HUMAN RIGHTS CRISIS IN THE
XINJIANG UYGHUR AUTONOMOUS REGION
Practical Guidance for Investors

Thursday, October 29, 2020
East Turkistan – Uyghur Region
Investors Responsibility

Institutional investors → Hardware / software company → Video surveillance tech company (e.g. Hikvision) → Chinese authorities → Surveillance of Uyghur peoples
Enhanced HRDD needed as XUAR is a high-risk region

Guiding Question for Corporate Engagement

Collective Action with Civil Society Organizations, Trade Associations, Government & International Organizations
Panelists

Zumretay Arkin
Program Director & Advocacy,
World Uyghur Congress
Panelists

Rahima Mahmut
UK Project Director,
World Uyghur Congress
Megha Rajagopalan
International Correspondent,
BuzzFeed News
Mass Surveillance in XUAR

A government official scans the QR code on the wall of a home in Xinjiang, which gives him instant access to the residents’ personal information. Source: Xinjiang state radio

Source: UHRP
Panelists

Mariefaye Bechrakis
Program Manager & Research Associate, Human Rights Initiative at CSIS
Forced Labor in Xinjiang
Xinjiang-Linked Forced Labor: Patterns

- US Holocaust Museum: potential crimes against humanity
- Labor as re-education: reform thinking and break cultural ties
- Concerns about government-linked forced labor include:
  - Ex-detainees, as part of “re-education” (e.g. 100,000 in Kashgar alone - or 20% of entire Uyghur population of Kashgar, according to the government);
  - “Poverty alleviation” programs;
  - Prison populations (21% of all arrests in China); and
  - Transfers to factories outside Xinjiang – including long-term Western suppliers.
Poverty Alleviation

- Local officials are required to deliver a certain quota of people out of poverty
- Research suggests that some of the ethnic minorities transferred to work are not willing and are severely underpaid
- Efforts to place ethnic minorities to work through programs such as the poverty alleviation, combine with “pairing programs”
The pairing program links companies from other provinces to XUAR.

Each pairing program has a sectoral focus based on the needs of their paired province.

It may link them to forced labor in some instances.

Harder to trace supply chains?
Links to Western Supply Chains

- Around 20% of the world’s cotton comes from Xinjiang, 33% of the U.S.’s garment imports containing cotton come from China.
- China wants Xinjiang to produce more goods, and export them to Central Asia and Europe as part of the Belt and Road Initiative.
- Eastern Chinese companies are heavily subsidized for opening facilities in Xinjiang, hiring ex-detainees and participating in “poverty alleviation” for minorities.
Huafu a major supplier to Western brands and one of the largest textile companies in China runs a “training college” in the middle of Aksu Industrial Park

Aksu Industrial Park was built specifically as a key element of the government’s poverty alleviation programs

Enrollees are dressed in camouflage uniforms

The training college is next to Huafu’s factory, which has reportedly employed workers from training programs intended to eradicate their “extremist” thoughts
The pairing programs focus mostly on electronics, textile and apparel manufacturing, rare earth mining, agricultural production, and plastics production.

The HRI identified sectoral priorities for 19 pairing programs:
- Agricultural production, followed by
  - Textiles
  - Electronics
  - Mining
  - Chemicals
  - Medical equipment
Possible Links to Western Supply Chains: Other Sectors

- Agricultural production (tomatoes, possibly apples and apple juice)
- Solar
- Rare earth and electronics
- Machinery
- Mining
- Plastics and chemicals
From April 2019 to April 2020, the XUAR’s two fastest growing export markets were the US, rising more than 250%, and Italy, rising by over 200%.
Recent Government Action on XUAR Imports

- Mid-Sept: CBP issued 5 ‘Withhold Release Order’ (WROs) on products from XUAR
  - Included products: hair products, apparel, cotton, computer parts

- Early-Sept: CBP considered blanket WROs on all cotton and tomatoes from XUAR
  - Measure watered down after USTR, Treasury, Agriculture pushback

- Late-Sept: U.S. House overwhelmingly passed Uyghur Forced Labor Prevention Act
  - Bans all goods from XUAR on basis of forced labor with ‘rebuttable presumption’
Panelists

Shoko Sekiguchi
Snr. Responsible Investment Research Associate,
Domini Impact Investment
Investors’ Role in Promoting Human Rights
Shoko Sekiguchi / Senior Impact Investing Research Associate

Prepared for:
Webinar - Practical Guidance for Investors: Human Rights Crisis in Xinjiang Uyghur Autonomous Region (Thursday, October 29th)
Our Three Tools for Impact

Standards
Community Investing
Engagement
Domini Approach to Burma

Standards & Research Framework
- Identify high-risk countries, sectors and incidents
- Update and refine over time
- Published findings (2017 Investor Guidance)

Company Engagement
- Human Rights Due Diligent policies and practices
- Improve disclosures
- Company response to specific incidents

Policy Advocacy
- Support international efforts (e.g. CRN, UNGPs)
- Engage National Security Council and State Department on democratization of Burma
Applying Lessons to XUAR Campaign

Goals of our engagement:
• Enhanced due diligence
• Improve disclosure on progress and process
• Provide remedy for potential impacts

Five areas of inquiry:
1. Nature of the company’s operations in conflict-affected areas
2. Human rights policies and procedures, alignment with the UN Guiding Principles
3. Conduct enhanced Human Rights Due Diligence prior to any business activities in the country
4. Engaging and informing local communities
5. Remedy available
Campaign 2020: Collaboration with XUAR Working Group

Case 1

**German retail company**
Asked the company for more details about its policy and plans for sourcing

Case 2

**Japanese retail company**
- An initial letter addressing labor relations during the COVID-19 pandemic
- A follow-up letter addressing production in XUAR
Q&A Discussion
“The only viable solution is to consider the entire region to be thoroughly tainted with different forms of coercive labor.”

- Researcher Adrian Zenz
“Business leaders and investors need to ask this question honestly: what is their place in history if they continue to profit by cooperating with a government carrying out a campaign of genocidal repression? They can’t say they didn’t know.”

- Omer Kanat, UHRP Executive Director
Investor Action Plan

- Corporate Engagement with portfolio companies across sectors:
  - With Investor Alliance / ICCR Working Groups + PRI collaboration group coordinated by Rathbones
  - Developed tools to support investors through these engagements

- Endorse Call to Action on forced labor associated with cotton production in and from XUAR

- Need for collective action and engagement with other stakeholders, including policy makers, at a national, regional and international level
Resources

Background Information

- China Secretly Built A Vast New Infrastructure To Imprison Muslims (Buzzfeed News)
- Ex-Prisoners Detail The Horrors Of China's Detention Camps (Buzzfeed News)
- US Universities And Retirees Are Funding The Technology Behind China’s Surveillance State (Buzzfeed News)
- Connecting the Dots in Xinjiang Forced Labor, Forced Assimilation, and Western Supply Chains (CSIS)
- Addressing Forced Labor in the Xinjiang Uyghur Autonomous Region: Toward a Shared Agenda (CSIS)
- Pairing Programs in Xinjiang: Priority Sectors and Human Rights Risks (CSIS)

Action Plan Materials

- The China Cables: China’s Operating Manuals for Mass Internment and Arrest by Algorithm (International Consortium of Investigative Journalists)
- Full List of Evidence Uyghur Crisis (provided by Zumretay Arkin, World Uyghur Congress)

- Call to Action (Coalition to End Forced Labour in the Uyghur Region)
- Human Rights Risks in Xinjiang Uyghur Autonomous Region - Practical Guidance for Investors (Investor Alliance for Human Rights)
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Thank you!

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