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Claremont McKenna College

Crisis Response in the Global Supply Chain of the Fashion Industry

Submitted to

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By

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For

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Abstract

The fast fashion industry has developed a supply chain that optimizes profits by manufacturing garments from developing countries at extremely low costs. With consumer preferences pressuring brands to produce new cheap trends and products at rapid speed, the brunt of the costs are placed in countries where managers, suppliers, and governments turn a blind eye for the sake of economic stability and development. In moments of crisis, key players have chosen to respond in ways that reflect their priorities and incentives. Brands have reflected in their decision making the influence of consumer demand and sensitivity to media through risk of tarnishing their reputations. Through the case studies of the 2013 Factory Fire in Bangladesh and the current crimes against humanity on the Uyghur ethnic community in the cotton region of China, we analyze what challenges and incentives are brands facing when making decisions on how to take action during moments of crises.

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Chapter One: Introduction

With the globalization of markets and cultures, fashion has evolved into a global commodity of mass production. The fast fashion industry developed a supply chain optimizing profits by manufacturing garments from developing countries at extremely low costs. Countries such as China, Bangladesh, Vietnam and India are four of the largest garment exporters in the world. As of 2019, the fast fashion market size is estimated to be worth around \$35.8 billion and has grown to have the largest supply chains in production and consumption. With consumer preferences pressuring brands to produce new cheap trends and products at rapid speed, the brunt of the costs are placed in countries where managers, suppliers, and governments turn a blind eye for the sake of economic stability and development. Like many industries, the globalization of the fashion industry has led to an unethical and unsustainable development where humans and the environment suffer. The overconsumption and high demand for fast fashion has created a toxic dynamic between countries who manufacture the products and the multinational corporations that sell them. Each company within the fashion industry has had to address these issues in some capacity, and their actions are either held accountable and made transparent, or hidden and swept under the rug. In moments of crisis, key players have chosen to respond in ways that reflect their priorities and incentives. Brands have reflected in their decision making the influence of consumer demand and sensitivity to media through risk of tarnishing their reputations. Moreover, a country's political and economic environment in addition to where in the supply chain the crisis occurs constrains how brands are able to respond. Through the case studies of the 2013 Factory Fire in Bangladesh and the current

crimes against humanity on the Uyghur ethnic community in the cotton region of China, we analyze what challenges and incentives are brands facing when making decisions on how to take action during moments of crises.

Chapter Two: History of the Fast Fashion Industry

Britain's Industrial Revolution

To understand how the fast fashion industry was developed, we must first recognize the cultural and industrial revolution as a whole. In the late 17th century, Britain was the first to see this change during the enclosure movement and industrial revolution. The revolution showcased a transition from methods of hand production to machine production. New chemical manufacturing and iron production processes were introduced to improve the efficiency and productivity of the system. The enclosure movement led to urbanization and rise of factory systems, now the backbone of the fast fashion industry. The first factory produced cotton textiles and yarn; also introducing children and women labour into the workforce as factory workers.

The factory system led to the appearance of “slop shop” stores that provided cheap, ready made garments for purchase. Today, a slop shop would be similar to a classic thrift store, stereotypically known to attract working class people because of their second-hand, lower priced garments (Newman 1952; 249). These shoppers were predominantly peasants or middle class citizens who did not have the time or income to produce their own clothes (Lemire 1984;28). As wage labor became more common, more and more people began shopping for ready-made clothing given they no longer had time to make their own clothes. Consumer preferences began shifting, normalizing the wear of premade clothing. The production originated in tailor shops with ready-made petticoats

being the first popular trend within the industry by the late 17th century (Lemire 1984;28).

Technological innovations played a significant role in the growth of this industry given its ability to reduce costs of production. Ready-made garments (RMG) were mainly composed of cotton material. Prices of cotton imported into Britain continued to lower because of technological advances, increasing the output of finished garments and lowering their selling prices. Some of the major inventions of the mid 1800s included the spinning jenny, water frame, spinning mule, self-acting mule, flying shuttle, power loom, American cotton gin, and sewing machine (Phelps 2015; 18). These 8 key inventions brought a new aspect to the industry which continues to be reflected in today's supply chains.

Cotton Production

Cotton is a popular material source for the fast fashion industry. Its manufacturing process of raw cotton is much quicker and more efficient compared to other common fabrics such as linen and wool. Cotton became easily accessible and provided better quality than its competitors making it a demand high amongst retailers. With demand for cotton skyrocketing, the American South became a huge factor in the supply of cotton to Europe.

Once the slave-cotton paradigm spread from the West Indies to the United States, the South was able to bypass all other cotton producing countries. “Exports from South Carolina ballooned from less than 10,000 pounds in 1790 to 6.4 million pounds in 1800”

(Beckert 2014;102). Through the invention of the cotton gin by Eli Whitney, a machine used to more effectively remove the seeds from upland cotton, it became cheaper to produce and expand cotton production as well as increase labor. The expansion of the slave trade route looked to double its numbers given the states unlimited supply of labour, land, capital and political power.

Industrialization

International capital investments transformed America's infrastructure. Slavery in the American South reduced production costs impacting the price of American raw cotton exported to Europe. Cotton could arguably be the first global commodity as it connected slaves in the South to wage workers in the North and manufactures and consumers in Europe (Beckert; 2014; 133). “European merchants were more than willing to invest capital not just into the South but also the North” (Linden 2016; 9). European regions and the U.S became reliant on the supply chain of cotton making up 61% of the value of all U.S products being shipped abroad (Beckert 2014; 243).

The predicament to the cotton production industry was tarnished through the outbreak of the Civil War. Cotton exports had fallen dramatically leading to the shutdown of European mills until countries like Brazil, Egypt, and China could replace the supply chain of the raw cotton. After the Civil War and the abolishment of slavery, government policies were able to bring back the Souths cotton economy by ensuring cheap laborers through sharecropping. Tenant farmers were bound to the property and land owner. To stabilize the European and Northern American societies, many workers found

employment in textile mills building a new form of labor structure. The control of the workers and production systems were used to ensure efficiency and profitability, a fundamental aspect of capitalism in industrialization (Linden 2016; 11).

Post Industrialization

In the transition to post industrialization, the replacement of general stores to mass retailers was where American apparel supply chains blossomed. During the 1870s to 1880s, general stores began as full-service wholesaler supply chains and were replaced with department stores, mail-order catalogues, and chains (Abernathy et al 1995;178). Retailers at the time did not consider the perspectives of the consumers but prioritized minimizing production costs. This meant placing orders to their manufacturers on time. Products were replaced up to four times a year (Taplin 2014; 249).

