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Tailoring Responsibility:

Tracing Apparel Supply Chains from the Uyghur Region to Europe

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and a team
of anonymous
researchers



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[The Uyghur Rights Monitor](#) (URM, Turkey) is a new project founded by Uyghur researchers who are personally and professionally invested in investigating Uyghur rights issues. URM aims to increase access to reliable evidence of the Chinese government's human rights abuses against Uyghurs and other Turkic groups and support efforts to hold perpetrators accountable. The URM has recently published a series of three papers, which are part of a longer series of detailed investigative reports on local, regional, and central government officials' and institutions' involvement in the planning, decision-making, implementation, and whitewashing of the genocide against the Uyghurs and other Turkic people in the Uyghur region, including on the structure of the forced labor system in the region and its links to government agencies. Researchers from the URM team have also collaborated with Sheffield Hallam University on major research projects, including the "Driving Force" report about automotive supply chain exposure to the Uyghur Region.



[The Helena Kennedy Centre for International Justice at Sheffield Hallam University](#) is a leading center for social justice and human rights research, practice, and pedagogy. It provides a vibrant environment at the cutting edge of legal and criminal justice practice which prepares students for excellence in their chosen professional careers. The center is home to a range of social justice and human rights activities that include research, global engagement, impact on policy, professional training, and advocacy.

Its central values are those of widening access to justice and education, the promotion of human rights, ethics in legal practice, equality and a respect for human dignity in overcoming social injustice. The center works on high-profile projects in a variety of human rights and social justice areas. Research and projects concern modern slavery, gender-based violence, hate crime, and more.



[The Uyghur Center for Democracy and Human Rights](#) (UZDM, Germany) is a charitable, non-profit, non-governmental organisation based in Germany, whose mission is to defend and promote human rights and democratic representation for the Uyghur people, both within China and abroad. Since its establishment in 2019, the UZDM has been actively implementing advocacy campaigns with state and non-state actors internationally, raising awareness of the human rights situation in East Turkistan and engaging in capacity-building activities with the Uyghur diaspora. Our staff, which is majority Uyghur, has vast experience in these areas and holds critical representative functions vis-à-vis the large majority of the global Uyghur diaspora. The UZDM has recently published a toolkit for responding to transnational repression.

Table of Contents

<u>Executive Summary</u>	5
<u>Introduction & Policy Considerations</u>	7
<u>Zhejiang Sunrise Garment Group Co./</u> <u>Sunrise Manufacture Group Co., Youngor Group, and Smart Shirts</u>	10
<u>Beijing Guanghua Textile Group and Beijing Fashion Holdings</u>	13
<u>Anhui Huamao Group Co., Ltd.</u>	16
<u>Xinjiang Zhongtai Group and Xinjiang Lihua Group</u>	19
<u>Table 1. Supply Chain Connections</u>	21
 <u>Annex A – Corporate Responses</u>	

Executive Summary

This report provides critical insight into how forced labor in the Uyghur Region is affecting European Union apparel supply chains.

The apparel industry's connections to the Uyghur Region are now well-established. The Region produces approximately [23% of the world's cotton](#) and [10% of the world's PVC](#), a key material in the production of protective clothing and accessories. As a result, a huge quantity of the world's clothes and footwear risk being implicated in the forced labor of the Uyghur people.

Since 2017, the People's Republic of China (PRC) has imposed an unprecedented system of forced labor on Uyghurs and other Turkic, majority Muslim citizens of the Region. State-imposed forced labor programs are a primary nexus through which the PRC government is inflicting its genocidal policies on the Uyghur people. Through the facilitation of familial separation, land expropriation and cultural assimilation, these schemes are eliminating vital resources for the continuity of Uyghur culture and community.

This report maps various apparel supply chains potentially from the Uyghur Region to the EU marketplace. To conduct this research, the team identified four major China-headquartered fabric and apparel manufacturers that have significant ties to the Uyghur Region, through sourcing, subsidiaries, and/or manufacturing. Using publicly available sources, including shipping data, corporate financial and media reporting, journalism, state propaganda, remote sensing data, and maps, they then traced the supply chains of these companies to brands and retailers in the EU.

The companies named in this report were provided the opportunity to respond to these issues. All responses are available in [Annex A – Corporate Responses](#) on the website for this report.

The report's key finding is that a substantial volume of apparel tainted by Uyghur forced labor is moving into the EU without restriction. Throughout the report, 39 well-known brands are identified to be at high risk of sourcing apparel made by Uyghurs compelled to participate in state-imposed labor transfers.

The number of companies identified in this scaled-down mapping exercise indicates that **EU policy is not protecting its consumers from buying products made with Uyghur forced labor**. With the EU poised to decide on forced labor regulation and the Corporate Sustainability Due Diligence Directive, this report addresses how legislation such as the US' landmark Uyghur Forced Labor Prevention Act can shield companies and consumers from complicity in human rights violations against the Uyghur people.

The report also finds evidence that companies in the Region are taking steps to hide their participation in state-imposed labor transfers. Corporations are deploying a range of tactics to obscure their operations in the Region, including no longer advertising their engagement in labor transfers online, changing company names and reorganizing their holdings. When navigating the Region's increasingly opaque supply chains, companies must be clear that the absence of evidence isn't the evidence of absence.

The four apparel manufacturers profiled in the report are:

ZHEJIANG SUNRISE

- Zhejiang Sunrise is sourcing from the Region, likely operates in the Region (despite corporate name changes and structural reorganizations of their holdings) and either directly engages in – or sources from companies that utilize – state-sponsored labor transfer programs of Uyghur people.
- Zhejiang Sunrise owns the 'Smart Shirts' company and brand, which is a major supplier to international menswear companies, including Hugo Boss in Germany, Ralph Lauren Europe and Burberry in Italy.

BEIJING GUANGHUA TEXTILE GROUP AND BEIJING FASHION HOLDINGS (PARENT COMPANY)

- Beijing Guanghua is a prominent state-owned textile manufacturer based in the Uyghur Region. The company participates avidly in "poverty alleviation" programs, such as "Xinjiang Aid" that surveille and control the Uyghur people.
- Goods manufactured by Guanghua and Beijing Fashion Holdings were found to be sold to many major fast fashion brands based in or selling to the EU such as Zara, Next and Levi's.

ANHUI HUAMAO GROUP CO., LTD.

- Anhui Huamao is one of the PRC's largest vertically integrated textile and apparel companies. The company has a history of participating in state-imposed labor transfer programs in the Uyghur Region, and currently owns at least three subsidiaries based in the Region.
- Anhui Huamao's products are [exported to high-end markets](#) at home and abroad, including customers such as ALBINI, Burberry, Prada, and Max Mara.

XINJIANG ZHONGTAI GROUP AND XINJIANG LIHUA GROUP

- Xinjiang Zhongtai Group is a significant state-owned corporate conglomerate that operates chemical, plastic, textile, and agricultural projects across the Uyghur Region. As a state-owned enterprise, the company is deeply entrenched in the state-imposed programs that affect Uyghur life and livelihoods. In June of 2023, the U.S. Forced Labor Enforcement Task Force named Xinjiang

Zhongtai Chemical Group to its [Uyghur Forced Labor Prevention Act \(UFLPA\) Entity List](#). The company nonetheless remains a supplier for many international intermediaries that export products to the EU, US, and other international markets.

- While Xinjiang Zhongtai's customers were visible through customs records and corporate annual reports in previous years, the company's downstream supply chain has become increasingly opaque, making it challenging to decipher EU-based clients.

KEY RECOMMENDATIONS:

To EU companies/ investors/ procurers:

- Conduct forensic due diligence on any products made of cotton, rayon/viscose, or PVC, including synthetic leather, to identify exposure to companies operating in the Uyghur Region, including those identified in this report. As supply chains become increasingly opaque, it is essential that due diligence procedures strengthen and evolve.

To all EU stakeholders:

- Support the regulation to ban the import of products made with forced labor. The ban should include all products made in whole or in part with forced labor, should include no de minimis standard that would allow any portion of forced labor-made goods to enter, and should apply to businesses of all sizes. Import bans must also incorporate a rebuttable presumption to apply in cases of state-imposed forced labor.
- Support the EU Corporate Sustainability Due Diligence Directive (CS3D) to ensure that companies are responsible for addressing human rights violations across the value chain.
- Support manifest transparency legislation that makes all ground, air, rail, and sea shipments publicly available, to aid in the investigation of supply chains tainted with forced labor.
- Support multi-lateral information sharing of data regarding cargo that has been identified as having been made with forced labor.

Introduction & Policy Considerations

THE PURPOSE OF THIS REPORT

This project is intended to provide critical insight into the ways forced labor in the Uyghur Region is affecting European Union supply chains. The research team employed research methods developed by Sheffield Hallam University's Helena Kennedy Center Forced Labour Lab (among others) to identify forced labor in the Uyghur Region. The research relies on publicly available sources, in English, Mandarin, and Uyghur languages, including corporate financial and media reporting, journalism, state propaganda, remote sensing data, and maps. The team traced the supply chains of affected companies, using the above sources, but also deploying the use of customs records that are available by subscription. Because customs records of EU member states are not available for research purposes, the team identified third country customs records to find products (including yarn and fabrics) that move from China, into those third countries (such as Sri Lanka and Vietnam), and then into the EU (typically as finished garments). The supply chain tracing is conducted using a variety of online technology platforms.

