertheless, Pakistan continues to be the primary source for high quality hand-stitched soccer balls.

Soccer ball production in Pakistan is concentrated in Sialkot, a region close to the disputed border with Indian Kashmir. Some observers have credited the sporting goods industry with creating a rare oasis of wellbeing in Sialkot, such that the average annual income is US\$1,370, twice the national average<sup>20</sup>. According to IMAC, there are 224 manufacturing firms and 1,997

registered stitching centers<sup>21</sup>. Manufacturers produce top end match balls for major brands like Nike, adidas and Puma as well as lesser known brands.

The hand-stitched soccer ball manufacturing process in Pakistan is highly segmented. The labor intensive stitching process is outsourced to workers in stitching centers and in homes, where workers work on a casual basis and are paid by piece rate. The rest of the process, including lamination, cutting panels, screen printing, quality control and packing, is completed by factory workers.

The supply chain segmentation of soccer balls produced in Pakistan can also be found in countries like India and China (see following sections). The process is derived from a shift from leather balls to synthetic balls in the late 1980s<sup>22</sup>. Originally, the panels that make up a soccer ball were hand-cut with hand-perforated holes. The decrease in demand for leather shifted the production of soccer balls to synthetic panels that were die-cut with perforations. The switch to synthetic panels and the elimination of hand perforated holes for stitching decreased the skill needed to produce a soccer ball, and made it possible to stitch soccer balls in a more informal setting, such as the home. Additionally, by outsourcing stitching work, manufacturers are able to keep overhead costs down, circumvent local laws and retain flexibility especially in low seasons of orders<sup>23</sup>.

In Pakistan, stitching centers were created to overcome certain cultural barriers. Single-sex centers in the village offer women a place to work (see Section on Gender-Based Discrimination on page 13 for more information). They are also seen as a way to provide female stitchers with a better working environment and more effectively monitor code of conduct enforcement<sup>24</sup>. However, the organization and management of stitching

**Table 3. US Imports of Soccer Balls for Consumption 2004-2009 (in actual US dollars)**

	2004	2005	2006	2007	2008	2009
<b>China</b>	25,084,501	26,179,882	32,395,627	32,901,199	36,603,669	31,108,439
<b>Pakistan</b>	16,434,130	16,324,885	20,364,242	14,869,219	15,335,329	11,623,939
<b>India</b>	1,009,428	1,658,677	2,877,121	1,441,242	2,266,025	1,443,765
<b>Thailand</b>	370,172	710,654	1,394,845	1,629,041	1,357,368	607,108

centers is complicated and requires more research to this end. Some stitching centers are directly managed and supervised by the factory. While some stitching centers are run independently from the factories, others are owned directly by the factory. The independent stitching centers lack formal contracts with the main manufacturers, and instead are owned and operated by supervisors or ‘makers’. These makers recruit, employ, supervise and pay stitchers on a piece rate basis. This independence creates a division of the supply chain and makes it difficult to monitor and to track exactly where the stitched balls are manufactured.

In 2009, in cooperation with local Pakistani NGOs, ILRF conducted surveys of workers in seven soccer ball manufacturers and supply chains in Sialkot, Pakistan with the objective of obtaining information on working conditions at the factories, stitching centers and home-based settings. All of them are listed as an “A” Category Member of IMAC<sup>25</sup>.

## Profile of manufacturers<sup>26</sup>:

- A. Anwar Khawaja Industrial (AKI)**  
Brands and buyers include: Select, Derbystar, Longstreth Sporting Goods, Acacia  
Products: quality balls, sportswear, protective gears  
Size: 3,916 workers (416 regular and 3500 casual employees)  
Fairtrade Labeling Organization certified
- B. Awan Sport Industries Ltd:**  
Brands and buyers include: Puma, Adidas, Wilson, Vision, Regent Sports  
Products: hockey, pad, table tennis’ pedals, soccer balls, track suits  
Size: 1,200 workers (600 regular and 600 casual employees)
- C. Capital Sports Corporation (pvt) Ltd:**  
Brands and buyers include: adidas, Capital, Cosmos, Unified Sports, M/S Russell Corporation  
Products: soccer balls  
Size: 410 workers (160 regular and 250 casual employees)  
FIFA Licensee
- D. Kicker Sports (pvt) Ltd:**  
Brands and buyers include: Proline, Noaz Safari Sportz  
Products: all types of sport goods, sportswear and goalkeeper gloves
- E. Silver Star**  
Brands and buyers include: Nike  
Products: soccer balls  
FIFA Licensee and Fairtrade Labeling Organization Certified

**F. Talon Sports Private Ltd:**  
Brands and buyers include: Zone, Parigi Group Ltd, Autonomie Project, Headgear Inc.  
Products: soccer balls, track suit, gloves, knee pad, sheen pad, socks, shoes  
SA 8000 Certified and Fairtrade Labeling Organization Certified  
FIFA Licensee

**G. Vision Technology Corporation (pvt) Ltd:**  
Brands and buyers include: Mikasa, Vision, Lotto, Umbro (owned by Nike), Fair Trade Sports  
Products: soccer balls  
SA 8000 Certified and Fairtrade Labeling Organization certified  
FIFA Licensee

Certification or Labeling Systems <sup>27</sup>		
Name	Organization	Standards
FIFA licensee (FIFA APPROVED or FIFA INSPECTED)	FIFA	-Soccer ball quality test -No use of Child labor -Fair working conditions
Fairtrade mark	Fairtrade Labeling Organization	Fairtrade Standards: -Guaranteed national minimum wage -No use of child or forced labor -No discrimination against women -Fair Trade price premium Fairtrade Standards: -Guaranteed national minimum wage -No use of child or forced labor -No discrimination against women -Fair Trade price premium -Freedom of Association and right to collective bargaining -Safe and healthy work environment
SA8000 certified	Social Accountability International (SAI)	SA8000: 2008 Standard -No use of child or forced labor -Safe and healthy work environment -Freedom of Association and right to collective bargaining -Meet the legal standards of working hours and compensation

## Methodology

In cooperation with local NGOs, ILRF surveyed 218 workers in seven supply chains (see the following table).

	Factory Workers		Stitching center workers		Home-based workers		Total
	Male	Female	Male	Female	Male	Female	
AKI	0	0	21	27	0	0	48
Awan	17	5	0	0	0	0	22
Capital	7	0	0	0	0	0	7
Kicker	0	0	11	3	0	0	14
Silver Star	20	1	0	0	0	0	21
Talon	20	1	26	19	0	15	81
Vision	0	0	24	1	0	0	25

Interviews were conducted that addressed: living and family situation, working conditions, living

conditions, wages, working hours and overtime, production quotas, the status of freedom of association, child labor, health and safety, discrimination, employment status, and workers' knowledge of codes of conduct, company auditing and other factory certifications such as Fair Trade.

The following key findings are presented in percentages of worker responses and the subsequent fraction indicates the number of actual responses. When calculating percentages, the report takes into account only those workers who supplied answers to the question, so blank answers were not considered. In these cases it has been clearly denoted that percentages were taken from a smaller pool of responses, and the exact number can be found in the provided fraction.

## Key Findings

### Casual or Temporary Labor:

In almost every instance, stitchers were not given access to formal work contracts and in many cases a significant portion of a factory workforce was considered temporary status. The research indicated large portions of workers, who even after several years at the same facility, never gained permanent status. In Pakistan, according to the Industrial and Commercial Employment (Standing Orders) Ordinance, 1968, "every workman at the time of his appointment, transfer or promotion shall be provided with an order in writing, showing the terms and conditions of his service. A workman who has been engaged in work after nine months and completed a probationary period of three months in a industrial or commercial establishment

shall be considered as 'permanent workman'"<sup>28</sup>. A formal contract is important because it provides a certain level of job security, therefore, a worker does not need to continually worry about the possibility of losing his or her job. Alternatively, without a formal work contract, workers can be subjected to arbitrary reductions in wages, firing and layoffs. In Pakistan, the lack of a contract also affects a worker's access to the social security system and his or her ability to organize a union since both of these rights are only available to permanent workers. Workers that have formal work contracts are required to register with the Social Security Institute. Managers of the factories are required to pay a certain amount of money each month for each worker registered with the Social Security Institute. Lack of formal status means casual labors rarely get the social security benefits.

## WORKER STORY

A MALE WORKER FROM CAPITAL (SALIM)

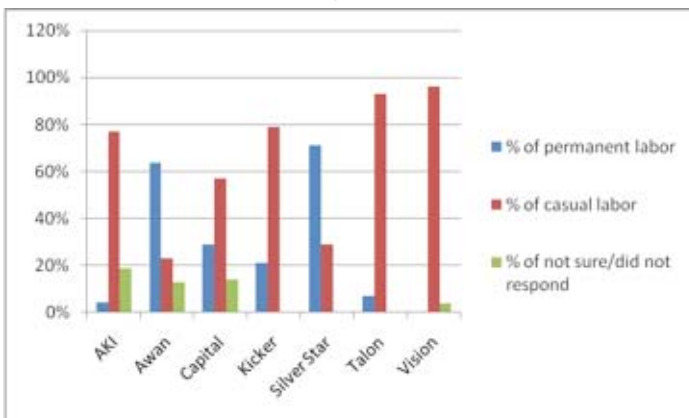
Salim, 28, has been working in Capital for 13 years, but he is still considered a temporary worker without access to the social security system. He lives with his family in a small house, which is made of mud and has no other facilities except electricity and water. He works non-stop from 9am to 5pm and earns 5,200 PKR (US\$64) monthly at most, while the household expenses are 10,000 PKR (US\$123) minimum. He would like to send his children to school to obtain a proper education and learn skills other than stitching, but up till now this remains his hope for the future.

