

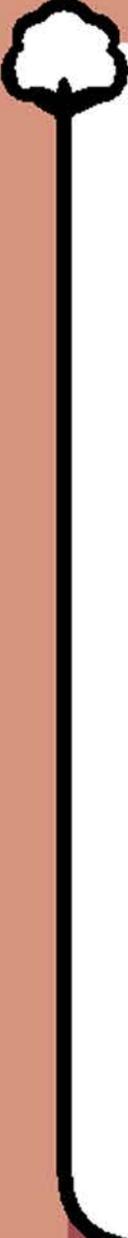


To end forced labor and promote decent work for cotton workers in Central Asia

Turkmenistan: Forced Labor in 2021 Harvest

Forced Labor Turkmen Cotton in Global Supply Chains

Report Launch: July 18, 2022, 10 am ET / 4 pm CET



Agenda

1. Working to End State-Imposed Forced Labor in Turkmenistan

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

2. 2021 Harvest Monitoring Report – Forced Labor Findings

(Ruslan Myatiev – Director, Turkmen.News)

3. 2021 Harvest Monitoring Report – The Situation of Farmers

(Farid Tukhbatullin – Chairperson, Turkmen Initiative for Human Rights)

4. How Forced Labor Turkmen Cotton Enters Global Supply Chains

(Allison Gill - Cotton Campaign Steering Committee Member and Forced Labor Program Director, GLJ-ILRF)

5. Urgent Need for Human Rights Due Diligence Legislation and Forced Labor Import Bans

(Rocío Domingo Ramos - Business and Human Rights Policy and Research Officer, Anti-Slavery International)



Working to End State-Imposed Forced Labor in Turkmenistan

Raluca Dumitrescu
Cotton Campaign Coordinator, GLJ-ILRF

About the Cotton Campaign

Coordinated
and hosted by

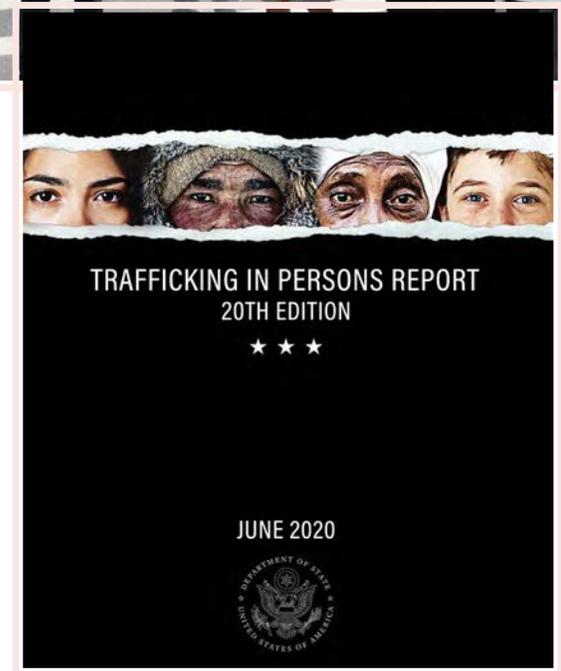


- ▶ Leading human rights advocacy to end forced labor and promote decent work in Uzbekistan and Turkmenistan
- ▶ Multi-stakeholder coalition of labor and human rights organizations, independent trade unions, academics, investors, and brand associations
- ▶ At the forefront of the global movement for transparency and full traceability of the global cotton supply chains
- ▶ On the Steering Committee of the End Uyghur Forced Labor Coalition

Independent Reporting



Campaigning & Advocacy



Research & Accountability



**Turkmen Cotton Pledge
140 signatories**

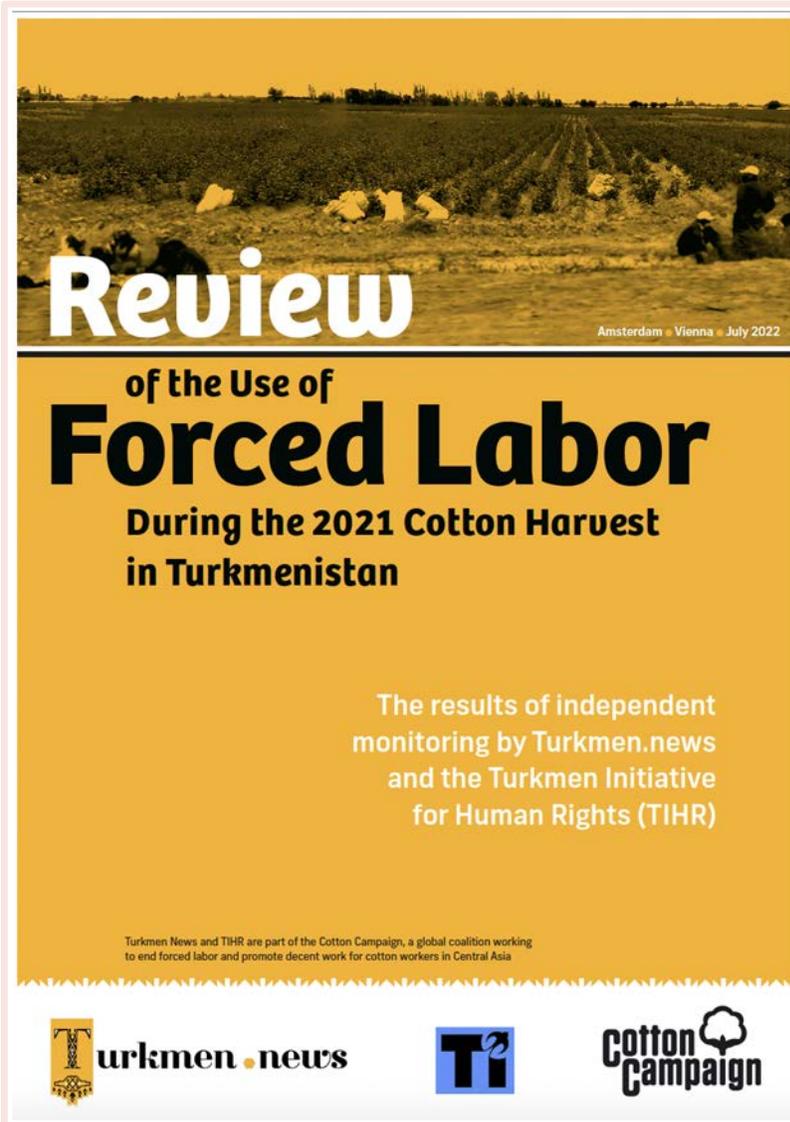
cotton campaign
To end forced labor and promote decent work for cotton workers in Central Asia

European Commission, Call for Evidence

Effectively Banning Products Produced, Extracted or Harvested with Forced Labour

Submission by the Cotton Campaign on how a Ban on Forced Labour Products could Ensure that Goods Made with Forced Labour Cotton from Turkmenistan are no longer Sold Across the EU

