



## International Affiliates

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# UPDATE

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## NEWS

### USA-ITA Signs Letter to Australian Wool Exchange on Mulesing

Last week, USA-ITA and five other industry associations signed a letter to the CEO of the Australian Wool Exchange (AWEX) requesting that they begin requiring their growers to report the mulesing status of their wool on the National Wool Declaration (NWD). Only when there is full transparency on the status of the wool, the letter contends, can retailers and consumers make educated purchasing decisions. [Read the letter here.](#)

Earlier in March, USA-ITA joined with several industry associations and companies in expressing frustration over the Australian Wool industry's failure to continue phasing out the practice of mulesing. Despite promises made in 2006, in 2009 the Australian Wool Innovations (AWI) announced that the industry would no longer work towards that goal. This has left U.S. retailers and importers in a quandary, as another PETA boycott could excessively harm operations.

The letter asks AWI to focus on four core issues:

1. Improve communications with their customers - North American and European apparel retailers and brands;
2. Engage PETA in a good faith effort to address the mulesing issue with a focus on what is and is not working;
3. Lay out a roadmap for resolving the mulesing issue, with specific steps and timeframes, and to communicate their progress in meeting those goals to their customers in North America and Europe; and

4. Encourage the listing and certification of all wool sold on the AWEX as mulesed, ceased-mulesed, or non-mulesed to provide effective traceability for retailers and brands.

The letter was copied to the Australian Trade Minister, the Australian Ambassador to the U.S., and U.S. Trade Representative Ron Kirk. A copy was also sent to PETA, AWI, and the Australian press. [Click here to download a copy of the letter.](#)

## UPDATE

### U.S. Treasury Secretary Testifies on U.S.-China S&ED Meetings

On 10 June, the U.S. Senate Finance Committee held a hearing to follow-up with U.S. Treasury Secretary Timothy Geithner regarding the outcomes of the Strategic & Economic Dialogue (S&ED) meetings held in May. Both the Committee Chairman Max Baucus and Ranking Member Charles Grassley took an adversarial stance toward China's economic and trade policies.

In particular, the committee pressured Geithner on the Obama Administration decision to postpone the biannual report on international exchange rate policies until after the G20 meetings. While Geithner said he does not know when China will take action on the currency issue, it is reportedly unlikely that anything will happen before new economic data is released in July. Committee member Charles Schumer (D-NY) said that he expects S. 3134, which requires the Commerce Department to investigate undervalued currency as a factor in trade remedy investigations, to pass easily, with eighty votes in the Senate.

Grassley argued that if China continues to pursue policies

that favor domestic producers at the expense of trading partners, the U.S. should reconsider the procurement rules applied to Chinese companies.

By contrast, Geithner was much more conciliatory regarding China's progress. He highlighted recent growth in U.S. exports to China, as well as a dramatic decline in China's trade surplus as a share of the overall economy.

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## NEWS **New Public-Private Initiative Unveiled to Stop Illegal Wood Trade**

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On 26 May 2010, a group of non-profit organizations, industry associations, companies, and a U.S. government agency launched a new initiative, the Washington, D.C.-based Forest Legality Alliance. The purpose of the alliance is to help importers ensure that their supply chains are free from illegal wood and wood products. On their website, the new group describes themselves as "a joint effort of the World Resources Institute and the Environmental Investigation Agency, supported by the United States Agency for International Development and companies in the forest sector." Their goal is "to reduce illegal logging through supporting the supply of legal forest products."

The Forest Legality Alliance website, [www.forestlegality.org](http://www.forestlegality.org), provides a range of resources from frequently-asked-questions about the Lacey Act to procurement policies in different countries. The information available on the website includes reports such as *Setting the Story Straight: the U.S. Lacey Act: Separating Myth from Reality*, and *The U.S. Lacey Act: Frequently Asked Questions About the World's First Ban on Trade in Illegal Wood*.

The press release announcing the creation of the Alliance says that the U.S. is the "first country to ban imports of illegal wood and related products" as a result of the Lacey Act amendments in 2008. The Alliance says that the European Union (EU) and Australia are close to enacting their own laws--the EU "is in the final stages of approving a 'due diligence' regulation to curb illegal timber entering the European market, and Australia is also considering legislation to prohibit trade in illegal wood."

The Alliance says they will help stop trade in illegal wood by providing information to importers, and by facilitating legal trade in the wood sector:

*The Alliance will ensure that importers and supply chains know and understand the emerging new trade policies. It will develop new online resources that help companies assess the risk of encountering illegal wood, conduct due care, and complete import declarations. It will work with suppliers to document best practices and unforeseen challenges associated with purchasing legal wood and complying with import regulations. It will focus on the capacity for legal trade*

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*in the sector as a whole, rather than on the performance of individual companies, and complement existing initiatives that certify legality and sustainability.*

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## NEWS **WTO: World Trade Up By 25 Percent for First Quarter 2010**

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The World Trade Organization (WTO) announced that global merchandise trade by value was up 25 percent during the first quarter of 2010, compared to the first quarter of 2009. According to the WTO data, world exports are up by 27 percent, while imports are up 24 percent. U.S. exports grew by 20 percent and U.S. imports increased by 21 percent. For China, exports grew by 29 percent, while imports increased by 65 percent compared to Q1 2009.