# WORKING CONDITIONS : PAKISTAN

ILRF’s research found that the prevalent trend in Sialkot is casual or temporary contracts. Of the 218 interviewed workers in Sialkot, 70% of them are casual workers. Those workers who work at home or in stitching centers more often fall victim to temporary employment. This trend is especially true in Talon Sports, Kicker, Vision and AKI, where the majority of interviewees worked in stitching centers or were home-based workers (see Table 1 and Chart 1). For instance, only two out of 48 interviewees (4%) from AKI were permanent employees, while a large majority said that they were hired on casual basis (77%). A similar situation was found in Vision, another SA8000, FIFA and Fairtrade Labeling Organization-certified company, and is listed as an “A” Category Member of IMAC. ILRF and its local partner surveyed 25 stitching center workers that source products to Vision. One hundred percent of the workers who responded were casual workers. In the interviews, many workers complained that they often arrive to work in the off-season to find their workplace closed, putting them unexpectedly out of work. This lack of job security and unstable flow of income is a huge obstacle for many Vision employees and their families.

Moreover, the data regarding Talon Sports confirms that stitching center and home based workers are more likely to be the victims of casual labor. Nearly all surveyed workers were employed on a casual or temporary basis (75/81; 93%). The six workers who had permanent employment were all employed at the factory, meaning that 100% of the stitching centers and home based workers interviewed were causal laborers. Even among the six factory workers with permanent employment, four of them reported that they had no written contract.

**Chart 1: Percent of Permanent and Casual Labor in Sialkot, Pakistan**



As the chart indicates, the findings in Awan and Silver Star contrast sharply with the rest of the surveyed manufacturers. The main reason is that all respondents were factory workers in formal factory settings. In the past there were a few factories that



had stitching done within the factory walls but that this practice has been phased out. Silver Star primarily sources to Nike and is the only manufacturer, of which ILRF is aware, where all of the stitching is done within the factory. This production system was developed when Silver Star management decided to employ most workers as permanent full-time registered workers within the factory.

The argument has been made that the inherent flexibility in casual labor makes it necessary. Stitchers, especially female stitchers, could work part time and meanwhile be engaged in domestic duties and agricultural work<sup>29</sup>. However, our research found that only four out of the 202 interviewees who answered the relevant question said they worked less than eight hours per day. The minimum number of working hours was six hours per day. Furthermore, in Talon Sports the median length of employment for stitching center and home-based workers was longer than that of factory workers (four years for factory workers, five to six years for home-based workers, and ten years for stitching center workers). It is essential to do additional research to determine if, in fact, female home based workers desire this kind of “flexible” work arrangement.



The predominant use of casual and temporary labor is believed to be the root of labor rights violations in Sialkot. Due to the informalization of labor, stitching center and home-based workers are not registered, unprotected, isolated, and not organized. They are not paid decent wages especially in comparison to the wages paid at the factory level. Their right to organize and their access to social benefits are limited because of their informal employment status. Additionally, the structure of the supply chain makes it very difficult to monitor for labor rights issues.

### Low Wages:

In 2008 the Pakistani government increased the minimum wage of unskilled workers from 4,800 PKR (Pakistan Rupees) to 6,000 PKR (US\$73.8)<sup>30</sup>. Nonetheless, ILRF's research found that workers, especially casual workers at the factories, in stitching centers, and in homes were routinely paid below the legal minimum wage. More than half of the 218 surveyed workers reported that they did not make the legal minimum wage per month. Piece rate is the standard payment system in the soccer ball industry in Pakistan, according to the interviews with local NGOs.

To make matters worse, the minimum wage itself is far short of what is necessary to meet basic needs. 90% of all respondents (196/218) said that they were unsatisfied with their income because it was not enough to cover their living expenses. This complaint is supported by organizations in Pakistan that believe the minimum wage needs to be doubled to 12,000 PKR (US\$147.6) to meet workers' basic needs. 12,000 PKR would cover these basic needs for a family of five:

Food	3,500
Education	2,000
Electricity/gas and other utilities	1,200
Medical	500
Transport	500
Housing	3,500
Miscellaneous	800

Regarding payment punctuality, of the 209 workers in researched supply chains who gave answers to whether the payment is on-time, 75% of them said 'Yes'. The overwhelming majority of interviewees in

four manufacturers, namely Silver Star (86%), Kicker (100%), Capital (83%), AKI (100%) and Vision Technology (96%), reported that they got paid on-time. However, slightly over half of the responding workers (42/80; 53%) in Talon Sports said that they were paid late by their supervisors. Wages were sometimes paid as much as two months late, which can have devastating consequences for the workers and their families.

Bahaar, 30, has been working in Vision Technology Corporation (pvt) Ltd's factory for four years. But he is still working on a temporary basis and being paid by piece rate. He earns 3600 PKR (US\$ 44.28<sup>31</sup>) per month, which is 40% less than the national minimum wage, whereas his monthly expense is about 13,200 PKR (US\$ 162).

Piece rate is the standard payment system in the soccer ball industry in Pakistan, according to interviews with local NGOs. ILRF's research results in Kicker, Capital, AKI, Talon Sports and Vision Technology support this conclusion. Factory workers in Awan and Silver Star reported that they received a bonus, while none of the surveyed workers from the rest of the five supply chains reported that they received a bonus or any other forms of incentives.

### Overtime:

Under the Pakistani Factory Act of 1934, "No adult worker shall be allowed or required to work in

a factory for more than forty-eight hours in any week, or, where the factory is a seasonal one, for more than fifty hours in any week. No adult worker shall be allowed or required to work in a factory for more than nine hours in any day, or a male adult worker in a seasonal factory may work ten hours in any day"<sup>32</sup>. Our findings indicate that the majority of workers work within the legal hour



limits. In AKI, 65% of respondents reported workdays of eight hours, while 27% of them work nine hours per day. However, there were 5 workers in Talon Sports who reported working for 11 hours or more per day, and seven workers from three different factories: Kicker, Capital and AKI reported working for as many as 63 hours per week. While the majority of interviewed workers claimed that they voluntarily work overtime, there were cases of forced overtime labor reported in six supply chains<sup>33</sup>. Workers were potential victims of physical attacks by their supervisors.

Regarding payment for overtime, a substantial percentage of surveyed workers in Awan (17/22; 77%) and Silver Star (14/21; 67%), where all interviewed workers were factory workers, reported that they received double payment for extra working hours. All of the seven interviewed Talon Sports workers who received a double payment for overtime were permanent employees, whereas none of the interviewed stitching centers and home based workers reported receiving overtime payment. None of the interviewed stitching center workers from Kicker, AKI or Vision, reported any higher than normal piece rate for overtime work. These findings once again suggest that stitching center and home-based workers are vulnerable due to their informal status.

### **Discrimination:**

Gender discrimination is prevalent. The median wage per month for the 35 total women workers surveyed in Talon Sports (3,000-3,999 PRK/ US\$36-49) is much lower than the median wage for the total men workers surveyed (5,000-5,999 PRK/US\$60-73). Taking into account only factory and stitching center women workers (excluding home-based workers), the median increases to 4,000-4,999 PRK (US\$49-61), but still remains lower than the median salary earned by male workers. Home-based workers, who are all women, have the lowest wages of all the interviewed workers, with a median of just 2,000-2,999 PRK (US\$24.6-36.9). Of the women who became pregnant, four out of six said that they had been granted leave without pay and two said they had been fired for the duration of their pregnancy and then rehired after the birth of their child. In both cases, the women faced discrimination based on their gender, and in the second circumstance, where pregnancy led to firing, women's jobs were placed in permanent jeopardy.

The primary reason stated for the creation of the stitching center model was to overcome cultural barriers by providing women a separate workplace. Also stitching centers were said to mitigate the risk of child labor which is most often found in connection with home based work. It is argued that stitching centers strengthen women's confidence to work outside the home and their ability to deal with sociocultural norms<sup>34</sup>. However, the questions remain: to what extent do the stitching centers bring women out of poverty and to what extent and in what ways are female stitchers empowered?

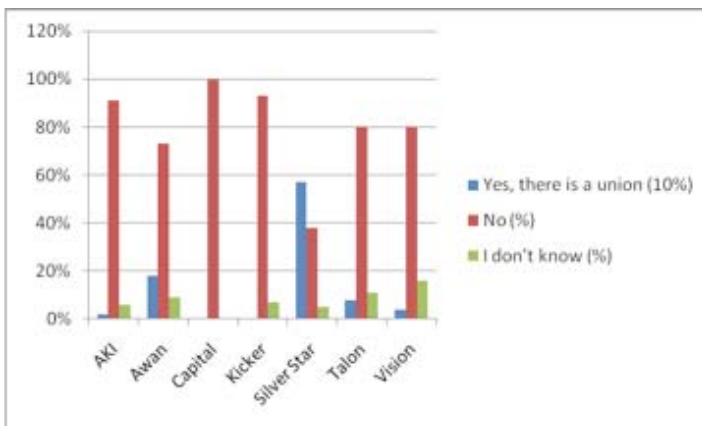
The fact that most of the women work in stitching centers or in homes on a casual or temporary basis means that they are isolated, unprotected, not equally treated and not organized. Their rights cannot be well protected through a formal contract. They are subject to arbitrary reduction in wages and firing, are blocked from accessing medical services and other social security programs, and are paid less than male workers at the factories. Instead of empowering women, stitching centers created a separate class of women, who are underpaid and unrecognized.