June 20, 2022



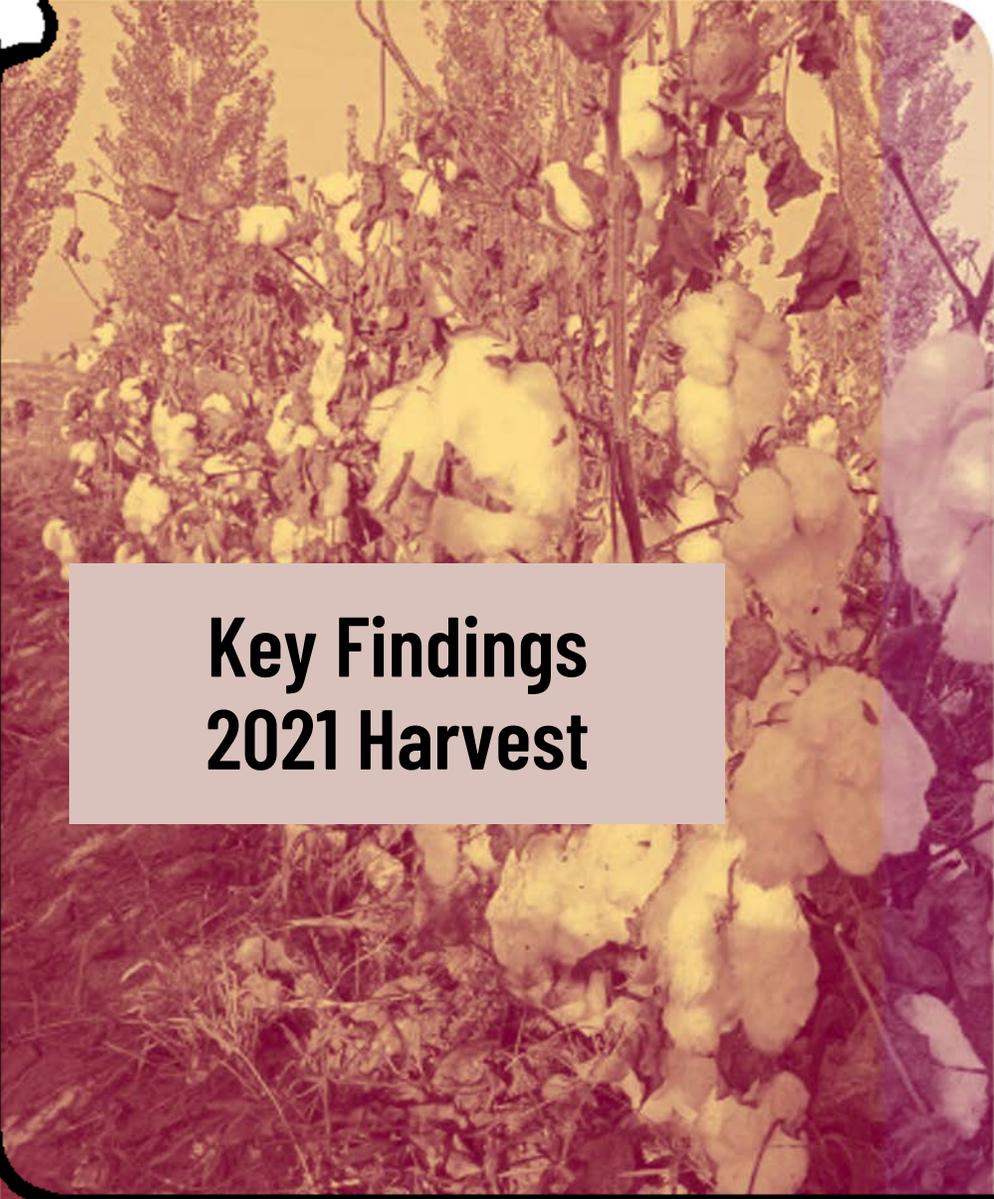
Report Launched Today

- › Forced Labor in the 2021 Cotton Harvest
- › The Situation of Farmers
- › The Risk of Forced Labor Turkmen Cotton in Global Supply Chains
- › Forced Labor, Child Labor, and Extortion to Produce Silk Cocoons
- › Recommendations