In this collaborative project of Uyghur Rights Monitor, Sheffield Hallam University, and the Uyghur Center for Democracy and Human Rights, the research team identified shipments of goods exposed to Uyghur forced labor that are being imported into the European Union. The research team identified four major China-headquartered fabric and apparel manufacturers that have significant ties to the Uyghur Region, through sourcing, subsidiaries, and/or manufacturing in the region. Each of these companies sells products into the EU market. Using the methods and tools described above, the research team then traced the supply chains of these companies to brands and retailers in the EU.

The companies are diverse in their ways of engaging in the Uyghur Region, as well as in the products they make and the EU brands that are their customers. All of the companies engage directly in the Uyghur Region, but at least one of them has also worked with the government to move Uyghur youth between the Uyghur Region and Beijing factories for training before assigning them to work in the XUAR. One of the companies is a supplier to major luxury brands, while another is a primary supplier for men's professional wear, and others supply fast fashion brands. All of these companies make products with cotton, but some of them also work in synthetic materials, including viscose and chemically treated fabrics. Some of the companies are state owned, and others are privately owned but nonetheless very much affected by central government policy and pressure.

The suppliers that are profiled in this report include:

1. Zhejiang Sunrise Garment Group Co./Sunrise Manufacture Group Co., and Smart Shirts
2. Beijing Guanghua Textile Group and Beijing Fashion Holdings
3. Anhui Huamao Group Co., Ltd.
4. Xinjiang Zhongtai Group and Xinjiang Lihua Group

The primary finding of this report is that a substantial amount of apparel made by Uyghurs compelled to work through state-imposed labor trans-

fers is moving into the EU without restriction. By examining only four China-based suppliers, it is clear that EU brands have significant exposure to Uyghur forced labor-made goods. While companies are shifting supply chains to comply with US restrictions on the import of forced labor-made goods, these goods move freely into the EU. There are currently no policies that protect EU consumers from buying products made with Uyghur forced labor.

THE ISSUE

Over the course of the last six years, the People's Republic of China (PRC) government has instituted an unprecedented system of state-sponsored forced labor for Uyghur, Kazakh, Kyrgyz, and other minoritized citizens in the Xinjiang Uyghur Autonomous Region (or XUAR or Uyghur Region).

State-imposed forced labor is intrinsic to the PRC government's broader repression of the Uyghur people. Through a network of interlinking programs, the system of forced labor facilitates (and in turn benefits from) forcible migration, familial separations, mass surveillance, land expropriation, cultural erasure, and resource exploitation. The scale and scope of this system is well-supported by robust evidence, including first-person [testimony](#), [satellite imagery](#) and a [significant body of documentary reports](#).

The Region's state-imposed programs are implemented through three primary mechanisms:

- **Forced labor transfers:** Involuntary "labor transfer" schemes conscript Uyghurs and other minoritized citizens to work in assigned factories, mines and farms, both within and outside the Uyghur Region. Government officials enforce cooperation in these schemes through threats of internment or imprisonment, instilling an environment of extreme fear and intimidation consistent with the International Labour Organization (ILO) indicators of forced labor. In 2021, the government reported as many as [3.17 million](#) labor transfers.
- **Forced labor of internment camp detainees:** Between [900,000 – 1.8 million Uyghurs](#) and other minoritized citizens have been held in extrajudicial internment camps. Within these camps, detainees are routinely subjected to physical and psychological [torture](#), [sexual violence](#) and [forced labor](#). Upon their release, many [internees](#) may be transferred directly to or assigned to factories to work.
- **Prison labor:** Labor is compulsory for all people incarcerated in the PRC, including in prisons administered by the [Xinjiang Production and Construction Corps](#).

Since 2019, an extraordinary number of people have been moved from the internment camp system into [long prison sentences](#), typically without a fair judicial process and often for engaging in everyday activities that are not crimes, even according to the PRC's laws. Some people appear to have been released from the camps as well, and some smaller [camps appear to have closed](#), while the surveillance state, larger camps and prisons, and other forms of repression remain.

Even as there are some changes to the apparatus of oppression in the Uyghur Region, it appears that state-imposed forced labor programs remain a primary nexus through which the PRC government is inflicting its genocidal policy on the Uyghur people. The effect of compelling young adult and adult-aged people to work in industry is that they are often separated from their families and unable to start families of their own or care for their children and bring them up in their own cultural traditions. They are often stripped of their lands and moved away from the communities in which they were born and raised. Once they are working in factories, Uyghur and other minoritized citizens are forbidden from practicing their religion in the fashion they choose, as well as often forbidden from speaking their own languages. These practices are designed to eliminate connections and commitments central to maintaining community and culture. Understanding forced labor is central to understanding the genocide that is happening in the Uyghur Region.

HOW LEGISLATION CAN ADDRESS UYGHUR FORCED LABOR

In June of 2022, the United States' Uyghur Forced Labor Prevention Act went into effect. The law includes a rebuttable presumption that indicates that the government should assume that all goods made in whole or in part in the Uyghur Region are made with forced labor, relying on the country's 1930 Tariff Act, which bans the import of all goods made with forced labor.

The effect has been significant. As of October 2023, US Customs and Border Protection (CBP) has stopped nearly [\\$2 billion worth of goods](#) from entering the country that they have determined to have been made in the Uyghur Region. The US Forced Labor Enforcement Task Force has named [27 companies to its UFLPA entity list](#), which designates companies that are known to use forced labor or sell products made with forced labor in the Uyghur Region.

As this report will document, since that time, many companies have shifted their supply chains to avoid complicity with the genocide in the Uyghur Region – or at least to protect themselves against legal, financial, and reputational risks. Some companies have excluded suppliers operating in the Uyghur Region, suppliers sourcing from the region, and/or companies outside the Uyghur Region that are recruiting Uyghur workers through state-imposed labor transfer programs. This is a sea change that only legislation could have made happen. Companies are now subject to investigation of their entire supply chains, which has encouraged more due diligence and more visibility in what were previously incredibly opaque relationships.

This report finds, for instance, that Xinjiang Zhongtai Chemical has long supplied international intermediary manufacturers that produce [PVC flooring](#), as well as a wide range of textile inputs, apparel products, and chemicals for various other industries. Since the company's engagement in state-imposed labor transfer programs was exposed, however, the company has been named to the UFLPA entity list and subject to additional government and consumer scrutiny. The company has also seen a massive shift in its customer base. While Zhongtai continues to produce inputs and final goods destined for international markets using Uyghur forced labor, it appears that the company can no longer do so out in the

HOW UYGHUR FORCED LABOR AFFECTS EUROPEAN UNION SUPPLY CHAINS

Companies operating in the Uyghur Region manufacture inputs for a vast range of industries, including [electronics, apparel](#) and [green technology](#), implicating huge swathes of the world's goods in egregious forced labor practices. The Chinese government actively incentivizes companies to operate in the Region and facilitate state-imposed labor transfer schemes. The state and businesses' shared investment in the construction and continuation of forced labor infrastructure makes on-the-ground due diligence and remediation impossible.

Some companies registered in the European Union are directly or indirectly engaged in the Uyghur Region and appear to maintain these relationships, despite the enormous evidence of crimes against humanity happening in the Region. [Volkswagen](#), for instance, owns a factory and testing field in the region's capitol. The company has admitted that in 2014, the region was subjected to a "[significantly more repressive approach](#)," but has refused to exit the region. [BMW](#), [Mercedes Benz](#), [Porsche](#), and practically all other EU-based automotive companies are exposed to Uyghur forced labor in their supply chains, often through their first-tier suppliers. In 2023, the European Center for Constitutional and Human Rights brought a claim to the German Federal Office of Economics and Export Control (BAFA) to hold [German automotive manufacturers](#) responsible for forced labor in their supply chains. [Carlsberg Beer](#) makes regionally sold Wusu Beer (and indeed holds 85% of the beer market in the Uyghur Region) and has been alleged to engage in the state's repressive programs. [Siemens](#) and [BASF](#) partner with the state-owned enterprise Xinjiang Zhongtai Chemical, which is an avid participant in and facilitator of the labor transfer program (more on Zhongtai later in the report). In 2021, French non-profit organizations including Sherpa, the [Éthique sur l'Étiquette](#) collective, and the European Uyghur Institute brought a forced labor claim against [Skechers](#), [Inditex \(owner of Zara\)](#), [Uniqlo](#), and [French fashion group SCMP](#) for use of Uyghur forced labor. The original claim was disputed and dismissed, but the [groups have filed a new claim](#) requesting an investigation of the companies. Most recently, the Outlaw Ocean Project revealed that Uyghur forced laborers were employed in fish processing plants that [sell fish into EU markets](#).

All of the companies listed above have refuted the claims of forced labor in their supply chains or joint ventures. [BASF](#), [Sketchers](#), and the [Volkswagen Group](#) (which includes Porsche) claim to have conducted sufficient due diligence audits in the Uyghur Region, as well as those outside the region using Uyghur labor, and found no evidence of forced labor or other human rights violations. These claims are made despite [wide consensus](#) that meaningful social compliance audits, particularly for forced labor, cannot be conducted in the Region in the current political and regulatory environment.

As this report reveals, many products of Uyghur forced labor are exported, directly or indirectly, to European Union member states as well as other allied nations. Consumers across the EU unwittingly purchase goods made with Uyghur forced labor, despite international attention to the issue.

open. Instead, the company has continued to sell its PVC and textile products to third parties, or ship its goods through newly created logistics firms. Zhongtai seems to be mainly exporting its fibers and apparel-bound PVC to India, where it appears to be used primarily for domestic consumption, rather than distribution in the international markets to which it was previously accustomed.

