

Report on Supply Chain Compliance Volume 3, Number 1. January 09, 2020 US uses legislative tools to maintain pressure on China

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The United States Congress recently reviewed three separate pieces of legislation targeting China's treatment of Uyghurs in the northwestern province of Xinjiang and pro-democracy activists in Hong Kong. The <u>Hong Kong</u> <u>Human Rights and Democracy Act of 2019</u>,^[1] the <u>PROTECT Hong Kong Act</u>^[2] and the <u>Uyghur Human Rights</u> <u>Policy Act</u>^[3] are all close to reaching the desk of U.S. President Donald Trump, who could choose to veto them or sign them into law.

All three bills threaten sanctions against individuals and entities that are found to have violated the human rights of Uyghurs and Hong Kong residents. The pressure comes as President Trump and Chinese President Xi Jinping seek an end to a trade war that has disrupted supply chains and markets across the world. <u>President Trump announced</u>^[4] in October that "Phase 1" of a deal could have been reached by the end of 2019, but recent statements to the media suggest that a deal may not be reached until after the 2020 elections in the U.S.

Forced labor

The Chinese government has placed millions of Uyghurs and Kazakhs in re-education camps to root out <u>"violence, terrorism, and separatism."^[5]</u> The international community has criticized the re-education camps and China's heavy-handed approach, claiming the camps are more akin to concentration camps where people are allegedly brainwashed, raped and sterilized. China denies these claims.

What China does not deny is the wholesale shift — government mandated — of Uyghur and Kazakh people from rural villages and agricultural work to factories and more urban employment. The goal is to turn Uyghurs and Kazakhs into obedient workers loyal to the Chinese Communist Party.

The result could be a significant threat of forced labor in supply chains that reach into Xinjiang; the cotton industry, for example. As <u>The New York Times</u> reported on Dec. 30, 2019, "Experts say those harsh methods can amount to forced labor, potentially tainting the global supply chain that uses Xinjiang workers, particularly for cotton goods. The Japanese retailers Muji and Uniqlo say they have used cotton from the region, while Walmart has bought goods from a company that until recently used workers from Xinjiang." [6]

The Uyghur Human Rights Policy Act, which passed the U.S. Senate in September, was amended in the House of Representatives in December. The modifications include sanctions under the <u>Global Magnitsky Human Rights</u>

<u>Accountability Act^[7]</u> against Chinese government officials responsible for violating human rights in Xinjiang and a ban on exporting equipment that could be used to spy on or restrict the communications or movement of Uyghurs and other Chinese citizens.^[8]

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