



# EIB World Trade Headlines

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## E.U. to leave Americans off list of foreign travelers allowed into Europe when it reopens next week

European diplomats are poised to approve an agreement in which foreign travelers will be welcomed when the European Union reopens its external borders on July 1. But with the coronavirus still raging in the United States, the possibility of allowing American tourists hasn't even entered the discussion, according to six officials familiar with the talks.

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## Federal Job Opportunity: DIVISION DIRECTOR

U.S. Department of Commerce  
Office of National Security and Technology Transfer Controls  
Electronics and Materials Division

The U.S. Department of Commerce is looking for a qualified candidate to supervise a team for their Electronics and Materials Division (EMD) of the Office of National Security and Technology Transfer Controls (NSTTC). This position is located in Washington, DC's Bureau of Industry and Security (BIS), Office of the Assistant Secretary for Export Administration (EA).

The selected candidate will report directly to the Director of NSTTC and will serve as a Division Director responsible for supervising the policy development of commodities covered by the Commerce Control List of the Export Administration Regulations; and provides expertise to policy makers, industry and international organizations to support the national security and foreign policy goals of the United States.

Responsibilities include, but are not limited to:

- Supervising the licensing of and export policy development in the following areas of expertise: electronics, materials, radio frequency, semiconductors, and material processing;
- Directing and preparing information reports, position papers, briefing materials, talking points, testimony, and fact sheets on multilateral export controls;
- Ensuring export policy matters in global developments are in compliance with the Export Control Reform Act of 2018 and/or other relevant statutes;
- Directing staff and resources to complete assignments and meet the responsibilities of the office;

A Top Secret clearance and occasional travel is required.

NSTTC will select the best candidate under either of the following announcements: 'Supervisory Electronics Engineer' and 'Supervisory Export Policy Analyst'. Interested candidates can find additional information and should submit their application through USAJobs at the following links:

Open Period for both announcements: Friday, June 19, 2020 to Wednesday, July 1, 2020

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**Supervisory Electronics Engineer**  
**Pay Plan-Series-Grade: GS-0855-15**  
**Open to the Public - USAJobs URL**

<https://www.usajobs.gov/GetJob/ViewDetails/571360900>

**Current Federal Employees - USAJobs URL**

<https://www.usajobs.gov/GetJob/ViewDetails/571360800>

**Supervisory Export Policy Analyst**  
**Pay Plan-Series-Grade: GS-1101-15**  
**Open to the Public - USAJobs URL**

<https://www.usajobs.gov/GetJob/ViewDetails/571361200>

**Current Federal Employees - USAJobs URL**

<https://www.usajobs.gov/GetJob/ViewDetails/571361300>

## China-Sanctions Bill on Hong Kong Law Passed by U.S. House

(Bloomberg) -- The U.S. House of Representatives passed by unanimous consent a bill imposing sanctions on banks that do business with Chinese officials involved in cracking down on pro-democracy protesters in Hong Kong.

The bill, which is similar but not identical to a measure passed by the Senate last week, would have to be approved by the Senate before going to President Donald Trump for his signature. That likely will come on Thursday.

The measure is a response to the Chinese government enacting a strict new national security law for Hong Kong, a move many lawmakers said violated the government's promise to honor the autonomy of the former British colony. China described the security law as a "sword of Damocles" hanging over its most strident critics.

House Speaker Nancy Pelosi, making a special appearance at a House Foreign Affairs Committee hearing Wednesday said the new law "signals the death of the one country, two systems" model followed by China with respect to Hong Kong.

"The law is a brutal, sweeping crackdown against the people of Hong Kong, intended to destroy the freedoms they were promised," Pelosi said.

## Portman, Carper, Rubio, Senate Colleagues Introduce Bipartisan Legislation to Stop Theft of U.S. Research & Intellectual Property by Global Competitors

June 18, 2020 | Press Releases

WASHINGTON, DC – Today, Senators Rob Portman (R-OH), Tom Carper (D-DE), Marco Rubio (R-FL), Maggie Hassan (D-NH), James Risch (R-ID), Joe Manchin (D-WV), Thom Tillis (R-NC), Chris Coons (D-DE), Josh Hawley (R-MO), Jeanne Shaheen (D-NH), John Barrasso (R-WY), Catherine Cortez-Masto (D-NV), Rick Scott (R-FL), Mike Braun (R-IN), and Marsha Blackburn (R-TN) introduced the Safeguarding American Innovation Act, bipartisan legislation to help stop foreign governments, particularly China, from stealing American taxpayer-funded research and intellectual property developed at U.S. colleges and universities.