World War II created a shift in the supply chain system as product variation lowered. The more efficient mass production technique, progressive bundle system, provided a large supply of garments at extremely low prices providing in house brands and product designs the ability to compete against manufacturers (Doeringer & Crean 2005). “The mass retailers who managed to outsource their production to developing countries grew in size and gained market share. While retailers who started with domestic manufacturers started losing market share and profitability” (Linden 2016;13). The competitive nature of the industry laid the groundwork for the quick transition to outsourcing becoming the new norm.

The liberalization of trade regimes allowed for American retailers to outsource their production in developed countries. Consumers preferred the cheapest prices for products through this system. By sourcing materials from developing countries, large retailers could depend on supply chain models which relied on economies of scale to market apparel. Production occurring in the U.S stayed within the category of specialty items, while developing countries were able to leverage this growth to industrialize (Cline 2012; 57). By using economies of scale, fashion brands like Forever 21, TopShop, and Zara have the advantage of shaping global production networks. The buyer-driven ideology provided them with a role of design and market, while manufacturers focused on apparel.

Fast Fashion

The current model defined as fast fashion has apparel companies lowering the cost of garment due to cheaper production overseas. Developed in Europe, fast fashion is a sector of the apparel industry providing clothing with the latest trends at a fraction of the cost. Prior to the emergence of fast fashion, retailers focused on meeting seasonal demands. Their stores needed management for back of the house storage and bulk orders of inventory, leading to end of season markdowns and sales (Doeringer & Crean 2005). Retailers used to care little for the customers preference, unlike today, where customer preference is at the heart of the fast fashion industry. These retailers now place smaller orders with greater product variety, lowering inventory costs on deck and shortening the time between trends. These products can reach consumer demands, provide short product

life cycles, and reduce production runs for the retailer (Linden 2016; 16). With the rise of globalization, the low entry barriers, and standardized production for a mass market, the attractiveness of outsourcing from developing countries remains strong (Taplin 2014; 248). Fast fashion has grown to be one of the largest chains of production and consumption. One in six people work in some part of the global fashion industry making it the most labor dependent industry (Ross & Morgan 2015).

Global Commodity and Supply Chain

Understanding the development of the fast fashion industry provides us context for diving into the fast fashion supply chain and commodity chain. A commodity supply chain is a “network of labor and production processes whose end result is a finished commodity,” in this case, an article of clothing (Hopkin & Wallerstein 1986; 159). The supply chain focuses on bringing that commodity to the buyers. The success of a retailer's supply chain relies on its ability to be flexible. Product flexibility provides a competitive advantage given the nature of the industry and the externalities created by the physical presence of numerous suppliers and producers. “The geographical interdependent networks of factories, small firms, and specialized local labor markets allows us to understand the importance of flex” (Porter 1990).

The fast fashion supply chain is uniquely intricate and cannot be narrowed down to just one type of supply chain management. The supply chain itself looks into the raw materials of products, the production networks, trade channels, marketing networks, etc. making it difficult to fully analyze all its complexities. The industry uses just-in-time

supply chains to increase their product variety through low initial orders and quick production of products (Doeringer & Crean 2006). Company brands also play a crucial role in identifying the geographical dispersion or concentration of raw materials, exports, and products specific to each company. The buyer-driven fashion industry is governed by large trading companies and retailers who's brand image can decentralize production networks (Appelbaum & Gereffi 1994; 44). Given that the industry is both buyer driven and information driven; supply chains will look different for each retailer.

There are however commonalities amongst all retailers impacting the characteristics of their supply chains. Retailers are always looking to increase market share. Opening stores globally is a way for retailers to achieve this goal. They are also trying to meet consumer demands through investing in integrated information infrastructures in their supply chain. To meet customer satisfaction, providing short development cycles and fast prototyping creates a responsive supply chain and allows for quick turnaround between products to customers. Finally, all retailers face the pressure on performance from the stock market since most retailers are often publicly traded companies (Tokatli 2007; 23). A brand's reputation is almost as important as the product they sell.

Consumers

A retailer's supply of a product is shaped by the customer's demand. Knowing their customers' role and influence in the model plays a significant part in the production of apparel. Especially in the fast fashion industry, consumers seek pleasure and

gratification from shopping at these retailers, further enticing retailers to provide new and trendy products quickly. Customers of the fast fashion industry love the fact that what they buy in stores today will be replaced with new products within the next week. The continued pressure on retailers to meet these high demands leads to cutting corners behind the stage where the developing countries, garment workers, and natural resources bear the cost.

The fast fashion industry provides room for retailers to cut costs increasing their profit margin. Fast Fashion retailers have almost twice the average profit margin of their more traditional competitors like department stores (Cline 2012; 96). Companies are focused on keeping customers coming back to their stores. The industry offers new trends that are constantly being updated and changed. We see this same cycle occurring with the tech industry, where individuals line up for the latest version of their iphones, computers, earphones, etc. These products are developed with the intent of being replaced and disposed of. To increase profits, retailers need their supply chains to provide quick response and enhanced design in order to keep up with demand (Cachon & Swinney 2011). If brands can reduce their design lead time, they are more effective in getting new styles in the stores and to their customers.

Outsourcing and Internal Production

Retailers looking to enhance their product flexibility are attracted to the system of outsourcing. These flexible supply chains use internal processes and integrate technology to increase their functions to make information transparent; accelerating decisions

regarding, sourcing, buying, merchandising, and design (Linden 2016). Managing product and inventory effectively through outsourcing can provide many benefits compared to traditional internal production. Benefits to a brand include lowering worker wages as well as taxes. Outsourcing also creates minimal investments in manufacturing facilities reducing the risk of capital loss. More capital can provide opportunities for market expansion (Gorranson 2007). Outsourcing can reduce and prevent many costs from occurring but can also lower the qualities of their products. Retailers who outsource must also be aware of the macroeconomic volatilities of their supplier countries.

Internal production has its own benefits as well. Companies like Zara, use mainly internal production to provide more flexibility to “fashion mistakes.” By having internal control of the production process, Zara can quickly adjust and correct their production lines if certain products are not selling. Sourcing near headquarters and operating in mid-season countries where inventory turnover is much higher reduces the production lead time. Faster advanced production communication systems and workforces shorten product life cycles creating lean product management (Linden 2016). Given that internal production requires significant investments in fixed assets, production costs for companies like Zara are much higher than those only outsourcing. We see brands using a blend of both internal and external production to mitigate some of these costs. Outsourcing from countries like Morocco, Turkey, Sri Lanka, and China provide companies with apparel that meets the internal production material quality without the additional costs (Inditex Annual Report, 2009).

