

Child Labor, Health, and Welfare Issues in Asia's Gem & Jewelry Sector

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Introduction

The jewelry industry involves a number of elements, from the mining of the raw materials used to create jewelry, to the processing of this material into a usable form, and finally to the assembly of the finished piece. Of these three main parts of the supply chain, none are exempt from having a role in child labor issues.

While many gemstones are mined throughout East and South Asia, the region also plays a very important role in the processing of gem material mined throughout the world. It is highly likely that the Colombian emerald or Kenyan ruby you see at your local jeweler was cut and polished in Asia.

To follow is a brief summary of some of the critical areas of concern involving child labor in the main gem and jewelry related countries in Asia.

Burma

The use of child labor in mining of jade and rubies is well documented.ⁱ Identical forms of child labor exist in the mining of other gemstones, including sapphire, spinel, and peridot, where children are used as labor in both the mines and in support capacities, forced to work in unhealthy and often dangerous conditions.

In Kachin state, children are involved in the mining of goldⁱⁱ as well as in support roles ranging from serving as water carriers for the miners to prostitution. In this area, mining is conducted on a variety of scales, including large-scale operationsⁱⁱⁱ that have been granted special permits by the ruling junta and have received assistance from the military who have forcefully relocated villagers whose homes stand in the way of the companies' business operations.^{iv}

China

While China produces much of the jewelry that is for sale in the United States, US jewelry importers devote very few resources to properly monitor production facilities used to manufacture the jewelry they sell.

In the gemstone-cutting sector, children are used in a number of the unlicensed cutting facilities that have been labeled "blood factories" by those employed in these facilities.^v Unsafe conditions, exposure to toxic elements including silica dust (the catalyst for silicosis, a degenerative and under-recognized lung disorder that results from the inhalation of silica particles and affects a large number of gem cutters and jewelry workers in China^{vi}) lead, and cadmium^{vii}, as well as circumstances bordering on slavery have been reported in these facilities.

While illegal to import, counterfeit designer goods including jewelry, regularly appear for sale in the US on websites like Ebay. The counterfeit designer jewelry sector, of which China is the main producing country for this specific product category, has a long-standing history of employing children as a source of labor. While the economic impact

of the counterfeit trade for all fashion goods accounts for \$512 billion USD in lost sales and 750,000 lost jobs to the legitimate production sector^{viii}, the unseen toll on the children exploited by the production of these illicit goods is monumental.

In an effort to stem the demand for counterfeit goods including jewelry in the United States, US Customs and Border Protection (CBP) have ramped up efforts to increase enforcement. Legal efforts to limit the sale of these counterfeit designer jewelry items have resulted in a US court ruling that allows counterfeits to be sold by the online giant Ebay saying “a disclaimer (of counterfeit origin) might suffice.”^{ix} As a result of this recent court decision and despite present efforts by CBP in addition to local law enforcement, counterfeit designer jewelry produced using child labor will continue to be widely available for sale in the US until additional measures are put into place to end this trade.^x

India

Child labor, despite being banned by Indian law, is omnipresent in a number of sectors in India, including the gemstone trade, where children eight years of age or younger^{xi} are laboring in the production of colored gemstones and beads, with the products finding their way into the US for sale as part of finished jewelry sold in jewelry and major department stores. As a point of reference, a majority of all beads sold as components of necklaces and bracelets were cut in India.