Portman and Carper, as Chairman and Ranking Member of the Permanent Subcommittee on Investigations (PSI), led a year-long investigation into this issue culminating in a bipartisan report and hearing that detailed how American taxpayers have been unwittingly funding the rise of China's military and economy over the last two decades while federal agencies have done little to stop it. Starting in the late 1990s through its "talent recruitment programs," China began recruiting U.S.-based scientists and researchers to transfer U.S. taxpayer-funded IP to China for their own economic and military gain. This legislation will ensure that the federal government is taking decisive action to safeguard American innovation.

This bipartisan legislation will protect American research and IP from global competitors by:

- \*Punishing individuals who intentionally fail to disclose foreign support on federal grant applications, with penalties ranging from fines and imprisonment for not more than five years or both and a five-year prohibition on receiving a federal grant; Strengthening the Student and Exchange Visitor Program by requiring the State Department's exchange program sponsors to have safeguards against unauthorized access to sensitive technologies and report to State if an exchange visitor will have access to sensitive technologies;

- \*Strengthening the State Department's authority to deny visas to certain foreign nationals seeking access to sensitive technologies when it is contrary to U.S. national security and economic security interests of the United States; Mandating a standardized U.S. government grant process by authorizing the Office of Management and Budget to work with federal grant-making agencies to standardize the grant application process; share information about grantees; and create a U.S. government-wide database of federal grantees; and

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- \*Lowering the reporting threshold for U.S. schools and universities receiving foreign gifts from \$250,000 to \$50,000 and giving the Department of Education authority to punish schools that fail to properly report.

## RI General Assembly Oks "Ghost Guns" Ban

June 17, 2020

The General Assembly today approved legislation sponsored by Sen. Cynthia A. Coyne and Rep. Patricia A. Serpa to prohibit the manufacturing, transfer, purchase or possessing of any plastic, fiberglass or 3-D printed gun, as well as "ghost guns," untraceable guns and undetectable guns.

The legislation, which now heads to the governor's desk, is meant to help eliminate weapons that skirt protect public safety protections. Gov. Gina M. Raimondo has publicly indicated her intent to sign it into law.

"Ghost guns, 3-D printed guns and undetectable plastic guns can easily facilitate criminal activity because they totally bypass the safeguards that protect the public. Our state laws should be very clear that possessing, creating or selling them is a criminal act, and we should be doing everything we can to keep these dangerous weapons from proliferating here," said Senator Coyne (D-Dist. 32, Barrington, Bristol, East Providence).

Said Representative Serpa (D-Dist. 27, West Warwick, Coventry, Warwick), "While I am a strong proponent of people's right to bear arms, these devices simply lack the safety, reliability and accountability of conventional firearms and have become a menace to society."

The legislation ([2020-S 2004B](#), [2020-H 7102Aaa](#)) prohibits anyone from manufacturing, selling, offering to sell, transferring, purchasing, possessing, or having under his or her control any firearm that is made from plastic, fiberglass or through a 3-D printing process; or a ghost gun — one that lacks a serial number under the requirements of the Federal Gun Control Act of 1968; or one that would be undetectable by a metal detector after removal of all parts other than a major component, or whose major component would not generate an accurate image if subjected to the type of screening equipment used at airports and public buildings.

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The bill sets a punishment for violations at up to 10 years in prison and up to \$10,000 in fines, and is enforceable 30 days after it becomes law.

The legislation is supported by Attorney General Peter F. Neronha, the State Police, the Rhode Island Police Chiefs Association, the Rhode Island Coalition Against Gun Violence and Rhode Island Moms Demand Action.

Regardless of lawsuits, federal decisions and restraining orders preventing their original authors from posting them online, blueprints for 3-D printed firearms remain available over the Internet, allowing those with access to a 3-D printer to create an untraceable plastic gun.

Banning 3-D printed guns was one of the recommendations made in 2018 by the Rhode Island Working Group for Gun Safety, a 43-member task force that was assembled following the school shooting in Parkland, Fla.

## Hydrogel Cools Electronics, Uses Waste Heat for Power

Elizabeth Montalbano | Jun 16, 2020

Most people who have a smartphone have had the experience of feeling the device overheat and even shut itself down until it resumes a normal temperature. This overheating can damage electronic component or even cause them to explode or catch fire, which can create a dangerous situation.

To try to find a solution to this problem, researchers from Wuhan University in China and the University of California Los Angeles (UCLA) have developed a new hydrogel material that serves a unique dual function—it can cool down electronics, such as mobile-phone batteries, and also turn their waste heat into electricity.

“Efficient heat removal and recovery are two conflicting processes that are difficult to achieve simultaneously,” researchers wrote in an abstract for a paper on their work in the ACS journal *Nano Letters*.

Indeed, scientists so far have been able to design devices that can do one or the other, but not both, which is why the team set out to create what’s called a smart thermogalvanic hydrogel that could perform both these functions.

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### Material Composition and Behavior

The hydrogel researchers developed is comprised of a polyacrylamide framework infused with water and specific ions. Heating the hydrogel causes two of the ions (ferricyanide and ferrocyanide) to transfer electrons between electrodes, which generates electricity.

