

**WRITTEN TESTIMONY OF JULIA K. HUGHES**  
**PRESIDENT**  
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**BEFORE THE SENATE FINANCE COMMITTEE ON**  
**FIGHTING FORCED LABOR: CLOSING LOOPHOLES AND IMPROVING CUSTOMS ENFORCEMENT**  
**TO MANDATE CLEAN SUPPLY CHAINS AND PROTECT WORKERS**  
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Chairman Wyden, Ranking Member Crapo, and Members of the Committee, thank you for the invitation to appear today. My name is Julie Hughes, and I am the President of the U.S. Fashion Industry Association. I appreciate the opportunity to testify on behalf of the industry about the fight against forced labor and how to improve enforcement to reach our shared goal of the elimination of forced labor.

A little background about the United States Fashion Industry Association (USFIA). USFIA represents apparel brands, retailers, importers, and wholesalers based in the United States and doing business globally, including many of the iconic brands worn and loved by everyone participating in this hearing. Our members are global, with production, operations, and sales in the United States and around the world. Our member companies manage supply chains that span the globe. Global trade, and ethically sourced trade, is essential for American brands and retailers to be successful and reach consumers around the world.

More than most types of manufactured goods, the fashion industry relies on global supply chains. A bale of cotton may be grown in Texas, shipped to Europe to be made into yarn, shipped to Korea to be made into fabric, shipped to Vietnam to be made into apparel, and shipped to the United States to be sold at retail in a store back in Texas. But even more exciting, those garments made using that supply chain also might be sold in Singapore, Japan, Dubai, or London.

Because we are a global industry, we know that forced labor exists in many parts of the world. For several decades USFIA member companies have maintained codes of conduct and strict requirements for supply chain partners that ban the use of forced labor. Companies maintain an extensive network of contracts, audits, verifications, training, and direct engagement with their suppliers.

But we recognize that there remains more action needed to guarantee that forced labor is not in the supply chain for fashion products. One example is the supply chain for cotton products. The growers who produce this cotton commonly sell to traders, or middlemen, who intermingle the crops of several farms and regions and send cotton to ginning facilities all over the world. Indeed, U.S. cotton comprises 38% of world exports and a substantial quantity of it is used in China. China alone imports more than \$800 million of U.S. cotton annually.

Ginning facilities, in turn, send their product to middlemen and traders, who, again, intermingle their purchases and sell to yarn spinners all over the globe. Yarn spinners will, at times, outsource the dyeing portion of their production, before selling their yarn to fabric producers

all over the world. Fabric producers, too, may outsource their dyeing operations before supplying apparel-producing customers that are also spread all over the globe.

Retailers and apparel brands are at the end of this supply chain and, while retailers and brands can effectively ensure that the cut and sew operations with which they do business are free of forced labor, it is often a challenge for retailers and brands and their apparel-producing vendors to ensure that every bit of cotton, or yarn, or fabric incorporated into the final product is free of forced labor. The further down the supply chain you get, the more difficult, if not impossible, it gets to obtain visibility into the origin of the inputs and the conditions of their manufacture.

While it is difficult, and complicated, this is an important task for the industry. So, what are we doing to root out forced labor from the supply chain?

Even before the very public media reports about forced labor in the past year, fashion industry, apparel, footwear and retail associations joined together to create an ad hoc forced labor working group to facilitate the sharing of information and the sharing of resources among the industry. One of the first tasks was to create an online resource of initiatives and best practices available, and we continue those discussions.

As part of this process, the industry is pioneering and implementing new technologies and innovative approaches to decipher where supply chains are susceptible to forced labor. Our member companies have made extensive progress towards removing any associations with forced labor in their supply chains as they continue to strengthen measures to identify and eliminate forced labor.

USFIA members have long audited and inspected suppliers to ensure that their suppliers do not use forced labor (or engage in other abhorrent labor practices, for that matter). Our member companies regularly seek certifications that the vendors to their suppliers also do not utilize forced labor, an effort that was bolstered almost 10 years ago by California's Supply Chain Transparency Act, which requires apparel brands and retailers to undertake best efforts to audit the supply chain for forced labor and to inform the public of the results of the audit. We support adoption of a similar regulation on a national level to codify our members' efforts and expand to apply to not just U.S.-based companies, but all companies that sell in the U.S. above a certain sales threshold.

