Companies Operating in Xinjiang

This report looks into some of the major offending companies which operate in Xinjiang province in North-West China. The report will be used to highlight the unethical activity of some major companies from across various industries (Technology, Clothing, Shoe Manufacturing, and Car Manufacturing) that operate in the region.

The significant ASPI Report highlighted 83 companies that are involved in such activities: Abercrombie & Fitch, Acer, Adidas, Alstom, Amazon, Apple, ASUS, BAIC Motor, BMW, Bombardier, Bosch, BYD, Calvin Klein, Candy, Carter’s, Cerruti 1881, Changan Automobile, Cisco, CRRC, Dell, Electrolux, Fila, Founder Group, GAC Group (automobiles), Gap, Geely Auto, General Motors, Google, Goertek, H&M, Haier, Hart Schaffner Marx, Hisense, Hitachi, HP, HTC, Huawei, iFlyTek, Jack & Jones, Jaguar, Japan Display Inc., L.L.Bean, Lacoste, Land Rover, Lenovo, LG, Li-Ning, Mayor, Meizu, Mercedes-Benz, MG, Microsoft, Mitsubishi, Mitsuami, Nike, Nintendo, Nokia, The North Face, Oculus, Oppo, Panasonic, Polo Ralph Lauren, Puma, Roewe, SAIC Motor, Samsung, SGMW, Sharp, Siemens, Skechers, Sony, TDK, Tommy Hilfiger, Toshiba, Tsinghua Tongfang, Uniqlo, Victoria’s Secret, Vivo, Volkswagen, Xiaomi, Zara, Zegna, ZTE.

ASPI estimates that between 2017 and 2019, around 80,000 Uyghurs were transferred from their home to assigned factories around China. (Part of an initiative to erode Uyghur culture and regional connection - called the “Xinjiang Aid Initiative”). The Xinjiang Aid initiative advertises workers to companies believed to be from around the age of 16 - One Advertisement reads - “The advantages of Xinjiang workers are: semi-military style management, can withstand hardship, no loss of personnel ... Minimum order 100 workers!” The initiative is surrounded by a narrative from the Chinese government that the programme will help
the Uyghur Muslims to "unlearn their extremist views and terrorist tendencies via integration". (In the context of this Xinjiang Aid Initiative, it is also important to note that Uyghurs and other Muslim minority groups make up roughly 50% of Xinjiang province’s 24 million population).

Despite the many companies that produce and operate in Xinjiang, this report will focus only on four companies: **Huawei, Muji, Nike** and **Volkswagen** as gross offenders in this regard and so as to provide a cross-section of companies operating in different industries. This cross-section will be used to highlight the different involvement in Xinjiang province and with Uyghur Muslims for each company, before the report will **summarise** our central findings.
Huawei

- In December 2019 a cross-party group of senior MPs and peers (in the UK) wrote to Dominic Raab (Foreign Secretary) concerning Huawei’s development of a monitoring system used in a network of the camps in Xinjiang.
  - Signatories included Tory MP Tom Tugendhat.
  - The letter read, “**cease consideration of Huawei as contractors or partners for the UK’s 5G infrastructure until investigations have been conducted into Huawei’s work in Xinjiang and its relationship to the mass persecution.**”

- Huawei is viewed as the major tech company which is helping the Chinese persecution of the Uyghur Muslims, but that is not to say that other tech companies are not involved.
  - TikTok has come under major criticism for having banned a US teen who used the app to criticise China’s oppression of the Uyghurs.
  - TikTok is accused of using biased AI technology to promote the Chinese agenda via making certain videos more accessible than others, from the app’s algorithm.

- **In May 2018, Xinjiang's Public Security Department signed a "strategic cooperation agreement for a Joint Innovation Lab" with Huawei.** According to local media, the deputy director of the region’s Public Security Department said Huawei would "provide technical solutions for the public security industry."
  - Huawei said they would "provide industry-leading products and services... to build a safer and smarter society with the public security department of the autonomous region." In August 2018, the company launched the Huawei Urumqi DevCloud to "promote the development of the software information industry in
the district and all of Urumqi." (Urumqi is the major city in Xinjiang Province). This is what aboutery and euphemistic language for a highly-monitored and controlling state surveillance system.

- Xinjiang's surveillance programme acts as "a virtual cage that complements the indoctrination camps where the authorities have detained a million or more Uyghurs and other Muslims in a push to transform them into secular citizens who will never challenge the ruling Communist Party. The programme helps identify people to be sent to the camps or investigated and keeps tabs on them when they are released." (Report in the NY Times).

- "Counterintelligence officials believe," reported the WSJ, "Huawei handled information more like a state intelligence service, with regimented tiers of secrecy, while relying on a protected communications channel with Beijing.

