

Mr. Thomas S. Winkowski
Acting Commissioner
U.S. Customs and Border Protection
U.S. Department of Homeland Security
1300 Pennsylvania Avenue, N.W.
Washington, D.C. 20229

May 15, 2013

Petition to exclude cotton yarn and fabric manufactured “wholly or in part” with forced labor in Uzbekistan by Daewoo International Corporation and Indorama Kokand Textile

Dear Commissioner Winkowski,

The undersigned organizations hereby submit this petition pursuant to 19 CFR §12.42 *et seq.* to request a determination from the United States Customs and Border Protection (CBP) that cotton yarn and fabric imported from Uzbekistan are manufactured “wholly or in part” with cotton harvested by forced labor and are thereby prohibited from entry into the United States under the Tariff Act of 1930, 19 U.S.C. §1307. The Tariff Act prohibits the importation of “goods, wares, articles, and merchandise mined, produced, or manufactured wholly or in part in any foreign country . . . by forced labor.” *Id.* The information contained in this petition, and described in more detail in the accompanying Memorandum of Points and Authorities (Exhibit A), demonstrates that cotton yarn and cotton fabric manufactured by Indorama Kokand Textiles and Daewoo International, and other cotton processors in Uzbekistan, are a prohibited class of merchandise under 19 C.F.R. 12.42 *et seq.*¹

First, Daewoo International, Indorama Kokand Textiles, and other cotton processors in Uzbekistan use only cotton produced with forced labor to manufacture its cotton yarn and cotton fabric. In Uzbekistan, all cotton is produced for a government monopoly through a “state order system” for cotton production in which adults and children are forcibly mobilized to grow and harvest cotton by the government. Adults and children working in the cotton production system do not offer their labor voluntarily, and those who refuse to participate suffer penalties enforced by the government, including by the loss of employment; suspension, expulsion or other disciplinary action at school or work; loss of state welfare payments; fines; social ostracization,

¹ 19 CFR 12.42(b) states, “Any person outside the Customs Service who has reason to believe that merchandise produced in the circumstances mentioned in paragraph (a) of this section is being, or is likely to be, imported into the United States and, if the production is with the use of forced labor or indentured labor under penal sanctions, that merchandise of the same class is being produced in the United States in such quantities as to meet the consumptive demands of the United States may communicate his belief to any port director or the Commissioner of Customs. Every such communication shall contain, or be accompanied by, (1) a full statement of the reasons for the belief, (2) a detailed description or sample of the merchandise, and (3) all pertinent facts obtainable as to the production of the merchandise abroad. If the foreign merchandise is believed to be mined, produced, or manufactured with the use of forced labor or indentured labor under penal sanctions, such communication shall also contain (4) detailed information as to the production and consumption of the particular class of merchandise in the United States and the names and addresses of domestic producers likely to be interested in the matter.

verbal abuse, and public humiliation; expulsion from farmland (loss of livelihood); and physical abuse (Exhibit A & B).

Second, cotton yarn and cotton fabric from Daewoo International, Indorama Kokand Textiles, and other not yet identified cotton processors in Uzbekistan have been consistently importing cotton products into the United States over the past five years, and are likely to import more in the future, most recently in February 2013 (Exhibits B – E). Daewoo International and Indorama Kokand Textiles, as well as other producers we’ve not been able to identify yet, have already and are likely to continue exporting cotton yarn and fabric manufactured in part with forced labor to the United States. In 2008, Daewoo Textiles imported 40 tons of cotton yarn into the US (Exhibit C). Since that time, more than 620 tons of cotton yarn and fabric has been imported into the United States from facilities in Uzbekistan by companies we have not been able to identify from publicly available records (Exhibit D). The most recent company shipment for which we have publicly available information was in 2012, when Indorama shipped 188 tons of cotton yarn from its facility in Uzbekistan into Puerto Rico (Exhibit E).

Indorama Kokand Textiles and Daewoo International both operate cotton processing facilities that produce cotton yarn and fabric for export to garment producers globally. Since Uzbekistan does not import one single bale of cotton, cotton grown and harvested by forced labor is the sole component of the cotton yarn and cotton fabric processed in Uzbekistan by Indorama Kokand Textile, Daewoo International, and other cotton processors. Recently, Daewoo International described its operations as well as its knowledge of the ongoing forced labor in Uzbekistan, in an on-line statement February 19, 2013:

*First of all, we, Daewoo International Corporation fully understand that the Uzbek forced labor issue must be solved as soon as possible without reference to adult or child. Because Daewoo International Corporation, having interests of **local company operating the textile business cannot be free from this issue** and, will continue to deal with the Uzbek forced labor issue until it disappear perfectly.*

We would like to explain how Daewoo’ two Uzbek textile companies (“Daewoo textiles”), Daewoo Textile Bukhara LLC and Daewoo Textile Fergana LLC, having dealt with this issue.

