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S. HRG. 105–253

U.S. IMPLEMENTATION OF PRISON LABOR AGREEMENTS WITH CHINA

HEARING

BEFORE THE

COMMITTEE ON FOREIGN RELATIONS UNITED STATES SENATE

ONE HUNDRED FIFTH CONGRESS

FIRST SESSION

MAY 21, 1997

Printed for the use of the Committee on Foreign Relations

U.S. GOVERNMENT PRINTING OFFICE
41–198 CC WASHINGTON : 1997

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U.S. IMPLEMENTATION OF PRISON LABOR AGREEMENTS WITH CHINA

WEDNESDAY, MAY 21, 1997

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC.

The committee met at 10:02 a.m., in room SD–419, Dirksen Senate Office Building, Hon. Craig Thomas, presiding.

Present: Senators Thomas, Ashcroft, Biden, Robb, Feingold, Feinstein, and Wellstone.

Senator THOMAS. Thank you very much, gentlemen. I will call the meeting of the committee to order.

Let me first express the chairman's regrets that he is not here, but I think he will probably be here shortly. He is on the floor dealing with some issues and will be here, but we wanted to go forward with the hearing at the time that was prescribed.

Let me ask consent to place into the record the chairman's statement. If he comes and wants to do it, of course he will be able to do that. Otherwise, it will be in the record.

[The prepared statement of Chairman Helms follows:]

PREPARED STATEMENT OF CHAIRMAN HELMS

The Committee will come to order. The Foreign Relations Committee will this morning address the matter of U.S. enforcement of prison labor agreements with the People's Republic of China, which the Committee has not considered since 1991. Since then, a lot has happened. The United States has signed two agreements with China on prison labor. However, there continues to be evidence of Chinese prison labor imports to the United States and a disturbing lack of cooperation from the Chinese government.

China's penal system relies on an extensive system of forced labor camps, farms, and factories. Prisoners can be sentenced to "reform through labor" as part of the judicial process, that is, as criminals, or administratively to "reeducation through labor." This distinction has created a major problem in enforcement of the agreement between China and the U.S. on prison labor, with China refusing access to "reeducation through labor" facilities on the grounds that they are not prisons.

Prisoners sentenced through the administrative process have not been tried or convicted of a crime. Often, prisoners are held in labor camps long after the completion of their sentences.

By one estimate, over half of China's prison labor goods are exported. Labor reform facilities produce everything from agricultural products to manufactured goods, or as we will hear from the second panel of witnesses, everything from brake rotors to Christmas lights. Chinese authorities aggressively target foreign markets and business partners for joint ventures. We will hear from our witnesses today about American companies who knowingly contract for prison labor goods and sell them to the American public.

An economy that relies heavily on prison labor is an awful truth of the Chinese system. But China's intentional export of prison labor exports to the U.S., China's largest market, is not simply repulsive—it is a violation of U.S. law.

U.S. law has prohibited the importation of prison labor products from anywhere in the world since 1932. However, prison labor imports from the People's Republic of China constitute the largest group of cases open within the U.S. Customs Service.

In an effort to enlist Chinese cooperation in enforcement of U.S. law, the U.S. concluded two agreements with the Chinese government on prison labor—a 1992 Memorandum of Understanding, or M.O.U., and 1994 agreement called the Statement of Cooperation, or S.O.C.

These agreements are not working. This isn't my opinion—it is the conclusion of the Clinton Administration which in its annual human rights reports, testimony to the Congress and publicly quoted internal documents has concluded that China is failing to comply with its obligations in the 1992 M.O.U. on prison labor.

In fact, in December 1995, Customs Commissioner Weise, told his colleagues at the State Department and the U.S. Trade Representative's Office that in the Customs Service's view, the Memorandum of Understanding and the Statement of Cooperation are "not working at this point and there is nothing more U.S. Customs can do to make [them] work."

The State Department also has concluded that China is not complying with its obligations under the prison labor memorandum of understanding. In this year and previous years, the annual human rights report on China has noted "limited" or "stalled" cooperation with the M.O.U.. According to the State Department, China categorically refuses to admit American officials to visit "re-education through labor" facilities on the grounds that these are not prisons and are not therefore covered by the M.O.U. I suspect there is a great deal more the State Department can say than these sparing comments in the human rights reports.

I look forward to hearing from the Administration witnesses, Commissioner of Customs, George Weise (Weiss), Assistant Secretary of the Treasury for Enforcement, James Johnson, and Deputy Assistant Secretary of State for East Asian and Pacific Affairs, Jeffrey Bader.

These witnesses will be followed by a second panel, which I will introduce later.

Senator THOMAS. Our first panel consists of the Honorable James Johnson, Assistant Secretary for Enforcement, U.S. Department of the Treasury; the Honorable George Weise, Commissioner, U.S. Customs Service; and Mr. Jeffrey Bader, Deputy Assistant Secretary for East Asian and Pacific Affairs.

Why do we not begin then with Mr. Johnson, if you will, sir?

STATEMENT OF HON. JAMES E. JOHNSON, ASSISTANT SECRETARY FOR ENFORCEMENT, U.S. DEPARTMENT OF THE TREASURY

Mr. JOHNSON. Thank you, Senator Thomas.

To you, Senator Thomas, and to the members and the staff of this committee, I appreciate the opportunity to discuss with you today a very important trade issue: Our responsibility to ban from U.S. markets products of forced labor manufactured in the People's Republic of China.

In my written testimony, I cover in greater detail three issues. One, I provide an overview of the Custom Service's role in forced labor enforcement. Two, I discuss the status and outlook for enforcement arrangements with China and, three, I discuss avenues for strengthening our law enforcement efforts.

I respectfully request that my written testimony be made part of the record of these proceedings. I will use the balance of my time to summarize the foregoing points.

Senator THOMAS. Without objection, all of your statements will be made a part of the record.

Mr. JOHNSON. Key provisions of Federal law prohibit the importation of goods of any kind that are the product of forced or convict labor. The Customs Service enforces those laws, along with 400 other Federal laws and regulations, at our borders. It is the responsibility of the Treasury's Office of Enforcement to provide policy di-

rection and regulatory oversight to the Customs Service as it carries out these important responsibilities.

Section 1307 of the Customs title of the U.S. Code prohibits the importation of merchandise mined, produced, or manufactured wholly or in part, in any foreign country by convict, forced, or indentured labor.

Another statute, section 1761 of title 18, U.S. Code, makes it a criminal offense to knowingly import or transport in interstate commerce prison-made goods.

These laws, originally intended solely as trade laws, now serve two purposes. First, they protect the U.S. economy and U.S. businesses and laborers from unfair foreign competition, and second, they provide an important means of expressing our foreign policy concerns about certain human rights abuses abroad. In exercising these statutory powers, the administration has imposed prohibitions against a broad range of trade goods from China.

In carrying out its mandate to enforce the laws concerning forced labor, Customs has the power to take two types of action, one provisional, the other permanent. These actions would prevent forced labor merchandise from clearing Customs and entering the U.S. market.

First, Customs can issue a detention order based on information that reasonably indicates that the merchandise is the product of forced or prison labor. Products subject to a detention order may not be released from Customs custody for importation until that order is lifted. Normally an investigation would follow to determine whether a detention order should be replaced by a finding. If the Commissioner of Customs makes a determination based on probable cause that the merchandise in question falls within the purview of the statute, a finding to that effect would be published in the Federal Register. Publications of such findings are subject to the approval of the Secretary of the Treasury. In effect, the publication of a finding imposes a permanent ban on the importation of merchandise from the facility in question until the finding is revoked. In practice, the Office of Enforcement, acting on behalf of the Secretary of the Treasury, has the responsibility for reviewing and approving these Customs actions.

I would like to outline briefly our efforts to enforce the convict labor statutes, particularly with respect to our focus on China, currently the country most frequently associated with the export of products of forced or prison labor to the United States.

Firm enforcement to prevent entry of convict-made goods into the United States is a matter on which there has long been bipartisan agreement. This administration, from its first months in office, has used the legal tools available to deny the U.S. market to forced labor products, as did the previous administration before it. Seven of the 20 detention orders now in effect against Chinese merchandise and two of the four findings that have been issued against China have been issued under this administration.

In an effort to improve enforcement with respect to exports of convict-made goods from China, the United States and China entered into a Memorandum of Understanding in August 1992. The Memorandum of Understanding calls for, among other things, prompt investigation of suspected violations of either party, that is,

either nation's laws, respecting prison labor products. It provides for the exchange of information on enforcement efforts, and finally it provides for the prompt facilitation of visits to relevant facilities upon the request of either nation.

Since the MOU was executed, we have experienced difficulties with China in implementation. The Chinese have been slow to respond to our requests and their responses have at times lacked detail. Following complaints by the State Department, the United States and China negotiated a Statement of Cooperation that was signed in March 1994. The purpose of this Statement of Cooperation was to establish clear rules for the implementation of the MOU.

As Commissioner George Weise will describe in further detail, our experience under the MOU has been mixed. While we have had some measure of success, several problems have continued. The Chinese Government has frequently denied the facilities in which Customs is interested are in fact prisons. Moreover, where facilities are conceded to be prisons, the Government of China has taken the position that the products of that prison are not exported to the United States.

Commissioner Weise, in his prepared statement and I believe in his oral testimony, will report in greater detail on our recent experience with the MOU and with the Statement of Cooperation. Obviously, that history is not a cause for celebration. Nonetheless, recent experience suggests to those who observe matters closely from our embassy in Beijing that a page may be turning.

At the end of February, for example, the embassy was able to arrange with the Chinese Ministry of Justice for the investigation of two new alleged cases of prison labor exports to the United States. Although it is too early to tell whether this represents full cooperation on the MOU, the Government of China appears willing to engage with the U.S. on this sensitive issue.

I would note more broadly that Treasury and State have raised United States concerns on human rights at every available meeting with the People's Republic of China. Treasury raised the issue with the Chinese Minister of Finance when he was in Washington in November for bilateral Joint Economic Commission discussions. Secretaries Christopher and Albright raised human rights at each of their meetings during their trips to Beijing in November and February, respectively. Finally, Secretary Rubin raised the issue of prison labor during his bilateral with Vice Premier Qian Qichan in April in Washington.

As suggested above, more recent indications from our embassy are that the Chinese Ministry of Justice is expected to improve cooperation over the coming months. Customs attaches at the embassy are prepared to take advantage of this opening should it occur. Our first objective would be to clean up a backlog of over a dozen cases that require investigation in China.

We intend continually to remind the Chinese Government of our expectation that they respect the agreements they have signed with us dealing with forced labor and that they cooperate with us to enable us to obtain the information we need to respond to allegations that convict-made goods from China are entering the United States.

We also intend to continue cultivating strong working relationships with our counterparts in the Chinese Government and particularly in Chinese customs administration.

In our efforts to enforce the law, we will continue to use the law enforcement sources and methods currently in place and expect to explore other avenues for obtaining better information.

In conclusion, I would like to strongly reaffirm the importance that the administration, the Treasury Department, and the Customs Service attach to the enforcement of the forced labor laws. These laws are important instruments for the implementation of both our trade and economic policy and our foreign policy.

I thank the committee for its interest in our enforcement of the forced labor laws and I look forward to your questions.

[The prepared statement of Mr. Johnson follows:]

PREPARED STATEMENT OF JAMES E. JOHNSON

I appreciate the opportunity to discuss a very important trade issue, our critical enforcement responsibility to deny the U.S. market to products of forced labor manufactured in the People's Republic of China that may be intended for the United States. Key provisions of Federal law prohibit the importation of goods of any kind that are the product of forced or convict labor. The United States Customs Service enforces those laws along with over 400 other Federal laws and regulations at our borders. It is the responsibility of the Office of Enforcement of the Treasury Department to provide policy direction and regulatory oversight to the Customs Service in carrying out these important responsibilities.

Section 1307 of the Customs title of the U.S. Code prohibits the importation of merchandise mined, produced, or manufactured wholly or in part, in any foreign country by convict, forced or indentured labor. Another statute, section 1761 of Title 18, makes its a criminal offense to knowingly transport in interstate commerce or to import prison-made goods. These laws, originally intended solely as trade laws, now serve two roles; they protect the U.S. economy from unfair foreign competition and provide an important means of expressing our foreign policy concerns about certain human rights abuses abroad. In exercising these statutory powers, the Administration has imposed prohibitions against a broad range of trade goods from China.

Today, I would like to review with you a number of issues:

- An overview of the Customs role in forced labor enforcement
- The status and outlook for our enforcement arrangements with China, and
- Avenues for strengthening our law enforcement measures

In carrying out its mandate to enforce the laws concerning forced labor, Customs has the power to take two types of action—one provisional, one permanent—that prevent forced labor merchandise from clearing Customs and entering the U.S. market. First, Customs can issue a detention order based on information that reasonably, but not necessarily conclusively, indicates that the merchandise is the product of forced or prison labor. Products subject to a detention order will not be released from Customs custody for importation while the order is in effect. Normally an investigation would follow to deter-mine whether a detention order should be replaced by a "finding". If the Commissioner of Customs makes a determination based on probable cause, with the approval of the Secretary of the Treasury, that the merchandise falls within the purview of the statute, a "finding" to that effect is published in the Federal Register.

The publication of this finding has the effect of imposing a permanent ban on importation of merchandise from the facility until the finding is revoked. In practice, the Office of Enforcement has the responsibility for reviewing and approving these Customs actions for the Secretary of the Treasury.

The People's Republic of China (PRC) is currently the country most frequently associated with the export of products of forced or prison labor to the United States, although the former Soviet Union, Mexico, and Japan have been the subject of prison labor allegations. Of the 21 detention orders currently in effect, 20 apply to China and one applies to Japan. Of the six current findings, four apply to China and two rather old findings apply to Mexican facilities.

Administration's Commitment to Enforcement

I would like to outline our efforts to enforce the convict labor statute, particularly with respect to our current focus on China. Firm enforcement to prevent entry of convict-made goods into the United States is a matter on which there has long been bipartisan agreement. This Administration, from its first months in office, has used the legal tools available to deny the U.S. market to forced labor products, as did the previous Administration and others before it. Seven of the 20 detention orders in effect against Chinese merchandise, and two of the four "findings" have been issued under this Administration. These actions have barred a wide variety of goods -electric fans, hoists, surgical gloves, raincoats, artificial flowers, tea, sheepskin and leather, and iron pipe fittings—from entering the U.S. market.

Our Experience With Implementation of our Agreements with China

In an effort to improve enforcement with respect to exports of convict-made goods from China, the United States and China entered into a Memorandum of Understanding (MOU) in August of 1992. The MOU calls for, inter alia, prompt investigation of suspected violations of the either party's laws respecting prison labor products, exchange of information on enforcement efforts, and the prompt facilitation of visits to relevant facilities upon the request of either party.

Since the MOU was reached, we have experienced difficulties with China in implementation. The Chinese have been slow to respond to our requests and their responses lacked detail. Following complaints by the State Department, the U.S. and China negotiated a Statement of Cooperation (SOC) that was signed in March of 1994. The purpose of the SOC was to establish clear rules for implementation of the MOU.

Our experience under the MOU has been mixed. Since the MOU was signed, Customs has referred 58 inquiries to the Ministry of Justice for investigation, and has received responses to 52. Customs has requested inspection visits to 20 facilities and 13 have been conducted. Over the last two years, Customs attaches at our embassy in Beijing have been permitted to make only one visit to a suspect facility, that visit occurring in April of last year. Twenty-seven detention orders have been issued since 1991, the year before the MOU was signed, and 20 of those are still in effect; 6 others were revoked after Customs determined that the facilities in question did not use convict labor and one was replaced with a finding.

Notwithstanding the foregoing agreements, several problems have continued. The Chinese Government has frequently denied that facilities in which Customs is interested are prisons. On the other hand, where facilities are conceded to be prisons, the government takes the position that the products of that prison are not exported to the United States.

Commissioner Weise's prepared statement reports in greater detail our recent experience with the MOU and the SOC. Obviously that history is not a cause for rejoicing. Nonetheless, recent experience suggests to those who observe matters closely from our embassy in Beijing that a page may be turning.

The U.S. Embassy in Beijing has continued to raise the issue of implementation of the prison labor MOU with the Chinese. At the end of February, the Embassy was able to arrange with the Chinese Ministry of Justice for investigation of two new alleged cases of prison labor exports to the U.S. Although it is too early to tell whether this represents full cooperation on the MOU, the PRC appears willing to engage with the U.S. Government on this sensitive issue.

I would note more broadly that Treasury and State have raised U.S. concerns on human rights at every available meeting with the PRC. Treasury raised the issue with the Chinese Minister of Finance when he was in Washington in November for bilateral Joint Economic Commission discussions. Secretaries Christopher and Albright raised human rights at each of their meetings during their trips to Beijing, in November and February respectively. Finally, Secretary Rubin raised the issue during his bilateral with Vice Premier Qian Qichan in April in Washington.

More recent indications from our embassy are that the Chinese Ministry of Justice is expected to improve cooperation over the coming months. Customs attaches at the embassy are prepared to take advantage of this opening if it occurs. Our first objective is to clean up a backlog of over a dozen cases that require investigation in China. We are cautiously hopeful that the level of cooperation will improve somewhat.

Plans to Improve Enforcement Regarding Convict-made Goods from China

We intend continually to remind the Chinese Government of our expectation that they respect the agreements they have signed with us dealing with forced labor, and that they will cooperate to enable us to obtain the information we need to respond

to allegations that convict made goods from China are entering the United States. Thus our approach through our attache's office in Beijing should be one of diplomatic persistence. Among other things, if any provision of the MOU or the SOC seems to be unclear or is being interpreted by the Chinese in a way detrimental to our enforcement efforts, we will not hesitate to recommend consultations or renegotiation of these documents.

We also intend to continue cultivating strong working relationships with our counterparts in the Chinese Government, and particularly in China's customs administration. We expect that this cooperation will pay dividends across the spectrum of our enforcement concerns, including forced labor. The U.S. Customs Service has an excellent record of establishing strong working relations' s with the services of other nations, through training and cooperation on enforcement IO matters. We want to cultivate the elements within China who see the obvious benefits of a cordial working relationship with a key U.S. agency such as Customs.

As we work to strengthen cooperative arrangements with the Chinese Government, we also expect that the broadening and deepening of U.S. business involvement in China as a result of normal trade relations will increase the amount and accessibility of information about China's business enterprises, for law enforcement purposes as well as business purposes.

In our efforts to enforce the law, we will continue to use the law enforcement sources and methods currently in place and expect to explore other avenues for obtaining better information. Among the most important resources we can draw upon are the competitors of forced labor facilities and competitors of those who import from them. It has been a consistent experience of the Treasury Department and the Customs Service that information from competitors plays an important role in making cases against violators of the Customs laws, the export and munitions control laws, and the economic sanctions programs.

Additionally, former employees or even current employees of U.S. firms often can be counted on to come forward with critical information if they perceive that their employers are profiting from international trade that violates our laws. To maximize the value of these law enforcement assets, we will strengthen our educational and outreach efforts in the forced labor area as we have in the areas of narcotics, money laundering, and sanctions enforcement.

Also, importers can be reminded of the legal risks that they take in not knowing their suppliers or others with whom they deal. Indeed, in some cases private businesses may have sufficient financial influence over their suppliers to be able to obtain information about the conditions under which their products are produced overseas or even to request plant visits. Failure on the part of U.S. importers to exercise reasonable care regarding those with whom they deal can increase their risk of Customs violations.

Conclusion

In conclusion, I would like to strongly reaffirm the importance that the Administration, the Treasury Department and the Customs Service attach to the enforcement of the forced labor laws. These laws are important instruments for the implementation of both our trade and economic policy and our foreign policy. We are going to do everything within our power to ensure that these laws are vigorously enforced.

I thank the Committee for its interest in our enforcement of the forced labor laws, and look forward to your questions.

Senator THOMAS. Thank you very much, Mr. Johnson. Commissioner, would you begin, sir?

STATEMENT OF HON. GEORGE WEISE, COMMISSIONER, U.S. CUSTOMS SERVICE

Mr. WEISE. Thank you very much, Senator. I very much appreciate the committee holding these hearings on this very important subject and appreciate being a part of it. I also appreciate the fact that you would put my entire statement in the record, as you have indicated.

Since Assistant Secretary Johnson has rather comprehensively outlined the Customs roles and responsibilities in this particular area and since my statement, I think, completes that as well, I will

try to be very brief and just talk for a few moments about the problems that we have been facing.

I would start by saying that there are really few issues that the Customs Service takes more seriously than our responsibility to enforce the laws that prohibit the importation of goods manufactured by prison or forced labor. I will tell you, however, even though we take these areas of responsibility very, very seriously, we have been frustrated. I cannot stand before you as a committee and tell you that I believe that we have been very successful in our efforts over the course of the last 4 years, although it has been a high priority.

We have attempted to work very closely with the business community by making it as widely known as possible what these prohibitions are and to make them more aware of the constraints about bringing products in that were produced from prison labor. We have used publications and seminars and all sorts of programs along those lines.

We have taken an awful lot of effort to try to train our people, to train our agents and our important specialists, to be as attuned to these issues as we possibly can.

We have obviously worked with the State Department, Treasury Department, and others to try to enforce the memorandum of understanding of 1992 that the Assistant Secretary has alluded to, as well as the statement of cooperation of 1994, to work with our Chinese counterparts to ensure that we are doing everything humanly possible, as the organization responsible for enforcing these important provisions, and to ensure that we are investigating thoroughly and completely any allegations that we receive with regard to products allegedly being produced in these prisons are with forced labor.

Our success has been uneven. There have been times when we have had very good responses from the Chinese Government, but there have been extended periods of time when we have been extremely frustrated. We have actually, having made requests to get into facilities under the terms of the memorandum of understanding and the statement of cooperation, been asked to wait often as much as 4 years before we can get into a facility to actually examine what is going on in that facility.

Our experience, when we have been successful in getting into some of these facilities, has been uneven as well. We have had instances where we have actually confirmed the production of products by prisoners in prisons, but in those instances, we have not been able to corroborate any evidence that those products had been exported to the United States. So, it is a tremendous challenge as far as U.S. Customs is concerned to meet the requirements of the two statutes that the Assistant Secretary had alluded to.

Under section 307, which is just a prohibition of these goods entering the commerce of the United States, we have to prove that the goods that we have before us were actually traced back to their production in a prison with prisoner forced labor. That is often very difficult without having the cooperation of the host government.

If we are going to try to go under the other statute, which is basically a criminal statute, we have to show some intent on the part of the importer himself that he had some knowledge at least or was

willfully importing these products, that is, he knew the products were being produced in prisons in China with prison labor. Again, that is a terribly difficult burden to achieve. We have made two prison labor related criminal cases over the course of the last several years. In another example of the difficulties we face in prosecuting companies or individuals who knowingly violate these statutes, we recently had a U.S. Attorney decline a referral when he felt that there was insufficient evidence to prosecute the case.

So, these are the kinds of issues that we face as far as Customs is concerned, and we do have some issues of interpretation of the actual MOU and the statement of cooperation, a couple of issues that the Assistant Secretary has alluded to. Clearly, we look at the term "prison" in a broad sense. The Chinese try to make some distinction between various types of education facilities—reeducation through labor camps they call them—that they argue are not within the terms of the MOU which deals with prisons. We think it is a broad term. It includes both. So, there have been times when they have tried to keep us from visiting a facility under the distinction that this facility, although it uses forced, indentured labor, is not covered by the terms of the memorandum of understanding.

There have been some questions raised from time to time as to, when they do let us in, what capacity we have when we get into the facility. The terms of the memorandum of understanding refer to visits. We look at visits as our opportunity to go and examine fully all of the issues that are covered by the law and by the terms of the MOU which means we want to ensure that we observe very, very thoroughly what is going on in that facility, including the paper trail and any documents of where the goods would have been shipped. They look at the term "visit" as being perhaps less comprehensive.

So, in conclusion, I would say, Mr. Chairman, that this is an issue we take seriously in the Customs Service. We are working very hard to do as effective a job as we possibly can to carry out this very important responsibility. I would not say to you that we have been 100 percent successful. We have had some successes. We currently have outstanding 20 detention orders on products from China and 4 findings based on evidence that we have been able to put together from a number of different sources, but have not yet had a case which I would say really showed the full system working all the way through corroboration and confirmation in the facility, finding a so-called smoking gun. That is something we are going to continue to struggle to be as successful as we possibly can.

Thank you for the opportunity to appear before you.

[The prepared statement of Mr. Weise follows:]

PREPARED STATEMENT OF GEORGE J. WEISE

Mr. Chairman and Members of the Committee, I would like to thank you for this opportunity to appear before you today to discuss the issue of prison-made goods in the People's Republic of China. Regarding China, Customs has been primarily involved with two issues -- preventing the importation of prison-made goods and investigating and acting against violative trade practices such as textile transhipment, intellectual property rights, and antidumping matters. These issues are complex and sometimes present challenging obstacles. Today, at your request, I will focus on the 1992 Memorandum of Understanding (MOU) and the 1994 Statement of Cooperation (SOC) between the United States and the People's Republic of China.

Legal Background

The issue of enforcing the laws and regulations prohibiting the importation of convict-made goods is one of U.S. Customs national trade enforcement priorities.

Section 1307 of Title 19 of the United States Code prohibits the importation of prison made goods. The prohibition in section 1307 covers merchandise mined, produced, or manufactured wholly or in part, in any foreign country by convict, forced, or indentured labor under penal sanctions. In addition, the statute provides that the prohibition concerning forced and indentured labor does not apply to the extent that the merchandise is not produced in the United States in such quantities to meet consumptive demands in the United States.

Section 1761 of Title 18 of the United States Code criminalizes the knowing transportation and importation of prison-made goods. The penalties for the willful violation of this statute are 2 years in prison and/or a fine of $50,000.

The implementing regulations to section 1307 are contained in 19 CFR 12-42*et sec.* The regulations provide authority for the Commissioner of Customs to issue withhold release orders (detention orders) when the information available concerning importation of goods produced by convict labor "reasonably, but not conclusively" indicates the subject merchandise falls within the purview of the statute. Furthermore, if the Commissioner of Customs, with the approval of the Secretary of the Treasury, determines that the merchandise falls within the purview of the statute, a finding to that effect is published in the*Federal Register*and in the*Customs Bulletin.*

Customs has interpreted the term "reasonably, but not conclusively," the standard used to issue detention orders, to mean reasonable suspicion. The evidentiary standard used to issue findings has been determined to be probable cause.

Under Customs regulations, merchandise imported in violation of section 1307 can be detained and may be exported at any time before it is deemed to have been abandoned. In addition, the importer, within 3 months after the merchandise is imported, may produce evidence to show that the merchandise does not fall within the prohibition of the statute. Merchandise determined to be inadmissible shall be excluded from entry and may be reexported. An inadmissible determination can also be protested under 19 U.S.C. 1514.

Merchandise imported in violation of 18 U.S.C. 1761 or 1762 can be seized and subject to forfeiture as an importation contrary to law, 18 U.S.C. 545.

China has had regulations of its own since 1990 banning the exportation of prison-made merchandise.

