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Chairman McHenry, Ranking Member Waters, and members of the Committee, thank you for the opportunity to testify today. I want to raise the important and concerning issue of international financial institutions (IFI), also funded by the U.S. government, financing companies that appear to have employed forced laborers in the Xinjiang Uyghur Autonomous Region (XUAR) in the People's Republic of China (PRC). These companies are benefiting from our taxpayers' dollars while at the same time actively participating in the implementation of the PRC's campaign of repression against the Uyghurs.

While Beijing has denied any wrongdoing in the XUAR, Chinese authorities have used the pretext of terrorism to suspend Uyghurs' civil and political rights, including the internment of more than a million Uyghurs in "education training centers." These camps function as forced labor camps, where various goods are manufactured and fed into global supply chains.

The International Financial Corporation (IFC), the World Bank's private lending body, receives funding from governments around the world, including the U.S. government, and lends to the private sector in developing countries. According to an Atlantic Council report from 2022, the IFC has provided at least \$486 million in financing to companies in the XUAR.¹ For example, Camel Group Co. LTD., a manufacturer of batteries for automobiles and one of China's top battery manufacturers, received \$80 million in loans from the IFC in 2019 to build and upgrade recycling plants, including building a lead smelter in the XUAR.

Congress has a strong track record of bipartisanship on issues of China and Uyghur human rights. One of the monumental bills passed by the Congress and implemented last year is the Uyghur Forced Labor Prevention Act (UFLPA), which I was proud to cosponsor. Now U.S. federal law, UFLPA prohibits the importation of goods made with forced labor in the XUAR or any other part of China involving Uyghurs or other minorities. However, if we continue to fund private companies in the XUAR through our taxpayer dollars via IFIs, we defeat the purpose of actively implementing and enforcing the law, as money will continue to finance projects that profit off Uyghur forced labor, and goods made with forced labor would continue to penetrate our supply chains.

My bill, titled the *No Funds for Forced Labor Act*, would require the Secretary of the Treasury to instruct the U.S. Executive Director at each IFI to use the voice, vote, and influence of the United States to oppose the provision of a loan to any project that poses a significant risk of using forced labor, including any project carried out by a state-owned or heavily state-influenced entity operating in the XUAR. The bill would also require the Secretary of the Treasury to submit a written report within one year that would detail any project approved by an IFI in which forced labor could possibly be used and continue to do so annually thereafter for five years. This

¹ [Financing Genocide.pdf \(atlanticcouncil.org\)](https://atlanticcouncil.org/wp-content/uploads/2022/07/Financing-Genocide.pdf)

public report requirement is important, because IFI management is moving forward with countless projects that are misaligned with American values.

Existing legal mandates on the Treasury Department related to human rights issues are insufficient because the current mandate is to urge U.S. Executive Directors at IFIs to vote “no” on projects, but these requirements do not shed any light on the human rights issues or prevent projects from getting approved. While the United States will always vote “no” on those projects that employ forced labor, China has curried favor with so many small countries’ Executive Directors that our “no” vote is totally overwhelmed. The *No Funds for Forced Labor Act* would shine daylight on human rights issues, trigger more meaningful due diligence on proposed investments, and reestablish the weight that America’s “no” vote previously carried. We need to publicly shame China and the countries pressured to support it, and use America’s credibility and leverage to lead the international community in blocking financing for projects in the XUAR or that otherwise use forced labor.

There is significant evidence that the IFC’s clients are actively participating in the implementation of a campaign against the Uyghurs. Taxpayer money is going into these banks and funding projects that harm human rights. There should be no funds for forced labor, and my bill would work to assure just that. Thank you for your time and I look forward to working with the Committee to move this bill forward.