2021 Harvest Monitoring Report Forced Labor Findings

**Ruslan Myatiev
Director, Turkmen.News**



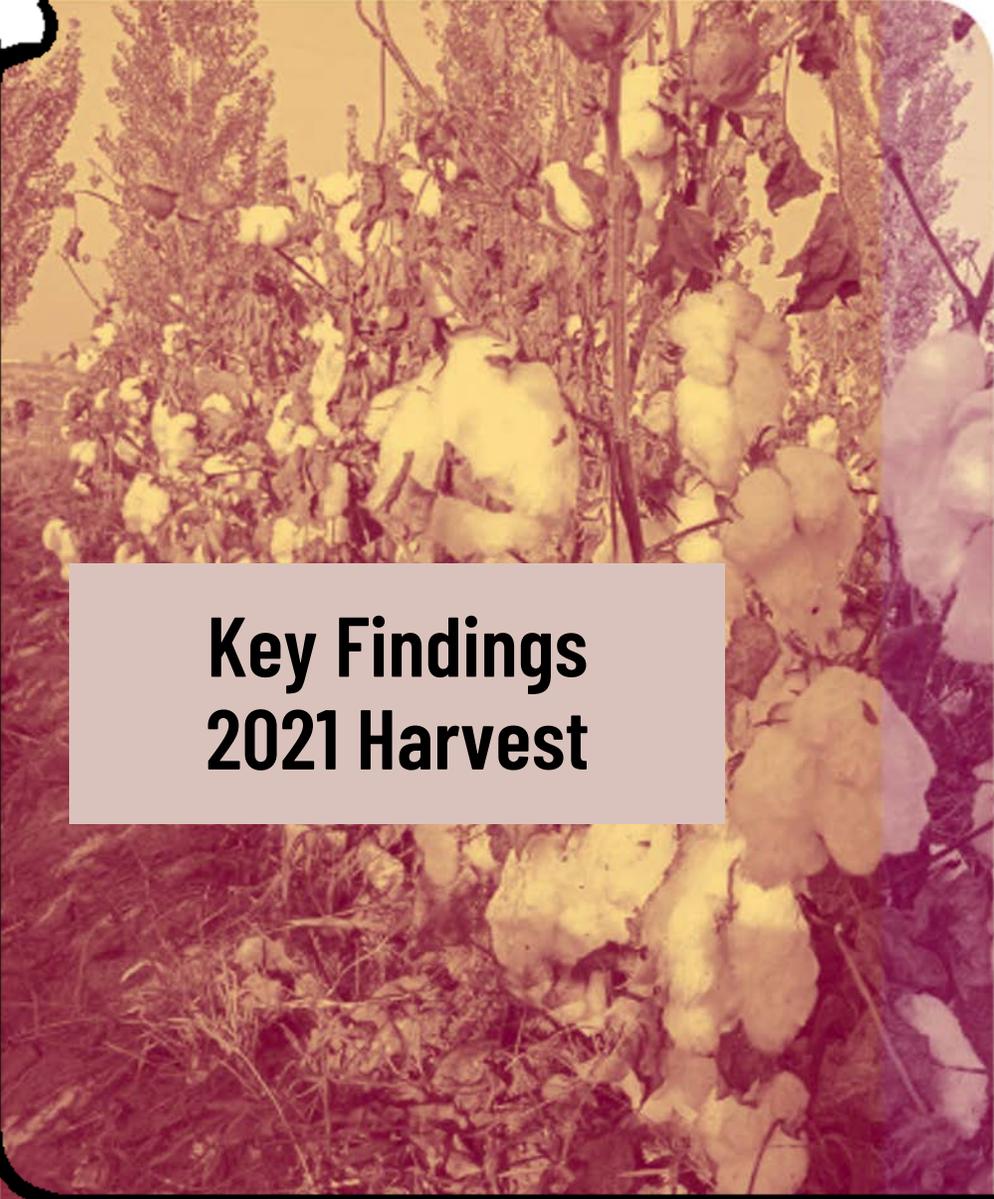
Key Findings 2021 Harvest

Forced labor of public sector employees to pick cotton was widespread and systematic

- ▶ Employees of state organizations and enterprises, including schools, hospitals, and factories
- ▶ Also reports of service members and vulnerable groups, migrant workers, people with registered addictions
- ▶ Workers forced to pick cotton, or – as alternatives – pay money, or hire a replacement worker

Child labor was used in the harvest

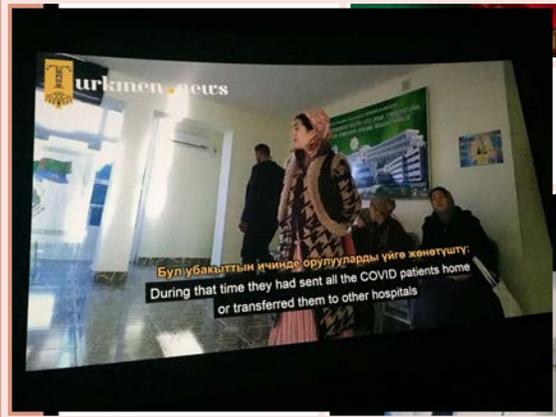
- ▶ Key drivers: state-imposed forced labor system and poverty
- ▶ Children working in the fields along with their parents or as replacement workers for their parents



Key Findings 2021 Harvest

The forced labor system is orchestrated by the government, top-down

- ▶ Top level of government -> district levels -> heads of local organizations
- ▶ “You bring doctors’ notes to avoid picking cotton. These notes are no longer acceptable. Young teachers bring them while the older ones go and pick cotton. Aren’t you ashamed of yourselves?”, said the director of one city school
- ▶ “We’re fed up of having nothing to do. There’s nothing to pick, but people are sent every day. There’s lots of work to be done in school – we’re cleaning all day because of these shifts, but we’re still sent picking. And what about the extra cleaning to prevent coronavirus?”, said a school cleaner



Covid-19 in Turkmenistan

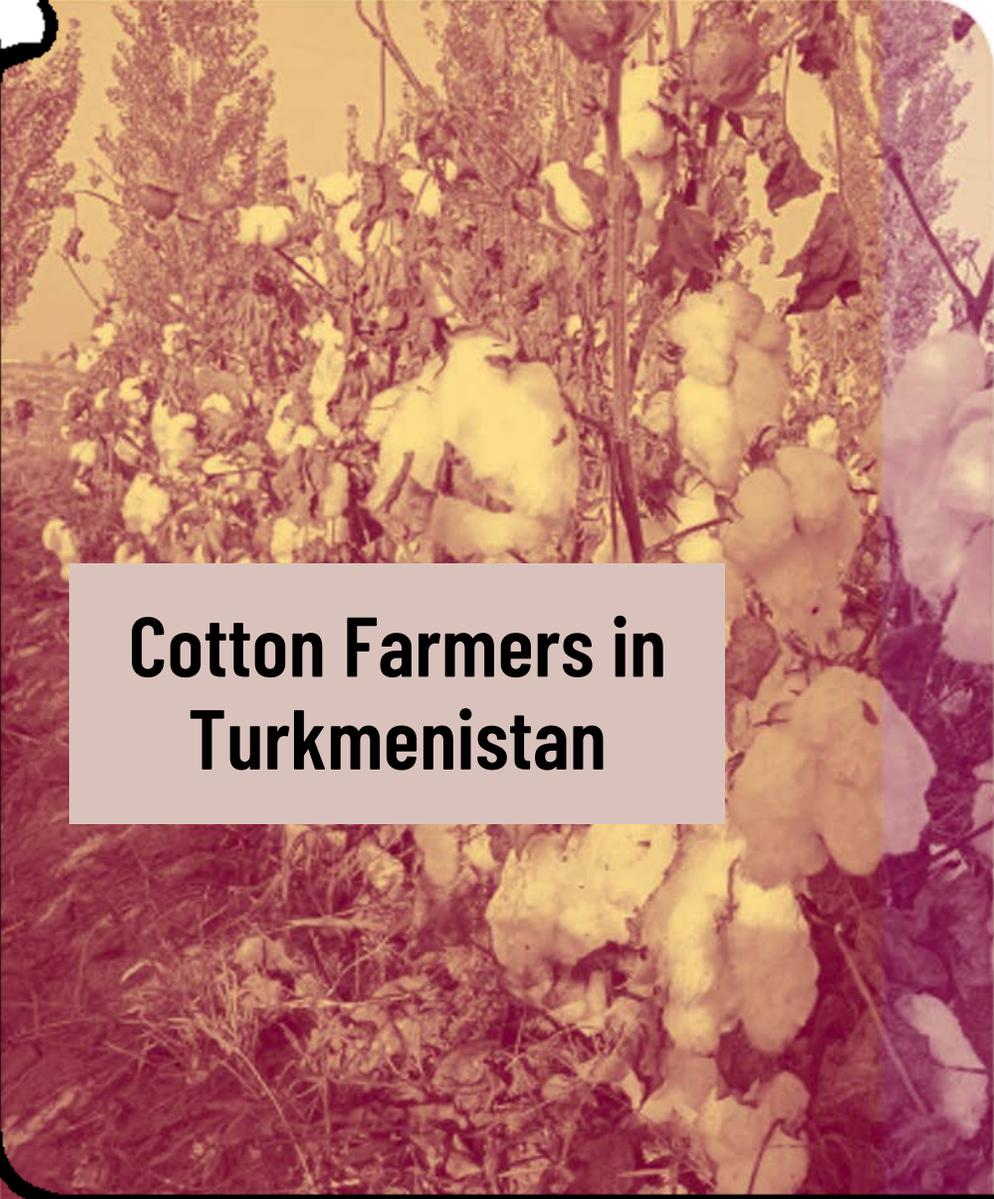
- › Independent monitors documented a third Covid-19 wave that appeared to peak in August-September 2021 -> but Turkmenistan continued to deny the existence of COVID-19 in the country
- › No measures to contain the virus during the 2021 harvest
- › Workers were forced to travel to the fields in overcrowded buses and were not provided with protection masks
- › The Government tightened travel restrictions, preventing travel between regions and districts -> difficult for the independent monitors to conduct field trips
- › The government has punished anyone who attempted to expose the real situation of the pandemic