As the EU is in various stages of negotiations on forced labor regulation and the Corporate Sustainability Due Diligence Directive, the successes of the UFLPA can be instructive and clearly point to the efficacy of border control-based legislation. Legislative efforts to combat forced labor in the global supply chain generally take three legal forms: (1) disclosure-based; (2) human rights due diligence-based; and (3) border control-based. While disclosure and due-diligence laws have had some success in illuminating the risk of human rights abuse, in particular forced labor in the supply chains of multinational enterprises, without meaningful legal accountability included in disclosure and due diligence laws, the biggest risk to companies was and is reputational, which does not drive changes in behavior. The deployment of import bans, particularly when implemented on the commodity or regional level, is singularly effective in curbing corporate sourcing of state-imposed forced labor inputs. Border control laws that prohibit the importation of goods made with forced labor by detaining or excluding shipments at the border are exemplified by the UFLPA. By barring the entry of tainted goods and denying commercial benefit to those participating in or benefiting from modern slavery, border control laws represent an extremely effective and commercially concrete policy tool for ethically and legally sound supply chains. As global traders are forced to contend with governmental and consumer awareness of repressive labor practices in the supply chains of their goods, the economic risk of losing market access, alongside risk of legal liability in cases of non-compliance, are powerful drivers of reform.

Public disclosure of vessel manifest information would further the EU's policy efforts. The EU should consider shipping manifest transparency across all modes of transportation, as part of its commitment to preventing the importation of goods made with forced labor. Supply chain visibility is the lynchpin to effective prevention of illicit trade and, in particular, the identification of and enforcement against imports produced with forced labor. Inward vessel manifest data – whether by air, ocean, or land transport – must be made public to ensure consumers are empowered to make ethical purchasing choices, corporations are accountable for cleaning up their supply chains, researchers and advocates are able to identify abuses, and law enforcement is capable of identifying and interdicting trade to assure economic security.

Furthermore, the identification and monitoring of the importation of products made from forced labor requires improved public access to customs data. To facilitate this, the European Commission should amend the Union Customs Code to clarify that customs data is not confidential and should be disclosed publicly, as well as requiring companies that import goods into the EU to disclose the name and address of the manufacturer to the relevant Customs Authorities.

CORPORATE OBFUSCATION

It is critical to note that companies are scaling back advertisement of their participation in labor transfer schemes or other oppressive state-imposed programs. Many companies have erased evidence of their engagement in state-imposed labor programs from the internet in an effort to obscure their complicity in ethnically driven oppression. Thus, this report cites the most recent evidence of participation, much of which predates 2020. However, this absence of evidence should not, under any circumstances, be construed as evidence of absence.

This report reveals many of the ways companies are attempting to hide their XUAR connections while continuing to profit from the labor of coerced citizens in the Uyghur Region. The research identified companies that have changed the names of their XUAR subsidiaries so that they no longer reflect the name of the parent company. This tactic represents one of the myriad strategies China-based firms deploy to obscure their manufacturing and sourcing relationships to the XUAR. Other companies claim to have sold their XUAR subsidiaries, but continue to share officers, directors, partners, or shareholders. Disavowed relationships to XUAR factories are often empty public declarations that obscure thinly veiled and ongoing sourcing relationships.

Many of these companies celebrate their high ESG rankings and certification programs as a way of proving that they are responsible, even while engaging in labor transfers. Private certifications such as those issued by the Better Cotton Initiative (BCI), Global Organic Textile Standard (GOTS), Solidaridad's Better Mill Initiative, and the Higg Index Verification, as well as public international credentials like the ILO/IFC's BetterWork accreditation, are routinely cited as evidence of equitable labor conditions; however, the significance of these certifications vary widely, as qualifications are largely predicated on social compliance norms that predate modern forced labor regulations and typically do not account for state-imposed forced labor.

POLICY CONSIDERATIONS

In light of the findings of this report, stakeholders in the European Union should consider the following:

- Support regulation to ban the import of products made with forced labor. The ban should include all products made in whole or in part with forced labor, should include no de minimis standard that would allow any portion of forced labor-made goods to enter, and should apply to businesses of all sizes. Import bans must also incorporate a rebuttable presumption to apply in cases of state-imposed forced labor.
- Support the EU Corporate Sustainability Due Diligence Directive (CS3D) to ensure that companies are responsible for addressing human rights violations across the value chain.
- Support manifest transparency legislation that makes all ground, air, rail, and sea shipments publicly available, to aid in the investigation of supply chains tainted with forced labor.
- Support multi-lateral information sharing of data regarding cargo that has been identified as having been made with forced labor.

Zhejiang Sunrise Garment Group Co./ Sunrise Manufacture Group Co., Youngor Group, and Smart Shirts

IN BRIEF

Zhejiang Sunrise is sourcing from the Uyghur Region, is likely operating in the Uyghur Region despite corporate name changes and structural re-organizations of their holdings, has claimed to understand its entire supply chain as being “rooted” in the Uyghur Region, and is either directly engaging in – or sourcing from companies that utilize – state-sponsored labor transfer programs of Uyghur people and, allegedly, the forced labor of North Koreans. Zhejiang Sunrise owns the Smart Shirts company and brand, which is a major supplier to international menswear companies.

COMPANY PROFILE

Zhejiang Sunrise Garment Group Co., Ltd. (浙江盛泰服装集团股份有限公司) is a major Chinese garment and fabric manufacturer. Now known as [Sunrise Manufacture Group Co., Ltd.](#), according to *Financial Times* records, the company is also known as [Zhejiang Shengtai Garment Group Co., Sunrise \(Shengzhou\) Textiles Co.](#), and [Shengtai Intelligent Manufacturing Group](#). Youngor Group originally founded Zhejiang Sunrise, though official corporate record cited above show that as of May 2023 the company is a joint venture of Youngor Clothing (16.9% ownership), Itochu Excellent Fibers (Asia) (22.5%), and Ningbo Shengtai Textile Co Ltd (30.33%, itself a wholly owned subsidiary of Shengtai Group Enterprise Co.).

Zhejiang Sunrise Garment Group engages in nearly every step of apparel production, from the cultivation and spinning of cotton to the design and cutting of ready-to-wear garments. Founded in 2007 with headquarters in Shenzhou, Sunrise merged with Smart Shirts in 2011 to, [according to Smart Shirts](#), “become one of the largest vertically integrated textile and garment manufacturing companies in worldwide [sic].” Together they claim to produce millions of garments every month. Sunrise and Smart Shirts promote themselves as [environmentally friendly](#) suppliers of knits, dress clothing, and sportswear. [Sunrise’s production](#) and its more than 29,000 employees are now spread throughout China and into Vietnam, Sri Lanka, [Ethiopia](#), and beyond.

CONNECTIONS TO THE UYGHUR REGION AND LABOR TRANSFERS

Zhejiang Sunrise boasted in 2018 that it has “[formed a complete industrial chain](#) along the Belt and Road”

that begins in Aksu, XUAR, where the company claimed to be “rooted.” It claims, “Shengtai is not only rooted in Aksu, but also takes advantage of Aksu’s local climate advantages to develop its proud product ‘Awat Cotton.’” In that same article, Zhejiang Sunrise’s representative indicated that this industrial chain stretches from their factories in the Uyghur Region all the way to their global manufacturing operations in Vietnam and Sri Lanka, revealing recent direct connections between the company’s manufacturing operations outside China and within the Uyghur Region. Zhejiang Sunrise’s [2022 Annual Report](#) continued to reveal its engagement in the Uyghur Region; under the heading “Industry conditions of the company during the reporting period,” the company lists a series of XUAR-related programs, including building the Xinjiang Silk Road Economic Belt, supporting policies to develop the garment industry in the XUAR, and “promoting” employment in the region. This suggests that the company is still very much engaged in the Uyghur Region.

Until 2019 (at least), Zhejiang Sunrise owned apparel-relevant subsidiaries in the Uyghur Region. Sunrise owned the [Jiashi Shengtai \(Sunrise\) Knitting Factory](#) (伽师盛泰针织有限公司) in Payzawat (Ch: Jiashi) County, XUAR, which “contributed significantly to maximize the [transfer of the labor force](#) to employment.” In the same 2019 article, Uyghur workers described their experiences at the Sunrise factory to state media, with one saying that she was disappointed and wanted to return home when she first was transferred, a red flag for compulsory labor. She noted that for two years she was paid only 1,500 yuan a month, under the local minimum wage for that time.



Figure 1: Uyghur worker Nursman Migit, at the Sunrise factory. Source: Still of [Kashgar Radio and Television](#) video, 2019.

She also mentioned that she had applied to become a member of the communist party, and the article celebrated the woman's transformed mindset, both of which are typical ideological conditions of state-imposed labor transfer programs in the Uyghur Region.

According to the company's disclosures, Zhejiang Sunrise claims to have "[transferred out of Jiashi Shengtai](#) in December 2018" and that the Jiashi subsidiary "ceased to be a related party" as of December 2019. However, it appears that the factory is merely part of a reorganization through which Zhejiang Sunrise affiliates have taken (at least nominal) control. The company continues to use the Zhejiang Sunrise's Chinese name Shengtai and is currently held by a privately owned holding company called [Shanghai Jinsheng Textile Co.](#), which appears to only exist to own the XUAR-based Jiashi Shengtai. The current majority owner of the company holding Jiashi, [Zi Sanfei](#), appears [to be employed by a wholly owned subsidiary of Zhejiang Sunrise](#) and manages at least [five other Shengtai companies](#). This suggests that Jiashi Shengtai and Zhejiang Sunrise remain closely interconnected despite the recent reorganization which resulted in their ostensible distancing.