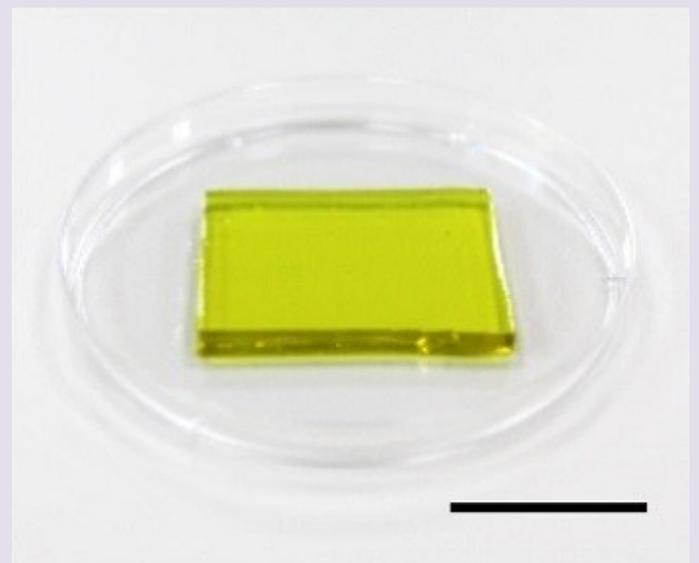
At the same time, water inside the hydrogel evaporated, which cooled the material. Then, after these reactions are complete, the material can regenerate itself by absorbing water from the surrounding air.

To demonstrate how the hydrogel can work in a device setting, researchers attached a hydrogel film with a thickness of 2 millimeters to a mobile-phone battery while operating and discharging energy quickly.

What they discovered from this test is that some of the waste heat was converted into 5  $\mu$ W of electricity, decreasing the battery’s temperature by 68 degrees Fahrenheit.

This reduction in working temperature allows for the battery to operate safely, while the electricity generated during the process could monitor the battery or control the cooling system.

The team plans to continue its work to explore the dual properties of the hydrogel and its performance in other electronic devices for future commercial application.



*A new hydrogel developed by scientists in China and California can cool off electronics and generate electricity from their waste heat. (Image source: Nano Letters, Wuhan University, and UCLA)*

## Face Shields and Sanitizer

If you are in need of personal protection equipment, DSA Detection LLC has begun supplying Hand and Surface Sanitizer as well as Face Shields.

DSA's Face Shield (P/N DSK0001) is designed to help protect against airborne moisture molecules from humans and apparatus. For a comfortable and snug fit, shield is fully adjustable to fit any size wearer via adjustable strap. Glasses, goggles, masks, or other PPE may easily be worn underneath shield. Although intended for single-use applications, shield is durable and may be disinfected with isopropanol.

DSA's Liquid Surface and Hand Sanitizer is available in two options: SAN1017 is a 24-bottle case of 16.9oz spray bottles, and SAN1128 is a 4-bottle case of gallon refills. The FDA-approved 80% ethanol solution is effective and proven to kill 99.9% of germs. The non-gel formula is ideal for sanitizing both surfaces and hands.

For more information, please visit:

<https://www.dsadetection.com/products/personal-protection-equipment.html>

## China Passes Security Law Handing Itself Extensive New Powers Over Hong Kong

Jamie Ross Reporter

Updated Jun. 30, 2020 6:07AM ET / Published Jun. 30, 2020 4:49AM ET

China has passed a controversial national-security law that gives Beijing the power to stamp out opposition in Hong Kong after the territory was rocked by pro-democracy protests last year. The Chinese legislature approved the law on June 30—a day before the July 1 anniversary of Hong Kong's handover from Britain to China in 1997, which is often marked by pro-democracy demonstrations. The exact wording of the law has not been released by Beijing, but BBC News reports that it will criminalize secession, subversion, and collusion with foreign forces. It could, therefore, be used to crackdown on protests and freedom of speech. Tam Yiu-chung, Hong Kong's representative to the top legislative body in China, warned: "Those who have stirred up trouble and broken this type of law in the past will hopefully watch themselves in the future." The Demosisto pro-democracy group, led by Hong Kong's most prominent activist, Joshua Wong, said it would now halt operations, adding that it would be "unsustainable" to carry on under the new law.

## China to impose visa ban on Americans interfering in Hong Kong

China will impose a visa ban on US citizens who interfere with sweeping national security legislation planned for Hong Kong, a move that comes shortly after the Trump administration imposed them on some officials in Beijing.

"As a response to the US's wrongful decision to impose visa bans on Chinese officials, China decides to impose visa bans on Americans who behave badly in Hong Kong affairs," Foreign Ministry spokesman Zhao Lijian told reporters at a regular briefing in Beijing on Monday, without naming any specific targets.