Consequences

We've discussed how the industrialization era led to the creation of the fast fashion industry. With the rise of fast fashion, impacts on the environment and human rights have also become more prominent. The development of the industry has shown us how consumers value product price over the impact of production on the environment. Given the characteristics of the current textile and clothing industry and the generation of pollution and disposability, consumer purchases, predominantly from the West, inevitably fund the continued detriment on the earth and on different communities. The Environmental Protection Agency found that on average, Americans throw away 68 lbs of textiles per person a year (Cline 2012: 122). Retailers often lack the responsibility of end of life management of their clothing given the lack of accountability on that side of the system. Fast fashion garments are commonly made of plastic fibers and end up in landfills where they are left as waste. This linear model leads to depletion of natural resources as well as growing carbon footprint. 145 million tons of coal and 2 trillion gallons of water are used in the fiber production each year by the industry (Siegle 2001).

The current processes include producing man-made fibers that are extremely energy intensive as well as manufacturing plants that create hazardous wastewater from volatile organic compounds like monomers and solvents contaminating soils and groundwater systems. Man-made fibers include plastics composed of synthetic materials made with petroleum and cellulosic, chemically processed wood pulp, cotton scraps, or saw dust (Cline 2012; 83). Supplier countries often lack incentives to enforce environmental laws and regulations in supplier countries. Around 10% of China's

environmental laws and regulations are actually enforced due to self interested local governments and factory owners who turn a blind eye (Economy 2007). Developing countries are pursuing economic growth at the cost of environmental protection.

The environmental consequences of the fast fashion supply chain are interconnected with human rights impacts. With cotton being the most prominent material used in the fashion industry, cotton farmers are exposed to many health risks including carcinogens contaminating water supply from the use of pesticides necessary for plant growth. While the fashion industry has been exposed of their impacts on garment workers, farmer health and safety have lacked the same type of awareness. Punjab is one of the largest growers of cotton in India. Compared to other regions, the state has higher levels of people with cancer and children born with birth defects like autism. For the last 16 years, one farmer commits suicide every 30 minutes in India (Ross & Morgan 2015). The cost to farmers not only takes a physical toll but also a mental one. The inability to meet the fast and high demands for cotton due to inadequate technologies lead farmers into debt, scrambling to meet the rapid increase in expectations. The fast fashion supply chain has developed unsustainably to meet the demands of consumers at all costs. In the next section, we examine the breaking points of the fast fashion system, where cutting corners has reached its limits and the fast fashion industry actors are exposed.

Crisis Points of the Fast Fashion

The unsustainability of the fast fashion industry does not come without its cost. By putting the global supply chain of the fast fashion industry into context of how it came

to be, we can now analyze why crises occur and why there is little response to solving the issues at play. Recognizing the roles of each actor (global brands, governments of supplying nations, consumers, garment workers, etc) and the pressures or demands of each actor gives the opportunity to understand these breaking points.

Fragmentation of the Production Process

By nature of the global supply chain production process and its lack of transparency, it is no surprise when there is a need to trace back global brands to hold them responsible for their supply chains, the operation is extremely tedious. Through the use of subcontractors and multinational supply chains for various sourcing materials required by brands, production across borders is complex. The participation of developing countries have only increased as western brands look to increase flexibility, market share, and profit maximizing behaviors (OECD, 2013). The loss of control brands and suppliers have over the flow of products and materials through the use of outsourcing is both a strategy to avoid responsibility but also a risk considering the lack of management oversight and inefficiency in the communication line. This is particularly a challenge for consumers, governments, and NGOs to hold brands accountable when crises occur in the supply chain process (Larsen, p.635).

Brand Sensitivity

The emphasis for the need of transparency and accountability cannot be overstated; it is the backbone for creating change in the fashion industry's production line. As consumers begin to question and care more about where their products are

coming from, brands need to incorporate these concerns into their brand image and reputation. A brand's image is almost as important to a consumer as the product itself. The value of a company is determined heavily by how it markets itself and its product. An unveiling of its faults can lead to a reduction in customer loyalty, competitive position, and market value. A brand's ability to build back its reputation after a crisis is dependent on many things, the size of the company, scope of the crisis, previous brand image, and consumer loyalty, all of which interact and vary depending on how different actors respond to the crisis itself. Labor conditions of fashion companies are constantly being exposed under public scrutiny (Taplin 2014). When responding to a crisis, brands consider the risk to their reputation as a determining factor of decision making. Management must ask itself when under pressure to respond whether addressing concerns will in the end make it more profitable. Given the current climate and context of the supply chain, brands have the continued incentive to ignore claims until proven guilty, and even then, continue to avoid change.

Political Environment of Developing Countries

As global brands increase their outsourcing from developing countries, the risks to their supply chain become increasingly reliant on the external factor of the nation. Government transitions, state development, shifts in political power, are aspects of these developing countries that influence the policies and production process between suppliers and Western brands. "In developing countries, such lax regulatory environments are criticized for providing de facto support for labor wrongdoings in the export sector"

(Taplin, 2014). Multinational enterprises recognize developing countries lack the government capacity and the willingness to enforce regulations given the political pressures to maintain relations to enhance personal economic growth and gain global power (ILO). Brands must recognize when crises occur in these foreign countries the ripple effect it will have within their supply chain.

Labor Conditions and Human Rights

Offshore sourcing has become prominent for global brands because of the minimal enforcement of labor conditions and lack of human rights in certain countries. The demand to keep labor costs and production costs low stem from the competitive nature of the market (appelbaum P.48). Retailers look to maintain profit by reducing the price they pay their manufacturers, who in turn put pressure on their contractors to reduce the margin they are willing to pay. Contractors are forced to reduce costs by either lowering the product quality standards, reducing wage for garment works, or further sub contracting from lower-cost factories. This race to the bottom often leads contractors deciding on a combination of those three. As a result, the costs fall into the hands of the most vulnerable individuals. The impacts on the working conditions of these garment workers are seen most prominently in moments of crisis. Governments are left responding to both the pressures of the global brands, but also its civil society who now have reason and a platform to voice concerns and demand change. In the next section I will expand on these crisis points in two specific cases, in Bangladesh and China. We will

see how different agents respond to the breaking points of the fashion supply chain and why they responded the way they did.