Memorandum of Understanding and Statement of Cooperation

With regard to the trade and commercial aspects of the prison labor problem, the Administration has taken the initiative to prevent the importation of prison-made products into the United States. For its part, the Customs Service has taken steps to identify and prevent the importation of products produced by prison labor. We have done so by actively pursuing leads which have resulted in seizures, detention orders, findings, and criminal prosecutions. Leads have come from a variety of sources including the importer community, the LAOGAI RESEARCH FOUNDATION and other human rights organizations, and individuals.

Our history with China related to prison made goods dates back to 1990. In March 1990, U.S. Customs initiated operation LAO-GAIDUI, which targeted companies alleged to be importing prison labor-made products from China into the United States. Our first detention order against Chinese products was issued October 3, 1991.

In 1992, the State Department negotiated a Memorandum of Understanding with China relating to their exportation of prison labor-made products to the United States. This agreement, signed in August 1992, provided the framework for the prompt investigation of allegations that imports from China were produced by prison labor. Specifically, the MOU provides the United States with a procedure by which it may request that the Chinese government conduct investigations of facilities "based on specific information" that a facility is "suspected of violating relative regulations and laws."

The major difficulty in implementing the MOU arose from the lack of specific procedures for the verification process. As a result, the Statement of Cooperation was subsequently negotiated and signed by China and the United States on March 14, 1994.

Together, these agreements provide procedures to be used to request investigations of suspected prison labor facilities which are alleged to be exporting their products into each respective signatory's country. The agreements state that the Customs Service can request an investigation of such suspicions by either the host coun-

try or by a personal visit to a suspected prison labor facility by U.S. Customs personnel. When the Customs Service requests a visit to a suspected prison labor facility, China is responsible for arranging a visit to that facility within 60 days of the request. Both types of requests are required to be in writing and should provide specific information justifying the investigation. Written reports are required within 60 days of the completion of each investigation/visit.

Although we experienced a period of success in requesting and having investigations conducted by the Chinese government and with U.S. Customs personally visiting suspected prison labor facilities after the signing of the MOU, problems again became evident.

The Chinese Penal System

Persons imprisoned by the courts on relatively serious charges are sent either to prisons or to labor reform camps, depending on the length of their sentences. Petty criminals, or others whose behavior is deemed "anti-social," may be assigned by the police or nonjudicial administrative boards to reeducation camps for up to 3 years. Suspects awaiting trial are held in detention centers. The maximum length of pre-trial detention under Chinese law is 5 and 1/2 months. Convicts sentenced to less than 1 year can be retained in detention centers. Persons may be required to remain in prison camps if they are deemed not to have reformed.

Prison Labor

The Chinese consider prison labor an integral part of the reform process. The Chinese government says prisoners work about 6 hours per day and have political study for 3 hours per day. They receive labor protection and health care equivalent to workers in state corporations; wages, however, are generally minimal. Prison laborers include those jailed for "counter-revolutionary offenses." We have not seen evidence that prisoners in pre-trial detention are required to work.

Prison Exports

Last year U.S. Customs processed over 16 million import entries and collected about $22 billion in customs duties on nearly $800 billion of trade. Our imports from China in 1996 totaled over $51 billion. It is impossible to determine how much of that figure came from prison labor facilities.

1990, the Chinese Justice Ministry officials gave us conflicting figures ranging from as low as $300 million to as high as $1 billion for the value of goods produced by prison farms and factories. Some 70 percent, they say, is consumed within the prison system with the balance sold domestically.

However, the 1989 *China Law Yearbook* stated that China exported $100 million worth of goods produced within the prison system. Like most written information we have about the Chinese prison and labor reform systems, these reports on exports are dated and no current figures are available.

Further clouding the situation are factories that the Chinese tell us are associated with prisons, but do not employ prison labor. These so-called "worker enterprises" employ relatives of prison employees and ex-convicts who remain near the prison after release. We are told that there are about 400,000 workers in such units separate from the prisons. These enterprises are specifically exempted from the government rules banning export of goods from the prison system. Chinese officials have shown us one such family member enterprise and asserted that these institutions account for the $100 million of prison system exports the government has acknowledged.

Another practice complicating our enforcement efforts is that Chinese manufacturers use a network of middlemen, including trading companies in China and Hong Kong, leaving the source very difficult to trace. Importation documents usually list the names of these trading companies whose representatives heretofore have not been forthcoming in providing information about the manufacturers they represent.

Scope of Problem

China is currently by far the country most frequently associated with the export of prison labor-made goods to the United States. The Former Soviet Union, Japan, Mexico and other countries have also been the subject of prison labor allegations. Of the 21 detention orders presently in effect, 20 pertain to China. Of the six findings in effect, four pertain to China. China was the subject of three more detention orders and two more findings that have been revoked. Additionally, of the 76 investigations involving prison labor currently open within Customs, 69 pertain to China.

Customs opened an office in Beijing in October 1993, largely to deal with prison labor matters. Two special agents were assigned to Beijing. Foremost on their agen-

da was the investigation of accusations of prison labor made products being imported into the United States.

To date, the Customs Service has requested 58 investigations of the Chinese government, and 52 have been conducted. We have also requested 20 visits to suspected forced labor camps, 13 of which have been granted (including two which we did not request). We revoked four detention orders and two findings as a result of our visits.

In our opinion, the investigation process has not fully satisfied our requirements and needs. Although Customs has had some intermittent success, we have had lengthy periods where we were not able to visit any facility. To illustrate, on April 25, 1995, Customs agents were allowed to visit the Shandong Laiyang Heavy Duty Machinery Factory. In May 1995, it was announced that Taiwan's President Lee Teng-hui was going to visit the United States. China's angry reaction, including recalling its ambassador had a chilling effect on Customs as well. On October 13, 1995, U.S. Embassy officials in Beijing met with Chinese officials to discuss lack of activity relating to prison labor investigations. Subsequent meetings were held on November 2, 1995, December 6, 1995, and December 22, 1995. In December 1995, I drafted letters to both the Assistant Secretary of State for East Asian and Pacific Affairs, and to the U.S. Trade Representative, detailing the difficulties Customs was having in gaining China's adherence to our MOU/SOC.

On March 11, 1996, the Chinese Ministry of Justice notified the Customs Attache that she would be allowed to visit the Shanghai Laodong Machinery Factory. (The request to visit this factory was first made by the Attache in November 1992, and was rerequested again in March 1993 and September 1994.) The Attache was finally allowed to visit the facility on April 24, 1996. She found no evidence of forced labor at the facility. Customs subsequently revoked the existing detention order on the company.

Problems with Chinese cooperation continued even after the April 1996, visit to the Shanghai Laodong Machinery Factory. The new Assistant Attache, who arrived in July 1996, was given the prison labor program. He quickly sought to introduce himself to his counterparts in the Chinese government. He was rebuffed. In fact, he was not even allowed to meet with Ministry of Justice officials until February 3, 1997. At that meeting the Assistant Attache presented a request asking China to conduct two investigations for us in accordance with our MOU. Chinese officials agreed. On March 31, 1997, they provided the results of the two investigations. On April 22, 1997, Customs requested a site visit to the Beishu Graphite Mine and the Nanshu Graphite Mine. Those requests are pending at this time (China has 60 days from the date of the request to arrange this).

Conclusion

In recent months, Chinese cooperation on prison labor cases has improved. This improvement is due to various reasons, among which include Secretary Rubin's personal involvement. The Secretary raised the issue in his bilateral with Vice Premier Qian Qichan in April in Washington.

Whether this improvement is permanent is difficult to say. I would like to close with some assurances as to Customs efforts and intentions on the Chinese prison labor issue. Customs is offering classes on the subject of forced labor to our special agents and import specialists. Six of these classes have been scheduled for this Fiscal Year.

Customs will continue to pursue any and all allegations brought to our attention relating to the prison labor statutes and regulations. We do, however, recognize the constraints of being unable to obtain the necessary proof to apply them without the consent of the alleged violator. We simply do not have the tools within our present arsenal at Customs to gain the timely and indepth verification that we need. Presently, we believe that we are only seeing part of the picture.

Customs will, however, continue to prohibit the entry of merchandise produced from prison labor in accordance with U.S. law and relevant international agreements. I look forward to working with Congress, the Administration and the Chinese government to accomplish this goal.

Mr. Chairman, this concludes my statement. Thank you for this opportunity to address this issue.

Senator THOMAS. I appreciate your being candid.

Let me interrupt just a second to recognize the Senators that have joined us. The Senator from Missouri, do you have any comments, sir?

Senator ASHCROFT. I want to thank you for holding this hearing.

As you know, the cooperation of China or lack of cooperation is relevant and has been cited in decisions by the administration in terms of shaping our relationship with China. This important set of considerations I think is something we need to know about and learn about, and I am eager to participate in the hearings with that in mind.

Senator THOMAS. Thank you.

For your information, the chairman is tied up on the floor and I am pinch-hitting a little. I think he will be here later. Our Ranking Member, Senator Biden?

Senator BIDEN. Mr. Chairman, thank you very much. I apologize for being late.

I would ask unanimous consent that my entire statement be placed in the record, but I would like to just make two brief comments.

I apologize to Mr. Bader for interrupting the beginning of his comments.

There is little doubt about what China's obligations are, and there is little doubt that they have been uncooperative. There is little doubt some progress has been made, but there is little doubt that China continues to obstruct our investigations, even though all we have to do is suspect a violation of our agreements—not determine what is reliable or unreliable information—to request an inspection.

The obvious question is how are we going to deal with this issue. Some say the best way is to cutoff all trade. This is going to add to the MFN debate. This is going to be a major piece of that. I think it does go to the question of whether China can be trusted to keep any of its agreements, and so it will have some impact with me and with other people. In general, though, I prefer a more discriminating approach in how to deal with China and her actions.

Behind the influence that we have through diplomacy, lies the strength of our free market and our consumers. I would suggest that separate and apart from the agreements that China is obviously not keeping, that with accurate information at the command of consumers, they will take care of a lot of this themselves.

Notwithstanding the fact that China is being transformed by the economic marketplace, it is also being transformed by its exposure to ideas. It is kind of ironic that maybe even 4 years ago, but clearly 5, 6, 7 years ago, we would not even be having this hearing because China had not even begun to discuss any of these issues with us. We would not even have had such an agreement, granted, one they are not keeping, but we would not even have had such an agreement.

But I am of the view, Mr. Chairman—and I will cease with this—that using the marketplace of ideas is our best weapon, not our diplomacy. We have to match our diplomacy with patience, China's transition with patience, but patience alone is not going to do this. Let me just cite an example.

It would not be a violation of any existing trade agreement if we permitted all American companies who sold textiles, sold finished products, if they wished to, to attach a label that said "not made with child labor, not made with prison labor." We would not rely on saying it could not come into the country. Rather, if we had ac-

curate information to suggest it was manufactured free from such unfair trade practices, we could set up a standard by which American companies could use a label like the "Dolphin safe" label.

When I came up with that idea years ago, everybody thought that was a crazy idea, but I knew every kid in America would stop his mother from buying tuna—you think I am joking. I am not joking. Every company in America said this is a dumb idea. Within 6 months, after the Heinz Company affixed the label saying "Dolphin safe," every other company in America said, whoa, wait a minute. They are buying that stuff even though it is more expensive.

I think the way to deal with China, is to keep the diplomatic route going but also go another route, come up with standards by which companies can affix labels. They do not have to affix the label. They can sell it without the label. You watch. If we start down that route, people will not buy even cheaper products made in China with prison labor or child labor.

At any rate, I ask unanimous consent my whole statement be put in the record.

Senator THOMAS. Without objection.

Senator BIDEN. I have questions for the witnesses when we get to that.

I thank you, Mr. Chairman, for allowing me to interrupt.

[The prepared statement of Senator Biden follows:]

PREPARED STATEMENT OF SENATOR BIDEN

Mr. Chairman, today we are examining how to enforce our ban on the importation of goods produced by convict labor in China. In a larger sense, though, we are examining how to deal with China, an emerging great power that at times will have interests that diverge from our own. The answer may lie in the marketplace—the powerful influence of the American consumer and the irresistible lure of the American ideals of democracy and personal liberty.

The issue of prison labor is not by any stretch of the imagination the most difficult challenge we will face with China. But our success in resolving this issue satisfactorily will be one indication of our likely success or failure in advancing other critical U.S. interests with China. That is why this hearing is important, and I commend the Chairman for holding it.

Poor Chinese cooperation

Despite two bilateral agreements designed to stop Chinese prison labor exports to the United States, exports reportedly continue and our enforcement efforts still lack teeth. This is outrageous. The American consumer doesn't want to buy goods produced under brutal conditions by forced labor in China.

Some knowledgeable observers, including Customs Commissioner George Weise who appears before the committee today, have suggested that China may have no intention of abiding by the terms of its agreements. I would like to believe otherwise, but China's leaders are testing my patience and that of the American people. We must make it clear for Beijing to hear and understand: We intend to hold Chinese leaders to the letter and spirit of their word.

Clear obligations

There can be little doubt about what China's obligations are. In 1994, China and the U.S. set forth detailed procedures and guidelines to govern the investigation of suspected prison labor exports. The language is plain; the process is clear. Among other things, China has agreed to allow U.S. diplomats to visit facilities suspected of using prison labor within 60 days of a request for a visit.

Unfortunately, Beijing has raised objections to U.S. inspections. In all of 1996, China granted U.S. authorities access to only one suspected prison labor facility. This level of cooperation is unacceptable.

China has complained that our information comes from "unreliable" sources—by which they mean their critics, including some of our witnesses today. Even if that

were true, it would be irrelevant. We need only have a "suspicion" that merchandise is tainted to request a visit.

Promoting our core interests with China.

How then should we deal with this issue? Some say that the best way to proceed is to cut off trade with China altogether. Revoke MFN. Well, that's certainly one way to ensure that no Chinese prison labor goods make it to our shores. Cut off all trade. The problem with this approach is that it is like spreading a powerful herbicide on your lawn to kill crab grass and then learning that you've also killed your prize roses. It won't work, and it doesn't make sense.

Empowering the consumer

In general, I prefer a more discriminating approach that empowers the American consumer. Of course we must do everything we can eliminate the gruesome practices we will hear about today. However, diplomacy can go just so far. Our regulations cannot reach into China and transform the way they do business.

But behind the influence of our international diplomacy lies our real strength—our free market economy. We should put that market power to use.

We should let American consumers know about the sources of the products they buy. These hearings are one important voice in that campaign, but other voices, from American consumer advocates to international human rights organizations, must be part of this campaign, as well.

With accurate information at their command, I am absolutely convinced that American mothers will stay away from products made with child labor, that American workers will refuse to spend their paychecks on products tainted by the use of prison labor or unsafe environmental practices. These products will pile up on the docks while American consumers spend the wages of their free labor on the products that reflect their values, their true "bottom line."

Eventually, with their products shut out of the biggest market in the world, countries and companies will change their ways or go the way of other failures in a truly free market, where consumers—equipped with complete information—are sovereign.

Combining purpose with patience

China is being transformed not only by the economic marketplace, but also by the marketplace of ideas. I believe that is why we must combine purpose with patience to foster a more democratic China that upholds human rights and is a responsible member of the global community.

Some patience is not unwarranted. Sometimes we forget that five or ten years ago we wouldn't have been here fretting about China's failure to comply adequately with the provisions of our prison labor agreements. We didn't have any. In fact, until very recently, China would have refused even to discuss the issue.

Since the introduction of Deng Xiaoping's reforms almost 20 years ago, China has evinced increasing accommodation to international norms. Some have dismissed this trend as mere "tactics" designed to win access to western markets and technologies.

I believe they are mistaken. They misunderstand the profound changes China has undergone since the end of Mao's "cultural revolution." Perhaps only in a Chinese historical context measured in dynasties and centuries could a consistent policy of two decades be dismissed as "tactics."

Using the marketplace of ideas

But our patience is not limitless, and patience alone will get us nowhere. We must use the marketplace of ideas. Diplomatic contacts and educational and cultural exchanges—some supported by congress through organizations like the East-West center in Hawaii—will play a role. Chinese students educated in the united states are shaping China's future. The protesters in Tiananmen Square did not build the "Goddess of Liberty" and quote the words of Thomas Jefferson by chance.

Radio Free Asia

There is more we can do. The key is to use tools that work. Democracy is built on ideas. That is why I am proud to be the author of legislation that created Radio Free Asia. Modeled on the Radio Free Europe/Radio Liberty broadcasts that helped spur democratic movements in the Soviet Empire, Radio Free Asia is already having an impact in China.

The Dalai Lama is an avid listener, and he reports that Tibetans value the broadcasts, which provide more news on Tibet than other shortwave programming. I am delighted that House Speaker Gingrich recently suggested expanding Radio Free

Asia so that more people in China can receive its broadcasts—especially in areas where repression is greatest and the access to reliable information most precarious.

We must complement programs on the airwaves with programs on the ground. The congressionally-funded Asia Foundation recently launched an innovative program combining voter education with outside monitoring of village elections. This experiment in democratic governance is a first for China, and it shows how we can nudge China along the right path.

Welcome to witnesses

Finally, I wish to welcome our distinguished witnesses today and express my hope that they will not confine their remarks to the brutality of China's prison labor system and our current efforts to ban prison labor imports. I hope they will also suggest ways in which we can deal more effectively on this and other issues with China—including ways we can enlist the American consumer and the power of the American market place to help us.

Senator THOMAS. We have also been joined by Senator Robb. Any comments, sir?

Senator ROBB. Thank you, Mr. Chairman. No. I will pass on the opening statement. I look forward to hearing from our witnesses.

Senator THOMAS. Thank you very much.

Let me just comment that I think that is one of the reasons—Senator Biden's comments—why this hearing is particularly important, that it does give some insight into how we can deal with the lack of conformity with agreements on an individual, more specific basis than the broad Most Favored Nation of a thing I believe.

Mr. Bader, I am sorry we set you back a little, sir, but now we would like to hear from you.

STATEMENT OF JEFFREY A. BADER, DEPUTY ASSISTANT SECRETARY FOR EAST ASIAN AND PACIFIC AFFAIRS, U.S. DEPARTMENT OF STATE

Mr. BADER. It is good to see you again, Mr. Chairman.

Senator THOMAS. Thank you.

Mr. BADER. Mr. Chairman, I also will excerpt my statement.

I am pleased to appear before the committee to provide an update on our efforts to prevent Chinese products of prison labor from entering the United States. U.S. law prohibits the importation of all goods produced in any foreign country by convict or forced labor.

Early efforts to obtain information about illegal PRC prison labor exports were not successful, in part, because we were unable to visit the facilities in question. Accordingly, the U.S. sought agreement with the PRC on cooperative procedures for prompt investigation of allegations that imports into the U.S. were produced by prison labor. As a result, former Under Secretary of State Arnold Kanter and Chinese Vice Foreign Minister Liu Huaqiu signed a memorandum of understanding on trade and prison labor products on August 7, 1992. The MOU provides for prompt investigation of suspected violations relating to trade in prison labor products and the prompt facilitation of visits to relevant facilities.

Initial implementation of the MOU was spotty. In order to improve it, after several months of discussion, the Department of State and Chinese Ministry of Justice signed a statement of cooperation in Beijing in March 1994 that established clearer guidelines for implementation of the MOU.

Under the statement, both sides agreed to provide reports of investigation within 60 days of request from the other side. Requests for visits to suspected prison labor facilities must also be arranged

within 60 days, and following the visit, the requesting side has 60 days to provide the receiving side with a report of the visit.

I would underline it is to China's detriment if it fails to comply. Detention orders on suspect goods remain in effect until Customs is able to make a clear determination that the facility in question does not utilize prison labor in the production of exports.

The signing of the statement fostered a somewhat more productive relationship between Customs and the Ministry of Justice. Between March 1994 and April 1995, Customs was permitted to visit five facilities. This more cooperative spirit exhibited by the Ministry, however, did not extend to two areas: Access by Customs to facilities for which the Ministry of Justice claimed there was insufficient evidence and access to reeducation through labor facilities, so-called laogai.

Cooperation on prison labor issues took a general downturn in the spring of 1995 following the visit of Taiwan President Lee Tenghui to the U.S. Cooperation came to a virtual standstill during that summer with the arrest and deportation of Harry Wu by the Chinese authorities.

In an attempt to reinvigorate cooperation, embassy officials met with Ministry of Foreign Trade and Economic Cooperation officials in October 1995.

In December 1995, the State Department's Deputy Assistant Secretary for East Asian Affairs, Kent Wiedemann, met with Ministry of Justice officials during a visit to Beijing to stress the need for prompt access to prison labor facilities, and later that month embassy officials reiterated Wiedemann's concerns in a follow up meeting with the Ministry of Justice.

The arrival of Ambassador Sasser in Beijing in February 1996 induced a thaw in the beginning of resumed cooperation. Embassy officials stressed in February to both Ministry of Justice and Ministry of Foreign Trade officials that prison labor exports were a major concern to the Ambassador. Shortly after, the Ministry of Justice granted Customs access to a facility for which Customs had initially requested access in 1992.

Embassy officials from State and Customs met with Ministry of Justice officials in February of this year to request an investigation of two alleged cases of prison labor exports. In March, within the 60-day statement time limit, the Ministry of Justice responded to the investigation requests.

Most recently, as Jim Johnson noted, Secretary Rubin raised the issue of cooperation under the MOU during his meeting with Vice Premier Qian Qichan during Vice Premier Qian's visit to Washington in April. Qian agreed that improved overall cooperation was essential, including enhanced cooperation on prison labor export issues.

Implementation of the 1992 MOU has never been smooth or straightforward. As in many other issues in China/U.S. relations, the decentralization of authority within China has hampered prompt enforcement of the agreements. Chinese cooperation has also often been a function of the state of bilateral relations.

We have taken steps, including the negotiation of the statements and raising the issue at high level meetings, to address the problem of implementation. Chinese cooperation is essential to success-

ful performance and enforcement. Improved cooperation is most likely to result from steady, determined diplomacy and engagement by the embassy, solid investigations by Customs, and the relationships our officials develop on the ground with Chinese counterparts.

Mr. Chairman, in conclusion, I wish to assure you that the administration will continue to actively pursue President Clinton's commitment to implement this agreement effectively.

Thank you very much.

[The prepared statement of Mr. Bader follows:]

PREPARED STATEMENT OF JEFFREY J. BADER

Mr. Chairman, Members of the Committee, I appreciate the opportunity to appear before this committee to provide an update on our efforts to implement the Memorandum of Understanding (MOU) between the U.S. and China Prohibiting Import and Export Trade in Prison Labor Products.

Legal Principles

To briefly summarize, U.S. law [Section 307 of the Tariff Act of 1930 (19 U.S.C. 1307)] prohibits the importation of "all goods, wares, articles and merchandise mined, produced, or manufactured wholly or in part in any foreign country by convict labor or/and forced labor or/and indentured labor under penal sanctions." Regulations issued by the U.S. Customs Service establish procedures for detaining, investigating, and excluding goods believed to violate this section.

The U.S. Government does not challenge the principle of employing prisoners; we too expect prisoners to work. Our opposition is to prison labor exports to the U.S. and is predicated on fair trade and human rights concerns. We oppose the use of forced/indentured labor to produce prison labor exports and the unfair price advantage gained by such labor in an open economy. Section 307 cited above is intended primarily to protect U.S. producer, consumer, and worker rights. In addition, we have concerns regarding labor by prisoners who were tried without due process protections meeting international norms; and we have concerns regarding the possible export of products made by their labor. Goods and services produced in U.S. federal prisons can only be sold to U.S. Government agencies in the U.S. However, there are no regulations against exporting state prison-made goods to any country which will legally accept them.

The U.S. Government has devoted great effort to preventing prison labor exports from entering our country. The State Department works closely with the U.S. Customs Service to support law enforcement both at our borders and overseas. With specific regard to China, the problem of Chinese prison labor exports entering the U.S. first came to our attention in 1989. In response to growing concern that China was compelling political prisoners to produce goods for export, the State Department and Customs began an intensive campaign to investigate the importation of Chinese prison labor products. Since that time, we have worked aggressively to ensure that goods made with Chinese prison labor are not exported to the U.S. in violation of our laws.

History of U.S. Efforts: MOU

Early efforts to obtain more information about illegal PRC exports were not successful, in part, because we were unable to visit the facilities in question. In 1991, in an attempt to allay our concerns, the Chinese issued in public form their existing law prohibiting the export of prison labor products. Continuing concerns, however, prompted the U.S. to seek agreement with the PRC on cooperative procedures for prompt investigation of allegations that imports into the U.S. were produced by prison labor.

As a result, U.S. Under Secretary of State Arnold Kanter and Chinese Vice Minister Liu Huaqiu signed a Memorandum of Understanding (MOU) on trade in prison labor products on August 7, 1992. This was a significant step forward in strengthening compliance with both U.S. and Chinese laws and regulations prohibiting trade in prison labor products.

The MOU on prison labor exports provides for:

- prompt investigation of suspected violations of the laws and regulations of either side relating to trade in prison labor products;

- exchanges of information on law enforcement efforts;
- meetings between officials and experts of the two sides;
- the furnishing of evidence that can be used in judicial or administrative proceedings against violators; and
- the prompt facilitation of visits to relevant facilities upon the request of either party.

Initial implementation of the MOU was spotty. The Chinese were slow to respond to our requests for investigation, and the responses, when provided two to three months later, often lacked detail. The Chinese were even slower to respond to our requests for visits to suspect facilities.

History of U.S. Efforts: Statement of Cooperation

Accordingly, the U.S. sought to establish specific guidelines for implementing the MOU. After several months of discussion, the U.S. Department of State and the Chinese Ministry of Justice signed a Statement of Cooperation (SOC) in Beijing on March 13, 1994 that established clearer guidelines for implementation of the MOU.

Under the SOC, both sides agreed to provide reports of investigations within 60 days of request from the other side. Requests for visits to suspected prison labor facilities must also be arranged within 60 days. Following the visit, the requesting side has 60 days to provide the receiving side with a report of its visit. Visits to other suspected facilities will only be arranged if the visit to a previous facility has "completely ended," and a visit report has been submitted. In addition, the Chinese agreed to reinvestigate and, if necessary, arrange follow-up visits to sites if the U.S. provides new information about a previously investigated facility. It is to China's detriment if they fail to comply. Detention orders on suspect goods remain in effect until Customs is able to make a clear determination that the facility in question does not utilize prison labor in the production of exports.

The signing of the SOC fostered a more productive relationship between Customs and the Ministry of Justice and accelerated the pace of implementation under the MOU. Between March 1994 and April 1995, Customs was permitted to visit the following five facilities: the Guangzhou Flower City Enterprise, the Guangdong Reform through Labor (*laogai*) Bureau, the Zhejiang Number Four Prison Factory and its associated Hangzhou Wulin Machinery Works and Hangzhou Superpower Hoist Works, the Shanghai Number Seven Reform through Labor Detachment, and the Shandong Laiyang Heavy Duty Machinery Factory.

This more cooperative spirit exhibited by the Ministry of Justice, however, did not extend to two areas: 1) access by Customs to facilities for which Ministry of Justice claimed there was "insufficient evidence," and 2) access to "reeducation through labor" facilities (*laojiao*).