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## UPDATE **CPSC to Begin Issuing Detention Notices**

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On June 2, 2010, the Consumer Product Safety Commission ("CPSC") along with U.S. Customs & Border Protection ("CBP") conducted a webinar regarding CPSC notices of detention. To date, detention notices with regard to alleged CPSC violations have been issued by CBP. CPSC intends to take over this role and issue its own notices with more detailed information starting on or about June 14, 2010. Below is a summary of the presentation:

- Detention notices will be issued by a CPSC compliance investigator or field officer.
- Notices will contain the following information:
  - Description of the suspected violation;
  - Relevant statute; and
  - CPSC contact information
- Notices will be issued to the importer with copies to the customs broker and CBP; importer can choose to receive the notice by email or fax.
- Only the goods described on the detention notice will be detained.
- The importer will deal directly with the CPSC.
- The importer has 5 business days to provide information to resolve the initial detention (e.g., provide test reports which support compliance).

Extensions will be granted on a case by case basis.

- Conditional Release - CPSC can allow conditional release under Customs bond pending their investigation results. Conditional release will be

considered on a case-by-case basis, e.g., for goods which do not present an imminent hazard. Merchandise cannot be distributed during the release period. If conditional release is not granted, goods will be kept at a CBP bonded facility pending resolution.

- CPSC's goal is to resolve the detention within 30 days. However, goods will not be deemed excluded if CPSC fails to make a determination within 30 days. This is significant as the importer will not be able to file a protest on the 31st day as is the case when goods are detained by CBP.
- Redelivery – If an importer fails to redeliver merchandise upon CBP's request, liquidated damages will be assessed at three times the entered value of the merchandise.

## NEWS

### U.S. Holds Conference on Child Labor; Emphasizes Slow Progress and Announces New Development on Uzbekistan Cotton

On 8 June 2010, the U.S. State Department and Labor Department hosted a joint conference, *Working Together to Combat Child Labor: It's time to stop the exploitation of children*. The event was held in advance of the World Day Against Child Labor, which took place on June 12th. Panelists included government officials and representatives from education, human rights, and business groups. The conference opened with video remarks from U.S. Secretary of State Hillary Clinton and Labor Secretary Hilda Solis.

Textiles and apparel were not a major focus of the discussions. Panelists and audience members alike agreed that major apparel brands and retailers have done the work necessary to remove child labor from their supply chains. However, child labor remains at the bottom of the supply chain, either in the informal sector, or in the agricultural sectors that supply raw inputs such as cotton. Adam Greene of the U.S. Center for International Business said that his organization has been looking at the methods that were successful in the textile and apparel industry, but so far companies have not been able to translate these initiatives into the agriculture sector.

There were several new ideas suggested during the conference, including:

- Conditional cash transfer programs that pay poor families to keep their children in school. These programs have proven successful in Brazil and Mexico.
- South-South cooperation backed by developed country funding.
- Rapid response networks
- iPhone app that uses a product's barcode to help consumers determine whether it was produced

using child or forced labor.

- Increased school feeding programs.

A major theme of the conference was that in order to eliminate the worst forms of child labor, the international community must present parents with better options. Several panelists and audience members argued that most parents will not willingly expose their children to harm, and that the decision to send children to work often is simply better than the alternatives. It is therefore important to improve the quality and pay of work for adults--which will increase family income--and to improve educational access and quality so that parents recognize that sending their children to school will lead to a better future. Kailash Satyarthi of the Global March Against Child Labor highlighted that declining child labor is connected to improved development indicators, and often helps to lower population growth. Others discussed the role that child labor plays in lowering adult wages and endangering development across a society.

Constance Thomas, Director of the International Labor Organization (ILO) Program on the Elimination of Child Labor (IPEC), reiterated the findings of the ILO report released earlier this month. The report found that in 2008, overall instances of child labor were down compared to 2004, particularly in the most dangerous forms of work and among girls. However, it also found that the incidence of hazardous work among boys grew during this period. Thomas pointed out that these results are based on the most recent available data, but do not reflect the effects of the global financial crisis. She expects that when the ILO updates the report, the number of children engaged in work will be up. Thomas also pointed out that the improved figures on female child labor reflect concentrated efforts to improve women's rights and female literacy. She says this is evidence that when the international community focuses attention and resources on a particular issue, the results can be dramatic.

