



Oriental Rug Importers Association, Inc.

THE NATIONAL ASSOCIATION OF IMPORTERS AND WHOLESALERS

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December 10, 2009

U.S. Department of Labor
Bureau of International Labor Affairs
200 Constitution Avenue, NW
Washington, D.C. 20210

Re: Initial Determination Updating the List of Products Requiring Federal Contractor Certification Pursuant to Executive Order 13126, 74 Fed. Reg. 46794 (September 11, 2009)

Docket No. DOL-2009-0002

Dear Deputy Undersecretary Polaski:

The Oriental Rug Importers Association (ORIA) hereby responds to the Federal Register notice of September 11, 2009 proposing to include carpets made in India, Pakistan and Nepal in a list of products for which federal contractors would have to provide a certification that a good faith effort has been made to determine whether forced or indentured child labor was used. ORIA members do not act as suppliers for federal procurements, but they do strenuously object to and are very concerned about the suggestion inherent in the Department of Labor's proposal that the hand-made carpets imported into the United States are the product of child labor, much less forced or indentured child labor.

As the association representing U.S. companies importing hand-made carpets from a variety of countries, including India, Pakistan and Nepal, ORIA believes it is in a position to report on the situation in these countries, and how the codes of conduct faithfully implemented by ORIA members and additional financial support they provide in these countries both prevent trade in carpets made with child labor and are helping to address the underlying causes of child labor.

ORIA is a national trade association formed in 1931 to foster ethical business practices and to promote the best interests of the oriental rug trade in the United States and in countries that

produce oriental rugs. ORIA's membership consists of over 75 leading U.S.-based importers of hand-made carpets, whose products sell at retail in each of the 50 states. ORIA companies employ thousands of American workers, who are involved in design creation to logistics to marketing and the retail sales floor. ORIA member firms import from virtually every carpet sourcing country, including India, Pakistan, and Nepal.

ORIA member companies each abide by a strict code of conduct, and require their suppliers to comply with the requirements of those codes, including an absolute prohibition on the use of illegal child labor. These codes have been a basic tenet of their businesses for decades and were in place when Executive Order 13126 was first issued on June 12, 1999. No doubt the enforcement of those codes helped to ensure that no carpets from any of the countries from which ORIA members import hand-made oriental rugs were included on either the initial list or final list issued by the Department of Labor in 2000 and 2001. Since that time, ORIA member companies and their suppliers have continued to maintain and enforce a policy of not permitting the use of illegal child labor to produce hand-made rugs. It is therefore inexplicable that the Department now believes that the situation has changed, and in particular seems to suggest that it has deteriorated. Instead, the situation in each of these countries has actually continued to steadily improve, in part because of the efforts of the ORIA and its member companies to contribute to the welfare of the children in India, Pakistan and Nepal through education and supplemental support programs.

Given the cottage industry nature of rug-making in much of South Asia, ORIA and its member companies are well aware that issues of child labor have arisen. In India and Pakistan in particular, the industry consists of largely family-based weavers, each with a loom either in the home or next to the home. Only in Nepal are there factories, which has assisted in assuring full oversight. In India and Pakistan there are no factories, except to the extent that one might consider a more communal shed – not even a building -- in the middle of a village, containing at most four or five looms, to be the relative equivalent of a factory. The weavers obtain orders for carpets from the vendors or exporters with whom ORIA members do business. The exporters provide the weavers with the designs and with the raw materials with which weave the carpets, with the weavers compensated on the basis of the size and number of carpets woven.

ORIA member companies prohibit the sourcing of carpets made with forced, bonded or illegal child labor, and are confident that they are successful in avoiding such situations. Moreover, ORIA member companies have seen first hand that the governments in these countries, and the exporter associations, have been taking steps to address such activities as well, both through monitoring and through increased educational opportunities.

Family child labor remains the most challenging issue, because it is not illegal, although the incidence of family labor is also clearly declining. These weaving families do aspire to achieve higher levels of education and opportunities for their children, and ORIA member companies are pleased and proud to assist them in achieving this goal.

Indeed, ORIA member companies recognize the responsibilities that come with doing business in these countries, particularly the importance of supporting and promoting sustainable development in South Asia. Buyers such as ORIA members contribute essential income and bring their values and standards to these countries. Thus, ORIA members are contributing to programs to address the underlying causes of family, and child, labor in the carpet industry. It is clear that where children are employed in carpet weaving it is to supplement their families' incomes (as well as to learn a craft), and because of limited educational opportunities.

