



# Business, Energy and Industrial Strategy Committee

House of Commons, London SW1A 0AA

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Paul Scully MP  
Minister for Small Business, Consumers and Labour Markets  
1 Victoria Street  
London  
SW1H 0ET

9 June 2021

Dear Paul,

Thank you for the Government's response to the Business, Energy and Industrial Strategy Committee's report on *Uyghur forced labour in Xinjiang and UK value chains*.

While we thank the Government for its timely response to our report, we are deeply frustrated by its choice to reject nearly all our recommendations. Since the report was published on 17 March 2021, several key events have taken place:

- The Chinese Communist Party has sanctioned British citizens for speaking out about human rights abuses in Xinjiang, including five MPs, one of whom was likely sanctioned for producing this very report.
- Chinese consumers boycotted Western companies that displayed concern over their supply chains in Xinjiang. One of the companies that gave evidence, H&M, was wiped from Chinese internet sites: "*searching for H&M on multiple Chinese map apps, including Baidu Maps, run by China's largest search engine, returned zero results*". Under huge pressure, an organisation referenced in the report, the Better Cotton Initiative, deleted from its website a months-old statement about concerns that cotton was being produced by forced labor in Xinjiang.<sup>1</sup>
- Parliament unanimously agreed that genocide was taking place in the region, joining four other countries (Canada, the United States, Lithuania, and the Netherlands) in reaching this verdict.
- Evidence has continued to mount of gross human rights abuses in Xinjiang, and other countries have taken meaningful action on their companies' supply chains in the region, most recently Germany.

In this context, the fact that the Government has rejected the majority of the recommendations is disheartening in the extreme.

## Sanctions and Overseas Development Assistance

We welcome the Government's decision in response to our recommendation to impose targeted sanctions against perpetrators of gross human rights abuses in Xinjiang. This co-ordinated action, taken alongside the US, the EU and Canada, represents an important step forward in terms of the

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<sup>1</sup> Wall Street Journal, '[China Disappeared H&M From Its Internet, Splitting Fashion Industry Group](#)', accessed 26 March 2021



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international community's response to the atrocities being committed against Uyghur people and other ethnic minorities in Xinjiang.

**We expect the Government to keep these sanctions under constant review and to expand them where necessary, to ensure that all perpetrators of these crimes are held to account.**

We also welcome the Government's support for our recommendation that your Department should commit to full transparency in terms of Overseas Development Assistance funding being spent in China, which is needed to ensure that no Government funds are being used to underpin human rights abuses.

**We will be monitoring the Department's progress in improving its transparency score and request a written update within six month that sets out the actions taken by Government and what impacts these have had.**

However, as noted above, we are deeply disappointed that the Government's response does not commit to clear timeframes and substantive actions in response to the majority of our recommendations. Below we have listed the main areas of recommendation in the report and noted our reply to the Government's response.

## Company whitelist and blacklist recommendation

It's unacceptable that the Government concluded that "*sadly, no business operating in any sector can consider themselves immune from the risks of modern slavery.*"<sup>2</sup> This infers that there is an equal level of risk of engaging in modern slavery for a company operating a supply chain in Aberdeenshire as there is in Xinjiang; this is clearly not the case. As the Foreign Secretary himself said in January 2021, "*the evidence of the scale and the severity of the human rights violations being perpetrated in Xinjiang against the Uyghur Muslims is now far-reaching, and it paints a truly harrowing picture... [and includes] the widespread use of forced labour.*"<sup>3</sup>

If companies are not able to enter Xinjiang and audit their supply chain in a region noted for its "*widespread use of forced labour,*" how could they possibly be meeting the UK's high standards? Stating that "*businesses should reconsider their relationship with the supplier*" if unable to make "*continuous progress with them to prevent labour exploitation in their supply chain*" is simply ludicrous.<sup>4</sup> This lax approach to enforcement penalises the many companies that want to do the right thing by letting those who are profiting from slave labour off the hook.

In rejecting our recommendation, the Government response argues that individual Government departments will have the ability to refuse suppliers on human rights grounds. As you know, this is a power departments already enjoy, but the human rights tools at their disposal are failing to screen out some of the worst offenders. By refusing to streamline this process, the Government is making it more likely that companies facilitating human rights abuses will continue to receive Government

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<sup>2</sup> *Uyghur forced labour in Xinjiang and UK value chains: Government Response to the Committee's Fifth Report of Session 2019-21: [Third Special Report of Session 2021-22](#)*, para 28

<sup>3</sup> HC Deb, 12 January 2021, [col 160-162](#)

<sup>4</sup> *Uyghur forced labour in Xinjiang and UK value chains: Government Response to the Committee's Fifth Report of Session 2019-21: [Third Special Report of Session 2021-22](#)*, para 27



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contracts, and that more UK tax supports the Uyghur slave trade. The Government could have at the very least considered a 'Uyghur Slave Labour Government Procurement Blacklist' of companies to streamline this process and set clear boundaries for British businesses and consumers. The United States has a similar programme, the Commerce Entity List.<sup>5</sup>

## Overseas Business Risk (OBR) Guidance

The Government states that it strengthened the Overseas Business Risk (OBR) Guidance by providing “*revised and detailed*” advice.<sup>6</sup> Describing the addition of two paragraphs as provision of ‘detailed’ guidance stretches the bounds of credulity. Compare this to our closest ally, the United States. The US Department of State provides 19 pages of business advice. We provide one subheading which is lacking in meaningful advice on how to go about sourcing in one of the most high-risk regions in the world. This is clearly unacceptable and further work is required.

