

# **UFLPA Guide: Textiles, Apparel, & Fashion**





## Executive Summary

The Uyghur Forced Labor Prevention Act (UFLPA) imposes strict regulatory requirements and import restrictions to the U.S. on goods manufactured wholly or in part with forced labor from the Xinjiang Uyghur Autonomous Region (XUAR).

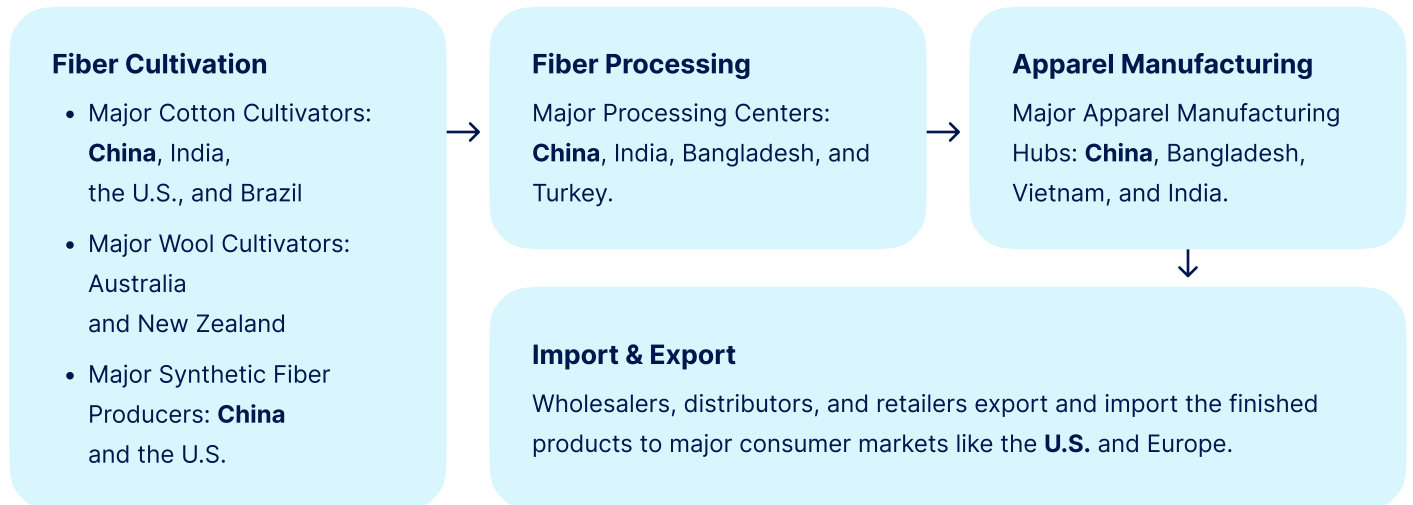
The enforcement of this regulation in a difficult global economic environment amid notable geopolitical uncertainties presents an unprecedented set of challenges, particularly to the textiles, apparels, and fashion industries.

In this white paper, learn about the implications and challenges of the UFLPA, understand how to incorporate these new considerations into your supply chain processes, and review real-world case studies of this regulation in action.