## Workers' Right to Organize:

Article 17 of the Pakistani Constitution identifies the right to form associations or unions: “every citizen shall have the right to form associations or unions, subject to any reasonable restrictions imposed by law in the interest of sovereignty or integrity of Pakistan, public order or morality”<sup>35</sup>. A worker’s right to organize is important because it offers workers the ability to enter into collective bargaining agreements that protect them from unfair actions taken by management and it provides workers with a grievance process. A union could raise industry standards by demanding better wages and better working conditions through collective action. Unfortunately because such a large percentage of workers are hired on a casual basis rather than being treated as permanent workers, their rights to organize themselves and to bargain collectively are often denied. In six out of seven manufacturers that ILRF researched, an overwhelming majority of the interviewees either claimed that there was no union or that they did not know if one existed in their supply chains (See Chart 2). Several respondents in Talon Sports told the researchers that despite the existence of unions, they were operated by management, very weak and exist on paper only. Although over half of respondents in Silver Star reported that they knew the union in the factory, they had no contact with the union representatives.

**Chart 2: Is there is a union in your factory?**

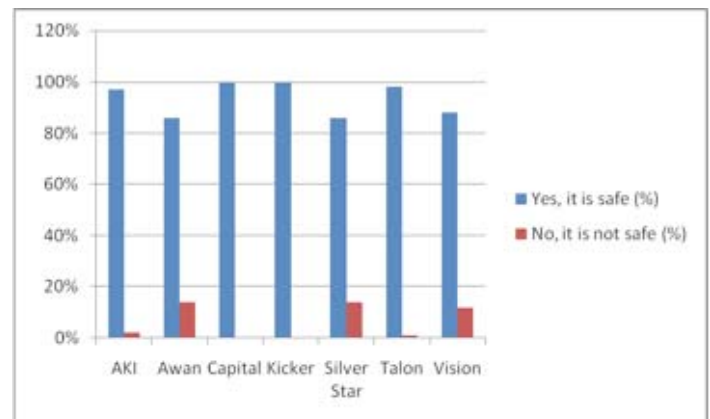


## Health and Safety Violations:

In all seven value chains, a vast majority of respondents described their working environment as safe and that there is drinking water available at the work place (See Chart 3). Seven workers in Awan and Silver Star

mentioned that they were given masks and gloves for protection purpose. However, a troubling seven workers in total producing for Awan, Silver Star and Talon Sports reported that there were dangerous chemical materials, which cause respiration problems, and that the water is not clean and undrinkable, especially during the summer due to the lack of a water cooling system. Many workers in Talon Sports also reported power outages in the summer that prevented ventilation in the workplace, causing unbearable heat indoors.

**Chart 3: Would you consider your workplace safe or not?**



Moreover, stitching itself is not an easy task. It requires workers to stay in a crouching position for long periods of time, which often causes body aches and swelling. Workers reported that they were suffering from pain in their legs, stomach, shoulder, back, fingers, muscles, and joints, and that they had swelling in their hands and legs.

Social security protection is very limited in Pakistan. The Compulsory Group Insurance scheme of 1968 only applies to permanent workers in industrial and commercial establishments<sup>36</sup>. It does not cover non-permanent workers, i.e casual or temporary labor, and permanent employees in an establishment with less than 20 employees<sup>37</sup>. Since a large percentage of workers in the soccer ball industry in Pakistan work on a casual basis, their access to social security benefits is limited. An overwhelming majority of our respondents said that they did not have access to medical services. Also, a majority of workers interviewed were allowed to take sick leave, but there are no reported cases of workers receiving pay during sick leave.



Additionally, it is crucial to point out that a very large percentage of respondents are unaware of any code of conduct, and of those who are aware, an extremely low percentage have read the code of conduct or know how to use it to defend their rights. Out of 195 interviewees who responded to the question, 158 (81%) said that they have not heard of the code of conduct or they do not know one existed, while only seven said they have read a code.

It can be difficult to maintain high safety standards in an industry with diverse production structures, including factories, stitching centers and home-based work. However, international law governing labor standards and buyer codes of conduct require entities operating within the soccer ball manufacturing process to know and understand health and safety regulations. ILRF believes that freedom of association plays a key role in guaranteeing safe and healthy working environments by allowing workers to speak freely on issues concerning safety standards.



### WORKER STORY A FEMALE STITCHER FROM TALON SPORT: (YALDA)

Yalda stitches five balls per day at a piece rate of 40 PKR, and by working six days per week she can earn approximately 5000 to 5500 PKR (US\$61-68) monthly. However, her income is not enough to cover basic household expenditure. Survival is difficult and education is a luxury. Among her four children, two boys and two twin girls, she is only able to pay for one boy's tuition fee.



### WORKER STORY MALIKA, A SOCCER BALL VARNISHER

"My name is Malika and I am 36 years old. I worked at a sports ball factory as a soccer ball varnisher. I had been working there for 5 years and was feeling pleasures working with honesty and hard work. However, I didn't know that the owner of the factory changed women's work to a contract basis instead of a monthly salary basis. Myself and three other women workers argued that we would not work on contract basis. At that time my salary was 4,000 Rupees (50 USD) a month. As a result of refusing to work on a contract basis, the owner of the factory fired me along with three other female workers and didn't pay us any dues. Through the labor court, we got all our dues from the owner of the factory. However, we were still unemployed.

"Then what started was a very difficult period for my family. Only my husband was employed so the income of the family was reduced. Before, we got free health services and medicine from social security but now we have to purchase expensive medicine from the market. The most difficult period started when I became ill. When I went for a checkup at a private hospital, it was found that I had an infection in my womb that had to be operated on. We collected our life savings and assets and sold all of it for the operation. I also borrowed money from my relatives. The private hospital looted me and all of my money spent on the treatment. After the operation, the doctor suggested that I don't do any kind of hard work for a year. I listened to the doctor's advice. However, my husband's salary is spent solely on food and we can't save a single penny for our future.

"My conditions went from bad to worse. My daughter finished high school and insisted that she take the entrance exam for college, as she wanted to study further. My husband and I explained to our daughter that we were not in that position to bear her study expenses. Then she threatened that she would commit suicide if she could not go to college. My husband and I were scared and said that we would do anything to put her through college. I went to another relative and took 5000 Rupees (\$62 US) as credit for the admission of my daughter into college. Now my daughter is studying in college. To add to the hardship, my husband has a breathing problem so at times he is unable to go to work, meaning the both of us are not bringing in any income. During these times our living condition becomes worse. I do not know what to do or how I am going to pay back the loan.

"Sometimes I think that if the factory owner would have not fired me from my job, I might not be in this situation. If I were working in the factory, all of my treatment would be free and I would not be forced to sell my household goods. I would also get a monthly salary and our living conditions might be better and then I would not have to take out credit."

## INDIA

In 1997, the Southern Asian Coalition on Child Servitude (SACCS) publicized the issue of child labor in the Indian soccer ball industry. Despite the fact that there has never been a formal multi-shareholders' commitment to combat child labor like the Atlanta Agreement<sup>38</sup>, a similar independent institution like IMAC was established in India known as the Sports Goods Foundation of India (SGFI).

Due to the focus on child labor, the abuse of adult labor rights, such as poor working conditions and casual work, was to some extent overlooked and inadequately researched. However, the National Labor Institute's report, *Child labor in the sports goods industry – Jalandhar, A case Study* (1998) and the Indian Committee of the Netherlands' report *The Dark Side of Football* (2000) (ICN report hereafter) provide insights into the industry, not only on the child labor issue, but also on the socio-working condition of the stitchers in Jalandhar. The working paper

Labor Rights and Sportswear Production in India - A Study of Soccer Ball Industry in Jalandhar released by the Center for Education and Communication (CEC report hereafter) in 2008 offered updated data on these issues. In addition, as an active advocate on the front line of combating child labor in the soccer ball industry, ILRF released a research report in 2008 on the extensive use of child labor and debt bondage in the production of soccer balls in India's Meerut District. The research identified as many as ten companies sourcing from this district, which sell their soccer balls in the United States.



### Overview of the industry in India:

Within India, the majority of soccer ball production occurs in Jalandhar and the nearby city of Meerut<sup>39</sup>. These two cities account for roughly 75 to 80 per cent of all the balls produced in India and are the main drivers of an export industry that provided US\$100 million for India in 2004<sup>40</sup>.

Like Pakistan, the soccer ball supply chain in India is segmented. All procedures needed to make a soccer ball, except stitching, are done in the factory. Stitching is undertaken by stitchers in stitching centers and home-based settings. Stitchers are either directly hired by the factory or hired by contractors who take orders from manufacturers<sup>41</sup>.