"Who will be the targets? Relevant people would know clearly themselves," Zhao added.

The US State Department on Friday imposed visa bans on unspecified Chinese Communist Party officials accused of infringing the freedom of Hong Kong citizens, in what a senior official described as the opening salvo in a campaign to force Beijing to back off from new restrictions on the city.

The tit-for-tat bans come amid months of worsening tensions between the United States and China across fronts including their ongoing trade war and the handling of the coronavirus pandemic.

The security legislation — which would bar subversion, secession, terrorism, and collusion with foreign forces in Hong Kong — has fueled resurgent prodemocracy protests in the former British colony. It has raised fears about the city's future autonomy from China and whether basic freedoms will remain protected.

Chinese lawmakers are meeting in Beijing to discuss the legislation, and Hong Kong's Now TV News reported that a vote could come Tuesday morning — the day before the anniversary of the 1997 handover to China.

Secretary of State Michael Pompeo said Friday that he was halting travel to the United States by current and former officials from China's ruling Communist Party who are believed to be "responsible for, or complicit in, undermining Hong Kong's high degree of autonomy."

## First Hong Kong Arrest Under China's New Law Is Man With Independence Flag

A man arrested at an anti-government protest in Hong Kong is the first to be detained for allegedly violating the new national security law introduced by Beijing on Tuesday, Hong Kong police said Wednesday.

The man was arrested in the city's Causeway Bay area during a march to protest against the national security law, which has effectively criminalized anti-government dissent in the restive territory.

It was signed into law Tuesday after a year of pro-democracy protests that have roiled Hong Kong's regional government and embarrassed the central government in Beijing.

Wednesday's march—coinciding with the the 23rd anniversary of the city's handover from British to Chinese control—was the first since the law came into force late on Tuesday night.

The unidentified man arrested was holding a flag with "Hong Kong Independence" written on it, Hong Kong police said on its official Twitter channel. "This is the first arrest since the law has come into force," the post said, referring to the national security law.

The Chinese government did not publish the full details of the law until it was already in effect. Opponents had warned that it would fatally undermine the "one country, two systems" agreement that have protected Hong Kong's market economy and way of life since its handover from British to Chinese control in 1997.

The Sino-British Joint Declaration handover agreement gave Hong Kongers greater political freedoms than their mainland compatriots. But these freedoms are now under threat.

The legislation criminalizes secession, subversion, terrorism and collusion with foreign forces. Those convicted of leading such efforts now face life in prison, while others involved face anywhere between three and 10 years behind bars.

Critics have said the legislation effectively bans freedom of speech and protest in Hong Kong, which has a long history of popular movements pushing back against encroachment from the authoritarian regime in Beijing.

Local Legislative Council lawmakers were obliged to introduce a national security law of this type under Hong Kong's de facto constitution. But a 2003 attempt to do so collapsed after mass protests. The failure ultimately contributed to the downfall of then-Chief Executive Tung Chee-hwa in 2005. This time, Beijing circumvented the LegCo.

The imminent adoption of the national security law prompted activists to dissolve pro-democracy organizations on Tuesday, fearing the expected Chinese crackdown on dissenters.

Prominent activists said they would continue their fight for democracy and against Chinese encroachment but not under the banner of openly pro-democratic groups, which would now fall foul of the draconian national security law.

## On July 1, U.S.-Mexico-Canada Agreement (USMCA) enters into force

On July 1, 2020, the U.S.-Mexico-Canada Agreement (USMCA) enters into force, officially replacing the North American Free Trade Agreement (NAFTA). USMCA is a ground-breaking achievement for U.S. small businesses and is the first trade agreement ever to include a full chapter dedicated to small business interests.

Supporting and expanding U.S. small business trade with Mexico and Canada is a top priority for me as the new Associate Administrator for SBA's Office of International Trade (OIT). SBA OIT has a team of talented trade finance specialists and finance products to help small businesses involved in international trade to access capital, purchase inventory as a manufacturer or supplier, and expand through trade. OIT helps ensure small businesses are adequately represented in trade negotiations led by the Office of the U.S. Trade Representative and educates U.S. small businesses on the wide range of federal and state resources that can increase their ability to compete in international trade.