Chinese justice officials have questioned the credibility of our evidence, claiming it is outdated or unreliable. Despite repeated explanations that U.S. law requires Customs to consider all reasonable information from sources on prison labor exports, Chinese stated skepticism about U.S. sources has made the implementation of the MOU more difficult. Much of our preliminary evidence comes from Chinese publications, including provincial yearbooks, commerce and industry enterprise directories, catalogs of export facilities, and studies of reform through labor (*laogai*) and reeducation through labor (*laojiao*). In some cases, government publications and business directories are dated and may include exaggerated or misleading claims about a company's activities. Still other allegations are based on a combination of evidence, including testimony, statements, documents, and videotapes. For example, human rights activist Harry Wu's Laogai Research Foundation has provided initial information on a number of Customs cases of suspected prison labor exports from China.

Access to "reeducation through labor" facilities has been a topic of disagreement with the Chinese since the first negotiations on the MOU took place. It emerged as an issue in early March, 1995 when the Ministry of Justice refused a request to visit the Guangzhou Number One Reeducation through Labor Camp, claiming that it was beyond the scope of the MOU. However, later that month, embassy officials met with Ministry of Foreign Trade and Economic Cooperation officials who concurred that "reeducation through labor" facilities were covered by the MOU and who indicated they would try to persuade the Ministry Of Justice to grant us access. Although the Ministry of Justice did provide an initial investigative report on this camp, the issue was never fully resolved, and the detention order against the Guangzhou Number One Reeducation through Labor Camp remains in effect. Customs has not, to date, visited any reeducation camps.

Cooperation on prison labor issues took a general downturn in the spring of 1995 following the visit of Taiwan President Lee Tenghui to the U.S. and the subsequent recall of the Chinese ambassador in protest. Cooperation on prison labor issues came to a virtual standstill during that summer with the arrest and deportation of

Harry Wu by the Chinese authorities on espionage charges. The State Department worked vigorously to secure the release of Mr. Wu who was arrested while attempting to enter China to gather evidence on prison labor facilities. Subsequent repeated requests for visits to suspected facilities were denied.

In an attempt to reinvigorate cooperation, embassy officials met with Ministry of Foreign Trade and Economic Cooperation officials in October 1995 to express concern over the slowdown in implementation of the MOU. The Chinese acknowledged the significance of the problem and agreed to arrange an interagency meeting to include officials from the embassy, the Ministry of Foreign Affairs, the Ministry of Foreign Trade and Economic Cooperation, and the Ministry of Justice in order to address the problem.

In November 1995, embassy officials met with Ministry of Foreign Trade and Economic Cooperation and Ministry of Justice officials in an attempt to gain access to several prison labor sites. The Ministry of Justice complained that Customs had not provided conclusive reports on previous site visits and that current allegations lacked credibility.

In December 1995, State Deputy Assistant Secretary for East Asian Affairs Kent Wiedemann met with Ministry of Justice officials during a visit to Beijing to stress the need for prompt access to prison labor facilities and for getting the 1992 MOU back on track. Later that month, embassy officials reiterated Wiedemann's concerns in a follow-up meeting with Ministry of Justice Foreign Affairs Office Deputy Director Wang Rongkang.

Recent Improvements

The arrival of Ambassador Sasser in Beijing in February 1996 finally broke the deadlock with the Ministry of Justice. Embassy officials stressed in February to both Ministry of Justice and Ministry of Foreign Trade and Economic Cooperation officials that alleged prison labor exports were a major concern of the Ambassador. Shortly after, the Ministry of Justice granted Customs access to a facility for which Customs had initially requested access in 1992. No other investigation requests were sent to the Ministry of Justice by Customs in 1996.

Embassy officials from both State and Customs met with the Ministry of Justice officials on February 28 of this year to request an investigation of two alleged cases of prison labor exports and to introduce the new Customs officer handling labor issues. On March 3 1, well within the 60-day Statement time limit, the Ministry of Justice responded to the investigation requests. Based on the information provided by the Ministry of Justice, Customs was able to close one case and is currently, at the request of the Ministry of Justice, pursuing information on the other case through the Ministry of Foreign Affairs.

On April 22, Customs submitted to the Ministry Of Justice via letter a formal request to visit the Beishu/Nanshu Graphite Mines in Shandong Province. The initial investigation request on this case was submitted by Customs in February 1994, but this was Customs' first request to visit the facility. Just last week, on May 15, Customs submitted a request to visit and review sales records from the Hangzhou Qianjing Hardware Tools Plant, also known as Hangzhou Shenda Tool Factory, and associated with prison facility Zhejiang Number 2 Prison. The Ministry of Justice has 60 days, per the SO, in which to respond to these visit requests.

Most recently, Secretary Rubin raised the issue of cooperation under the MOU during his meeting with Vice Premier Qian Qichen in April in Washington. Qian agreed that improved overall cooperation was essential, including enhanced cooperation on prison labor export issues.

Results; Future Directions

By Customs calculations, it has made 58 referrals to the Ministry of Justice for investigation since the signing of the MOU in August 1992, of which the Ministry of Justice has responded to 52. Customs has formally requested to visit 20 facilities suspected of exporting prison labor products and has been allowed to visit 13. Since 1991, Customs has issued 27 detention orders of suspected prison labor imports from China, six of which were subsequently revoked after Customs determined that the facility in question did not utilize prison labor. The remaining detention orders, dating as far as back as 1991, are still in effect due to the lack of any contradicting information which would allow Customs to revoke the order. The suspect goods cannot enter the United States and represent a financial loss to the exporters. Customs has also issued six findings banning importation of suspect goods from China, two of which were subsequently revoked.

Implementation of the 1992 MOU prohibiting import and export trade in prison labor products has never been smooth or straightforward. Cooperation from the

Ministry Of Justice has been erratic. There are certain facilities to which the Chinese government has been reluctant to give Customs access, perhaps because they present national security concerns or are in sensitive locations. As in many other issues in Sino-U.S. relations, the decentralization of authority within China has hampered prompt enforcement of our agreement. Ministry of Justice officials have sometimes attributed a lack of more rapid progress on investigations and visits to the intransigence of local officials. In addition, inadequate record keeping by prison officials has not facilitated investigation. Also, Chinese cooperation has often been a function of the state of bilateral relations.

We have taken steps—beginning with negotiation of the SOC to raising the issue at high level meetings—to address the problem of implementation under the MOU. Chinese cooperation is essential to successful performance and enforcement. We need to conduct site visits and have direct access to information since we lack means of independent verification. We will continue to explore ways to enhance Chinese willingness to cooperate. This willingness is not something which can effectively be written into an agreement. Rather improved cooperation is more likely to result from steady, determined diplomacy and engagement by the Embassy, solid investigations by U.S. Customs, and the relationships our officials develop on the ground with Chinese counterparts.

At present, it appears that the Ministry of Justice may be prepared to improve cooperation on this sensitive issue. We believe the best strategy is to regularly send investigation/visit requests to clear up the current backlog of cases. U.S. Customs will continue to present new cases to the Chinese as we develop information. We will also continue to raise the issue of cooperation and the importance of effective MOU implementation at every appropriate opportunity.

Mr. Chairman, in conclusion, I wish to assure you that the Administration will continue to actively pursue President Clinton's commitment to implement this agreement effectively. Our goal is to ensure that no goods produced by prison labor enter this country in violation of U.S. law.

Thank you, Mr. Chairman.

Senator THOMAS. Thank you, sir.

Senator Wellstone, welcome. Glad to have you join us.

Senator WELLSTONE. Thank you, Mr. Chairman.

Senator THOMAS. Do you have any comment or shall we go to questioning?

Senator WELLSTONE. I have questions, but let us go to questions. I appreciate it.

Senator THOMAS. Why do we not do a 5-minute round and then we will go around again if we still need to do that.

Mr. Bader, the State Department's human rights report this year and last year contained almost identical language. This is it. "Although the signing of the SOC initially helped to foster some more productive relationships with the authorities, cooperation has been limited recently"—that's this year's report—"or stalled since mid-1995." That's last year's report. Both reports said, "Repeated delays in arranging prison site visits called into question Chinese intentions regarding the implementation of the MOU."

Let us kind of cut through the bureaucratese there. Is China complying with the obligations under the MOU?

Mr. BADER. They are not complying to the degree that we would like to see. We have had——

Senator THOMAS. Are they complying with the obligations?

Mr. BADER. I think we would have to look at the numbers, Mr. Chairman, to make a judgment on that. There have been some 60 some odd requests for information, and they have responded in about 50 of those cases. There have been about 20 requests for visits to facilities and about 13 of those have been facilitated. So, there has been a degree of cooperation but not the degree of cooperation that we would like.

Senator THOMAS. So, if we ask then a logical question, is China breaking U.S. law, what would be your answer?

Mr. BADER. I do not think that China is breaking U.S. law. I would say we believe there are facilities that may be exporting products of prison labor to the United States. That would be a violation of U.S. law. That would be a violation of Chinese law, but that would be the action of the entity concerned that would be a violation of the law.

We need Chinese cooperation in order to identify those facilities and that cooperation, as I say, has not been what we would like.

Senator THOMAS. In your prepared testimony, in March 1995, U.S. and China agreed that reeducation through labor facilities was—those were covered under the MOU. However, then you say that Customs has not to date visited any reeducation camps. Also this year's human rights report which covers 1996 again repeats, "Chinese authorities assert that the facilities are not prisons and have denied access under the 1992 MOU."

Does China allow Customs to visit reeducation labor facilities?

Mr. BADER. Thus far, as I understand it, Customs has not been permitted to visit any reeducation through labor facilities.

Senator THOMAS. Mr. Weise, on December 7, 1995, you wrote both Assistant Secretary Lord and Trade Representative Kantor to tell them that in your opinion—and I quote—"it is the U.S. Customs Service view that the MOU and SOC's are not working at this point and there is nothing more U.S. Customs can do to make it work."

What response did you get on your letters to Secretary Lord and Trade Representative Kantor?

Mr. WEISE. I did not receive a written response to that letter.

Senator THOMAS. Did the State Department follow up on your comment in any way?

Mr. WEISE. My understanding is the State Department took some actions vis-a-vis the Chinese, but I didn't get a report directly until preparation for this hearing.

Senator THOMAS. How about the U.S. Trade Representative?

Mr. WEISE. No, Senator.

Senator THOMAS. Mr. Johnson, the Department of the Treasury has supervisory and policy responsibility for the Customs Service. Is that not correct?

Mr. JOHNSON. That is correct, sir.

Senator THOMAS. What efforts did Treasury make to address the difficulties Customs is having in enforcing the MOU?

Mr. JOHNSON. Well, there have been several. Primarily the issues have been raised by Secretary Rubin at the highest levels with the Chinese Government at the JEC last November and recently in a bilateral meeting in April of this year.

Senator THOMAS. You know, we hear a lot about your difficulties and I guess I sympathize. But when we have something that is fairly clear in terms of MOU's and statements of cooperation, does simply raising the issue up enforcement represent a success? Is raising the issue enough to make us feel as if we have accomplished our task?

Mr. JOHNSON. Raising the issue or engaging in dialog, when we do not get the results, does not feel as if we have accomplished our

task, but we continue to press those issues and intend to continue to use whatever lever we can.

Senator THOMAS. Is raising the issue the only remedy?

Mr. JOHNSON. At a policy level, that is one of the remedies. On the ground, the agreements themselves provide a limited ability for enforceability, and that would be this. When the Customs Service wants to visit a facility because they have a basis for believing that the goods in question have been manufactured in a prison facility, Customs can impose a detention order and keep that order in place until they are granted access to that facility. That is a limited means of enforcing——

Senator THOMAS. What does the detention order mean?

Mr. JOHNSON. A detention order? A detention order means that there is a reasonable suspicion—I believe that is the standard—that the goods in question were produced with prison labor.

Senator THOMAS. Are they held or restrained at all?

Mr. WEISE. If I may, Senator. What that does is put a burden on the importer who is bringing that product in to demonstrate to our satisfaction that the goods that are before us were not produced by prison labor.

Senator THOMAS. And if you make that finding, what happens?

Mr. JOHNSON. Then the product will not be let in unless the importer within a 3-month period satisfies the burden that he has demonstrated to us that goods that we have before us were not actually produced in prison.

Senator THOMAS. In the meantime, they cannot be moved?

Mr. WEISE. In the meantime, the products cannot enter the commerce of the United States.

Senator THOMAS. Senator Biden.

Senator BIDEN. Thanks, Mr. Chairman.

Mr. Weise, how many detention orders have you issued?

Mr. JOHNSON. We have issued a total of 27. There are currently 20 outstanding—21 outstanding, 20 of which are China. There was one other country.

Senator BIDEN. 20 Chinese detention orders.

Mr. WEISE. That is correct.

Senator BIDEN. Have any of them resulted in inspections?

Mr. WEISE. Inspections?

Senator BIDEN. Well, there is a detention order.

Mr. WEISE. Right.

Senator BIDEN. With a detention order, you have to have the importer prove to you that it is not made with, in this case, prison labor. The only way I assume you can be satisfied that they are telling you the truth is to inspect the facility where the product was made. I assume. Right?

Mr. WEISE. We have had 20 requests for visits that we have made to Chinese prisons.

Senator BIDEN. Let us back up here. Let us make this real simple. I am not with the State Department or Customs. I am just a plain old Senator. OK? I know you are not State, but you are talking like a State guy.

Here is what I want to know. Let us just be real basic so I can understand it and everybody at home can understand it.

Somebody comes to you and says, either our Government or out of Government, the product that is being brought in by XYZ Importers was made with prison labor. You have a reasonable suspicion that that is true. You or somebody in the Federal Government says, XYZ Importer, you cannot bring that product off the dock or off the ship. You cannot put it in the U.S. market until you satisfy us that that product was not made with prison labor, and here is why we think it was made with prison labor.

You have done that 20 times. Now, of the 20 times you have done that, how many times has somebody said to you, OK, I can prove it to you? Come with me. I will show you where it was made.

One of the reasons for the detention order and the reason why Mickey put it in was to get you access. Now, how many times has it gotten you access to facilities you had otherwise not gotten access to or gotten access in the first instance at the first request?

Mr. WEISE. We have only had access 13 times out of the 20.

Senator BIDEN. Out of the 20 you have issued. Let us be real precise. OK? 20 detention orders, 20 requests that flow from the detention orders, 13 requests granted. Right?

Mr. WEISE. That is right.

Senator BIDEN. Now, what happened to those 13 requests that were granted? Was it confirmed or was it left ambiguous or what was the result?

Mr. WEISE. There was no instance where we confirmed both the fact that the product was being produced within the prison by prison labor and that the product had been exported to the United States. We have had instances where we have confirmed that indeed there was a product as described to us that was being produced in that prison, but we were not able to prove the connection that that product was then exported to the United States.

The thing I need to clarify, Senator, is that more often than not, the process does not begin with an importation in front of us. The process generally begins with an allegation that a particular kind of product was being produced in a prison. That is when we then look at the evidence. We look at the information that is provided to us, and if we have a reasonable suspicion that there is something there, that is when a detention order is issued. Usually we do not have a shipment at our docks when this process begins.

Senator BIDEN. No, I got that, but it could be at your dock.

Mr. WEISE. It could be at our dock.

Senator BIDEN. It could be at your dock, could be on its way, or it could be in the future.

Mr. WEISE. That is right, but once a detention order is in place, we try working on both ends. We immediately get word out to all of our field operations to be on the lookout for this product coming from this place. Meanwhile we start working the other end to try to get into the facility to see if we can confirm, as I said, the two elements, both the fact that the product is produced there and some evidence that it indeed has been shipped to the United States.

Senator BIDEN. Let me ask State and Treasury. Do we know how many reeducation camps there are in China? Do we have an estimate of what we think there are? How many?

Mr. BADER. We have an estimate of how many people are detained in such facilities. The number runs about 200,000.

Senator BIDEN. 200,000 people. Now, can you estimate the value of goods produced in these camps? Do you have any idea? Not whether or not they are importing to the United States. Do we have any sense of the value of goods produced in these reeducation camps?

Mr. JOHNSON. Senator, I do not.

Senator BIDEN. Well, not you. Does anybody who works with you? I know you are smart, but there may be somebody else who knows something you do not. Do you have any idea? Does anybody in the Federal Government have any idea?

Mr. JOHNSON. That would be something that I would want to get back to you on, Senator.

Senator BIDEN. The answer is you do not know. Right?

Mr. JOHNSON. That is correct, Senator.

Senator BIDEN. I am not trying to put you on the spot. I just want straight answers. OK? If you do not know, you do not know.

Now, my time is about up. Let me—my time is up.

Senator THOMAS. Saved by the bell.

Senator BIDEN. Fortunately.

Senator THOMAS. The Senator from Missouri.

Senator ASHCROFT. Thank you, Mr. Chairman.

Mr. Bader, I think I heard you say that Chinese compliance is a function of the state of bilateral relations. Does this mean that Chinese choose to comply at some times and not to comply at others and they disregard the agreements based on the way they feel about the U.S. at a particular time?

Mr. BADER. Yes, I would say that is what it means, Senator. During periods when the relationship has been going through difficult times, Chinese cooperation has either halted or been grudging.

Senator ASHCROFT. Is this true about more than the agreements about prison labor things? Would that explain, for instance, the willingness of the Chinese to repudiate by their conduct the missile technology control regime and things like that?

Mr. BADER. Senator, looking back over the last few years, I think we have seen on the missile technology side less scrupulous behavior by the Chinese during periods when relations have been bad. That is my view, yes.

Senator ASHCROFT. So, in general, agreements with China are honored when they sort of feel like it and feel good toward us and dishonored when they do not feel good toward us.

Mr. BADER. I would say that the Chinese are more prone to exploit gray areas in their favor during periods when relations are difficult. Yes.

Senator ASHCROFT. You seemed to suggest that these goods might be imported but it wouldn't be a responsibility of the Government, that these were actions by the entity concerned. What did you mean by the entity concerned as opposed to the Government?

Mr. BADER. I am not a lawyer, but I was making what I hoped was a narrow legal point, that if there is a violation of U.S. law, it would be by the facility that was producing the product and that the law I think would not implicate the Chinese Government.

Senator ASHCROFT. Which facilities are these? Are these prison facilities?

Mr. BADER. Well, the facilities in question, some are prison facilities, yes, and some are corporate entities with relations with prisons and some are not.

Senator ASHCROFT. So, a product that is once removed from the prison and either packaged by another entity or——

Mr. BADER. That is right. You might have a state-owned enterprise or a private enterprise with a relationship with a prison facility.

Senator ASHCROFT. The 200,000 individuals that are part of these laogai. Have these individuals been tried and convicted of a crime?

Mr. BADER. No, they have not. They have been sentenced to up to 3 years by administrative proceedings by local authorities. They have not gone through the Chinese justice system.

Senator ASHCROFT. For what purpose have they been sentenced?

Mr. BADER. There is a whole range of offenses, Senator. I would have to get back to you with the specifics on that.

[The following material was subsequently supplied for the hearing record by Mr. Bader.]

According to a 1982 State Council internal communique to the Public Security Bureau, suspects thought to be "counter-revolutionary elements, anti-party and anti-socialist elements" are among those who may be sentenced to "laogai."

Senator ASHCROFT. So, they are sentenced for offenses, but they have not really been tried.

Mr. BADER. They have not gone through a trial with due process through the Chinese justice system. That is right.

Senator ASHCROFT. Are they free to leave these facilities?

Mr. BADER. No, they are not.

Senator ASHCROFT. And are they required to work in these facilities?

Mr. BADER. Yes, they are.

Senator ASHCROFT. And there is this category of facilities where 200,000 people are detained and we have no access whatever to those facilities under our agreement?

Mr. BADER. Our interpretation of the agreement is that these are prison or forced labor products and that we should have access. The Chinese have not granted us access to date. That is right.

Senator ASHCROFT. So, we have no access. We interpret ourselves as having the right of access. So, we have the potential without the right of inspection now, at least by the Chinese, of 200,000 people being forced to manufacture items which might come into our country, and we have no ability to even ascertain whether or not that is——

Mr. BADER. That is correct, Senator. Just one or two brief points on that.

Recently the Chinese have agreed to respond to a request for information on a laogai case, although they have not granted access to the facility.

The other point is, as Jim Johnson pointed out, we can put the detention order on the product if we believe it is from a laogai facility. But you are right. We have not been able to inspect such facilities.

Senator ASHCROFT. Is it your view that we have never had adequate information to ask the Chinese in any of these situations to cease behavior related to a specific case?

Mr. BADER. I am not sure I am the best member of the panel to address that question. Customs might be in a better position to judge the adequacy of information.

Senator ASHCROFT. Is that your way of saying you do not know or do not have a view?

Mr. BADER. Well, the information we get is usually spotty, and that is why we have this process for investigation.

Senator ASHCROFT. At least the agreement has not provided us with access to these 200,000 individuals.

Mr. BADER. That is correct.

Senator THOMAS. Senator Robb?

Senator ROBB. Thank you, Mr. Chairman.

Mr. Johnson, on page 3 of your testimony you indicated there are "recent indications from our embassy that the Chinese Ministry of Justice is expected to improve cooperation over the coming months." Could you tell us exactly what are those recent indications?

Mr. JOHNSON. Those would be the two cases that—allegations that they have agreed to assist us to look into.

Senator ROBB. So, it's simply an expressed willingness to look into allegations that have been raised.

Mr. JOHNSON. That is correct within recent months.

Senator ROBB. I am not sure which one of the three panelists might know the answer. I do not remember at this point which one of the three or if all three of you accompanied the Vice President on his recent visit to China. But do you know if this question of prison labor was specifically raised and discussed in his conversations with the appropriate officials one way or another?

Mr. BADER. I do not know.

Mr. JOHNSON. No, I do not know, sir.

Mr. WEISE. I do not know.

Senator ROBB. Were any of you on that trip? I met with him briefly. Some of us did, but I did not take a look at who all——

Mr. JOHNSON. No, sir, I was not. I do not believe anyone was.

Senator ROBB. Mr. Bader, if I may, the U.S., as I understand, has issued six findings actually banning the importation of goods. There were some 20 detentions, 13 access, if I understand all this and the relationship. First of all, I gather, for again the laymen to understand, that a detention might be something on the order of an indictment in a criminal proceeding and a finding would be a conviction and an access would be a trial or whatever the case may be. In other words, is that a logical sequence of events?

Mr. WEISE. If I may, Senator, it is not quite analogous to that. A detention order basically results when we have what is called a reasonable suspicion that an allegation has been made and there is something to it.

Senator ROBB. Well, then a warrant issued for an arrest perhaps would be a better analogy.

Mr. WEISE. The finding actually is something where we have found that there is—when we say probable cause that the allegation is accurate, and then we would take a more restrictive action.

We would, in effect, prohibit. These goods just could not be imported until we could resolve that matter completely once we got to a finding state.

Senator ROBB. Given the difficulties that we are encountering at the moment with lack of access that were raised by Senator Ashcroft, would that indicate that a new memorandum of agreement or understanding ought to be entered into at this point?

Mr. WEISE. As far as U.S. Customs is concerned—and we have the responsibility for enforcing and administering this—we feel that the basic terms of the memorandum of understanding allow us to do our work. What the frustration has been is the Chinese apparent unwillingness to abide by the terms of the memorandum of understanding as supplemented by the supplemental agreement of 1994.

For example, under the terms of that, when we make a request to visit a facility, within 60 days after that request is made, we ought to be able to visit that facility. If they were complying with the terms of the current understandings, I think we could do a more effective enforcement job. The problem is not so much with what is not in those understandings and agreements, it is that they are not being carried out.

Senator ROBB. Given the fact that there appears to be progress on the IPR front, are there any lessons to be drawn from this in terms of how we might approach the prison labor question? Mr. Bader, that is probably best directed to you.

Mr. BADER. Well, I think as the Commissioner said, the statement of cooperation and the memorandum do have what we need. I am not sure what changes would result in better implementation.

I think the key point here is the ability of Customs to slap a detention order on products so that puts the burden on the Chinese to satisfy us. We can take another look and see if there are other ways to assure better implementation. But right now, the way it is structured, the Chinese have an incentive to cooperate. In the case of the IPR agreement, we were dealing with illegal facilities in China producing products and the Chinese Government was asked to shut them down and substantially has. In this case, of course, we are dealing not with illegal facilities, but we are dealing with violations of Chinese law, as well as American law.

Senator ROBB. Let me ask just one final question and that is how other nations in Asia and Europe are responding to the concerns that we are addressing here about prison labor. Is there support for the U.S. position either rhetorically or——

Mr. BADER. Sorry, Senator. There has been interest in the subject of prison labor in Europe, and I think a member of your next panel, Harry Wu, deserves a good deal of the credit for raising consciousness in Europe on that subject. I am not aware of to what degree European laws or European actions have paralleled our own, but there is a consciousness.

Senator ROBB. Are you aware of any European country that has attempted to deal with the situation the way we have?

Mr. BADER. I personally am not. I do not know if the Commissioner is. I can get back to you with a formal answer on that, but I personally am not.

[The following material was subsequently supplied for the hearing record by Mr. Bader.]

The U.S. and EU share the common goal of integrating China into the international community. We have consistently conveyed to the EU the need for a common approach to China on human rights, non-proliferation, and other concerns.

U.S. officials have raised the specific issue of prison labor in China with EU officials. The EU supports strengthening provisions for monitoring ILO conventions on core labor standards. However, the EU has no agreement with China on the use of forced labor. European Commission Vice President Sir Leon Brittan has stated that the EU would not withdraw GSP from China as a result of allegations of the use of forced labor there even if the International Confederation of Free Trade Unions or other body were to present a formal petition in this regard.

On separate occasions, government officials from the United Kingdom, Germany, Canada and Australia have indicated that Chinese prison labor exports are not an issue of concern in their bilateral relations with China.

Senator ROBB. My time is expired. Thank you, Mr. Chairman.

Senator THOMAS. Senator Wellstone.

Senator WELLSTONE. Thank you, Mr. Chairman.

I will wait for Mr. Wu's testimony, but a recent CRS report stated, "Evidence suggests that China may be utilizing forced labor on a large scale in order to boost its exports, a large portion of which may be targeted in the United States. In 1991, the Library of Congress expert estimated that over 50 percent of the prison-made goods in China are exported."

What I am having a little bit of trouble understanding is this—I am a kind of lay person to this, but I was following closely the questions on this whole issue of access. What is the procedure again? What do you call it when you stop something? You call it a——

Mr. WEISE. A detention order.

Senator WELLSTONE. A detention order.

Mr. WEISE. And then a finding.

Senator WELLSTONE. I am just trying to figure out exactly how this works. Why would China give you access to forced prison labor camps? They are not going to do that. What does access really mean? You go where they want you to go and nowhere else. Correct?

Mr. WEISE. Well, in practicality that perhaps has been the way it has worked out, but they have entered into this memorandum of understanding of 1992 where they have agreed to give us access on our request when we have an allegation, and in the follow up agreement of 1994, they have even agreed within a set timeframe, within 60 days, of our request they would allow us access.

Senator WELLSTONE. And you think you are getting that access?

Mr. WEISE. We have been into 13 facilities, but the problem has been that there has been a long delay from the point where the initial request has been made before we have actually gotten into some of these facilities.

Senator WELLSTONE. What reason in the world would we have to believe—I mean, they are not stupid. They are not going to take you onsite and give you the smoking gun and let you take pictures of people in forced prison labor camps. I just do not understand.

Mr. WEISE. Senator, they have never denied that they have prisoners producing products. The issue really is are the products that they produce being exported to the United States.

Senator WELLSTONE. That is correct.