Turkmen.News
Documentary



2021 Harvest Monitoring Report The Situation of Farmers

Farid Tukhbatullin
Chairperson, Turkmen Initiative for Human Rights



Cotton Farmers in Turkmenistan

- › The government maintains total control of cotton production
- › The government forces farmers to meet official production quotas, under threat of penalty including loss of their land
- › No material and technical support
- › Shortage of fertilizers
- › Selling the cotton: illegal deductions from payments

Low Yields in 2021



- ▶ Drought and problems with supplies of seeds, fertilizers, and equipment -> low yields
- ▶ Despite official reports that the state plan for cotton production had been met, in reality, farmers could not grow enough cotton to meet the quotas
- ▶ Cases of farmers being fined or having their land confiscated, as a result of not being able to meet the cotton quotas

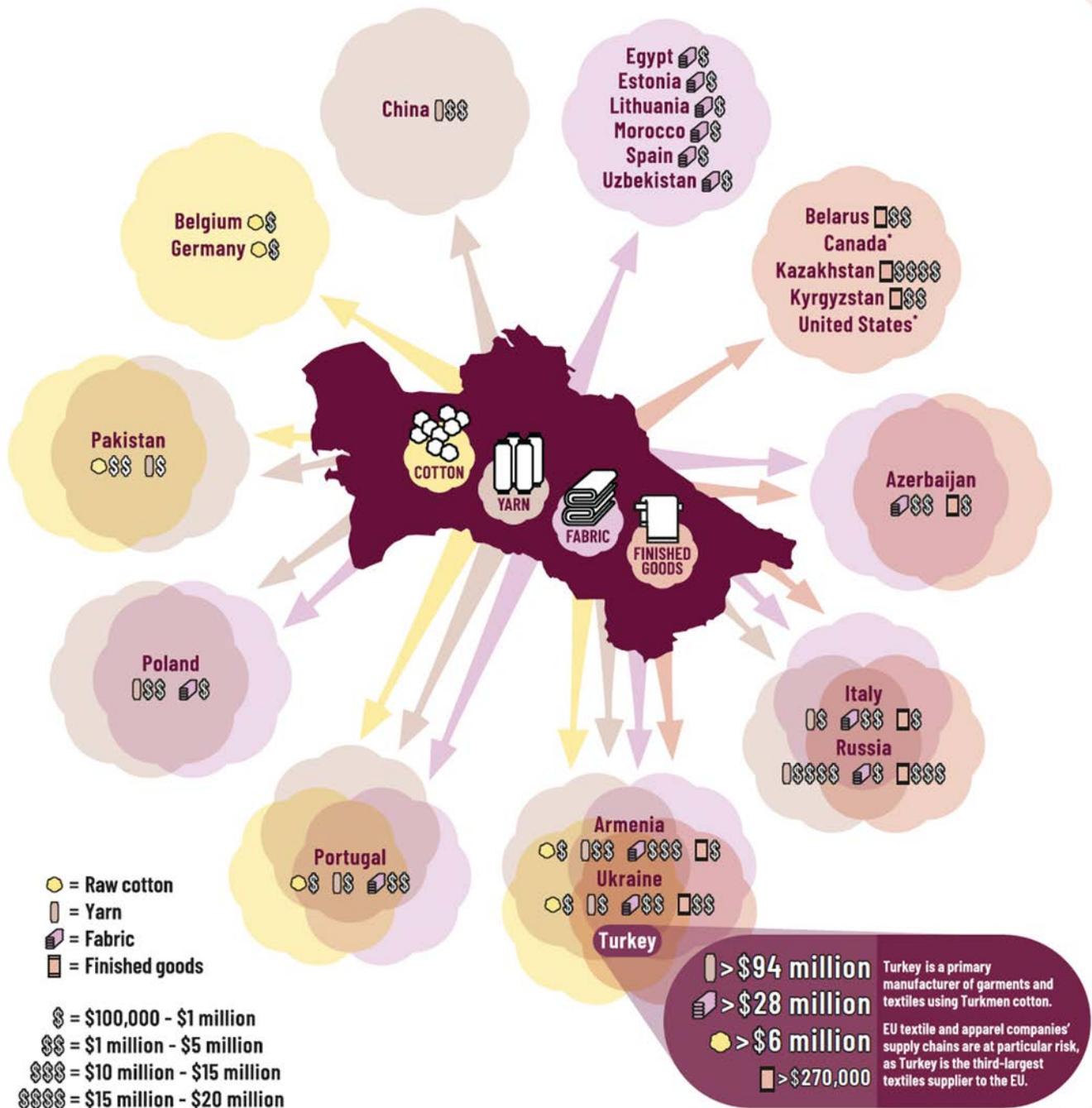


How Forced Labor Turkmen Cotton Enters Global Supply Chains

Allison Gill

**Cotton Campaign Steering Committee Member and
Forced Labor Program Director, GLJ-ILRF**

Supply Chain Research Findings



- ▶ Turkmen cotton and cotton products enter global markets in violation of laws governing human rights due diligence, supply chains, and imports
- ▶ Turkey is a primary manufacturer of garments and textiles using Turkmen cotton
- ▶ Russia, China, Armenia are top importers of Turkmen yarn
- ▶ EU countries Portugal, Poland, Italy, Spain produce finished goods with Turkmen cotton, yarn, fabric
- ▶ U.S. and Canada import Turkmen cotton finished goods (through intermediaries)

Sources: Import data made available through the UN Comtrade and OEC databases for 2020; and Cotton Campaign on commercial trade databases