- When asked if Huawei has a contractual relationship with the Xinjiang provincial government, an executive of Huawei replied that “Our contracts are with third parties.” - However, this is false → Huawei works directly with the Chinese Government’s Public Security Bureau in Xinjiang on many projects as mentioned above.

- All Chinese tech companies have deep relations with the state security apparatus and between each other (e.g. Huawei uses iFlytek’s speech recognition software in their voice assistant smartphone technology). This becomes difficult to trace.

- For Chinese security, AI and surveillance companies (such as Huawei), Xinjiang has become, as Charles Rollett put it in Foreign Policy, ‘both a lucrative market and a laboratory to test the latest gadgetry’. The projects there, he notes, ‘include not only security cameras but also video analytics hubs, intelligent monitoring systems, big data centres, police checkpoints, and even drones.’
In November 2019, internal CCP documents—obtained by the International Consortium of Investigative Journalists (ICIJ)—provided documentary evidence of how authorities in Xinjiang are using data and artificial intelligence to pioneer a new form of social control. The documents showed how authorities are using a data management system called the Integrated Joint Operation Platform (IJOP)—previously reported on by Human Rights Watch—to predictively identify those suspected of harbouring extremist views and criminal intent. Among the documents, a bulletin published on 25 June 2017, reveals how the IJOP system detected about 24,412 “suspicious” people in southern Xinjiang during one particular week. Of those people, 15,683 were sent to “education and training” — a euphemism for detention camps—and 706 were “criminally detained”.

The announcement of one Huawei public security project in Xinjiang—made in 2018 through a government website in Urumqi—quoted a Huawei director as saying, ‘Together with the Public Security Bureau, Huawei will unlock a new era of smart policing and help build a safer, smarter society.’ In fact, some of Huawei’s promoted ‘success cases’ are Public Security Bureau projects in Xinjiang, such as the Modular Data Center for the Public Security Bureau of Aksu Prefecture in Xinjiang. Huawei also provides police in Xinjiang with technical support to help ‘meet the digitization requirements of the public security industry’.

In May 2019, Huawei signed a strategic agreement with the state-owned media group Xinjiang Broadcasting and Television Network Co. Ltd at Huawei’s headquarters in Shenzhen. The agreement, which aims at maintaining social stability and creating positive public opinion, covered areas including internet infrastructure, smart cities and 5G.
• In 2014, Huawei participated in an anti-terrorism BRI-themed conference in Urumqi as ‘an important participant of’ a programme called ‘Safe Xinjiang’—code for a police surveillance system. Huawei was said to have built the police surveillance systems in Karamay and Kashgar prefectures and was praised by the head of Xinjiang provincial police department for its contributions in the Safe Xinjiang programme. Illustrating the history of interconnectedness between Huawei and China.

• Extract from an Interview with ASPI analyst Samantha Hoffman (Guardian)
  ○ QUESTION: The most egregious example of this surveillance technology would be in Xinjiang for controlling the Uyghur [Muslim] population?
    ■ ANSWER: The most visibly coercive forms of what the [CCP] party is doing are unfolding in Xinjiang. It’s a virtual police state. There are QR codes on people’s doors for when the party goes in to check on who is in. Some researchers have found that if someone leaves through the back door instead of the front door, that can be considered suspicious behaviour.

Sources
ASPI; Daily Sabah; Forbes (1); Forbes (2); NPR; NY Times; Siasat; Sunday Guardian Live; The Globe and Mail; The Guardian; The Times; WSJ
• **Muji**

- MUJI website proudly advertises, “Made of organic cotton delicately and wholly handpicked in Xinjiang”.
  - Illustrates the total lack of awareness that there is for the use that this can even be considered a marketing ploy.
  - “The idea that a company would use that as a selling point for a product, especially at a moment when there are growing and legitimate concerns about forced labour in that region — I'm trying to come up with the right word here — is pretty mind-boggling.” (Sophie Richardson of Human Rights Watch).

- Late last year, MUJI launched a review into its use of cotton in Xinjiang following inquiries by several news outlets.
- Mid-October 2019 - a four corners investigation highlighted that Uyghur Muslims were forced to work in garment factories in Xinjiang.
- MUJI has rejected a request to provide a list of its suppliers in Xinjiang in late 2019.
- In August 2019 - MUJI produced a statement which read, “The Group applies zero tolerance to any kind of human rights abuses including harassment and discrimination.”