Much of the discussion of the ILO statistics focused on the declining rate of improvement. The results listed in the 2004 report were much more dramatic than those in the 2008 report. The panelists agreed that a quicker pace is necessary in order to meet the goal of eliminating the worst forms of child labor by 2016. However, throughout the conference, several panelists and audience members referenced the idea that the initial gains were the result of "low hanging fruit." They said that for the most part, child labor is eliminated from factories and from major corporate supply chains. The bulk of child laborers remain in agriculture and in unpaid family or domestic work. These sectors are much more difficult to penetrate and regulate, so the rate of improvement is necessarily slower.

The panelists discussed possible innovative solutions to the problem of child labor. Chief among these are the conditional cash transfer programs that have been successful in Brazil

and Mexico, and are now being implemented elsewhere. Barbara Shailor, State Department Special Representative for International Labor Affairs, highlighted a new trend toward cooperation between developing nations, but with developed country backing. She said that with U.S. support, Brazil is spearheading a project in Haiti to prevent the use of child labor in the reconstruction efforts.

Sandra Polaski reported that the Labor Department is working to develop the “next generation” of projects. Polaski, long a proponent of the Better Work program in Cambodia, says that most hazardous child labor now takes place at the bottom of the supply chain. She reports that the Labor Department has been working with the cocoa sector in West Africa for years and has made very little progress. By comparison, she says that work with the government of El Salvador is producing tangible results. Overall she argues that child labor programs must be built on top of the social protection systems in order to work.

Polaski also suggested the use of a rapid response team model. She said this would create a network so that teachers, healthcare providers, and local administrators would have know who to talk to when they come across children they suspect are engaged in the worst forms of child labor. The idea received a high level of support at the conference. Larry Cox, Executive Director of Amnesty International USA, said that the networks Polanski proposed could help to draw attention to egregious violations, and also could create awareness and the capacity to respond to other cases.

Luis CdeBaca, Ambassador-at-Large to Monitor and Combat Trafficking in Persons, discussed what individual consumers can do to avoid purchasing products that may have been made using child labor. However, he was not optimistic, saying that even though he was heavily involved in the issue he had no idea whether the metals in his cellular phone were mined by children, or if the cotton used to make his shirt was picked using forced child labor in Uzbekistan. CdeBaca pointed to increased private sector work to bring together research on child labor in a form that would be useful to consumers. One initiative he discussed was an iPhone app that is in the works to allow shoppers to scan a product’s barcode and find out whether any portion of that product’s supply chain is raised as a concern either by the Labor Department or by non-governmental research.

Gayle Smith, National Security Council staff Director for Relief, Stabilization, and Development, asked the audience to consider what the U.S. did to eliminate the worst forms of child labor here. She said there was a combination of economic development, compulsory education, a strong enforcement regime, and mobilization of public awareness. All of these factors are the issues discussed by the panelists related to child labor in developing countries. Smith also reported that school feeding programs often are the most effective means to keep children in school. The programs

provide solid meals that the children might not receive at home, eliminating one financial concern that might lead parents to send their children to work.

Bama Athreya of the International Labor Rights Forum, asked what could be done to address the issue of child domestic labor. Answers included options such as reframing the issue to be one of child abuse rather than parental choice. At the close of the meeting, Thomas and head of the ILO Washington Office Nancy Donaldson announced that an ILO meeting in Geneva that same day had determined to create a convention and issue a recommendation on domestic work. They reported that the U.S. ILO representative spoke in favor of the convention and received a standing ovation.

At the end of the session, the ILO representatives announced that the International Labor Committee (ILC) this week took up the case of forced child labor in Uzbekistan cotton production. This is not the first time that the issue was raised at the ILC, but Thomas and Donaldson report that it was the first time the Uzbekistan government participated in the discussion. The ILC conclusion, which has not yet been released, will reportedly include an ILO observer mission for on-site monitoring of the cotton planting and harvesting in Uzbekistan, as well as a national household survey. The purpose of the survey is to gather data on child labor, but activists are skeptical about its usefulness, saying that it was likely a compromise with the government of Uzbekistan. The government did not comment on any of the recommendations, but also did not reject them, so the ILO will prepare a mission for the fall harvest.

## FREE DOWNLOAD

Webinar: The Global Supply and Demand Situation for Cotton: Implications for Prices Today and Tomorrow

**As a service to our International Affiliates, USA-ITA is offering an online copy of this webinar free of charge.**

Access to the video will be available until 18 June 2010. [Click here to view the video now](#), or bookmark the page and return at a later date.

*USA-ITA, established in 1989, is the U.S. trade association for importers and retailers of textile and apparel products. Headquartered in Washington, DC, USA-ITA is the voice for the industry before Congress, the Administration, the business community and the public, as well as industry groups and governments around the world.*