Case Study 1: U.S. Imports of Turkmen Finished Goods

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

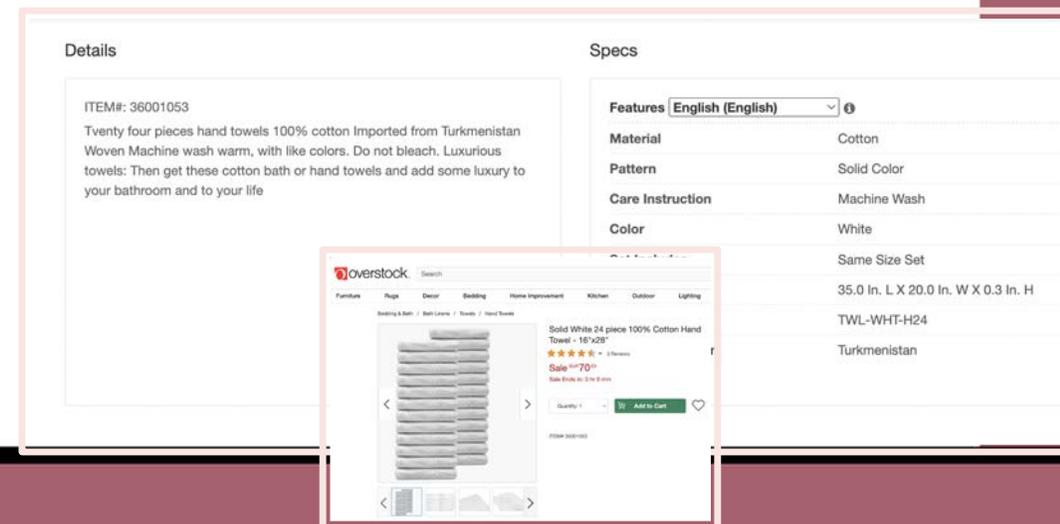
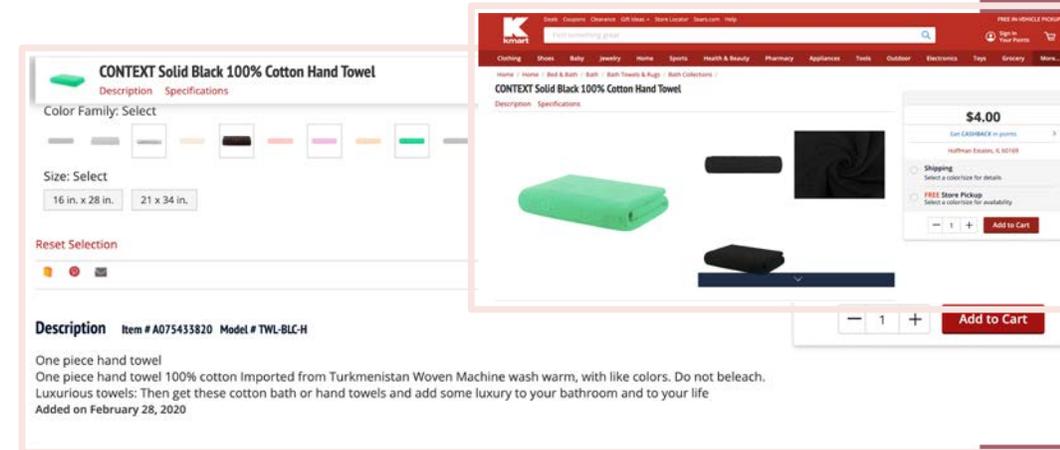
- › K-mart
- › Overstock

-> In May 2021, Cotton Campaign wrote to Overstock requesting to remove the goods, request their suppliers to stop using Turkmen cotton, and conduct enhanced due diligence to ensure a forced labor free supply chain

-> No response to the letter

-> Following the letter, Overstock removed Turkmen products from their website

-> Research conducted in July 2022 shows that the products are back online



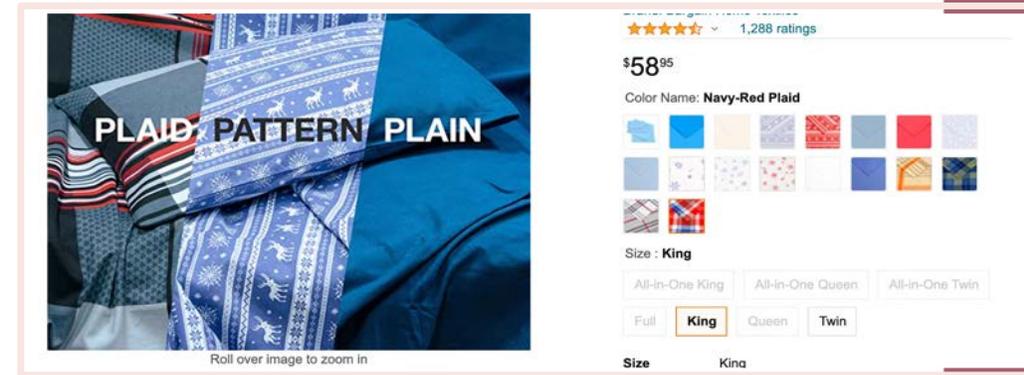


Case Study 2: Canada

Imports of Turkmen Finished Goods

Research on commercial trade databases shows that bed sets produced using Turkmen cotton were shipped to Canada in 2020, 2021, and 2022, via the U.S.

- ▶ Turkmenistan is noted as the country of origin for the products
- ▶ Products shipped to brand Bargain Home Textiles
- ▶ Products 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
- ▶ The products are retailed on Amazon.ca



Product Information	
Technical Details	
Fabric Type	100% Cotton Flannel
Material care instructions	Machine Wash
Warranty Description	30 Days
Batteries Required?	No
Included components	Bed Sheet, Pillow Cover
Additional Information	
ASIN	B08641T74H
Customer Reviews	★★★★☆ 1,288 ratings 4.6 out of 5 stars
Best Sellers Rank	#3,724 in Home (See Top 100 in Home) #75 in Sheet & Pillowcase Sets
Date First Available	April 5 2020
Manufacturer	Bargain Home Textiles
Place of Business	Ottawa, ON K1K 4Z4, CA

▲
0
▼
votes

Question: Where (country) are these made?

Answer: These sheets are made in Turkmenistan. They are very well made and the cotton is quite thick and soft. I have washed a few times and they seem to get softer with washing. I have bought two sets: one in cream and the other is cream with orange and brown plaid. The plaid ones are very thick, but both are very comfortable.

By Heather Lambert on December 5, 2020

~ See more answers (1)