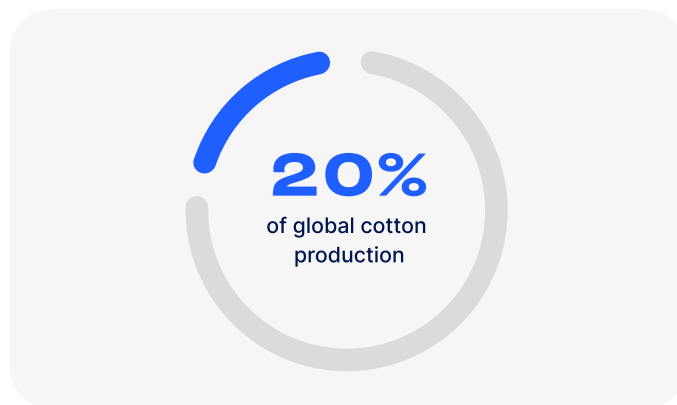


# UFLPA Scale and Implications

## The Global Textile Supply Chain at a Glance

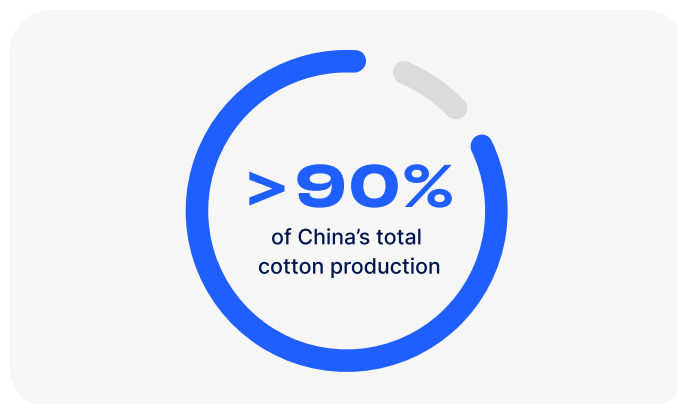


## China and Xinjiang in the Supply Chain



China's role in the global textile and apparel industries:

- **Accounts for about 20% of global cotton production** [1]
- **World's largest producer of cashmere** [2]
- **Dominant in yarn production**



Much of its cultivation and yarn production are concentrated in the Xinjiang Uygur Autonomous Region (XUAR):

- Xinjiang produces **more than 90% of China's total cotton production** [3].
- Xinjiang is the **third-largest producer** of cashmere in China.



## Use of Forced Labor in Xinjiang

Unfortunately, there is evidence across many years that the Chinese government has been systematically exploiting and mistreating local Uyghurs as forced labor in the textile cultivation and processing industries [2, 4, 5].

## UFLPA Requirements

The UFLPA requires a high level of accountability, transparency, and ethical sourcing throughout their supply chains, and if **even a single cotton fiber is traced to Xinjiang, the entire product is treated as prohibited**. Non-compliance not only risks reputational damage but also legal consequences and business disruptions as the U.S. Customs and Border Protection (CBP) may detain, exclude, or seize goods and assess monetary penalties, unless "clear and convincing evidence" shows that no forced labor, situated anywhere in the supply chain, produced any part of the goods. .

### Awareness of the Rebuttable Presumption

Under the UFLPA, the U.S. Customs and Border Protection (CBP) is authorized to presume that any textile or apparel produced wholly or partially in Xinjiang was made with forced labor. All consignments that include such products are seized at U.S. ports of entry by issuing official Withhold Release Orders (WROs).

To rebut this presumption and regain seized consignments, businesses must produce solid documentation and evidence that the products they're importing were not made with forced labor. However, this is easier said than done, and businesses must first set up a series of prerequisites to offer effective rebuttals against the CBP:

### UFLPA Requirements

#### 1. Detailed Supply Chain Mapping

Companies must exhaustively map their entire supply chains by identifying all actors including Tier N suppliers, subcontractors, and intermediaries. This detailed mapping enables the company to ascertain where their products originate and affirms that none of the supply chain segments operate using forced labor, particularly from Xinjiang.

#### 2. Supply Chain Traceability

Beyond identifying the Tier N supply chain, the UFLPA expects fine-grained traceability. This process necessitates cataloging each and every stage — from sourcing the raw material to final product delivery.

Companies should document their traceability and be able to prove the origin of every component of their products down to the last cotton pod.



### 3. Maintaining Comprehensive Documentation

Robust record-keeping is essential for end-to-end traceability. Companies must maintain comprehensive, accessible, and verifiable documentation on:

- Every raw material as well as each processed or manufactured good in their supply chain
- Records of due diligence activities
- Supply chain mappings
- Convincing evidence that their suppliers are not using forced labor e.g. documentation of workers' wages, working conditions, and freedom to leave their jobs
- Audits
- Remediation actions

Proper documentation not only facilitates compliance with UFLPA requirements but also prepares businesses to respond effectively to potential audits by the CBP or other regulatory agencies.

Under the Customs Trade Partnership Against Terrorism (CTPAT), the CBP allows importers to provide documentation of their due diligence efforts to the CBP before importation for easier procedures [11].

### 4. Risk-Based Due Diligence

Conducting risk-based due diligence involves continuous monitoring and assessment of the supply chain to identify and mitigate potential risks associated with forced labor.