The World Bank has criticized India's labor rights protection as "among the most restrictive and complex in the world"<sup>42</sup>. The body of laws that regulate the

industrial labor relations system is massive. The Contract Labour (Regulation and Abolition) Act of 1970, the Factories Act of 1948, the Minimum Wage Act of 1948, and Trade Union Act of 1926 – just to list some of the most relevant—are a few samples of the large pool of labor laws in India. However, the above mentioned laws only apply to establishments in which 20 or more workers are employed and the manufacturing process is being carried out without electrical power<sup>43</sup>. Therefore all stitching centers with less than 20 workers do not fall under any of these regulations.

### Low Wages and Overtime:

Factory workers technically fall under the Factories Act of 1948, which guarantees them a number of rights, including a labor contract, an annual bonus, and double pay for overtime. However, the CEC report in 2008 revealed that the workers did not receive benefits from the provident fund, the employee state insurance or

minimum wage for which they were eligible<sup>44</sup>. They did not get double payment for overtime, their wages were insufficient to cover basic needs and they were forced to do extra work, frequently taking stitching work home to earn more<sup>45</sup>. Even more concerning was that the fact that the factory workers are unaware and not given adequate information on their labor rights. This is especially true for workers in rural areas<sup>46</sup>.

*Stitchers in stitching centers:* The ICN report from 2002 revealed that stitching centers are exempt from the Factories Act of 1948, and are therefore denied the rights protected in this act<sup>47</sup>. There is also no labor contract nor any form of benefits like bonuses, insurance or leave<sup>48</sup>. Similar to Pakistan, stitchers work on a casual or temporary basis which makes them particularly vulnerable to labor rights violations. Workers told CEC researchers that “there is no guarantee of work tomorrow and everything depends on the mercy of the contractor”<sup>49</sup>. In the late 1990s, when the child labor issue first grabbed the public’s attention, SGFI, the industry monitoring scheme, claimed that the pay rates for soccer balls varied in a range from 21.90 INR (Indian Rupees) (US 55 cents)<sup>50</sup> for a low quality ball to 29.75 INR (US 74 cents) for a top quality ball<sup>51</sup>. The normal productivity of a stitcher was said to be six to seven cheap balls or three to four good quality balls per day, which implied a stitcher’s daily income was far above the minimum wage (the minimum wage in the State of Punjab where Jalandhar is located was 63 INR (US\$1.6) a day and 1,753 INR (US\$44) a month in 1998)<sup>52</sup>. However, the National Labor Institute’s report presented a very different reality. The report stated that the average piece rate for an average soccer ball was 12 INR (US 30 cents) and a stitcher could make four balls per day. At this pay rate, it was impossible for a stitcher to earn the official minimum wage<sup>53</sup>.

The 2008 CEC report indicated that the situation has not improved since 2002. One of the workers stated that there are more workers but less work due to an increase in the labor force and stitchers were actually paid less. In 2006, the legal minimum wage in the State of Punjab was raised to 2250 INR (US\$50)<sup>54</sup> a month, but none of the workers interviewed were found to earn this amount of money per month<sup>55</sup>. Moreover, because of the low wages,

overtime became a necessity for the workers to make ends meet. Most of the stitching center workers also stitched at home to make extra money to cover living expenses. The risk of child labor is therefore increased.



Home based workers in India are not protected by any of the above mentioned regulations. They are completely dependent on the contractors who receive orders from manufacturers and distributes them to home based workers. They do not have bargaining power over their rates and they are excluded from all forms of benefits<sup>56</sup>.

The cases discussed in the CEC report indicated that while there is noticeable seasonal wage difference, even the monthly earning during the busy season were insufficient to cover family expenditures. One worker earned 2500 INR (US\$57.50) per month by working fourteen hours daily whereas the monthly expenditure of his family was about 12000 INR (US\$276)<sup>57</sup>.

Furthermore, there is a disparity in wages among workers. Workers in urban areas have higher price rate than workers in rural areas for making the same balls<sup>58</sup>. Women earn 4-5 INR (about US 11 cents) less than men per ball<sup>59</sup>. There is no standard piece rate. Stitchers who are directly hired by exporters have higher piece rate pay whereas workers under contractors get a lower rate due to the commission taken by contractors<sup>60</sup>. Stitchers are excluded from the price negotiation process and the rate in most cases is determined entirely between manufacturers and contractors<sup>61</sup>.

### Child Labor:

As discussed above, since workers are paid per unit and the piece rate is not enough to cover even basic needs, children are often used as extra hands to stitch soccer balls. ILRF and BBA's report "Child Labour in Football Stitching Activity in India: A case Study of Meerut District in Uttar Pradesh" documented the prevalence of child labor in the soccer ball industry in Meerut. In its selected sample households, ILRF found that 9% of boys and 18% of girls aged 6-17 years were pursuing full time soccer ball stitching activity, and a significant proportion (43% of boys and 57% of girls) were engaged in both stitching as well as school activity<sup>62</sup>. Even after a full day's work the children could only produce a maximum of two soccer balls and earn a best 3-5 INR (US 7 cents) per ball, which is 40 times less than its retail price<sup>63</sup>.

### Health and Safety Violations:

The general working conditions of the industry have been described as "pathetic"<sup>64</sup>. In stitching centers, proper drinking water and medical care facilities are often absent<sup>65</sup>. ICN researchers found that in some centers there were no toilets<sup>66</sup>. For home based workers, their work place is usually situated within the living rooms, the majority of which are too small. Electricity is not always available, and the whole stitching process is undertaken in dark and dingy rooms<sup>67</sup>. The long hours of arduous squinting may damage workers' eyesight<sup>68</sup>.

Needle piercings, headaches, backaches, muscular pains, and loss of eye sight are very common among all stitchers regardless of their working locations. The ICN report documented that stitchers pull and bite the chemically treated thread with their teeth. Most workers do not treat their health problems. This may be due to the fact that they cannot afford health care costs<sup>69</sup>.

***...stitchers pull and bite the chemically treated thread with their teeth.***





## CHINA

China used to be the key supplier of low-end machine-stitched soccer balls. With the development of new materials and innovation in production process technologies, China poses significant competition to soccer ball industries in Sialkot, Pakistan and Jalandhar, India. The official match balls at the center of 2010 World Cup are produced in China using high technology and requiring less stitching work. Most of the machine-stitching production is carried out in large factories in the southeastern part of China, especially Fujian and Guangdong Provinces<sup>70</sup>. In addition, there is a hand-stitched soccer ball production network in the province of Jiangsu<sup>71</sup>. The production model there is similar to the one in Pakistan and India. Stitching work is outsourced to local residents in rural areas, the majority of whom are women and children, with the rest of the production process being completed in the factories<sup>72</sup>.



### Overtime:

Excessive working hours constitute a major problem highlighted by various research projects, including the Fair Labor Association (FLA)'s *Soccer Products Industry project* (2008), Play Fair's *Clearing the Hurdles* (2008) and Hong Kong Christian Industrial Committee's (HKCIC) research on working conditions in the soccer ball factories in mainland China in 2002.

According to China's 1994 Labor Law, "labourers shall work for no more than eight hours a day and no more than 44 hours a week on the average. The employer shall guarantee that its labourers have at least one day off a week"<sup>73</sup>. However, HKCIC researchers found that in a factory called Guan Ho Sporting Goods Ltd, workers often worked up to 14 to 15 hours a day in departments such as the cutting, stitching, hand stitching and packaging. During the busy seasons, the working hours can extend up to 20 to 21 hours, with workers working for an entire month without any days off<sup>74</sup>. Similar findings were reported by Playfair's investigators at factories in the Pearl River Delta region. In that region, overtime totaled 232 hours per month during the peak season, six times higher than the legal limit<sup>75</sup>. While the length of overtime may vary from one factory to another, but it is fair to say excessive overtime is a very common practice in soccer ball factories in mainland China.

Overtime is the result of systemic flaws in the soccer ball industry. First, legal enforcement that can protect workers from exploitation is non-existent. Secondly, due to the complex global production network, delays in order confirmations or last minute changes in specifications are very common. These delays in the start of production requires extra working hours to meet shipment deadlines<sup>76</sup>. Third, the production is frequently interrupted by power outages. With the rapid economic development of the country, the demand for energy has increased dramatically. Since 2000, China has experienced a nationwide power shortage. Provinces in the Yangtze River Delta, which hosts one of the largest labor-intensive industries, have experienced severe energy problems. In Zhejiang Province, in the first half of 2004, blackouts averaged 11.32 days a month<sup>77</sup>.

It is also important to analyze causes at the individual level. Most of the workers in the machine-stitched soccer ball industry in China are migrants from inland, rural areas. These workers must often support families at home. They work long overtime hours because they needed the supplemental income when their regular wage is below minimum wage<sup>78</sup>.

### Child Labor:

Abuse in machine-stitched soccer ball factories is only half of the story. In 2009, the *China Business Journal*<sup>79</sup> released an article that exposed Nike hand-stitched soccer ball manufacturers' use of unauthorized subcontracting<sup>80</sup>. In order to reduce production costs, Nike's key Chinese supplier, Wande Sports Goods Ltd, outsourced a large number of orders, between 2002 and 2007, to families in rural areas without authorization from Nike. It was later discovered that child labor was being used in these unauthorized home-based stitching locations. Local residents, mostly women and children, stitched soccer balls in homes for only 5 yuan (US 75 cents) per ball<sup>81</sup>.