Chapter Three: Rana Plaza Factory Collapse

What Happened

The collapse of the Dhaka garment factory in Bangladesh killing over 1,134 people and injuring more than 2,500 people was a worldwide wake up call to the neglectance towards the sustainability of the global fashion supply chain. The days leading up to the disaster, garment workers voiced concern over the cracks in the building walls and the vibrations of the machines. While shops closed at the Rana Plaza because of the signs of structural failure, these workers, majority of them women and children, were suppressed by the factory managers and were told to continue working. They were threatened to be fired if they did not show up and the women couldn't afford the cost. On April 24th, 2013 the day of the event, 2,000 to 4,000 workers went to work that day (Ashwin, 2020). Managers had locked the gates of the factory during the day, as they do every day, to prevent workers from stealing. On this day, the repercussions of this one action led to lives being lost and workers being severely injured. There were many ways in which the loss of this disaster could have been prevented. Abiding by the proper building regulations alone could have prevented the collapse in the first place. The lack of agency in the workers when trying to voice their concerns for their safety also showcased the disrespect within the institutions involved. The previous conditions of the Rana Plaza, the impact of the event, and the responses to the collapse from key stakeholders are where the true reflection of the ambiguity and irresponsibility by the industry as a whole were shed to light.

Previous Conditions

The collapse of the Rana Plaza was an unforgettable tragedy and an avoidable one. Understanding the decision making and lack thereof behind the production of the plaza as well as the garment worker conditions leading up to the collapse showcases how disturbing the systems of manufacturing clothes are. Garment workers were paid roughly 45 cents an hour, arriving at the factory at 7 am and leaving at 10pm every night (True Cost, 2018). With factory managers responding to the demands of their contracts, the burden of production was left to the workers, overworked and underpaid. The Rana Plaza had violations during production that were neglected. The plaza was originally planned in 2006 to be a four story complex structure designed to be a shopping complex later approved to be a six story building with two additional illegally made stories on top. Level three to eight consisted of six garment factories. The building was not designed to withstand the vibrations and weight of heavy machinery. By 2013, it had a ninth floor built and ready to be used for another factory (True Cost, 2018). To make things worse, the land itself was weak, as the foundations of the plaza used to be a lake. Any additional vibrations caused by generators, machines, and workers, were not supported by the fragile base. As a result of managers cutting corners and overlooking fire/safety hazards and building regulations, the horrors of the collapsed building took place.

Impact

Rana Plaza was a symbol of how low wage garment workers come at almost unimaginable costs. The ready made garment industry (RMG) makes up $\frac{3}{4}$ of Bangladesh's wealth, roughly 20 billion of income yet only 2% of the population are

workers, 3.5 million with majority of them women (Feldman, Shelley, and Jakir Hossain, 2021). A hard truth of their reality is the daily harassment and assault they undergo at work. The conditions in which these women have to go through in order to gain financial independence and some level of agency is disheartening. 80% of the garment workers at Rana Plaza were women (Shamima, 2014). It is also not uncommon for women to bring their children to the sweatshops, given that no one is home to take care of them. While the social gender norms in Bangladesh have progressed compared to other South Asian countries its standards are still well below the expectations their suppliers set in the West, women in a labor force that are being treated with abuse, harassment, and terrible working conditions is not a choice for the women, but a necessity in order to generate income to survive.

Protests

The public interest and media attention led to greater political pressures to create change in regards to the disaster. Bangladesh was able to establish the Accord on Fire and Building Safety in Bangladesh, enforcing key stakeholders to compensate the survivors and families of killed workers from the collapse. Even with the policy, push back from brands like Benetton was still prominent. The target of \$30 million compensation was reached two years later, meaning the compensation process to those impacted could finally begin (Clean Clothes Campaign, 2015). Movements surrounding the lack of transparency sparked after seeing the difficulty of holding brands accountable for the Rana Plaza disaster and the lack of long term impact was shocking. Labor activist groups

such as the Clean Clothes Campaign stepped into the conversation to hold brands accountable. Photographs and order forms collected from the rubble of the collapse showed clear evidence of which brands had been involved. Well known global brands like Benetton (Italy), Bonmarche (UK), Cato Fashions (USA), The Children's Place (USA), El Corte Inglés (Spain), Joe Fresh (Loblaws, Canada), Kik (Germany), Mango (Spain), Matalan (UK), Primark (UK/Ireland) and Texman (Denmark) were some of the many brands linked to the production in the Rana Plaza (Clean Clothes Campaign, 2015). Brands of this nature have kept up with the large demand for cheap clothing and built that expectation amongst its factories. The push back from these brands stemmed from the fact that many brands didn't actually own these factories. Brands often contracted a middle man to communicate to factory owners the demands of the brands. With competition high, managers had no choice but to meet the demands of lowering garment costs at the price of their garment workers' pay and working conditions. In response to the collapse of the plaza, building managers were arrested only to be bailed out six months later, an unsurprising response and one that reflects the true incentives behind the process (Clean Clothes Campaign). Movements continue to fight back with brand accountability and workers continue to spark conversation around the issue, yet the challenge still remains of creating lasting change.

What Were the Constraints?

Scope

The challenge addressing the concerns of accountability and transparency among brands, factory owners, governments, stakeholders, and buyers, is the inability to put blame on a specific agent. Bangladesh's RMG industry began in the late 1970s when the Multi-Fiber Agreement was implemented to govern international trade of garment and textiles from 1974 to 2004. Asian Tigers - Singapore, Hong Kong, South Korea, and Taiwan, were able to secure subcontracting arrangements and partnerships with quota-free, labor surplus economies in the region with eyes on Bangladesh. The IMF and World Bank provided additional demand for export-led growth coinciding with the shift away from agriculture and toward urban industrialization in Bangladesh (Saxena, 2021).

The demand-driven integration into the competitive global economy continues to influence and justify the decisions made by buyers and sellers to keep wages low and limit the freedoms of their workers. Provided that the Bangladesh economy is driven by its manufacturing and export industry, the lack of leverage from individual buyers is especially salient. Production in this regard is of high capacity making it difficult for brands to influence the production line. Brands and retailers are also seeing this issue; the degree of leverage vis-a-vis supplier manufactures is highly dependent on their relationships (Oka, 2020). Brands have little influence on the manufacturer if their production doesn't depend solely on the one company. The burden of implementing remediation provides no incentives to these suppliers. Solutions to addressing the poor

labor conditions have attempted to spread the burden amongst all agents, but can only be successful if the entire market shifts with it.

The complexity of the fashion supply chains is partly due to the lack of understanding towards the scope of the problem. While the collapse of Rana Plaza was indeed one of the largests and most damaging factory disasters in the world, the remediation of the event was considerably unsuccessful. There are more than 8,000 factories in Bangladesh, all working in more or less the same terrible working and safety conditions as the next (Saxena, 2021). The disaster itself showed how broken the system is in Bangladesh and the lack of control the country has over it. The challenge of understanding and acknowledging how difficult the road to remediating workers rights and safety concerns has been the biggest barrier to creating significant long term change in Bangladesh.

