



Statement before the  
**Congressional-Executive Commission on China (CECC)**

Hearing on  
**How China Uses Economic Coercion  
to Silence Critics and Achieve its Political Aims Globally**

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106 Dirksen Senate Office Building

**Written Testimony**  
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Chairman Merkley, Co-Chair McGovern, Members of the Commission, and distinguished guests:

Thank you for inviting me to testify today, just days before the inaugural Summit for Democracy.

Today, I will be speaking about one of the most pressing threats to democracies and global freedoms: the authoritarian Chinese government, and more specifically — the stunning costs that multinational companies pay in order to appease the Chinese government and secure access to the Chinese market.

On the face of it, this topic may seem like an economic issue, but it is a human rights and moral issue as well.

According to the Human Rights Foundation's political regime analysis, China is a fully authoritarian regime, ruled by the Chinese Communist Party (CCP). There is no separation of powers, no judicial independence, and a severe lack of respect for the fundamental rights of citizens. While freedoms are enshrined in Chapter II of the Constitution of the People's Republic of China (PRC), in practice, the Chinese government monitors all aspects of its citizens' lives, suppressing any criticism about its rule and ideologies.<sup>1</sup> This grip has only tightened under Xi Jinping, impacting those far beyond its borders.<sup>2</sup> China's bellicose behavior is driven solely by the CCP's sheer determination to maintain and consolidate power — and it is willing to go to great lengths to do so.

Corporations worldwide have long been enticed by China's market, due to the country's large population and the promise of growth.

As such, the CCP is weaponizing their economic power to pressure firms to censor themselves or to even apologize if they don't help advance the party's political agendas. Companies wishing to profit in China must be willing to comply with draconian Chinese national laws and to carry out pro-CCP narratives, or face expulsion from the market.<sup>3</sup>

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<sup>1</sup> *Corporate Intimidation & Censorship in China: Recommendations for Foreign Companies*, Human Rights Foundation (9 June 2020), <https://hrf.org/report-corporate-intimidation-censorship-in-china/>.

<sup>2</sup> *100 Years of Suppression: The CCP's Strategies in Tibet, the Uyghur Region, and Hong Kong*, Human Rights Foundation (6 August 2021), <https://hrf.org/new-hrf-report-the-ccps-100-years-of-suppression/>.

<sup>3</sup> *Supra* note 1 at page 7.

When companies decide to abide by the Chinese government's demands, they are intentionally complicit in human rights abuses and acts of genocide perpetrated by the CCP, and they are actively violating rights widely recognized by international human rights law.

When companies deliberately choose to censor or apologize to appease the CCP, they are offering legitimacy to the authoritarian regime, and signaling their willingness to disregard not only the human rights of others, but of their own too, as the cost of doing business in China.

In 2020, my colleagues at the Human Rights Foundation and I published a report titled *Corporate Intimidation & Censorship in China* which illustrates these dire realities.

While this phenomena is not new, we saw a sharp rise of such economic coercion and fear of expulsion among companies with interests in China, in the summer and fall of 2019 during the anti-extradition protests in Hong Kong. The Chinese government, whether directly through state-controlled media or indirectly by manipulating public opinion, rebuked multinationals for supporting Hong Kong's pro-democracy movement — or for even simply posting content that could be interpreted as support.<sup>4</sup> The CCP's use of economic coercion is to not only silence criticism and dissent, but to intentionally trigger a ripple effect<sup>5</sup> to mold public opinion both inside China, and overseas.

Corporations are constantly facing economic, moral, and humanitarian challenges as they navigate this landscape. Such navigation, in and of itself, is a challenge too.

For example, in March 2021, Swedish apparel brand H&M (formally known as Hennes & Mauritz AB) faced a scathing boycott in China for simply releasing a statement of concern about Uyghur forced labor. Chinese state media and citizens flooded the internet to vilify the brand; several H&M stores closed, online presence disappeared, and locations were removed from maps.<sup>6</sup> The company reportedly lost approximately \$74 million in sales in China for the quarter ending May 31, 2021.<sup>7</sup>

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<sup>4</sup> *Supra* note 1 at page 15.