Mr. WEISE. And they have a law, or at least a regulation, since I guess it was 1991 that under Chinese law prohibits the exportation of these products to the United States.

The issue is whether we can find evidence that the products that were produced—and we have seen directly these products being produced by prisoners, but we have not yet seen any evidence that those products were exported directly to the United States based on our visits.

Senator WELLSTONE. And I am saying I doubt whether or not they are going to provide you with the smoking gun for you to do that. They do not seem to be me to be stupid. They do seem to me to commit monstrous violations of human rights of citizens in the country.

I guess my question, Mr. Chairman, is I look at the recent CRS report and I hear from Customs and State today that certainly the People's Republic of China is not fully complying with this MOU on prison labor. I do not see, therefore, what is the alternative. How are we going to in fact make sure that our law is not violated and in fact there is some living up to this?

Mr. Fiedler, AFL–CIO, in his prepared statement, Mr. Chairman, urges that Customs, based on credible information, ban entire categories of products from China if it is found that forced labor products of the same type are being sent to the United States. I guess my question for Mr. Johnson and Mr. Weise is, do you agree that this should be done? Why do we not come up with something?

We know full well they are not fully complying. Some of us think they are not complying really at all. We know what our law of the land says. We know the President made MFN conditional upon living up to this agreement. Why not this alternative? What are we going to do to make this serious?

Mr. WEISE. The first thing I would say, if I may, is that under current law, as our counsel has interpreted it, we are not permitted to take the kind of action you have suggested. If we were going to do that, the law would need to be changed to permit Customs to take that kind of action, and then it becomes a policy question as to whether the Congress and the administration feel that is the right approach.

Obviously, there would be an awful lot of people who are dealing in legitimate business who would be potentially adversely impacted by that and products that were actually not produced in prisons would be impacted by that. But that is a policy question for——

Senator WELLSTONE. Customs could only take this action based upon credible information. Would you agree that this would be an alternative that would make sense since what we are doing right now, clearly we do not have anything close to full compliance of our memorandum of understanding?

Mr. WEISE. It is difficult. It is a policy issue. As the Commissioner of Customs responsible for enforcing law and not for making policy, I would defer to the State Department and the Treasury Department on making a policy judgment on that.

Senator WELLSTONE. Mr. Johnson?

Mr. JOHNSON. With respect to the issue of credible information, are we talking about information that currently is not being consid-

ered in the process that is in place now, not the MOU process but in the detention order process.

The difficulty that we have had with detention orders is precisely what we are talking about, lack of credible information. So, I am not certain how efficacious—if we impose a regime that was contingent upon us getting credible information, I do not see how, given our difficulty in getting information, that would solve the problem. I think the detention order and then the regime that we have in place, contingent as it is on our getting information, would work better if we were able to get more information, which is just the frustration that the investigators and Commissioner Weise have been talking about.

Senator WELLSTONE. Mr. Chairman, I will not go any further right now. I think if I could just make one quick point.

The issue of operational definition of credible information is out there, but on the other hand, we are talking about Customs then really banning entire categories of products from China. We are talking about rather sweeping action. I grant you this is a challenge, but I think we ought to be thinking about something more serious that will lead to some real enforcement because right now this is a charade.

Senator THOMAS. Senator Feingold.

Senator FEINGOLD. Thank you, Mr. Chairman. I want to thank the witnesses and the chair for holding this hearing.

I have some questions that I would like to submit for the record but we are only given limited time here, and given the significance of this subject, I am going to use my time to simply help try to send a message, the kind of message that Senator Wellstone was just sending, by making a statement about my feelings on this.

Unfortunately, for those of us who are concerned about human rights issues in China, there are just an awful lot of areas we can focus on, a lot of choices. General freedoms that most Americans take for granted are not guaranteed in China. Freedoms of speech, of assembly, of association, of religious practice, as we learned at a hearing last week with regard to Tibet, and of privacy are severely restricted and massive human rights abuses continue throughout China.

The forced use of prison labor is another issue that should concern us, and I think it's interesting to note. Unlike some of the other ones where people say, well, this is about religious practices or about other issues, this actually does have to do with trade. This does have to do with goods that come into this country.

Since the Communist Chinese Party took power in 1949, reform through labor has been a key component of the party's effort to maintain its monopoly on power. Previously in the time of Chairman Mao Tse-tung, the Communist regime forced intellectuals and dissenters to toil at labor camps as a way to humiliate them and break their spirit. Harry Wu, who will testify later on, knows this system firsthand. Over the course of his 19-year imprisonment in China, Mr. Wu was forced to work on farms, in steel mills, and in coal mines.

The condition of these prison labor camps has always been horrendous. According to reports by Human Rights Watch-Asia, prisoners are routinely denied proper food and medical care. Some,

particularly political prisoners, are subject to beatings, electric shocks, and other forms of torture. On top of this, many are forced to do back-breaking labor for as much as 14 hours a day.

Today prison labor is still being used as a means of political control in China. With the Chinese leadership determined to boost economic growth, prison labor has also become a means of increasing China's exports. As many as 20 million people are estimated to be working in Chinese labor camps, many producing products specifically for export.

As you know, Mr. Chairman, the United States and the People's Republic of China did sign this memorandum of understanding in 1992 whereby China agreed not to export goods made with prison labor to the United States. China has failed to live up to the agreement. Since 1992, our Customs Service has had to confiscate shipments of nearly 2 dozen types of products, including hand tools, artificial flowers, and even diesel engines, after it was discovered these goods were being made using forced prison labor.

Most observers of this problem estimate that only a tiny fraction of prison goods are actually detected and the majority, potentially billions of dollars worth, every year appear on store shelves in the United States. As with so many human rights issues, the Chinese leadership has chosen a path of deception rather than openness. According to the State Department's 1996 report on Human Rights, Chinese authorities granted U.S. Customs inspectors access to only one prison labor facility in the entire year of 1996.

In short, Mr. Chairman, Chinese compliance with the 1992 MOU and subsequent agreements has been a joke. The continued human rights abuses in China's prison system and the use of forced labor is just one of many reasons why I oppose extending China's Most Favored Nation trade status. The United States should not grant trade privileges to nations which attempt to dump into our markets products made in appalling safety and health conditions by prisoners forced to work virtually all of their waking hours. What makes the situation even more deplorable is that fact that under Chinese law people can be sentenced to up to 3 years of hard labor without any kind of trial.

Mr. Chairman, I believe this hearing is already shedding some light on the true situation in China's prison labor camps. I hope more light is shed, but this is obviously a matter that is of increasing interest on both sides of the aisle and is a message that I think should be sent straight across to the People's Republic of China. We are deeply concerned that these practices continue.

Thank you, Mr. Chairman.

Senator THOMAS. Thank you, Senator.

Senator Feinstein.

Senator FEINSTEIN. Mr. Chairman, I would ask unanimous consent that my remarks be included in the record.

Senator THOMAS. Without objection.

[The prepared statement of Senator Feinstein follows:]

PREPARED STATEMENT OF SENATOR FEINSTEIN

Mr. Chairman, thank you for calling this hearing today. I want to welcome our witnesses here to discuss the important problem of enforcing our agreements with the People's Republic of China relating to prison labor.

Prison labor is not a new issue, neither in general nor for Congress. Prison labor is widely practiced in various forms around the world, including in the United States. But, Congress has always had the concern that the United States should not import goods produced by prison labor overseas, especially from non-democratic countries, whose prisons are more likely to be abusive.

So 67 years ago, as part of the Tariff Act of 1930, Congress passed a law banning the import of any item "mined, produced, or manufactured wholly or in part in any foreign country by convict labor or/and forced labor or/and indentured labor." This act remains the law of the land to this day, and some have raised concerns about whether it is sufficient to deal with the problems presented by today's global economy.

In the case of China, there have been serious concerns that the United States has not been able to prevent the importation of prison labor goods. These concerns led to the Memorandum of Understanding of 1992 and the Statement of Cooperation of. 1994. These agreements, if properly enforced, give the United States the ability to screen prison labor products through information-sharing and site visits.

The focus of this hearing, I hope, will be on whether these agreements have been adequate mechanisms for keeping Chinese prison labor goods out of the United States. If the answer is no, then the next question must be, what additional tools do we need to achieve this goal? I look forward to hearing our witnesses answers to these questions.

More broadly, I think it is important to take note of how far we have come on this issue, and its implications for U.S.-China cooperation across the board. Reaching agreements with China on the issue of prison labor is an impressive achievement, which could not have been reached several years ago. Now, as is often the case with China, we need to work with them to establish an acceptable level of implementation of the agreements.

Undoubtedly there are some who would conclude from our problems implementing these agreements that we have no choice but to throw up our hands and say, "We cannot do business with the Chinese." Well, I believe that would be the wrong conclusion.

We have every right to expect China to live up to agreements it signs. But we must understand that the rule of law is only beginning to take root in China, after 5,000 years of the rule of man.

The application of the rule of law is still uneven. On the one hand, we have very positive developments, like the news this week that China has sentenced four people to lengthy prison terms for smuggling AK-47 assault weapons to the United States. That is an extremely positive sign. There are also very encouraging reports that China is now enforcing our intellectual property rights agreements with genuine vigor.

But on the other hand, there are significant gaps. The subject of today's hearing may well be one of those gaps, as are many of China's human rights practices.

It seems to me that the solution to this problem, the way to bridge these gaps, is to work even more closely with China and insist that agreements be upheld and that commitments be kept. The first step in any negotiation is to reach an agreement, and we should not underestimate the accomplishment these prison labor agreements represent. Now we must continue to press China for meaningful implementation of these and other agreements -- but we can only do that if we remain engaged.

In this regard, I want to take this opportunity to express my strong support for President Clinton's wise decision this week to extend China's Most Favored Nation status for another year. Some people have expressed frustration with various Chinese policies, and have concluded that the only solution is to punish China by depriving it of MFN.

Well, not only would ending MFN punish ourselves more than the Chinese, but it would also be counterproductive to every issue that has been raised as a concern. If we want to make any progress on human rights in China, if we want to make any progress on non-proliferation, if we want to protect the rights of the people of Hong Kong, and yes, if we want to make progress on the issue of prison labor, we only can only do so if we are fully engaged with China, as we only can be with MFN in place.

Thank you, Mr. Chairman. I look forward to today's testimony.

Senator FEINSTEIN. I do not agree—and I very much respect my colleague from Wisconsin—that shutting down MFN is the way to deal with this. I think that would only isolate China and certainly

would not in any way, shape, or form change the conditions that we are talking about here.

I just read the memorandum of understanding and, Mr. Bader, let me address these questions to you. It sets forward a pretty straightforward process to be entered into by both sides. Treasury has said, well, 20 sites under this process have been pointed out and the United States has been given access to 13 of them. Now, that leaves seven of those sites.

What have we done to bring to the attention of the highest levels of the Chinese Government the problems that we believe exist in these seven sites, and what response have we had to that?

Mr. BADER. Senator, we have raised the issue of prison labor generally at the highest levels of the Chinese Government, as was mentioned earlier, with Vice Premier Qian Qichan during his visit.

As for the specific cases, I do not recall discussion of specific cases at the highest levels. The way that the cases that you are mentioning now are handled is through detention orders. If we cannot satisfy ourselves that there are no prison labor products coming from these facilities, detention orders can remain in effect.

Senator FEINSTEIN. Well, just for whatever it is worth, my experience once again is that very often—and this was true in the IPR problem—the highest level of the Chinese Government does not know what some of the ministries are doing with specifics. If we accept the fact that both the statement of cooperation and the memorandum of understanding were entered into in good faith and if we accept the fact that there are violations and that we want to change those violations, it would seem to me that a State Department policy, respectfully, should be to bring the specific camps or *laogai*s or *laogia*s, whatever you want to say they are, to the attention of the highest level with names and dates and places.

I found out that in the IPR, once the 30-plus specific factories which the Governor of Guangdong Province had said were closed were not closed, were brought to the attention of the highest levels of the government, they were closed.

I would only suggest that—I hear the instant condemnation here, and yet I also hear that the specifics have never been brought to the highest levels of the government. I would respectfully submit that I think that should happen.

I would furthermore request copies of any letters that have been sent by the State Department or any other Department, Treasury, Customs, to high level government officials pointing out an abrogation of this MOU or the SOC be given to this committee. I intend to follow up and see what specifics have been brought to their attention. I think this is the signal lapse in our policy of engagement, following up on specifics in precise ways.

If you would like to comment on that any further, any of you, I would appreciate it.

Neither the United States nor China has abrogated the MOU or the SOC. The State Department has consistently raised the issue of prison labor exports with Chinese authorities, both orally and in writing. Embassy officials also reference specific cases as the situation warrants.

With specific regard to senior administration officials, Deputy Assistant Secretary of State for East Asian Affairs Kent Wiedemann met with Ministry of Justice officials during a December 1995 visit to Beijing to stress the need for prompt access to prison labor facilities and for getting the 1992 MOU back on track.

Most recently, Secretary Rubin during his April meeting with Vice Premier Qian Qichen raised the issue of cooperation under the MOU in Washington. Qian agreed that improved overall cooperation was essential, including enhanced cooperation on prison labor export issues.

Attached:

- June 1997 letter from U.S. Ambassador to China James Sasser to Chinese Minister of Justice.
- September 1994 letter from Minister-Counselor for Economic Affairs to Ministry of Justice Bureau of Prison Management Deputy Director.

EMBASSY OF THE
UNITED STATES OF AMERICA
BEIJING, CHINA

June 25, 1997

THE AMBASSADOR

Dear Mr. Minister:

I am writing to you about a matter of mutual concern -- the export of prison labor products from China to the United States. As you know, such activities represent violations of PRC and U.S. laws. The Embassy has worked hard with your Ministry to strengthen cooperation under the 1992 Memorandum of Understanding between the U.S. and China prohibiting import and export trade in prison labor products, in accordance with the 1994 Statement of Cooperation. As you may be aware, there continues to be a great deal of interest in the United States in seeking greater success for our joint efforts to prevent entry of prison labor products into the United States.

Your Ministry's cooperation in recent months has enabled the United States Customs Service to investigate several cases of alleged prison labor imports from China. We appreciate the timely responses of the Ministry of Justice in the cases of the Xinyi Toy Factory and the Tianjin Malleable Iron Factory. Based on the responses, Customs was able to close the former case and will pursue the latter with the Tianjin Municipal Foreign Affairs Office.

We are also in receipt of your Ministry's response to our April 20 request to visit the Shandong Beishu Graphite Mine, Qingdao Graphite Mine and Nanshu Graphite Mine. We were disappointed to learn that the requested visit had not been approved. We appreciate your efforts in communicating with the relevant parties and hope we can soon receive a positive response to this request.

Currently, we are reviewing our files in an effort to conclude outstanding cases. We request the assistance of the Ministry of Justice in this work. In support of these efforts, I would ask your help on obtaining expeditious approval to visit the following facilities:

-- Guangzhou Tianhe Hutong Industry, to which visits were requested on February 9, 1995, and June 15, 1995;

-- Nanhu Tree Farm, to which a visit was requested on March 17, 1995;

-- Beijing Number 2 Prison/Latex Factory, to which a visit was requested on March 17, 1995;

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June 25, 1997

-- Jinma Diesel, to which a limited access visit was granted after an initial request on October 23, 1992. Follow-up visits were requested on November 10, 1992, January 28, 1993, and March 23, 1993

-- Wuyi Machinery Factory, also known as Zhejiang Number 1 Prison or Zhejiang Heavy Duty Machinery Factory, to which visits were requested on May 31, 1995, and August 11, 1995, and

-- Guangzhou Reeducation Through Labor Camp, to which a visit was requested on February 3, 1995

We also look forward to a response from the Ministry of Justice on the following visit requests which currently fall within the 60-day time frame outlined in the 1994 Statement of Cooperation:

-- Hangzhou Qianjiang Hardware Tools, also known as Hangzhou Shenda Tool Factory and associated Zhejiang #2 Prison, to which a visit was requested on May 15, 1997; and

-- Hangzhou Superpower Hoist Works, to which a visit was requested on May 21, 1997.

We appreciate your assistance in resolving these outstanding cases and look forward to future cooperation on this issue.

Sincerely,

James R. Sasser

His Excellency Xiao Yang
Minister of Justice
Beijing, China

Embassy of the United States of America

Beijing, China
September 19, 1994

Mr. Wang Xusheng
Deputy Director
Bureau of Prison Management
Ministry of Justice
Beijing, China

Dear Mr. Wang:

Thank you for your letter of September 15th. I note with interest your Bureau's name change and congratulate you on your promotion to the position of Deputy Director. I look forward to the continuation of our excellent cooperation and working relationship.

We regret that you are unable to persuade the local Yunnan authorities to permit our revisit to the Jinma Diesel Engine Factory. This case, as you know, has been dragging on for almost two years now. It is unfortunate that this case must remain unresolved pending this factory revisit and a visit to Yunnan Number 1 Prison. Please continue your efforts to convince the local authorities of the need to permit our revisit to this factory. We have now established a proven track record of resolving cases through visits and investigations, and we must resolve the Jinma case in the same manner.

In the interim and in response to the offer set forth in your letter, we request that visits be arranged to the two Shanghai facilities, Shanghai Laodong Machinery Factory and Shanghai Laodong Steel Pipe Works. I realize that we have been arranging visits one at a time, but I make this request to arrange two visits for the following reasons:

1) In the interest of convenience for both sides - These facilities are in the same general geographic area, and, by devoting several days to these cases, both could be visited in one trip to the Shanghai area.

2) In the interest of accelerating the resolution of our long outstanding cases - These two cases, like the Jinma Diesel case and the Shandong Laiyang Heavy Duty Machinery Factory, have been pending for almost two years and are in dire need of resolution. Accelerating the process of resolving these old

and troublesome cases, cases which are almost as old as the MOU itself, would be of mutual benefit to both our sides and would allow us to deal with and resolve more current issues.

We would be happy to meet with you to discuss these issues as soon after you return as possible. Thank you for your continuing cooperation in these matters.

Christopher J. Szymanski

Minister-Counselor for
Economic Affairs

Mr. BADER. I certainly take your point, Senator. I think it is a good point. I have absolutely no quarrel with it. We will get back to you with the documentation.

In my statement I noted one of the problems in enforcement—and there are numerous problems in this area—but one has been the decentralization of authority in the Chinese system in recent years, like the IPR issue that Senator Robb alluded to. So, sometimes you have an intention to cooperate at the center but you have resistance in the field. So, the kind of approach that you are talking about might help shake loose that kind of resistance.

Senator FEINSTEIN. See, my view is once anybody can commit documentation that the specifics have been brought to the attention of the leadership—the leadership—in Beijing and Beijing does nothing to correct it, then I think we must take action rapidly. What I want to see is those specifics. When I have looked through, I have looked for those specifics and maybe others testifying shortly will bring some of those specifics forward. But what is important to me is that those specifics get to the high level leadership. If there is no response, then we take action. But it sort of goes around in this never-never land of kind of—I will not say low level but mid-level diplomatic, vague discussion and we never really get down to the specifics.

I thank the chair.

Senator THOMAS. Thank you, Senator.

It appears that there is still more interest in questioning, so we can go around again. Maybe we can do it a little more rapidly.

Let me just make the observation that it seems to me, particularly as we enter into the Most-Favored-Nation debate, that the alternative to pursuing an MFN cut-off is to enforce these more specific actions or sanctions and that we keep talking about. We know that things are going on there we do not like.

The question is why does what we are doing not work better? And why, having had your experience, gentlemen, has there not been some suggestion that doing what we are doing is not going to work? Unless we change what we are doing, the results are going to stay the same. So, I get a little bit impatient that we do not accept that we ought to be doing something a little different.

Mr. Weise, in your testimony you referred to almost a 4-year delay in the Shanghai Laodong Machinery Factory. Customs made a request in 1992, renewed again in 1993 and 1994. The request was finally granted in 1996.

Mr. Bader, your testimony referred to the case and used this as evidence of recent improvements. Now, do you suggest this case is compliance with the MOU?

Mr. BADER. Well, that would not be in compliance with the MOU since the statement of cooperation specifies a 60-day response time.

Senator THOMAS. You cited it as a recent improvement.

Mr. BADER. Yes, I did but I would not say it is in compliance, no. The record you just pointed out clearly is not in compliance.

Senator THOMAS. As a result of the visit, Customs withdrew the detention order against the products, pipe fittings. Did Customs make the request to visit this on the basis of credible information?

Mr. WEISE. Well, again, in order to have a detention order, we had a reasonable suspicion. We had information provided to us.

When we actually finally got into the plant, we did not see any evidence of prison labor producing the product.

Senator THOMAS. Well, after 4 years of having suspicion, would you expect to be successful?

Mr. WEISE. Well, that raises the obvious question, what had happened in the intervening 4 years. Had we gotten in a timely fashion within 60 days, would we have observed something differently than we saw 4 years later, and we can only speculate on that. But when we finally got into the plant, what we observed was they were not prisoners. This was not a prison facility and, on the basis of what we observed, we removed the detention order.

Senator THOMAS. I guess I would go back then to my first inquiry about your letters to the State Department and to the Trade Representative saying, in effect, that this is not working and there is nothing more you can do. What did you anticipate? What did you expect? What did you hope would happen as a result of those letters?

Mr. WEISE. Well, it was our expectation and our hope—this is a bit frustrating when we are the Customs Service. Our primary mission is here on the main part of the United States, but we have attache offices around the world. We have an important responsibility in China, but we are not the organization that typically interacts at senior levels within foreign governments. We depend a great deal on the embassy there and the State Department.

We were hoping, as a result of our letter, that we would have at a much higher level—as suggested by the Senator, brought to the attention of senior levels of the Chinese Government and that we would see some progress made in our working level carrying out our enforcement responsibilities.

Senator THOMAS. Have you made any suggestions to Treasury or anyone as to how this system might be made to work better?

Mr. WEISE. Well, we have had many discussions with the Treasury Department and the Secretary, as the Assistant Secretary has indicated, has at every opportunity raised this when he has had the opportunity when meeting with the Chinese.

Frankly, the frustration we have is that if we are going to be successful ultimately in proving a case to the satisfaction of a U.S. court of law, we really have to be able to have some evidence that would be upheld in a U.S. court of law. So, it is difficult for me to see how we in the United States can mandate a foreign nation to do what is expected of them other than through protocols and through interaction at very senior levels between our Government and theirs in terms of consequences for lack of carrying out their responsibilities.

Senator THOMAS. So, you are basically saying this system does not work and has little chance of working. Is that right?

Mr. WEISE. What I suggested in my opening comments is I would not be able to sit before you today and say that we, as far as the Customs Service in terms of our responsibility for carrying out this very important responsibility, feel that it is working as it was intended. It needs to be improved.

Senator THOMAS. Well, it seems to me what we do is we have these things that do not work, and instead of seeking to fix them,

then we turn to something broader to try and find a remedy and that does not work.

Senator Biden.

Senator BIDEN. I will pass but I will say only one thing. I think the last point you just made is absolutely accurate. The alternative to not enforcing this is going to be you are going to have trouble getting MFN.

I yield.

Senator FEINSTEIN. Could I ask one quick question?

Senator THOMAS. Sure.

Senator FEINSTEIN. The letter, Mr. Chairman, that you just referred to, to whom was it addressed?

Senator THOMAS. The letter was addressed from Customs to our friend, Ambassador Lord, and also to U.S. Trade Representative Mickey Kantor. It said basically—and I quote—"It is the U.S. Customs Service view that the MOU/SOC is not working at this point and there is nothing more U.S. Customs can do to make it work."

I presume the gentleman was asking for some remedy, some change, some authority because what we are doing ain't working.

Senator FEINSTEIN. Then the question would be, well, what has our side done about it, and maybe Mr. Bader might, if you would allow him, respond.

Senator THOMAS. Sure.

Mr. BADER. If I could give a brief additional comment to what the Commissioner said. Thank you, Senator.

Because we were aware of the concerns that Customs had at the time, we took advantage of a trip by my predecessor, Deputy Assistant Secretary of State Wiedemann, to Beijing at that time to raise at higher levels than had been raised before our concerns over non-implementation of the memorandum. This, you will recall, Senator, was at a time when we were getting no cooperation at all. It was in late 1995 when our relationship was in generally terrible shape.

Mr. Wiedemann got not a completely forthcoming answer but indications that the Chinese were prepared to resume cooperation, and then we followed up 2 or 3 months later at working levels and we began to—well, in 1996 we had the first clearing up of an old case that we had had for over a year.

So, again, I am not defending this as remotely satisfactory in terms of implementation, but we did take seriously the Commissioner's letter and tried to do something about it.

Senator FEINSTEIN. Could I just ask what the result of that was?

Mr. BADER. In 1996, after a year break, the Chinese did clear up one outstanding case, and in 1997, as was indicated in the testimony, we have had two more cases presented to the Chinese to which we have gotten responses.

Senator FEINSTEIN. Thank you, Mr. Chairman.

Senator THOMAS. Senator Robb?

Senator ROBB. Mr. Chairman, I am interested in hearing the next panel, so I just have one brief question with respect to this panel. Mr. Bader I think would be the appropriate person to ask.

Obviously our bilateral relationships with the PRC involve multidimensional, multi-faceted issues. Where would you say that the question of prison labor ranks in terms of importance vis-a-vis IPR,

Hong Kong reversion, PRC/Taiwan relations, security relationships, missile technology control, nuclear proliferation? Where does it come on the chart in terms of the relative importance in terms of the advancement of our bilateral relationship?

Mr. BADER. The first point, Senator, is it involves enforcement of our laws. So, therefore, obviously we take it very seriously.

In terms of issues with the PRC, typically in our conversations over the last year or 2, there have been five issues that have recurred over and over because of their importance, and they are Taiwan, nonproliferation, trade issues, human rights, and most recently Hong Kong.

Additionally, we have regularly, including at senior levels, raised law enforcement issues. We see law enforcement as an area where we should be cooperating more, and in that context prison labor is one of the law enforcement issues that has been raised.

As you are correctly implying, Senator, when you have a 2-hour meeting with the Chinese once every 3 months or 6 months at a senior level, it is very difficult to get through your entire agenda, and that is one of the reasons why I think it is essential that we have a deeper and broader engagement with the Chinese so that we can deal with the whole range of issues and not have to have this kind of triage of priorities when you have got an hour-and-a-half or 2-hour meeting.

Senator ROBB. "Triage" is perhaps an appropriate way to describe some of the negotiations.

Thank you, Mr. Chairman.

Senator FEINSTEIN. Just one quick observation, and this is just my opinion based on what I know but the SOC is signed by relatively low levels, on our side, the economic counselor at the U.S. Embassy in Beijing. I would assume, although I am not familiar in Chinese with the name on the document, it is a correspondingly low level. For something this sensitive, to have agreements that are signed by essentially low level people is a huge mistake. It may work in other countries, but in China I do not believe it does. I think the imprimatur really of the highest levels of the Government have to be on sensitive documents and particularly when they point out a whole path, step by step, of a process that has to be followed. So, I will just leave you with that for whatever it is worth.

Senator THOMAS. Senator Wellstone.

Senator WELLSTONE. Mr. Chairman, one comment because we have a debate on some amendments and some of us have to go down on the floor, and I do want to hear from Mr. Wu and others. This is just a quick comment, just a place where we may respectfully disagree, my colleague from California and I.

