



Cotton Campaign Submission to the U.S. Trade Representative for the Development of a Trade Strategy to Combat Forced Labor

Recommendations for a Comprehensive Trade Strategy to Block Goods Made with Forced Labor Turkmen Cotton from Entering the U.S. and Pressure the Government of Turkmenistan to Reform its Forced Labor System in the Production of Cotton

August 5, 2022

Introduction

The Cotton Campaign welcomes the opportunity to provide written comments to inform the development of the U.S. Trade Representative's strategy to combat forced labor. This submission outlines key points for a comprehensive trade strategy to complement and strengthen other U.S. government measures to combat forced labor in Turkmenistan. These include the [Withhold Release Order \(WRO\)](#) against cotton from Turkmenistan, in place since May 2018, and [Turkmenistan's Tier 3 ranking](#) in the Department of State's Trafficking in Persons report. We also include recommendations to use trade mechanisms to engage all relevant U.S. federal agencies, policy makers, brands and retailers, and civil society to eliminate forced labor Turkmen cotton from global supply chains.

Research by the Cotton Campaign reveals that e-commerce platforms including K-mart, Sears, and Amazon among others, are retailing cotton home textiles produced in Turkmenistan¹. This means that products made with Turkmen cotton enter the U.S. in violation of the WRO. The Cotton Campaign estimates that these examples only scratch the surface of the problem. Our supply chain research shows that producers in third countries including Turkey, Pakistan, or Portugal among others, use Turkmen cotton, yarn, and fabric in the production of garments and textiles which find their way into the global markets, including the EU, the U.S., and Canada.

A comprehensive trade strategy to effectively block forced labor Turkmen cotton products from entering the U.S. must be able to capture the complexities of the global cotton supply chains. The production of cotton goods covers several stages—including the harvesting of cotton, ginning cotton, spinning cotton into yarn, weaving yarn into fabric, and sewing fabric into finished goods—that often take place across different production countries. This submission includes findings from supply chain research conducted by the Cotton Campaign revealing trade flows that allow Turkmen cotton to enter the supply chains of brands headquarters or retailing in the U.S.; and provides recommendations for addressing the gaps and the risks exposed by this research.

¹ The Cotton Campaign brought this evidence to CBP to support enforcement efforts for the WRO

About the Cotton Campaign

The [Cotton Campaign](#) is a coalition of human and labor rights NGOs, independent trade unions, brand and retail associations, responsible investor organizations, supply chain transparency groups, and academic partners, united to end forced labor and promote decent work for cotton workers in Central Asia.

We use policy, legal, and campaigning tools to pressure the Turkmen government to acknowledge the state-imposed forced labor problem and take concrete steps to address it. The Cotton Campaign coalition hosts a [Pledge](#) in which companies have committed not to source cotton from Turkmenistan—now signed by 140 industry brands and retailers—because of systemic, state-imposed forced labor involved in Turkmenistan’s annual cotton harvest.

State-imposed forced labor in the harvest of cotton in Turkmenistan

Turkmenistan, [one of the most closed and repressive countries in the world](#), uses systematic forced labor to harvest cotton. It has used harassment, [arbitrary imprisonment](#), torture and ill-treatment against independent monitors and reporters.

Every year during the cotton harvest, and [again confirmed in 2021](#), the Turkmen government forces tens of thousands of public sector workers to pick cotton in hazardous and unsanitary conditions and extorts money from public employees to pay harvest expenses. Moreover, the government maintains total control of cotton production and forces farmers to meet official production quotas, under threat of penalty including loss of their land.

For seven years in a row, the U.S. State Department ranked Turkmenistan [Tier 3](#), the lowest ranking on its annual Trafficking in Persons report. In addition, cotton from Turkmenistan is on the Labor Department’s [list of goods produced with child or forced labor](#), and CBP [prohibits the import](#) of cotton or cotton products from Turkmenistan.

1. What actions could the U.S. Government pursue with like-minded trade partners and allies to combat forced labor as an unfair trade practice?