Case Study 3: Portugal

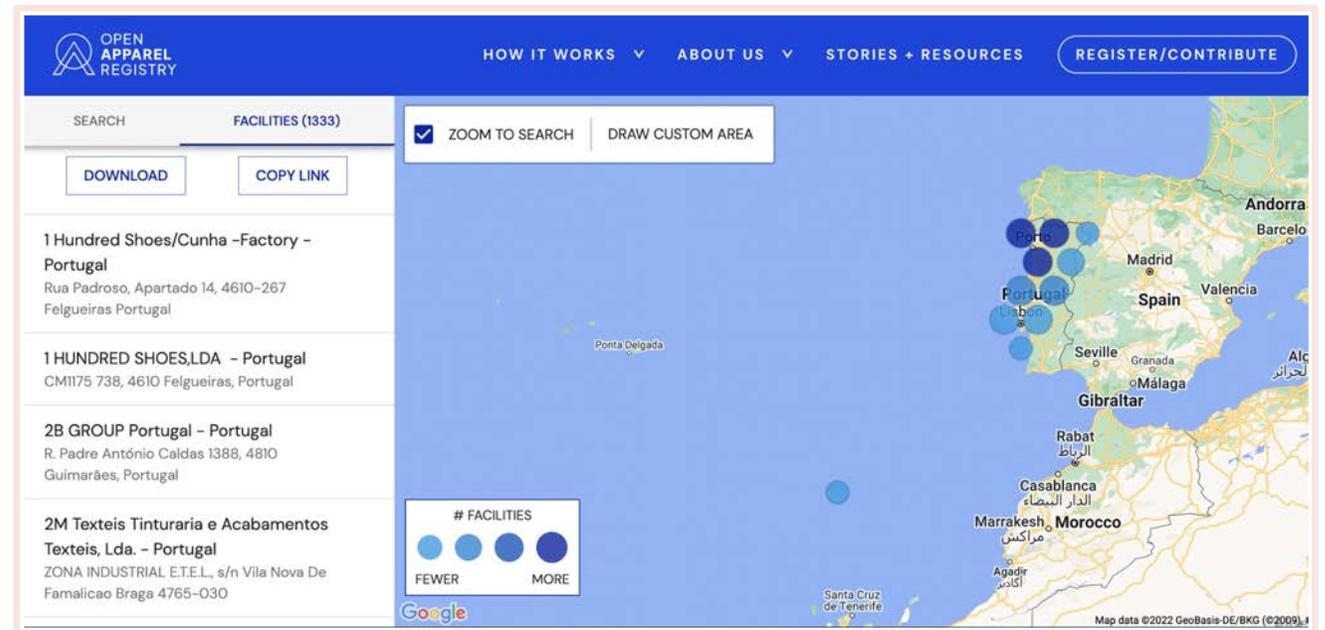
Imports of Turkmen Cotton, Yarn and Fabric

2020 imports from Turkmenistan, according to UN Comtrade and OEC Databases

- ▶ \$1.477.069 worth of fabric
- ▶ \$522.065 worth of raw cotton
- ▶ \$118.302 worth of yarn

According to Open Apparel Registry:

- ▶ >1,200 facilities in Portugal listed by brands and retailers incl. Debenhams, El Corte Ingles, Fruit of the Loom, H&M, Inditex, Next, PVH
- ▶ List not exhaustive





Urgent Need for Human Rights Due Diligence Legislation and Forced Labor Import Bans

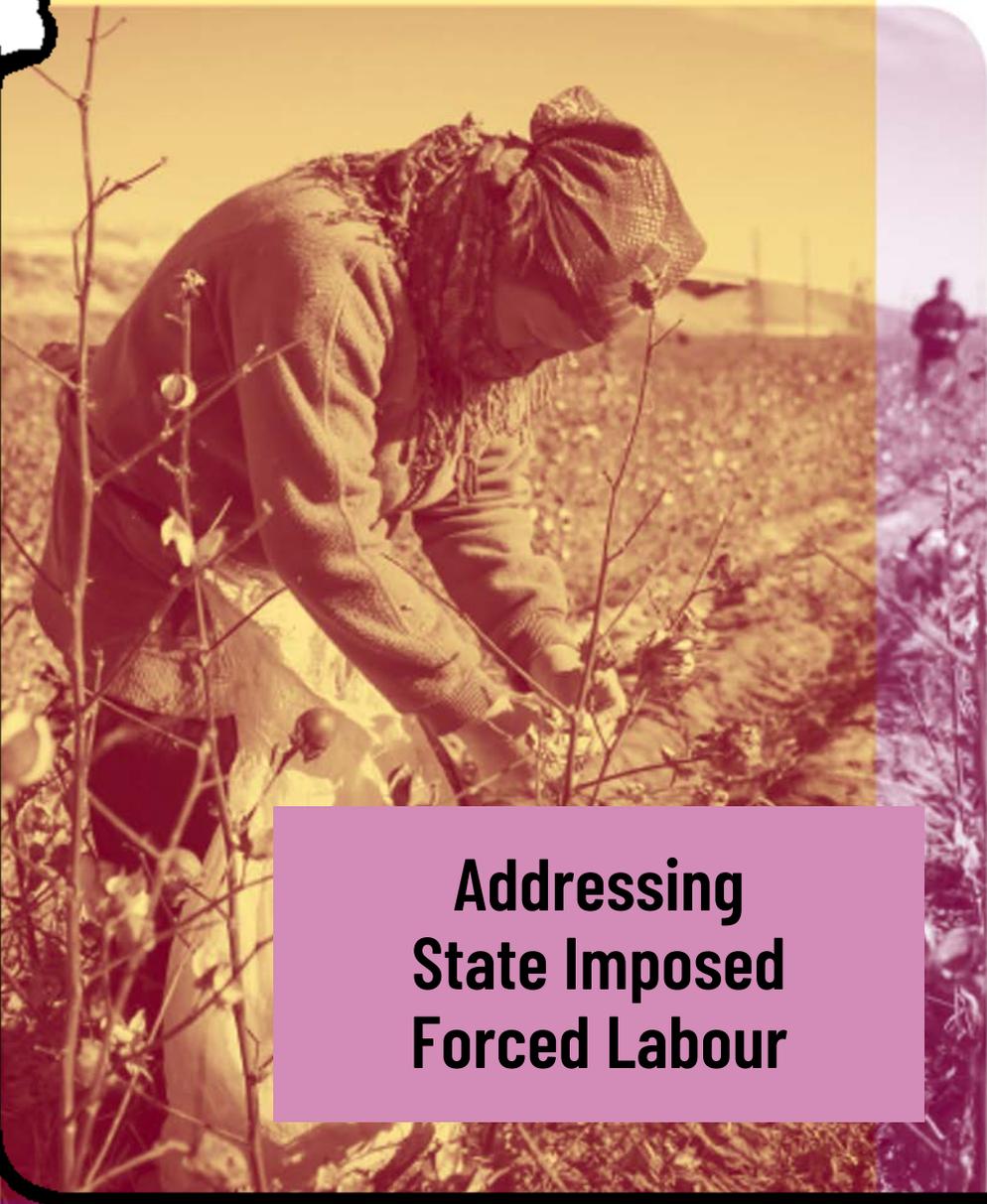
Rocío Domingo Ramos
Business and Human Rights Policy and Research Officer,
Anti-Slavery International



