

What your business needs to know and do about **the Uyghur Forced Labor Prevention Act (UFLPA)**

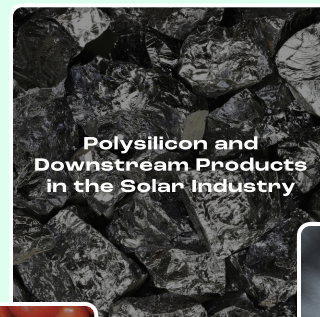
The Uyghur Forced Labor Prevention Act (UFLPA) is a proposed legislation in the United States aimed at combating forced labor and human rights abuses in Xinjiang, China, where there have been reports of forced labor and repression of Uyghur minority group.

The UFLPA seeks to prohibit imports from the Xinjiang Uyghur Autonomous Region (XUAR), unless the importer can prove that the goods were not produced with forced labor. It would also require companies to disclose any links to the Chinese government or its affiliates, and to certify that their products are free of forced labor. Additionally, the Act would impose financial penalties on individuals and entities found to be complicit in forced labor practices in Xinjiang.

What products are impacted by this regulation?

The UFLPA applies to any and all products made, produced, or manufactured in the XUAR, as well as products made, produced, or manufactured elsewhere using labor or materials from the XUAR. However, the following three high-priority sectors are identified as having greater risks of forced labor in their supply chains:

- | Cotton Garments & Textiles
- | Polysilicon and Downstream Products in the Solar Industry
- | Tomatoes and Processed Tomato Products



Real-world Examples: Case Studies of UFLPA Enforcement

Numerous instances of UFLPA's implementation stand as cautionary tales for others to draw insights from, offering valuable guidance on what actions to avoid and how to adhere to its provisions.



Uniqlo shirts

In January 2021, a shipment of Uniqlo cotton shirts, potentially produced using forced labor in Xinjiang, was blocked from entering Los Angeles. Uniqlo's response failed to dispel the suspicions, as they provided an obsolete code of conduct letter, indecipherable contracts, and suspicious customs declarations.



Cotton products

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



Solar panels from major suppliers

In November 2022, CBP confiscated approximately 1,000 shipments of solar panels from three Chinese companies that supply a third of all panels entering the U.S.

3 Reasons Compliance with UFLPA Can be a Challenge

To comply with the UFLPA, businesses must contend with several challenges:

Lack of information:

Xinjiang is heavily guarded and difficult to access, audit, or inspect. Ensuring the absence of forced labor is extremely difficult for foreign businesses.

Falsification of reports:

There's a high risk of falsification of reports by local auditors and employment records by factories.

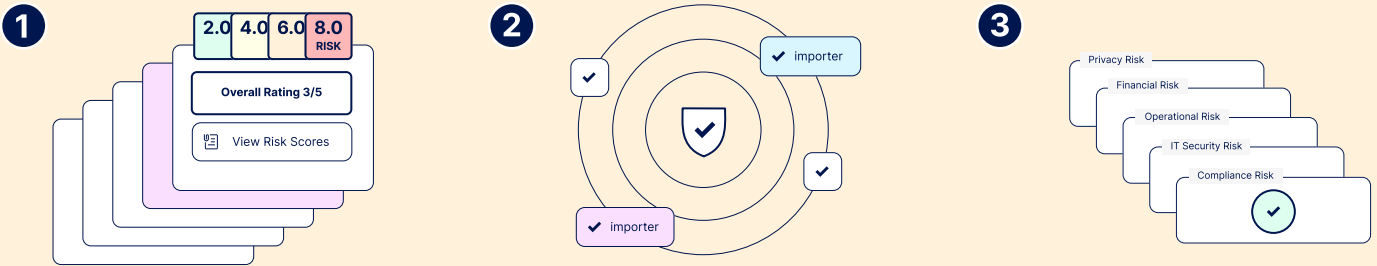
Reputational backlash from both markets:

Compliance requires balancing between Chinese government retaliation and American customer disapproval—making proper management of suppliers, PR, and reputation crucial.



5 Strategies for UFLPA Compliance

Here are the 5 basic components you must follow to help ensure compliance with the UFLPA regulation. For a more in-depth explanation, check out our full [whitepaper](#) here.



1 Conduct due diligence on your suppliers

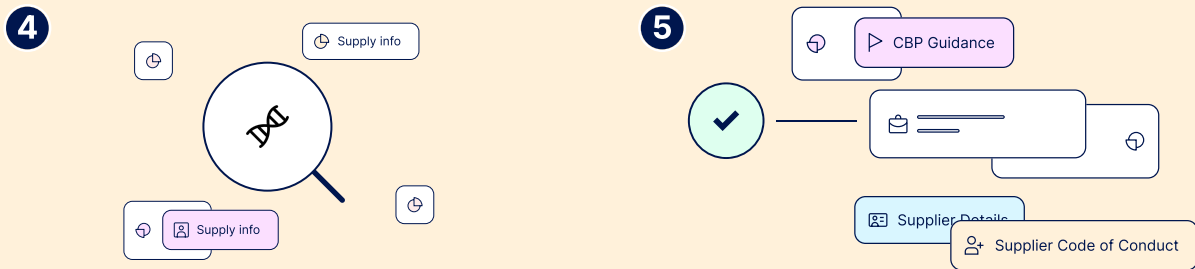
Implement a thorough and extensive due diligence framework to effectively manage your suppliers.

2 Ensure compliance of your importers

Integrate entity lists and CBP notices into importers' and vendors' due diligence workflows to avoid risky entities.

3 Strengthen your risk-based supply chain management

Manage your supply chain risks by implementing risk-based measures to reduce operational, reputational, legal, and financial risks. Follow the DOS' Xinjiang [supply chain business advisory](#) for comprehensive recommendations.



4 Use high-tech supply chain tracing

Implement effective supply chain tracing for all inputs and finished products, including organics like cotton and tomatoes, using advanced techniques like DNA tagging.

5 Keep your documentation flawless

To qualify for UFLPA's rebuttable presumption relief, ensure you have all required documentation outlined in CBP's operational guidance, such as a supplier code of conduct, independent monitoring reports, supplier details, and accounting documents.



Certa offers customized solutions for businesses to comply with legal requirements such as the Uyghur Forced Labor Prevention Act, covering areas like procurement, risk management, supply chain, and contract management. Key features of Certa's solutions include conducting due diligence on third parties, accessing information from government databases and partners like Moody's and D&B, efficient management of documents through Certa's platform, and an ESG component for managing social responsibilities, such as preventing forced labor.

[Schedule a demo](#) to learn more from our experts.