- 1.1. **Track enforcement of the WRO** against all Turkmenistan cotton or products produced in whole or in part with Turkmenistan cotton. While the WRO is in effect for almost four years, there is no public information available on CBP’s website about the enforcement of the WRO, and goods containing cotton produced in Turkmenistan continue to be sold in the U.S. markets. **USTR should engage the House Committee on Ways and Means and support its efforts for stronger enforcement of WROs.** We recommend **USTR uses its role as a member of various inter-agency working groups to combat forced labor**—including the Forced Labor Enforcement Task Force (FLETF) and the President’s Interagency Task Force to Monitor and Combat Trafficking in Persons (PITF)—to advocate for information sharing among federal agencies and for CBP to publish information about its findings, including the number of detentions made under the WRO against Turkmen cotton and the value of the shipments detained.
- 1.2. **Investigate how Turkmen cotton goods that are being sold on third party e-commerce platforms have entered the U.S..** Cooperation between federal agencies—for example, through the FLETF—to implement a robust strategy to trace Turkmen cotton products to the point of entry and impose fines on

importers is key for ensuring that forced labor products do not reach the U.S. consumers and companies retailing in the U.S. do not benefit from the forced labor system in Turkmenistan.

Examples of U.S. e-commerce marketplaces retailing towels produced in Turkmenistan include:

- K-mart: towels by brand “Context” with the description “made in Turkmenistan”
<https://www.kmart.com/context-solid-black-100-cotton-hand-towel/p-A075433820>
[accessed on July 27, 2022]
- Sears: towels by brand “Context” with the description “made in Turkmenistan”
<https://www.sears.com/context-solid-black-6-piece-100-cotton-hand/p-A075433835>
[accessed on July 27, 2022]
- “Context” is a sister brand of “MS Rugs”; both brands belong to the company “Sam&M Trade” -
<https://samnmtrade.com/> . Towels by “MS Rugs” and listed as produced by manufacturer “Ashgabat dokuma teksil”, based in Ashgabat, Turkmenistan, are being retailed on Amazon, among others:
<https://www.amazon.com/Msrugs-Lightweight-Bathroom-Perfect-Kitchen/dp/B07MKDTRVR?th=1> [accessed on July 27, 2022]
- Sam&M’s website lists the following retailers selling Context and MS Rugs products, in addition to the platforms noted above: Walmart, Overstock, Wayfair, and Ebay.
- In 2021, The Cotton Campaign wrote letters to [Overstock](#) and [Wayfair](#), requesting they remove Turkmen cotton products from their websites and take additional measures to prevent goods tainted with forced labor from entering their supply chains. Following the letters, it appeared that both companies removed Turkmen-origin cotton products from their platforms. However, Overstock has in the last year resumed selling Turkmen cotton towels. On July 18 2022, the Cotton Campaign made this information public to journalists and policy makers during a [webinar](#) hosted to launch the 2021 report on forced labor in Turkmenistan. A week later, it appears that Overstock has again removed the Turkmen cotton towels from its platform.

1.3. **Increased efforts to achieve full traceability and transparency of the global cotton supply chains** are urgently needed to be able to identify and block all shipments containing products made with Turkmen cotton from entering the U.S. Data made available through the [UN Comtrade](#) and [OEC](#) databases for 2020, and Cotton Campaign research on commercial trade databases, reveals that forced labor Turkmen cotton enters global supply chains through two main streams: i) as finished goods produced in Turkmenistan and exported through direct trade routes (or transshipped) to, for example, Kazakhstan and Russia, but also the U.S., and Canada, and ii) through suppliers in countries that produce textiles using Turkmen cotton, yarn and fabric, in particular Turkey, but also China, Pakistan, and Portugal, among others².