<sup>5</sup> A ripple effect from employers to employees, from merchants to consumers, from educators to students, from movie films to movie audiences, etc.

<sup>6</sup> *H&M's China Sales Hit as Boycott Bites*, Reuters (2 July 2021), <https://www.reuters.com/business/retail-consumer/hms-china-sales-hit-boycott-bites-2021-07-02/>.

<sup>7</sup> Stu Woo, *H&M Pays Price of Upsetting Beijing as China Sales Drop*, The Wall Street Journal, (Updated 1 July 2021), <https://www.wsj.com/articles/h-m-pays-price-of-upsetting-beijing-as-china-sales-drop-11625136844>.

Even if the Chinese government does not mobilize nor retaliate immediately after an offending comment or action, corporations and their leaders are quick to pre-emptively apologize to best protect their access to China's market. Just last month, Jamie Dimon, the CEO of JPMorgan, expressed regret for a joke he made about the CCP's centennial.<sup>8</sup>

With the 2022 Beijing Winter Olympics weeks away, it is expected that the Chinese government will continue its fierce campaign of economic coercion as a strategic tool to intimidate firms to remain silent about its human rights record.

Based on my observations, companies are now choosing from three methods to approach China's economic coercion: 1) Embrace, 2) Capitulate, or 3) Condemn.

1. **Embrace: Maintaining the current trajectory**

Maintaining the current trajectory includes the continuation of censoring, apologizing to the regime, or being complicit to the Chinese government's abuses.

At the CECC's *Corporate Sponsorship of the 2022 Beijing Olympics* hearing in July 2021, representatives from U.S.-based companies Airbnb, Coca-Cola, Procter & Gamble, and Visa deliberately avoided explicitly condemning the Chinese government's atrocities.<sup>9</sup>

Furthermore, just last week, it was revealed that Airbnb has been renting homes in Xinjiang, on land owned by the paramilitary organization Xinjiang Production and Construction Corps (XPCC) — despite the human rights abuses unfolding in the region, and the fact that XPCC is sanctioned under the Global Magnitsky Act.<sup>10</sup>

Multinationals that choose this method are aware of the reputational risks and corporate hypocrisy of embracing China's economic coercion — but choose not to care. They should recognize their actions may put them at higher regulatory risk from the U.S. government due to their reflexive obedience and willingness to appease the Chinese government at any and all costs.<sup>11</sup>

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<sup>8</sup> The Editorial Board, *Did Jamie Dimon Hit a Nerve?* The Wall Street Journal (25 November 2021), <https://www.wsj.com/articles/did-jamie-dimon-hit-a-nerve-china-communist-party-11637862914>.

<sup>9</sup> *Corporate Sponsorship of the 2022 Beijing Olympics: Hearing before the Congressional-Executive Commission on China*, 117th Congress (2021), <https://www.cecc.gov/events/hearings/corporate-sponsorship-of-the-2022-beijing-olympics>.

<sup>10</sup> Bethany Allen-Ebrahimian and Jacque Schrag, *Exclusive: Airbnb Hosts Xinjiang Rentals on Land Owned by Sanctioned Group*, Axios (30 November 2021), <https://www.axios.com/airbnb-xinjiang-listings-sanctions-china-766dae2f-91e0-4a3e-9656-544cf8f35db0.html>.

<sup>11</sup> *Supra* note 1 at page 20.

## 2. **Capitulate: “One company, two systems”**

In June of 2019, I received an official email from LinkedIn Support Team, notifying me that “due to prohibited content” located on my LinkedIn profile, my profile and my public activity on the page “will not be viewable in China.”<sup>12</sup> Several journalists, academics, and activists who have posted content deemed sensitive by the Chinese government have also received the same message.<sup>13</sup>

In October 2021, LinkedIn, which is owned by Microsoft, decided to shut down its localized version in China, citing “a significantly more challenging operating environment and greater compliance requirements.” However, instead of exiting the Chinese market altogether, it opted to create a new application called “InJobs,”<sup>14</sup> which will be even more localized and compliant with stringent local regulations, with no social posting and networking features, specifically for usage in China.<sup>15</sup> It is knowingly aiding and abetting the Chinese government’s clampdown on human rights.

