# What to Know About the Uyghur Forced Labor Prevention Act Update

A CBP OFFICER INSPECTS A SHIPMENT. **COURTESY**

It would be near impossible to trace an industrial supply chain without deep debts to forced labor, say activists and lawmakers. And fashion is unfortunately deemed “high risk” for forced labor, per the U.S. Customs and Border Protection.

Tuesday, the Forced Labor Enforcement Task Force, chaired by the Department of Homeland Security, published an update to the Uyghur Forced Labor Prevention Act (UFLPA). The strategy looks to prevent the import of goods mined, produced or manufactured with forced labor in the People’s Republic of China.

The task force underscored enforcement of the UFLPA’s rebuttable presumption, which went into effect June 21, 2022. This prohibits goods made in Xinjiang, or by entities identified on the UFLPA Entity List (essentially a banned import list for manufacture in part or whole with forced labor), unless the importer can provide “clear and convincing” evidence, per the CBP, against forced labor. Its suggestions, in part, include establishing a due diligence program, supply chain tracing program and supply chain management measures, along with having the nimbleness to answer on behalf of their imports.

The only problem is fashion is still catching up to lawmakers’ demands. According to Fashion Revolution’s 2023 transparency index, 52 percent of brands publish a list of their tier 1 facilities. The Open Data Standard for the Apparel Sector is one real-time collaborative effort to unify reporting standards, with 37 percent of brands reporting their compliance but far fewer, or 25 percent, publishing their lists on the Open Supply Hub. Indicators that may be helpful in disproving forced labor, like transparency on weekly take-home wage (2 percent disclose), number of migrant or contract workers (16 percent disclose) or trade union representation (4 percent disclose), are little reported upon.



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In the first year of the UFLPA's enforcement, CBP reviewed 4,651 shipments (of which 872 were denied entry and 1,849 were cleared) valued at more than $1.6 million. (Data is not provided for remaining shipments, though they are understood to be under review).

New entries added as of Tuesday to the UFLPA Entity List include Xinjiang Zhongtai Chemical Co. Ltd.; Ninestar Corporation, including eight of its Zhuhai-based subsidiaries; Camel Group Co. Ltd., and Chenguang Biotech Group Co. Ltd., including one subsidiary. Already, cotton, garment and textile makers make up a significant portion of the list.

"The Forced Labor Enforcement Task Force represents a whole-of-government effort to implement the Uyghur Forced Labor Prevention Act," U.S. trade representative Katherine Tai said in a press statement. "Today's additions demonstrate the United States' unwavering commitment to eliminating forced labor, including by ensuring that goods made by forced labor are not imported into our country. The Office of the United States Trade Representative will continue to work with our interagency task force partners to implement this legislation and eliminate forced labor from our supply chains."

The task force includes seven member agencies, among them the U.S. Trade Representative and Departments of Labor and Commerce.

Certain gaps remain at the border, however. The "de minimis" loophole in the Tariff Act of 1930, for one, obscures shipments valued under $800 from CBP scrutiny, meaning those with values below that, where fast fashion often falls, are not subject to duty. Following pressure from lawmakers, fast fashion retailer Shein called for revaluation of the law to "create a level playing field for all retailers," in a letter dated last week to the American Apparel and Footwear Association. U.S. lawmakers previously accused both Shein and Temu of exploiting the loophole and paying next to nothing in taxes. Shein is also in hot water for a RICO lawsuit, accused of stealing artist designs, as it explores a potential IPO.

***Link***

*https://sourcingjournal.com/topics/labor/uyghur-forced-labor-prevention-act-update-forced-labor-enforcement-task-force-448140/*

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# Brands and Retailers Must Adjust Processes in Response to Canada's Supply Chain Act

THE CANADIAN FLAG FLIES AT THE STERN OF A SHIP IN VANCOUVER HARBOR. **BRITTA PEDERSEN/PICTURE ALLIANCE VIA GETTY IMAGES**

For years, human rights advocates warned that Canada was falling behind in its obligation to combat modern slavery in global supply chains, contending that the country had become a "dumping ground" for goods tainted by forced labor that other countries had rejected. Now Canada is taking action to correct that.

This spring, the country passed Bill S-211, officially known as the "Fighting Against Forced Labour and Child Labour in Supply Chains Act." Effective on Jan. 1, 2024, the law places the responsibility on brands, retailers, and importers to identify and eliminate human rights violations within their supplier networks.

The bill aligns Canada with the growing global trend of legislation aimed at eradicating modern slavery and promoting social sustainability. By some measures, it may be the most sweeping supply chain due diligence law in North America, even more so than the United States' Uyghur Forced Labor Prevention Act (UFLPA). Where the UFLPA specifically targets goods produced in China's Xinjiang region, Bill S-211 focuses on supply chain due diligence obligations for businesses operating in Canada, irrespective of the origin of goods.

The law applies to both domestic and international businesses that meet at least two of these three thresholds: $40 million Canadian dollars ($30 million) in gross worldwide revenues; $20 million ($15 million) in assets; or an average of 250 employees or more. Regardless of their industry, companies that meet these criteria must produce annual reports outlining their due diligence measures to identify and mitigate the risk of modern slavery in their supply chains. These reports must include information about a company's policies, procedures, risk assessments, and

remedial actions taken to address any identified issues. To ensure transparency, these reports must be published on a publicly accessible website.

The first reporting deadline under the law is May 31, 2024, a date that's sure to receive considerable attention in boardrooms because of the law's unique enforcement structure. Businesses that don't comply will be subject to fines of up to $250,000, and unlike other global supply chain due diligence laws, Bill S-211 holds business leaders personally liable for any company offenses they directed, authorized, or in any way participated in. If that language strikes fear in chief executives, it's meant to.