1.3.1. USTR should engage other government agencies—including through the FLETF, the PITF, the Trade Policy Review Group (TPRG) and the Trade Policy Staff Committee (TPSC)—to **ensure that the U.S. trade strategy and all U.S. trade agreements and instruments reflect the complexities of the global cotton**

² See page 19 in the report *Review of the Use of Forced Labor During the 2021 Cotton Harvest in Turkmenistan* by Turkmen.news and the Turkmen Initiative for Human Rights, https://static1.squarespace.com/static/618550501fe9be0ff3428860/t/62de40eed701ff144dd891c4/1658732787144/CC_TKM_2021_HARVEST_REPORT.pdf

supply chains and ensure that forced labor Turkmen cotton products do not enter the U.S. through third countries. At the same time, USTR should engage the Department of Homeland Security and the Ways and Means Committee to **require CBP to develop and publish a robust strategy** to identify shipments that contain Turkmen cotton and are exported to the U.S. from third countries.

- 1.3.2. **Mandatory human rights and environmental due diligence (mHREDD) and corporate accountability legislation** requiring companies to map and publicly disclose subsidiaries, suppliers, sub-suppliers and business partners across their supply chains, and exclude products tainted by forced labor, plays a key role in eliminating forced labor Turkmen cotton from global supply chains. As a standalone mechanism, the WRO against Turkmen cotton is insufficient to drive the change required to address the root causes of forced labor. The WRO should therefore be viewed as part of a wider regime, including mHREDD, to address forced labor. Most importantly, these tools must complement and reinforce each other. **Unless mapping and disclosure is ensured through a company's due diligence process**, the presence of Turkmen cotton within a company's value chain will likely be extremely difficult to identify, **impacting the enforceability of the WRO**.
- 1.3.3. Due diligence legislation is already effective in France and similar supply chain legislation will enter into effect in Germany in 2023, while proposals for corporate accountability legislation are being advanced at the EU level, in the Netherlands, and Canada, among others. To **encourage best practices for supply chain transparency** and efforts to eliminate forced labor from cotton supply chains, and promote responsible business conduct, **USTR should use trade instruments to grant preferences** to countries that implement and enforce human rights due diligence legislation and to companies that publicly disclose their suppliers throughout their entire supply chain and implement and verify a legally-binding policy that prohibits the use of forced labor cotton, including cotton from Turkmenistan, in their products' supply chains.
- 1.3.4. **USTR should also encourage supply chain mapping and disclosures of U.S. companies' supply chains**, through its public outreach efforts to state and local governments, and business communities within the mandate of its Office of Intergovernmental Affairs and Public Engagement (IAPE), and by engaging other federal agencies through the forced labor working groups that it is a member of.
- 1.4. Incorporate a reference to the WRO against Turkmen cotton in the [Trade and Investment Framework Agreement \(TIFA\) between the U.S. and Central Asian countries](#). **Use the TIFA Council as a platform to engage the government of Turkmenistan** to acknowledge the state-imposed forced labor system in cotton production and take steps to reform it.
- 1.5. **Benchmark compliance with human rights treaties and labor rights conventions to trade benefits** and ensure that Turkmenistan [becoming an acceding country](#) at the World Trade Organization (WTO) does not encourage trade of forced labor Turkmen cotton products. **Use the U.S. government's influence within the membership of the WTO** to encourage that Turkmenistan's admission to the WTO is conditional to developing and implementing a roadmap to end state-imposed forced labor in cotton and create an enabling environment for labor rights.
- 1.6. **If/when Turkmenistan begins to transition away from the use of state-imposed forced labor**, independent, ongoing monitoring, including through support for an enabling environment for civil society and independent trade unions, should then be required. The lifting of the WRO against Turkmen cotton should require credible evidence that, in cooperation and consultation with independent civil

society and trade unions, corrective action has been taken or remedy provided. Proof of the absence of forced labor should be in line with ILO standards - including the [“harder to see, harder to count” guidelines](#) - and should not be allowed to rely on audits or certification. Any GSP preference program covering (directly or indirectly) products made with cotton from Turkmenistan should include an import prohibition against goods made using forced labor and provisions protecting workers’ rights to freedom of association and collective bargaining.

