



**Statement before the  
Ways and Means Subcommittee on Trade**

***“Enforcing the Ban on Imports Produced  
by Forced Labor in Xinjiang.”***

A Testimony by:

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**Cisco Webex**

Chairman Blumenauer, Ranking Member Buchanan, and distinguished Members of the Subcommittee, 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. I have worked in the field of business and human rights for over a decade.

Over the past year, CSIS has conducted research on forced labor in the Xinjiang Uyghur Autonomous Region (XUAR) and how it connects to global supply chains. May I submit our October 2019 report and our July 2020 brief to the record?

I will discuss patterns of forced labor in the XUAR, industries that may be linked to it, and provide recommendations.

Forced labor in the XUAR is unique. Typically, forced labor involves migrant workers who end up indebted to recruiters and have their passports confiscated, leaving them trapped in a foreign country. In contrast, in the XUAR, the Chinese state itself is organizing the forced labor. It is part of a broader effort to cut minorities off from their culture and religion, and increase loyalty to the Chinese Communist Party through detention, “re-education,” and work.

Those subjected to forced labor include ex-detainees and the rural poor, who are transferred to work as part of what the government calls its “poverty alleviation” efforts. Our interviews indicate that in some cases, both ex-detainees and the rural poor are being threatened with detention if they do not accept work assignments. Both groups are being paid far below the minimum wage in some instances. The government transfers minorities to work at companies both within the XUAR and in other parts of China.

The US is the XUAR’s fastest growing export market, increasing by 250% over the past year. Top direct imports into the US, in order of prevalence, are: chemicals, hair, minerals, food products, apparel, plastics, and metals.

However, the vast majority of the XUAR’s products are used as inputs within China and do not ship directly to the US. It is helpful to look at the Chinese government’s priorities for growth in the XUAR, which are agriculture, apparel and textiles, electronics, mining (including rare earths), chemicals, and medical equipment. Chinese companies in these sectors are more likely to be asked to build factories in the region and accept labor transfers from the government and thus may present heightened forced labor risks.

The XUAR currently plays an important role in the early stages of certain supply chains. For example, the XUAR produces around 20 percent of the world’s cotton, all of which is used within China. Chinese yarn makers mix the XUAR’s cotton with imported cotton to make yarn. China in turn is the world’s largest producer and exporter of yarn, textiles, and apparel. This means much of the world’s apparel and textiles likely contain inputs from the XUAR. Recent reporting suggests that the XUAR may play a similarly key role in the early stages of the solar industry.

The fact that the XUAR's role lies so deep in some supply chains creates challenges on two fronts. First, companies and enforcement agencies must develop a much greater understanding of the chain of custody of products to know when XUAR inputs are being used. Most companies can only trace to Tier 1 or 2 in their supply chain, which is often not where the problem lies. However, new technologies enable companies – or enforcement agencies – to test certain end products to identify their origins.

Second, the XUAR's inputs contaminate large portions of certain supply chains. To address this, not only is better traceability critical, but alternative supply chains must be rapidly developed. This will require not only long-term company sourcing commitments, but appropriate tariff incentives, development assistance for infrastructure, and potential loans from the Development Finance Corporation.

Despite these challenges, the pervasiveness of forced labor in the XUAR creates an imperative for action.

### Recommendations

We must respond with an urgency that reflects the severity and scale of these abuses. Stability in the XUAR via repression is a top priority for the Chinese government. Changing China's policies will be a significant challenge.

- US policy must be multi-faceted to have a chance of diminishing abuses on the ground. Improved enforcement of the Tariff Act is a piece of the puzzle, but this will not be sufficient.
- The US must act in a consistent and principled manner and use its full array of tools – and convince its allies to do the same. The US must show a predictable commitment to multilateral fora, and abuses in Xinjiang must be a constant priority in the G7, the UN and in bilateral relations.
- Abuses in the XUAR, including forced labor, should be a pillar of all high-level negotiations with the Chinese government, echoing US engagement with the Soviet Union in the later years of the Cold War.
- The Administration should apply Global Magnitsky sanctions to companies and their officers directly involved in forced labor – some of which have a US presence – and encourage other countries such as Canada and the UK to impose the same sanctions under their versions of Global Magnitsky.
- Given the scale of Xinjiang-linked products likely entering the US, Customs and Border Protection (CBP) will need extra resourcing to enforce even the existing ban on goods produced with forced labor.
- CBP also will need a strategy, especially if a broader ban is put in place. Components could include incentivizing or requiring companies to trace their supply chains, and potentially first targeting companies not making serious efforts to trace and eliminate XUAR-linked forced labor from their supply chains, including those sourcing directly from the XUAR. CBP could ratchet up expectations over time.
- The Department of Labor should be funded to create a public watch list of companies that trigger red flags indicating a risk that they use XUAR-linked forced labor. We identified

such red flags in our 2019 report. This watch list would help CBP do its job, assist with Global Magnitsky designations, put US companies on notice of risks in their own sourcing practices, and could be shared and coordinated with other governments.