



Bundesministerium für Wirtschaft und Arbeit

Nationale Kontaktstelle für OECD-Leitsätze

Dr. Hans Kausch, Tillmann Braun

Scharnhorststr. 34-37

10115 Berlin

Berlin, Düsseldorf, Stuttgart, 11. Oktober 2004

Dear Dr. Kausch, dear Mr. Braun,

we turn to you in your capacity as the coordinators in Germany of the National Contact Point of the OECD-Guidelines for multinational companies. The NGOs *Coalition against Bayer Dangers*, *Germanwatch* and *Global March against Child Labour* want to submit the following complaint against Bayer AG for violation of the OECD-Guidelines.

The Coalition against Bayer Dangers (CBG) since 1978 works on problems emanating from chemical and pharmaceutical production of the Bayer Company. They work on risks of products (pesticides, pharmaceuticals), accidents, emissions, working conditions at Bayer's and its subcompanies and –contractors.

Germanwatch e. V. is engaged in promoting social and ecological responsibility of private and public companies. Since 2001 we observe the application of the OECD-Guidelines. Germanwatch has repeatedly submitted complaints, it coordinates German activities in this respect and cooperates in the international framework of OECD-Watch.

Global March against Child Labour Germany has become generally known by organising an international march, 80 000 km long, of children to the site of ILO in Geneva. This led to successfully influence the convention 182 dealing with “elimination of the worst forms of child labour” adopted in international unison in 1999. Today the organisation works toward application of this convention.

In summer 2003, the study “Child Labour and Transnational Seed Companies in Hybrid Cottonseed Production” done by the Indian Institute “Glocal Research and Consultancy Services” (GRCS) of Hyderabad in India came to the notice of CBG (see app. 1). In this study, the conditions of the production of cottonseeds as well as the cooperation between local suppliers and seed-companies have been checked in detail (see app. 2). The results of this study have caused a number of promises and activities both in India and in Germany

none of which, however, have led the Bayer company to refrain from employing child labour as documented in a recent study (for details see below).

Results of the 2003 Study

These have been alarming: the Indian market of Hybrid cottonseed production is dominated by 6 multinational companies: Unilever, Monsanto, Syngenta, Advanta, Emergent Genetics and Bayer. Production of hybrid cottonseed is very labour-intensive and is mostly done on small cotton-farms which supply their produce to large companies. These farms, largely in South India, employ children in large numbers, predominantly girls between 6 and 14 years of age. Many of them work in bonded labour and are forced to stay with their employers for several years, their work serving as payment for servicing loans at usurious interest. Because large quantities of pesticides are in constant use, their health conditions are negatively affected all the time. Wages are so low that adult workers of these farms cannot afford to work at these rates: there would not be any profit at all to sustain families. This leads to children being cheaply employed as additional workers.

The study documents that in India there are about 450.000 employed in cottonseed production – more than in any other industrial branch. The seed companies will control the quality of seeds several times a year and are therefore fully familiar with the working conditions. It would be very easy for large producer companies to prevent child labour by paying higher prices for the produce, by contractual prohibition of child labour and by sufficient control.

The study found that these conditions apply to the company Proagro (a subcompany of the German Bayer AG). In the period of observation around 2000 children were working for suppliers of Proagro.

Results of the new studies

One and a half year later, Davaluri Venkateswarlu of Glocal Research and Consultancy Services has submitted two further studies on the situation in Andhra Pradesh and on that in Gujarat and Karnataka.

The study comes up with the result that still tens of thousands of children are currently being employed in the cottonseeds production in Andhra Pradesh, 12375 children work for Multinationals. It is estimated that around 1650 children work for Proagro. Though it is true that the number of children has decreased, but this is, the study says largely due to a dry season with low produce and therefore a lower work force.

The study describes the activities of multinational companies who on local and international pressure have acknowledged their responsibility and agreed to cooperate with the prominent MV-foundation for abolishing child labour, among them Proagro. So far, however, the promises have not been fulfilled by a long way. It was only after public protests on account of death cases due to pesticide-intoxication that the companies did provide, as promised, lists of the villages and farmers concerned.

The study on conditions in Gujarat and Karnataka shows that another 117.800 children work in cottonseed production in these states. There are indications that there are plans to remove the cottonseed production out of Andhra into other Union states where the local governments are as yet not as sensitive to this issue as that of Andhra.

Statement and Study of MV Foundation

The MV Foundation is engaged in abolishing child labour in India. Their chair person Shantha Sinha has indeed welcomed it as a major break-through that the seed companies meanwhile acknowledge a responsibility. But the promises given not been kept, their fulfilment is being delayed indefinitely. Shantha Sinha reports that farmers are still bound by unfair contracts to the multinational companies. Up to now, those companies have refused to include questions of payment in their bargaining.