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# Xinjiang Supply Chain Business Advisory

**Issued:** July 1, 2020

**Title:** Risks and Considerations for Businesses with Supply Chain Exposure to Entities Engaged in Forced Labor and other Human Rights Abuses in Xinjiang<sup>1</sup>

**SUMMARY:** Businesses with potential exposure in their supply chain to the Xinjiang Uyghur Autonomous Region (Xinjiang) or to facilities outside Xinjiang that use labor or goods from Xinjiang should be aware of the reputational, economic, and legal risks of involvement with entities that engage in human rights abuses, including but not limited to forced labor in the manufacture of goods intended for domestic and international distribution. In order to mitigate reputational, economic, legal, and other risks, businesses should apply industry human rights due diligence policies and procedures to address risks. The People's Republic of China (PRC) government continues to carry out a campaign of repression in Xinjiang, targeting Uyghurs, ethnic Kazakhs, ethnic Kyrgyz, and members of other Muslim minority groups. Specific abuses include mass arbitrary detentions, severe physical and psychological abuse, forced labor and other labor abuses, oppressive surveillance used arbitrarily or unlawfully, religious persecution, political indoctrination, forced sterilization, and other infringements of the rights of members of those groups in Xinjiang. Survivor and family member accounts conveyed through Non Governmental Organizations and media reports indicate the PRC government has been using discriminatory immigration policies to cancel the passports of and lure diasporic Uyghurs, ethnic Kazakhs, and ethnic Kyrgyz individuals back to China and intern them, and that some holders of Kazakhstani citizenship have also been detained while visiting family members in Xinjiang and similarly arrested and interned. There have also been credible reports that the PRC government has facilitated the mass transfer of Uyghurs and others from Xinjiang to factories across China, including under conditions of forced or involuntary labor. Businesses with supply chain exposure to entities involved in human rights abuses in Xinjiang or the use of forced labor in Xinjiang should be aware of the risks outlined in this advisory and should implement human rights-related due diligence policies and procedures. Businesses and other organizations undertaking due diligence practices should be aware of reports of auditors being detained, threatened, harassed, and subjected to constant surveillance related to this ongoing issue.

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## I. Introduction

The U.S. Department of State, the U.S. Department of the Treasury, the U.S. Department of Commerce, and the U.S. Department of Homeland Security (DHS) are issuing this advisory to highlight the harsh repression in Xinjiang. Businesses, individuals, and other persons, including but not limited to academic institutions, research service providers, and investors (hereafter “businesses and individuals”<sup>2</sup>), that choose to operate in Xinjiang or engage with entities that use labor from Xinjiang elsewhere in China should be aware of reputational, economic, and, in certain instances, legal, risks associated with certain types of involvement with entities that engage in human rights abuses, which could include Withhold Release Orders (WROs), civil or criminal investigations, and export controls. The PRC government in Xinjiang has, since at least March 2017, detained for indefinite periods more than one million Uyghurs, ethnic Kazakhs, ethnic Kyrgyz, and members of other Muslim minority groups in internment camps designed to eradicate detainees’ cultural and religious identities, and to indoctrinate them with Chinese Communist Party (CCP) ideology.

Detainees describe extreme overcrowding, sleep and food deprivation, medical neglect, physical and psychological abuse (including what they describe as torture), forced labor, forced ingestion of unidentified drugs, sexual abuse, forced renunciation of religion, denial of prayer and other religious practices (including pressure to consume pork or alcohol), denial of the use of their native languages, and being forced to study and recite CCP propaganda. There is evidence that some have died in the internment camps, or very shortly after release, as a result of abuse and neglect. These abuses are now believed to have spread beyond Xinjiang, with credible reports claiming that victims are currently being sent to other provinces and subjected to forced labor and other abusive labor conditions. In line with the corporate responsibility to respect human rights as articulated in the UN Guiding Principles on Business and Human Rights, businesses should examine and identify the impact this exportation of forced labor has on their supply chains and reduce exposure to this practice.

Businesses and individuals should be aware of the large-scale human rights abuses against Uyghurs, ethnic Kazakhs, ethnic Kyrgyz, and members of other Muslim minority groups and the deceptive practices employed by the PRC government in Xinjiang, as well as situations of forced labor involving members of these groups outside Xinjiang. This advisory provides factors that businesses and individuals may consider assessing in connection with business partnerships with, investing in, and providing other support to companies operating in or otherwise linked to Xinjiang, or employing the labor of individuals from Xinjiang. It also urges businesses and individuals to evaluate their exposure to these risks, and to the extent necessary, implement due diligence policies, procedures.

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The three primary types of supply chain exposure to entities engaged in human rights abuses discussed in this advisory are: (1) assisting in developing surveillance tools for the PRC government in Xinjiang; (2) relying on labor or goods sourced in Xinjiang, or from factories elsewhere in China implicated in the forced labor of individuals from Xinjiang in their supply chains, given the prevalence of forced labor and other labor abuses in the region; and (3) aiding in the construction of internment facilities used to detain Uyghurs and members of other Muslim minority groups, and/or in the construction of manufacturing facilities that are in close proximity to camps operated by businesses accepting subsidies from the PRC government to subject minority groups to forced labor.