Under the UFLPA, companies in the textile and apparel sectors will need to screen against the Office of Foreign Assets Control (OFAC) and UFLPA entity lists to ensure they are not unknowingly supporting or involved in business with prohibited entities [9, 10]. This scrutiny extends to vetting new partnerships and periodically reassessing existing business relationships.

### 5. Contract Management and Enforcement

Textile and apparel businesses must develop strict contract clauses that reflect the UFLPA's standards, mandating all partners within their supply chain to adhere to anti-forced labor policies. Companies should also establish robust mechanisms to enforce these standards, including unannounced audits, third-party verification, and sanctions for non-compliance.

Contracts must reflect the seriousness with which the business approaches compliance, setting a tone of intolerance for unethical practices and ensuring that all partners are contractually obligated to uphold the same high standards.

### 6. Tracking All Consignments Carefully

Under the UFLPA, immediate and accurate tracking of consignments is crucial. Businesses should stay informed about the CBP WROs and ensure that their shipments are not associated with listed entities or regions.

If items are detained, companies must be prepared to quickly provide evidence and appeal for their release.

This emphasizes the need for real-time consignment tracking and the ability to rapidly furnish pertinent documents supporting the legitimacy of their supply chains.

Additionally, to prevent losses, companies should quickly appeal for the release of any items that are not listed in the CBP WROs but are part of the same consignment.



# Challenges Posed by UFLPA Requirements

## Supply Chain Mapping Challenges

Accurate supply chain mapping requires Tier-N suppliers to reveal business details about all of their sub-suppliers. However, dishonest suppliers can easily provide false information, and on-the-ground verification of details is neither easy nor reliable because of China's political and media restrictions.

A common problem that complicates supply chain mapping is the obfuscation of Xinjiang-origin raw materials and products by routing them through neighboring countries including Vietnam, Malaysia, Thailand, India, and Bangladesh.

## Traceability Challenges

End-to-end traceability, from the manufactured good back to every sourced raw material, involves several challenges:

### Data Availability

The act expects fine-grained details about the origins of every raw material. Everyone in the supply chain is expected to provide documents proving that they are not located in Xinjiang or using labor from the region. However, since the prevention of forced labor is not a priority in China, such documents are often simply not available.

### Data Verification

Some documents and affidavits coming from China's suppliers or government agencies may either be forgeries or genuine documents with dishonest claims. Physical verification is also impractical because of the political and security restrictions in China in general and Xinjiang in particular.

### Data Collection

A typical supply chain may have tens or even hundreds of suppliers across multiple tiers. Even if you have the necessary documents, coordinating the collection of this data - often across continents and language barriers - can be onerous.

### Data Authenticity

The authenticity of any traceability claims is also suspect. Suppliers can easily deny that some materials came from Xinjiang, and there's no easy way to refute them.

### Data Storage and Retrieval

For large companies, managing the storage and efficient lookup of traceability data can be challenging.



## Due Diligence Challenges

The UFLPA continues to pose new kinds of challenges for the textiles and apparel industries, as these industries have only recently begun implementing infrastructure to combat forced labor. For many textiles and apparel companies, the UFLPA remains a checklist exercise, and they often continue to manually check the UFLPA entity list rather than implementing a streamlined, automated process.

## Documentation Challenges

The CBP's rebuttal presumption policy means that they can withhold consignments on suspicion alone and the organization is responsible in proving that their goods have no association with Xinjiang. To have consignments released, businesses need comprehensive, verified documentation about their suppliers and product traceability for each and every consignment.





# Solving UFLPA Challenges with Robust TPRM Software

A compelling solution for all these challenges is a third-party risk management (TPRM) platform that is powerful and versatile with built-in workflow orchestration, automation, and deep integrations with industry-best compliance and screening services.

Below are some of the essential TPRM software capabilities that enable companies to comply efficiently and reliably with the UFLPA.

