



**Statement before the
Congressional-Executive Commission on China**

***“Forced Labor in Xinjiang and
Implications for Global Supply Chains”***

A Testimony by:

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Chairman McGovern, Chairman Rubio, and distinguished Members of the Commission, thank you for holding a hearing on this important topic and offering me an opportunity to speak.

I am the Director of the Human Rights Initiative at CSIS. My program issued a report today on forced labor in Xinjiang, with a series of recommendations to address these abuses. I have worked in the field of business and human rights for over a decade, and the recommendations reflect my practical experience.

Over one million Muslim minorities in Xinjiang are believed to be held in extrajudicial detention facilities, where they are brainwashed to abandon their religion and declare loyalty to the communist party. The entire region of Xinjiang is covered by an unparalleled surveillance system infiltrating every aspect of inhabitants' lives. And now there are credible allegations that minorities, including those who were detained, are being subjected to forced labor, particularly in the textile industry. Today, I will focus on the issue of forced labor in Xinjiang and why it is unique and requires novel responses.

Forced labor is always abhorrent, but the situation in Xinjiang is uniquely abusive. The forced labor in Xinjiang goes beyond more typical forced labor, which usually involves migrant workers who pay fees to a recruiter and end up indebted, with their passports confiscated and their movement restricted. Forced labor is not typically a centralized, masterminded effort, where the state acts as the organizer as part of a broader effort to cut minorities off from their culture and religion at any cost. In Xinjiang's case, the Chinese state is playing this role. The Chinese authorities believe that through re-education and work, they can break the minority population's ties to religion, increase their loyalty to the state, and stabilize the region.¹ Forced labor is part of a set of government policies seeking to accomplish this. Other key elements include mass detention and what the government considers to be "poverty alleviation" for minorities, and these are all interlinked.

Forced labor in Xinjiang may rise to the level of a crime against humanity. Why do I say this? International jurisprudence defines several key elements of crimes against humanity: the act must be part of a widespread or systematic attack; the attack must be against the civilian population; and the attack must be launched on discriminatory grounds, including ethnic or religious grounds.² Such attacks in many instances are violent, but are not always.³ Enslavement – including forced labor – is enumerated as a potential crime against humanity when carried out part of such an attack. Indeed, the Nuremberg trials after World War II found certain German industrialists guilty of crimes against humanity, including the use of forced labor associated with concentration camps.

¹ Emily Rauhala, "China Now Says Almost 100 Were Killed in Xinjiang Violence," *Time*, August 4, 2014, <https://time.com/3078381/china-xinjiang-violence-shache-yarkand/>

² *Akayesu*, (Trial Chamber), September 2, 1998, para. 595.

³ "An attack may also be nonviolent in nature, like imposing a system of apartheid . . . or exerting pressure on the population to act in a particular manner." *Akayesu*, (Trial Chamber), September 2, 1998, para. 581. See also Rutaganda (Trial Chamber), December 6, 1999. Para 70, and Musema, (Trial Chamber), January 27, 2000, para 205.

Xinjiang appears to fit this pattern. Muslim minorities are being forced to work at a significant scale in Xinjiang based on their religion and ethnicity. It is part of a broader attack on them, including widespread detention. As a result, the Chinese companies playing a direct role in Xinjiang's state-sponsored forced labor are at risk of complicity in international crimes. Our response needs to match the gravity of the abuses.

At CSIS, our research confirmed and expanded on the work of others speaking today. Forced labor in Xinjiang takes three primary forms. First, there is traditional prison labor, which has long played a key role in cotton and textile production in Xinjiang. It is believed that increasingly large numbers of minorities are entering the formal prison system in Xinjiang, where they may be forced to work.⁴ Second, detainees and ex-detainees are being funneled into factories. Chinese government planning documents and statements from detainees suggest that this could be occurring at a significant scale. One credible source told an Associated Press journalist that 10,000 ex-detainees, or 10 or 20 percent of the population in his county, were being forced to work.⁵ The government of Kashgar, a region of Xinjiang, stated that it would send 100,000 "re-educated" individuals to work in factories.⁶ That is 20 percent of the entire Uyghur population of Kashgar. Even if the Chinese government did not hit its targets, the numbers are likely to be very significant. Third, there are indications that Chinese authorities are coercing rural, poor minorities to enter the formal workforce as part of the government's poverty alleviation program, which is based on the idea that factory work will break their ties with their culture and religion.

The Chinese government's efforts to move minorities into the workplace, willingly or not, center particularly on yarn, textiles, and apparel. Indeed, the government is offering significant subsidies to textile companies and allows factories to pay these workers much less than the minimum wage.⁷ Our interviews of ex-detainees indicate that some are paid less in a year than the legal minimum wage for a month in Xinjiang. This extraordinarily cheap labor creates significant competitive advantages for these Chinese companies.

The Chinese government helps funnel these workers to the factories. The ex-detainees we interviewed were explicitly told that if they refused to work, they'd be sent back into detention. At least some of the rural poor moving into the workforce as part of the government's poverty alleviation program were also reportedly threatened with being sent to detention if they did not agree to the job placement. Like the ex-detainees, they were also paid a pittance.