- 84% of China’s cotton comes from the Xinjiang region and China produces roughly one-quarter of the world’s cotton. **(Meaning roughly 18-21% of the world’s cotton comes from Xinjiang).**

- Dr. Adrian Zenz - “In 2017 China's Xinjiang region embarked on probably the largest incarceration of an ethnoreligious minority since the Holocaust," he said. Referring to the Aid Initiative - Dr Zenz said this "grand scheme" went beyond "China's re-education campaign" — it was "more long-term, more all-encompassing, more intrusive and more devious".
○ Adrian Zenz is a senior fellow in China studies at the Victims of Communism Memorial Foundation in Washington, D.C., and supervises Ph.D.

- "You can't be sure that you don't have coerced labour in your supply chain if you do cotton business in China," said Nathan Ruser, a researcher at the Australian Strategic Policy Institute.
- Huafu Fashion Company in Aksu, Xinjiang - is involved in the supply chain for MUJI (as well as H&M, Adidas, Esprit, and others).

Sources
ABC Net; ABC - Four Corners Investigation; BBC; NY Times; The Nation; The News Lens (International); UHRP; Womens’ Media Center
Nike

- Since 2007, approximately 9,800 Uyghurs have been transferred from Xinjiang to the Qingdao Taekwang Shoe manufacturing company (one of Nike’s biggest suppliers, making roughly 7/8 million pairs of shoes each year, having supplied Nike for around 30 years).
  - The Manufacturing Company is based in Laixi City, in Shangdong province, Eastern China.
- The Uyghur workers in Laixi make shoes during the day and attend night school in evenings where they are taught Mandarin and follow a similar nationalistic curriculum to that of the so-called “re-education centers” in Xinjiang.
- The Washington Post has reported that the Uyghur workers are not allowed to go home to Xinjiang region or practice their religion.
- There are hundreds of Uyghurs working in Laixi manufacturing for Nike after having been transferred from Xinjiang province (the other side of China) - as part of the Chinese government’s “Xinjiang aid” initiative which promotes this transfer of people. **This programme is suspected as a Chinese initiative to erode Uyghur culture and break familial bonds.**
- The factory is fitted with watchtowers and barbed wire and their movements are tracked via facial recognition technology.
- Uyghur workers eat in a separate canteen and live in a different quarter to their Han Chinese colleagues.
  - The lack of Mandarin spoken by Uyghurs makes inter-communal communication scarce.
  - In some cases, Uyghur workers were transferred directly from camps in Xinjiang to factories (not only from homes).

**Sources**

**Volkswagen**

- The Current Chairman of the board of management of the VW Group, Herbert Diess - said in April 2019 that he was “not aware” of the Chinese treatment of the Uyghurs - despite the €240m VW project with Chinese motor company, SAIC to build a factory there, in Urumqi, Xinjiang.

- April 2019 - A spokesman for Volkswagen backtracked in a statement to the Washington Post, saying that the company “is aware” of the treatment of Uyghurs in Xinjiang and has taken active steps to address the situation. Those efforts, the spokesman said, have been credited as positive examples by members of the Uyghur community and German politicians.

- Volkswagen said it employs Uyghurs in its factories and has a minority quota of 25%, but it denied that its workers are being exploited. “We hire our employees based on merit, regardless of their gender, age, religious beliefs and ethnicity. Everyone has the same chance to apply for a job. No one is excluded. Our Xinjiang plant applies the same principle,” the company said in a statement.

- **Süddeutsche Zeitung (SZ)** claimed VW was operating Urumqi at a loss in order to secure contracts with the Chinese government for more lucrative sites in eastern China. VW denied the accusation.
  
  - The plant in Urumqi, Xinjiang is one of the VW Group’s smallest plants in the world – making 50,000 cars a year.

- **SZ also claimed SAIC Volkswagen maintains close relations with the People's Armed Police, "a paramilitary unit that is thought to be one of the driving forces behind the internment camps."**

- In 2018, China was Germany’s biggest trading partner for the third year running, with bilateral trade volume reaching €199bn, a 6 percent increase on 2017.
• #ShameonVW #BoycottVW – hashtags used by Uyghurs activists in the past.

Sources
DW Akademie; Financial Times; Japan Times; Washington Post
Summary

● The report illustrates the complexity of operations in Xinjiang and also China-wide.

● The Xinjiang Aid Initiative is a very dangerous programme (transferring Uyghur Muslims from Xinjiang to factories all across China where they are made to work away from their families and are forced to undergo patriotic classes as a means of eroding Uyghur culture).

● Each organisation analysed in the report, clearly is deeply involved in unethical practices through the use of slave labour, (de facto) segregationist policies within the factories, and in the case of Huawei, via being part of the Chinese state apparatus for close monitoring and control of the Uyghur population with a view to analysing potentially suspicious behaviour. Such unethical activities must be highlighted, even before discussing the companies’ involvement in state corruption via alleged “bid-winning” for certain contracts in other parts of China.

Put together by the European Union of Jewish Students (EUJS)