The fact that most of the stitchers worked out of their homes meant that overtime was a very common practice but was nearly impossible to monitor. In order to make more money, many female residents worked up to eleven hours a day<sup>82</sup>. High productivity is also an indication of excessive overtime. An experienced craftsman can sew three balls per day within the legal eight working hours, while the record of the reported factory showed that many employees could stitch eight to nine soccer balls per day, some as many as eleven<sup>83</sup>. This subcontracting may be more common than what is realized and it requires due diligence on the part of the buyers to make sure they are fully aware of the capacity of a given workforce so that a buyer is able to monitor whether this sort of problem is occurring either because of the use of additional workers or excessive overtime.

### Low Wages:

*Factory workers:* According to the Chinese Labor Act, "Specific standards on minimum wages shall be determined by the people's governments of provinces, autonomous regions or municipalities directly under the Central Government. The employing unit shall pay laborers no less than 150% of the normal wages if the extension of working hours is arranged, no less than 200% of their wages if no rest can be arranged afterwards for the laborers asked to work on days of rest and no less than 300% of their wages on legal holidays"<sup>84</sup>. Despite this legislation workers are rarely compensated accurately for the hours of overtime they work.

For example, the legal minimum wage in Dongguan City (Guangdong province) in 2002 was 450 yuan (US\$ 57.69<sup>85</sup>) a month. However, according to the HKCIC report, at Guan Ho Sporting Goods Ltd located in Dongguan City, the average income of sewing workers ranged from 300 yuan (low season, US\$ 36.3) to 1000-1400 yuan (maximum wage during the busy season, US\$ 121-169.4)<sup>86</sup>. Workers were paid per ball they produced, the unit price was set and workers were given a daily production quota<sup>87</sup>. During the high seasons, the quota was set so high that sewing workers had to work very fast or work overtime to reach their quota. There was no overtime compensation whatsoever<sup>88</sup>. It was argued that paying per unit motivated the workers to work as 'efficiently' as possible, which conveniently avoided the question of overtime payment. In order to earn 1400 yuan (US\$ 180) in the peak season, employees worked for more than 15 hours per day<sup>89</sup>.

In addition to excessive uncompensated overtime and low wages, delays in wage payment were also identified as a problem in some factories. Both the Play Fair's and HKCIC's reports found this to be the case. The delay could be as long as 40 days<sup>90</sup>. The fact that pay could be further delayed during high season effectively jeopardized a worker's ability to change jobs<sup>91</sup>. Falsifying wage records was also noted as a common practice among contractors to pass buyer inspections. One factory worker in the Pearl Delta Region told a Play Fair researcher that he signed two wage record sheets when he received his salary after 40 days of delay. One wage record sheet stated the actual income, and another stated a wage more than twice as high as his received income. The second wage sheet was for the brand auditors<sup>92</sup>.

*Home based stitchers:* There is little information available concerning home-based stitchers, and the only data on wages available is a 2009 *China Business Journal* article. Home based stitchers, who were hired illegally by local factories and stitching centers, were paid by piece rate. They earned 5 yuan (US\$ 0.64-0.73) per ball<sup>93</sup>. The regular output for one person during an eight hour shift is four soccer balls, which means that workers could only make 20 yuan (less than 3 US dollars) per day and 600 yuan (less than US \$90 US) per month without putting in overtime, 37.5% less than the legal minimum wage in the province of Jiangsu<sup>94</sup>.

### Health and Safety Violation:

*Factories:* The soccer ball production process is by no means hazard-free. For instance, in the cutting departments, workers' fingers can be cut if anything goes wrong with the operation of the machine. In the stamping and sealing departments, workers are exposed to poisonous chemicals and extreme heat. HKCIC's report described the hands of their interviewees: "their fingers were dry, their skin cracked and their hands were crisscrossed with deep lines. The roughness of the hands of these young female workers offered a stark contrast to the innocent look on their faces. Their fingernails were broken and all their fingers were bandaged"<sup>95</sup>. There are no adequate health and safety trainings for workers, nor are they aware of their rights and compensations for industrial accidents<sup>96</sup>.

Many of the health and safety concerns at the factory occur because of the high production levels and quotas set by the factories. The Play Fair report revealed that workers reported not using safety equipment because it slowed down production and prevented them from

meeting quotas determined by management<sup>97</sup>. Internal migrants make up the largest group of soccer ball factory workers, but the household registration system or hukou system, which ties citizens' social benefits to their hometowns, blocks these workers from enjoying the same access to healthcare and other programs as locally-registered citizens enjoy<sup>98</sup>. This discriminatory policy is often paired with employers' blatant disregard for even the bare minimums regarding social insurance coverage mandated by Chinese law. For example, companies routinely refuse to pay for work injury insurance or refuse to make contributions to workers' pensions, though by statute they are required to do so. According to Play Fair's report, at the Joyful Long factory, which produces sports balls and other sports equipment for adidas, Nike, Puma, and Diadora among others<sup>99</sup>, workers were not covered by even legally-required programs such as workers' compensation, maternity leave, and social insurance<sup>100</sup>. In addition, workers had their wages deducted if they received any services at the factory's medical center.





## THAILAND

### Overview of the industry:

The 2006 World Cup was an important benchmark for Thailand's soccer ball production. The use of a "made in Thailand" machine-stitched soccer ball as the official World Cup game ball not only stimulated soccer ball production in Thailand, but also signaled a shift from hand-stitched to machine-stitched production in professional tournaments<sup>101</sup>. The balls used in the 2006 World Cup were produced using a new technology where ball panels are bonded thermally to the bladder by machines without the need for any stitching<sup>102</sup>.



This new method of production that requires no stitching was intended to be the next wave in the production of soccer balls for professional tournaments. If this were to happen, Thailand would be poised to capitalize on an increase in demand and countries like Pakistan and India, which still focus on hand stitching, would be hurt economically. As of yet the move to the thermal bonded balls has not happened on a large scale<sup>103</sup>.

There are a series of laws and regulations that offer labor rights legal protection in place in Thailand. Among them, the Labor Protection Act of 1998 is the most important one. It sets standards on maximum working hours, overtime, holidays, leaves, minimum age of employment, occupational health and safety standards, and severance pay. However, the protections for subcontracted workers, who constitute the largest group of workers in the soccer ball industry, are not clearly defined and as a result their rights, are often violated<sup>104</sup>.

The Labor Protection Act is poorly enforced. This is partially the case because the Ministry of Labor (MOL) inspectorate is severely understaffed<sup>105</sup>. There are approximately 600 MOL inspectors nationwide who are responsible for inspecting all working conditions, including occupational safety and health. The 600 inspectors must cover 200,000 workplaces in Thailand that have 50 or more employees each<sup>106</sup>. In 2004 a total of 400,000 establishments were to be inspected, but the MOL inspectorate only managed to cover 24,000 of them<sup>107</sup>. Therefore, many factories where subcontracted labor is used are not adequately inspected or regulated.

### Low Wages:

There is very little information or literature available that addresses the working conditions in the Thai soccer ball industry. A report released by the Thai Labour Campaign (TLC) in 2006, *The Life of Football Factory Workers in Thailand*, is the only one of its kind. This report revealed the working conditions in two Japanese invested export-oriented factories: Molten Thailand (which produced the 2006 World Cup soccer ball for adidas) and Mikasa (producing soccer ball for its own brand: 'Mikasa'). According to TLC's report, regular workers and subcontracted workers were treated differently in Molten Thailand in terms of their wages and benefits<sup>108</sup>. The monthly wage of regular employees was up to 9,700 baht (US\$ 256) including bonuses and free uniforms<sup>109</sup>. In contrast, workers who were recruited via a subcontracting firm were given the minimum wage – approximately 4,500 baht (US\$ 118.8)<sup>110</sup>—without any benefits. Seventy-seven percent of their income was spent trying to meet basic food needs<sup>111</sup>. The minimum wage set by the government was insufficient to satisfy basic needs and live with dignity. Overtime was become a common practice<sup>112</sup>.

### Health and Safety Violations:

Due to the long working hours and incredibly high temperatures inside of the factories, Thai workers are faced with the effects of exhaustion on a regular basis. Fuller's 2006 article in the *New York Times* argued that "by the most literal definition, this is a sweatshop. The factory is so hot that workers develop beads of perspiration on their upper lips and cheekbones. Managers sweat through their shirts"<sup>113</sup>.



## Conclusion

Over a decade after the signing of the Atlanta Agreement child labor still exists in the soccer ball industry. As the preceding data clearly demonstrates, although action was taken to eradicate child labor in the late 1990s, very little was done to end its root causes. The parents working in the soccer ball industry are still receiving next to nothing for their work. They are working as temporary or casual employees and therefore receiving none of the benefits that can keep their families healthy. Despite each countries' cultural and governmental differences, the soccer ball industries in these countries share the same problems: casual or temporary work, poverty level wages, discrimination, restriction of the right to organize or collective bargain, and health and safety violations. Under the current system of local industry monitoring and auditing in Pakistan and India, child labor is the only violation that is actively monitored and if a violation is found, only the factory or the manufacturer are told, not the brands that source from that manufacturer or the public are notified of these violations.



The companies that profit from the labor of soccer ball stitchers bear a significant responsibility to ensure that workers' rights are respected. When child labor in the soccer ball industry was first revealed decades ago, consumers and athletes – as well as companies – were looking for ways to ensure that their soccer balls were not tainted by labor rights abuses. In the following years, demand for ethically produced goods across a range of industries has grown dramatically around the world and a variety of labels and certification programs have been developed to provide various assurances to consumers. Companies themselves have also instituted their own policies related to labor and human rights and environmental sustainability.