## Mapping the Supply Chain

To meet the CBP's expectations on supply chain mapping and address its challenges, find a system that streamlines the collection and verification of details for all your Tier-N suppliers. Key capabilities include:

### Batch Uploading Supplier Details

The typical supply chain can have dozens to hundreds of suppliers. For convenience, efficiency, and quality control, automatically uploading the basic details of multiple suppliers in parallel is a powerful feature. These basic details must comply with U.S. Know Your Business (KYB) and Know Your Customer (KYC) rules including the Customer Information Program (CIP) and due diligence tiering rules

*e.g. Entity name, Doing-business-as name, Key addresses, Tax Identification Number, Business registration number, etc.*

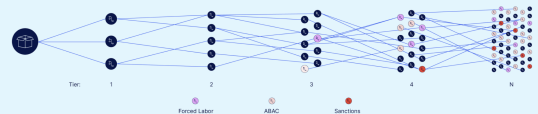
### End-to-End Mapping of Your Supply Chains

Adding Tier-N suppliers and associating each of them with their upstream and downstream suppliers is also critical, so that you can produce the complete supply chain flowchart to rebut the CBP's presumptions of affected supply chains.

### Best Practices for Trade Compliance & Supply Chain Strategies



Optimize around internal, enterprise-specific risks with an inside-out approach to validate supplier disclosures across the entire supply chain.



Recognize and adapt to external threats with an outside-in approach, identifying these potential risks via public commercial data, trade data, and the latest regulations that impact every level of your supply chain.

## UFLPA Self-Disclosure Questionnaires

Request UFLPA self-disclosure questionnaires from your suppliers. Your TPRM platform should make this process simple and convenient for you, with capabilities such as

### Automating UFLPA Questionnaires for Suppliers

Send UFLPA questionnaires via email to all your suppliers, or include these questionnaires in your configured onboarding process so that the platform can automatically store and capture the responses in one consolidate database.

### Notification System to Key Stakeholders

When a supplier submits their forms and questionnaires, the platform should automatically notify your compliance officers.

### Central and Secure Data Storage

The disclosures are stored centrally and can be ingested to build out custom risk scores.

## Product Traceability and Supplier Document Management

Key stakeholders (e.g. supplier managers, compliance officers, etc.) should be able to upload relevant supplier documents to a consolidated, single source-of-truth system:

- Financial statements
- Certificates of origins of raw materials
- Purchase orders
- Invoices
- Consignment packing lists
- Bills of lading
- Manifests

The TPRM should serve as central storage for these critical documents, with features including version control, audit trails, and non-repudiation. If the CBP withholds your consignments, this type of system will be tremendously helpful in having your seized assets released.

## Adjudication Workflows With Collaboration

The TPRM platform should include case management workflows that allow your employee teams to collaborate, discuss flagged suppliers, and adjudicate their cases internally.



## Risk-Based Due Diligence

A robust TPRM platform will enable you to conduct automated risk-based due diligence on each supplier during onboarding and periodically on an ongoing basis after successfully onboarding.

### UFLPA Risk Overviews Throughout the Entire Supply Chain

Enable compliance officers and supplier management teams to visualize the UFLPA risk levels of your entire supply chain for prioritization and quick decision-making.

### Risk Scores Based on UFLPA Questionnaires

Automatically evaluate the questionnaire responses to calculate risk scores based on the responses.

### Custom Risk Scoring

Set up customized risk scoring that combines the quantitative and qualitative data for each supplier.

### Ongoing Due Diligence and Regular Checks Against Government Lists

Schedule regular checks to ensure that a supplier who is added to a government list after a successful onboarding is detected later on. These checks should also include periodical lookups of the UFLPA entity list and the OFAC sanctions lists.

## Integration With Powerful Screening and Forensic Services

Supplier screening services, document forgery detection services, and other business forensics services are important elements of due diligence.

The TPRM platform must address data authenticity and verification challenges by integrating with many screening, business intelligence, document forgery detection, financial forensics, and other types of services.

These services enable the platform to provide powerful capabilities including:

### Risk Scores Based on UFLPA Questionnaires

Automatically evaluate the questionnaire responses to calculate risk scores based on the responses.

### Evaluating the Supplier for Critical Risk Factors

- Does the supplier have a Xinjiang import controls designation?
- Are Xinjiang-related keywords found in company attributes
- Does the supplier have a trade history with Xinjiang entities?
- Does the supplier have operations in Xinjiang
- Is the supplier located in Xinjiang?
- Is the supplier owned by a Xinjiang-based entity?
- Is the supplier a contractor for notorious sanctioned entities, like the Xinjiang Production and Construction Corps (XPCC)?
- Are there any adverse news reports about the supplier?