The task is not easy (to put it mildly). My personal belief is that to eliminate forced labor we need to go beyond what companies can do on their own, and go beyond an emphasis on punitive measures, to use multi-stakeholder approaches. The combination of civil society, NGOs, companies, governments and international institutions is needed to reach our shared goal to eliminate forced labor.

I would like to share a few examples. For more than a decade brands and retailers have been a part of an initiative called the Cotton Campaign. The Cotton Campaign was created to combat the government sanctioned use of forced labor in the cotton fields in Uzbekistan. From the beginning this initiative included NGOs and civil society, as well as industry associations such as USFIA, and especially brands and retailers. While it has taken time, this campaign has had an impact.

Today the Uzbekistan government no longer supports forced labor to harvest cotton – it is now against the law. And while the ILO monitors and civil society found that forced labor is not yet fully eliminated based on last year’s harvest, the scale and breadth of forced labor is tremendously reduced and I think all agree the progress has been substantial. With the end of state support, the Cotton Campaign is now moving forward with an innovative concept to develop Responsible Sourcing Agreements with the cotton growers and the cotton cooperatives, and brands, to ensure that there is direct engagement and monitoring for the future. We support this initiative and hope it will be a successful approach that can be used in other areas.

One other approach that is just at the beginning is YESS™: Yarn Ethically & Sustainably Sourced ([YESS](#)). This is an initiative of RSN, an NGO that works to eliminate forced labor associated with raw material inputs and works to eliminate forced labor from the textile value chain by building capacity and managing an assessment of value chain actors’ ability to identify, address, and prevent sourcing cotton produced with forced labor. YESS applies the OECD [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#), which has wide industry and government support and is a proven method for companies to identify and address risks over time. With financial support from brands and retailers, and a program developed by leaders who have been active in the labor community for decades, the main goals of this project are to:

- Build capacity with and empower yarn spinners and textile mills to implement a due diligence system to identify and address forced labor involved in cotton production;
- Enable brands to make informed sourcing decisions and avoid sourcing cotton produced with forced labor;
- Promote harmonized engagement and assessments of spinners and textile mills; and
- Spearhead an industry-wide, risk-based due diligence approach to identify, prevent, and mitigate forced labor in cotton production.

There also are two pilot projects funded by the Department of Labor that will focus on developing solutions to forced labor that bring together technology, tracking and supply chain. ILAB partners with international organizations, non-governmental organizations, universities, research institutions, and others to advance workers' rights and livelihoods through technical assistance projects, research, and project evaluations. USFIA welcomes efforts to bolster ILAB’s work. Such efforts leverage existing authorities and expertise at ILAB to develop and improve supply chain tracing technologies, and promotes collaboration and shared learnings between the U.S. Government and the private sector in identifying and deploying reliable, scalable, and affordable supply chain tracing tools.

Earlier this year the Labor Department two \$4 million awards for cooperative agreements to Verité Inc. and ELEVATE Limited to implement technical assistance projects to increase the downstream tracing of goods made by child labor or forced labor. The award to Verité will support a pilot for upstream tracing of raw cotton, thread/yarn and textiles in India. ELEVATE’s award will support pilot tracing in supply chains for cotton in Pakistan and cobalt in the Democratic

Republic of the Congo. These pilot projects have the capacity to enable enhanced supply chain tracing tools and methodologies across industry sectors that are traditionally complex and opaque, improving our members' ability to fully identify and eliminate forced labor in their supply chains.

Even with all these exciting initiatives, and a commitment from the industry, we are committed to do whatever we can to eliminate forced labor, and we very much want to work with Congress and the Executive Branch to eliminate this scourge.

Now, how can the Government help us tackle the challenge of forced labor in the supply chain?

First, with respect to stakeholders in the Executive Branch, I cannot stress strongly enough the need for a coordinating effort to engage our trading partners to eradicate forced labor from the supply chain. The State Department, USTR, the Department of Labor, the Commerce Department, the NSC, and USDA should make it a priority to execute a "whole of government" strategy to eliminate forced labor from supply chains. Similar to the testimony the Committee heard earlier this week about Supply Chains, we know that the path to success will be faster and better if there is a unified approach. We also strongly support efforts by the Administration and the Congress to take a leadership role on this issue on the international stage. Forced labor is a global problem -- a problem that often involves the active or tacit blessing of foreign governments -- and so calls for a global solution whenever possible.