The previous sections in this report illustrate the grim reality that despite these commitments, abuse of workers' rights remains widespread. This section explores how some industry initiatives have addressed labor issues. Serious flaws within many of these systems allow labor rights abuses to continue.

### Independent Monitoring Programs:

#### Independent Monitoring Association for Child Labor (IMAC)

As the benchmark corporate social responsibility (CSR) initiative in the soccer ball industry, the Atlanta Agreement laid out the blueprint for regulating the industry in Pakistan. The Agreement also created an example that other countries, such as India, could follow. The Agreement proposed a program with two areas of focus: (1) child labor prevention and monitoring in Sialkot by the ILO's International Programme for the Elimination of Child Labour (IPEC) and (2) social protection administered by UNICEF and Save the Children (UK) along with the Pakistani Government and NGOs with a focus on training and education<sup>114</sup>. ILO-IPEC regulated stitching centers through registration and unannounced inspection. By joining the program, all manufacturers, stitching center locations and all stitchers should be registered and open to unannounced audits.

Each participating manufacturer agreed to set up an internal monitoring department with a senior manager in charge to verify its compliance with the program. Employees were provided with training to monitor the use of child labor<sup>115</sup>. By 2000, 68 out of a total of 90 exporting firms in the Sialkot cluster, producing more than 75% of the cluster's total exports, joined the IPEC program and overall export levels had risen<sup>116</sup>.

In 2002, the Independent Monitoring Association for Child Labor (IMAC) was established by the Sialkot Chamber of Commerce & Industry (SCCI) to take over the monitoring duties that IPEC had been performing. As an independent not-for-profit organization, IMAC inherited most of IPEC's features, i.e. its monitoring strategy, procedures, technologies and trained staff<sup>117</sup>.

IMAC's workplace monitoring system consists of internal and external monitoring. Manufacturers wishing to have their workplaces monitored join IMAC voluntarily, and reveal their production sites for monitoring. At the time of voluntarily joining the program, the respective manufacturer pays a joining fee to the Sialkot Chamber of Commerce and Industry (SCCI) and provides detailed information about their company and stitching centers- known as Internal

#### Category "A" in IMAC:

"It shall contain the names of those participating manufacturers who religiously adhere to all the provisions of the programme, as enunciated in the undertaking they sign at the time of joining the programme. These provisions include undertaking 100% stitching of all hand-stitched balls (without any distinction of size, kind, value of the ball) at monitorable stitching places; prompt response to any query from IMAC; keeping the IMAC updated at all times about their stitching activities; closing, opening of stitching centers; not involving in any kind of counterfeiting/fake production of branded balls; instituting a strong and effective internal monitoring system."

Monitoring Information<sup>118</sup>. After receiving this information, the name of the respective manufacturer is entered into the IMAC's provisional database, and is then issued a three-digit individual identification code. The respective manufacturer is required to print this code on a specific panel of each ball stitched at that stitching centre. A newly joined manufacturer is kept on a waiting list until two monitoring visits of the stitching centers are undertaken. Once the initial Internal Monitoring Information is verified by IMAC, the manufacturer is added to the main database and signs a contract with IMAC<sup>119</sup>. This undertaking outlines the obligations of a manufacturer as a partner to the program. Participating manufacturers are required to provide updated information on stitching activities to IMAC regularly. The manufacturers are aware that their activities will be monitored by IMAC, and are required to appoint/designate internal monitoring managers to carry out internal monitoring to make sure that sub-contractors do not employ child labor. External monitoring takes the shape of independent third party monitoring, conducted by IMAC monitors. Workplaces to be monitored are selected on a random basis through a computer program with the goal of having each monitoring visit be a surprise visit<sup>120</sup>.

There are three challenges to the effectiveness of IMAC. The first and foremost issue facing IMAC is the close relationship with the soccer ball industry manufacturers in Sialkot. IMAC's Board of Governor's (BOG) Chairman is the former President of the Sialkot Chamber of Commerce and Industry (SCCI) and is representing the SCCI while on the IMAC Board. In addition, IMAC receives significant funding by way of monthly fees paid by participating manufacturers. With financial resources coming from manufacturers and SCCI's leadership on the IMAC Board of Governors, there is a clear conflict of interest given that it is the manufacturers that IMAC is monitoring. There were a total of 146 sports ball manufacturers that joined the program initially. However, 59 of them, approximately 40% of all the participants, were removed from the program due to the non-payment of their dues to the SCCI<sup>121</sup>. Specifically, in March 2010, ten manufacturers left the program due to non-payment<sup>122</sup>. Among the remaining 61 manufacturers in IMAC's main database (26 manufacturers are on the waiting list), 60 of them are in category "A", which presumes that 98% of their producers scrupulously adhere to all the provisions of the program, including undertaking 100% of the stitching of all hand-stitched balls (without any distinction of size, kind, value of the ball) at monitorable stitching sites.

ILRF's research in Pakistan identified cases of IMAC category "A" members that failed to comply with IMAC requirements. Three interviewees from three companies, namely Vision Technology, AKI and Talon Sports reported the existence of child labor in their value chains. One interviewed worker said: "children work there [in the factory] for sewing, but when auditors or other checking party comes, they hide. The management knows everything. Children are asked to lie about their ages, false documents are also prepared."

The second challenge to IMAC's efficacy and sustainability is human capacity. According to the latest monthly progress report published on IMAC's website, there are 1,997 stitching centers in the program. Over a period of twelve months, IMAC monitored an average of 1,362 stitching centers per month<sup>123</sup>. However, the number of monitors was cut down from 20 to 12 (6 male and 6 female monitors). Initially each visit was conducted in pairs of one male and one female. Now IMAC uses single-monitor visits. Assuming that these 12 monitors work six days per week, each monitor would be responsible for visiting five stitching centers a day. Considering travel time between stitching centers, it is questionable how detailed and thorough each audit would be, if every audit indeed takes place. IMAC is largely ineffective due to its limited capability and access to resources. Furthermore, these constraints make it difficult to search thoroughly for problems other than child labor. It is therefore essential for buyers to recognize that even with an IMAC seal of approval, a value chain could be riddled with poverty wages, massive use of temporary labor and little ability for workers to form independent trade unions.

The third reason IMAC has failed to raise overall working conditions in Sialkot is because of a lack of working relationships with buyers. None of the major brands, such as Nike, adidas and Puma, are on the IMAC board or engaged with any of IMAC's activities on a daily basis. IMAC can be described as an organization of the manufacturers, by the manufacturers and only for the local manufacturers. Without including buyers, it is reasonable to question how serious local factories take the auditing results. This reality is not just a result of IMAC's lack of inclusion, but ongoing tension between what brands and buyers are looking for and local industry priorities. Buyers such as Nike and adidas have ongoing compliance programs in Sialkot that require more than a basic assessment as to the existence of child labor. Various meetings have occurred over the years between IMAC, local industry and buyers but these meetings have not resulted in increased coordination. It is essential for all stakeholders to work together in order to tackle and solve the ongoing labor rights violations in the Sialkot soccer ball industry.

However IMAC for all of its faults has remained in Sialkot to continue the work of the eradication of child labor. IMAC has received some funding from the Trade Development Authority of Pakistan which may offer some potential opportunities for IMAC to become more effective in acting as a third party monitoring entity that is accountable to workers.

### **Sports Goods Foundation of India (SGFI)**

SGFI is India's monitoring program located in the Jalandhar region, not far from the Pakistani border. It was established in 1998, but its child labor monitoring program was not started until the end of 1999 with the financial support of FIFA<sup>124</sup>. For the first four years, the monitoring program was run by the Société Général de Surveillance (SGS), one of the world's largest inspection and certification companies based in Switzerland. Since 2003, SGFI has conducted the auditing mechanism on its own<sup>125</sup>.

SGFI's monitoring system is similar to IMAC's program. It is composed of registration, internal monitoring by manufacturers and external monitoring by SGFI's monitors<sup>126</sup>. In comparison to IMAC, SGFI has a much broader mandate. It not only aims to eradicate child labor but also to phase out its root causes through awareness campaigns and social programs<sup>127</sup>.

Similar to IMAC, SGFI faced challenges in terms of financial independence, sustainability and human capacity. First, SGFI was funded initially by FIFA's donations and contributions from manufacturer members (members contributed 0.25% of their earning from soccer ball exports every month)<sup>128</sup>. FIFA ended its financial support in 2003 and in 2004 the contribution of members fell to 0.10%<sup>129</sup>. Currently, SGFI is exclusively funded by the local sports industry<sup>130</sup>, which raises concerns of its independence.

Second, SGFI currently covers 3,300 stitching units and around 15,000 stitchers<sup>131</sup>, but there are only 9 monitors in total<sup>132</sup>. It is therefore questionable how effective this monitoring program is given its limited capacity.

In addition, SGFI is much less transparent than IMAC. There is little information publicly available about SGFI's governance, funding mechanism, monitoring procedures or results. Its monthly Report of Inspection (ROI) is shared with members only<sup>133</sup>.



