

Congressional-Executive Commission on China
Hearing on
Factories and Fraud in the PRC: How Human Rights Violations Make Reliable Audits Impossible

Tuesday, April 30, 2024, 10:00 am

2020 Rayburn House Office Building

Statement of Senator **Jeff Merkley**, Cochair

Thank you, Chairman Smith, for scheduling this important hearing.

For two decades this Commission has reported on how the Chinese government's failure to provide basic human rights protections has had a detrimental effect on the lives of the people living in China.

Today, we are focusing on the fact that this same lack of protections has a negative impact on American consumers. This is not a new story.

We have known for years that substandard worker rights and lack of transparency in China has resulted in defective imports, such as lead-based toys used by American children.

Our first witness, Deputy Under Secretary Thea Lee, who serves as a member of this Commission, has been a long-time expert and champion on this issue.

Four years ago, this Commission, based on the research of another of our witnesses, Adrian Zenz, and others, published a report showing how products made with the forced labor of Uyghurs and other Turkic peoples in China was coming into the United States.

The fruit of this research was the Uyghur Forced Labor Prevention Act, which banned imports of such goods and helped spark a much wider awareness of the need to rid our supply chains of forced labor.

Key to the effort to know whether a supply chain is clean are the audits performed on the companies who are part of that chain.

In 2021, the Biden Administration issued the Xinjiang Supply Chain Business Advisory, which assessed that "in and of themselves, third-party audits are not a sufficient due diligence program, and may not be a credible source of information for indicators of labor abuses in the region."

With the enactment of our Uyghur Forced Labor Prevention Act, this warning became a hard reality for companies importing from China.

They had to provide “clear and convincing evidence” that their products were not made with Uyghur forced labor.

This is the core question for today’s hearing: are the audits that importers must cite to meet the law’s standard reliable, do they have integrity, or are they even genuine?

Are reliable audits even possible in an environment where the Chinese government does not allow workers to speak freely, harasses auditors conducting due diligence in Xinjiang (“SHIN-JONG”), and prevents auditors from obtaining information needed for their job?

If a company cannot say with precise certainty, to our government, to its shareholders, and, most importantly, to American consumers, that its products do not contain forced labor, then it needs to stop doing business there.

Let’s remember that our aim is not to punish companies simply because they do business in China. Our goal is to improve the human rights situation in China so that businesses can certify to us that their supply chain is free of forced labor, and that their suppliers provide good working conditions and wages to their workers. And we ask these companies to partner with us in working toward that goal.

We have an impressive set of witnesses and I look forward to hearing their analysis and recommendations.

Thank you.

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