**Removing Forced
Labor Turkmen
Cotton from Global
Supply Chains**

Efforts needed both from companies and governments

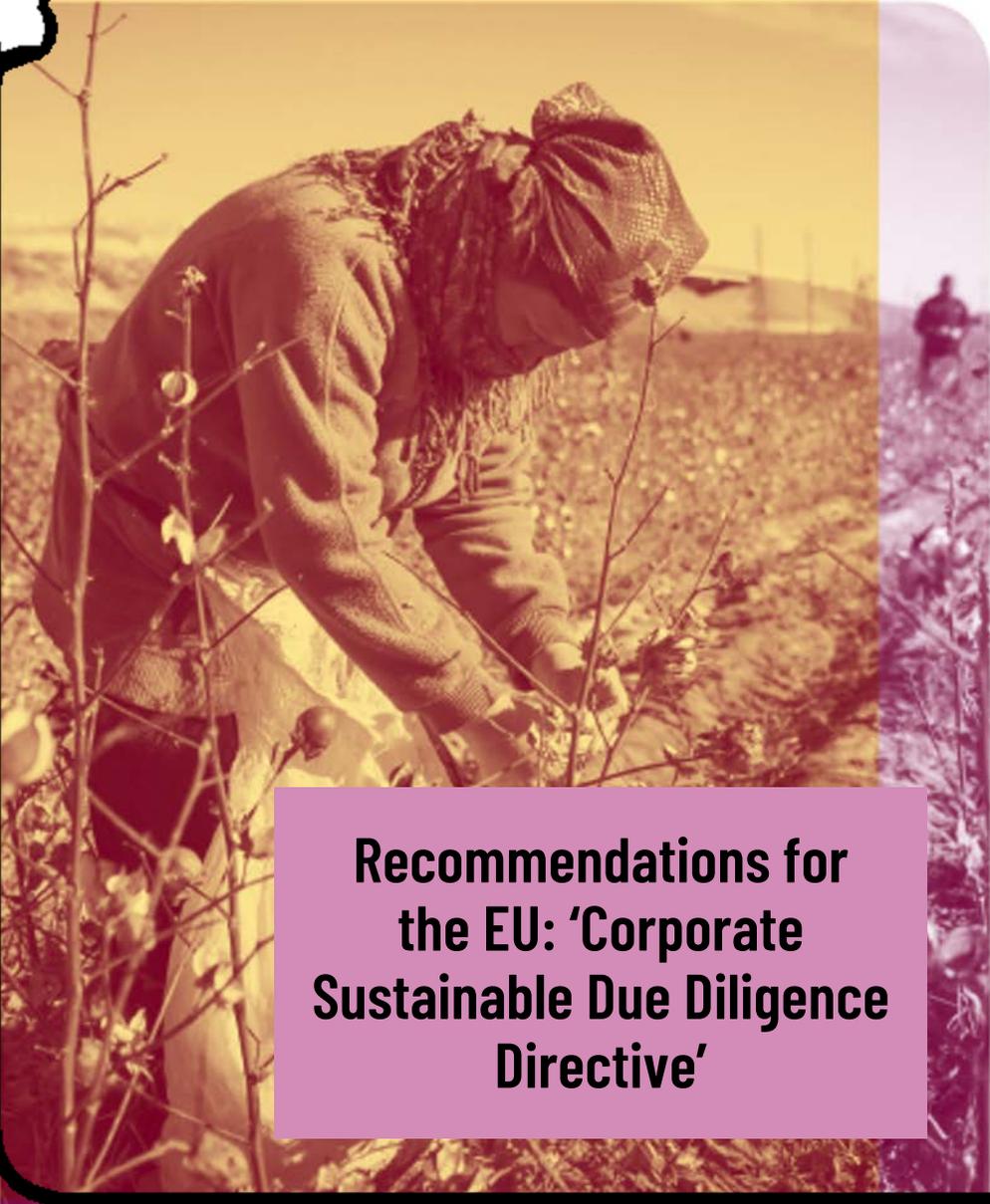
- ▶ Smart mix of measures, including:
 1. Robust mandatory human rights and environmental due diligence legislation (mHREDD)
 2. Effective control mechanisms to ban imports of forced labour products across jurisdictions
- ▶ Legislative developments across the world including the US, Canada, Europe, Australia, etc.



Addressing State Imposed Forced Labour

Mandatory Human Rights and Environmental Due Diligence	Forced Labour Import Controls
<ul style="list-style-type: none">➤ Identify, assess, prevent, mitigate and remedy human rights and environmental risks and impacts across their entire value chains, in line with UNGPs and OECD Guidelines for MNEs➤ Hold companies accountable when they cause harms and when they breach the due diligence standard of conduct➤ Enable effective access to judicial remedy for victims	<ul style="list-style-type: none">➤ Block or seize the imports of goods made or transported in-whole or in-part with forced labour➤ Companies would have to:<ol style="list-style-type: none">1. Prove that goods imported are forced-labour free2. Take action to remedy the situation on the ground before these products are allowed to be imported

Complementarity between the two instruments



**Recommendations for
the EU: 'Corporate
Sustainable Due Diligence
Directive'**

Recommendations to address shortcomings in the EU Commission's proposal for a mandatory human rights and environmental due diligence law

- ▶ **Insufficient scope.** The directive must be amended by bringing the inclusion of SMEs under its scope. EU textile industry is currently largely excluded.
- ▶ The due diligence requirements across the value chain **should not be limited** to only 'established' business relationships
- ▶ The proposal should focus on **strengthening transparency and disclosure requirements**, compelling companies to map and disclose their value chains to the raw materials
- ▶ **Mandate meaningful stakeholder engagement in all due diligence stages.** In Turkmenistan, consulting with credible representatives and consultations with experts
- ▶ Limitations on the financial sector should be removed



Recommendations for the EU: 'Forced Labour Instrument'

In the design of the proposed EU legislative instrument to ban forced labor products from entering the EU, the EU Commission should:

- ▶ **Ensure the proposed instrument is enforceable on a regional-basis**, such as all cotton from Turkmenistan
- ▶ Effective border measure that **allows for the detention or seizure of imports of forced labour goods** at EU borders
- ▶ **Engage with representatives of the global Turkmen community** to support financial aid to Turkmen refugees, including victims of forced labour, and Turkmen human and labour rights organisations
- ▶ **International cooperation** to ensure a global aligned approach on import controls
- ▶ **A public list of forced labour import bans/withhold release orders** should be created



Requirements for Companies

Laws should be designed in order that they will **oblige companies to:**

- › Fully map their supply chains to the **raw material level** and exclude cotton originating in Turkmenistan
- › Establish a **binding policy that prohibits the use of Turkmen cotton** and prohibits business with companies that use it (requiring suppliers, sub-suppliers, and other entities to implement the same)
- › **Verify compliance** with the company policy and **ensure purchasing practices** support its implementation (cease business with companies that refuse to discontinue using cotton from Turkmenistan)
- › Publicly **release documentation** of these steps
- › **Meaningful stakeholder engagement.** Support the advocacy efforts of the Cotton Campaign and its partners