Independent controls that have been agreed upon between MV Foundation and Multis have been obstructed, since the companies refused to provide their lists of villages and farms involved.

Since the occurrence of severe accidents this attitude had to be given up, MVF got a list from Proagro of 29 villages, nine of which have by now been visited by MV Foundation who found that in this portion alone there were 1210 children working (see Sample Survey).

Activities in Germany

Asked by the press Bayer has admitted problems (see below Ecoreporter 31.7.03). A Bayer-spokesperson said that contracts now contain stipulations. That, however, does not in the least affect the actual local situations. Other companies had done the same before without any tangible results: there were no controls nor any rise in prices for supplied produce.

In December 2003, Coalition against Bayer Dangers, Germanwatch and Global March jointly sent a letter to Bayer AG and have demanded immediate steps to stop child labour with the suppliers (see attachment). Among other things, controls and higher prices for the produce have been demanded. The answer of Bayer Crop Science did in no way refer to these points (see att.).

OECD Complaint against Bayer

Therefore our letter to you is meant as a formal complaint against Bayer for violating the OECD Guidelines for Multinational Enterprises, since Bayer is a German company. Its Indian subcompany has for years violated against OECD-Guideline IV, point 1b ("effective abolition of child labour"). The number of children estimated to work for Proagro/Bayer is presently at least 1650. MV-Foundation in its survey of nine out of 29 villages concerned there alone found 1210 children being thus employed. In OECD-Guideline II, point 10, it has been laid down that subcontractors are the responsibility of the employing companies.

Production of cottonseed is directly controlled by the subcontractors. The larger companies, as a general rule, are in no direct contact with the producers themselves, there are "seed organizers" in between working under long-term contracts. These seed-organizers have been established in recent years, since the demand for seeds has risen and there are increasing numbers of suppliers. The contracts between Agro-companies and "seed organizers" will regulate in advance all relevant factors: species applied, quantity of produce, Quality of same, advance payments, and price for suppliers. These conditions are handed down by the intermediaries to the local farmers, contracts between top seed-company and subcontractor

being practically identical along the chain of intermediaries down to local farmer. By their market position Bayer/ Proagro are naturally dominant over suppliers. Moreover, the contracts bind farmers to just one company, they are denied the right to sell to another, possibly better, buyer.

What needs to be done immediately

We do think that immediate steps are necessary to end a situation where children are exposed to what ILO prohibits as “Worst Forms of Childlabour”. Childlabour substitutes at lower prices adult labour and damages the health of thousands of children. Moreover, these children are deprived of any realistic expectation of school education – and their numbers grow with every working season.

We appeal to you, therefore, to examine this situation as regulated in the OECD Guidelines. The announcement of the company, that it will, in the longer run, do without child labour is absolutely insufficient, for there are no concrete indications that the company is indeed about to change its longstanding malpractice. There is simply nothing but the danger that the company will sidestep any real improvement by shifting its production to another region of India.

We should also like to ask you to inform us about your current steps in this matter. Please, do forward this letter to the “OECD working committee for the Guidelines”.

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gez. Rainer Kruse

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Attachments:

1. Davuluri Venkateswarlu/ Glocal Research and Consultancy Services (GRCS), Hyderabad/ Indien, deutsche. Fassung herausgegeben von CBG: "Kinderarbeit im indischen Baumwollanbau. Die Rolle multinationaler Saatgut-Produzenten", 2003
2. Davuluri Venkateswarlu/ Glocal Research and Consultancy Services (GRCS), Hyderabad/ Indien: „Child Labour in Hybrid Cottonseed Production in Andhra Pradesh: Recent Developments“, September 2004.
3. Davuluri Venkateswarlu/ Glocal Research and Consultancy Services (GRCS), Hyderabad/ Indien: „Child Labour in Hybrid Cottonseed Production in Gujarat and Karnataka“, September 2004
4. MV Foundation: “Sample Survey of Hybrid Cottonseed”, August 2004
5. MV Foundation: “Bekämpfung von Kinderarbeit in der Baumwollsaatgut-Produktion: Eine Stellungnahme über die derzeitige Rolle der Multinationalen Unternehmen in Andra Pradesh” September 2004.
6. ECOreporter: Kinderarbeit in Indien, 31.07.03
7. CBG, Germanwatch, Global March: Brief an Bayer CropScience, 18.12.03
8. Bayer CropScience: Antwortschreiben an Global March, 04.02.04