We also want to look at the role of U.S. Customs & Border Protection to implement an enforcement strategy to guarantee that no products with forced labor reach the United States. U.S. companies are partners with CBP on enforcement. The policy of informed compliance and the participation of companies in the CBP Trusted Trader programs means that there already is a shared approach to enforcement. What we believe would help improve enforcement is more transparency in the process and more of a shared approach.

USFIA supports the series of recommendations released this week by the Commercial Customs Operations Advisory Committee (COAC) Intelligent Enforcement Subcommittee Forced Labor Working Group, which include:

- 1) The recommendation that CBP take a collaborative, multi-agency approach utilizing the expert resources of all relevant U.S. Government agencies to develop a synchronized strategy, as well as engage more extensively in dialogue and priority setting with the trade. This includes working with the Departments of Homeland Security, Labor, Treasury and State, as well as Immigration and Customs Enforcement and the Office of the U.S. Trade Representative.
- 2) The recommendation that CBP expand its collaboration and communication with the trade sectors and industries, identifying and sharing best practices, including government to industry efforts to minimize forced labor in supply chains.
- 3) The recommendation that CBP develop an objective methodology to measure the "success" of the agency's forced labor informed compliance, facilitation, enforcement, and risk mitigation that is not based on enforcement output. Rather, a best developed practice would be to measure success based on outcome metrics that ultimately focus

on improvement of the communities most impacted by forced labor, as recommended by the GAO 2020 Forced Labor Imports Report, and

- 4) The recommendation that CBP apply the same principles, tools, guidance and outreach to forced labor as is the case with the other Priority Trade Issues, that is, “world class expertise to design trade processes and policies that minimize cost and provide certainty, transparency, security, and predictability to members of the trade community.”

USFIA also agrees with the conclusion of two recent GAO reports, which evaluated Customs & Border Protection’s process for issuing and enforcing withhold release orders (WROs) in response to suspicions of forced labor. Last fall, the GAO recommended that CBP evaluate whether or not its forced labor division was staffed adequately and with the right expertise. Then, just a couple weeks ago, the GAO urged CBP to be more transparent about the criteria and evidence that it uses to modify and withdraw WROs. CBP apparently agreed with both of these recommendations.

Very importantly, in addition to the GAO’s recommendations, CBP should work to adopt objective criteria to measure success. Success should not be measured merely by the number of detentions. Rather, success should be measured by the degree to which CBP’s enforcement activity is effectively reducing forced labor. To this end, CBP should adopt a risk-based approach to enforcement, focusing on the worst actors first and providing as much predictability and certainty to impacted stakeholders, as possible, to enable them to amplify CBP’s enforcement efforts.

Another area where more transparency is needed is for CBP to share best practices, and other solutions, when they find them. CBP recently began a pilot program with a company that may have the capability to identify the origin of finished cotton products entering the borders of the United States. We welcome this effort. Any congressional action should require CBP to report back to Congress and the public on the learnings from this demonstration pilot, to include actual or potential shortfalls or gaps in the capability, and enter into pilots with other vendors to similarly assess alternative capabilities to trace the origins of finished cotton products and other commodities.

Finally, to build upon tools like the Department of Labor’s *Sweat & Toil* and *Comply Chain* mobile applications, and the *Xinjiang Supply Chain Business Advisory* issued by the Executive Branch this summer, Congress could endorse and fund a “forced-labor free” supplier certification process, similar to the Democratic Republic of Congo Conflict Free Smelter certification program developed by the Responsible Business Alliance. The certificates could serve as proof of due diligence and admissibility of the product into the U.S. The bill could charge Labor with developing and administering the program, in close coordination with CBP.

Thank you again for asking for USFIA’s input today. Fashion brands and retailers have zero tolerance for forced labor. We believe that working together to eradicate forced labor from global supply chains will be good for American workers and American consumers, and for world. USFIA and its member companies stand ready to work with the Members of the Committee and with the Congress to achieve this goal.