1.7. CBP should also sign an MOU with the International Labor Affairs Bureau (ILAB) at the Department of Labor to establish protocols to **ensure that WROs do not undermine freedom of association and collective bargaining.**

2. How can the U.S. Government bolster the forced labor components of trade agreements and trade preference programs to have greater effect?

2.1. **Do not allow forced labor Turkmen goods that are subject to the WRO and denied entry into the U.S. to be re-exported for sale.** USTR should engage other federal agencies to ensure that these products do not find a safe harbor in other countries with weaker laws. This would undermine the effectiveness of the U.S. government’s measures and would allow companies to continue profiting from the forced labor system in Turkmenistan.

2.2. **Research by the Cotton Campaign exposed that Turkmen cotton products have entered Canada, through the U.S.** This is in violation of the labor provisions of the United States–Mexico–Canada Agreement (USMCA) prohibiting products made with forced labor from entering the signatory States. To ensure that products subject to the WRO on Turkmen cotton are not being transshipped into Canada, in its guidance to implement the USMCA Article 23.6.2, USTR should require CBP to work with their Canadian counterparts to **ensure adequate enforcement** of the import prohibition against goods made using forced labor of the USMCA, **transparency** in the implementation process, **and alignment** between the border agencies’ policies and protocols.

2.3. USTR and the Department of Labor, through the Interagency Labor Committee for Monitoring and Enforcement, should **provide technical assistance to Mexico** to ensure it takes measures to prohibit the importation of goods produced by forced labor, as required under the USMCA.

Cotton Campaign supply chain research findings: Bed sets produced using Turkmen cotton were shipped to Canada in 2020, 2021, and 2022, via the U.S.

- The import information below was obtained through the Panjiva commercial trade database
- Turkmenistan is noted as the country of origin for the products imported into Canada
- The products were shipped to the brand “Bargain Home Textiles”
- The products were shipped by Boremaster Ltd, a company registered in Pakistan, which also operates a 100% owned subsidiary in Ashgabat, Turkmenistan
- Boremaster Ltd is engaged in the cotton trading business through its sister concern in Dubai, UAE – a Special Purpose Vehicle (SPV) that acts as the procurement arm for projects in Central Asia, including Turkmenistan
- The Dubai-based concern trades in cotton, yarn, and fabric - <https://boremaster.com/trade/>

[accessed on July 27, 2022]

- The products are retailed on Amazon.ca - https://www.amazon.ca/Flannel-Cotton-Weather-Bedding-Navy-Red/dp/B08641T74H/ref=sr_1_5?crid=2FKT9LYSKJ0X0&keywords=Bargain%2BHome%2BTextiles&qid=1636390672&sprifix=bargain%2Bhome%2Btextiles%2Caps%2C354&sr=8-5&th=1&wdLOR=cF1B2FB48-8EF5-8346-AA3D-48A06FC3AA58 [accessed on July 27, 2022]

2.4. USTR should engage its trading partners, through the U.S. bilateral and multilateral trade venues, **to introduce import control measures against forced labor products**. This would align efforts with the U.S. and will create a level playing field among all brands, retailers, and suppliers operating globally.

2.4.1. **The Cotton Campaign welcomes the May 15 2022 joint statement by the EU and U.S.** announcing, among other areas of cooperation, the establishment of a tripartite Trade and Labor Dialogue, involving trade unions, businesses, and governments, to be led by the USTR and to promote the eradication of forced labor and child labor in supply chains. The European Commission is expected to publish in the fourth quarter of 2022 a proposal for a law prohibiting products made with forced labor from entering the European market. To ensure that Europe is not a safe haven for goods containing forced labor Turkmen cotton, **USTR should use the Trade and Labor Dialogue platform to advocate with the EU Commission** for the proposed measures to be regional in scope and ban cotton originating in Turkmenistan. Targeting specific entities would not work in the context of state-imposed forced labor in Turkmenistan and the scope to ban the import of all goods, made wholly or partially with Turkmen cotton, similarly to the U.S. WRO, should be included.

