

# The U.S. banned Xinjiang cotton imports because of forced labor. Textile workers face abuses in other countries, too.

Consumers play a role in improving labor standards within the global fashion industry



Farmers pick cotton in the Xinjiang region of China in 2018. (STR/Source: AFP/Getty Images)

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In January, the U.S. government banned [imports of cotton and other raw materials](#) from China's autonomous region of Xinjiang. These measures come in response to allegations of forced labor in the region, as [multiple reports](#) have detailed how Uighurs and other Muslims have been held in [internment camps](#) and forced to work under [inhumane conditions](#). On Jan. 19, outgoing Secretary of State Mike Pompeo labeled China's actions in Xinjiang as [genocide](#), citing widespread reports of torture, forced sterilization and restrictions on freedom of religion and expression.

Given the gravity of these allegations, prominent apparel brands such as [Patagonia](#), [Marks & Spencer](#) and [H&M](#) have cut ties with suppliers in the region, and other apparel brands will probably follow suit. How will these efforts affect global sourcing and labor issues within the fashion industry? Here's what our research suggests.

### **1. The garment industry will not be clear of Xinjiang cotton for some time**

The Xinjiang region supplies an estimated [20 percent](#) of global cotton — and most of the [world's major apparel brands](#) source directly from the region. But these same brands also import garments from other countries that use Xinjiang cotton, including Bangladesh and Vietnam. While several global brands have increased the scrutiny of their Xinjiang operations, the [complexity](#) of supply chains in China's [non-transparent environment](#) makes it challenging for corporations to ensure that their goods are free of cotton produced via forced labor.

### **2. It's not just Xinjiang. Labor rights violations are rife in the apparel industry.**

While the forced labor issue in Xinjiang represents an extreme case of abuse, labor rights violations are common in apparel supply chains. The rise of "[fast fashion](#)" brands such as H&M, Zara and Forever 21 has intensified pressures on workers in developing countries, as brands compete to deliver the newest styles quickly and affordably.

Developing-country suppliers face razor-thin margins and tight lead times, making conditions ripe for [violations](#) that involve workers' [wages](#), [hours](#) and [safety](#). And [authoritarian nations](#) such as China and Vietnam or illiberal democracies such as [Bangladesh](#) account for much of global apparel sourcing. The leaders of these countries have strong incentives to undermine respect for the right of workers to [join unions](#) because a vibrant labor movement would threaten their hold on power.

### **3. Consumers have stepped up pressure on brands to improve their standards**

Consumers play an important role in improving labor standards worldwide. In the 1990s, for example, consumer groups helped shine a light on [illegal and unsafe labor practices](#) in Nike-contracted factories, leading the company to adopt more [robust monitoring](#) of its supplier factories.

How does this type of consumer pressure work? In our [research](#), we examine consumer responses to labor rights-related branding campaigns through experiments we ran on 2,000 Americans. In one of our experiments, we presented consumers with either a negative news story relating to H&M's treatment of unions or failure to pay a living wage in supplier factories, or a positive news story about H&M's efforts to improve labor rights.

We found strong consumer responses to negative publicity: Survey responses to the negative news story suggest brands would see expected profits drop by about 50 percent. This finding suggests that brands may face economic consequences when the news media spotlights connections to forced labor in Xinjiang.

#### **4. Consumers can also “boycott” ethically sourced products**

In addition to pressuring firms through a boycott, consumers also influence corporate behavior through “boycotts” — essentially rewarding socially conscious brands that choose to [source ethically](#). In a separate experiment, we examine how consumers respond to different types of [ethical labeling campaigns](#). We designed a set of hypothetical labels related to the [International Labor Organization’s core labor standards](#) (“Union Made,” “Women Empowered,” “Child Labor Free,” and “Living Wage”).

We found that consumers responded more to some labor standards than others. In particular, respondents were willing to pay twice as much for garments advertised as “Child Labor Free” compared to those with the labels related to a living wage, unions or women’s empowerment. Many consumers may equate “child labor” with “forced labor,” suggesting that they could be responsive to products certified and labeled as free from the abuses reported in Xinjiang.

#### **5. Private initiatives to address labor rights abuses tend to focus on the most extreme violations**

Strong consumer reactions to labor rights violations can induce multinationals to join voluntary initiatives to address these issues. For example, public scrutiny after the 2013 [Rana Plaza factory collapse](#) in Dhaka, Bangladesh, prompted brands to sign on to private governance initiatives, such as the [Accord on Fire and Building Safety in Bangladesh](#) and the [Alliance for Bangladesh Worker Safety](#). These initiatives have met with some success — the number of industrial accidents [dropped sharply](#) after the introduction of the Alliance and the Accord, and a larger proportion of factories are now [compliant](#) with international fire and building safety standards.

While these efforts may be effective in addressing specific problems such as compliance with safety regulations, private governance initiatives represent [piecemeal and partial solutions](#) to labor issues. The U.S. order on Xinjiang cotton thus represents an important step forward — a ban is a more forceful measure and it creates [legal and reputational risks](#) for brands that continue operations in the region. By some estimates, the ban could affect [\\$20 billion](#) in annual U.S. retail clothing sales. In response, some brands have increased their transparency efforts by using [forensic science](#) to determine whether Xinjiang cotton is in their final manufactured goods.

The combination of consumer and government pressure means that brands will probably be more proactive in their efforts to clamp down on forced labor in their supply chains. However, most garments will continue to be sourced from countries that lack democracy and respect for labor rights, meaning that violations such as [union-bashing](#), [sexual harassment](#) and [paying less than a living wage](#) will continue. A more sustainable solution will require engagement with political institutions where garments are manufactured — in particular, [labor unions](#) — to encourage garment

workers globally to organize and advocate for their rights.

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