I am under the impression that when it comes to forced prison labor conditions and exporting of products, that the central Government of China is fully aware of what is going on. I do not have any illusions that this is happening at the local level and somehow people in the higher positions of authority just are not aware of it. I think they are quite well aware of it.

Senator THOMAS. We have a law against the importation of those things, you know.

Maybe I will just ask one more and then we will change. Mr. Weise, with respect to the Beishu graphite mine, Customs learned I believe about that in June 1995. The President of the importer admitted on national TV he knew the source was a prison camp. What is the status of that investigation?

Mr. WEISE. Mr. Thomas, I have information that we did begin this process, we first became aware of this in 1994. We drafted a detention order effective in mid-1995. Part of our information was provided by the Laogai Research Foundation. After a legal review by our chief counsel, it was determined that even though it was clear that Beishu was a prison labor facility, that Customs could not reasonably conclude that the graphite would likely be imported into the United States.

Although we withdrew the detention order, we continued to follow up on this and as recently as April of this year, our attache in Beijing requested a visit to Beishu and we are awaiting reply on that request.

Senator THOMAS. So, even though the importer indicated that that was the case, then there does not seem to be satisfactory evidence to do anything about it.

Mr. WEISE. We are still looking to try to get better evidence of that allegation.

Senator THOMAS. Gentlemen, thank you. We appreciated very much having you here. I hope that we can find some ways to cause this process to be a little more workable.

Mr. JOHNSON. Thank you, Mr. Chairman.

Mr. BADER. Thank you.

Senator THOMAS. If we could call the next panel please. Mr. Harry Wu, Executive Director of the Laogai Research Foundation; Mr. Jeffrey Fiedler, President, Food and Allied Service Trades, AFL–CIO; Ms. Maranda Shieh, Associate, Laogai Research Foundation; and Mr. Fu, a dissident from New York.

Well, thanks to all of you for being here. We want you to say what you came to say, but try to keep it concise. Why don't we start with Mr. Wu please.

STATEMENT OF HARRY WU, EXECUTIVE DIRECTOR, LAOGAI RESEARCH FOUNDATION, MILPITAS, CALIFORNIA

Mr. WU. Mr. Chairman, the honorable Senator, it is my great honor to be here again. It happened first in 1991. This is 6 years later. We are still talking about the forced labor products coming from China. I want to make some comments before I get into my testimony.

First of all, in so-called reeducation through labor camps, the number of the prisoners Mr. Bader says is 200,000. This is incorrect. Chinese recent information says it should be 1.78 million. This is according to Chinese information.

My appearance today has only one purpose: To show that the Chinese Government has repeatedly lied about its efforts to stop the trade in Chinese forced labor products. There can be no denying the facts. Although I have been disappointed by the American Government's resolve in the past, I remain hopeful that our efforts here today will result in a new commitment to the prevention of the trade in forced labor products from China.

You can see today we present all of these products right here that are found in the United States. It is only a part of it. Some of them are too large. For example, the diesel engine and stamping machine I do not think we can bring over here. All these products we found. Not the Customs Service. Not the American State Department.

I think in August 1992 the Bush administration negotiated the memorandum of understanding of prison labor products with the Chinese Government, the so-called MOU, as a way to get the documents from the Chinese Government and to gain access to the labor camps to make a positive identification. I would like to say this is a terrible idea.

Does anyone think the Chinese will willingly provide evidence that proves the export of forced labor products to the U.S.? The labor camp system is the darkest place in that communist system. They really do not want you to see it.

But after the MOU was signed, the laogai products continued to come to the United States.

In May 1993, President Clinton made the MOU as a must-do condition in the extension of MFN for 1994. It was a public stance that I supported at the time. President Clinton said, unless the Chinese follow the agreement, then MFN status will end in spring 1994.

But the Chinese still sent the laogai products to the U.S. The Customs Service found four more laogai products come to the United States between August 1992 and March 1994. Even Commissioner George Weise said in November 1993 in testimony before the House of Representatives, "We have substantial concerns about ongoing implementation and Chinese compliance with the letter and spirit of the agreement."

At that same hearing, Assistant Secretary Winston Lord repeated the pledge to end MFN if the MOU was not followed by the Chinese Government.

All evidence showed the Chinese did not follow the MOU, but President Clinton did not go through with his threat. Instead, the American Government gave the Chinese Government a way out. Officials from the State Department and Treasury Department went to Beijing in late 1993 to negotiate a second binding agreement, a so-called SOC.

Then Secretary of State Warren Christopher deceived all of America for the Chinese. He said because the Chinese Government signed a new agreement, they had complied with the old agreement. So, they met the must-do condition and deserve MFN. President Clinton delinked MFN and the MOU and rewarded the Chinese lie. I know the Chinese did not deserve our favor. They still do not deserve our favor.

Since then the forced labor continue to come into our country. For example, in 1993 officials of Columbus McKinnon Company located in Buffalo admitted a long-term relationship with the Zhejiang Wulin Machinery Plant for the manufacture of chain hoists. In 1994, we visited the camp and brought back all the videotapes, and I want to show you the slides.

[Slides shown.]

Mr. WU. This is entrance of Wulin. The Customs Service was supposed to have a visit, but there was no result. Under this watch tower, more than 2,000 prisoners, forced to labor, make the chain hoists, sell it to Europe and also sell it to United States.

This is the chain hoist, but when it comes to the United States, put on a CM brand, not the Chinese brand.

On the back door, you will see there is another sign board. This time they will tell you the nature. This is No. 2 Prison of Zhejiang Wulin.

Just last week, a couple of days ago, Customs issued another detention order against hand tools which we learned involved a Houston company called Cosmo Trading knowingly—I am pretty sure Customs has that evidence that can prove that Cosmo knowingly imported Diamond brand hand tools from the Zhejiang No. 2 Prison.

Particularly in 1994, I visited the camp and I want to show you. This is the entrance, just like a normal factory. The sign board says Zhejiang Hand Tool and Hardware Factory, but you look at it carefully. At the entrance before there. One is a policeman and the other is a prisoner.

In the back yard there is another sign board, Zhejiang No. 2 Prison. I do not think Customs can see that kind of sign board if they got agreement to visit Chinese prison camp.

This is the picture we took. This is the real workers, forced to labor, no pay, and make the products that come to the United States.

Now, recently the central government make a decision, all the labor camps have to set up another entrance. This is the same entrance for the Zhejiang hand tools manufacturing. A new name, a new design, a new entrance. They can invite you to see that.

I think Customs did not tell you another example from Yunnan Province No. 1 prison. The American importer sued American Government. Because they were supported by the Chinese Government, they filmed the sanitized facility and submitted a tape to the court to prove this is not a prison. American representatives visited the sanitized prison and did not see anything. But around the area the representative interviewed many, many common Chinese. They told the truth, it is a prison system.

My research into laogai shows that both the number of the camps and the population of the camps is increasing. The State Department representative just said that so-called reeducation through labor category—their information say there is 200,000 people. This is not true. The recent Chinese information said in 1996 in this particular categories, so-called reeducation through labor, the number is 1.78 million. We do know in 1979 when Deng Xiaoping come to power in this category, almost a couple hundred, very small. Under Deng Xiaoping, 20 years, this number increased to 1.78 million.

In China they have a special term, so-called prison economy. This has never happened in any country in the world, only in the People's Republic of China. Before that, they called it laogai economy. Right now they are using the term "prison economy."

What is that? Does America have a prison economy or Japan have a prison economy? Only in China because all these prisoners

are forced to labor, not only engaged in labor in the desert, in the construction site, building a highway, railway, but also to make products.

Chinese information said—central government information said there are 200 different kinds of products qualified to export to the foreign countries. We only identify a few of them.

I want to give you another example. This is a document we obtained from China. The document is a Prison Work Newsletter issued by Guangdong Provincial Prison Bureau, 1996, June. It is particularly talking about one prison camp close to the Special Economic Zone, Shantou. A new facility.

In 1992, it was a very small camp growing tea, fruits, something like that. Expanding. Last year the prisoners' number increased to almost 3,900. So, they needed a new facility. They moved down close to the special economic zone. The information said this prison camp cooperates with Hong Kong businessmen making mineral water and also exporting artificial Christmas trees.

We have a very brave woman, Maranda Shieh, and we recently made an investigation for this prison camp because according to Chinese information, this facility arranged more than 1,500 prisoners making garments.

Senator BIDEN. Making garments?

Mr. WU. Yes. Ms. Shieh later will give you detailed information. She has it firsthand. She went to China a couple of times with her camera.

The laogai is the largest forced labor system in the world today. It is growing and the money is supporting this system.

I want to introduce another brave man sitting here today, Peter Levy. He will tell you the story how he found the products in the United States processing by the female prisoners.

Particularly today I want to talk to you about one case. If your automobile is having problems, if you send your automobile to a Midas Muffler, here is the brake made in China, Shanxi Province No. 3 Prison Camp. We find one purchase order include the other parts, 160,000 pieces sell it to United States. Also the parts sell it to Beijing Jeep, Cherokee Jeep. It means cooperate with Chrysler in Beijing.

In this particular case, these products were brought into the United States by a Chinese Government-owned trading company, Minmetals. They sell the products to the American company and the Americans sell the products to the secondary market, including Midas Muffler.

Later I will introduce you to another brave young man over here, Mr. Fu Shenqi. He is a prominent Chinese dissident. He would be in the jail many times, and he will tell you his experience in his labor camp about the Christmas lights.

Senator THOMAS. Can you begin to sum up please so that we can——

Mr. WU. Yes.

I believe no American wants to buy Christmas lights or artificial Christmas trees if made by blood and tears.

Mr. Chairman, we must stop this trade. If the law is broken, then it must be fixed. If the Chinese continue to violate our sovereignty, then we must act without them.

Thank you.

[The prepared statement of Mr. Wu follows:]

PREPARED STATEMENT OF HARRY WU

U.S. IMPLEMENTATION OF PRISON LABOR AGREEMENT WITH CHINA

Thank you for the opportunity to express my concerns on the import of forced labor products from China. Thank you, Mr. Chairman, for your steadfast commitment to improving the lives of the Chinese people.

My appearance today has only one purpose: to show that the Chinese government has repeatedly lied about its efforts to stop the trade in Chinese forced labor products. There can be no denying this fact. Although I have been disappointed by the American government's resolve in the past, I remain hopeful that our efforts here today will result in a new commitment to the prevention of the trade in forced labor goods from China.

The Senate Foreign Relations Committee in 1991 was the first body in the world to hear about the Laogai - China's forced labor camp system- as an important sector of the Chinese economy. I presented the photos and the official Chinese documents which showed the vital role the export of forced labor goods played in funding the Laogai.

The United States has had a law banning the import of forced labor goods since 1932, so my revelations caused a swift reaction by the American government. The Customs Service used its authority to identify Laogai products and ban their entry into the United States. Despite official Chinese statements that denied the export of Laogai goods, the Customs Service between October 1991 and August 1992 banned seventeen different Laogai products from the US. One American company, E.W. Bliss of Michigan, was brought to court on criminal charges, pled guilty and was fined $75,000. Another American company, China Diesel Engines of California, sued the US government in the Court of International Trade to have the ban on its goods removed. The Court agreed with the government in 1994 and those Laogai diesel engines were removed from the country.

In August 1992, however, something changed. The US government lowered its guard against the Chinese government and the Laogai and its blood-stained products. At that time, the Bush Administration negotiated the Memorandum of Understanding on Prison Labor Products with the Chinese government. A certain level of evidence is needed in US courts to convict American companies importing the Laogai goods. The US wanted a means to identify the origins of suspected products. So the MOU was meant as a way to get documents from the Chinese government and gain access to the Laogai camps to make a positive identification. This was a terrible idea. Does anyone think the Chinese would willingly provide the evidence that proved they exported forced labor goods to the US? The MOU was doomed to failure.

After the MOU was signed, the Laogai products continued to come to the United States. In May 1993, President Clinton made the MOU a must-do condition in the extension of MFN for 1994. It was a public stance that I supported at the time. He said unless the Chinese followed the agreement, then MFN status would end in spring 1994.

But the Chinese still sent Laogai products to the US. The Customs Service found four more Laogai products coming to the US between August 1992 and March 1994. The president of the Columbus McKinnon Company of New York admitted to having a long- term import relationship with a Laogai camp. The Chinese denied American requests for visits or tried to deceive the Customs Service. Even Commissioner Weise said in November 1993 in testimony before the House of Representatives, "We have substantial concerns about ongoing implementation and Chinese compliance with the letter and spirit of the agreement." At that same hearing, Assistant Secretary Winston Lord repeated the pledge to end MFN if the MOU was not followed by the Chinese government.

All evidence showed the Chinese did not follow the MOU. But President Clinton didn't go through with his threat. Instead, the American government gave the Chinese government a way out. Officials from the State Department and Treasury Department went to Beijing in late 1993 to negotiate a second binding agreement. This agreement, the Statement of Cooperation on the Implementation of the MOU (SOC), was signed in March 1994. The SOC set a 60 day time limit for answers from the Chinese government as well as other adjustments to the MOU. Then Secretary of State Warren Christopher deceived all of America for the Chinese: he said because the Chinese government signed the new agreement, they had complied with the old agreement, so they met the must-do condition and deserve MFN. President Clinton

delinked MFN and the MOU and rewarded the Chinese lies. I know the Chinese didn't deserve our favor. They still do not deserve our favor.

Since then, the forced labor products law has had no commitment by either government, the MOU and SOC have proved worthless and Laogai products still, come into the United States.

In May 1993, officials of the Columbus McKinnon Company admitted to a longterm relationship with the Zhejiang Wulin Machinery Plant for the manufacture of chain hoists. The Customs Service had evidence showing Wulin is in fact the Zhejiang No. 4 Prison. Customs investigated Wulin, banned its chain hoists, and turned the case over to the Justice Department for prosecution. And nothing happened.

In 1993, we learned that a Houston company called Cosmo Trading knowingly imported "Diamond" brand hand tools from the Zhejiang Province No. 2 Prison. We presented our findings to the Customs Service for investigation. And nothing happened.

In December 1994, the Chinese denied access to a 'reeducation through labor' camp, where a prisoner is given a three-year sentence without trial and is forced to labor, which the Customs Service identified as shipping artificial flowers to the US. The Chinese denied access by saying reeducation-through-labor camps were not part of the MOU and cannot be investigated under its rules. And nothing happened.

In May 1995, the president of Asbury Graphite of New Jersey admitted on the NBC national news broadcast that his company got expandable graphite from the Shandong Province Beishu Prison mine. And nothing happened.

The 1996 State Department Human Rights Report for China said about the MOU, "cooperation has stalled since mid-1995. As of the end of 1995, the authorities had not granted access to a prison labor facility since April 30 (1995)." And nothing happened.

The Chinese allowed a visit in 1996 to a camp first investigated in 1991. Customs went to the camp and removed the detention order on the Laogai product. Other requests first made in 1992 have been ignored. But nothing happened.

The 1997 State Department Human Rights Report for China said, "Repeated delays in arranging prison labor site visits called into question the Government's intentions regarding the implementation of the MOU and SOC." But nothing happened.

Not only are we allowing the Chinese government to ignore the binding agreements, we are failing to enforce our own laws.

My research into the Laogai shows that both the number of camps and the population of the camps is increasing. The Chinese government views the prisoner as simply a production unit; the Laogai has the lowest cost labor in China. This labor is exploited to the profit of the state. And the Laogai is using the profits from its trade to get bigger. According to Chinese statistics, which are never complete, there were 1.4 million prisoners in the reform-through-labor camps in 1997 and 1.78 million in the reeducation-through-labor camps in 1996. These numbers do not include the local detention center prisoners or the forced-job-placement personnel, laborers who have finished their sentence but are still forced to labor at the camps. All indications show that the Chinese jails and labor camps are filled to capacity. We believe there are between six and eight million prisoners forced to labor in the Laogai today. New facilities are being built with the profits, especially new reeducation-through-labor camps.

The Chinese government calls this their Prison Economy. It is a stated policy of the government to turn all camps into profitable enterprises. I'll give you one example, from information dated June 1996. I will submit the original document with translations for the record. A conference was held on April 8, 1996 to discuss the economic development policy of Jieyang Prison in Guangdong Province. The attendees all gave speeches about the need to improve production and earnings in the various production units at the prison. This Laogai camp initially was a farm growing tea and fruits and it operated a quarry. In 1982, its population was 700. By 1986, it had grown to 1,800. By 1990, it was 2,100. At the end of 1995, this camp had nearly 3,900 prisoners. The review of the conference states, "The proportion of prisoners working indoors has grown from 20% in 1989 to the current 80%. Economic benefits have also risen markedly." The prison turned a profit for the first time in 1994 and had earnings of US$14,000 in 1995. How did it become profitable? By making products like chinaware, rosaries, watchbands, mineral water, artificial Christmas trees and garments for the domestic and international markets. There are 1,500 prisoners committed to producing garments like these for the international market. The profits will be put to good use: the warden says he wants to build seven more prisons with the earnings.

The Laogai is the largest forced labor system in the world today. Trade is crucial to the growth of the Laogai and thus the growth of the Chinese communist dictatorship., The Laogai Research Foundation wants to see an end to the Laogai. We feel one way of achieving this is to stop the trade of the products and the ability of the Laogai to gain hard currency. The Laogai Research Foundation has monitored the system and the trade in its goods. We have recently finished investigations that show that Laogai products continue to come to the United States in violation of the MOU, SOC and American law.

In the case of Jieyang Prison, the prison's own documents identified the legitimate companies that act as their pipeline to the business world. The brochure names the Jixiang Knitting Factory in Shantou, Guangdong as one of the plants that has established a long-term contract with the prison. We recently sent someone to the Jixiang factory to confirm the connection between Jieyang Prison and Jixiang Factory. In taped conversations the plant officials confirmed that they sub-contracted work to the prison. They even quoted us the price of goods made by the prison as being one-third less than other textiles. We also learned that Jixiang has contracts from a number of Hong Kong companies to manufacture clothes. These companies include the Sam Wing Garment Factory, World Wise Industries Ltd., the Roxy Garment Factory and Chaifa Holdings Ltd. Chaifa Holdings holds the exclusive license to manufacture clothes under the Garfield, Arnold Palmer and Playboy brand names. In addition, Jixiang Factory provided samples of their work for the Esprit name brand. The Jixiang facility is very small with perhaps one-hundred workers, but they were able to sign a contract for a large quantity of product in a very short time. The contract we signed is still valid, and if we executed it, we would receive finished garments that came from the Jieyang Prison to the US market.

There is a brave man sitting here today, Mr. Peter Levy. Mr. Levy will tell you about how a competitor that sources its products at a female Laogai camp in China is taking over the market and threatening legitimate business. Mr. Levy is the first businessman to conduct his own investigation of the Laogai and I want to thank him for his efforts.

The company that is illegally selling forced labor imports is called Officemate International Corporation, or OIC, of New Jersey. The President of OIC has created a company in Nanjing, China named Allied International Manufacturers or Ainico. These binder clips are assembled by women prisoners at the Nanjing Detention Center Women's Division for hours a day. Production output is measured to assess labor attitude and performance in accepting reform; one former prisoner said the silver clips were inserted into the black pieces until her fingers bled. This is terrible labor. These laborers cost only a quarter of the normal worker in China. Shipping documents show that OIC received 79,500 kilograms of binder clips from Amico in the month of February 1997 alone. News reports said that OIC has around one-third of the domestic market for binder clips. OIC sells these forced labor products to office supply stores around the country, including Staples, Boise Cascade Office Products and BT Office Products.

This company knowingly uses forced labor and then profits from the suffering of the Chinese prisoners. Staples should stop buying OIC products. The Customs Service should immediately seize all binder clips shipped to OIC by Amico and ban the products. The American government should investigate this company.

The Laogai Research Foundation has learned of two California court cases about a forced labor auto parts plant in Shanxi Province that was importing its products to the United States. Excel Industries, an American company, bought brake rotors from a company called MM Rotors in California. MM Rotors is a US-based subsidiary of China National Minerals & Metals Corporation, known as Minmetals. The President of MM Rotors and Minmetals Inc. LA is Su Hailin. The Vice-president of MM Rotors is Li Bai. Buyers from Excel Industries were brought to China in 1993 by Su Hailin and Li Bai to inspect the source factories of products sold by MM Rotors and Minmetals. Mr. Li Xiang, an official of Excel Industries, is a Chinese man who said in his sworn testimony that Minmetals brought them to the Shanxi Province Number 3 Prison in December 1993. This Laogai, using the name Shanxi Linfen Automobile Manufacturing Plant, made brake rotors for MM Rotors for export. Mr. Li states in his deposition that he read the signpost at the Linfen factory that identified it as a prison and saw armed guards, walls and electric fences surrounding the compound. He was told that Mimnetals was buying most of the brake parts made by the Shanxi Linfen prison factory.

Directories of Chinese manufacturing published by the China State Planning Publishers in 1991 and 1996 provide extensive information on Shanxi Linfen. The 1991 entry for brake discs made at Shanxi Linfen show that the annual output at 12,500 units is 100% for export for use as "American automobile parts." The 1995 entry for brake discs made at Shanxi Linfen shows that the annual output had grown to

300,000 units with 100% for export and use in the "Beijing Cherokee, (and) Shanghai Santana." Chrysler manufactures the Cherokee at a joint-venture in China called Beijing Jeep. Volkswagen manufactures the Santana at a joint-venture in Shanghai called the Shanghai Volkswagen Automobile Manufacturer. We call on both Chrysler and Volkswagen to stop buying brake parts from Shanxi until they can determine the origins of the suspect parts.

The financial reporting company Dun & Bradstreet has also research Shanxi Linfen. In its 1995/96 Directory of Key Manufacturing Companies in P.R. China, D&B gives production output of RMB12,254,000 and sales of RMB12,084,000.

MM Rotors receives tons of auto parts from China annually. In one shipment in February 1994, MM Rotors received 161,500 brake drums, hub rotors and brake discs from China Mimnetals. Commercially available shipping records show that MM Rotors received 561 metric tons of auto parts from China in 1995 and 612 metric tons of auto parts from China in 1996. In a "Defective Parts List" dated July 22, 1996, MM Rotors lists 81 companies that bought its products between 1993 and 1996. This list includes such large auto parts companies as Autocraft, Midas Muffler Co., and Monroe Motor Parts. We don't know how many brake parts manufactured at Shanxi Linfen were imported to the US by MM Rotors or how many were eventually sold by American retailers.

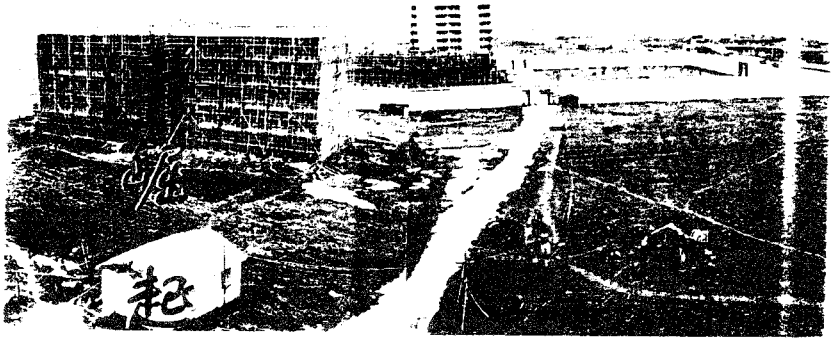
MM Rotors, a company owned by the Chinese government operating freely in the United States, is importing forced labor goods. This company should be investigated and its license to operate in the US should be revoked. MM Rotors knowingly imported auto parts from the Shanxi Province Number 3 Prison. All other subsidiaries of the state-owned China National Minerals & Metals Corporation should be investigated for other products from the Laogai. This is further evidence that the Chinese government has no intention of preventing the export of Laogai goods.

Mr. Fu Shenqi is a prominent Chinese dissident who has been jailed many times for his public stance promoting democracy in China. He is an eyewitness to the manufacture of Christmas lights inside a Laogai factory . There is no market for Christmas lights inside China, a country where Christians are targeted and arrested for their beliefs. Christmas lights are for export. The US is almost 40% of China's export market, so it is reasonable to say that at least 40% of the Christmas lights are for America. We do not know under what brand these lights are sold. Or in what store the lights are sold. The American government must investigate this facility to determine the whole story.

I believe no American would buy Christmas lights from China if they thought they came from the Laogai . I believe no American would buy artificial Christmas trees from China if they thought they came from the Laogai. I don't want to see any of these blood-stained trees and lights taint our holy nights.

Mr. Chairman, we must stop this trade. If the law is broken, then it must be fixed. If the Chinese continue to violate our sovereignty, then we must act without them. Our government must commit the time and energy to stop the Laogai trade. If we ignore the issue of Laogai imports, it means we are ignoring existing American law. If we ignore our law, it means we are willing to enjoy the products made by Chinese blood and tears. We cannot forget our principles. Americans say again and again they don't want these goods. The government must never put money ahead of our belief in human rights. If we care only about money and not human suffering, then we insult our traditions.

The Laogai is the Chinese communist dictatorship's primary tool for crushing its citizens. The trade makes it grow. The Foreign Relations Committee has been concerned with the Laogai since 1991, yet it is still growing. We must take action now. Thank you.



在古老潮汕平原的揭阳监狱

揭阳监狱新区坐落在揭东县玉窖镇，连接揭惠、潮汕两市的省道1930线安揭二级公路，[illegible]。南距揭阳城区18公里，揭东县县城9公里，与即将建成的潮汕国际机场10公里，与特区50公里，这就是揭阳监狱新区所在地。[illegible]区、生活区、工业区和监舍区六个主要功能区组成，外加配套的综合性服务区域，整体规划建设20多幢规模有序的大楼，占地200多亩，目前已建成围墙、[illegible]楼、一幢监舍综合楼和一幢干警宿舍楼，还有两幢监舍楼和一幢厂房即将竣工，各项配套设施正在加紧施工，力争今年九月份住进部分犯人。

Jieyang Prison's new confinement facility is located at Yuzhao Town, Jiedong County. Its front gate borders provincial Route 1930 Anjie Highway; its back is 500 km to the town station of Guangzhou-Meixian-Shantou Railroad; its east wing to 10 km to Chaozhou City; its west wing is 18 km to Jieyang City and 9 km to Jiedonq County Downtown; its south wing is 10 km to the planned Chaozhou International Airport and 50 km to the Shantou Special Economic Zone.