There are two main gemstone-cutting centers in India that process rough (uncut) stones with a majority imported from third party countries to be transformed into finished gemstones, which are then exported as loose stones or are set into finished jewelry prior to export. Jaipur, in the state of Rajasthan, is the main colored gemstone-processing center in India, handling a wide range of gemstones including sapphire, ruby, emerald, aquamarine, tourmaline and a number of opaque stones including agate and lapis. Khambhat, in the state of Gujarat, accounts for the balance of the trade. In Jaipur, approximately 90% of the population involved in gemstone cutting and polishing work in unorganized units, often serving as “subcontractors” to the companies that handle the actual product export, using production facilities that are often rudimentary and unsafe. A National Institute of Occupational Health (India) study found the incidence of child labor to be very high in this industry.^{xii}

Due to unsafe working conditions, silicosis poses a serious health risk to all workers^{xiii}, but is a particular health risk to children. As an example, among 227 children working and/or living around the agate industry in India, 29 (12.8%) showed evidence of silicosis and 13 (6.7%) showed evidence of tuberculosis.^{xiv} The negative health affects are not simply limited to children directly employed in the gem polishing trade, as many polishers are “at-home” businesses where mothers may polish with a child in their lap, exposing children, who are simply in the presence of the hazardous work, to many of the negative health effects directly tied to the practice.

It is also worth noting that children involved in cutting or polishing gemstones which have been treated with radiation, a common treatment for gemstones like blue topaz, may be exposed to dangerous levels of radiation. Recent investigations conducted by a private company^{xv} found radiation levels on imported blue topaz to be above safe levels. Action by the Nuclear Regulatory Commission is preventing these stones from entering the US. However, without standards in place at the cutting center, gem cutters are exposed to health risk through the inhalation of potentially radioactive gem dust.

Indentured servitude is also a chronic problem in the gemstone-cutting sector in India, with rural families sending their young children to the city to serve as an “apprentice” where they work for free in order to learn a trade. However, to visit their families a long distance away, they must borrow money from the employer. As they do not earn any pay from their employer for at least two years, they are unable to leave the employer until the debt is paid.

Pakistan

This country is largely a source for rough (uncut) gemstones that are cut and polished in other locales since Pakistan’s gem cutting industry is not as developed as both India and Thailand’s gem processing centers. A significant percentage of Pakistan’s colored gemstone mining is small-scale artisanal operations using human power rather than mechanization. Because many of the mines are located in remote areas, child labor plays a role both in the mines as well as in support capacities, largely out of historical tradition. With Pakistan’s vast gem resources largely undeveloped, there is a great opportunity for responsible development of these gem resources that will allow economic return to the local communities to provide educational opportunities for children so that they are not obligated to commit to a life in the mines at an early age. However, to date Pakistan’s government has failed to accomplish this task, allowing corruption and bureaucracy to stagnate development in the gem-mining sector. In the winter of 2008/2009 the Taliban in Swat Valley gained control of two of these dormant mines and turned them into producing projects in a matter of months. These mining operations have been halted as a result of military action against the Taliban in the region.

Thailand

The use of child labor in the Thai gem and jewelry is recognized by the Thai industry itself, who in a briefing paper commissioned by the Thai Gem and Jewelry Traders Association on surmounting trade barriers, acknowledges that because the problem is “widespread” exporters “should be cautious about the afore-mentioned child labor problem” since “well developed countries such as the USA and the EU agree that using child labor is a human rights concern” and that these countries have authority to cut trade benefits to developing countries that use child labor.^{xvi} No mention is made of a need to eliminate child labor in the Thai gem industry.

Research conducted in 1994 by the US Department of Labor, Bureau of International Labor Affairs, found child labor present in polishing centers called “shop houses.”^{xvii} Similar circumstances still exist today with child labor drawn from both northeast Thailand as well as from the stateless migrant population fleeing the military regime in Burma. It has been reported by industry sources that young children are apprenticed by cutting facilities where they learn to grind less expensive gem material such as the low-grade rubies imported into Thailand from Mong Hsu, Burma^{xviii} as a means of training them without risking higher value gemstones that could be damaged by young and inexperienced cutters. Thailand mines very little gem material in their own country and are largely reliant on third-party countries as the source for their uncut material, which is then transformed into cut and polished gemstones and exported either as loose stones or set in finished jewelry prior to export.

