



THE COTTON TEXTILES EXPORT PROMOTION COUNCIL

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### Sub : The Uyghur Forced Labor Prevention Act (UFLPA) - Salient features

Dear Member,

As you may be aware, the Uyghur Forced Labor Prevention Act (UFLPA) has come into effect on June 21, 2022 and the Law gives US Custom Authorities increased powers to block the import of goods linked to forced labor in China.

The new law creates a presumption that goods made in whole or in part in Xinjiang, or produced by entities in China linked to forced labour, are not eligible to be imported into the United States.

A brief note on the UFLPA is given below:

#### *Introduction*

- Credible research has linked a wide range of products imported into the US to forced labor in China, and Xinjiang specifically, such as cotton in major clothing brands.
- The Department of Homeland Security's Forced Labour Enforcement Task Force lists cotton among its "high priority sectors for enforcement"
- Customs officers will identify importers in sectors at risk of forced labour links and request information from those companies on their supply chains. If importers fail to provide adequate responses, customs officials will view this as possible evidence that the products include material from Xinjiang or from entities linked to forced labour
- Customs and Border Protection is expected to release monthly data on its website describing the goods it holds, re-exports, excludes, or seizes, including information on the company importing the banned goods, the nature of the goods, their approximate value, and the reason for the enforcement action
- In effect, UFLPA is likely to result in an unprecedented level of scrutiny, especially for goods imported from China, including clothing and textiles

A UFLPA fact sheet is enclosed for reference ([click here](#))

*Products identified as having links to forced labor in Xinjiang and other parts of China*

The following 2 high priority sectors have been identified for enforcement among other products:

- Apparel
- Cotton and Cotton Products

*Guidance for US importers*

The US Customs and Border Protection Agency issued guidance to importers on the law's implementation which states that importers are expected to map their supply chains down to the raw material level to identify whether their products are made wholly or in part in Xinjiang or by entities linked to forced labor.

The guidance also clarifies that companies importing products from outside China should still investigate their full supply chain given the risk that goods were produced with forced labor in China before being transferred to third countries.

Companies with operations, suppliers, or sub-suppliers in Xinjiang will need to relocate their facilities or supply chains elsewhere

For importing cotton, importers need to provide sufficient documentation, including any records that may be kept in the ordinary course of business (e.g., purchase orders, payment records, etc.), to show the entire supply chain, from the origin of the cotton at the bale level to the final production of the finished product. They also need to provide a flow chart of the production process and maps of the region where the production processes occur. They should number each step along the production process and number any additional supporting documents associated with each step of the process. In addition, they need to identify all the entities involved in each step of the production process, with citations denoting the business records used to identify each upstream entity with whom the importer did not directly transact.

A detailed US Importer Operational Guidance document is enclosed for reference ([click here](#)).

*Common recommendations for US importers include*

- **Conduct Supply Chain Due Diligence:** This may include developing a code of conduct, communicating and training across the supply chain, monitoring compliance, performing an independent review, and reporting performance and management. A deep dive into the supply chains related to China needs to be done and a third-party audit or assessment to mitigate risk is recommended. Supply chain tracing or mapping up to and including suppliers of raw materials used in the production of the imported good or material needs to be done. This also includes establishing a chain of custody of goods and materials from the beginning of the supply chain to the buyer of the finished product.
- **Consider Contract Language:** Add terms and conditions to contracts with suppliers that outline your company's code of conduct and explicitly

prohibits sourcing goods that are produced using suspected forced labor.

- Document and Prepare: Be prepared to demonstrate compliance and to respond to potential CBP letters of inquiry. Be aware of any new Forced Labor Enforcement Task Force (FLETF) enforcement guidance issued.

#### *Likely Impact of the UFLPA*

- Companies need to swiftly identify any supply chain links to Xinjiang and exit the region or risk violating US law and seeing their goods detained at the US border
- The Global Coalition formed to end Forced Labour in Uyghur region is now focused on calling on companies, in all sectors, to use a single global standard across their entire global supply chain, for all retail markets, that is consistent with the ULFPA requirements
- The Coalition has also called on companies to refrain from re-exporting, and attempting to sell in other non US markets, any goods denied entry to the US under the auspices of the UFLPA. List of the Coalition Members is at Annexure 1 ([click here](#))
- Onus is now on suppliers across the value chain to prove that raw materials / intermediates or final goods produced have no inputs linked to the Xinjiang region. This may entail investment of time as well as allocation of additional financial resources.

Regards,

Dr. Siddhartha Rajagopal  
Executive Director

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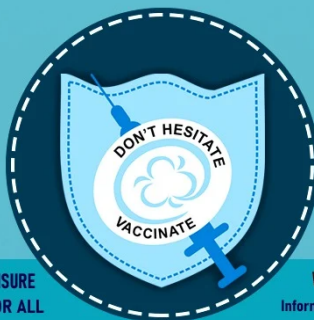
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## VACCINATION FOR ALL

- "Vaccination for All" at a faster pace is the only possible measure to save lives and revive the economic activity.
- The Council appeals to the exporting fraternity to undertake "Free Vaccination Drives" for all their Staff, Workers, Employees and their Families so that the status of 'NIL COVID-19' positive cases is achieved across country at the earliest.



- TEXPROCIL partners you in actively promoting the "Vaccination for All" initiatives undertaken by your company and requests you to send details on the LINK provided below.
- Along with the details, kindly also share photographs so that the Council can publicise the same through TEXPROCIL Enewsletter and social media platforms.

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