## Company and Industry Association Initiatives:

In addition to independent monitoring programs, there are auditing mechanisms at the individual company and industry level. This report will highlight two company compliance programs though ILRF has gathered data regarding several programs from companies such as Puma and New Balance. It is important to note that ILRF was unable to obtain data regarding purchasing policies and more specifically how the price that a buyer pays affects a supplier's ability to implement strong labor standards. ILRF recognizes the efforts made by IMAC, local industry

*ILRF recognizes the efforts made by IMAC, local industry and buyers, but sees an urgent need to determine what role purchasing practices and low prices paid to suppliers lead to continual labor abuses.*

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### Brands/Buyers

Based on research and our discussions with key brands ILRF found that the soccer ball industry is divided into two tiers. In the first tier, there are the larger brands, such as Nike, adidas and Puma. They are more closely observed and more often targeted by the public as well as Northern-based child labor and labor rights advocacy groups. They value their corporate images and understand the potential economic loss that could be caused in the event exposure to labor rights violations. Therefore those first tier companies developed codes of conduct and compliance systems, not only claiming that they are monitored for potential use of child labor but also other social, environmental, health and safety, and compliance issues.

For example, Nike left the ILO-IPEC program in Sialkot in 2000 and did not use IMAC to monitor its supply chain. However, the Saga Sport incident in 2006 brought Nike's own system into serious question. Saga Sport was Nike's key supplier in Pakistan and a corporate giant, producing 6 million of Pakistan's annual production of 40 million soccer balls at that time<sup>134</sup>. Nike terminated its contract with Saga due to serious labor rights violations in Saga and withdrew completely from Pakistan.

Nike resumed its production in Pakistan in 2007 under a different policy<sup>135</sup>. An agreement was reached with its newly contracted company, Silver Star, which stated that all production must be undertaken in the factory and all workers must be registered as full-time employees who are eligible for social benefits<sup>136</sup>. Additionally, the contract ensured contractor compliance with Nike's labor standards and with all requirements of the 1997 Atlanta Agreement<sup>137</sup>. It gave workers full rights to organize themselves and bargain collectively<sup>138</sup>. This strategy effectively regulated Nike's value chain, improved working conditions and simplified the monitoring process. The interviews conducted by ILRF's partners in Pakistan confirmed that Silver Star was paying at least the minimum wage had limited use of temporary workers. In addition, all stitching was done within the confines of the Silver Star factory complex. However, this policy raised gender concerns. Due to cultural factors, women often do not work within the same facilities as men. There are a few women working at Silver Star but none work within the stitching department.

*ILRF researchers failed to find a Code of Conduct or a list of suppliers or factories for Molten USA.*

It is still too early to say to what extent Nike's new policy can be widely applied to the industry.

The rest of the industry, especially small brands and non-branded companies are in the second tier. These companies are less visible in the international media spotlight, and less motivated to ensure compliance with codes or labor standards. Often they are left completely unmonitored. Usually these

companies do not have regulations to protect labor rights and do not require suppliers to be monitored or certified by any third party. One good example is Molten USA, Inc., which produces the official ball of the National Premier Soccer League and several Central American national soccer federations and leagues<sup>139</sup>. ILRF researchers failed to find a Code of Conduct or a list of suppliers or factories for Molten USA.

## FIFA

As the governing body of the soccer, FIFA is expected to be responsible for more than just organizing the FIFA World Cup. Many observers argue that FIFA should make sure that the soccer balls used during the World Cup are produced under fair labor conditions. To this end, FIFA introduced the FIFA Quality Concept. On top of the soccer ball quality tests, all licensed manufacturers with FIFA marks (FIFA APPROVED and FIFA INSPECTED) are contractually obliged not to use child labor<sup>140</sup>. Moreover, despite the fact that FIFA is not a party to the Atlanta Agreement, FIFA made a significant financial contribution to both ILO-IPEC in Pakistan and SGFI in India to assist them in carrying out monitoring activities in the early stages<sup>141</sup>.

FIFA claims that “manufacturers of FIFA APPROVED and FIFA INSPECTED footballs commit themselves to producing balls under fair conditions,” but FIFA fails to elaborate what exactly entails “fair conditions” and how it monitors and ensures manufacturers’ compliance with FIFA’s expectations. Four out of seven supply chains ILRF researched in Pakistan are FIFA licensees, and the existence of child labor and other labor abusive practices were found to varying degrees in all four FIFA licensed supply chains. (Please see previous section for detailed discussion). Moreover, FIFA’s website contains very little information on what FIFA has done to address labor rights issues beyond the child labor. Other violations of labor rights such as low wages, unpaid overtime and occupational safety hazards are not explored in any of FIFA’s social responsibility programs.



**FIFA INSPECTED**  
**Soccer balls for matches/trainings at all competitive levels**

A ball must successfully pass six tests to qualify for this label. The tests check the ball’s weight, circumference, roundness, bounce, water absorption and loss of pressure.



**FIFA APPROVED**  
**Top quality soccer balls meeting FIFA’s highest demands**

A ball must pass each of these six tests under even more demanding conditions. The constancy of the shape and size of the ball is scrutinized in a seventh test. The ball is fired against a steel plate 2,000 times at 50km per hour. The ball passes the test only if all of its seams and air valves remain unscathed and any loss of pressure and changes in circumference and roundness are negligible.



## **The World Federation of the Sporting Goods Industry (WFSGI)**

As the world's authoritative body for products related to the sports industry, the World Federation of the Sporting Goods Industry (WFSGI) is an independent association established by sporting goods brands, manufacturers, suppliers, retailers, national and regional federations and other sporting goods industry related business. WFSGI has a Corporate Social Responsibility (CSR) committee, which was originally named the Committee on Ethnics and Fair Trade (CEFT). The main function of the CSR committee was to organize conferences for NGOs, the sports industry, governments and international agencies to address CSR issues. In 1997, a code of conduct was adopted by CEFT to assist sporting goods companies in ensuring CSR compliance<sup>142</sup>. Currently, the CSR committee provides consulting service to its members in the fields of environmental protection and management systems according to ISO standards and sustainable development, but provides little guidance regarding basic labor rights outside of consulting on occupational health and safety. The CSR committee is currently chaired by adidas and has a high profile list of members including Nike, Pentland and New Balance. This body should take a much more proactive role in securing widespread compliance of basic labor rights.

## **Certification Systems:**

In addition to IMAC, SGFI and companies' own monitoring mechanisms, there are several certification systems in place aimed at social responsibility compliance. Among others, Social Accountability 8000 (SA8000) and the Fairtrade Labeling Organization (FLO) have certified manufacturers in Sialkot. This section will provide a detailed analysis of the certification systems carried out by SA8000 and FLO.

## **Social Accountability International (SA8000)**

“Social Accountability 8000 is an auditable standard for a third-party verification system, setting out the voluntary requirements to be met by employers in the workplace, including workers' rights, workplace conditions, and management systems. It is grounded on the principles of the core ILO conventions, the UN Convention on the Rights of the Child, and the Universal Declaration of the Human Rights”<sup>143</sup>. Its accreditation process is governed by Social Accountability Accreditation Services (SAAS), which grant qualified organizations (known as Certification Bodies) to carry out certifications, such as Bureau Veritas Certification which is the certifier for soccer ball value chains in Sialkot.

SA8000's key elements<sup>144</sup>:

- No use of child or forced labor;
- Safe and healthy work environment;
- No discrimination based on race, caste, origin, religion, disability, gender, sexual orientation, union or political affiliation or age;
- Freedom of association and right to collective bargaining;
- No sexual harassment, no corporal punishment, mental or physical coercion or verbal abuse;
- Meet the legal standards of working hours and compensation.

SA8000 has been called into question. Pakistan Institute of Labor Education & Research (PILER) revealed in a May 2010 report that, “Many local manufacturers are in possession of the SA8000 certification, which according to a source ‘...is being sold in the city on thela (hawking cart) by accrediting companies for 200,000 PRK (US\$2460) each”<sup>145</sup>. In addition, last year in 2009, China Labor Watch, a New York City based NGO published a report documenting the corruption in Bureau Veritas Certification’s auditing activities in China<sup>146</sup>, which is a qualified SAAS certifier and conducts monitoring programs in the soccer ball industry in Sialkot. SAAS does have a detailed complaints process in place which may be a tool utilized by soccer ball stitchers in the future.

### **Fairtrade Labeling Organizations (FLO)**

Fairtrade Labeling Organization is the governing body of the Fair Trade certification and labeling system. It sets standards on how the products shall be produced and purchased, and its independent certification entity, FLO-CERT, certifies producers that have met the standards and thus provides permission for a product to be labeled as Fair Trade.

FLO argues that Fairtrade standards are “designed to address the imbalance of power in trading relationships, unstable markets and the injustices of conventional trade”. Specifically, buyers are required to pay a set minimum price to producers, and an additional amount of money as premium to improve workers’ and farmers’ social, economic and environmental conditions. By doing so, FLO claims that the Fair Trade certification system offers producers access to larger markets and better trade terms which then protects labor rights on the one hand, and enables consumers to contribute to poverty reduction through everyday shopping on the other.

Specifically, in terms of soccer ball industry:

- Fair Trade requires workers to be paid at least the national minimum wage;
- Fair Trade requires producers to ensure piece rate workers receive social benefits equivalent of those received by permanent workers;
- Fair Trade requires producers not to use child labor;
- Each Fair Trade Certified producer must have a Joint Body for Fair Trade Premium. The Joint Body shall be composed of elected worker representatives and appointed management representative;
- Fair Trade standards ensure there is no discrimination against women<sup>147</sup>.

