

## Written submission by the Rights Lab, University of Nottingham<sup>1</sup> (FL0003)

*The Rights Lab delivers research to help end modern slavery. We are the world's largest group of modern slavery researchers, and home to many leading modern slavery experts. Through our five research programmes, we deliver new and cutting-edge research that provides rigorous data, evidence and discoveries for the global antislavery effort. More information about the Rights Lab is available at: [www.nottingham.ac.uk/rights-lab](http://www.nottingham.ac.uk/rights-lab).*

### Overview

Widespread reports from rights groups and investigative journalists, leaked government records, combined with satellite imagery, suggest that over a million Uyghurs and people of other ethnic minorities in China's Xinjiang Uyghur Autonomous Region (XUAR) may be being forced to work in government-sponsored detention and forced labour.<sup>i,ii</sup> China produces at least 20% of the world's cotton, of which 80% is grown in XUAR, making Chinese cotton goods particularly likely to be implicated in the XUAR abuses.<sup>iii,iv</sup>

### Recommendations for the UK Government

The UK Government should live up to its commitments under *Good Business: Implementing the UN Guiding Principles on Business and Human Rights*.<sup>v</sup> This includes meeting its duty to protect human rights and encouraging businesses to respect human rights. To achieve these aims, the Government should:

- Publish guidance to aid businesses to identify, mitigate and remedy risks of XUAR-related forced labour. This guidance should include the red flags listed in paragraph 6 in the submission below, and should extend to all firms within British jurisdiction connected to the relevant value-chains, including investors.
- Update the '[Tackling modern slavery in government supply chains](#)' guidance to include reference to the modern slavery risks associated with goods linked to XUAR-related modern slavery.
- Consider adopting sanctions against individuals and entities using XUAR-related forced labour, under the [Global Human Rights Sanctions Regulations 2020](#).
- Publish guidance to clarify the application of existing anti-money laundering rules to the handling of proceeds of XUAR-related forced labour.

### The connection between the treatment of predominantly Muslim minorities in XUAR and company value chains supplying the UK apparel industry

1. Companies that supply UK apparel markets and are suspected of directly employing forced labour, or that source from suppliers that are suspected of using forced labour, may include Adidas, Calvin Klein, Esprit, H&M, Nike, Patagonia, and Tommy Hilfiger.<sup>vi,vii</sup> Cotton from Xinjiang supplies the industries of nearby garment-producing countries. China exported \$2.65 billion worth of cotton to Bangladesh in 2018<sup>viii</sup>, and half of all cotton imported by Cambodia comes from China. Bangladeshi and Cambodian exported

---

<sup>1</sup> This submission was prepared by [Gabriel Bales](#) (Rights Lab Research Fellow in Evidence Review) with expert input from [Dr Sabina Lawreniuk](#) (Rights Lab Nottingham Research Fellow in Gender, Activism and the Garment Industry) and [Dr Alexander Trautrimis](#) (Rights Lab Associate Director (Business and Economies Programme) and Associate Professor in Supply Chain and Operations Management).

garments fulfil 11% and 4% of British garment consumption, respectively. China itself fulfils 20%.<sup>ix</sup>

2. Global cotton supply chains have higher risks of forced labour than many other supply chains. Cotton production involves many steps (growing/picking, ginning, spinning, dyeing, and garment production), leading to a complex multi-stage supply chain that tends to obscure provenance. In addition, cotton is fungible and is traded *in volume*, meaning that buyers do not usually purchase a particular specimen or source of cotton. Cotton bales produced using fair and unfair labour are identical. When a supplier buys “fairly sourced cotton”, the fairness from then on exists only in the ledgers, not attached to those specific bales of cotton – it effectively acts as licence for the supplier to sell that much cotton as “fairly sourced cotton”. The cotton then sold as “fairly sourced” may actually be a mix of cotton from fair and unfair sources or entirely from unfair sources.<sup>x</sup> These factors make it extremely difficult for brands that use cotton to trace their supply chains back to origin.
3. Due diligence in XUAR in particular is increasingly regarded as challenging<sup>xi</sup> due to the coercive environment for workers detained there. Information from interviews with detainees is unreliable, and interviewing detainees tends to prompt government reprisals against them and their families.<sup>xii</sup> The ‘Better Cotton Initiative’, a global not-for-profit organisation, running the largest cotton sustainability programme in the world, suspended its licensing and assurance activities in the XUAR in March 2020, bringing to an end eight years of training activities with Chinese farmers, including Uyghur and Han farmers, in the XUAR due to the ‘untenable operating environment’.<sup>xiii</sup>
4. Not only goods whose supply chains pass through the Xinjiang region are tainted with XUAR-related forced labour. Tens of thousands of Uyghurs and other mostly Muslim minorities have been transferred from “re-education” camps in Xinjiang to factories and workplaces across China. Refusing these job allocations may result in arbitrary detention. Many factories that house ethnic minorities are run much like prisons, similar to those in XUAR – equipped with watchtowers, layers of barbed-wire fences, and police guard boxes.<sup>xiv, xv</sup>
5. In the name of job creation and poverty alleviation, the Chinese government subsidises companies that move to Xinjiang or employ Uyghur workers, meaning that those companies probably outcompete those that do not (beyond obtaining cheap labour).<sup>xvi</sup>
6. The U.S. think tank, the Center for Strategic and International Studies (CSIS), identifies the following features as red flags of companies exploiting forced labour in XUAR:<sup>xvii xviii</sup>
  - A factory located in a detention facility;
  - A factory in an industrial park connected to government “re-education” efforts;
  - A company hiring workers through government recruiters;
  - A company receiving government incentives or subsidies for “training supplements,” “vocational training,” or “aid to Xinjiang”;
  - Company participation in government poverty alleviation and/or pairing assistance programs.