Forced labor in Xinjiang is one part of a much larger set of human rights violations. The situation requires policy action on a number of fronts, including diplomatic pressure. However, because

⁴ *Cotton: The Fabric Full of Lies: A report on forced labor and prison labor in Xinjiang, China, and the nexus to global supply chains* (Washington, D.C.: CPIFC)

⁵ Dake Kang, Martha Mendoza, and Yanan Wang, "US Sportswear traced to factory in China's internment camps," Associated Press, December 19, 2018, <https://www.apnews.com/99016849cddb4b99a048b863b52c28cb>

⁶ Chris Buckley and Austin Ramzy, "China's Detention Camps for Muslims Turn to Forced Labor," *New York Times*, December 16, 2018

⁷ Wusu City: The First Apparel Manufacturing Company Starting Operations in September," The Government of Xinjiang Uygur Autonomous Region of China, <https://web.archive.org/web/20180126102601/http://www.xinjiang.gov.cn/2017/08/30/143690.html>

some of the companies potentially involved in forced labor in Xinjiang are linked to global supply chains, action in this area can be part of the solution.

To think about what leverage is available, we can consider how Xinjiang connects to brands and consumers here in the US. China is one of the world's largest cotton producers, with around 20% of the world's production.⁸ But a more apt characterization is that Xinjiang itself is one of the world's largest cotton producers, since it alone is responsible for 84% of all of China's cotton production.⁹ Some of that cotton is transformed into yarn and textiles in Xinjiang – indeed, the world's self-proclaimed largest producer of colored yarn¹⁰ – Huafu Fashion – has a factory in Xinjiang and is accused of using “re-educated” labor.¹¹ Our research indicates that several other large Chinese textile companies that sell to Western brands – directly and indirectly - also have factories in Xinjiang that raise red flags. Much of Xinjiang's cotton, yarn, and textiles then are sent into the rest of China for further processing. Over 30% of US apparel imports come from China,¹² and much of this is likely to be affected by Xinjiang's forced labor several steps back in the supply chain.

Recommendations

We must respond with an urgency that reflects the severity and scale of these abuses.

-- The Administration should apply Global Magnitsky sanctions on companies and their officers directly involved in forced labor, responsible for building detention facilities, or knowingly providing key technology for Xinjiang's pervasive surveillance. This is an obvious and urgent step.

-- A federal agency – either the Department of Labor or Department of State - should be funded to create a public watch list of companies in Xinjiang that trigger red flags indicating a risk that they use forced labor. We identify examples of those red flags in our report. This watch list would help Customs and Border Patrol, assist with Global Magnitsky designations, and also put companies on notice of risks in their own sourcing practices.

-- Customs and Border Patrol should develop unique approaches to enable seizures of Xinjiang goods tainted by forced labor that reflect the fact that Xinjiang is a police state. For this authoritarian environment, Customs and Border Patrol should assume that some of the red flags we identified in our report are a sufficient basis for a seizure. The aforementioned company watch list would put Western companies on notice that certain suppliers could face seizures. Customs and Border Patrol should first conduct seizures on shipments coming directly from Xinjiang to the United States, because receiving companies should be on notice of the risks of

⁸ China: Cotton and Products Annual,” USDA Foreign Agricultural Service, April 16, 2019, <https://www.fas.usda.gov/data/china-cotton-and-products-annual-3>.

⁹ Ibid.

¹⁰ “World's largest textile mill for coloured yarns in Xinjiang,” Xinhua, August 25, 2018, http://www.xinhuanet.com/english/2018-08/25/c_137418336.htm or <https://perma.cc/SV96-V2B4>

¹¹ Ibid.

¹² Sheng Lu, “China's Changing Role in the World Textile and Apparel Supply Chain,” FASH455, November 2, 2018, <https://shenglufashion.com/2018/11/02/chinas-changing-role-in-the-world-textile-and-apparel-supply-chain/>.

their sourcing. This would provide time for companies indirectly sourcing from Xinjiang to identify red flags and adjust their sourcing practices.

-- The apparel industry should consider instituting a ban on knowingly sourcing Xinjiang cotton, as they did for Uzbek cotton. This would acknowledge the severity of the problem, although given the dependence of the US apparel sector on China, it will be challenging. In the meantime, individual companies should carry out the due diligence and reporting we identify in our report and shift their supply chains as appropriate. Notably, traditional factory audits are impossible to conduct credibly in Xinjiang, so companies should instead use a combination of traceability and a red flags approach. If companies do identify likely forced labor, they will not be able to directly mitigate it in the Xinjiang context and will need to change their sourcing.

--The US government itself should adopt the report's red flags approach in its own procurement practices. Given the dollar value of US government procurement practices, this could be impactful.

-- Congress and the Administration must think more broadly regarding what can be done about companies directly involved in the centrally planned, gross human rights abuses in Xinjiang. Some of the technology companies knowingly contributing to the surveillance state in Xinjiang have a US presence. It is suspected that large state-owned enterprises helping to build the detention facilities there also have a US presence. They should be the US's primary targets whenever we can reach them.

-- The US should work toward building a broad coalition of international allies who are committed to removing these abuses from global supply chains. Each recommendation above, while vital, will not effect change on its own. Our allies, who also have commitments to protecting human rights, must hear from the United States that we want to work together to cut off export markets for Xinjiang's tainted goods. Strong U.S. diplomatic efforts will be essential. This work is one aspect of ensuring that the goods we keep out do not simply slip into other, lucrative supply chains.

--Finally, simply indirectly pressuring Chinese companies involved in abuses in Xinjiang will not by itself address the underlying state-led abuses. These recommendations need to be combined with a robust diplomatic effort and the use of other points of leverage.

Thank you very much, and I look forward to answering your questions.