为实现广东监狱工作『九五』宏伟目标服务 广泛开展群众性监狱理论研究

——在'96揭阳监狱经济研讨会上的讲话

省司法厅副厅长兼监狱管理局党委书记 周仕良

（一九九六年四月九日）

同志们：

'96揭阳监狱经济研讨会今天隆重召开，这是我省第一次由监狱主办的监狱经济研讨会，为我省各监狱组织广大基层干警开展监狱理论研究开了个好头。在此，我代表省司法厅、省监狱管理局和局党委表示热烈的祝贺！并向出席这届研讨会、长期以来重视和支持揭阳监狱建设的潮汕三市党政机关领导同志表示衷心的感谢！

近几年来，揭阳监狱积极贯彻实施省局党委"两个战略转移"决策，各项工作取得了很大成绩。经过解放思想，更新观念，深化改革，勇于开拓，揭阳监狱狱办工业和承揽加工业迅速发展，从事室内劳动的犯人比例已从1989年的20%发展到现在的80%，经济效益也显著提高，从1994年以来扭亏为盈，从整体上实现了产业结构调整从过去野外农茶生产为主向狱内工业生产为主的转移，特别是在场所布局调整方面，揭阳监狱经过艰苦努力，在省局和当地政府的大力支持下，走出山门，把新增容关押点建在交通沿线，大大改善了监管条件和投资环境，为揭阳监狱各项工作的发展奠定了良好的基础。新关押点的建设鼓舞着广大干警职工，促进了各项工作的发展，领导班子和队伍建设、监管改造工作、监狱经济等方面发展的势头都很好。在加强实际工作的同时，揭阳监狱领导班子十分重视监狱理论研究工作，特别是针对市场经济条件下监狱生产出现的新情况新问题，广泛发动大中队基层干警联系本地区本单位实际深入调查研究，专门召开了这次监狱经济研讨会，鼓励大家为发展监狱经济和加快新关押点建设出谋献策，为实现"九五"宏伟目标、加快现代化文明监狱建设服务。这种从实践中来、回到实践中去的理论研讨活动，很值得在全省各监狱推广，希望各监狱都象揭阳监狱这样，深入研究市场经济条件下监狱经济的特殊性和普遍性，探索出一条符合自身特点的发展监狱经济新路子，努力使监狱经济适应社会主义市场经济的发展。

以《监狱法》的颁布、国务院〔1995〕4号文的下发和创建现代化文明监狱总体目标的确定为标志，我省监狱工作已经进入了重要的发展阶段，为此省局经过反复调查研究，制定了"九五"计划，主要发展目标概括为"1234567"工程，即树立一个指导思想；以监管改造好罪犯工作为重点，推动各项工作向前发展；工农业总产值和干警职工人均收入各翻一番；建好3个支柱产业；新建扩建4个改造基地；发展5个生产项目；办成6个亿元企业；建成7个现代化文明监狱。这个宏伟工程的制定，有着坚实的现实依据和科学依据，是一个实实在在的、通过努力可以

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ZHOU Shi-Liang
Vice Director, Provincial Judiciary Department. Secretary, Prison Administration Department Party Committee
(April 9, 1996)

Jieyang Prison's own manufacturing and contract processing business is grown from 20% in 1989 to the current 80%. Economic benefits have also risen markedly, turning losses to gains starting in 1994. The manufacturing structure has been adjusted from farming and tea production in the fields as the backbone to industrial production within the prison as the backbone.

While emphasizing flawless prisoner confinement and reform, we must promote all other tasks: double total industrial and agricultural output value as well as cadres', police officers' and employees' income; establish three backbone manufactures; establish and expand five reform bases; develop five production projects; form six 100,000,000 RMB-class enterprises; establish seven modern civilized prisons.

深入开展理论研究 加速监狱全面工作发展

省监狱管理局党委副书记、局长 陈伟雄

同志们：

首先我代表省监狱管理局对'96揭阳监狱经济研讨会的召开和获奖论文作者表示祝贺！

这次研讨会是在实施"九五"规划的第一年召开的，为监狱各项工作开好局，起好步，将起到积极的促进作用。这次研讨会开得很成功，主要表现在：

1、得到监狱领导和全体干警职工的关心，特别是汕头、潮州、揭阳三市党政部门领导的关心，并莅临会议指导。

2、撰写的论文具有广泛的群众性，切合实际，意见可行，启发性强，这次研讨会实际上是一次发展监狱经济工作的教育会、交流会、动员会。

3、结合监狱工作的实际，为经济发展出谋献策；发展监狱经济已成为广大干警职工的共识，体现了强烈的敬业精神。

4、具有一定的深度和广度，特别是以建设有中国特色社会主义理论为指导，解放思想，开拓进取，结合监狱地理、项目等优势，为监狱经济发展勾划出很多设想。

相信这次研讨会对揭阳监狱的整体工作，特别是经济工作将产生积极的深远的意义和影响。

这次研讨会既是理论的研讨，又有很强的现实针对性和指导性。监狱的性质和任务决定了我们在贯彻《监狱法》，贯彻惩罚与改造相结合，以改造人为宗旨的方针，努力做好"确保监管安全，提高改造质量"这个重点的同时，必须大力发展经济，这是建设现代化文明监狱的需要，是增强监狱整体实力的需要，也是提高队伍战斗力的需要。邓小平同志指出："发展才是硬道理"，这一点，对监狱经济显得十分重要，由于历史的原因，监狱单位的经济基础薄弱，

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Comrade Deng Xiaoping pointed out: "Only development is the hard principle." This is especially important for prison economics. Due to historical reasons, prison economy work fell far short of the developing situation.

远远跟不上形势发展的需要。十一届三中全会以来，通过改革，通过实施两个战略转移，从整体上看，监狱经济有进步，促进了监狱整体工作向前迈出了很大的一步。但从全省的情况来看，一是发展的速度跟不上社会生产增长的速度，全省的经济增长速度在20%以上，而监狱只有2.2%。二是还不能很好地跟上市场经济的步伐，缺乏强劲的竞争力，在开发拳头产品和集约化经营上差距很大。三是人均产值、人均总收入远远低于同行业的水平和同地区的收入水平。这种状况远不适应广东社会经济的发展。作为揭阳监狱，这几年的工作，尤其是经济工作有了很大的发展。1994年以来实现了两个突破，一是产值突破1000万元，二是摘掉亏损帽子，纯利润首次排在全省的前10名。这是监狱领导和全体干警共同努力的结果。但是与局党委提出的目标差距还很大，经济并不富裕，现代化文明监狱建设的物质保障基础还不够扎实。

局党委提出的"1234567工程"离不开发展经济作基础。尽管现在"皇粮"、"囚粮"的财政保障体制已基本落实，但标准低，历史欠帐多，各项建设的缺口大，尤其是现代化文明监狱的建设。在某种意义上讲，没有监狱经济的充实和发展，就难以达到现代化的文明监狱目标的实现。如"1234567工程"，资金投入存在很大的差距，就本生产投入来说，到2000年生产总值要翻一番，达到12个亿以上，就必须投入资金4个亿，平均每年不少于7000万元。各单位筹集资金的能力普遍不强，省局为揭阳监狱新点建设已投入了3000多万元，今年将投入1000多万元，1997年将投入3000多万元。最近，中央政法委和省里正在研究从优待警的政策，从优也离不开一定的物质基础作保证。以上这些都需要全体监狱干警职工树立责任感、紧迫感，千方百计解决好监狱经济这个难点。《监狱法》的颁布，国务院〔1995〕4号文的下达，对监狱工作的要求越来越高，省局的"1234567工程"，也向揭阳监狱提出了具体的奋斗目标。监狱领导和全体干警要继续鼓起干劲，树立雄心壮志，力争整体工作走在全省的前列，尽快建立起改造、生产的重点基地。在经济上，要向创亿元单位迈进，发动干警出谋献策，搞好发展规划，为全省监狱工作作出更大的贡献。

监狱经济要进一步加强理论研讨。周副厅长对今后的重大研讨课题提出了四个明确的要求，对今后加强这方面的理论研究具有很重要的指导意义，希望揭阳监狱进一步深化这方面的理论研究，不断提高研讨水平。这次研讨会主要的课题是监狱经济发展的方向，今后还可以围绕建设现代化文明监狱的整体要求，在管教、队伍建设、生产经济发展，加强工业基础管理、生产现场管理"双达标"、产业产品结构调整、TQC活动、QC小组活动，管教与劳动生产两者的最佳结合点、创亿元单位，以及从计划经济向市场经济、从粗放型向集约型转变，转换经营机制，发展"三高"农业，向管理要效益、内抓现场、外抓市场、内强素质、外树形象，以及各方面的激励机制等进行全面的研讨，以理论指导实践，开拓视野，提高工作水平。还可以根据监狱关押任务的变化，特别是关押重刑犯后，如何强化监狱意识，从严治监，严格管理方面开展超前的理论研讨，为今后扩大收押量，管理教育好重刑犯打下基础。如果每个干警一年一个课题，中队每年也有一个课题，监狱工作理论研讨的质量就更高，气氛就更浓，干警的素质就提高得更快。

同志们，司法部和省局前段时间召开的警察队伍建设会议明确提出了要把我们这个队伍建设成为一支政治坚定，业务精通，作风优良、纪律严明、清正廉洁，具有良好形象，特别能战斗的警察队伍，达到政治、业务素质两个提高。政治上，要求干警要有正确的政治方向、坚定的政治立场，鲜明的政治观点，敏锐的政治辨别力，一切符合建设有中国特色社会主义这个政治方向。业务上，既要当管教工作的能手，也要当生产经营的能手，这是监狱警察岗位性质决定的。希望同志们继续努力，为提高改造质量，大力发展监狱经济，提高经济效益，加强队伍建设，提高队伍的政治业务素质作出更大贡献。

最后，祝愿揭阳监狱的整体工作水平更上一层楼！谢

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Looking at the province as a whole, the rate of prison development lags behind production increases in society—while the rate of production increase for the province is over 20%, it is only 2.2,% in prisons. Second, prison production cannot keep pace with the market economy and lacks a competitive edge; the gap is wide between prisons and society in developing "fist" products and management of labor intensive production.

开幕词

揭阳监狱党委书记、监狱长

洪炎江

（一九九六年四月九日上午）

各位领导、同志们：

由省改造罪犯研究所和揭阳监狱联合举办的'96揭阳监狱经济研讨会现在开幕！在此，我代表揭阳监狱党委和全体干警职工向亲临研讨会指导的各级领导同志表示崇高的敬意！向大力支持和热情关心揭阳监狱经济工作的各有关部门领导表示热烈的欢迎和衷心的感谢！

这届监狱经济研讨会是在我监全面贯彻《监狱法》和不久前召开的全省监狱工作会议精神、各项工作取得较快进展的大好形势下召开的。近几年来，我监认真贯彻实施省局党委制订的"两个战略转移"决策和52条改革措施，促使各项工作的不断发展。特别是在省厅局的高度重视和大力支持下，新关押点的建设进展较快，为我监创建现代化文明监狱打下良好基础；新关押点的建设极大地鼓舞了我监全体干警职工，如今广大干警职工的积极性很高，队伍稳定，狱内改造秩序持续稳定，为发展监狱经济提供了有力保障。经过几年的艰苦奋斗，我监的监狱生产已形成了以农茶业为基础，以加工业为主的新格局，生产项目由过去的单一农茶业迅速扩大到服装、塑料制品、佛珠、编织、表带、碎石、矿泉水等工业、加工业项目；从1994年起摘掉了亏损帽子，1995年工农业总产值首次突破1千万元，实际完成1568.78万元，盈利11万元，是建监以来最好的一年。这些成绩的取得，凝聚着省厅局和各有关部门的关怀和支持，以及我监全体干警职工辛勤的汗水和智慧。随着社会主义市场经济的深入发展，我监经济工作面临着许多新情况、新问题。如何把我监发展经济的实践经验总结上升为科学理论，探索出一条符合我监实际的发展监狱经济新路子，发动广大干警职工为发展我监经济和加快新关押点建设出谋献策，这是本届经济研讨会的主要目的。因此，要求我监全体论文作者和与会同志集中精神开好会，认真学习领会省厅局领导同志的重要讲话精神和湖池三市领导同志的指示，运用马克思主义的基本原理、立场、观点和方法，遵循社会主义市场经济的规律，研讨我监经济工作的实践和理论问题，为发展监狱经济提供决策依据。

最后，预祝本届研讨会圆满成功！■

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HONG Yan-Jiang, Jieyang Prison Party Committee Secretary and Warden
Opening Speech at Jieyang Prison Economics Symposium
April 9, 1996

A new structure has been formed in our prison's production with farming and tea production as the base and processing business as the backbone. Projects for production are rapidly expanding from solitary farming and tea production to manufacturing and processing of garments, plastic products, rosaries, knitwears, watchbands, stone materials, mineral water, and others. Starting in 1994, the prison has ceased to be a money-losing unit. In 1995, for the first time, total value of industrial and agricultural production broke the barrier of 10 million RMB, actually attaining 15,687,878 RMB, with a profit of 110,000 RMB.

实施“两个战略转移”是振兴揭阳监狱的必由之路

——谈揭阳监狱经济发展状况和前景

党委书记、监狱长 洪炎江（特别奖）

1986年，省监狱管理局针对全省监狱场所布局和产业结构不适应改革开放的形势和本系统发展的要求，在同年2月份全省监狱工作会议和同年11月的全省监狱单位党委书记会议提出“两个战略转移”的决策，即：调整场所布局，从边远山区向靠近城市和交通沿线转移；调整产业结构，从野外农业生产向狱内工业生产为主转移。这一重大举措出台后，给全省监狱经济注入了生机和活力。揭阳监狱近年来认准了这个大方向，深化改革，勇于开拓，积极进取，使监狱各项工作有了较快的发展。

一、调整产业结构，实现“从野外农业生产向以狱内工业生产为主转移”的第一个“战略转移”。

揭阳监狱（原东径劳改支队）创建于1951年，当时是汕头地区管理的劳改茶场，1978年收归省监狱管理局管辖，至1986年止全场种植生柑800多亩，茶树1100亩，水稻100多亩，全年工农业总产值195万元，亏损4.4万元，以后都连续亏损。亏损的原因是投入多，收益期未到，近千亩生柑虽都进入收益期，但仍未能减少亏损，这说明依靠农茶来发展监狱经济是不行的，原因是劳动效率低，野外作业也不便管理。省局党委“两个战略转移”的决策为我监的发展指明了方向，经过一阵阵反思和一次次辩论，监狱党委和全体干警达成共识——必须发挥劳动力价廉的优势，大力发展承揽加工业。当时监狱党委决定，把800亩生柑承包给当地农民，把腾出来的300名犯人组织起来发展加工业。这一项措施实施后一年，生柑从原来亏损25.8万元变成纯利32万元，加工业收入从原来的18万元增长到75万元。1991年比1989年减亏13万元。

那一年的实践证明，我监实施第一个战略转移是成功的，东径要发展，必须靠“两个战略转移”。于是我们进一步探索，继续推进第一个战略转移，使生产布局进一步得到改善，从事室内加工业劳动的犯人比例，从1989年的20%发展到1995年底的80%。第一个战略转移已经得到实现，随着加工业队伍的壮大，如何提高加工业效益已成为必须尽快解决的课题。1994年，我们在总结经验教训和学习兄弟单位先进管理模式后，采取了全额承包管理方式和一系列调动干警、犯人积极性的措施，使揭阳监狱承揽加工业进入迅猛发展的全盛时期。1994年，全监工农业总产值808万元，其中加工业收入370万元，实现了扭亏为盈；1995年全监工农业总产值1565万元，其中加工业产值745万元，利润11万元。使揭阳监狱真正尝到了第一个“战略转移”的甜头。

HONG Yan-Jiang, Jieyang Prison Party Committee Secretary and Warden
“Status and Perspectives of Economic Development in Jieyang Prison”

Jieyang Prison (formerly Dongjing Laboor-Reform Detachment) was established in 1951 as a labor-reform tea farm administered by the Shantou Region. In 1978 its administration was transferred to the provincial prison administration department. Up to 1986, the farm had planted over 800 mu (1 mu = 0. 1 647 acre) of mandarins, over 1,100 mu of tea tress and over 100 mu of rice. The total industrial and agricultural value of production that year was 1,950,000 RMB.

二、抓住机遇，积极进取，促成第二个“战略转移”。

随着形势的发展，揭阳监狱关押的犯人越来越多，1982年关押量在700名左右，1984年“严打”后关押量急剧上升，1986年关押1801名，1990年增加到2108名，省监狱管理局核定关押指标1800名，到1995年底已达到3839名，超过局核定指标2039名，翻了一大番。到1992年，所有教学楼不得不作为犯人监舍，个别单位的犯人点名厅都已住人，还有近300名犯人住在随时有倒塌危险的旧监舍，加上社会治安形势严峻，新投犯不断增加，揭阳监狱又是潮汕三市唯一的监狱，但尚未具备关押重刑犯的条件。为了这个需要，省局党委于1992年9月决定扩建东径，核定增容犯人3000名。

揭阳监狱作为我省重点增容扩建单位，这是揭阳监狱发展史上极好的机遇。如何用好这个机遇，也就是说，在原来的山沟里扩建还是另选交通方便的地点新建，成为大家关心的问题。为此，监狱党委统一了思想，认为不能把钱继续投在条件较差的山沟里，投得越多，就越难实现第二个战略转移，于是决定向省局报告，要求到交通便利、靠近城镇的地方选址建新关押点。

此时，适逢揭阳监狱所在地玉窖镇政府把办公大楼搬迁到省道揭阳至潮州路段中点的官硕车站旁，并在那里划出1千亩地作为经济开发区，镇领导亲自上门，欢迎我监在开发区内以特优价征地建新关押点，经过双方共同努力，最后省局批准，同意揭阳监狱在开发区内征地200亩建新关押点。目前已建好围墙和一幢干警住宅楼，一幢犯人监舍，还有两幢监舍已接近完工，一幢厂房正在打基础，为揭阳监狱实施第二个“战略转移”迈出了关键的一大步。

三、实施第二个“战略转移”，发挥新老点优势，使揭阳监狱阔步迈入振兴时期。

揭阳新关押点目前已投入资金2212万元，计划今年下半年开始关押罪犯1500名，各方面配套设备和基础设施基本完善，使全监关押规模达到4千名。原老关押点关押量由目前的3800名减少为2000名。这样一来，规模扩大了，格局变化了，为振兴揭阳监狱打下坚实的基础。

1、新关押点的优势和前景。

新关押点地处潮汕三市中心的玉窖镇开发区内，距省道揭阳至潮州路段只有500米，背后是广梅汕铁路一个货物上落站，交通、信息、能源条件十分优越，适合发展大中型工业和承揽加工行业，对合资和合作伙伴和外地来汕工作的科技人才有很大的吸引力。因此，我监计划在新关押点重点发展上规模、效益高的工业和来料加工行业，特别是要想方设法吸引带有专利开发项目的人才共同开发专利产品，使之成为我监的拳头产品，为成为支柱工业。在资金方面，要积极吸引外部资金，多办几家合资合作企业。总之，新关押点要发挥自身优势，既要办成现代化文明监狱，又要使监狱企业经营管理符合社会主义市场经济规律，做到各项工作高起点、高效益。

2、新老点的互补作用与发展思路。

新老点相距只有3公里，新点的优势是老点所缺乏的。今后老点的发展，需要新点的带动和辐射，新点应该成为老点的门面和龙头。新点的经营管理模式也为老点提供借鉴。对外而言，新老点仍为一体，于是，老点原有的交通不便、信息不灵、知名度不高的缺陷也得到了弥补。当然，老点也有其优势，比如资源丰富、自然环境好，山坡、耕地面积大，是开发资源和发展三高农副业的宝地，而且几十年后还可以成为旅游、度假、安居的好去处。老点发展得好，还能成为“菜篮子”基地，源源不断地为新点输送肉、鱼、菜、水果等，为新点的发展提供了有力的后方保障。

总之，新老点的发展有很大互补作用，两者在客观上存在互相依赖、互相促进，共同发展的关系。无论是改造罪犯还是发展监狱经济，新老点并举的格局是比较理想、比较科学的。笔者认为，未来的生产布局应充分发挥新老点的优势和互补作用。在老关押点，应当重点发展以下几个项目：

一是花大力气，在“水”字做文章，而且要做大文章，即在现有的基础上争取与广东太阳神集团公司合作，开发矿泉水资源，并进一步生产矿泉水系列饮料，预计产值：1997年2千万元，1998年3千万元，力争2000年达到5千万元。

二是发挥老点优势，把东厝寮点作为水产养殖基地，应筑水库，挖鱼塘，建养殖场；把东径点作为畜牧基地，种牧草，发展肉牛、羊、兔等畜牧业，把下径点作为“菜篮子”基地，解决新老点干部、职工和犯人的吃菜问题。

三、茶叶生产要进一步改良品种，向三高方向发展。

四、继续办好石场开发资源。

五、利用好原有的厂房，把大部分劳动力投入加工业。

在新关押点，应当重点办好大中型联办工业和大中型加工业，最好能开发专利产品，办好支柱工业，生产自己的拳头产品。就目前形势发展而言，可先办如下项目：

一是大办服装加工业，计划投入劳动力1500名，并在今年下半年把服装厂搬到新 （下转第27页）

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With new development, Jieyang Prison is housing more and more prisoners. In 1982, the number of prisoners was around 700. As the result of the "strike-hard-blows" movement starting in 1984, the number has been rising rapidly. It jumped to 1,801 in 1986 and 2,108 in 1990- The original capacity set by the provincial prison administration department was 1,800, but the actual number was 3,839 by the end of 1995.

In September 1992 the provincial prison administration department decided to add Dongjing Prison to the system. It has a capacity of 3,000 prisoners.

We must vigorously develop garment processing business. As planned, a labor force of 1500 will be involved. In the second half of this year the garment processing factory will be moved to the new detention facility. It will have a total annual income of 8,000,000 RMB from garment processing.

谈揭阳监狱经济发展方向的调整

办公室副主任　苏斌（一等奖）

正确评估揭阳监狱经济发展的优劣势，积极采取有效对策，对监狱经济的发展很有必要。

揭阳监狱经济发展的主要制约因素

揭阳监狱位于潮汕平原中的山区，交通不便，信息闭塞，长期靠山吃山，从事单一的农茶业，是典型落后的山区监狱经济。纵观整个经济发展过程，可以找出以下几个制约因素：

1、经济发展缓慢起伏，缺乏发展后劲。

揭阳监狱经过四十多年来的建设，工农业生产初具规模，八十年代后期加大工业比重，经济状况有所好转，1994 年首次摘掉亏损帽子，盈利 4.8 万元，1995 年工农业总产值完成 1568.78 万元，实现利润 11.97 万元。然而从建监的 1951 年至 1993 年 39 年间（其中 1969 年至 1972 年办五七干校）工农业总产值 1363.49 万元，平均每年只有 111.88 万元，而且前 29 年产值一直徘徊在 100 万元以内，发展缓慢；工农业发展缺乏上升的势头，经常出现较大程度的起伏，羁绊着揭阳监狱经济的发展；连年亏损，欠债数额巨大，1973 年至 1993 年亏损共计 817.75 万元，欠款 367 万元，合计 1184.75 万元，加上企业管理水平低，资金使用率低，周转慢，给监狱企业留下严重的创伤。上述问题长期得不到很好解决，导致起步较慢的工业经济只能维持一般的再生产，发展的后劲非常脆弱。

2、产业结构比例失调。

长期以来，揭阳监狱经济发展教条地固守“农业是基础”的思想，故而农业占了大头，工业只是点缀。农业全员劳动率低下，却集中了三分之二的犯人和三分之二的干警，产品结构又比较单一，主要是产出率低的种植业，科技含量几乎是零。工业虽在近十年来得到发展，但主要是加工业和手工业，缺乏拳头产品与规模经济，加工业或手工业受客户制约，主动

In 39 years, from 1951, when the prison was established (with a lapse during 1969-1972) to 1993, the total industrial and agricultural output value was 43,634,900 RMB, only 1,1 18,800 RMB annually

性小，经济效益低，还带中世纪的作坊，发展缓慢，而狱办工业发展步履艰难。如雕塑厂、免烧砖厂、东兴塑胶厂、玻璃厂等狱办工业还没收回成本就夭折了，茶厂、塑料厂却由于缺乏拳头产品和发展规模，难于打入市场。无论是农业还是工业，其产品附加值非常低，无法获得较高的利润以促进监狱经济效益的提高。由于第一、二产业不发达，导致第三产业贫乏，使我监的产业结构不合理。

3、监狱企业作为市场经济的一部分，在市场经济条件下缺乏现代化大生产的手段。

先进的生产力在提高监狱经济效益的同时，可以加强对罪犯的改造功能。但揭阳监狱长期受改造与生产这对矛盾的困扰，难于实行"统一领导，双轨运行"的管理体制，导致出现改造紧紧张张，生产忙忙碌碌的状态，无法得到两者在社会效益和经济效益上的互补。在经济工作中，未能借助和体现现代化大生产的手段，如产品科技含量低，生产设备老化、技术改造缺乏等，更主要的是现代化大生产的管理者素质和业务技术水平低。由于受传统思想的影响，揭阳监狱重视的只是队伍的政治管理和思想管理，对科学管理、技术管理和培养干警的管理科学、管理技术等方面很苍白；引进的人才也较为混乱和缺乏系统论。严格地说，揭阳监狱的干警只不过是"看守型"或"守旧摊子型"的管理"人员"。比如，直接为经济服务的财会人员全监共有26名，其中大专以上文化程度是零，中专财会专业毕业只有1人，占4%，中专文化程度5人，占19.2%，高中以下占76.8%；技术职称方面，全国统考取得专业技术职称的为零，被省局评为助理会计师的4人，占15.4%，会计员7人，占26.9%，其余的没有会计证。如此的水准是无法实现"向管理要效益"的。

揭阳监狱经济的发展方向

分析制约揭阳监狱经济发展的因素对我们扬长避短，调整发展的方向很重要。揭阳监狱经济发展方面可以从以下几个方面来探讨：

1、因地制宜，发挥三优势。

揭阳监狱自身经济发展中存在一些有利条件，主要有三方面的优势：一是地理位置的优势。揭阳监狱位于"二线二区"范围内，有着得天独厚的地利。"二线"即广梅汕铁路和省道1930线，两线贯穿揭阳监狱，有着优越的交通优势；"二区"即潮汕三市经济发展的黄金三角区和闽粤琼边贸经济协作区，揭阳监狱受惠于两区优越的经济环境的辐射，可刺激监狱经济的发展。二是自然资源优势。揭阳监狱占地11.4平方公里，山地占80%，地形多样，可发展多种农业经济；地下资源较丰富，有优质的天然矿泉水，可在水上发展经济。三是合作客户多和劳动力多的优势。揭阳监狱拥有三千多名犯人而且大多是青壮年，是一支潜力很大的劳动大军，很适宜发展劳动密集型的企业；当前潮汕三市劳动密集型企业还占很大部分，可促使两家合作经营。

2、借助合理的布局调整产业结构。

1992年揭阳监狱在玉窖（官硕）经济开发区内征地200亩建新关押点，从而在客观上形成合理的布局，即利用两关押点的优势从宏观上布局：官硕关押点发展工业，东径关押点发展农业，"两点"合理安排第三产业，重点放在官硕关押点和发展商贸业。基于这一布局，从微观上调整产业结构和产品结构，即东径关押点依靠科技发展"三高"农业，并向科学化、集约化、专业化的方向发展，可从东厝寮点、下径点、东径点的地形、地势、土壤及山地气候的特点等方面考虑，分别发展淡水养殖业、菜篮子和米袋子工程、饲养业及林果业等经济作物，同时注意各行业之间的联系，尽可能做到良性循环，并利用自然资源优势发展山区工业，如开办碎石场等。官硕关押点的工业可由粗放型向集约型的方向发展。由于受劳动者的素质和技术水平的影响，短时间内仍可以粗放型的加工业或手工业为主，但要加重技术密集型的比重并形成规模，提高产品附加值和技术含量，开发高起点的拳头产品。

第三产业可根据官硕关押点的地理优势和规划设计特点，发展商贸业和餐旅业，建立监狱银行，集中闲散资金，服务经济建设，同时不可放弃汕头裕华公司，应发挥其优点，为今后揭阳监狱产品转销市场起作用。

3、抓拳头产品开发，形成监狱经济的支柱。

揭阳监狱经济的腾飞取决于工业，而工业的发展又取决于拳头产品，目前重点发挥丰富的地下水资源的优势，推出矿泉水系列饮料产品。揭阳监狱矿泉水具有低矿化度、低钠、淡味的特征，其中偏硅酸的质量浓度达52mg／L，锶的质量浓度为0.27mg／L，两项指标不仅达到饮用天然矿泉水标准，而且达到国家医疗矿泉的标准，其他指标均符合GB8537－87的技术要求，市场潜力非常大，应尽快投产并以此为龙头，带动其他拳头产品的开发，促进监狱经济的快速发展。同时，茶厂与塑料厂尽快进行技术改造，提高产品的质量与效益，并形成规模，在这基础上可从装潢上下功夫，把产品打入市场。

Jieyang Prison has a prisoner population of over 3,000, most of them young and in prime years, a force of considerable labor potentials. It is fit for developing labor intensive enterprises.

