

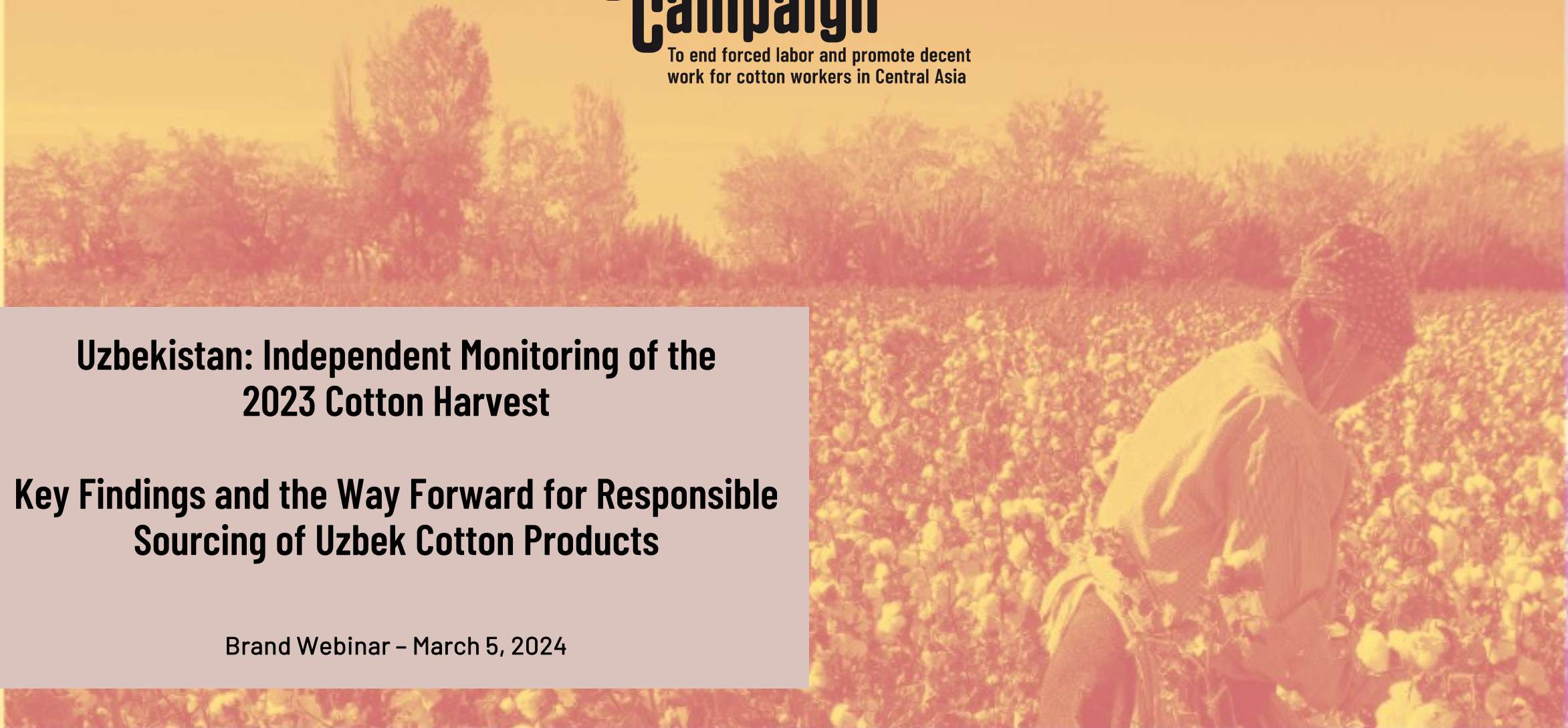


To end forced labor and promote decent  
work for cotton workers in Central Asia

## **Uzbekistan: Independent Monitoring of the 2023 Cotton Harvest**

### **Key Findings and the Way Forward for Responsible Sourcing of Uzbek Cotton Products**

Brand Webinar – March 5, 2024





# Agenda

## **1. Introductory Remarks**

(Bennett Freeman – Co-founder Cotton Campaign)

## **2. Civil Society Independent Monitoring of the 2023 Cotton Harvest: Findings and Analysis**

(Allison Gill – Cotton Campaign Steering Committee Member and Legal Director, GLJ-ILRF)

## **3. Proposal for a Joint Brand-Cotton Campaign Pilot Program for Responsible Sourcing**

(Raluca Dumitrescu – Senior Cotton Campaign Coordinator, GLJ-ILRF)

## **4. The Opportunity for Brands**

(Julie Hughes – President, United States Fashion Industry Association)



# **Introductory Remarks**

**Bennett Freeman**  
**Co-founder Cotton Campaign**



# **Civil Society Independent Monitoring of the 2023 Cotton Harvest: Findings and Analysis**

**Allison Gill**  
**Cotton Campaign Steering Committee Member and**  
**Legal Director, GLJ-ILRF**



## Independent Civil Society Monitoring

### Uzbek Forum for Human Rights

- ▶ Cotton Campaign's frontline partner
- ▶ Has conducted independent monitoring every year since 2010