“One company, two systems” is a play on Hong Kong’s failed “One country, two systems” model. Such a framework to address China’s economic coercion may seem promising on the surface because it illustrates how corporations are starting to acknowledge the issue, yet still does not fully address it. It is deceitful and disingenuous since it continues to turn a blind eye to the Chinese government’s abuses to ensure access to the market, and does not firmly ensure human rights are protected.

## 3. **Confront: Standing firm**

Multinationals have long approached China’s economic coercion by abiding to the Chinese government’s requests — which is why the Women’s Tennis Association (WTA)’s recent stance against China is so rare and warmly welcomed.

In early December 2021, CEO and Chairman of the WTA Steve Simon officially announced the WTA’s decision to immediately suspend all tournaments in China, including Hong Kong, in response to the uncertainties surrounding Chinese tennis player Peng Shuai’s freedom, safety, and well-being. Within the statement, Simon expressed his

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<sup>12</sup> Image 1 in Appendix.

<sup>13</sup> Bethany Allen-Ebrahimian, *LinkedIn blocks U.S. journalists' profiles in China*, Axios (30 September 2021), <https://www.axios.com/linkedin-blocks-us-journalists-profiles-in-china-22fcefd4-5bc1-490b-a448-b4f9b05e9566.html>.

<sup>14</sup> Mohak Shroff, *China: Sunset of Localized Version of LinkedIn and Launch of InJobs App Later This Year*, LinkedIn Official Blog (14 October 2021), <https://blog.linkedin.com/2021/october/14/china-sunset-of-localized-version-of-linkedin-and-launch-of-new-injobs-app>.

<sup>15</sup> Forrester (Contributor), *LinkedIn Has Not Given Up on The China Market*, Forbes (21 October 2021), <https://www.forbes.com/sites/forrester/2021/10/21/linkedin-has-not-given-up-on-the-china-market/?sh=50fac2133d42>.

hope of how “leaders around the world will speak out... no matter the financial ramifications.”<sup>16</sup> In 2019, the WTA entered a ten-year deal to host WTA Finals in China. According to Simon, the ballpark monetary amount of the WTA’s involvement in China is more than \$1 billion, including real-estate, stadium build-out, prize money, etc.

The WTA’s responses to the Chinese government’s intimidation and lack of transparency about Peng Shuai have been a master class of how multinationals with interests in China can prioritize moral responsibility and human rights over profits.<sup>17</sup>

The WTA’s stance is an example of how companies can use their corporate leverage to demand accountability from the Chinese government. The WTA’s corporate leverage includes the Association’s international presence, Simon’s public statements in support of Peng Shuai, as well as the trust and influence of top tennis players such as Naomi Osaka, and Serena Williams.

We must be demanding better of the businesses that employ, supply, entertain, and house our people.

When companies are not held accountable for embracing or capitulating to the CCP’s economic coercion, they will not fully recognize the severity of their actions.

In order to address these three methods and to approach China’s economic coercion with human rights central to the discussion, immediate next steps would be to 1) raise awareness and visibility about China’s economic coercion and 2) increase accountability.

To raise public awareness and visibility about economic coercion, my recommendations are to:

- 1) **Approve legislation to establish the China Censorship Monitor and Action Group** per S.413.<sup>18</sup> The establishment of this task force would be a critical first step towards increasing awareness about how the Chinese government impacts the freedoms of transnational companies, specifically those founded on liberal values in democratic countries. Furthermore, in addition to consulting with federal and independent agencies, relevant stakeholders in the private sector and the media, and United States allies and

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<sup>16</sup> Steve Simon announces WTA’s Decision to Suspend Tournaments in China, Women’s Tennis Association (1 December 2021), <https://www.wtatennis.com/news/2384758/steve-simon-announces-wta-s-decision-to-suspend-tournaments-in-china>.

