

ONE HUNDRED SEVENTEENTH CONGRESS
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April 8, 2022

David Malpass President World Bank Group 1818 H Street NW Washington, D.C. 20433

Dear Mr. Malpass,

We write to express concern regarding the International Finance Corporation's (IFC) provision of at least \$486 million in funding to four companies that have carried out human rights abuses against Turkic Muslims in the Xinjiang Uyghur Autonomous Region (XUAR) of China. We urge the IFC to share any evidence contradicting reports connecting these companies to forced labor, land expropriation, discrimination, and environmental and cultural destruction, and to immediately cease investments in companies engaged in operations in the XUAR.

Researchers from Sheffield Hallam University's Helena Kennedy Centre for International Justice, in a report published by the Atlantic Council, have documented that the IFC failed to adhere to its own Performance Standards in continuing to fund these companies, even as international organizations and governments documented the genocide and crimes against humanity taking place in the XUAR.

We share the concern of the researchers of this report about the unreliability of independent audits in the XUAR. Many international auditors have stopped certifying products made in the XUAR because of their inability to perform due diligence in the region. In their Xinjiang Supply Chain Business Advisory, updated in July 2021, four U.S. government agencies note that the ongoing crimes against humanity and genocide present "extreme challenges" to conducting human rights due diligence in the XUAR. Intrusive surveillance, restrictions on movement, and the inability to obtain reliable information from workers at risk of detention and other reprisals in the XUAR in recent years have made it impossible to ensure XUAR-based companies are not complicit in forced labor and other rights abuses. However, the Atlantic Council report shows that through desk-based research into state media and propaganda, satellite imagery, public reports, and corporate disclosures, it is possible to document human rights abuses carried out by

IFC-funded, XUAR-based companies. In light of the human rights abuses uncovered in the report, the IFC must cease its funding of XUAR-based companies.

The Congressional-Executive Commission on China has documented that in recent years, authorities in the XUAR have compelled Uyghurs and other Turkic Muslims to engage in forced labor. This forced labor violates the International Labor Organization's Forced Labor Convention and constitutes human trafficking under the Palermo Protocol. Beginning in 2018, reports emerged of forced labor in association with the XUAR's system of mass detention camps, as authorities have forced current and former detainees to engage in forced labor. Authorities have also forced Turkic Muslims to perform labor within and outside of the XUAR without first detaining them in camps, under "labor transfer" and "poverty alleviation" programs that rely on coercion and surveillance.

Forced labor is cited as a contributing factor by Human Rights Watch and the United States Holocaust Memorial Museum in their reports finding that the Chinese government has engaged in crimes against humanity in the XUAR. The U.S. State Department has also cited forced labor in its declarations that human rights abuses in the XUAR amount to genocide.

Many factories using the forced labor of Uyghurs and other Turkic Muslims are built near or on the grounds of mass internment camps and prisons. Sheffield Hallam University's researchers documented that a facility owned by Jointown Pharmaceutical Group and located in Urumqi municipality, XUAR, which was partially financed with an IFC loan in 2019, is located in one of Urumqi's largest prison districts, and many of Jointown's facilities in the XUAR are located adjacent to mass internment camps. Sheffield Hallam University's researchers stated that while this does not prove Jointown has employed forced labor of detainees, the proximity of Jointown's facilities to detention facilities would necessitate on-the-ground investigation by IFC, if such an investigation were possible.

IFC's reliance on assurances from Chinese companies it funds that they do not engage in forced labor or forced land expropriation reveals a gross misunderstanding of the repressive sociopolitical environment in the XUAR. Similarly, the IFC's reliance on due diligence measures such as spot interviews of Uyghur workers making deliveries to Chenguang Biotech Group in 2019 reflects a fundamental failure to recognize the unreliability of such measures, as any Uyghur who dares to provide an account that contradicts the state narrative is subject to arbitrary detention or other punishments. In addition, as noted in the Atlantic Council report, the IFC's presumption that there was no need to seek the consent of Uyghur farmers whose land was expropriated by company and state authorities because this land was "government-held" ignores the fact that all land in China is state-held. This presumption also ignores the cultural and economic impact of displacing Uyghurs from their traditional land and community. In the same vein, the IFC relied on assurances made by Camel Group that it would promote the hiring of ethnic minority residents of the XUAR, but Sheffield Hallam University's researchers found a high likelihood that Camel Group was engaging in discriminatory hiring practices.

The above-mentioned land expropriation was carried out by Chenguang Biotech Group together with the Xinjiang Production and Construction Corps (XPCC), an organization that the U.S. Department of Commerce placed on its Entity List in June 2021 due to the XPCC's use of forced

labor. In addition to using forced labor, the XPCC has helped build and administer mass internment camps in the XUAR and participated in intrusive homestay programs, in addition to other rights abuses. The Atlantic Council report also documented the possibility that Xinjiang Tengxiang Magnesium Products, which is owned by Century Sunshine Group Holdings, has sourced coal from the XPCC.

In light of the human rights abuses carried out by XUAR-based companies that are funded by the IFC, the IFC must end its investment in these companies. If it does not, we are prepared to ask the U.S. Secretary of the Treasury to instruct the U.S. Executive Directors at the World Bank Group to use the voice and vote of the United States to vote against any relevant loan or financial assistance. Under current conditions, it is impossible to ensure that commercial activities in the XUAR will not be complicit in forced labor or otherwise negatively impact Turkic Muslim communities. Instead of promoting the "environmentally sustainable growth" and "reduction of inequality" the IFC has committed itself to, the IFC's continued investment in XUAR-based companies would contribute to mass atrocity crimes against vulnerable people and communities in the XUAR.

We look forward to hearing from you on this important matter.

Sincerely,

Senator Jeffrey A. Merkley

Chairman

Representative James P. McGovern

Co-Chairman

Representative Tom Malinowski

Commissioner