**Introducing visibility and creating safeguards**

Complying with the law will pose considerable challenges, especially for brands and retailers that must navigate complex global supply chains of hundreds of suppliers. That requires coordination, accountability, and visibility, but thankfully it's made much more manageable by a multi-enterprise platform, sometimes also known by Gartner as a multienterprise collaboration network. These cloud-based platforms support collaboration between businesses, their suppliers, and their third-party partners, introducing complete visibility into a company's supplier base, from vendors to factories to raw material providers.

To comply with the law, supply chain managers will need to establish robust systems and processes to identify and address any instances of modern slavery or forced labor within their supply chains. This involves enhanced supplier vetting, auditing, and monitoring mechanisms to ensure compliance and ethical practices — all of which can be simplified through the supplier relationship management (SRM) tools of a multi-enterprise platform.

These platforms create a window into an enterprise's entire supplier base, enabling the traceability that Bill S-211 requires, allowing businesses to easily document the chain of custody of every material they use in every product they make, so they can prove that no forced labor was involved at any stage of its creation.

Multi-enterprise platforms also foster collaboration with industry associations and non-governmental organizations (NGOs) that can also prove invaluable in navigating the complexities of supply chain management in light of Bill S-211. There are multi-enterprise platforms that can even integrate with sustainability databases from business associations and nonprofits like Amfori and Worldwide Responsible Accredited Production (WRAP), which monitor and certify the social sustainability of factories and suppliers.



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By making critical certification details from these partners available in real time, these integrations eliminate the need for supply chain managers and compliance teams to log in to multiple systems, speeding up a critical step in the sourcing process. And they create other efficiencies as well, for instance by saving retailers and brands time through automating the onboarding process for vendors and factories and ensuring that all new suppliers have read and consented to the company's terms. This way from the very earliest stages of working with a supplier, there's total transparency about your ESG standards and expectations.

These platforms also enforce a company's social and environmental standards by preventing merchandisers from booking orders with non-compliant suppliers and preventing shipping departments from booking shipments with these vendors. These are the kinds of safeguards that brands and retailers need in place to prevent lapses that could violate Bill S-211. And through supply chain mapping, businesses are granted a fuller understanding of their social and environmental footprint, including where their yarns and fabrics come from, how much carbon they're emitting, and whether their downstream suppliers are vetted and accredited.

There's no sugarcoating it: Bill S-211 will be a tough adjustment for many businesses, but it's a necessary one. By implementing responsible sourcing practices with a multi-enterprise platform, businesses can protect their reputation, strengthen consumer trust, and contribute to a more sustainable global supply chain ecosystem, while fostering the long-term resilience they need to remain competitive well into the future.

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***Link***

*https://sourcingjournal.com/topics/thought-leadership/canada-fighting-against-forced-labour-child-labor-supply-chains-act-tradebeyond-450141/*

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**No.411 Aug, 2023**

# European Commission says it had not committed to banning 'all hazardous substances in all uses at once'

**Generic risk approach an ‘empowerment’, executive argues in face of NGO criticism**

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Following NGO accusations of backsliding on earlier promises, the European Commission has said it never committed to banning all hazardous substances in all uses at the same time.

The controversy arises over plans to extend the generic risk approach (GRA) – part of the chemicals strategy for sustainability – to substances beyond carcinogenic, mutagenic and reprotoxic (CMR) substances.

Last week a heavily redacted version of the REACH revision impact assessment, obtained by NGO Corporate Europe Observatory (CEO) and shared with Chemical Watch, indicated that the EU’s plans could cover significantly fewer articles than anticipated by many stakeholders.

**No.412 Aug, 2023**

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The impact assessment considers a range of implementation scenarios for the extension of GRA that would restrict either one, ten or 50% of products containing hazardous chemicals currently on the market.

Environmental and health organisations said this is a dramatic weakening of the CSS's original pledge, claiming that the scope of products to be banned has been reduced from all to only those where there is a high degree of public exposure or emissions.

However, a Commission spokesperson told Chemical Watch that the GRA extension is actually an "empowerment" that would introduce restrictions for particularly hazardous substances for uses where exposure is difficult to control and was never considered "a ban in itself".

The proposed extension will allow the Commission to "progressively propose and introduce" individual restrictions, after a thorough assessment of costs and benefits.

The spokesperson said this follows GRA principles already applied for CMR substances in consumer uses, which are banned on their own and in mixtures, but only for some articles such as textiles.

The Commission, the spokesperson said, is expected to take the same gradual approach for other substances that cause gene mutations, affect the reproductive or endocrine system, or are persistent and bioaccumulative. It will also consider the potential impact posed by the lifecycle of those substances in different products.

**Percentages**

On the impact assessment's percentages of articles in scope of the GRA extension, the spokesperson said the numbers are not policy options being considered but relate to assumptions for the purpose of calculating the share of uses of most harmful substances in articles which will be covered by restrictions.

"Those numbers do not take into account bans of uses of those substances on their own or in mixtures, such as in paints or detergents, which overall and on average are of higher concern than uses in articles," the spokesperson said.

There is a large variety of uses in articles, with substantially different costs and benefits if restricted, they added.

The estimated impacts should be considered as indicative, giving an overall estimate of the costs and benefits of deploying restrictions over time, they said, adding that they should not be seen as a tool to identify whether the benefits of individual restrictions would outweigh costs.

"Any future decisions on restrictions based on the extended generic risk approach will need to be taken in the implementation of the revised REACH, once adopted."

***Link***

*https://chemicalwatch.com/809755/european-commission-says-it-had-not-committed-to-banning-all-hazardous-substances-in-all-uses-at-once*

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