- Significant company profits and manufacturing productivity despite a small number of workers enrolled in the government's social security program.
  - **The extent to which UK value chains either in the form of public procurement and services, or the private sector, are intentionally, knowingly or negligently supporting forced labour and human rights abuses**
7. The Ministry of Justice and Transport for London extensively procures garments from companies that obtain materials from China, and from nearby countries that import cotton from China (such as Bangladesh, Vietnam, Cambodia, and Indonesia). The Ministry of Defence's contractors do not tend to reveal their suppliers and may also import garments from China. Of the most significant contractors for UK government uniforms, only a third publish a Slavery and Human Trafficking Statement (hereafter known as a 'Statement'), as per Section 54 of the Modern Slavery Act (although some contractors are too small for this to be obligatory), and those that do tend to generalise about standards and policies rather than report concrete actions taken. Only one Statement makes any reference to due diligence.<sup>xix</sup>
- **The mechanisms in place, including company audit and monitoring, to ensure goods, materials and services are not imported to the UK which are the product of forced labour;**
  - **The effectiveness of the audit system and its ability to identify the presence of businesses within value chains which make use of forced labour;**
8. Current government efforts to eradicate forced labour from British supply chains focus on suppliers' voluntary self-governance and corporate self-auditing and reporting of efforts taken to avoid exploitation. This may not be effective in practice: the assumptions that underpin the effectiveness of voluntary governance approaches tend to break down in large, complex supply chains (such as in cotton). The more supply chain intermediaries exist, the less power British buyers have to create meaningful rewards or penalties for suppliers, and the less reliable information for the purpose of due diligence becomes.<sup>xx xxi</sup>
- **The Government's position regarding the risks of sourcing from XUAR and contracting with the companies with strong links to the region;**
  - **The advice provided to British businesses by Government to help assess risk, ensure compliance, and avoid engaging value chains which rely on forced labour;**
9. Government's advice to businesses to avoid engaging value chains that rely on forced labour focuses on producing a Statement that complies with Government rules. In the end, this approach relies on pressure from buyers to punish firms that do not comply or whose Statements show they may engage supply chains that exploit forced labour. However, this means of enforcement requires that consumers and procurers are educated about forced labour, and prioritise it, and are able to interpret and critically appraise firms' Statements. Further, consumer pressure may mean very little to suppliers that do not face the public. So far, the UK Government has not yet published advice that deals specifically with the risk of exploiting forced labour in XUAR.

- **The Government's response to evidence which suggests that businesses operating in the UK have engaged value chains which make use of forced labour in XUAR;**

10. The government's response to the forced labour in XUAR and the possibility of UK exploitation of that labour currently seems to be limited to the Business, Energy and Industrial Strategy Inquiry that this submission addresses. MPs<sup>xxii</sup> <sup>xxiii</sup> have called for sanctions against Chinese officials complicit in the abuses in XUAR, but these have not been imposed.

## 11. Recommendations for the UK Government

- Publish guidance to aid businesses to identify, mitigate and remedy risks of XUAR-related forced labour. This guidance should include the red flags listed in paragraph 6 in the submission, and should extend to all firms within British jurisdiction connected to the relevant value-chains, including investors.
- Update the '[Tackling modern slavery in government supply chains](#)' guidance to include reference to the modern slavery risks associated with goods linked to XUAR-related modern slavery.
- Consider adopting sanctions against individuals and entities using XUAR-related forced labour, under the [Global Human Rights Sanctions Regulations 2020](#).
- Publish guidance to clarify the application of existing anti-money laundering rules to the handling of proceeds of XUAR-related forced labour.

October 2020

---

<sup>i</sup> ADAMS, L., ANDREWS, S., FLIPSE, S., FLUKER, M. & REGER, A. 2020. STAFF RESEARCH REPORT MARCH 2020. Congressional-Executive Commission on China (CECC).