The U.S. government has taken several actions in response to human rights abuses in Xinjiang. On June 5, 2020, the U.S. Department of Commerce added the PRC's Ministry of Public Security's Institute of Forensic Science and eight Chinese companies implicated in human rights violations and abuses in Xinjiang to the Entity List, which results in these parties facing new restrictions on access to U.S. goods and technology. On October 9, 2019, the U.S. Department of Commerce added to its Entity List eight Chinese commercial entities and 20 Chinese governmental entities implicated in human rights violations and abuses in Xinjiang, including the Xinjiang Public Security Bureau, 17 local public security bureaus, Xinjiang Police College, and Xinjiang Production and Construction Corps Public Security Bureau. These Entity List additions imposed additional license requirements on exports, reexports, and transfers (in-country) to the 28 listed entities. On June 17, 2020 and May 1, 2020, U.S. Customs and Border Protection (CBP) issued WROs detaining imports of hair products believed to have been manufactured with forced labor by two Chinese companies operating in Xinjiang. On September 30, 2019, CBP issued a WRO detaining imports of garments believed to have been produced with prison or forced labor by a Chinese company operating in Xinjiang. On October 8, 2019, the U.S. Department of State announced visa restrictions on PRC government and CCP officials believed to be responsible for, or complicit in, the detention or abuse of Uyghurs, ethnic Kazakhs, or other members of Muslim minority groups in Xinjiang.

## **II. Heightened Risk for the Provision of Certain Goods, Services, and Surveillance Technology in Xinjiang**

### **a. Background on Surveillance**

The PRC government has established an unprecedented, intrusive, high-technology surveillance system across Xinjiang, as part of a province-wide apparatus of oppression aimed primarily against traditionally Muslim minority groups. PRC authorities justify mass surveillance and various restrictions under the guise of combatting what the PRC government labels as "terrorism" and "religious extremism" in Xinjiang.

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However, the Xinjiang surveillance infrastructure is facilitating human rights abuses, including abuses of the right to be free from arbitrary or unlawful interference with privacy, religious freedom, freedom of movement, and freedom of expression, which are protected by the Universal Declaration of Human Rights (UDHR). Surveillance systems, many of which are equipped with artificial intelligence, facial recognition, gait recognition, and infrared technology, are being used throughout Xinjiang to track movements, monitor behaviors, and identify individuals for detention.

The "Strike Hard against Violent Terrorism Campaign," launched by the PRC government in 2014, primarily in Xinjiang, has been used to justify the collection of biometric data from all Xinjiang residents ages 12 to 65. Authorities have collected DNA samples, fingerprints, iris scans, and blood types, and are centralizing this information in cloud databases. Furthermore, during what Xinjiang officials advertised as free health checks, residents' faces were scanned, blood was drawn, and fingerprints were collected. Voice samples of individuals are also being collected when they apply for passports, raising further concerns about privacy. This involuntarily collected biometric data is linked to individuals' identification numbers and centralized in searchable databases used by police. One of the main systems for mass surveillance in Xinjiang is a mobile app used by police. The app allows authorities to input personal data about residents, such as identifying information, physical data, and religious data, among other identifiers, into a dataset. The app was used to identify roughly 20,000 individuals for detention in one week, according to leaked official government documents.

Chinese surveillance and technology companies earn billions of dollars in contracts from the PRC government, but there is evidence that these businesses also get support from foreign academics, scientists, businesses, and investors.

### **b. Heightened Risk for the Provision of Goods, Services, and Technology with a Nexus to Xinjiang Surveillance**

Businesses and individuals engaged in the following activities or otherwise directly linked to those in Xinjiang engaged in these activities may face reputational risks and/or trigger U.S. law enforcement or other actions, depending on the specific facts and circumstances of their involvement:

- Certain Activities with Cameras, Tracking Technology, Biometric Devices, or Other Goods and Services: Selling or providing biometric devices, cameras, computers, items with surveillance capabilities, microchips and microprocessors, tracking technology, or related equipment, software, and technology, or maintenance of goods that have been known to arbitrarily track and control the movements of Uyghurs or others in Xinjiang.

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- Certain Technology Joint Ventures, Research Partnerships, and Financial Support: Involvement in joint ventures with PRC government officials and departments, or Chinese companies whose intellectual property has been known to aid the development or deployment of a surveillance system used arbitrarily against members of minority groups or others. This may include granting PRC government officials access to genetic databases or aiding the PRC government in involuntary collection of genetic data; participation in facial recognition research related to Chinese minorities; conducting research partnerships with Chinese technology facial recognition firms known to be involved with enabling China’s surveillance activities or inviting such parties to conferences where technical issues on surveillance-related activities will be discussed; or attending conferences related to surveillance activities and facial recognition technology in which such entities play a leading role, including through organizing or sponsoring these conferences.
- Certain Services Provided to Xinjiang’s Internment Camps or Surveillance State: Provision of services to internment camps or training of Xinjiang authorities, police, or PRC government officials that enable arbitrary detention, or arbitrary or unlawful surveillance on the basis of ethnic group, religion, or other protected class.
- Companies on the U.S. Department of Commerce Entity List: The Department of Commerce’s Entity List identifies entities reasonably believed to be involved, or to pose a significant risk of being or becoming involved, in activities contrary to the national security or foreign policy interests of the United States. Exports, reexports, or transfers (in-country) to these entities of items subject to the Export Administration Regulations (EAR) require a license from the Department of Commerce’s Bureau of Industry and Security (BIS). The list is available here: [Commerce Entity List](#). For additional information about the Entity List, please see Annex 1 below.