Zhejiang Sunrise also set up an XUAR-based joint venture with Youngor Group in Aksu called the Aksu Youngor Textile Co. (阿克苏雅戈尔纺织有限公司) in 2010; according to [official corporate records](#) the company's name was changed in 2020 to Aksu Xinhao Textile Co. (阿克苏新昊纺织有限公司 or [Aksu Newsky Textile Co.](#); the company has also been called [Aksu Xinya Cotton Textile Co. / Aksu Youngor Textile Co.](#)). The factory's deputy general manager announced in 2018 that the company would support Xi Jinping's call to provide more [jobs to rural surplus laborers](#) (which suggests participation labor transfers). This XUAR subsidiary is now held by Youngor through its [Anhui Xinhao Textile Technology Co. subsidiary](#) and Hefei Anya, a company that is majority-owned by Xi Zhiwu, who until 2016 was a director at Shengtai and borrowed money interest-free from Shengtai, according to the company's [2020 IPO](#). Sunrise had another XUAR-located joint venture with Youngor and Itochu, which was previously called Kashi Youngor Japan-China Textile Co. (喀什雅戈尔日中纺织有限公司), and now appears to be called [Kashgar Xinhao Textile](#) (喀什新昊纺织有限公司); Xu Zhiwu also manages Kashgar Xinhao, which is now owned by [Ningbo Xinhao](#). The [complicated connections](#) revealed in Zhejiang Sunrise's own IPO surrounding each of these purportedly transferred XUAR-based subsidiaries suggest that sourcing and even ownership relationships may still be ongoing for Sunrise.

[Other reports](#) published at the time of Zhejiang Sunrise's IPO suggest the Youngor and Zhejiang Sunrise may be inextricably intertwined, with assets (tangible and intangible), ownership, and management all passing between the two entities. As Youngor has been involved in [labor transfers](#) as well, this is a very high-risk relationship. [Youngor](#) has operated spinning mills and factories in the Uyghur Region since 2011. It is often celebrated in Chinese state media as one of the region's most important manufacturers.

UYGHUR REGION SOURCING

Regardless of all of its ownership changes, Zhejiang Sunrise named [Youngor](#) (which certainly owns these factories in the Uyghur Region and participates in the above described labor transfer programs, among others) as its top supplier in the company's 2020 prospectus. In the company's 2022 annual report, Zhejiang Sunrise no longer named its top suppliers. Howev-

er, the annual report does note that the highest accounts payable receiver for Zhejiang Sunrise was Youngor, suggesting that Youngor is a supplier. A recent Kharon brief noted that Aksu Xinhao Textile [remains a supplier](#) to Zhejiang Sunrise.

In a pre-publication response, legal counsel on behalf of Sunrise Group/ Smart Shirts asserts that, for customers outside of China, Sunrise Group/ Smart Shirts provides "robust, transparent transaction and production records from raw materials to finished garments." They claim that these records show "no contamination from the Uyghur Region" of products shipped outside of China. [See Annex A – Corporate Responses](#).

OTHER ALLEGATIONS OF REPRESSION

Allegations of repression extend beyond the Uyghur Region exposure. In December 2022, [US Customs and Border Protection \(CBP\) began detaining merchandise produced by Zhejiang Sunrise \(Shengtai\) Garment Group](#) based on evidence indicating Zhejiang Sunrise uses North Korean labor in its supply chain, in violation of the Countering America's Adversaries Through Sanctions Act (CAATSA). The CAATSA enforcement action bars the company from importing any goods into the United States.

According to [Kharon](#), a corporate risk analysis firm, Zhejiang Sunrise sources from Youngor's Hunchun factory. Zhejiang Sunrise sourced clothing accessories and paid for "labor services" from Youngor (Hunchun) from 2018 until at least 2022. A China-based foreign policy think tank, the [Charhar Institute](#), reported that Youngor (Hunchun) employs "3,070 [North Korean workers](#)" in its factory, and the report specifically notes that companies "use North Korean labor due to their low cost and superior quality."

CUSTOMERS

In its 2021 annual report, Zhejiang Sunrise named its [international customers](#), many of which are well-known international brands, and in 2023, Sohu indicated a [broad range of international brands](#) that source from the company. (The company's annual reports no longer list its customers.)

Customs records indicate, however, that while international brands do not source from Zhejiang Sunrise directly, they instead source through its international subsidiaries Smart Shirts and May YSS. According to available customs records, Smart Shirts' most significant customers in Europe over the past year are **Hugo Boss** in Germany, **Ralph Lauren Europe** and **Burberry** in Italy, **Tommy Hilfiger Europe** and **Calvin Klein Europe** (both PVH brands) in the Netherlands. Based on customs records, Smart Shirts also appears to ship significant quantities to itself, primarily to Smart Shirts consignees in Germany and France. May YSS has shipped significant quantities of goods to Hong Kong addressed to PVH Europe brands. Other companies are sourcing smaller amounts.

In Vietnam and Sri Lanka, Zhejiang Sunrise owns subsidiaries that operate under the name **Smart Shirts Limited** (CH: Xinma Clothing). [Smart-shirts.com](#) is actually Zhejiang Sunrise's official url (and an older .cn version of the website from 2021 can be found [here](#)). In its updated website, Smart Shirts has a [statement](#) linked to the navigation bar on its front page titled "On the relationship between Sunrise Group (parent company of

Smart Shirts) and Youngor Group” claiming that Youngor Group is merely a minority shareholder of Zhejiang Sunrise and has no power to appoint directors. It does not mention the significant ties between the companies in regard to sourcing, loans, and executive management.

Whether or not Youngor is a powerful shareholder of Sunrise Group and Smart Shirts, Sunrise and Youngor’s possible shared ownership of XUAR factories, along with Sunrise’s documented sourcing from Youngor, mean that Smart Shirts is nonetheless exposed to Uyghur Region cotton and state-imposed labor transfers.

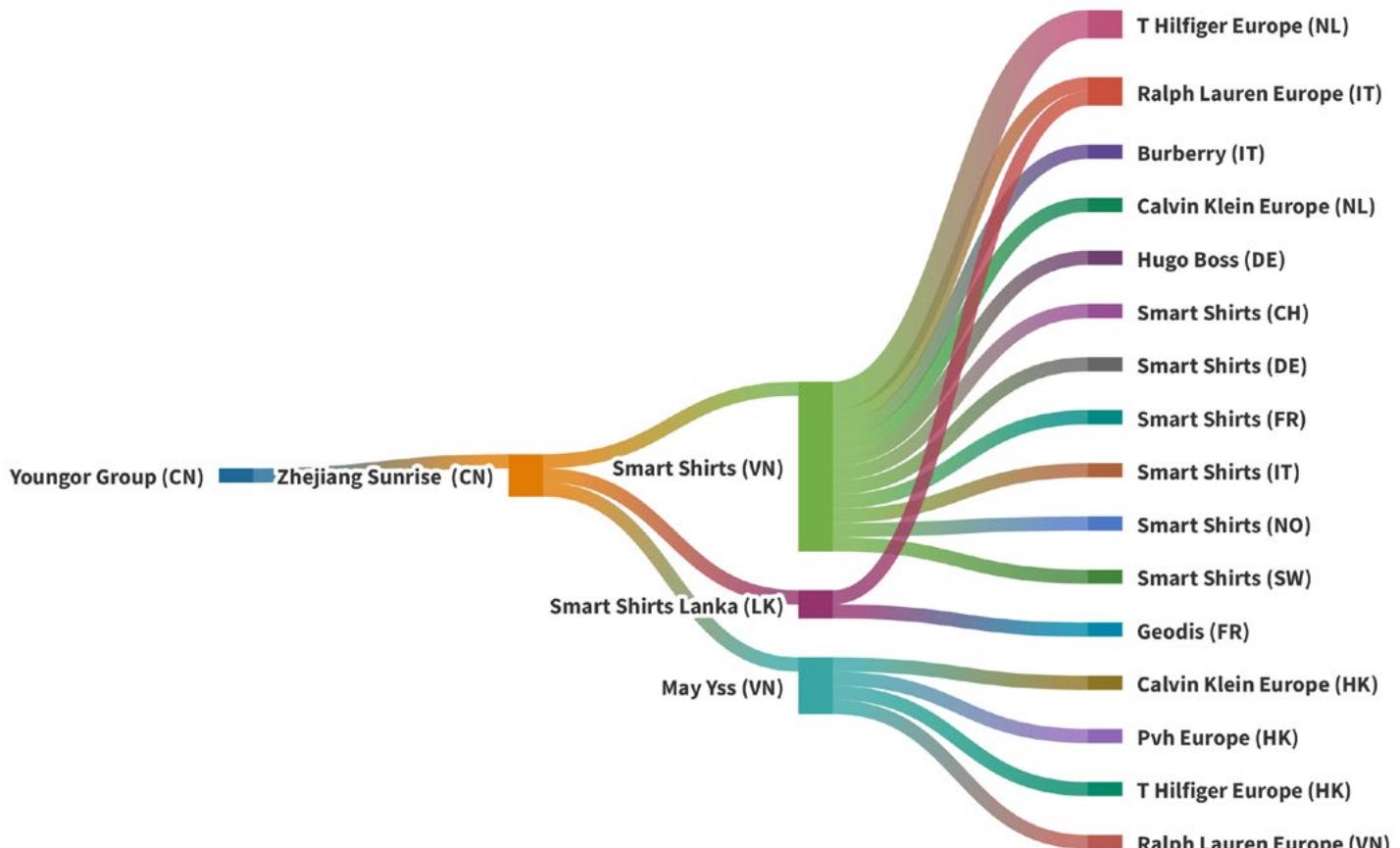
According to customs records, Zhejiang Sunrise sends shipments of fabric to its Smart Shirts subsidiaries in Sri Lanka and Vietnam, and to May YSS (Cong Ty Tnhh May YSS), another subsidiary in Vietnam.