### Detect Forged Documents

# Case Studies in UFLPA Compliance

## **Natchi Apparel**

In July 2022, the CBP issued WROs against multiple consignments by a major apparel manufacturer based in India.

The company produced comprehensive documentation that it had addressed all five of the indicators of forced labor identified by the WRO.

Within a month of the seizure, the WRO was withdrawn by CBP and all consignments were authorized for import [14].

## **Xinjiang Production and Construction Corps (XPCC)**

In December 2020, CBP detained shipments of cotton products made by a prohibited Chinese company on the UFLPA entity list [16].

The WRO applied to all cotton and cotton products produced by the XPCC and its subordinate entities as well as any products that are made in whole or in part with or derived from that cotton, such as apparel, garments, and textiles

## **Uniqlo**

In January 2021, a shipment of seven stocks of Uniqlo shirts was blocked at the Los Angeles port of entry due to suspicions of being sourced from entities in Xinjiang [15].

Six of the seven shirt styles that were blocked were not made from cotton and therefore admissible, but U.S. customs officials took issue with the seventh style. “Uniqlo has not provided substantial evidence to establish that the entities within the XPCC that processed that cotton into the subject goods did so without the use of forced labor,” the customs agency said in its statement, referring to the Xinjiang Production and Construction Corps.

Uniqlo failed to rebut the suspicion by producing an outdated code of conduct letter, illegible contracts, and suspicious customs declarations.



A photograph showing the backs of two individuals walking through a field of tall, dry grass and small plants. They are wearing traditional headwraps and carrying large, full white sacks. The person on the left has a colorful, patterned headwrap, while the person on the right has a black and white patterned headwrap. The scene is bathed in warm, golden light, suggesting late afternoon or early morning.

## Conclusion

The UFLPA is set to be in effect until at least 2030, and failure to systematically manage these risks may result in severe operational, reputational, and monetary costs, especially at a time when China's geopolitical actions are making global customers wary and compelling businesses to opt for strategies like nearshoring and China Plus One.

This regulation poses challenges at every level of the supply chain, and Compliance Officers are more incentivized than ever to embrace a corporate culture of compliance. Finding the right TPRM platform is a critical piece of this global compliance puzzle and can significantly streamline operations by serving as the single source-of-truth across supply chain mapping, risk-based due diligence, ongoing monitoring, and integrated screening and forensic services.





## How Certa Can Help

Certa's compliance automation platform has helped global Fortune 500 companies achieve greater transparency and control over their supply chain by proactively mitigating risk, automating processes, integrating seamlessly with your tech stack, and providing a single source for all your third parties. With Certa you can achieve:

- 1. Fully Automated Supplier Onboarding:** Data capture and storage of intake questionnaires, screening with industry-best data providers, custom risk scoring, and ongoing monitoring with auto-alert flags - it's all covered.
- 2. Automated Compliance Workflows:**
  - Automated workflows aligning with various forced labor regulations including UFLPA, LkSG, and the Norwegian Supply Chain Act.
  - Includes automated data processing pipelines with all the rules and reports required for forced labor compliance, remediation, and/or rebuttal.
  - Ensures data traceability and standardization to eliminate inconsistencies.

**3. Industry-Best Data Partners:** Certa is directly integrated with industry-leading screening providers including Moody's, Dow Jones, Dun & Bradstreet, Sayari, and others, so that's one less thing on your compliance checklist to worry about.

**4. Integration with Your Existing Systems:** From SAP to D&B, Certa connects with your apps and data so you can work across departments and systems with less friction (120+ integrations).

**5. Enhanced Visibility:** Real-time data and analytics provide unparalleled visibility into every aspect of the supply chain, allowing organizations to monitor performance, identify risks, and make informed decisions promptly.

**6. Cost Reduction:** Reduce operational costs through process automation, reduced manual intervention, and improved resource utilization, ultimately leading to increased profitability.

[Schedule a demo](#) to learn more about forced labor compliance from our experts.



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