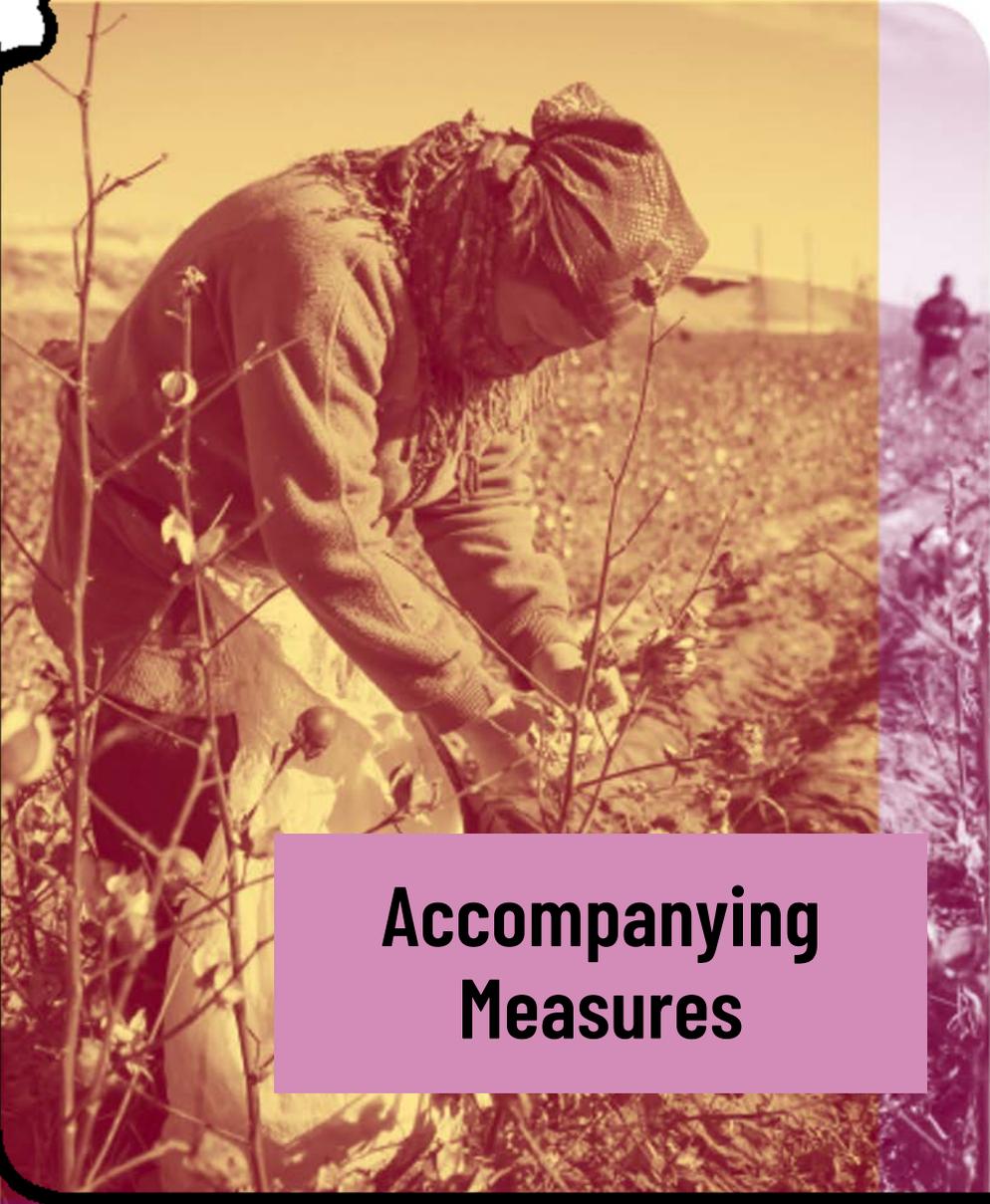
Recommendations for the U.S. and Canada

U.S. CBP should:

- ▶ Publish the list of detentions made and the value of the shipments detained under the WRO against Turkmen cotton
- ▶ Share information and proactively engage with CSOs and experts in supply chain research to enhance efforts to trace

Encourage **enforcement of the labor provisions of the USCMA** and ensure that products subject to the U.S. WRO are not permitted to enter Canada

- ▶ Collaboration needed between CBP, U.S. Trade Representatives (USTR), Canada Border Services Agency (CBSA), and Employment and Social Development Canada (ESDC)



Accompanying Measures

Import controls and mHREDD alone cannot drive the change required to address these root causes of forced labor

These should be viewed as part of a wider regime to address forced labour, which includes:

- › **Trade, diplomatic and foreign policy measures**, including the use of sanctions, to put pressure on the perpetrating governments to end the use of state-imposed forced labour
- › Ensure **public access to customs data** to facilitate the identification and monitoring of the importation of products made from forced labour
- › **Require independent and ongoing monitoring**, including support for civil society and independent trade unions to operate when transitioning from state-imposed forced labour



Links and Contact Information

- ▶ Cotton Campaign website - <https://www.cottoncampaign.org/>
- ▶ Turkmen.News - <https://turkmen.news/>
- ▶ Chronicles of Turkmenistan - <https://en.hronikatm.com/>
- ▶ Joint Turkmen NGOs 2021 cotton harvest report - <https://www.cottoncampaign.org/news/turkmenistan-systematic-forced-labor-in-the-2021-cotton-harvest>
- ▶ Reports about Covid-19 pandemic in Turkmenistan <https://turkmen.news/covid-19/> and <https://en.turkmen.news/spotlight/turkmenistan-o-allah-help-this-country/>
- ▶ Turkmen Cotton Pledge <https://www.cottoncampaign.org/turkmenistan/#turkmencottonpledge>
- ▶ K-Mart retailing Turkmen cotton products <https://www.kmart.com/context-solid-black-100-cotton-hand-towel/p-A075433820>
- ▶ Overstock retailing Turkmen cotton products <https://www.overstock.com/Bedding-Bath/Solid-White-24-piece-100-Cotton-Hand-Towel-16-x28/31256347/product.html?refccid=Z205ETPM6Q5LUPCH5N6KCMQJCU&searchidx=4&kwds=Turkmenistan&rfmt=material%3ACotton#review-aggregation-region>
- ▶ Amazon.ca retailing Turkmen cotton products https://www.amazon.ca/Flannel-Cotton-Weather-Bedding-Navy-Red/dp/B08641T74H/ref=sr_1_5?crd=2FKT9LYSKJ0X0&keywords=Bargain%2BHome%2BTextiles&qid=1636390672&srefix=bargain%2Bhome%2Btextiles%2Caps%2C354&sr=8-5&th=1&wdLOR=cF1B2FB48-8EF5-8346-AA3D-48A06FC3AA
- ▶ Open Apparel Registry list of suppliers in Portugal [not exhaustive] <https://openapparel.org/facilities?countries=PT>
- ▶ Cotton Campaign submission to the EU Commission for a ban on forced labor products https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/13480-Effectively-banning-products-produced-extracted-or-harvested-with-forced-labour/F3316136_en
- ▶ Contact information: Raluca Dumitrescu, Cotton Campaign Coordinator, GLJ-ILRF, coordinator@cottoncampaign.org