International brands have every reason to know that Smart Shirts was exposed to the Uyghur Region because that company was included in the findings of the Sheffield Hallam [“Laundering Cotton” report](#) published in No-

vember 2021. Corporate due diligence of Smart Shirts should have turned up this information regarding Zhejiang Sunrise’s direct connections to the Uyghur Region and significant sourcing from Youngor.

In a pre-publication response, legal counsel claims on behalf of Sunrise Group / Smart Shirts that it has “established the whole of its fully traceable and transparent vertical supply chain outside of China,” and does not “knowingly source” from any entities that use forced labor, and has developed an “advanced tracing system” so as to reassure its customers and relevant governments. [See Annex A – Corporate Responses](#).

Smart Shirts has a tab on its home page dedicated to [ESG](#). The page is focused primarily on the environment, recycling, sustainable fibers, and water. The company claims to be a member of the Better Cotton Initiative and GOTS, to be Higg Index Verified, to be accredited by workers’ rights group BetterWork, and a member of Solidaridad’s Better Mill Initiative



Beijing Guanghua Textile Group and Beijing Fashion Holdings

IN BRIEF

Beijing Guanghua is a significant state-owned textile manufacturer in the PRC that moved its entire industrial base to the Uyghur Region just as the camps began to open and the country began to crack down on minoritized people of the region. The company participates avidly in Xinjiang Aid and other so-called “poverty alleviation” programs that surveil and coerce the Uyghur people. The company lists many major fast fashion brands based in or selling in the EU among its collaborative partners.

COMPANY PROFILE

[Beijing Guanghua Textile Group](#) (北京光华纺织集团有限公司) is a prominent textile and garment conglomerate in the PRC. [Beijing Fashion Holdings Co., Ltd.](#) (北京时尚控股有限责任公司), a state-owned enterprise directly affiliated with the Beijing Municipal People's Government, is Guanghua Group's parent company. Established in 1951, it is Beijing's inaugural state-owned enterprise. Currently, the company operates [fourteen subsidiaries](#) across multiple regions, including Beijing, Hebei and Shandong provinces, and the XUAR. The company produces fabric and apparel for many international brands, and it also produces its own brands using several different names, including TopNew (CH: Tongniu).

CONNECTIONS TO THE UYGHUR REGION AND LABOR TRANSFERS

[Xinjiang Jinghe Textile Technology](#) (新疆京和纺织科技有限公司), established in 2015, is a collaborative venture involving Beijing Fashion Holding, Guanghua Group, and Beijing Jiahuatai Company (北京佳华泰科技有限公司), located within the “Beijing Industrial Park” in Hotan, XUAR. The company's [Xinjiang Jinghe](#) factory primarily engages in the production and sale of industrial textile materials and other fabrics, materials, and finished products. Beijing Guanghua also holds 100% of shares of [Xinjiang Wujiqiau Qinghu Textile](#) (新疆五家渠青湖纺织有限责任公司), which operates in Xinjiang Production and Construction Corps territory.

Notably, [Du Yijie](#) (杜以杰), who serves as the legal representative of Xinjiang Jinghe, also holds executive roles in Guanghua Group.

According to the company's own corporate publicity campaigns, it set out to [“relocate the entire industry chain”](#) to the XUAR, rather than simply seeing the move to the XUAR as performative. By 2019, the company announced that it had [succeeded in doing so](#). Xinjiang Jinghe, as the first high-end industrial textile enterprise to be established in the Uyghur Autonomous Region, claims to have “aided” 5,000 people by [employing more than 600 Uyghur workers](#) in 2018. This was in accordance with the National Work Conference on Supporting Xinjiang and Beijing's requirements for assisting the Uyghur region, during which the current iteration of and incentives for

the Uyghur Region state-imposed labor transfer program were developed. *Xinjiang Daily* reported in April 2018 that Xinjiang Jinghe Textile Technology Co., Ltd. planned to invest 200 million yuan to further expand its production, for which they would require 2,000 additional workers, which they claimed would [“further transfer the local rural surplus labor force.”](#) The [state allocated special funding for the construction of the factories](#) Guanghua operated in the Uyghur Region under the pairing assistance/Xinjiang Aid program. In 2021, Guanghua told reporters that it [employed over 600 workers](#) in its XUAR plant and that the company's XUAR employees worked throughout the Spring Festival holiday. This is a red flag that the employees are not free to leave their jobs, as employees are entitled to the Spring Festival holiday as vacation. The company described this deprivation of its employees' holiday entitlement as a contributor to its successful first quarter that year.

In 2022, Guanghua's parent, Beijing Fashion, also set up a factory in the Uyghur Region under its [Beijing Tongniu/Topnew subsidiary](#). The factory appears to be producing [professional wear, ski wear, and underwear, as well as traditional Uyghur Atlas fabric](#) (though it may be that much of this production is aimed at [domestic government sales](#)).

Guanghua participation in labor transfer programs is clearly ongoing, as *Xinjiang Daily* reported on 30 March 2023 that [73 “poverty-stricken households”](#) sent workers to Xinjiang Jinghe Textile Technology Co., Ltd. to become industrial workers. Kong Lingzhong, director of the company's human resources department, said “To recruit new employees, we can apply to the Hotan City Human Resources and Social Security Department for a textile and clothing pre-job training subsidy of 2,400 yuan per person, which not only reduces the burden but also mobilizes the enthusiasm of the company.” As of August 2023, Guanghua Group's official webpage states that its subsidiary, Xinjiang Jinghe, [continues to actively participate in work programs, poverty alleviation, and Xinjiang Aid](#) programs, with its workforce now numbering 1,057. In 2023, a state Weixin article mentioned that Jinghe Textile “had given top priority to fulfilling its responsibilities as a state-owned enterprise, and has [actively participated in employment poverty alleviation](#).”

The company's own publicity indicates the many ways in which it is [intruding on Uyghur lives and attempting to change their behaviors and thinking](#). A company media piece indicated that some of the company's executives “paired” with poor employees to go to their house and understand their problems, an indicator of surveillance and ideological training that has been documented in numerous cases. The company recruited high school girls to go to Beijing for training, and upon their return to the XUAR, they worked in factories where employees are subjected to [“subtle and silent” ideological training](#). The company's publicity claims that it has changed the purported local prejudice against outside companies setting up production in the region. Reports from a [November 2023 meeting](#) between Beijing Fashion and the 14th Division of the Corps evidence the company's continued engagement with “vocational education,” including a [proposed project](#) for the integration of the military and the local population.

As a state-owned enterprise tied to Beijing, Xinjiang Jinghe and its parent Guanghua Group hold a lot of power over the people in the Uyghur Region. These ideological and surveillance programs create a coercive environment for citizens there.

CUSTOMERS

Guanghua Group's parent, Beijing Fashion Holdings, makes many brands that circulate within the PRC and internationally. The company advertises its supplier relationship with [Inditex and Bestseller](#) on its official Guanghua New Times website, and the company claims to collaborate with a [range of well-known brands](#) that serve the European market, including Zara, Next, Primark, Oysho, Bestseller, S.Oliver, Pull&Bear, Buckle, Mango, Vero Moda, Cache Cache, Guess, Jack&Jones, Levi's, Only & Sons, Only, and Skechers, through its Beijing Guanghua Times Textile and Garment (北京光华时代纺织服装有限公司) subsidiary. Customs records confirm that Beijing Guanghua supplies Inditex (parent company of Zara) in Spain. There are only two bills of lading showing this, but they are for air freight, which is typically not included in the shipping records made available publicly. This is a rare insight into trade between the PRC and Europe. Due to a lack of customs records availability in Europe, it is not possible to identify more shipments, though they likely exist. Shipping records also confirm the relationship between Beijing Guanghua Times and Skechers (in Vietnam).

The company's Tongniu/TopNew subsidiary produces apparel for a wide range of brands, including the [TopNew](#) brand, which is sold in many markets. According to a [report on the company's credit rating](#), H&M ranked among the top five customers of the company's trading business in 2020, and is listed on H&M's own Supplier List as of October 2023. In addition to the new Tongniu factory operating in Lop County, Xinjiang Jinghe's growing number of factories could be suppliers to any of Beijing Fashions's export companies that serve the international market. Customs records confirm the relationship between Beijing TopNew Import and Export (aka Topniu, a logistics subsidiary of Beijing Guanghua) and H&M (to Mexico and India). It is also shipping to Comercializadora Mexico Americana, a subsidiary of Walmart.

This is a non-exhaustive list of intermediary manufacturers and direct customers sourcing from Beijing Fashion, Guanghua Group, and Tongniu/TopNew. Companies sourcing apparel should conduct due diligence to identify exposure.



Figure 3. Uyghur men work in Guanghua Group sewing factory. Source: [Guanghua Group](#), August 2023.