浅谈强化技术教育与发展监狱经济的关系

教育科副科长　吴惠春（二等奖）

一、强化技术教育的法律依据

《监狱法》的颁布实施，标志着我国的监狱工作进一步纳入了法制化的轨道。《监狱法》第四条规定，监狱对罪犯应当依法监管，根据改造罪犯的需要，组织罪犯从事生产劳动，对罪犯进行思想教育、文化教育、技术教育。此条规定把组织生产劳动、进行技术教育与"改造罪犯的需要"联系在一起，从而将生产劳动、监管、教育共同确定为改造罪犯的基本手段。为监狱对罪犯强化技术教育提供了法律依据。

二、强化技术教育有利于发展监狱经济

1、理论依据

马克思主义政治经济学的原理告诉我们，商品的价值量由生产这种商品所需的社会必要劳动时间决定。社会必要劳动时间是指在现有的社会正常的生产条件下，在社会平均的劳动熟练程序和劳动强度下制造某种使用价值所需要的劳动时间。《监狱法》第六十九条规定："有劳动能力的罪犯，必须参加劳动。"这种劳动，是社会劳动的一部分，通过合理的组织，同样能创造使用价值和形成价值。在中国，有监狱即有监狱经济，监狱经济是社会主义市场经济的一部分，也要随着社会主义市场经济的发展而发展。在监狱，罪犯是从事生产的主要劳动者，即商品生产者。通过对这些劳动者的教育，特别是生产技术教育，使劳动者具备生产技术知识，进而提高劳动熟练程度，使劳动熟练程度高于社会平均的劳动熟练程度。这样，"在现有的社会正常的生产条件下"是一样的。因为我们对罪犯实行人道主义，所以罪犯的劳动强度必然与"社会平均的劳动强度"是一致的。综上所述，监狱生产劳动制造某种使用价值所需的个别劳动时间就少于社会必要劳动时间。这种劳动，不但能够补偿全部劳动耗费，而且还可以赢利，在商品经济大潮竞争中处于有利地位，有利于发展监狱经济并增强其发展后劲。

2、实践依据

两年来，揭阳监狱的教育改造工作以政治教育为核心，以文化教育为基础，以技术教育为重点组织教

Wu Huichun
Education Department Vice-Director

In China, wherever there are prisons, there is prison economy. It is a part of the socialist market economy and develops along with the socialist market economy. In prisons, criminals are the chief laborers engaged in production, i.e. they make commodities.

合，具有二重性。只有正确把握并科学处理这两者之间的关系，在政治活动与经济活动之间建立起内存的稳定关系和运行机制，使两者在运行中相互协调，相互促进，相互制约，才能促使监狱工作得以顺利进行，改造罪犯的手段才能充分而有效地发挥各自的功能。由于传统的计划经济体制及其他因素的影响，长期以来我们没有充分认识和正确处理监狱工作中的二重性问题，把监狱工作当作完全的政治活动，生产劳动也成了单纯的改造罪犯的唯法实践活动，没有从经济的角度去认识罪犯从事的生产劳动，经济活动被严重政治化，割断了政治活动与经济活动的内在联系，这就必然导致监狱工作在政策、制度等方面出现偏差，从而使改造和生产陷入长期的矛盾状态，既影响了改造效果，又影响了经济效益。在监狱企业被推向市场之后，我们必须充分认识监狱工作的这一二重性，在认识这两种活动各自运动规律的基础上，必须使两者在实践上有机地结合起来，最终既达到改造罪犯的政治目的，又取得理想的经济效益。在监狱企业进入市场、罪犯从事的生产活动加入社会生产之后，实行罪犯劳动工资制度，就能在原有的不规范的罪犯无偿劳动制度的基础上，使罪犯劳动与其经济收益建立起内在的联系，做到既服从罪犯改造的规律，又服从经济运行的规律，从而实现改造罪犯与发展经济的有机结合，使改造和生产的矛盾在外部体制和内在联系上得以较好的解决，这样，监狱工作必将进入一个良好的规范的运行状态。

三、实行罪犯劳动工资制度，能有效地调动罪犯的劳动积极性。

罪犯在监狱进行改造，在监狱企业中他们是劳动力，他们的素质及其自身能力的发挥状况，在一定程度上决定着监狱企业的命运。为了使罪犯关心监狱企业生产经营的经济效益，就必须把罪犯劳动与获取的经济收益联系起来，把罪犯的劳动数量和质量与其获取经济利益多少联系起来，使罪犯真正关心生产劳动。如果罪犯在劳动中能多劳多得，那么必然会对罪犯产生激励作用，使罪犯努力钻研技术，提高操作技能，遵守劳动纪律。如果罪犯的思想和行为发生上述的变化，就能促进劳动效能的提高，从而获得更多的收入。因此，实行罪犯劳动工资制度能有效地调动罪犯的劳动积极性，使罪犯既关心自己劳动的数量和质量以及经济收益，又重视企业整体的发展。同时对罪犯来说，他不但要在劳动中取得正当的经济收益，而且要实现个人的政治价值，这一点他们会认为更重要。实行罪犯劳动工资制度，使罪犯拥有享受自己的劳动成果就使罪犯个人的价值在政治和经济上同时得以实现，可以使罪犯真正体验到自己存在的价值，可以直接促使罪犯思想的转化，使罪犯在整个服刑过程中具有恒久的、积极进取的动力。

四、实行罪犯劳动工资制度，是国际政治斗争的需要。

近年来，西方少数敌对国家霸权主义本性不改，借口所谓中国罪犯的人权问题攻击我国，对我国施加各种政治和经济压力，干预我国内政。因而，在法律和事实上以公开而规范的形式实行罪犯劳动工资制度，就能使那些少数国家的敌对分子阴谋不攻自破，从而增强我国在国际斗争中的力量，在国际上树立起我国监狱工作的正确形象。因此笔者认为，实行罪犯劳动工资制度必将是我国监狱改造罪犯制度的又一大进步，体现了我党改造人、教育人、造就人的伟大胸怀，同时必将有效地提高监狱企业的经济效益，解除罪犯回归社会就业的后顾之忧，从而促进罪犯思想的积极转化以及监狱工作的规范化。■

（上接第 21 页）面。

笔者认为，对"三个能手"的奖励应当制定有关制度，以每月各人所创值的多少为主要依据。监狱的生产科、教育科应共同做好对"三个能手"的奖励工作。我监的做法取得较好的效果：

由生产科根据各单位的经济效益核定3%—2%的比例给监狱各生产单位。各单位根据各罪犯月创值的多少由高到低报教育科授予能手的称号；凡连续三个月或不连续五个月被授予能手称号的，监狱给予记功一次并作为减刑、假释等奖励的依据。

四、强化技术教育应注意的 3 个问题

1、应加强对技术教育工作的领导，成立技术教育教研室。教育科要有一位领导和一位骨干生抓这项工作，教育科应把技术教育的方案报监狱主管领导，以便方案更可行。完善[illegible]

2、技术教育工作是一项新及需较高的工作。教育改造部门应多做工作，多宣传搞好技术教育工作的意义，明确领导干部和关心支持技术教育工作，形成共识。[illegible]

3、实施政策，积极办事。[illegible]为准绳，在政策法律准许的范围内做好技术教育工作。决不为某客户加工、印制"地府钱"[illegible]事就做得对；对诸如烟酒等技术的教育，劳动保护、安全教育等也应相应跟上。

HENG Jing-Feng Second Battalion

A Few Words on Criminal Labor Compensation System

To make criminals care about economic benefits of production in prison enterprises it is necessary to join criminal labor and economic incentives, thus joining criminals' labor quantity and quality and their own economic benefits.

Implementation of a criminal labor compensation system is a necessity in our international political struggle.

In recent years, a few hostile countries in the West, their nature of hegemony unchanged, are assaulting our country under the pretext of the so called Chinese criminals human rights issue, exerting various political and economic pressures on our country and trying to intervene in our internal affairs. As the result of implementing a criminal labor compensation system legally, openly and in a standardized way, hostile elements who conspire in those few countries will collapse. This will enhance our edge in the international struggle and set up a correct image of our prison work.

创揭阳监狱支柱产业 促监狱经济迅猛发展

三大队　陈国辉（三等奖）

监狱经济要发展，监狱企业要生存，就必须打破以往特殊企业的模式，大力调整产业产品结构，创建投入少、高效益的支柱产业，提高各种经济资源的利用率，促进监狱经济的发展。本文就揭阳监狱近年来的一些成功做法，浅谈如何调整产业产品结构、创支柱产业的认识。

一、充分利用自然资源，创支柱产业。

商品的价格受价值规律的制约，监狱企业必须围绕市场需求不断开发和培植适销对路的产品，降低生产成本，增强市场的吸引力。充分利用自然资源，能够使监狱企业投入少，产品成本低，在市场上增强生命力和竞争力。

（1）大力发展碎石生产。从目前的经济情况看，建筑行业保持着良好的发展势头，因为潮汕地区正处于发展建设时期，许多基础建设需要大量的碎石材料。揭阳监狱地处潮汕平原中的山区，具有丰富的石材资源，发展潜力很大。揭阳监狱从1992年底就认准形势，对碎石生产重点投资，建成了碎石场两个，到1995年初，揭阳监狱又抓住了广梅汕铁路建设的机遇，及时调整石场原有的生产布局，扩大生产规模，1995年碎石产值共300多万元，取得了较好的经济效益。

（2）致力于矿泉水生产。从现在市场的消费情况看，矿泉水的消费日益上升，矿泉水日益受消费者的欢迎，具有广阔的市场前景。揭阳监狱具有丰富的地下矿泉水资源，经过鉴定，矿物质的含量达到或超过饮用矿泉水的标准。目前揭阳监狱正在兴建矿泉水厂并与合作港商签约，销售上广东太阳神集团已看好我监的矿泉水市场，有签约意向。因此，若按每年1千万元产值的速度发展，到2000年就可达5千万元的年产值，具有较好的经济效益，它应当是揭阳监狱今后的支柱产业之一。

二、充分利用现有的设备和技术，发展支柱产业。

监狱企业要重视市场调查，收集信息开发一些"冷门"而又是自己优势的产品，充分认识到科学技术是第一生产力，引进改造一些传统的产品，在质量、品种和包装上吸引市场。比如，五年揭阳监狱烟料厂集中力量进行技术改造，生产了许多烟料瘟新品种，同时进行技术革新，严格把好质量关，使产品在质量上和品种上进一步提高和丰富，大大增强了市场的吸引力，1995年产值为221.22万元，比上年增加166.96万元，取得较好的经济效益，成为揭阳监狱的支柱产业之一。

三、充分利用监狱企业管理和劳力的优势，发展支柱产业。

监狱是国家专政机关的重要组成部分，监狱企业的管理与社会企业相比，具有许多优势，监狱企业实行军事化管理，人员相对稳定，而且都有固定的劳动场所和活动场所，不致使原料和产品流失，这是社会企业所缺乏的。比如，揭阳监狱服装厂与港商合作的服装项目，是因为他们的负责人看到监狱企业在管理上和劳动力上的有利条件才与我们合作。服装项目是揭阳监狱与外商合作的第一个成规模、货源足、效益较好的来料加工项目，它是带动揭阳监狱经济发展的支柱产业，笔者认为，这个项目将带动其他合作项目的发展。■

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CHEN Guo-Hui
Third Detachment

Judging by the market, consumption of mineral water is ever rising. Being ever increasingly welcomed by consumers, it has good market conditions. Jieyang Prison has rich sources of underground mineral water. Laboratory tests proved that minerals in the water attain or surpass standards set for drinking mineral water. Currently Jieyang Prison is establishing a mineral water plant and will sign an agreement with cooperating Hong Kong merchants. Shangchang Apollo Group believes that our prison's mineral water has broad market potential and is inclined toward signing the agreement. If we suppose mineral water production develops by an annual production value of 10,000,000 RMB, an annual production value of 50,000,000 RMB will be reached by the year of 2000.

Senator THOMAS. Thank you, sir. Mr. Levy, please.

STATEMENT OF PETER B. LEVY, PRESIDENT, LABELON/ NOESTING COMPANY, MT. VERNON, NEW YORK

Mr. LEVY. Mr. Chairman, distinguished Members, I appreciate the opportunity to appear today to discuss the problem of forced labor in China from the perspective of an American businessman.

My name is Peter Levy. I am the President of the Labelon/ Noesting Company, a small manufacturer of paper clips and fasteners for the office products industry. We employ approximately 20 people in Mt. Vernon, New York, and have been in existence since 1913. In addition to our manufacturing plant in New York, we also import products from China.

My adventure sprang from a conversation in the first half of 1995 about a competitor who was able to sell a certain product, binder clips, which is something that most of us that are using paper are using every day, and these are an example of binder clips. The competitor we discussed was Officemate International of Edison, New Jersey.

During that conversation I was told that Officemate was purchasing their binder clips from a Chinese manufacturer that was using prison labor to assemble the product. Since then I have learned that the binder clip manufacturer in question is Allied International Manufacturers (Nanjing) Stationery Co., Ltd., also known as AIMCO Nanjing, which was incorporated as a subsidiary of a New Jersey corporation named Allied International Manufacturers Co., also known as AIMCO New Jersey, by a Mr. Peter Chen. Mr. Chen is listed as Chairman of the Board on the 1992 business license issued in China for AIMCO Nanjing. Mr. Chen and his wife, Shwu Chen, are listed as the major owners of Officemate International.

In January 1996, before I made the decision to undertake my own research, I informally contacted both the Department of State and the U.S. Customs Service regarding my suspicions. I was told that the State Department did not feel that the Chinese Government was living up to the memorandum of understanding on prison labor, and I was told by the Customs Service that they suggested we petition them as specified in section 12.42 of title 19 of the U.S. Code.

However, the State Department had also told me that the Customs Service was not allowed to make unscheduled inspections of the camps. It was my opinion that the U.S. Government was not in any position to effectively investigate this matter, and it was at that time that I made the decision to research this matter on my own.

From import information I obtained from PIERS, which is the Port Import Export Reporting Service, I was able to ascertain that Officemate International was importing binder clips from AIMCO Nanjing. From the name, it was apparent that the plant was located in Nanjing, China.

In March 1996, I made a special stop in Nanjing as part of a business trip to China. With the help of a translator, we made arrangements for transportation and located the AIMCO factory.

The next day of my visit to Nanjing, we parked outside the entrance of the AIMCO Nanjing factory. After a wait of a few hours, a large truck left the plant. As the crates on the truck were not covered, it appeared that they were transporting unassembled binder clip parts and we began to follow the truck. At a point where the truck stopped due to traffic conditions, I got out of the car and looked into the cartons stacked on the truck. I was able to confirm that the truck was transporting unassembled parts for the number 20 small binder clip. When the traffic cleared, we continued to follow the truck across the Yangtze River to what I was told was a Chinese prison camp.

Now, here is the tape that was taken. Here it shows the AIMCO Nanjing factory.

[Videotape shown.]

Mr. LEVY. Here we are following the truck. Here you can see the unassembled binder clip parts. This particular tape was just taken last week.

Again, what we are talking about is here are the bodies and here are the handles, and what they are making people do is take these and insert them. If you will try it yourself, you will see that it is not a very easy task.

Here we are as the truck is going over the Yangtze River.

Here you can see the walls of the camp. In that section there used to be barbed wire. In other sections there is still barbed wire at the top of the fence. Right there is an example of the barbed wire on the top.

This was an edited tape to protect some of the people that assisted me in this.

Now we are going to go by the entrance of the plant, and there we have a picture of the sign which says the Nanjing Women's Detention and Reform.

Here we have the truck pulling out and you can see the name of the truck which has Allied Nanjing on it.

This is also the same truck—I have photographs from the first trip I made in March 1996 which shows again here you have the handles visible on the back of the truck and you have the same license plate as on this picture.

So, again, what we did was we followed the truck from the factory in Nanjing. We determined it had unassembled parts which were these parts. When the truck came back, we were able to get on the truck and determine the parts had been assembled, and then we followed it back to the factory.

Senator BIDEN. I think you are in the wrong business. 20/20 could use you.

Mr. LEVY. Well, shortly after my return to the United States—this is after my first trip—I contacted a representative of the AFL–CIO. My employees happen to be represented by a union affiliated with the AFL–CIO. The representative there put me in contact with the Laogai Research Foundation, and the foundation was able to independently confirm that the facility in question was a prison camp.

Again, I recently made another trip to Nanjing which we just depicted on the tape there and went through what I saw on that trip.

During my two visits to Nanjing, I spent only 2 days watching for a truck to take parts to the prison camp for assembly. Both days the truck was in action and I saw parts for three different products move back and forth.

The laws of the United States address the issue of importation and sale of goods manufactured with Chinese prison labor in two key areas. First, the U.S. Code title 19 regarding customs duties prohibits the importation of convict-made goods. The Code of Federal Regulations section 12.42 of title 19 states that "if the Commissioner of Customs finds at any time that information available reasonably but not conclusively indicates that merchandise within the purview of section 307 is being, or is likely to be, imported, he will promptly advise all port directors accordingly and the port directors shall thereupon withhold release of any such merchandise pending instructions from the Commissioner." To me, this does not set such a high standard as what they were talking about during their testimony.

The second key area of the U.S. Code that addresses this subject is title 18, Crimes and Criminal Procedure. There are two sections that address this matter. Section 1761 refers to knowingly. Section 1762, however, sets a much lower standard for determining whether or not a crime has been committed, and that section makes no reference to the word "knowingly." Violation of either section is punishable by a fine of not more than $50,000 and, more importantly, merchandise transported in violation of this section shall be forfeited to the United States.

I think one of the main points of section 1762 is to prevent unsuspecting consumers from having a fraud perpetrated on them. Very few people would go into the store and purchase merchandise that was marked made in a Chinese prison.

I did not come here to vilify China today. In 1939 the very few members of my family that escaped the Nazi holocaust found refuge in Shanghai where they lived until 1948. I think the interaction with the thousands of Westerners doing business in China helps to move forward the cause of human rights there.

I have discussed the problem of prison labor with a number of my Chinese suppliers. They have all been aware that they are not allowed to ship products made with prison labor to the United States. They have also told me that while they are aware that the practice continues, the Chinese factories shipping goods manufactured with prison labor are doing so against the dictates of Beijing. If this practice is to be stopped, we must continue to push the Chinese central government to exert more control at the local level.

My purpose in testifying today is to present the results of my research and to request that the Customs Service and the appropriate U.S. Attorney immediately investigate this matter to ensure that the laws of the United States are enforced.

Before I conclude, I should make clear that there is absolutely no evidence and absolutely no thought that the distributors of Officemate products have any idea that the product they are purchasing may have been made in a Chinese prison.

Mr. Chairman, few small businesses can afford to hire lawyers and lobbyists to get their point heard. That is why I so greatly ap-

preciate the opportunity to speak to you on this important matter today. Thank you.

[The prepared statement of Mr. Levy follows:]

PREPARED STATEMENT OF PETER B. LEVY

Mr. Chairman, distinguished Members, I appreciate the opportunity to appear today to discuss the problem of forced labor in China from the perspective of an American businessman.

My name is Peter Levy. I am the President of the Labelon/Noesting Company, a small manufacturer of paper clips and fasteners for the office products industry. We employ approximately 20 people in Mt. Vernon, New York. The company has been in existence since 1913. Some of our products are manufactured in China.

My adventure sprang from a conversation in the first half of 1995 about a competitor who was able to sell a certain product, binder clips, at very low prices. The competitor discussed was Officemate International of Edison, New Jersey. During that conversation I was told that Officemate was purchasing their binder clips from a Chinese manufacturer that was using prison labor to assemble the product. Since then I have learned that the binder-clip manufacturer in question is Allied International Manufacturers (Nanjing) Stationery Co., Ltd. (also known as AIMCO Nanjing), which was incorporated as a subsidiary of a New Jersey corporation named Allied International Manufacturers Co. (also known as AIMCO New Jersey) by a Mr. Peter Chen. Mr. Chen is listed as the Chairman of the Board on the 1992 business license issued in China for AIMCO Nanjing. Mr. Chen and his wife, Shwu Chen, are listed as the major owners of Officemate International.

In January 1996, before I made the decision to undertake my own research, I informally contacted both the Department of State and the U.S. Customs Service regarding my suspicions. I was told that the State Department did not feel that the Chinese government was living up to the Memorandum of Understanding on prison labor. The Customs Service suggested that we petition the Service as specified in Section 12.42 of Title 19 of the United States Code. However, the State Department had also told me that the Customs Service was not allowed to make unscheduled inspections of the prison camps. It was my opinion that the United States government was not in a position to effectively investigate this matter. It was at that time that I made the decision to research this matter on my own.

From import information I obtained from PIERS (Port Import Export Reporting Service) I was able to ascertain that Officemate International was importing binder clips from AIMCO Nanjing. From the name it was apparent that the plant was located in Nanjing, China.

In March, 1996 I made a special stop in Nanjing as part of a business trip to China. With the help of a translator we made arrangements for transportation and located the AIMCO factory.

The next day of my visit to Nanjing we parked outside the entrance of the AIMCO Nanjing factory. After a wait of a few hours a large truck left the plant. As the crates on the truck were not covered it appeared that they were transporting unassembled binder clip parts and we began to follow the truck. At a point the truck stopped due to traffic conditions I got out of the car and looked into the cartons stacked on the truck. I was able to confirm that the truck was transporting unassembled parts for the #20 (small) binder clip- When the traffic cleared, we continued to follow the truck across the Yangzte River to what I was told was a Chinese prison camp.

Shortly after my return to the United States I contacted a representative of the AFL-CIO. (My employees are represented by a union affiliated with the AFL-CIO.) The representative put me in contact with the Laogai Research Foundation. The Foundation was able to independently confirm that the facility in question was a prison camp.

I recently made another trip to Nanjing. We again parked ourselves outside the AIMCO Nanjing Plant. When we arrived we saw the same truck that I had photographed on my previous trip waiting inside the gates of the plant. The truck has the name of AIMCO Nanjing on the doors. After a short wait the truck pulled out and we began to follow it on the same route that it had taken on my previous visit. During a traffic stop I was able to inspect the material on the truck. Again it was unassembled binder clip parts. This time it was handles for the #50 (medium) binder clips and colored bodies for the #20 (small) binder clips. Again we followed the truck to the prison camp and waited a short distance from the gate. Approximately 2 hours later the truck drove out of the camp and we began to follow it again. During the drive back to the factory the truck stopped in traffic and I was able to deter-

mine that it was carrying assembled #20 binder clips. We then followed the truck back to the AIMCO Nanjing factory.

During my two visits to Nanjing I spent two days watching for a truck to take parts to the prison camp for assembly. Both days the truck was in action and I saw parts for three different products move back and forth. I understand from a 1992 letter that AIMCO Nanjing's main products are binder clips, staple removers, paper clips, letter openers, hole punches and hanging folder frames.

The laws of the United States address the issue of the importation and sale of goods manufactured with Chinese prison labor in two key areas.

First, United States Code Title 19 - Customs Duties prohibits the importation of convict-made goods. Code of Federal Regulations Section 12.42 of Title 19 Customs Duties states that "if the Commissioner of Customs finds at any time that information available reasonably but not conclusively indicates that merchandise within the purview of section 307 is being, or is likely to be, imported, he will promptly advise all port directors accordingly and the port directors shall thereupon withhold release of any such merchandise pending instructions from the Commissioner as to whether the merchandise may be released otherwise than for exportation."

The second key area of the United States Code that addresses this subject is Title 18 - Crimes and Criminal Procedure. Section 1761 makes it a criminal offense to knowingly transport in interstate commerce or from any foreign country into the United States any goods manufactured, wholly or in.part, by convicts or prisoners. Section 1762 states that all packages containing any product manufactured, wholly or in part, by convicts or prisoners when shipped or transported in interstate or foreign commerce shall be plainly and clearly marked so that the name and location of the penal institution where produced may be readily ascertained on an inspection of the outside of such package. Violation of this section is punishable by a fine of not more than $50,000 and any merchandise transported in violation of this section or section 1761 shall be forfeited to the United States. Section 1762 sets a much lower standard for determining whether or not a crime has been committed. This section makes no reference to the word "knowingly."

One of the points of Section 1762 is to prevent unsuspecting consumers from having a fraud perpetrated on them. Very few people would go into a store and purchase merchandise that was marked "Made in a Chinese prison."

In 1939, the very few members of my family that escaped the Nazi holocaust found refuge in Shanghai where they lived until 1948. 1 think the interaction with the thousands of Westerners doing business in China helps to move forward the cause of human rights there, I have discussed the problem of prison labor with a number of my Chinese suppliers. They have all been aware that they are not allowed to ship products made with prison labor to the United States. They also told me that while they are aware that the practice continues, the Chinese factories shipping goods manufactured with prison labor are doing so against the dictates of Beijing. If this practice is to be stopped we must continue to push the Chinese Central government to exert more control at the local level.

My purpose in testifying here today is to present the results of my research and to request that the Customs Service and the appropriate US Attorney immediately investigate this matter to ensure that the laws of the United States are enforced.

Like most industries, the office products industry is extremely competitive. The industry is undergoing a tremendous consolidation. All of the manufacturers, particularly the smaller ones like my firm, are fighting to survive this shakeout. Products like paper clips and binder clips are considered commodities and sold by the lowest bidder. We are all looking for a competitive advantage, but the use of prison labor goes too far.

Before I conclude, I should make clear that there is absolutely no evidence and absolutely no thought that the distributors of Officemate products have any idea that the product they are purchasing may have been made in a Chinese prison.

Few small businesses can afford to hire lawyers and lobbyists to get their point heard. That is why, Mr. Chairman and Members of the committee, that I greatly appreciate this opportunity to make my voice heard.

Thank you.

Senator THOMAS. Thank you very much. Ms. Shieh.

STATEMENT OF MARANDA SHIEH, PRESIDENT, GREATER WASHINGTON NETWORK FOR DEMOCRACY IN CHINA AND FRIENDS OF HONG KONG AND MACAO ASSOCIATION

Ms. SHIEH. Mr. Chairman and distinguished members of this committee, my name is Maranda Shieh. I am the President of the

Greater Washington Network for Democracy in China and the Friends of Hong Kong and Macao Association. I also work on special projects for the Laogai Research Foundation.

