



Supply chain risks for business activities related to Xinjiang, China

On 13 July 2021, the U.S. authorities issued an updated Advisory on supply-chain risks for U.S. businesses whose business activities may be implicated by human rights concerns related to forced labor in and outside of Xinjiang, China.

The updated Advisory notes that “businesses and individuals that do not exit supply chains, ventures, and/or investments connected to Xinjiang could run a high risk of violating U.S. law.” This warning suggests that the U.S. government is likely to take further action against companies and products with ties to Xinjiang.

In the interim, the updated Advisory encourages business, including financial institutions to undertake heightened due diligence to identify potential supply chain or other linkages to Xinjiang and forced labor.

However, the updated Advisory cautions against relying on third-party audits alone and encourages collaboration with industry groups to share information on risks in the region.

The guidance issued by the US Department of State is a first-of-its-kind tool intended to provide practical and accessible human rights guidance to U.S. businesses seeking to prevent their products or services with surveillance capabilities from being misused by government end-users to commit human rights abuses.

It is meant to be an easy-to-use roadmap in line with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for assessing the human rights impacts of relevant products or services, and evaluating a series of considerations before engaging in transactions with governments. The guidance also recommends human rights safeguards if a U.S. business considers proceeding with a transaction, such as developing a grievance mechanism, and publicly reporting on sales practices.

For sure, an interesting read also for EU businesses to integrate Human Rights considerations into their trade compliance policy.

Source: [US Department of State guidance \(30 Sep 2020\)](#)