### III. Heightened Risk for Forced Labor in Xinjiang

#### a. Background on Xinjiang Labor Abuses

The PRC government has implemented poverty-alleviation programs with a stated objective of eradicating poverty across the country. Although there are legitimate poverty-alleviation programs in Xinjiang, certain programs are focused predominantly on members of Muslim minority groups and are coupled with social control, pervasive surveillance, and a large-scale internment program. There is evidence of forced labor by force, threats, or other abusive practices under the guise of “vocational training” occurring in the internment camps, large industrial parks, as well as residential locations.

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Internment camps are often referred to as Educational Training Centers or Legal Education Centers. In internment camps, there are reports of both forced labor in the internment camps themselves, as well as reports of individuals “graduating” from the camps and then being required to work at nearby facilities or sent to satellite factories in home provinces or other provinces. There have been reports of Vocational Training Camps located within and adjacent to industrial parks.

- Government Subsidies and Labor Abuse: Xinjiang government documents indicate the existence of a large-scale PRC government plan, known as the “mutual pairing assistance” program, for companies from east China to establish satellite factories in Xinjiang in conjunction with the internment camps. Reports indicate that, through the PRC government’s mutual pairing assistance program, 19 cities and developed provinces, generally in the eastern part of China, are spending billions of Chinese yuan to establish factories in Xinjiang. Some directly involve the use of internment camp labor, while others are part of abusive labor programs that require parents to leave children as young as 18 months old in state-run orphanages and other facilities, while the parents are forced or coerced to work full-time under constant surveillance. The children are sent to state-controlled education and training settings. See Annex 2 for a map of the program pairing participants with counterparts.
- Involuntary Transfer of Xinjiang Laborers to Chinese Factories: There have been credible reports of mass transfers of Uyghurs and members of other ethnic minority groups from Xinjiang to factories across China, including under conditions of forced labor. Laborers are sometimes transferred directly from camps to factories, are forced to attend “patriotic education” and Mandarin studies, and are subjected to constant surveillance. Many of these workers are assigned minders and have limited freedom of movement. The factories produce goods in a variety of industries including garments, electronics, and automobiles.
- **Forced Labor in Prisons in Xinjiang:** In addition to the forced labor present in the province, there is evidence of forced prison labor in the cotton, apparel, and agricultural sectors. Prisoners are forced to work under threat of penalties, such as solitary confinement. Working conditions are harsh with long hours, poor food quality, and little to no pay. Reports indicate that Xinjiang in recent years accounts for 84 percent of China’s total cotton production. See Annex 4 for more information on the cotton supply chain.

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## b. Potential Indicators of Forced Labor or Labor Abuses

- **Lack of Transparency:** Firms operating in Xinjiang using shell companies to hide the origin of their goods, write contracts with opaque terms, and conduct financial transactions in such a way that it is difficult to determine where the goods were produced, or by whom.
- **Social Insurance Programs:** Companies operating in Xinjiang disclosing high revenue but having very few employees paying into the government's social security insurance program.
- **Terminology:** Any mention of internment terminology (e.g., Education Training Centers (职业教育培训中心) or Legal Education Centers) coupled with poverty alleviation efforts, ethnic minority graduates, or involvement in reskilling.
- **Government Incentives:** Companies operating in Xinjiang receiving government development assistance as part of the government's poverty alleviation efforts or vocational training programs; companies involved in the mutual pairing assistance program.
- **Government Recruiters:** Companies operating in Xinjiang implementing nonstandard hiring practices and/or hiring workers through government recruiters.
- **Factory Location:** Companies operating in Xinjiang located within the confines of the internment camps, near internment camps, or within the confines of or adjacent to industrial parks involved in poverty alleviation efforts. New factories built near internment camps.

## IV. Human Rights Due Diligence

Businesses with supply chain links to Xinjiang or laborers from Xinjiang are encouraged to assess their reputational, economic, and legal risk, and, as applicable, implement reasonable human rights due diligence.<sup>3</sup> The UN Guiding Principles on Business and Human Rights,<sup>4</sup> the Organisation for Economic Co-operation and Development (OECD) Guidelines on Multinational Enterprises,<sup>5</sup> and the International Labor Organization (ILO) Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy<sup>6</sup> provide guidance on best practices for this type of due diligence, as discussed in more detail in this section. As applicable, businesses should consider collaborating with industry groups and multi-stakeholder groups to exercise leverage to address and prevent human rights abuses in their supply chains.