2.4.2. Under USMCA and as part of the US-EU joint commitment to promote responsible business conduct and increase the effectiveness of trade and labor engagements, USTR should request CBP to **liaise with authorities in Canada, Mexico, and the EU to share evidence and align procedures**. CBP should also investigate products/importers implicated in the determinations by Customs Authorities from third countries to identify the import of potentially tainted products to the U.S. market. This would facilitate the identification of facilities and suppliers in third countries that are using Turkmen cotton. In practice, this could mean that countries with existing import control mechanisms such as Canada and in the future, the EU, should alert CBP (and vice versa) whenever they identify suppliers, for example from Turkey or Pakistan, using Turkmen cotton in a company's supply chain.

2.5. The U.S. government should ensure **improved public access to Customs data**, to facilitate the identification and monitoring of the importation of products made with forced labor Turkmen cotton.

3. What new and innovative trade tools can the U.S. Government develop and utilize to advance efforts to combat forced labor in traded goods and services?

3.1. **Ensuring effective remedy** to affected stakeholders should be a core principle of any trade strategy or instrument aimed to combat forced labor. **In the context of state-imposed forced labor in Turkmen cotton production**, companies are unable to support the direct provision of remedy to workers. As an alternative, the Cotton Campaign recommends that companies which are found to have contributed to or benefited from Turkmen forced labor are required to engage with representatives of the global Turkmen community to support financial aid to Turkmen refugees, including victims of forced labor and

Turkmen human and labor rights organizations working from exile, and to monitor the effective implementation of remedy. USTR should engage its trade partners, stakeholders, and co-members of the FLETF to encourage the introduction of such requirements on companies.

- 3.2. The Cotton Campaign also recommends that USTR, in cooperation with other federal agencies, **establish a multi-stakeholder working group**, which includes the participation of civil society organizations (CSOs), transparency groups, and academics, to develop **a set of guidelines for effective remedy** in contexts of state-imposed forced labor.

4. How can the U.S. Government make the development of trade policy on forced labor a more inclusive process?

- 4.1. USTR and the other relevant government agencies should maintain **ongoing communications** with representatives of the global Turkmen community, including victims of forced labor and Turkmen human and labor rights organizations working from exile. [Turkmen.news](#) is an independent news and human rights organization founded in 2010 and based in the Netherlands. Alongside reporting, Turkmen.News engages in human rights defense by bringing cases of violations to governments and larger human rights organizations. Turkmen.News is a long-time partner of the Cotton Campaign and has monitored forced labor in cotton production in Turkmenistan for nine years. Vienna-based **Turkmen Initiative for Human Rights (TIHR)** is a leading voice on human rights issues in Turkmenistan and has published first-hand monitoring on a range of rights issues for years on its [Chronicles of Turkmenistan](#) website.
- 4.2. USTR and the other relevant government agencies should engage with **civil society organizations, researchers, and transparency groups**, including the Cotton Campaign and its members. The Cotton Campaign welcomes the opportunity to **discuss in depth with the USTR findings from its supply chain research** showing trade flows that allow Turkmen cotton to enter the global markets, **continue providing input** into developing a comprehensive trade strategy to eliminate forced labor Turkmen cotton from supply chains, and **align strategies** to pressure the government of Turkmenistan to reform its forced labor system.

5. Do you have additional recommendations for monitoring, tracing, or eliminating forced labor in traded goods and services in supply chains?

- 5.1. The U.S. government should **support civil society to take action** to eliminate forced labor Turkmen cotton from global supply chains. For example, the USTR should coordinate with the Department of Labor, the Department of State and USAID to support better resourcing for meaningful enforcement and prevention efforts. This includes **allocating resources for conducting in-depth supply chain research** to trace Turkmen cotton in the companies' supply chains, through desk and field research, and in a manner that ensures protection of workers, forced labor monitors, and any whistleblowers revealing information that links suppliers, subsidiaries and other actors in the supply chain to global brands and retailers.
- 5.2. USTR should coordinate with other federal agencies and engage the private sector, civil society, and academics to develop (and expand existing) **open source platforms for supply chain data disclosure**.