ORIA member companies therefore are actively engaged in setting up and supporting schools in carpet producing areas. For example, ORIA's Charitable Fund has contributed significantly to CARE & FAIR, an organization dedicated to providing educational support and better living conditions for families in carpet making regions in India, Pakistan and Nepal. The fund provided \$11,000 to CARE & FAIR India between 2005-2006. In 2007, the Fund increased its effort, providing \$31,000 to CARE & FAIR, \$25,000 of which went to schools in India and \$6,000 for a library in Pakistan. In 2008, \$36,000 was provided. Of this, \$18,000 went to CARE & FAIR programs in India and \$18,000 for CARE & FAIR programs in Pakistan. In 2009, despite the very difficult economic environment, \$13,370 has been donated for the CARE & FAIR programs in India and Pakistan.

A principal use of the CARE & FAIR funds supports the Amita School in India. There are currently 350 children enrolled in this school, which is located in a carpet weaving area that is not yet sufficiently served by free primary schools. ORIA is also pleased by CARE & FAIR's

establishment of a women's empowerment program at the Amita School, which now serves 40 women. Another even larger school run by CARE & FAIR is located in Pakistan, the Vern School. There are currently 684 children enrolled, with 28 teachers and 11 staff. ORIA's contribution in 2007 provided the school with a library.

The decision by ORIA to support CARE & FAIR's program was made after a significant evaluation of the options and opportunities available, with a primary focus on ensuring that the maximum amount of ORIA's contributions would be used directly for supporting the carpet-weaving families, rather than overhead, marketing or other administrative expenses. CARE & FAIR, formed in 1994, was founded by committed carpet importers and has demonstrated to ORIA members its dedication to the battle against child labor while at the same time improving the situation for carpet weavers and their families. ORIA recognizes that there are other organizations with similar missions, and ORIA member companies have (and do still) support those other organizations as well, both through specific activities and through financial contributions.

Among the other programs to which the ORIA Charitable Fund contributes are the Nepal Burn & Cleft Center, a hospital that helps children, and Project Mala, in India. The Charitable Fund contributed \$8,000 to the Burn Center in 2007, \$11,500 in 2008, and \$2,500 in 2009. Project Mala is a new endeavor by the Association; run by a British importer, it is similar to CARE & FAIR in that it provides education to children in carpet weaving regions. In 2008, ORIA's fund contributed \$2,500 to this program. In 2009, the ORIA fund's contribution to Project Mala was \$1,500.

ORIA has brought all of the above mentioned information to the attention of U.S. Government officials during the course of reviews of duty-free benefits for many of these carpets under the U.S. Generalized System of Preferences program, including a review that was conducted only a little more than a year ago. In the view of ORIA, the GSP program deserves credit for bringing increased attention to the issue of child labor and for placing pressure on developing countries to meet commitments to enforce the laws and international standards, and to make education universally available.

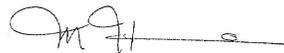
In light of the GSP program and its importance to these industries and to ORIA members, ORIA is particularly concerned about the potential implications of including hand-made carpets

from India, Pakistan and Nepal on the Executive Order list. If a product is included on the list, might that also mean that one of the conditions for participation in the GSP program is not met? If so, it would certainly contradict what appeared to be a favorable determination by the U.S. GSP Subcommittee with respect to child labor as recently as July 2008. Moreover, this association already has some experience with a petition filed by an NGO in the 1990s, under Section 307 of the Trade Act of 1930, that sought to bar the import of hand-made rugs from India, Pakistan and Nepal unless they bore a particular “child-free” label. Could inclusion of carpets on the Executive Order list serve as the proof to support yet another misguided petition? Certainly this should not be the case, especially because so much has been accomplished and continues to be accomplished. These are very serious concerns that the Department cannot take lightly.

Ultimately, the carpet-weaving orders that ORIA member companies place in third world countries, including in India, Pakistan and Nepal, are providing workers with an income with which to support and care for their families. As the current global economic crisis has reminded us, when jobs are lost, these workers and families are placed at even greater risk. The Department should recognize and acknowledge all that is being done to ensure that illegal child labor is fully eradicated and that these families are assisted in their efforts to provide their children with educations with which to move up the economic ladder. Impugning the entire carpet weaving industry by including it on the Executive Order list is counter-productive.

ORIA therefore very respectfully urges the Department to rescind its proposal to include hand-made carpets from India, Pakistan and Nepal on the list of products subject to Executive Order 13126, and to recognize that progress is truly being made to eliminate all forms of child labor in the carpet-weaving regions of the world.

Respectfully submitted,



Michael Harounian
President