*(\*Continued On The Following Column)*

To the extent practical, businesses and individuals should examine the end users of their products, technology, research, and services, to reduce the likelihood that their goods or services are being used to build, maintain, or support: (1) the internment camps; (2) the broader surveillance apparatus of the PRC government; (3) companies that employ forced labor; or (4) activities that enable human rights abuses, including forced collection of biometric data and coercive transfer of ethnic minority groups.

Businesses and individuals providing construction materials to Chinese entities that may be operating in Xinjiang should consider utilizing due diligence in line with their internal risk assessment and industry practice. The provision of goods used to construct internment facilities or factories located within internment camps, including concrete, steel, rebar, chain-link fencing, paving materials, and glass, may present risks. Firms should consider employing due diligence practices that reduce the likelihood that internment camps are the ultimate direct beneficiaries of their business. Similarly, the direct provision of services, including training programs for internment camp guards, may implicate U.S. enforcement activities or other authorities. Businesses and individuals providing goods and services to Chinese entities that may be operating in Xinjiang or using laborers from Xinjiang are also encouraged to conduct appropriate due diligence measures regarding the employment of forced labor.

While due diligence practices will vary based on the size and nature of the business, well-documented and implemented due diligence policies and procedures may potentially be considered as mitigating factors by U.S. authorities, in the event businesses inadvertently engage in sanctionable activity or activity that violates domestic law.

### a. Due Diligence Related to Banking and Financial Institutions

Entities with banking ties to the U.S. financial system should be aware that financial institutions are required to adopt a risk-based approach to their anti-money laundering,<sup>7</sup> countering terrorist financing, and countering proliferation financing (AML/CFT/CPF) programs to identify, assess, and mitigate the money laundering and terrorist financing risks to which they are exposed and take measures commensurate with those risks in order to mitigate them effectively. As with all their risks, financial institutions should assess their potential exposure to the risk of handling the proceeds of forced labor on behalf of their clients, and, as appropriate, implement a mitigation process in line with the risk. Financial institutions should assess their illicit finance risk, implement sanctions compliance, AML/CFT/CPF and due diligence programs, and provide training and resources to personnel in order to effectively execute those programs. Entities may wish to consider communicating with their counterparties, partners, subsidiaries, and affiliates to articulate their compliance expectations in a manner consistent with applicable local requirements.

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## Statement from U.S. Secretary of Commerce Wilbur Ross on Revocation of Hong Kong Special Status

[Wilbur Ross](#)

Monday, June 29, 2020

With the Chinese Communist Party's imposition of new security measures on Hong Kong, the risk that sensitive U.S. technology will be diverted to the People's Liberation Army or Ministry of State Security has increased, all while undermining the territory's autonomy. Those are risks the U.S. refuses to accept and have resulted in the revocation of Hong Kong's special status.

Commerce Department regulations affording preferential treatment to Hong Kong over China, including the availability of export license exceptions, are suspended. Further actions to eliminate differential treatment are also being evaluated. We urge Beijing to immediately reverse course and fulfill the promises it has made to the people of Hong Kong and the world

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Financial institutions should assess their illicit finance risk, implement sanctions compliance, AML/CFT/CPF and due diligence programs, and provide training and resources to personnel in order to effectively execute those programs. Entities may wish to consider communicating with their counterparties, partners, subsidiaries, and affiliates to articulate their compliance expectations in a manner consistent with applicable local requirements.

### b. Due Diligence Related to Forced Labor

The repressive environment in Xinjiang and in China generally presents unique challenges to conducting human rights due diligence. Businesses with potential supply chain exposure to entities involved in human rights abuses in Xinjiang or those involved in the use of forced labor in Xinjiang should consider the reputational, economic, and legal risks, including those outlined in section V of this advisory, of such involvement. Third-party audits alone may not be a credible source of information for indicators of labor abuses for the following reasons:

- ☒ Auditors have reportedly been detained, harassed, threatened, or stopped at the airport.
- ☒ Auditors may be required to use a government translator who conveys misinformation or does not speak in workers' first language.
- ☒ Auditor interviews with workers cannot be relied upon given the pervasive surveillance, and evidence of workers' fear of sharing accurate information.

If auditors or their families have been detained or otherwise threatened, businesses and individuals are encouraged to reach out to the U.S. government, including at U.S. embassies or consulates, for assistance.

Continue Reading:

[https://www.treasury.gov/resource-center/sanctions/Programs/Documents/20200701\\_xinjiang\\_advisory.pdf](https://www.treasury.gov/resource-center/sanctions/Programs/Documents/20200701_xinjiang_advisory.pdf)

*“Don't decrease the goal.  
Increase the effort.”*