Figure 4. Uyghur women and girls sew canvas panels at Guanghua Group's Xinjiang Jinghe factory in Hotan. Source: [Xinjiang Daily](#)



Figure 5. Former Party Secretary of Xinjiang Uyghur Autonomous Region, Chen Quanguo, visiting Xinjiang Jinghe factory, Source: [Guanghua Group](#)

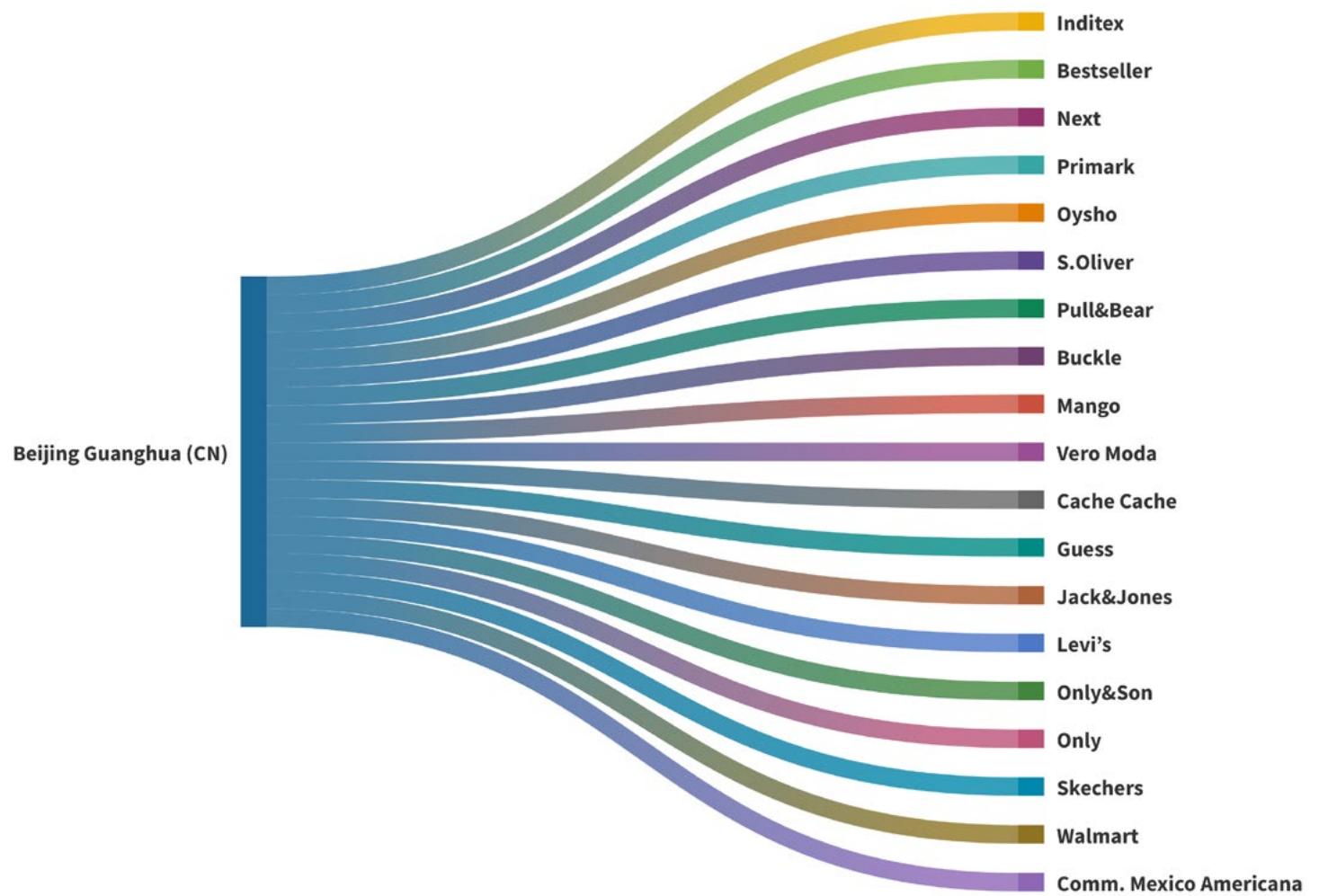


Figure 6. International exposure to Beijing Guanghua

Anhui Huamao Group Co., Ltd.

IN BRIEF

Anhui Huamao is one of the PRC's largest vertically integrated textile and apparel companies. The company has a history of being involved in state-imposed labor transfer programs in the Uyghur Region, and it also sources from a company that is deeply involved in oppression in the Uyghur Region. Anhui Huamao's products are [exported to high-end markets](#) at home and abroad, such as Italy, Germany, Japan, and Hong Kong. Anhui Huamao names among its customers many well-known international brands, including Albini, Burberry, Prada, and Max Mara. Customs records indicate that the company is a major supplier to a number of international intermediary manufacturers globally that ship finished apparel, potentially made with Anhui Huamao yarn or fabric, to European markets.

COMPANY PROFILE

Anhui Huamao Group Co., Ltd. (安徽华茂集团有限公司) is a state-owned enterprise that was founded in 1958. It is one of the largest textile groups in the PRC and has been named one of the "[Top 20 Most Competitive Enterprises in China's Cotton Textile Industry](#)." The company is vertically integrated across the supply chain, engaged in spinning, weaving, fabric production, and finished apparel manufacturing. Europe is the largest foreign market of Anhui Huamao, with at least three subsidiaries operating and doing trade in Germany, according to the company's [2023 half-year report](#).

CONNECTIONS TO THE UYGHUR REGION AND LABOR TRANSFERS

Anhui Huamao has at least three subsidiaries based in the Uyghur region, according to the company's [2022 annual report](#). Alar Xinkai Textile Co., Ltd. (阿拉尔市新凯纺织有限公司), which was previously called Xinjiang Huamao Alar Textile Co., Ltd. (新疆华茂阿拉尔纺织有限公司), is located in the No. 1 Industrial Park, Alar City, under the First Division of Xinjiang Production and Construction Corps. Alashankou Boyuan Textile Co., Ltd. (阿拉山口博源纺织有限公司), which was previously called Alashankou Huamao Textile Co., Ltd (阿拉山口华茂纺织有限公司), is jointly owned by Anhui Huamao (37.5%) and the company's own subsidiary Anhui Huajing New Textile Co., Ltd. (62.5%) and is located in Alashankou Comprehensive Bonded Zone, Bortala. Anhui Huamao also held a second subsidiary in the same Bortala bonded zone called Alashankou Huatai Import and Export Co., Ltd. (阿拉山口华泰进出口有限公司), but this subsidiary appears to be de-registered, according to the company's [2023 half-year report](#). In addition to its direct subsidiaries operating in the Uyghur region, the company has also maintained a presence through joint stock companies. From 2010 until 2020, Anhui Huamao was among the largest shareholders of [Xinjiang Lihua \(Group\) Co., Ltd.](#), a joint venture with Xinjiang Zhongtai Group (see the chapter on Xinjiang Zhongtai Group & Xinjiang Lihua Group).

The Agricultural First Division of the Xinjiang Production and Construction Corps [has cooperated with Anhui Huamao since the 1990s](#), and the two parties have always had a close relationship. Anhui Huamao Textile Co., Ltd. has [continually enhanced exchange and communication](#) with the XPCC for cotton planting, production, and processing. For example, [the company invested](#) in the construction of 50,000 tons of high-quality cotton spinning and 200 high-end shuttleless machines in Alar, XUAR, within the scope of an agreement with the XPCC, receiving CNY 4 million for a "special subsidy for the textile technical transformation of the XPCC."

According to a state media [article](#) published in 2018, Anhui Huamao's Alashankou subsidiary received state-imposed labor transfers. In that article, the head of Southern Xinjiang Surplus Labor Transfer Employment Management Training Service Center described the schedule for each day of work for transferred laborers, including the study of Xi Jinping's socialist ideology with Chinese characteristics in the new era, the spirit of the 19th National Congress of the Communist Party of China, as well as knowledge of language and law. In the first half of 2018 alone, [Bortala \(CH: Bole City\) received more than 12,000 labor transfers](#), according to an article that features Huamao's Alashankou subsidiary. Bole was selected into a list of "demonstration counties" in "rural revitalization," according to the [2023 Bortala Autonomous Prefecture government work report](#). In the [2022 work report](#) of the Alashankou Municipal government, Huamao is mentioned as one of the enterprises slated to be revitalized in the city, noting that the company would benefit from the "enterprise subsidy policy" and a "loan interest discount policy" and that the company would focus on the employment of "rural and urban surplus labor force." According to the [official website](#) of Anhui Huamao, more than 80% of the workers in one of its Alashankou workshops are ethnic minorities. All of this suggests that Huamao remains an avid participant in government labor transfer programs.



Figure 7. A Uyghur woman works at Alashankou Huamao Textile Co. Source: [Sohu.com](#)

Anhui Huamao's Alar subsidiary [received state-imposed labor transfers](#) as early as October 2015, when the company participated in this program designed to address the labor crisis in other parts of China by employing minoritized citizens of the Uyghur Region. At that time, the company's deputy general manager divulged to reporters that he thought that many Uyghur workers had "backward labor concepts and loose work discipline" and that it was "urgent to establish an understanding of labor in line with the modern enterprise."