## Cross Government co-ordination

We remain deeply concerned that your Department is not doing enough to proactively push for reforms and to co-ordinate with other parts of Government on these pressing matters. While the Government’s response mentions a number of cross-Whitehall groups, including the China National Strategy Implementation Group and the cross-Government working group co-ordinating action on Xinjiang, it is still unclear what position or authority ministers or officials in your Department have within these groups. It is therefore disappointing that the Government has rejected our recommendation to establish a director-led working group within your Department, which would co-ordinate Government actions on supply chain transparency and other business-specific policy.

## Reforming the Modern Slavery Act 2015

We were dismayed to note that the Government continues to refuse to offer a clear timetable for bringing forward reforms to the Modern Slavery Act. Our report recommended that the Government match its words with actions by urgently committing to strengthening the Modern Slavery Act. We are disappointed that the Government’s response offered no further clarification to the evidence we received from you in November 2020.

If the Government is committed to ensuring that businesses and public bodies act responsibly and transparently in relation to Xinjiang, then it is simply not good enough to keep repeating the line that the Modern Slavery Act will be reformed when “*Parliamentary time allows.*”<sup>7</sup> Given that countries around the world are taking strong steps to ensure that supply chains are not tainted by the forced labour of Uyghurs in Xinjiang, we expect the Government to respond swiftly to bolster the UK’s modern slavery legislation.

Furthermore, in the Government’s response, it is stated that the “*FCDO is working with Cabinet Office to provide additional guidance for commercial teams across government to more effectively*

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<sup>5</sup> Bureau of Industry and Security, US Department of Commerce, '[Entity List](#)', accessed 26 March 2021

<sup>6</sup> *Uyghur forced labour in Xinjiang and UK value chains: Government Response to the Committee’s Fifth Report of Session 2019-21: [Third Special Report of Session 2021-22](#)*, para 5

<sup>7</sup> *Uyghur forced labour in Xinjiang and UK value chains: Government Response to the Committee’s Fifth Report of Session 2019-21: [Third Special Report of Session 2021-22](#)*, para 7, 42, 46, 49



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*exercise their existing discretion to exclude from government supply chains those suppliers linked with modern slavery and human rights violations.”*

**However, it is not clear that the Modern Slavery Assessment Tool is effective. In response to this letter, please set out how many rejections have been recommended by the tool in each year since its inception.**

## Director liability for Modern Slavery Statements

This is the second time the Government has rejected a recommendation to make company directors liable for the quality of a company’s Modern Slavery Statement, the first being in response to the Independent Review into the Modern Slavery Act, 2018. Despite the fact that company directors by their very nature bear responsibility - and often liability - for their organisations, the Government does not believe they should bear responsibility for the accuracy of its Modern Slavery Statements. Of greatest concern is the section in the Government’s response where it is argued implicitly that it would be disproportionate to disqualify directors for fraud surrounding Modern Slavery, while in the same sentence recalling that they can be disqualified for filing their accounts late. France has already made significant advancements in this area with the “Devoir de vigilance des entreprises donneuses d’ordre”.<sup>8</sup> How can companies be expected to take seriously the UK’s commitment to stamping out slavery if their liability is greater for mere administrative failures?

**Overall, the Government’s response rests on the argument that meaningful human rights due diligence can be conducted in regions such as Xinjiang. However, our report provides ample evidence in the alternative, concluding that it is impossible to undertake human rights due diligence with any confidence. In response to this letter, please set out the basis on which Government assumes that this is incorrect.**

Sadly, the Government’s response simply reinforces our report’s view that there is a lack of coherence and urgency in Government in dealing with modern slavery, especially in Xinjiang. The Government’s response lets down British business by failing to provide a meaningful framework to help them make informed choices in one of the least transparent regions in the world and lets down British consumers who want to know that they aren’t financially contributing to supply chains tainted with modern slavery. We urge the Department to re-engage with the report’s recommendations and to give these serious matters the prominence they require.

We’re copying this letter to the Chairs of the Foreign Affairs Committee, Environmental Audit Committee, Home Affairs Committee, International Trade Committee and the International Development Committee, as well as the Chair of the All-Party Parliamentary Group on Human Trafficking and Modern Slavery, for their information.

We would be grateful if you could send your response by 23 June 2021.

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<sup>8</sup> Ethical Trade, '[France adopts new corporate “duty of care” law](#)', accessed 26 March 2021



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**Darren Jones MP**  
**Chair, Business, Energy and Industrial Strategy Committee**

**Nusrat Ghani MP**  
**Inquiry Lead Member, Business, Energy and Industrial Strategy Committee**