Like India and China, silicosis is a serious concern, not only in the gemstone cutting centers of Thailand but also in the manufacturing of finished jewelry, which is a major industry in Thailand, since the casting process exposes workers to silica dust.

Conclusion

Child labor is present in a number of areas related to the production of jewelry in Asia. From a sweatshop-like cutting center in Guangdong to a dusty back room in Jaipur, children often play an unseen role in producing the jewelry for sale in US jewelry and department stores in addition to countless online sellers^{ix}.

By highlighting goods produced using child labor and identifying specific sectors in countries that utilize child labor, the United States is playing a critical part in working to resolve these very serious issues.

For the most part, consumers are largely unaware when the products they buy are produced by child labor. With this sort of information available, consumers are assisted in making better choices, allowing market pressures to force changes to the way business is done and in the long run, working to improve conditions for children throughout the world.

ⁱ "The Department of Labor's List of Goods Produced by Child Labor or Forced Labor," US Department of Labor Bureau of International Labor Affairs, 2009.

ⁱⁱ "Valley of Darkness: Gold Mining and Militarization in Burma's Hugawng Valley," Kachin Development Networking Group, January 9, 2007.

ⁱⁱⁱ In 2010 it was reported that several large companies including Burma-Asia World and Yuzana Company as well as Chinese-owned business ventures have expanded their business operations into full-scale gold mining in the area. The Yuzana Company is owned by U Htay Myint, a close ally of the ruling generals.

^{iv} "Gold Mining Preceeds Irrawaddy River Dam Construction," Kachin News Service, January 30, 2010

^v Industry source.

^{vi} "An Old Threat in a New Setting: High Prevalence of Silicosis Among Jewelry Workers," American Journal of Industrial Medicine, 50:577-583, 2007.

^{vii} "Feds Recall More Children's Jewelry in Cadmium Probe," Associated Press, March 11, 2010

^{viii} "Fakes are Never in Fashion," Harper's Bazaar,

http://www.fakesareneverinfashion.com/fakes_numbers.asp

^{ix} "NY Court revives Tiffany's false ad claim vs. Ebay." Associated Press, April 2, 2010.

^x Cases similar to Tiffany v. Ebay have been tried in European courts with a bit more success, such as LVMH v. Ebay, in which a French court found Ebay to be unwilling to take measures against repeat offenders and ordered ordered eBay to pay 38.7 million euros (approximately \$63 million) in damages to Louis Vuitton, a subsidiary of LVMH.

^{xi} "Hearts of Darkness," National Labor Committee, February 11, 2010

^{xii} "Indian Gems and Jewelry Industry," Labour Action China, Jagdish Patel, November 27, 2007.

<http://www.lac.org.hk/en/modules/magazine/article.php?articleid=70>

^{xiii} According to the Indian government's National Institute of Occupation Health, 30% of India's gem cutters will succumb to silicosis and silicosis will strike 6% to 10% of non-occupational family members and neighbors, including children, who reside near the grinding units.

^{xiv} Ibid.

^{xv} Industry source.

^{xvi} "The Study of Problems and Trends of Non-Tariff Barriers Affecting the Gem and Jewelry Industry," The Thailand Research Fund, Dr. Sakda Tanitkul and team.

<http://www.thaigemjewelry.or.th/Default.aspx?tabid=1507&language=en-US>

^{xvii} Thailand Country overview, US Department of Labor, Bureau of International Labor Affairs.

<http://www.dol.gov/ILAB/media/reports/iclp/sweat/thailand.htm>

^{xviii} A stone omnipresent in inexpensive ruby jewelry sold throughout the world.

^{xix} While comprising a small segment of the market, several online sellers promoting "fair-trade" jewelry offer jewelry fabricated by community-based co-ops that use beads from unknown sources in India. It is sadly ironic that while these products may benefit the community that assembled the piece, they are actually fueling the bead cutting centers in India that are one of the worst case examples of child labor.