### Strengths and methodology

- ▶ Monitoring is carried out by a network of trained, independent civil society monitors who live and work in the communities they monitor
- ▶ Deep community knowledge
- ▶ Visit fields, worker housing, mobilization sites, mahallas, local institutions
- ▶ Interview pickers, farmers, brigade leaders, recruiters, local officials, and community members
- ▶ Also monitor cases and investigations through various feedback channels
- ▶ Monitoring is in-depth, mixed methods monitoring, focused on root causes/drivers

# Findings of the 2023 Cotton Harvest Monitoring



- › A shortage of voluntary pickers in the harvest
  - › A resurgence of labor migration to Russia and elsewhere, after the Covid-19 pandemic
  - › Relatively low pay rates for cotton picking compared to those for other agricultural work
- › In **districts with labor shortages**: local officials forced some employees of several state organizations to pick cotton or pay for a replacement picker
- › Forced labor was **not widespread or systematic**
- › The central government has a clear policy prohibiting forced labor. It did not directly order mobilization of state employees to address labor shortages
- › But the system of **administrative command and control** incentivized government officials at district levels to turn to forced labor

# Findings of the 2023 Cotton Harvest Monitoring



2/1/24

Uzbekistan Should Emphasize Workers' Rights to Maintain Momentum for Responsible Sourcing

Cotton Campaign press release:  
<https://www.cottoncampaign.org/news/>

## Forced labor: the result of three factors

- ▶ Continued government control of the harvest and persistence of de facto cotton production targets
- ▶ Little to no bargaining power for farmers → delayed or failed payments for the cotton they delivered to clusters → impacting their ability to pay rates high enough to incentivise cotton picking
- ▶ A lack of functioning grievance mechanisms and freedom of association protections at workplaces, including state organizations



## Challenges and Opportunities for Sourcing

- › Human rights risks remain
- › Sourcing from Uzbekistan: opportunity to capitalize on the end of systemic state-imposed forced labor:
  - › Full traceability (production has been vertically integrated)
  - › Opportunity to shape suppliers from the outset
- › Not a “yes/no” question, but a “how” question:
  - › What are the conditions for sourcing to meet your requirements and obligations under laws in your countries of import?
  - › At industry level: Better Cotton and Better Work → ongoing learning programs on sustainability standards
  - › Specifically at supplier level?





# **Proposal for a Joint Brand-Cotton Campaign Pilot Program for Responsible Sourcing**

**Raluca Dumitrescu**  
**Senior Cotton Campaign Coordinator, GLJ-ILRF**



# An Expanding Textile Industry



- › 130+ textile clusters; some cluster owners operate several clusters
- › Production of yarn, fabric, and finished goods
- › Clusters control multiple aspects of the textile value chain from cotton growing, harvesting, and ginning, through to production of value-added goods
- › Direct farming (10% of all cotton growing land); Contract farming (90%)
- › According to the Uzbek Textile Association, the textile industry employs approx. 400,000 workers (excluding cotton pickers)
- › Some clusters are investing in upskilling and worker training



December 2021



December 2023



# A Closer Look at the Sourcing Landscape: Production & Traceability



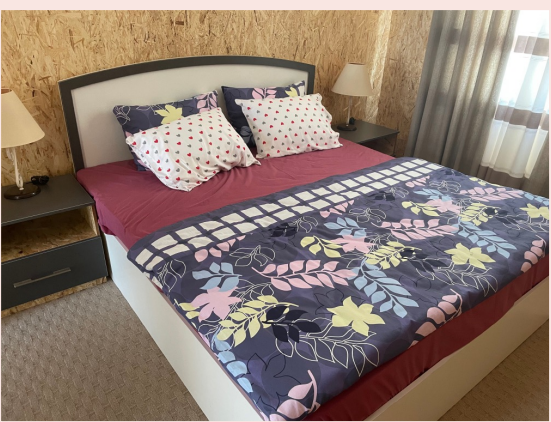
## 1. Large clusters, huge investments in infrastructure, well politically connected

- ▶ Both direct and contract farming
- ▶ Large numbers of workers (4,000-6,000 at one cluster); excluding seasonal workers and farmers and farm workers in contract farming
- ▶ Products for export: yarn, finished goods, incl. RMG and home textiles

### From a traceability perspective:

- ▶ Clusters that only have direct farming; very few; often clusters in the same group exchange cotton
- ▶ Clusters that only have contract farming or use a combination of direct and contract farming; most common scenario
- ▶ Some clusters import yarn from Tajikistan, Kazakhstan, Pakistan, China

# A Closer Look at the Sourcing Landscape: Production & Traceability



2. Smaller clusters, lower production capacity, interested to expand production, but current focus is on building a foundation

For example:

- ▶ Two clusters in one group; each cluster in a different region
- ▶ One cluster (1) only covers cotton growing; only uses direct farming
- ▶ The other cluster (2) covers all production stages up to finished goods (RMG & home textiles); it uses both direct and contract farming
- ▶ The cotton from cluster 1 is used in the textiles production at cluster 2
- ▶ Cluster 2: approx. 1,300 workers at all stages of production + 200 farmers in contract farming, who employ their own farm workers
- ▶ Yarn and finished production in-house; fabric production outsourced (a fabric mill is in construction)
- ▶ Imports of cotton/synthetic yarn incl. from China & Belarus

# A Closer Look at the Sourcing Landscape: Production & Traceability



## 3. Producers outside the cluster system

- › Focused on production of only one type of products e.g. yarn or finished goods

For example:

- › Spinning mill: one company, two mills in two regions
- › 850 employees in total
- › Buys cotton from other clusters on the local market



Traceability:

- › To understand and influence the working conditions in which the cotton is produced → need to know which clusters the mill sources from, which farmers those clusters work with, how far in advance the sourcing decision is made

# A Closer Look at the Sourcing Landscape: Labor



- › There are no independent trade unions, democratically-elected, or representative workers' organizations, or farmers' organizations
- › All union activity in the country continues to be dominated by the government-aligned Federation of Trade Unions of Uzbekistan (FTUU)

## Farm level

- › Cotton picking—temporary work, challenges to unionization
- › Farm workers at cotton cluster Indorama: the only known case of a democratically-elected union in Uzbekistan: union busting actions by the management, FTUU, and government officials
- › Direct farming: land re-allocated from farmers to clusters under the premise that jobs will be created and livelihoods improved; the farmers would become farmworkers with permanent employment contracts; some clusters successfully introduced a "family unit" system; others unilaterally changed the workers' contracts from employment contracts to service provider contracts



# A Closer Look at the Sourcing Landscape: Labor



## Factory level

- ▶ High unionization, Soviet legacy; union dues: 1% of workers' wages; often workers unaware
- ▶ During our field research, we asked the management to speak with the union chairperson. Generally, the chairperson was unavailable to engage. Or:
  - ▶ The factory's marketing officer was sent as the union representative
  - ▶ The union chairman could not respond to specific questions re how the union works with management or with the workers
  - ▶ When asked how they engage with the union, the management at one cluster said they received the CBA template from FTUU
- ▶ Grievance mechanisms: usually a complaint box; process not clear, the mindset is that not receiving complaints is a good sign
- ▶ Little knowledge about international standards for supply chains and legal requirements of brands; incl. relating to traceability and imports



## Cotton Campaign Pilot Program for Responsible Sourcing

A photograph of a cotton ginning facility, showing large piles of cotton bales and a conveyor belt system. The image is overlaid with a semi-transparent orange and red gradient.

### Goals of the program

- › Move towards the placement of test orders
- › Create a platform to **engage and build trust** with the Uzbek government and industry and **build capacity** on labor rights and the brands' requirements at selected suppliers
- › Create an enabling environment where workers can monitor conditions themselves
- › Identify, encourage, expand good practices. Not all the clusters/ producers are the same
- › Create a level playing field by creating a pool of responsible suppliers and a pool of responsible brands





## Cotton Campaign Pilot Program for Responsible Sourcing

### Immediate next steps

- › Interested brands to reach out to the Cotton Campaign
- › Agree on terms for the pilot: duration, selection of producers, capacity building, budget
- › Jointly engage the Uzbek industry and government; signal interest

### During the pilot program

- › Participating brands get the confidence to place test orders with the participating suppliers
- › At these specific suppliers → in-depth labor assessment and specific next steps

### Long-term goal

- › Building long-term, robust, and labor rights-centered business relationships between brands and Uzbek textile suppliers
- › Tailor the model of binding supply chain agreements to the Uzbek context, co-governance by brands, suppliers, and labor stakeholders



# **The Opportunity for Brands**

**Julie Hughes**  
**President, United States Fashion Industry Association**



## Uzbekistan Is an Opportunity for Sourcing

Uzbekistan has the potential to become a key sourcing country for sustainable cotton products:

- › After the end of systemic state-imposed forced labor in the harvest, brands have a key opportunity to shape the industry
- › The potential benefits are huge and for the long-term: traceability to the raw material level and a supply chain with strong labor compliance
- › Both the compliance and sourcing teams play a key role

The Cotton Campaign pilot will help support brands to develop the mechanisms they need to begin sourcing in compliance with their legal obligations in the countries of import.





# Links and Contact Information

- › The Cotton Campaign's press release about Uzbek Forum's 2023 cotton harvest report <https://www.cottoncampaign.org/news/uzbekistan-should-emphasize-workers-rights-to-maintain-momentum-for-responsible-sourcing>
- › Brands interested in the Cotton Campaign's pilot program for responsible sourcing from Uzbekistan are welcome to reach out to:

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2/1/24

Uzbekistan Should Emphasize Workers' Rights to Maintain Momentum for Responsible Sourcing