Brand Accountability

The current business models of retailers and brands are one of the constraints to addressing the concerns of the fashion supply chain. By strategically making their production networks extensive and complex, the garment business can remain profitable, despite the labor law reforms, political barriers, and international competition. Businesses can use indirect sourcing as a way to make themselves less attached to the manufacturing processes while direct sourcing makes global fashion brands acknowledge the factories they are using. Indirect sourcing is the most common way for brands and retailers to disassociate themselves from the factories they have their clothes produced in (Saxena,

2021). Western companies find this type of sourcing most attractive. Subcontracting provides a lack of transparency to buyers and can allow them to not feel the burden of their demands. This is a simple way to cut corners and be outside the scope of regulations. This way, brands are able to demand for increases in production capacity while keeping their costs low.

Brand Responsibility

Reforms such as the Accord on Building & Fire safety and the Alliance for Worker Safety have provided a set of requirements to attempt to address the lack of transparency and accountability among brands and supply factories. The Accord was a project-oriented multi stakeholder governance of global brands, retailers, and trade unions in direct response to the 2013 factory fire. The Accord addressed the fire, electrical, and structural safety of factor buildings in the RMG industry. The Alliance focused on improving the safety of workers within the factories of Bangladesh. The Accord and the Alliance was a five-year legally binding agreement between western brands and trade unions to ensure safe working environments. The Bangladesh government believed the reforms to be a significant step in improving the reputation of the country and the RMG industry (Rahman, 2020). Independent inspections regarding the safety and working conditions were provided regularly and were publicly disclosed. Brands that participated had committed to ensuring sufficient funds for remediation and for maintaining sourcing relationships. While the concept of the Accord and Alliance was progressive, only 27% of factories and roughly 50 global brands actually participated in

the programs (NYU Stern Center, 2015). Only sophisticated factories and brands were involved given they had better access to capital to make the changes expected of them.

Buyer Responsibility

Understanding buyer responsibility and power within the RMG industry as well as their capabilities is one of the challenges regarding the effectiveness of the reforms. While the Accord promotes inclusive governance, embodying industrial democracy and transnational industrial relations within the labor force, some people have brought awareness to the fact that corporate buying power still permeates through it. The Accord doesn't address the power relationships and lacks shared responsibility from buyers. Buyers have the potential to influence suppliers in some cases but not in all cases. Tier 1 suppliers are no longer dependent on the individual buyers because they themselves have grown into multinationals with multiple subsidiaries (Oka, 2020). Another important determinant mentioned earlier was the indirect sourcing process that can decrease the responsibility of brand engagement. Intermediaries like this can limit buying power from brands. A strategy to some brands but a barrier to others.

Buyer Engagement

Proper buyer engagement is crucial to prompting active change within the supply chain's labor conditions. Buyers can approach these changes through their auditing practices, the formation of a commitment-based model, and brand advocacy at an industry and national level (Oka, 2020). While challenges within these approaches remain relevant, recognizing why these steps are important is crucial.

The auditing process addresses the pressures on buyers to respond to the poor working conditions of their supply chain. In this manner, the Code of Conducts (CoCs) by brands enforces internal and external auditors inspection of suppliers and demand remediation when violations are found (Aftermath 1309). The commitment based model implements ways in which CoCs are held accountable, are multilateral, and are enforced by brands (Oka, 2020). The model consists of information sharing, trust, and problem-solving in collaboration between auditors, suppliers, and buyers. By executing shared-responsibility in accountability, compliance of the CoCs can be enforced and workers will have more opportunities to use their voices. Finally, advocacy expects that brands are engaging with government sectors and address systemic changes with the RMG industry. Their responsibility goes beyond compliance when advocacy is involved. Additional pressure from Brands, can create moments within the industry to make improvements, like raising minimum wage.

How did different parties respond?

While solutions to the global supply chains are available, we don't see western brands quickly jumping to address these issues. Reminding how big the beast actually is puts into perspective how brands are able to respond. Bangladesh still has an export dependent economy generating roughly 25 billion dollars per year. There is no single actor that can bear the costs of redeveloping Bangladesh's garment sector, the challenge is knowing who is responsible, both locally and globally, and knowing how much of the cost they can cover.

Response

After the disaster at the Rana Plaza, many companies chose to turn a blind eye and not address their responsibilities toward the disaster. The impact of their lack of acknowledgement were the families and survivors of the collapse who had to bear the costs physically and emotionally. Actors involved with the recovery process included the Bangladeshi government, NGOs, and global brands. The Accord and Alliance were the two players in holding brands accountable.

The non-profit organization, Clean Clothes Campaign (CCC) helped the government with the investigation and put pressure on brands for funding. CCC received just over a 1/3 of the \$40 million needed in the fund for the survivors and families a year after the tragedy. The most recognizable brands found to be involved in the disaster included JCPenney, Walmart, and the Children's Place. One of the first to act was Joe Fresh, a fast fashion company owned by the Weston family and Primark, a British firm also producing fast fashion. Weston agreed to compensate families of workers killed in the disaster but only made one initial contribution. Primark publicly announced a \$40 million relief fund but only put forth \$12 million to family and workers. JCPenney continued to deny their insights regarding the development and sourcing of apparel produced in Bangladesh. Walmart donated about \$1 million and the Children's place donated about \$450,000 via BRAC USA (Clean Clothes Campaign, 2015).

The government has a clear mandate to ensure that victims of the Rana Plaza disaster are fully compensated in a timely manner. Their role was to provide financial compensation and give short term stipends to the victims. This however was deemed

ineffective given that the stipends were small and were often taken advantage of (Clean Clothes Campaign, 2015). Husbands often took the money from the injured women and left them with nothing. The response to lack of government action led to strikes and riots led by women garment workers (True Cost, 2018).

Where do we go from here?

Direct and Transparent Sourcing

One of the biggest constraints of holding brands accountable is the lack of transparency. Creating direct and transparent sourcing allows for factories and brands to develop collaborative relationships that bring opportunity to address supply chain failures. Important aspects like, long-term-order forecasting, purpose driven compliance, and business incentives should be implemented to ensure a shared responsibility towards effective and proactive solutions (Saxena, 2020). To make this successful, direct sourcing between the buyer and the supplier is necessary. Brands are considered aware of the stability of the supply chain and whether suppliers are abiding by their CoC. The subcontracting process requires more transparency and responsibility of brands to conduct oversight.

Accountability

Government, NGOS, and media outlets are just some of the external actors that influence how and when brands respond and behave. Holding brands and factories accountable can be done in many different ways. The Rana Plaza Donor trust fund

managed by the CCC was an attempt to bring justice to the families and victims of the disaster, making brands acknowledge their failure in providing proper control of their production line. The role of the media can impact how consumers perceive and behave toward a company or industry, making or breaking their success and profitability. American Magazine's "Collapse at Rana Plaza" comments on how the definition of garment workers has a direct relationship with how garment workers are valued. There's a reason why garment workers are not considered tailors or artists. The factory breakdown of roles and responsibilities leaves one task per woman, devaluing her worth to a single part of the piece of clothing. One worker adds the tag, one worker creates the seam, leaving just enough room to justify paying these workers almost nothing.