Huamao's Alar factory is located in the No. 1 Industrial Park, Alar Economic and Technological Development Zone, which is a center for cotton yarn production. The Alar Industrial Park is a national economic and technological development zone, which is one of the main textile industry bases outlined in Autonomous Region's "[2016 Action Plan for Developing the Textile and Garment Industry to Drive Employment](#)," which was a foundational document for the development of the state-imposed labor transfer programs in effect in the region. The plan aimed to promote the production and operation of a "headquarters + satellite factory" model that would incentivize major national textile firms to establish branch factories or satellite factories in XUAR townships to facilitate labor transfers for Uyghur workers. The "[Hundred Villages, Thousand Factories](#)" Xinjiang Aid Project transferred thousands of rural laborers into the production plants. The surplus labor transfers into the industrial park hail from [four prefectures in the southern XUAR](#), according to an article published on the XPCC website in 2020. The industrial park continues to "[solve the employment problem](#)" by matching "surplus labor" with the enterprises operating in the industrial park, according to a 2022 news article. According to a 2023 report, the park maintains a labor cooperation framework with a [labor services company](#) to "realize the cross-regional transfer of rural surplus labor." Huamao was one of the most important textile companies to participate in this manufacturing migration. Its Alar factory [received a CNY 10 million subsidy](#) from the finance bureau of Alar Economic and Technological Development Zone in 2020 under the "Operational Subsidy for Cotton Shipping Out of Xinjiang."

Anhui Huamao's Alar subsidiary is located less than 1.53 km away from First Division Tamen Prison (40°33'50.38"N, 81°14'12.50"E). Though proximity is not conclusive evidence of a corporate relationship, this nonetheless indicates an elevated risk of state-imposed labor transfers as well as prison labor. Prisoners held in Tamen prison are [forced to work](#) for internal prison companies and external corporations.

CUSTOMERS

Anhui Huamao names among its customers many well-known international brands, including Albini, Burberry, Prada, and Max Mara.

In addition to selling directly into international markets, Anhui Huamao supplies yarns and fabrics to numerous international intermediary manufacturers who then use Huamao products to produce finished apparel for international brands. Customs records indicate that Anhui Huamao is a major supplier to Gain Lucky (Vietnam), Shahi Exports (India), Gemini Enterprises (India), SM Lulla Industries Worldwide (India), and Penguin Sportswear (Sri Lanka), among others.

Gain Lucky is a [Nike, Adidas, and Puma supplier](#), according to the company's own submissions reported to Open Supply Hub.

Customs records indicate that Shahi Exports is another supplier of Nike Europe, and also supplies H&M in Sweden, Italy, Slovakia, and Poland; Marks & Spencer in Sweden; Decathlon in Ireland; and PVH in the Netherlands.

Customs records indicate that both Gemini Enterprises and SM Lulla Industries Worldwide are supplying Hugo Boss in Germany. SM Lulla also supplies Helmut Lang Europe, Grupo Massimo Dutti and Zara in Spain. Records also indicate that Penguin Sportswear is a major supplier to Helly Hansen in the Netherlands and Norway, according to customs records.

This is a non-exhaustive list of intermediary manufacturers and direct customers sourcing from Anhui Huamao. Companies sourcing textile and apparel products should conduct due diligence to identify exposure.

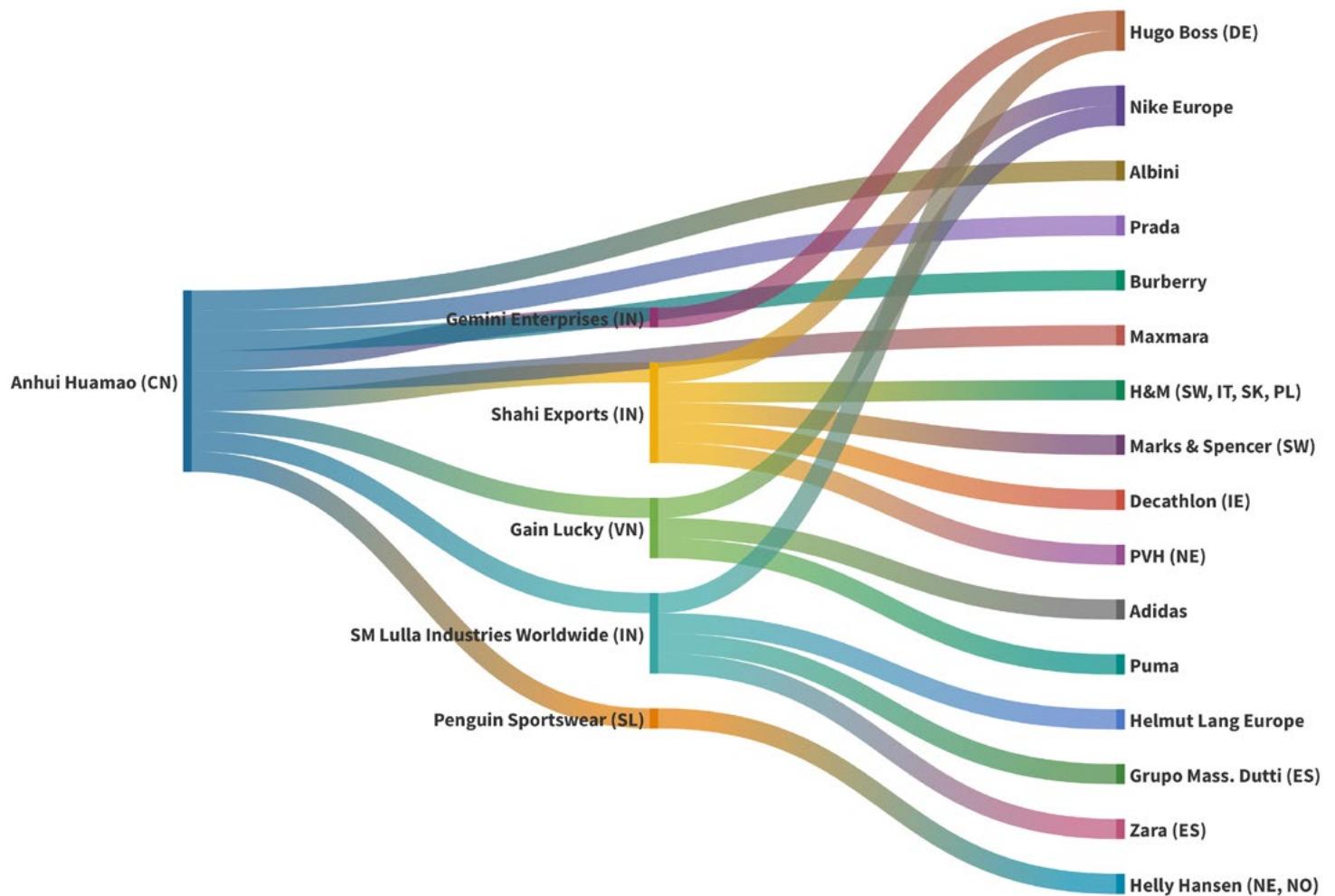


Figure 8. International exposure to Anhui Huamao

Xinjiang Zhongtai Group and Xinjiang Lihua Group

IN BRIEF

Xinjiang Zhongtai Group is a massive state-owned corporate conglomerate that operates chemical, plastic, textile, and agricultural projects across the Uyghur Region. The company is perhaps best known for its production of PVC, but it also makes a wide variety of fabrics, both organic and synthetic. As a state-owned enterprise, the company is deeply entrenched in the state-imposed programs that affect Uyghur life and livelihoods. **In June of 2023, the U.S. Forced Labor Enforcement Task Force named Xinjiang Zhongtai Chemical Group to its [Uyghur Forced Labor Prevention Act \(UFLPA\) Entity List](#).** The company nonetheless remains a supplier for many international intermediaries that export products to the EU, US, and other international markets.

COMPANY PROFILE

Xinjiang Zhongtai Group (新疆中泰集团有限责任公司) is a wholly state-owned company funded by the government of the Uyghur Region. It is a Fortune Global 500 company. Zhongtai Group's leading product is polyvinyl chloride plastic, of which it produces more than two million tons per year at four different plants. It is the [largest PVC producer in the PRC](#), with a total capacity of at least 2.33 million tons. All of Zhongtai's PVC production is in the XUAR. For information on Zhongtai's involvement in the vinyl flooring industry, see Sheffield Hallam's 2022 report "[Built on Repression](#)."

Xinjiang Zhongtai Group is also a significant supplier of material inputs for the textile industry. In 2022, the company claims to have processed [20% of the PRC's cotton](#), representing the country's largest cotton processing enterprise. In addition, Xinjiang Zhongtai Group asserts it is the country's largest producer of viscose yarn and [second-largest producer of viscose fiber](#). In addition to fiber and yarn production, the company engages in fabric production, including industrial non-woven materials through its subsidiary Xinjiang Zhongtai Henghui Medical and Health Materials Co., Ltd., and garment manufacturing through [various subsidiaries and industrial parks](#). Zhongtai

also produces PVC Resins [SG5](#) and [P450](#), which serve as a primary material for manufacturing artificial leather and furniture materials. Zhongtai's Guangzhou subsidiary, Guangzhou Zhongtai New Material Co. (广东中泰新材料科技有限公司), produces [synthetic leather](#) from Zhongtai's resins.

The company is vertically integrated and continues to expand within the XUAR and in [Tajikistan](#). Zhongtai's presence in the Uyghur Region, as well as its engagement in and facilitation of state labor programs, impact the apparel industry in significant ways.

[Xinjiang Lihua Group](#) (新疆利华(集团)股份有限公司) is one of Zhongtai's subsidiaries and is the cornerstone of the company's textile operations.

CONNECTIONS TO THE UYGHUR REGION AND LABOR TRANSFERS

Zhongtai's Xinjiang Lihua Group holds at least 32 [domestic subsidiaries](#), participates avidly in a program that combines [state-facilitated expropriation of Uyghur lands with state-imposed labor transfers](#) for people dispossessed and rendered unemployed, and has a subsidiary called Shaya County Lihua Innovation Cotton Industry Co., Ltd. that operates a plant in the [Xinjiang Shaya Prison](#), where labor is compulsory. Lihua has engaged in various [labor transfer](#) and [rural revitalization](#) projects in Shaya County, including a "[school-enterprise agreement](#)" with Shaya County Technical School signed in 2019 to secure employment for local "surplus labor" and assist with "poverty alleviation."