In 1996, Daewoo International Corporation has established the Uzbek local textile company for the first time. At now, Daewoo Int’l Corp. has 100% stake of Daewoo Textile Bukhara LLC and Daewoo Textile Fergana LLC which have produced cotton products. We also have 35% stake of GKD(Global Komsco Daewoo) producing cotton pulp, operated by Komsco(Korea Minting and Security Printing & ID Card Operating Corporation) . . .

. . . In Uzbekistan, Ministry for Foreign Economic Relations exclusively export and supply cotton to local textile companies and also have 3 state-

owned companies, UZMARKAZIMPEX, UZPROMMASHIMPEX, UZINTERIMPEX.

Thus, Daewoo Textiles have also being interested in this issue and considerably tried to solve it. Daewoo Textile have consistently suggested the change in the policy of forced child labor toward Cabinet of Ministries of Uzbekistan(Uzbekengelsanoat) since the issue of Uzbek forced child labor was brought up in 2005.

- (Exhibit B)

Companies like Daewoo International and Indorama, who agree to buy into the Government's state order system for cotton production receive significant benefits, including a 15% discount from the export price of cotton, a full 20% value-added tax (VAT) reimbursement, and, when they receive a delivery of cotton, they pay only 15% of the cost and pay the remainder in 120 days at zero interest. However, those benefits come with a cost. Once in the system, the companies themselves become vehicles for distributing cotton products from cotton produced by forced labor, and according to State Department report, efforts to keep tainted cotton out of their supply chains are futile.

Local [government of Uzbekistan] authorities are interfering in the management of [the Central Asia Seed Company's] farms by keeping farmers under state production plans, even though the original business plan, approved by the GOU, states the company's farms are exempt from state orders.²

Third, and the final element required by 19 CFR 12.42 *et seq*, we can demonstrate that domestic cotton processors in the US produce sufficient cotton yarn and cotton fabric to meet the US consumer demand (Exhibit F1 and F2).

Based on this petition and the information provided in support thereof, there is sufficient evidence for the Department of Homeland Security to **exclude all cotton yarn and fabric** manufactured by Daewoo International, Indorama Kokand Textile, and other producers of cotton yarn and fabric in Uzbekistan because it is made "wholly or in part" with forced labor; and publish the findings in the Federal Register pursuant to 19 CFR 12.42(f)

Furthermore, pending publication of a final determination by the Secretary of Homeland Security, there is reasonable basis for an **immediate detention order** on all pending and future imports of goods manufactured by Daewoo International Corporation, Indorama Kokand Textiles, and other unidentified producers in Uzbekistan using cotton grown and harvested under the Government's state order system of cotton production; and **we request that all port directors are directed to withhold release into the United States all shipments of cotton products** from Daewoo International Corporation, Indorama Kokand Textiles, and other

² U.S. Department of State. (Unclassified) Cable from US Embassy in Tashkent: *Uzbekistan: Report on Investment Disputes and Expropriation* (June 18, 2008). Accessed at: <http://wikileaks.org/cable/2008/06/08TASHKENT694.html>

producers of cotton yarn and fabric exporting from Uzbekistan pending a final determination 19 CFR §12.42(e).

Finally, we ask that you please help the people of Uzbekistan and do everything legally within your power to help combat the scourge of forced labor in Uzbekistan by ending the trade of illicit cotton yarn and cotton fabric we know are produced with forced labor. See Exhibit G (Uzbek Civil Society Letter re Daewoo). This important step is vital to end government-sponsored forced labor in Uzbekistan.

Please contact us should you need any additional information.

Sincerely,



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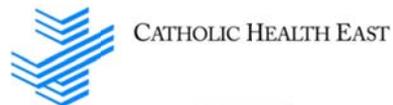
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cc Ambassador Luis CdeBaca, Ambassador-at-Large, Office to Monitor and Combat
Trafficking in Persons, United States Department of State
Senator Tom Harkin
Congressman Chris Smith

Encl. Exhibits A – G

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