The Accord

Continuing to support programs that help institutionalize ad hoc inter-brand cooperation like the Accord can help to prompt shared responsibility amongst actors in the RMG industry. This auditing approach mobilized the collective power of firms to ensure suppliers remain compliant with safety requirements (Ashwin, 2020). To do this effectively, understanding why a supplier may not be able to reach the safety requirements must be addressed. The commitment-based model provides brands with the obligation to step in when suppliers are not reaching their standards. To make sure brands want to help keep their suppliers abiding by the requirements stems from respective consumers, media, stakeholders, employees, and other external influencers.

The global supply chain system can improve by holding brands accountable and also responsible for where their products are coming from. This includes providing capacity-building programs such as supplier induction training included in the Accord. The Accord is just one of the many Corporate Social Responsibility (CSR) activities global firms can be a part of. By demanding brands to have CSR obligations, their managers will have to understand the feasibility of implementing certain strategies and solutions (Oka, 2020). For example, small or medium-sized firms have much harder time reaching the Accord related expenses compared to larger formers given they have much more capital to work with. The expectation is not that solutions and response needs to be the same amongst brands and suppliers, rather the expectation is that workers rights and safety conditions should be standardized across the board.

Conclusion

The disaster at the Rana Plaza was a reflection of the absence of a monitoring and inspection system, the lack of transparency between suppliers and brands through indirect sourcing, and the high demand set by consumers to lower prices on suppliers that were already incapable of meeting the demands ethically. In order to effectively respond to and prevent crises like these, brands must acknowledge their suppliers and be held accountable for their production lines. Responsibility of abiding by the conditions set internally must be shared. All actors both internally and externally must remain conscious suppliers and consumers within the industry. The collapse of the Rana Plaza killing over 1,134 people and injuring more than 2,500 was an expected failure given the conditions

of the RMG industry and a result of the demands of western consumers. In order to hold the system accountable and repair what has been broken, we must bridge the gap between those who are buying the products, and those who are producing them.

Chapter Four: Forced labor in Xinjiang Uyghur Autonomous Region

What Happened?

China is currently being accused of committing crimes against humanity and genocide on the Uyghur population and other muslim ethnic groups. Roughly 12 million Uyghur people live in the Xinjiang Uyghur Autonomous Region (XUAR) a north west region of China located in Xinjiang. According to BCC in 2020, researchers proved around half a million people were being forced to pick cotton for the use of garments for local and global brands. Global fashion brands are being targeted for their connections to the region and are facing backlash from both China and their local consumers. Several countries including the United States, Canada, Australia and European Union have expressed serious concern about China's actions to eliminate the muslim community. Global supply chains connected to the region have been targeted for inspection. Foreign governments, media outlets, and NGOS are itching to find hard evidence of the allegations, yet China's control of the region has made this extremely difficult. The overt surveillance includes tracking of car number plates, security checkpoints, and cameras. According to the Human Rights Watch, police have used mobile apps to track electricity use, web browsing, and even how often they use their front doors (BCC 2021). People that have managed to escape have shared stories of physical, mental, and sexual torture. China denies allegations and calls the crackdown in Xinjiang “necessary to prevent terrorism and root out Islamist extremism and that camps are an effective tool for re-educating inmates in its fight against terrorism” (BCC 2021). China’s manipulative

actions have led brands to face a difficult and public choice. Responding to the scenes will force brands to choose between their expansion through China or their reputation at home. Large global brands including Nike, H&M, and Adidas are some of the major brands caught in the crossfire and bearing the cost of this crisis.

Previous Conditions

Making up 87% of cotton production in China in 2020, Xinjiang has made significant contributions to the region's economic growth. It has been described by the China Cotton Association as providing an opportunity to improve poverty levels and economic growth in the region given their labor capacity in farming to processing to exporting the raw material. In recent years, the XUAR has been recognized by Western governments as evidence of systematic oppression of ethnic minorities in the region. According to scholars and activists like the Human Rights Watch, the Chinese Communist Party showcases its authoritarian control and campaign of repression calling for crimes against humanity. “As many as 1.8 million Uyghurs, ethnic Kazakhs, Kyrgyz, and other Muslim minorities are, or have been, arbitrarily detained in the Xinjiang Uyghur Autonomous Region” (Adams, p. 4 2020). The CCP has made it clear of their objective to promote nationalism in the region provided that political indoctrination is heavily integrated in the XUAR educational programs. China officials call these “job training sessions” to address extremism, enforce national unity through education on the importance of the CCP and Chinese Law (Dou 2019).

Through heavy ground control and surveillance over the region, the CCP has been able to mislead the public away from the targeted abuse of the Uyghurs and other ethnic and religious minority groups. The deprivation of individual liberties of more than one million civilians authorized by the CCP and local officials is only now being addressed on the global stage. According to multiple sources, the restrictive applications of China's birth control politics through forced sterilization and coerced abortions are just some of the ways the CCP has taken actions to eliminate the Muslim community. Through the control of the Chinese government, local officials, and private companies demanding supply from the region, unethical standards of labor on minorities are often further engrained in the industry's supply chain. Exposure of these behaviors are rare as powerful actors put a copious number of barriers in place to prevent such scenes.

Impact

The global supply chain of the fashion industry has relied heavily on China for sourcing both products themselves but also raw materials. Xinjiang has been producing raw materials for the fashion industry, as well as for the automotive, solar energy, food, and more. While the focus of this paper is on the impact and response of governments and brands within the scope of the fashion industry, these industries are also having an impact as well. American brands and retailers import more than 1.5 billion garments in the U.S from China and represent more than \$420 billion in retail sales (Swanson 2021). The transferring of products at different stages throughout China has made it almost impossible to track the origins of each article. Given Xinjiang's scale of cotton

production, its materials are not just being exported directly to other countries but are also being manufactured further throughout Asia. Some of the leading apparel retailers such as H&M, Adidas, Puma had publicly announced to prohibit use of Xinjiang products. Yet the challenges of enforcement stem from the difficulties tracing the origins of products by their Chinese suppliers. This is because of the lack of access of independent auditors to facilities in Xinjiang (Swanson 2021). According to the CECC, the following companies are suspected of directly employing forced labor or sourcing from suppliers that are suspected of using forced labor.