In May of 2023, Xinjiang Zhongtai's subsidiary Xinjiang Lihua announced that it owned over one million mu of high-quality cotton fields (roughly 160,000 acres) and production lines of roughly 860,000 spindles in Shayar County (CH: Shaya) in the Uyghur Region, employing more than [3,600 people](#). The company is vertically integrated. In an announcement for the [2023 XUAR Textile and Garment Investment Promotion Conference](#), Lihua also noted that it operates "124 cotton processing factories, three cotton textile enterprises, and two large oil processing factories, with an annual employment scale of more than 30,000 people." At that conference, Zhongtai also announced that in 2022 its subsidiary, Lihua Group, would alone [process more than 20% of Xinjiang's total cotton](#), becoming the country's largest single cotton enterprise." It also noted that Zhongtai Group's viscose fiber production capacity is the second highest in the PRC, which accounts for more than [65% of the world's production](#). The continued [expansion](#) of Lihua's viscose fiber and cotton processing capacity will continue to drive demand for labor transfers, as Lihua expects to "[directly create employment for nearly 10,000 people](#)" in the Uyghur region.

Zhongtai's apparel manufacturing value chain is vertically integrated within the XUAR. In April of 2022, Zhongtai announced its joint venture, [Xinjiang Zhongtai Changda Textile Co.](#), operating in Korla. Per the corporate announcement, when the complex reaches full production it will manufacture "72,000 tons of knitted fabrics, 60 million meters of home textile fabrics, 90 million meters of chemical fiber fabrics, 60 million meters of luggage fabrics, and 100,000 tons of viscose fiber" annually. The company



Figure 10. Workers prepare to be transferred to Zhongtai's Aral Fulida factories. Source: [Yarn Network](#).

is also owner of [Korla Zhongtai Textile Technology Co. and Alar Zhongtai Textile Technology Co.](#), among other subsidiaries related to the textile industry. It appears that Zhongtai's presence in the textile industry will continue to expand, per its recent announcement of [new financing](#) to expand its Lihua facilities' capacity in March 2023.

Zhongtai Group has [transferred more than 5,000 citizens](#) deemed to be "surplus laborers" on behalf of the state – more than perhaps any other company described in academic or journalistic accounts. Even in state media and corporate publicity, reports reveal clear indicators that Indigenous people transferred from the southern XUAR are [not voluntarily working](#) at Zhongtai.

Zhongtai also operates [ideological](#) and [vocational training](#) schools that have trained thousands of rural farmers not only in vocational skills, but also in anti-terrorism, labor discipline, ethnic unity, patriotism, cultural skills, and legal knowledge, and "to bear hardships and stand hard work." Those workers are then assigned to Zhongtai and other companies in the area.

All Zhongtai subsidiaries may be implicated in the use of labor transfer programs, as the company runs a training school that facilitates labor transfers for minoritized citizens of the region. Furthermore, there are explicit references to Zhongtai's textile subsidiaries being involved in labor transfers. For instance, at Zhongtai's [Aral Fulida](#) cotton and viscose processing plant, which is celebrated for its advanced mechanization, [Uyghur workers were "recruited"](#) to work on the production line as early as 2017, starting with over 1,000 transfers in the first year, and then the company "accepted" more than 200 more "surplus laborers" to be "placed" in the company. In 2018, the company "[accepted and placed](#)" more Uyghur workers, and in that same year, Aral Fulida claimed to be the company in Aral with the [highest number of transferred laborers](#) on staff.

Xinjiang Lihua Cotton Industry Co., Ltd. benefits from state-imposed [land transfers](#) of Indigenous lands as well. The company carried out land transfer work in Shayar, Awati County, Aksu Prefecture, and Yuli County, Bazhou Prefecture, and transferred about 1.95 million mu of Uyghur Region residents' land in the period between [2017 to March 2018](#) alone. The same reporting indicates that Lihua Cotton planned to expand the scope of property transfers to [Kucha \(CH: Kuqa\), Toksu \(CH: Xinhe\), and other counties in the Aksu area](#). In Lopnur County (CH: Yuli), Lihua was responsible for nearly [100,000 mu of land transferred](#) by the end of 2017, involving more than 3,000 farmers. The same press coverage announced that Xinjiang Lihua Cotton Industry planned to transfer all 300,000 mu of farmland in Lopnur County within three years. In 2023, Xinjiang Zhongtai Group issued its first special [corporate bond for "rural revitalization"](#) to raise funds for the construction of a Xinjiang Lihua subsidiary's cotton spinning project, creating a novel financial tool for the continued industrialization of Indigenous lands.

Liu Jiyuan, deputy general manager of Lihua, told reporters that after the land transfer, local farmers can receive a certain amount of land transfer fees every year; however, [many of them are assigned to work on their own expropriated land and in factories](#), supposedly "solving" the problem of idle time due to seasonal labor on farms and the reduction in workers required for large scale farming. In Shayar County, Lihua participated in the "[company + cooperative + farmer](#)" program, whereby the company "guided" farmers to invest their land in cooperatives, and then "the cooperatives transfer the land to the company for unified management."

These land transfers are particularly problematic because it provides "justification" for the transfer of workers to factories. Landless and jobless, the farm-

ers dispossessed of their lands are typically transferred to factories for work.

Zhongtai also signed a [Strategic Cooperation Framework Agreement](#) with the Xinjiang Production and Construction Corps in August of 2022, and the company has conducted cooperative projects with the XPCC, such as grain storage, designed to promote "[cooperation, mutual benefit and common development](#)" between the two."

CUSTOMERS

Xinjiang Zhongtai ships its synthetic fibers and fabrics under its own name to companies globally, and in considerable amounts to manufacturers in South and Southeast Asia. For years, many of those companies then made products for international markets. In the last year, many of Zhongtai's customers seem to have stopped sourcing from the state-owned enterprise. Its major private shareholder, Zhejiang Fulida Group, which sells into the EU market, divested from the company in November of 2021, only five years after it initially invested. Zhongtai products are increasingly difficult to trace.

The fact that Zhongtai's products can no longer be identified through desk-based supply chain tracing is significant for two reasons. First, this is perhaps a sign that the Uyghur Forced Labor Prevention Act and the international attention to Zhongtai's practices and the crisis in the Uyghur Region have put international businesses on alert. Second, however, it is clear that Zhongtai and its affiliates continue to manufacture PVC, fabrics, and fibers that are being sold internationally. International consumers, governments, and companies must be vigilant in their supply chain tracing efforts to identify Zhongtai's ever-changing routes of exporting its products. Additionally, Zhongtai's recent launch of [two cross-border e-commerce platforms](#) in Urumqi threatens to further obscure the downstream supply chain.

In September 2023, Yu Yajing, Secretary of the Party Committee of Xinjiang Zhongtai Textile and Garment Group Co., Ltd. announced that Xinjiang Zhongtai Textile and Garment Group Co., Ltd. expects to rely on the [\(Dangala\) New Silk Road Agricultural Textile Industrial Park in Tajikistan](#), elevating the risk that Zhongtai products made by Uyghurs transferred for labor may be transshipped through Tajikistan.

Zhongtai rarely, if ever, sells directly to European or other Western markets, though it is clear that the company's products are nonetheless being sold in international markets. Companies sourcing products made of cotton, rayon/viscose, or any PVC product including synthetic leather should conduct due diligence to identify exposure to Zhongtai and its subsidiaries.



Figure 11. Workers prepare to be transferred to Zhongtai's Aral Fulida workshops. Source: [Yarn Network](#).

Table 1. Supply Chain Connections

CHINA BASED SUPPLIER	INTERNATIONAL INTERMEDIARY	EUROPEAN RECIPIENT / CUSTOMER
Zhejiang Sunrise	Smart Shirts (VN)	T Hilfiger Europe (NL)
		Ralph Lauren Europe
		Burberry (IT)
		Calvin Klein Europe (NL)
		Hugo Boss (DE)
		Smart Shirts (CH)
		Smart Shirts (DE)
		Smart Shirts (FR)
		Smart Shirts (IT)
		Smart Shirts (NO)
Beijing Guanghua	Inditex	Smart Shirts (SW[em1])
		Calvin Klein Europe (HK)
		PVH Europe (HK)
		T Hilfiger Europe (HK)
		Ralph Lauren Europe (VN)
		Inditex
		Bestseller
		Next
		Primark
		Oysho
		s.Oliver
		Pull&Bear
		Buckle
		Mango

CHINA BASED SUPPLIER	INTERNATIONAL INTERMEDIARY	EUROPEAN RECIPIENT / CUSTOMER
Anhui Huamao	Shahi Exports (IN) Gemini Enterprises (IN) Gain Lucky (VN) SM Lulla Industries (IN) Penguin Sportswear (SL)	Nike Europe Hugo Boss (DE) Albini Prada Burberry Max Mara H&M (SW, IT, SK, PL) Marks & Spencer (SW) Decathlon (IE) PVH (NE) Adidas Puma Helmut Lang Europe Grupo Mass, Dutti (ES) Zara (ES) Helly Hansen (NE, NO)
		Unknown

**Note: While Xinjiang Zhongtai's customers were visible through customs records and corporate annual reports in previous years, the company's downstream supply chain has become increasingly opaque.*