

Position on forced labor by Uyghurs in the textile industry

INretail and Modint are Dutch trade associations representing smaller and larger garment and textile companies like retailers, fashion brands and suppliers of garment and textile articles as well as international retailers ¹ present on the Dutch market. We work together on international corporate responsibility, for example in the Dutch agreement on sustainable garment and textile (AGT) and the Sector plan Circular Textiles. Our contribution for this round table reflects the opinion and experiences of different kind of business.

INretail

INretail is the Dutch Business Association for Fashion and furniture retail. INretail represents *grosso modo* all business active in fashion retail in the Netherlands. These are micro retailers, SME's and national and international retail chains. Most of the SME's are selling different brands and are not sourcing themselves. Some large retailers exclusively sell brands. Examples are retailers like Bijenkorf or Van Tilburg. In regard of this Roundtable the chain stores are most interesting, as they directly source garments from manufacturers in production countries and are impacting the value chain.

Modint

Together with more than 400 members, mainly fashion brands and suppliers of garment and textile articles, we are building a valuable future for our sector by making a positive contribution working on relevant themes like Corporate Responsibility. Modint has an important social value. It contributes to the economic importance, cultural heritage, creative and commercial spirit of the Netherlands, but we also feel responsible for the social and economic impact we have in production countries. We will bring practical insights to the round table of integrating due diligence and working with the (Chinese) supply chain.

The global industry context

The textile and fashion industry works according its commitment to responsible business conduct and sustainable development as defined by the UN Guiding Principles for Business and Human Rights and by the OECD Due Diligence Guidelines for responsible business conduct in the garment and footwear sector. By applying these guiding principles as guidelines for responsible business conduct, businesses can be drivers of positive societal change and can contribute to the fulfilment of the SDGs.

China is one of the most important purchasing countries for Dutch garment and textile companies. The forced labor of ethnic and religious minorities in the Xinjiang Uyghur Autonomous Region (XUAR), as part of a broader pattern of severe human rights abuses, is a significant and growing concern that demands the attention of governments and private-sector actors across the world. Forced labor is unacceptable according to core ILO conventions which are the base of implemented code of conducts in the industry.

¹ For this reason it is important that this contribution is also accessible for the non-Dutch speaking in our industry.



KONINKLIJKE

IN RETAIL

MODINT.

Xinjiang produces around 20 per cent of globally required cotton, which is converted into clothes in either Chinese factories or in garment manufacturers all across the world. However, the length and complexity of the apparel supply chain makes it tough to track the origin of the raw materials used in garments. Ready-made garments from all over the world may contain cotton produced in Xinjiang or from other regions where Uyghur workers are situated.

Industry needs support of the government for proper due diligence

The UNGPs clearly define roles for business and for government in complex human rights issues in global supply chains. In the Xinjiang alleged forced labour case, the core concern of European apparel brands and retailers' sourcing products and particularly components from the XUAR region is to implement proper due diligence grounded in the UNGP and OECD guidance. By nature of this particular situation industry needs European government(s) (State) to support industry in their due diligence approach. The industry is asking government to help to enable it to be able to carry out proper due diligence in China and particularly in the Xinjiang region. This issue stands apart from many other RBC issues in the sense that the root cause of the problem does not lie with industry, which makes the case for strong government support to industry even stronger.

The OECD's due diligence guidance stipulates that focus should be on assessing what steps could be taken to address and mitigate harms rather than simple de-risking. Boycotts and sanctions block necessary attempts at improvement that may not yet have been sufficiently taken. A collaboration of all stakeholders, including industry and government and intergovernmental organisations is a necessary condition to improvement of the situation, or at the very least, to enable meaningful due diligence.

Need for transparency

Many businesses have already taken important steps to map their supply chains and to prevent or mitigate risks of forced labour wherever they can, in line with the UN Guiding Principles. However, in some situations, individual and collective action by international companies and engagement with their suppliers alone will not resolve the issues. There are reported challenges in conducting supply chain due diligence within the XUAR. As the CSIS report documents, the particular conditions in which the recruitment and employment of these workers is occurring mean that obtaining reliable information by interviewing the workers is difficult. There are also constraints on access by independent auditors to the region. As it has become increasingly difficult to conduct credible due diligence in the region, BCI, for example, has decided to suspend licensing of BCI cotton in XUAR. Furthermore, in collaboration with the industry and supply chain partners, we will continue our work to strengthen the traceability of cotton. The road to obtaining full transparency however is long and challenging."

In our view simply boycotting this region now is definitely not the best option because this will only result in the region getting more isolated. It will not end the problem with forced labor. The OECD's due diligence guidance stipulates a responsible disengagement. Companies need to ensure that they have done enough to try to remedy the adverse situation and this includes calling on government and other stakeholders to support them in these efforts. It is up to the full international society to create urgency for these violations.



KONINKLIJKE

INRETAIL

MODINT.

Companies cannot solve this problem by themselves. It is a (geo) political question about human rights violations which affect all kind of businesses with operations in China. A diplomatic intervention by States and intergovernmental organization with China is needed to address the situation.

The secretary of the AGT found out that signatory companies have no registered direct or indirect production locations in Xinjiang, but can't guarantee that Xinjiang cotton is not processed in their apparel. The cotton market is a commodity market with a huge number of suppliers and middlemen which makes it difficult to track and trace cotton precisely. It might be interesting to implement a duty for registration of cotton to realize more transparency. In this regard it is interesting to take a closer look into the lessons learned of conflict minerals and the way in which due diligence was found to be possible despite complex and extreme situations. Upcoming mandatory due diligence, also in our sector, may facilitate due diligence further and therefore our multi-stakeholder collaboration to make progress.