- | | | |
|----------------------------|----------------------------|---|
| • Adidas | • Esprit | • Urumqi Shengshi |
| • Badger Sportswear | • H&M | Huaer |
| • Calvin Klein | • Hetian Taida | CultureTechnology |
| • Campbell Soup
Company | • Huafu Fashion
Company | Company |
| • Coca-Cola Company | • Kraft Heinz Company | • Yili Zhuo Wan
Garment Manufacturing
Company |
| • COFCO Tunhe
Company | • Litai Textiles | Company |
| • Costco | • Nike, Inc. | • Zhihui Haipai Internet
of Things Technology
Company |
| • Esquel Group | • Tommy Hilfiger | |

With Cotton as a staple product of prominent raw materials, the supply chain of many well-known brands across the globe are now under the microscope given the

XUARs use of forced labor. The International Labor Organization defines forced or compulsory labor as “all work or service which is extracted from any person under the menace of any penalty and for which the said person has not offered themselves voluntarily” (ILO 1930). Signs of forced labor as seen in Xinjiang are restriction of movement, use of intimidation and threats, withholding of wages, and excessive overtime. A ripple effect of the evidence in XUAR has sparked political and social action through protests and policy proposals. The Uyghur Forced Labor Prevention Act is one policy enacted by the United States to ban cotton products made by the Xinjiang Production and Construction Corps. As a result, U.S. Customs and Border Protection detained 43 shipments valued at more than \$2 million under the ban (NYT 2021). Canada and Britain have also limited goods in similar ways. Continued response is being addressed as the conversation remains sparked. Protests and public shaming against China have raised awareness of the issue. Consumers as well as some celebrities have taken a stance by boycotting brands such as Nike, Adidas, and H&M tainting the brand reputation and hurting their profits. One of the boldest responses put into discussion recently was the U.S boycotting the 2022 Beijing Winter Olympic Games, showcasing their stance against China's control of the Uyghurs and unethical standards of forced labor. Both the brands involved in the scandal and the CCP have created backlash and imposed serious reputational costs. Through these actions, non-Chinese firms that have supported the surveillance state have been put on defense as well (Hendrix 2021).

What Were the Constraints?

Scope

The most prominent challenge for brands and other key actors to address the hot spots of the industry's entire supply chain is the complexity of the entire process of production. With a vast number of suppliers, textile firms, independent producers, and intermediate consumers, all varying in production size, it is extremely difficult to create a robust certification scheme to target unethical producers. There is no firm or brand that can be targeted to take significant control of the market share to solve the collective action problems of the industry. If anyone, it is China, which takes 40% of the entire garment sector industry, making up more than Bangladesh, Vietnam, India, Germany, and Italy's combined production (Suzuki 2021). Xinjiang produces raw materials for the RMG industry but other industries as well; according to the China Grain Reserve Group, roughly 5.2 million metric tons of global production is from the XUAR. The cotton and cottonseed oil are consumed almost exclusively as intermediate inputs in the production of the final good. China's ability to break up its production and make profit throughout the transformation of raw materials to goods and services is purposeful and rigid. Their complexity stems from being both producers and consumers of their products. Consumers play a significant role in their purchasing power, influencing the demand of the market. Because consumers never seek to purchase cotton in silo, their purchase of other goods containing cotton from the region makes it extremely difficult to trace. A commodity's production line does not provide the proper tools to make a consumer's ability to link

their purchase to the ills of the value chain possible. This is partly due to the fact that the RMG industry is a self-policed market where the majority brands, suppliers, subcontractors, etc. don't want consumers to have access to that information purely because of the reputational risk of being caught cutting corners.

The supply chains of big companies like Nike, Apple, BMG, Gap, Etc. have little power in addressing abuses in the country due to the fact that China's role is so central to the global economy. The United Nations COMTRADE database on international trade accounted for \$457.16 Billion of imports from China to the United States during 2020. Cotton specifically is not a product being shipped directly across seas but is being outsourced and integrated into other products. It's difficult to hold the XUAR region accountable given the U.S Customs and Border Protection simply does not have the capacity to trace every imported good from China. Maybe through the development of new tracking methods, the ability to link what the U.S. sees arriving in a port of entry back to the raw materials produced in Xinjiang can be successful.

China's control CCP

The constraints placed from political control in China is also part of what makes bringing justice to the Uyghur people and proper response to forced labor and abuse in the region as a whole challenging. The CCP holds great power and control through its aggressive surveillance measures both on the ground, in the air, and through their technology (Dou 2019). While international protests have been drawn over videos of detention camps for Muslims in Xinjiang, further proof of actions have been difficult to dig up given the restrictions enforced by policy to block attempts from journalists coming

to investigate. Police closely monitor foreign researchers and actively prevent them from getting close to the camps or to conduct interviews (Buckley 2018). The Center for Strategic and International Studies (CSIS) highlights how international enforcement or traditional third-party audits are ineffective in holding the region accountable due to the Chinese government interference and prevention. Assuming the entire region to be tainted with different forms of coercive labor seems to be the only way for foreign actors to approach next steps to undermine the area's production process (Adams 2020).

As a regional hegemon and powerful global actor, China's central state autonomy over the cotton industry expands the issue beyond the brands involved, but to the government's themselves and their desires to meet the goals or demands of the entire nation. Because of this, the Western brands and international governments seem to have little influence on changing the behaviors towards the ethnic communities. Economic and diplomatic policies to ensure global consumer responsibility cannot and will not be implemented in the region given the heavy surveillance of the CCP on the region.

Response

Retail giants Nike and H&M have been at the top of the headlines taking on the fight from China revealing how closely tied this issue is to Chinese politics. Speaking up in response to the allegations of crimes against humanity also means speaking up against the CCP. Both brands have expressed concern of the alleged use of the forced labor of the Uighur minority and said they did not source products from the region. Their response triggered backlash from China as the Communist Youth League, a Chinese Community

Party Group, launched China wide campaigns defending Xinjiang cotton and criticizing brands. H&Ms response to the boycotts and the celebrities cutting ties, announced in Weibo that “it respects its Chinese consumer as always” and that it “does not represent any political position” (BBC 2021). Brands are placed in a lose-lose situation, they either take action and face the criticism from China or don’t take action and face reputational costs from the western region. Sanctions imposed on officials in China by the European Union, UK, US and Canada have led China to retaliate with sanctions of their own (BBC 2021). China announced that the sanctions from the West, which included travel bans, asset freezes, and targeting senior officials in Xinjiang are “based on nothing but lies and disinformation...” actively harming China's sovereignty through the spread of lies. China sanctioned 10 people and four entities in Europe from entering the country and doing business with the nation (BBC 2021).