<sup>17</sup> Ben Morse and Nectar Gan, *Women’s Tennis Suspends All Tournament in China Over Concern for Peng Shuai*, CNN, (02 December 2021) <https://www.cnn.com/2021/12/01/tennis/wta-suspend-tournaments-china-peng-shuai-spt-intl/index.html>.

<sup>18</sup> S. 413 - 117th Congress (2021-2022): A bill to establish the China Censorship Monitor and Action Group, and for other purposes. (24 February 2021), <https://www.congress.gov/bills/117/congress/senate/bills/413/text>.

partners, the task force should also consult the United Nations Guiding Principles on Business and Human Rights.

- 2) **Mandate greater transparency among American companies by introducing legislation that would require them to publicly report their respective exposures to China.** This data would provide both policymakers and consumers better insight about the potential impact of China's economic coercion and guide pragmatic and achievable policy decisions in the future. These exposures to China could include market shares, closed-door meetings, and who American business leaders are engaging with.

To increase accountability, my recommendations are to:

- 1) **Sign H.R. 1187 into law**, which would mandate the Securities and Exchange Commission to define environmental, social, and governance ("ESG") practices, and establish a Sustainable Finance Advisory Committee.<sup>19</sup> Recently, there has been more awareness around climate change and environmental issues. It is imperative for corporations to remember the "S" in ESGs also include human rights and ethical considerations.
- 2) **Request a follow-up hearing with the witnesses of CECC's *Corporate Sponsorship of the 2022 Beijing Olympics* hearing in July 2021.** A follow-up hearing would provide an opportunity for the Commission to discern whether the witnesses have taken any concrete actions to address what was discussed, and to once again emphasize the importance of leveraging their influence to uphold fundamental human rights.

Businesses with global operations have great influence — both positive and negative. It is up to Congress to help influence, inform, and prompt them to uphold our values, and stand firmly with human rights in response to China's economic coercion.

I look forward to discussing this in more detail and answering your questions. Thank you for the humbling opportunity to testify before the Commission today.

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<sup>19</sup> *H.R. 1187 - 117th Congress (2021-2022): Corporate Governance Improvement and Investor Protection Act.* (Referred in Senate, 17 June 2021), <https://www.congress.gov/bill/117th-congress/house-bill/1187/text>.



## APPENDIX

*Image 1:*

From: "领英客户服务" <[linkedin\\_cn@cs.linkedin.com](mailto:linkedin_cn@cs.linkedin.com)>

Date: Thu, Jun 27, 2019, 03:22

Subject: Official Message from LinkedIn Support Team [事件: 190627-000829]

To: <[redacted](#)>



[前往帮助中心查看此申请单](#)

Subject: Official Message from LinkedIn Support Team [190627-000829]

**回应** (2019-06-27 02:22 CST)

Hi Jenny,

Your LinkedIn profile is an integral part of how you present your professional self to the world. That's why we believe it's important to inform you that due to the presence of prohibited content located in the "Publication" section of your LinkedIn profile, your profile and your public activity, such as your comments and items you share with your network, will not be made viewable in China. Your profile and activity continues to remain viewable throughout the rest of the countries in which LinkedIn is available.

We will work with you to minimize the impact and can review your profile's accessibility within China if you update the "Publication" section of your profile. But the decision whether to update your profile is yours.

In February 2014, we began offering a localized version of LinkedIn in China. We believe that people everywhere can benefit from Chinese individuals connecting with each other and LinkedIn members in other parts of the world, and that the creation of economic opportunity can have a profound impact on their lives and the lives of their families and communities.

While we strongly support freedom of expression, we recognized when we launched that we would need to adhere to the requirements of the Chinese government in order to operate in China. As a reminder, your profile will remain viewable throughout the rest of the countries in which LinkedIn is available.

If you have any questions, please contact [Customer Service](#).

Regards,

LinkedIn Support Team