<sup>ii</sup> RUSER, N. 2020. *Exploring Xinjiang's detention system* [Online]. ASPI. Available: <https://xjdp.aspi.org.au/explainers/exploring-xinjiangs-detention-facilities/>

<sup>iii</sup> GROINTEL. 2020. *Provincial Data Shows China's Shifting Agricultural Trends | Gro Intelligence* [Online]. @GroIntel. Available: <https://www.gro-intelligence.com/insights/provincial-data-shows-chinas-shifting-agricultural-trends>

<sup>iv</sup> LEHR, A. K. 2020. *Addressing Forced Labor in the Xinjiang Uyghur Autonomous Region: Toward a Shared Agenda*. Available: <https://www.csis.org/analysis/addressing-forced-labor-xinjiang-uyghur-autonomous-region-toward-shared-agenda>.

<sup>v</sup> UK GOVERNMENT. 2016. *Good Business: Implementing the UN Guiding Principles on Business and Human Rights*. (Updated May 2016.) Presented to Parliament by the Secretary of State for Foreign and Commonwealth Affairs by Command of Her Majesty. Cm 9255.

<sup>vi</sup> DENG, E. D. & CHAO. 2019. *Western Companies Get Tangled in China's Muslim Clampdown*. Available: <https://www.wsj.com/articles/western-companies-get-tangled-in-chinas-muslim-clampdown-11558017472>.

<sup>vii</sup> XIUZHONG XU et al. 2020. *Uyghurs for sale*. Available: <https://www.aspi.org.au/report/uyghurs-sale>.

<sup>viii</sup> 2020. *China exports of cotton to Bangladesh - 1992-2018 Data | 2020 Forecast* [Online]. Available: <https://tradingeconomics.com/china/exports/bangladesh/cotton>

<sup>ix</sup> SCUNGIO, L. & PARSONS, L. 2020. *Think you're Well Travelled? You've got Nothing on your Shirt*. — Disaster Trade. Available: <https://www.disastertrade.org/journal/think-youre-well-travelled-youve-got-nothing-on-your-shirtstrong>.

<sup>x</sup> See, for instance, the *Better Cotton Initiative's* explanation of 'Mass-Balance', a term used to explain its use of supply chain methodology - <https://bettercotton.org/what-does-our-logo-mean/>

<sup>xi</sup> [https://www.state.gov/wp-content/uploads/2020/07/Xinjiang-Supply-Chain-Business-Advisory\\_FINAL\\_For-508-508.pdf](https://www.state.gov/wp-content/uploads/2020/07/Xinjiang-Supply-Chain-Business-Advisory_FINAL_For-508-508.pdf), p.9

<sup>xii</sup> ADAMS, L., ANDREWS, S., FLIPSE, S., FLUKER, M. & REGER, A. 2020. STAFF RESEARCH REPORT MARCH 2020. Congressional-Executive Commission on China (CECC).

- 
- <sup>xiii</sup> Better Cotton Initiative, Xinjiang Uyghur Autonomous Region (XUAR) Update. <https://bettercotton.org/where-is-better-cotton-grown/china/> Last updated: 21 October 2020
- <sup>xiv</sup> XIUZHONG XU et al, Uyghurs for sale. Available: <https://www.aspi.org.au/report/uyghurs-sale>.
- <sup>xv</sup> RUSER, N, Exploring Xinjiang's Detention System
- <sup>xvi</sup> ADAMS, L., ANDREWS, S., FLIPSE, S., FLUKER, M. & REGER, A. 2020. STAFF RESEARCH REPORT MARCH 2020. Congressional-Executive Commission on China (CECC).
- <sup>xvii</sup> BECHRAKIS, A. K. L. & EFTHIMIA, M. 2019. Connecting the Dots in Xinjiang: Forced Labor, Forced Assimilation, and Western Supply Chains. Center for Strategic and International Studies.
- <sup>xviii</sup> ADAMS, L., ANDREWS, S., FLIPSE, S., FLUKER, M. & REGER, A. 2020. STAFF RESEARCH REPORT MARCH 2020. Congressional-Executive Commission on China (CECC).
- <sup>xix</sup> ICAR, CORE Coalition. 2018. WHO MADE OUR UNIFORMS? U.K. Public Sector Apparel Procurement: Ensuring Transparency and Respect for Human Rights.
- <sup>xx</sup> VIVEK SOUNDARARAJAN AND JILL A. BROWN 2016. Voluntary Governance Mechanisms in Global Supply Chains: Beyond CSR to a Stakeholder Utility Perspective. *Journal of Business Ethics*.
- <sup>xxi</sup> Gold, S., Chesney, T., Gruchmann, T., & Trautrim, A. (2020). Diffusion of labor standards through supplier–subcontractor networks: An agent-based model. *Journal of Industrial Ecology*.
- <sup>xxii</sup> STONE, J. 2020. Labour calls for sanctions on Chinese officials over Uighur repression. *The Independent*.
- <sup>xxiii</sup> MUNRO, P. 2020. *The Weekly Whip* [Online]. <http://www.libdems.org.uk/>. Available: <https://www.libdems.org.uk/weekly-whip16>