A case like Badger Sportswear, a U.S based clothing company was able to stop their imports from Hetian Taida Apparel in 2019 after media reports showed proof of forced labor by internment camp detainees. Badger backed its sources with nonprofit, Worldwide Responsible Accredited Production (WRAP) who originally certified the labor rights for the Hetian Taida factory and proved it to be compliant with the labor laws. However, labor rights monitoring organization, Worker Rights Consortium (WRC) did find that Badger had been importing goods made through forced labor and failed to present the appropriate due diligence in the region (Adams 2020). Through the help of the WRC, the U.S Customs and Border Protection issued a “Withhold Release Order” on all garments produced at the factory after proving the “protections are produced, in whole or

in part, using forced labor.” In response, Badger recently agreed to pay \$300,000 to human rights organizations helping bring justice to the victims in XUAR (Adams 2020).

One factory under pressure is the Huafu Fashion Company, one of the largest mix-color yarn mills in the world. After media coverage resurfaced of 600 trainees, majority of female workers, all dressed in camouflage standing at attention, brands like Adidas, Esprit Holdings Ltd., and H&M faced more backlash as their garments were traced back to these facilities. Local government called the Huafu site as part of the establishment of large-scale vocational training and its monthly long job-training programs were accused of having more than one third of the residents be Uighur minority (Dou 2019). Adidas said it has advised its suppliers to prohibit yarn purchases from Huafu pending its investigation. It has banned suppliers from hiring workers through Xinjiang government agencies in 2016 saying it was concerned about forced labor and discrimination. Esprit said it will be investigating Huafu. H&M has no plans to begin new supplier relationships in the region. Nike said it was asking suppliers if they used cotton from Xinjiang. This new development shows brands taking a vocal stance to the public to represent their protection of their brands reputation and zero tolerance for forced labor. What challenge comes next is whether these brand’s actions follow in line with their voiced opinions. Given how these global brands have responded in the past to crises of similar scale, the lack of accountability, transparency of their supply chains, and push back from China might lead brands to fall through on their commitments.

Now What

China's government has continued to deny the allegations of using forced labor in the XUAR and have expressed no interest in coming clean of their actions (BCC 2021). Many new reports and public announcements shared from China say that local officials are providing state training programs that are voluntary and are organized with the purpose of helping impoverished residents find jobs. It's been put on paper that no forced labor is being used in the region and that any talk of it is "rumor or slander" (Dou 2019). China's strategy is to continue encouraging the vertical integration of the government's manufacturing sector and plan to expand by moving textile and garment factories close to the cotton production in Xinjiang (Lehr 2020). To reinforce the political agenda and manipulate the allegations, their argument for Uyghur minority crackdown is to provide education to prevent terrorism and Islamic extremism. China has described the evidence revealed and news reports as part of an Anti-China Agenda. The U.S Government has continued to act on their ban of cotton and tomatoes from the XUAR. The U.S trade law calls for a Withhold Release Order (WRO). With the new developments around Xinjiang, The U.S Custom and Border Protection have been attempting to flag down any shipment of goods entering the United States that have been exposed to forced labor at any time in the supply chain. Due to the inability to conduct traditional fact finding in Xinjiang, the WRO is one of the only ways the U.S has sought out to track their imports.

Given the scope of the new report and the fact that the CCP is so intertwined with the activities in Xinjiang, the gravity of next steps taken collectively by the global community are going to not just shape the supply chain of the RMG but might go far as

having implications in world politics. While the international actors may not fight on the grounds for justice, they can surely show signals of their disapproval of China's actions by attacking their reputation. According to ESPN, as of November 18th, 2021 President Joe Biden has grappled with the idea of boycotting the 2022 Beijing Winter Olympics. The other ways the U.S have taken steps to hold Chinese officials responsible is through policy such as the Uyghur Human Rights Policy Act and the Global Magnitsky Human Rights Accountability Act. The import ban on the region has also been placed by the EU, U.S, Britain, and Canada and will remain until evidence of systematic use of forced labor of Uyghurs, Kazakhs, Kyrgyz, and other Muslim ethnic minorities has ended.

The diplomatic row between the U.S and China has left brands unsure of what to do next. With China consumers boycotting Nike, Adidas, and H&M brands, their reputations are being dragged through the mud as the CCP complains that foreign brands are tainting China's name and the nation's success as a whole. "Brands must not rescind on their human rights responsibilities in the face of this pressure," said Chloe Cranston of Anti-Slavery International, a member of the Coalition to End Forced Labor in the Uyghur Region. The Better Cotton Initiative which promotes sustainable cotton has announced a suspension on its approval for cotton from the XUAR. Nike, Adidas, H&M and other brands connected to BCI are now pressured by China to either disassociate from the organization or get out of China (Reuters 2021). Brands have to now decide between their reputation with home consumers or loss of growth of not staying or expanding in China, an economic superpower with the largest consumer population.

Conclusion

The accusations in Xinjiang over serious human rights violations against the Uyghurs have showcased the difficulties brands face when crises occur. Through the lack of transparency of the industry, the involvement of other government powerhouses, and the competitive nature of the supply chain and consumer market for fast fashion, brands are often put in situations in which taking responsibility for their actions is not incentivized. With China's government and their consumers on the other side of the court, the economic superpower has given brands little room to do the right thing. In an industry that does support taking responsibility, the news in Xinjiang provides governments and private sectors the opportunity to work together to overcome the industry's challenges. Taking both a noneconomic and economic approach as well as private sector initiatives to achieve a more ethical approach to the supply chain model, there is a chance enough momentum can be generated. Taking collective action, may be the one of the ways for crises like these to be fully addressed and actors held accountable throughout the supply chain.

Chapter Five: Final Remarks

As reflected in both the Bangladesh Rana Plaza factory fire and the Xinjiang region forced labor scandals, the global supply chain of the fashion industry has promoted unsustainable practices bound to break under pressure. Brands have played a significant role in shaping the supply chain to become dependent on a fractured system embedded with human rights abuses and significant environmental costs. When we question whether brands are doing the good they say they are doing, extensive research on the company's background is necessary. Knowing most fashion companies don't display their labor conditions or codes of conduct on their websites shows how little transparency and accountability these brands have with their suppliers and their consumers. The risk to a brand's reputation incentivizes them to distract consumers away from their production process while they increase their profit margins through cutting costs at the manufacturing level. While having brands take responsibility through increased transparency is a necessary step in improving the process of production in the RMG industry, the role of other key actors and their interactions with brands seems to also be part of the conversation of accountability. Government unilateral action, NGOs, media outlets, in collaboration with global institutions and corporations, are needed given the scope of the global supply chain and the competitive nature of the market. By reflecting on moments of crises, we can further understand the complexities of the industry and continue to learn from the mistakes made providing us opportunity to take steps towards creating an ethical supply chain.

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