To support civil society organizations in utilizing these data to combat forced labor, the U.S. government should advocate with the private sector for making access to these platforms free-of-charge or provide subsidies to NGOs, academics, and transparency groups working on this issue.

Below are two examples underscoring the need for further investments by the U.S. government in supply chain research and civil society initiatives to trace Turkmen cotton in global supply chains; and the need for legislation requiring companies to map their supply chains and disclose their suppliers.

The Cotton Campaign encourages USTR to use this information in its engagement with other federal agencies, policy makers, brands and retailers, and civil society to eliminate forced labor Turkmen cotton from global supply chains.

Case study 1: Research shows that a major U.S. sportswear company sources from a spinning mill in Pakistan that uses Turkmen cotton.

- The import information was obtained through the Panjiva commercial trade database
- Boremaster Ltd., the same company noted in the previous case summary, that is registered in Pakistan and has subsidiaries in Ashgabat and Dubai, shipped in 2020 and 2021 cotton products of Turkmenistan origin to Liberty Mills, a mill in Pakistan.
- Based on a supplier list uploaded by the U.S. sportswear company to Open Apparel Registry, Liberty Mills is one of its suppliers
- The Cotton Campaign is preparing a letter to the company to inquire about its due diligence efforts to ensure forced labor Turkmen cotton does not enter its supply chain; and request that it terminate its business relationship with Liberty Mills if Liberty Mills refuses to stop using Turkmen cotton.
- The Cotton Campaign has shared information about Liberty Mills with CBP. CBP should track any shipments entering the U.S. that are exported by this mill or other manufacturing units in the same compound <https://openapparel.org/?q=Liberty%20Mills&countries=PK> and require importers to provide verified evidence on the origin of materials within the suspected products, through disclosure of suppliers, sub-suppliers and business partners within the product's supply chain, in order to prove the absence of Turkmen cotton within the said products.
- This one case only scratches the surface. The research we conducted was narrow in scope, covering only the company Boremaster Ltd. But import data made available through UN Comtrade and OEC databases shows that Pakistan imported in 2020 almost \$3 million worth of cotton from Turkmenistan. Additionally, there are over 1,400 textiles manufacturing facilities in Pakistan publicly listed through Open Apparel Registry <https://openapparel.org/?countries=PK>. The total number of manufacturing units is potentially much higher, as not all brands and retailers publish their lists of suppliers.

Case study 2: Import data publicly available on UN Comtrade and OEC databases reveal that Turkey is a primary manufacturer of garments and textiles using Turkmen cotton.

- In 2020, Turkey imported from Turkmenistan over \$94 million worth of yarn, over \$28 million worth of fabric and over \$6 million worth of cotton.

- On Open Apparel Registry, there are over 6,000 textile manufacturing facilities listed for Turkey <https://openapparel.org/?countries=TR>, which have been identified as suppliers by around 200 brands and multi-stakeholder initiatives.
- However, these data are not enough to identify i) specific entities in Turkey that are importing Turkmen yarn, fabric, or cotton and ii) make direct links between these entities and the global brands they supply. Further research, as well as mandatory human rights due diligence requiring companies to map their supply chains are urgently needed to close the current gaps and eliminate forced labor Turkmen cotton from global supply chains.

For more information, please contact Raluca Dumitrescu, Cotton Campaign Coordinator, at coordinator@cottoncampaign.org

Read more about the Cotton Campaign's work to end state-imposed forced labor in Turkmenistan at <https://www.cottoncampaign.org/turkmenistan>

A list of all Cotton Campaign coalition members is available at <https://www.cottoncampaign.org/about/#coalitionmembers>