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**Secretary General, AEPC**

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Dear Members,

**Sub: Impact of Uyghur Forced Labour Prevention Act (UFLPA) on India's trade flows**

**The Uyghur Forced Labour Prevention Act (UFLPA) has come into effect since June 21, 2022** . The law requires US companies to prove that goods imported from China's Xinjiang are not made with forced labour, otherwise Customs and Border Protection (CBP) will have the right to seize those goods. The UFLPA establishes a presumption that the importation of any goods, wares, articles, and merchandise mined, produced, or manufactured wholly or in part in the Xinjiang Uyghur Autonomous Region (XUAR) of China, or produced by certain entities, is prohibited by Section 307 of the Tariff Act of 1930 and that such goods, wares, articles, and merchandise are not entitled to entry to the United States, according to the CBP.

2. The UFLPA will have a huge impact on textile-apparel imports into the US, as about 20% of the world's cotton comes from China, and 84% of that comes from Xinjiang. The UFLPA is likely to have a considerable impact on the textiles industry and specifically those believed to be using Xinjiang-sourced materials in their production.

3. The AEPC has received letters on this subject from the Department of Commerce, Ministry of Commerce & Industry and also from the Ministry of Textiles.

4. The implementation of UFLPA will require the importer to use due diligence in evaluation of its supply chain. **The AEPC advises its members to be proactive and closely review their supply chains** to ensure any materials (directly or indirectly) are not sourced from the Xinjiang and the entity list provided under the UFLPA. AEPC advises its members to be careful when they work with any of the entities listed under the UFLPA entity list as that may lead to trade prohibitions/ban on import in to the US due to forced labour allegations.

5. **The CBP (U.S. Customs and Border Protection) WROs (Withhold Release Orders) which is the source of entities listed in the UFLPA Entity List at present does not have any active WRO against any Indian textile related product or Indian apparel company as of April 2022** mentioned in the document 'Strategy to Prevent the Importation of Goods Mined, Produced, or Manufactured with Forced Labour in the

People's Republic of China' published on 17th June 2022 by the US Homeland Security's Office of Strategy, Policy and Plans.

6. **Details of UFLPA and UFLPA Operational Guidance for Importers are available at: <https://www.dhs.gov/uflpa>**

7. **The UFLPA Entity list, as provided by the Department of Commerce is also enclosed along with circular for ready reference.**

8. The UFLPA Entity List is dated 17<sup>th</sup> June 2022 and it will be updated by the U.S. Department of Homeland Security time to time.

9. There might be opportunities as well primarily from possible trade diversion as some of the importers of apparel may shift from China and other apparel exporting countries such as Bangladesh and Vietnam. The likely benefits will accrue if raw materials/intermediate goods are not sourced from Xinjiang.

This is for your information and for taking further necessary action please.

With warm regards

Yours sincerely

**Dr. L. B. Singhal**  
**Secretary General – AEPC**

**Enclosure:** As above.