However, even though FLO has been certifying soccer ball value chains in Sialkot since 2002, a minimum price has not been determined by FLO<sup>148</sup>. In addition, the social premium provided to the factory by buyers went from 15% to 10% in 2005. FLO-CERT says it is bound by various contracts and confidentiality agreements which do not allow FLO-CERT to share the results of audit findings with workers or any corrective action plans developed after an audit has taken place. However the certified manufacturers have complete access to all of the information. Workers are a part of each audit but only in terms of on-site interviews which have been proven to be fairly ineffective in obtaining the most honest and accurate information from workers. This questions what the very basis of Fairtrade is really about given that its goal is to empower workers but at the same time, the lack of information puts workers at an incredible disadvantage as they work to improve their workplaces.

Moreover, serious problems exist in the production of Fairtrade Certified soccer balls. Through partnerships with two non-governmental organizations based in Pakistan, ILRF conducted research in 2009 in four Fair Trade Certified manufacturers in Sialkot, Pakistan, namely Anwar Khawaja Industries (Pvt.) Ltd., Silver Star Enterprises (Pvt) Ltd., Talon Sports and Vision Technologies Corporation (Pvt) Ltd. ILRF found that within all four value chains, there were violations of labor and social standards detailed within both the generic hired labor and sports ball specific standards set by FLO, such as wage and social benefits violation (for further information, please view the Detailed analysis in the Working Conditions section).



ILRF has identified several critical issues of the Fair Trade certification system including:

- **No Comprehensive Transparent Grievance Process.** Workers have no process by which they can inform FLO, or its auditors, in a safe and confidential manner of noncompliance with standards.
- **Significant Use of Casual Labor.** This contradicts the meaning for fair trade which is thought to provide secure and high quality jobs. Workers without a permanent work contract in Pakistan do not have access to healthcare and other social protections. In addition, there is a high correlation between casual labor and wages below the minimum wage.

Given these concerns, it is very questionable how FLO can continue to certify soccer balls without a complete and thorough review and multi-stakeholder process to determine what would be necessary to build a system for sports ball workers and stitchers so that they benefit to the fullest extent.

Coordination among certifications such as FLO and SA8000 is not a regular occurrence. For example, it is not clear if SAAS will review the SA8000 certification of Talon Sports given that the manufacturer has once again been suspended from FLO certification. In addition, there is limited ongoing worker involvement in the certification process and in the case of FLO-CERT, communication with civil society is not permitted. Brands have continued to pursue labeling as a way of assuring customers that labor rights have been respected. However, ILRF has not seen any evidence to suggest that these certified soccer balls are any different than the non certified balls when it comes to basic labor rights concerning wages and permanent work.

*Coordination among certifications such as FLO and SA8000 is not a regular occurrence.*

## CONCLUSION AND RECOMMENDATIONS:

To summarize, labor rights violations across the soccer ball industry in Pakistan, India, China and Thailand include:

- The predominant use of precarious labor in the hand-stitched soccer ball industry
- Wage violation
- Health and safety violation
- Lack of respect for freedom of association and the right to bargain collectively

These problems ILRF identified and analyzed in this report are not new. The soccer ball industry's organization of production, the unequal relationship between buyers and suppliers, and other factors have often negated even the best efforts to fix the endemic problems that continue to plague this industry.

*The soccer ball industry's organization of production, the unequal relationship between buyers and suppliers, and other factors have often negated even the best efforts to fix the endemic problems that continue to plague this industry.*

The following table outlines some recommendations ILRF believes are essential to address the above listed problems<sup>149</sup>.

Address	Actors	Actions
<b>Precarious Labor</b>	Suppliers	<ul style="list-style-type: none"> <li>• Enter into formal employment contracts with factory workers, stitching center and home-based workers, and ensure all workers receive a formal appointment letter setting out the terms of their contract.</li> <li>• Ensure workers in less formal settings are provided the same salary and benefits accorded to permanent factory workers.</li> <li>• Adopt a Code of Conduct and incorporate a clause prohibiting labor-only contracting arrangements or false apprenticeship schemes intended to avoid fulfilling obligations to workers.</li> </ul>
	Buyers	<ul style="list-style-type: none"> <li>• Adopt a Code of Conduct and incorporate a clause prohibiting the use of informal labors throughout the entire supply chain and requiring mandatory registration of all workers after the probation period.</li> <li>• Establish long-term, stable supply contracts with supplier factories.</li> <li>• Ensure that payment schedules are set out in all supply contracts and payments are made on time.</li> <li>• Establish an optimum notice time for factories about changes in existing orders or placement of orders so that the factory is able to adjust production accordingly without violating hours of work standards or requiring the use of short-term contracts and subcontracting. Report publicly on the company's policies for supplier/vendor selection, management, and/or termination.</li> <li>• Release the list of global factories and stitching centers so as to make them publicly available.</li> <li>• Set up an internal monitoring system and report publicly on auditing policies, mechanisms and results. The auditing agenda shall include but not limit to the following topics: precarious contracts, wages, child labor, working hours, working environment and workers' right to organize and bargain collectively.</li> </ul>
	Industry Associations	<ul style="list-style-type: none"> <li>• Set up guidelines prohibiting casual labor in member companies and their supply chains.</li> <li>• Initiate and support research and dialogue on current purchasing practices, the power relationship between buyers and suppliers and its impact on labor abuses.</li> </ul>

## CONCLUSION AND RECOMMENDATIONS

<b>Low Wages</b>	Suppliers	<ul style="list-style-type: none"> <li>• Incorporate a living wage clause in the Code of Conduct.</li> <li>• Ensure the salary and benefits, which must be at least equal to the legal minimum wage, are clarified and guaranteed in the formal appointment letters.</li> <li>• Work with unions and NGOs to conduct internal auditing and report publicly on the auditing results. The auditing agenda shall include but not limit to the following topics: precarious contracts, wages, child labor, working hours, working environment and workers' right to organize and bargain collectively.</li> </ul>
	Buyers	<ul style="list-style-type: none"> <li>• Incorporate a living wage clause in the Code of Conduct.</li> <li>• Ensure that payment schedules are set out in supply contracts and that payments are made on time.</li> <li>• Initiate and sponsor research on the current payment system to identify the impact of price mechanism on CSR compliance.</li> <li>• Report publicly on internal auditing policies, mechanism and results.</li> </ul>
	Industry Associations	<ul style="list-style-type: none"> <li>• Incorporate a clause in the Code of Conduct setting out a living wage standard.</li> <li>• Initiate and support research and dialogue on current purchasing practices to determine whether prices paid to suppliers are sufficient to allow compliance with international labor standards and living wages.</li> </ul>
<b>Occupational Health and Safety Violations</b>	Suppliers	<ul style="list-style-type: none"> <li>• Incorporate a health and safety standard in the Code of Conduct and ensure such standard meet the requirements as laid down in national labor laws as well as ILO Conventions.</li> <li>• Provide occupational training to all workers at the beginning of their employment.</li> <li>• Work with unions and NGOs to conduct internal auditing and report publicly on the auditing results.</li> </ul>
	Buyers	<ul style="list-style-type: none"> <li>• Incorporate a health and safety standard in the Code of Conduct and ensure such standard meet the requirements as laid down in national labor laws as well as ILO Conventions.</li> <li>• Report publicly on auditing policies and results.</li> </ul>
	Industry Associations	<ul style="list-style-type: none"> <li>• Incorporate a health and safety standard in the Code of Conduct.</li> <li>• Initiate and support research and dialogue on current working environment across the industry and possible solutions.</li> </ul>
<b>Limited Rights to Organize and Collective Bargain</b>	Suppliers	<ul style="list-style-type: none"> <li>• Adopt a 'Freedom of Association Policy' and provide educational training to all workers in the factory, stitching centers and homes regarding unions and collective bargaining.</li> <li>• Establish an independent grievance process for workers to report substandard practices or violations.</li> </ul>
	Buyers	<ul style="list-style-type: none"> <li>• Adopt a 'Freedom of Association Policy' and audit to ensure the policy has been adopted and communicated to workers.</li> <li>• Provide accessible and safe means by which workers can file complaints about labor rights violations to buyers, with a transparent process for solving complaints.</li> </ul>
	Industry Associations	<ul style="list-style-type: none"> <li>• Adopt a 'Freedom of Association Policy'.</li> <li>• Provide accessible and safe means by which workers can file complaints about labor rights violations, with a transparent process for solving complaints.</li> </ul>

To conclude, ILRF calls on the soccer ball industry, in coordination with our partners in India and Pakistan, to take immediate action to address the issues of extremely low wages and proliferation of temporary work schemes in order to improve conditions for the workers that produce the ball at the center of the World Cup 2010 games.

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### **About ILRF**

International Labor Rights Forum (ILRF) is a nonprofit based in Washington, DC dedicated to achieving a just and humane treatment for workers worldwide. ILRF serves a unique role among human rights organizations as advocates for and with working poor around the world. [www.laborrights.org](http://www.laborrights.org)

### **About Foulball Campaign**

ILRF's Foulball Campaign supports workers producing soccer balls in factories, stitching centers and home-based work. In 1996, the International Labor Rights Forum and allies called attention to rampant child labor in the soccer ball industry in Sialkot, Pakistan. ILRF works in partnership with NGO's and trade unions in advocating for a soccer ball industry that includes fair working conditions. More information is available at <http://www.laborrights.org/stop-child-labor/foulball-campaign>.

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