I am here today to testify about the laogai products that can easily be exported to the United States market.

This March I made a trip to China. The reason for this mission was because we wanted to check about what is indicated in this magazine. Based on the information from this special edition of Prison Work Newsletter, the Chinese Government's publication, we decided to take a look at the prison and the factory there to get a firsthand knowledge of the garment factory.

Recently under the guidance of the prison economic development policy of the Chinese Government, as indicated in the magazine, it planned to move its garment factory to the new location at Jieyang County and expand its prison labor force making garments from 150 to 1,500. Its goals were to reach an annual revenue of 8 million RMB, which is about $1 million U.S. dollars, by 1996. They also aggressively pursued larger markets by way of securing long-term stable relationship with Guangdong Shantou Jixiang Knitting Garment Factory—and later I will call this Jixiang Factory—and working with businesses in Hong Kong.

Shantou is one of three Special Economic Zones in coastal Guangdong Province. The new Jieyang Prison is about 32 miles north to Shantou S.E.Z. Jixiang Factory specializes in manufacturing garments with material and patterns provided by the buyer and which is also how Jieyang Prison operates their garment factory, as indicated in this publication.

I made my investigation posing as an American businesswoman, and I was able to order samples and sign contracts with Jixiang Knitting Garment Factory. I also was able to arrange for the textile quota with Shantou Textile Import and Export Corporation, which is the designated company to grant quota for exporting in Shantou area. I also managed to order samples to be sent both the United States and France, and we do not know if these samples and products came from the laogai factory but it is highly possible.

The contract we signed could be fulfilled once we agree upon the price for the textile quota, 338/9S, and pay quota charge, and issue a letter of credit to the supplier. Then the textile products we ordered would be shipped from Shantou to Chicago via Hong Kong. Laogai products can reach the United States through the legitimate Jixiang Factory.

I visited Jixiang Factory four times, and there are several observations I made which are all backed up with visual and audio records.

I also made a trip to the prison twice, as is shown here in this slide.

[Slides shown.]

Ms. SHIEH. This is a new location of the prison, and as you can see, it has a lot of high rise buildings, and with prison forbidden area signs near the entrances, I did not venture in, but I was really shocked by the brand new, modern high rise buildings in that desolated countryside.

When I visited the Jixiang Factory, this is the front entrance of the Jixiang Factory, I took some pictures of their garment facility

there and talked to Mr. Lee. I mean, Mr. Lee is the one with glasses in the picture here.

Senator BIDEN. This is at the factory not at the prison.

Ms. SHIEH. Not at the prison. This is a factory.

Senator BIDEN. Got it. Thank you.

Ms. SHIEH. This factory was indicated actually in this publication, and the prison admitted that they have a relationship with this factory.

When I talked to Mr. Lee to see if he can actually arrange our contracts to be made by the prison, his reply was circumspect. Later when I asked if he could make arrangements for me to visit the prison, he indicated that he could make the arrangements.

Senator BIDEN. Why did he think you asked to be able to visit the prison? In order to inspect the quality of the work?

Ms. SHIEH. To inspect the quality of the work.

Senator BIDEN. To inspect the quality of the work.

Ms. SHIEH. Yes.

Senator BIDEN. I see.

Ms. SHIEH. Another information I obtained from Mr. Lee clearly indicated that he really knows something about the prison factory and had experience of working with them. When I asked him how much I could save if the products are made by the prisoners, he knew exactly how much, and he said for an order of $50, it probably would cost me only $35 per dozen. For an order of $60 per dozen, it would probably cost only $40 per dozen. But he also indicated that I would probably have to spend $8 to $10 per dozen on the bribes to prison officers. He said especially for people like me who is from overseas, they probably would ask me to buy something for them on my next trip.

When I asked how the prison distributes their profit, Mr. Lee said that it would all go to the prison and officers. He said sometimes they might reward prisoners if they perform well, but he said, "They are forced to labor, you know. They don't have to pay them anything."

Also in this publication, it indicated clearly that Hong Kong business has some relationship with the prison, as indicated in my written testimony.

According to Mr. Lee, he actually gave me the name cards of some companies in Hong Kong, and there are four companies he admitted that he deals with them closely. One is Roxy Garment Factory, Ltd. Which actually sells Esprit brand products; the Sam Wing Garment Factory, Ltd.; and Chaifa Holdings, Ltd., which sells Playboy, Garfield, and Arnold Palmer brand products; and Worldwide Industrial.

Senator BIDEN. These are all Hong Kong distributors?

Ms. SHIEH. Hong Kong companies.

Senator BIDEN. Companies that purchase from these facilities.

Ms. SHIEH. Yes.

Senator BIDEN. Will the fellow with the camera move? Thank you. Good idea.

Ms. SHIEH. Probably I should indicate this paragraph is stated in this publication, and it indicates that Hong Kong businesses want to cooperate with Jieyang in the garment project because their representatives saw the advantage which we have in manage-

ment and the labor force. Now, a garment project is our first large-scale production and processing line where we cooperate with foreign businesses. The orders are abundant and our production runs relatively effectively. It is a parlor enterprise which will bring economic development at the Jieyang Prison.

In conclusion, there are three major findings from this investigation. One, we found out it is extremely easy for laogai garments to reach the world market, including the American market even with government textile quota restriction.

Second, the Chinese Government clearly does not show any concern or worry about selling forced labor products to the world market, and there is no indication they will stop doing so.

And third, we learned that any private enterprise, new or old, including those in Hong Kong, can be established and used as front companies for the export of laogai products. The laogai products can then easily be exported to the American market without any trace of the original source.

Thank you.

[The prepared statement of Ms. Shieh follows:]

PREPARED STATEMENT OF MARANDA SHIEH

U.S. IMPLEMENTATION OF PRISON LABOR AGREEMENTS WITH CHINA

My name is Maranda Shieh. I am the President of the Greater Washington Network for Democracy in China and Friends of Hong Kong and Macao Association. I am here today to testify about the Laogai products that can easily be exported to the United States market.

Based on information from this June 1996 special edition of bimonthly "Prison Work Newsletter", a publication of the Chinese government, I took a trip to China this March under the direction of the Laogai Research Foundation to investigate the textile products exported from China to the United States. According to this publication, the Jieyang Prison, Guangdong Province formerly Dongjing Labor Reform Detachment, has been in the garment business for 12 years.

Recently, under the guidance of the prison economic development policy of the Chinese government, it planned to move its garment factory to the new location at Jieyang county and expand its prison labor force making garments from 150 to 1500. Its goals were to reach an annual revenue of 8 million RMB, which is about one million US dollars, by 1996. They also aggressively pursued larger markets by way of securing long-term stable relationship with Guangdong Shantou S.E.Z. Jixiang Knitting Garment Factory (later called Jixiang Factory) and working with businesses in Hong Kong.

Shantou is one of three Special Economic Zones (S.E.Z.) in coastal Guangdong Province. The new Jieyang Prison is about 32 miles north to Shantou S.E.Z. Jixiang Factory specializes in manufacturing garments with material and patterns provided by the buyer, and which is also how Jieyang Prison operates their garment factory, as indicated in this publication.

I made my investigation posing as an American businesswoman. I was able to order samples and sign contracts with Jixiang Knitting Garment Factory. I arranged 338/9S quota for the contract signed with the Guandong Shantou Textile Import/Export Company, the designated company for obtaining textile quota for export in Shantou area. I also managed to order samples to be sent to both the United States and Europe. We don't know if these samples and products came from the Laogai factory, but it is highly possible.

This contract will be fulfilled once we agree upon the price for the 338/9S quota, pay quota charge, and issue a Letter of Credit (L/C) to the supplier. Then the textile products we ordered will be shipped from Shantou to Chicago via Hong Kong. Laogai products can reach the United States through the legitimate Jixiang Factory.

I visited Jixiang Factory four times, and there are several observations I made, which are all backed, up with,visual and audio records:

The factory is small. Mr. Lee, the owner, claimed it has I 00 workers and monthly production of 50,000 pieces, but I only saw less than forty workers on a delivery day. Mr. Lee admitted he sometimes contracts out certain types of orders when the

order exceeds their capacity. He also admitted he had a contract relationship with Jieyang Prison and he had gone to the prison himself to oversee the work many times.

Mr. Lee was first asked if he could contract out our order to the Prison, his reply was circumspect. Later I asked if he could make arrangements for me to visit the Prison and he indicated that he could make those arrangements.

When Mr. Lee was asked about how much I could save if products are made by prisoners, he knew exactly how much. He said an order at $50 per dozen would probably cost only $35 per dozen; an order at $60 per dozen would probably cost only $40. He also mentioned the buyer needs to spend $8 to $10 per dozen on bribes to prison officers. He said for people like me who is from overseas, they will probably ask me to buy something for them on my next trip. When asked how the prison distribute their profits, Mr. Lee said that all goes to the prison and officers. The prisoners sometimes will get some reward if they perform well, but he said, "they are forced to labor, you know, they don't have to pay them anything".

One of the articles in this "Prison Work Newsletter" stated:

"Hong Kong businesses want to cooperate with Jieyang in the garment project because their representatives saw the advantage we have in management and labor force. Our garment project is our first large scale production and processing line where we cooperate with foreign businesses; the orders are abundant; and our production runs relatively effectively. It is the pillar enterprise which will bring economic development at Jieyang Prison..."

According to Mr. Lee, Jixiang Factory has business relationship with four companies in Hong Kong. Later we called four companies in Hong Kong that admitted they have business relationships with Jixiang Factory. They are: Roxy Garment Factory Ltd. (sells Esprit brand products); Sam Wing Garment Factory Ltd; Chaifa Holdings Ltd. (sells Playboy, Garfield, and Arnold Palmer brand products); and Worldwise Industrial Ltd. All of them very active in the international market.

I went to Jieyang Prison twice to take a look at the facility. With "Prison Forbidden Area" signs near the entrances, I didn't venture in. However, I was shocked by the brand-new modem high-rise buildings in that desolated countryside.

In conclusion, there are three major findings from this investigation:

1. We found out it is extremely easy for Laogai garments to reach the world market, including the American market, even with government textile quota restriction;
2. The Chinese government clearly does not show any concern or worry about selling forced labor products to the world market, and there is no indication they would stop doing this; and
3. We learned that any private enterprise, new or old, including those in Hong Kong, can be established and used as front companies for the export of Laogai goods. The Laogai products can then easily be exported to the American market without any trace of the original source.

Thank you.

Senator BIDEN [presiding]. Thank you very much.

Who is the next witness, Mr. Wu?

Mr. WU. Let me introduce a prominent dissident, Fu Shenqi. He participated in the democracy movement in the late 1970's. The first he was arrested by Chinese Government in April 1981, sentenced 7 years to the jail. The second time he was arrested again in 1991. He was involved in Tiananmen Square incident, and then put in the jail 1 year and 9 months, no trial at all. In 1993 he was arrested again in July 1993, sentenced to a so-called reeducation through labor, and he was released October 1995. Under American access, he came here last year and is granted asylum in the United States today. Senator BIDEN. Thank you very much. Welcome.

STATEMENT OF FU SHENQI, CHINESE DISSIDENT AND LAOGAI SURVIVOR, NEW YORK, NEW YORK

Mr. FU. Mr. Chairman and honorable Senators, it is my greatest honor to testify before your committee. Let me begin please.

From January 1983, I was put in jail at the Shanghai Municipal Prison because of my political sentiment. The government had a system of work points to control the prisoners. The prisoners were

forced to labor. Work points were deducted for failure to meet quotas. Once or twice a week prisoners could watch TV. Once a month they could watch a movie, buy food, or meet with their family. These benefits were deprived for failure to meet quotas or for bad performance in reform. Hence, many prisoners were forced to labor overtime to maintain the work points. Those who were slower could have only 3 or 4 hours of sleep a day. I witnessed how the prison built a radio assembly shop. As I learned from the other prisoners and policemen, the prison also ran a regular print shop and other shops.

From July 1993 to April 1994, I was held at the 2nd Company, 3rd Battalion, Shanghai Reeducation Through Labor Farm located at Dafeng County, Jiangsu Province. Again my political activities were my crime. With the Shanghai No. 18 Knitting Mill, the battalion made woven jerseys. Reeducation through labor inmates were forced to labor and reform their thinking. In the busiest of times, they had to labor nearly 20 hours a day. Inmates, while working at machines, often fell asleep. In slack season, several hours a day inmates sat on the benches studying, writing reports on what they learned from the studies. The 1st Company, 3rd Battalion made a shop for making teaching slides.

In April 1994, I was transferred to the 5th Battalion. In 1994 and 1995 I witnessed how from June to October the battalion's 2nd Company made Christmas lights for export for the Haiman Lamps Factory and a lamps and lanterns factory of Jiangsu Province. Each box consisted of 36, 50, 100, or 200 lights on a string. The lights I have at hand are similar with those made at the 2nd Company. The task was hard. Every inmate had to labor overtime, many laboring until 1 or 2 at night. Those who failed to meet quotas were punished. Inmates at the woolen sweaters mill also often labored overtime. Inmates in farming had to labor overtime even more. For instance, inmates who planted rice often labored from 7 in the morning till 8 at night.

On *laogai* farms, inmates were routinely beaten and cursed. Government officials cuffed and kicked them at will. Those *laogai* inmates trusted to supervise other inmates beat and cursed them even more. I was also beaten by them.

In China reform through labor and the *laogai* facilities are not common prisons, but the Communist Party's tools for keeping its one-party laws. Not only do the camps force prisoners to labor for profit, they also force the inmates to accept brainwashing. The thought reform makes them surrender to the Communist Party.

Thank you.

Senator BIDEN. Thank you very much. Sir?

STATEMENT OF JEFFREY L. FIEDLER, PRESIDENT, FOOD AND ALLIED SERVICE TRADES DEPARTMENT, AFL–CIO, WASHINGTON, D.C.

Mr. FIEDLER. Mr. Chairman, I would like to enter my remarks in the record.

Senator BIDEN. Without objection, they will be placed in the record.

Mr. FIEDLER. I want to make very clear that the legislation——

Senator BIDEN. Mr. Wu, why do you not turn that off? That would be a good idea for the sound. It would help.

Mr. FIEDLER. Let me back up. The Government testified this morning, if you did not even listen carefully, that the MOU does not work, the SOC does not work, and that the law has higher thresholds for prosecuting Americans, which is understandable and necessary and we are not proposing change.

I think it is fair to say that the Government has not tried any alternatives in the face of complete evidence that the MOU and the SOC do not work.

I want to make one thing very clear. This is not a discussion of MFN. I do not believe that ending the *laogai* trade, forced labor product trade, should be caught up in MFN. It is U.S. law. We should end it and we should take action which goes directly to ending the trade, not prosecuting the few culpable American citizens in the United States who may be engaged in that trade.

Right now our focus is in the wrong place. We are focused on some guilty people, to be sure, but the thresholds for prosecution are too high. We know the trade exists. We must end it. The Government does not have the current power to do it. The Customs Service does not currently have the same power that you were discussing, Senator, this morning on IPR.

If we find that CD's are being produced in Guangdong, if I recall correctly, we threatened sanctions that involved shoes. A greater innocent you could not find involving IPR. So, we have established two things, that we will use sanctions for trade and that we will punish or catch innocent, legitimate businesses at the same time.

The only way to give the Chinese Government incentive in my view is to empower the Government to ban categories of products, and I mean not any other category of products. If hand tools are being imported by forced labor, then we can come down on hand tools and they will no longer come in from China until we are satisfied——

Senator BIDEN. Regardless of where they are manufactured.

Mr. FIEDLER. Absolutely, from that point forward. That is what is called incentivizing in a free market fashion the Chinese Government. That is the same principle that we were using in IPR.

I just want to repeat this. Let us take the MFN discussion out of forced labor. The President did what he did. I disagree. I even disagree with you on MFN. That is not what we are talking about today. We are talking about ending an illegal trade, and I think that the proposals that I have in the record are the basis.

Just one thing. I think the President must show his own interest in the forced labor issue by setting up a commission where we all sit down, Treasury, Customs, State, labor, business, and come up with realistic proposals to end this trade. The President did this with child labor. He did it with apparel. I think that it requires and demands that level of visibility, separates it from the political debate, and takes us down to what we really want to accomplish, which is end this trade in inhuman products.

Thank you.

[The prepared statement of Mr. Fiedler follows:]

PREPARED STATEMENT OF JEFFREY L. FIEDLER

Mr. Chairman, members of the Committee, thank you for the opportunity to appear again before you. My name is Jeffrey Fiedler and I am President of the Food and Allied Service Trades Department of the AFL-CIO. I also serve as a director of the Laogai Research Foundation.

We have heard testimony which provides evidence that the Memorandum of Understanding on Prison Labor (MOU) negotiated by the Bush Administration and the Statement of Cooperation (SOC) negotiated by the Clinton Administration have not worked.

These agreements have not stopped the illegal trade in forced labor products from China because the Chinese government has undermined them from the start.

The most fundamental, and fatal flaw in both the MOU and SOC is that U.S. efforts to use them to enforce our laws is dependent upon the willingness of the Chinese government to provide evidence that is self-incriminating. No one in America would be expected to do so, and the Chinese communists who want to profit from this trade certainly will not.

The reality is that U.S. government attorneys are unwilling to prosecute cases against American citizens based upon evidence gathered in China. The only exception to this is when another American citizen is willing to come forward to provide eyewitness testimony. As a result, the Chinese Laogai camps and trading companies continue to do business, albeit a little further underground.

The MOU and SOC are empty diplomatic tools. I believe they were originally negotiated to merely give the appearance that the U.S. and Chinese governments were intent upon solving the problem, so as to diffuse what both governments perceived to be a growing and potentially explosive political problem.

Current U.S. law concerning forced labor products is directed at punishing U.S. importers who knowingly import these products. While this is certainly justifiable, the real goal should be to end the trade in forced labor products. In other words, U.S. law should also be designed to punish the mainland Chinese companies which engage in this illegal trade. Under current law they escape punishment almost entirely. We should establish a series of significant penalties in law which would have the effect of forcing the Chinese government to end this illegal trade.

I am not suggesting that the rules of evidence for prosecuting American citizens suspected of committing a crime be changed. These thresholds should remain high. But, when it comes to providing China with access to the U.S. market, different standards are appropriate and necessary. This principle is already in practice in such areas as intellectual property and textile transshipments.

We propose that Congress enact new legislation which would:

1. Direct the Customs Service, based upon credible information, to ban entire categories of products from China if it is found that forced labor products of the same type are being sent into the United States. For example, if China is found to be exporting brake rotors from a Laogai camp, Customs would have the authority to ban all brake rotor imports from China for a set period of time. We suggest that a three year ban would be an appropriate period to create a strong disincentive. This would address the current problem of China mixing Laogai products with legitimately produced products as a way of hiding the former.
2. Direct the Customs Service, based upon credible information, to ban all imports from the Chinese state trading company which cooperates in the illegal importation of forced labor products. For example, if MinMetals is sending in the brake rotors it can no longer do any import business with the United States.
3. Direct the State Department and/or the Immigration and Naturalization Service to revoke the business visa of any PRC national working in the United States for a company or any of its subsidiaries which has been found by the Customs Service to be involved in the illegal trade of forced labor products.
4. Ban U.S. companies from doing business (buying, selling or establishing joint ventures with) in China with any company or its subsidiaries which has been found by the U.S. Customs Service to be dealing in forced labor products.

In addition to the changes in the law we are proposing, it would be necessary to provide modest additional funding for the Customs Service and State Department. We estimate this to be no more than $2 million a year. This is a small price to pay for ending U.S. complicity in the forced labor products trade.

Some would object by saying these changes might punish legitimate companies in China. But access to the U.S. market is not a right, and Congress has the responsibility to determine the conditions under which goods and services enter this mar-

ket. We believe these proposals are the best way to create the incentive inside China to end trade in forced labor goods.

Our proposal shifts the negotiating power to the United States in dealing with this problem, and replaces an empty diplomatic agreement with real tools of enforcement directed at the source of the illegal trade. It removes from the process dependence on the Chinese government for information implicating themselves, and by narrowly focusing on those products which are found to be made by forced labor, provides the means to insure these goods do not enter the U.S. market.

The Administration recently created, with great fanfare, a commission focused on labor conditions in the apparel industry. We think the time is long overdue to create a similar commission on forced labor in China. This commission, which could be composed of officials from Customs, Treasury, the State Department, and citizens representing business, labor, and the human rights community, should be charged with making proposals to deal with forced labor products. The result, I believe, would be legislation which would pass both the Senate and House by overwhelming majorities.

Thank you.

Senator BIDEN. Let me ask you a question, if I may start with you, sir, to make sure I understand. You do not believe that based upon what we have heard today that we should deny MFN because of the practice——

Mr. FIEDLER. I do not want to get into MFN. I do not think we should grant MFN to China. I am separating out this problem, the forced labor trade problem, from the general discussion, the political discussion, of MFN.

Senator BIDEN. Right. But assume this were the only problem we had in our bilateral relations with China. It is an important point.

Mr. FIEDLER. If it is the only problem that we have in our bilateral relationship, I think that my proposals would go to solve it.

Senator BIDEN. And you would not use MFN to solve it.

Mr. FIEDLER. To solve that particular one by itself? No.

Senator BIDEN. I am not trying to get you to endorse MFN. I am trying to make sure I understand what you are saying.

Sir, unfortunately, your names are covered up, but it is Mr. Levy?

Mr. LEVY. Yes.

Senator BIDEN. Mr. Levy, the chairman was sent a letter from your competitor, dated May 20th, saying that "Officemate International Corporation learned earlier this week that one of our China suppliers may have utilized convict labor for assembling of binder clips sold to us. We are shocked and dismayed by the report."

Then it goes on. "We have today suspended all shipments from this factory and have dispatched senior U.S. management personnel to the factory to investigate this allegation. We will not associate or do business with firms or individuals who do not share our views regarding convict labor."

The reason I bother to mention it is, (A), I think it warrants being mentioned since it was sent to the chairman, but also, (B), to ask you your opinion as a businessman. If we had a labeling process whereby a company could, if it were able to, prove by meeting certain standards that the product they were selling was either not made with child labor or not made with prison labor, that they could put that on their product—now, not the alternative, not the Government labeling a product of having been made with child labor, but the affirmative, being able to assert having met a standard or criteria that was real—what is your view based upon your

customers, whether or not customers would respond and not purchase the lower-priced product that could not guarantee that it was not made with, in this case, forced labor? As a businessman, what is your view?

[The letter of Officemate International Corporation follows:]

OFFICEMATE INTERNATIONAL CORPORATION

90 Newfield Ave., P.O. Box 6680, Edison, NJ 08818
908-225-7422/800-221-0400
Fax: 908-225-6466/908-225-7101

May 20, 1997

Honorable Jesse Helms
U.S. Senate
Washington, DC

Dear Senator Helms:

Officemate International Corporation learned earlier this week that one of our China suppliers may have utilized convict labor for assembling of binder clips sold to us. We are shocked and dismayed by this report.

We are and have always been opposed to such practices, and our policy for all China vendors prohibits shipment of such merchandise. Management at the factory in question has regularly maintained that they have been in complete compliance with this policy, and have so certified to us in writing. A copy of the most recent such certification is attached. If the allegations are true, we have been intentionally misled and deceived by the company's management.

We have today suspended all shipments from this factory and have dispatched senior U.S. management personnel to the factory to investigate this allegation. We will not associate or do business with firms or individuals who do not share our views regarding convict labor.

Officemate International Corporation sources products from several Asian countries and we manufacture a variety of office products in the United States. We take pride in the integrity of our business operations, and will act vigorously to enforce our policies.

Please direct any questions you may have to Barry Cohen at 202-624-2500.

Sincerely yours,

OFFICEMATE INTERNATIONAL CORPORATION

Shire J. Chafkin
Senior Vice President

Attachment

I397101

P. 3/3

IMPORT QUESTIONNAIRE AUDIT
入口調查問卷

FROM: (Factory Name and Location) ALLIED INTERNATIONAL MANUFACTURERS (NANJING)
(工廠名稱及地址) STATIONERY CO., LTD.
25-1 DONG JING CHUN, HE YAN ROAD, NANJING, CHINA

DATE: MAY 8 / 9, 1997
日期

P.O. Number (s): P.O.NO.:48788
訂單號

OFFICEMATE INTERNATIONAL CORPORATION
供應商

We hereby declare the following (CIRCLE THE APPROPRIATE RESPONSE)
在此我們申報以下情況 (在適當回答上打圈)

1) Do you employ anyone under the age of 16? YES/NO
有否聘用16歲以下童工 是/否

2) Do you employ any prison or forced labor? YES/NO
有否使用監獄或勞役苦役 是/否

3) Does your product conform to all U.S. and International laws pertaining to Trademark/Copyright/Patent regulations? YES/NO
是否符合美國及國際法律中有關商標/版權/專利權的規則 是/否

4) Do you provide the correct U.S. required country of origin markings on purchased products? YES/NO
是否提供正確的美國所要求的產品地標標籤 訂購的產品上 是/否

For and on behalf of
ALLIED INT'L MANUFACTURERS
(NANJING) STATIONERY CO. LTD.

Authorised Signature

Authorised Factory Signature & Company Chop
授權簽字及蓋章

Witnessed
證人

Mr. LEVY. The first thing I would like to do is respond to this letter briefly. As I mentioned in my testimony, the factory in Nanjing is owned by a New Jersey corporation. It is a subsidiary of a New Jersey corporation, and you have common ownership with those two plants and Officemate International. So, while I cannot say there is any direct knowledge, again there is a common ownership between these three different entities.

Senator BIDEN. Well, let me put it this way. Your photographs at least did one thing, whether they knew or did not know, unless they are lying to the chairman and the committee, they are no longer going to, at least for the time being, import that product.

Mr. LEVY. Right.

Senator BIDEN. So, you accomplished something.

Mr. LEVY. Well, I think they have another problem also which is now—they admitted that they have used prison labor to assemble these parts.

Senator BIDEN. No, they did not do that. Just so we make it clear. The letter does not do that.

Mr. LEVY. OK.

Senator BIDEN. It says—I do not want to get into a question of indicting this company or not this company. I understand why it is a point you would like to make and you have made. But it says that "We are shocked and dismayed by this report." We have always been opposed to the practice. It says, we have learned earlier this week that our China suppliers have utilized prison labor for assembling these clips. We have always been opposed to the practice. I guess they did admit they have used it.

Anyway, get to the second question and you can take care of your competitor. I think you pretty well have taken care of your competitor. But let us move to the second point and the more important point from my standpoint and that is would your wholesalers, you think, respond?

Mr. LEVY. I think more and more, as this issue becomes—you know, as with Kathy Lee Gifford and these different issues that have come up, this issue of prison labor and child labor is becoming more and more important to people. If no one knows about it and they do not know it is an issue, it makes no difference, but as you start to educate people as to what the problems are and what the issues are and what is at stake here, I think people will care and will pay a little bit more to know that someone has inspected the plant and knows that it was not made with prison labor. So, I think it is a very interesting idea you have presented.

Senator BIDEN. Let me ask one other question with my colleague's permission and then I will yield her all the time that she would like.

Sir, you were in a prison camp. If I may ask, how old are you?

Mr. FU. Forty-four.

Senator BIDEN. Forty-four. You first were imprisoned in 1983?

Mr. FU. Eighty-three.

Senator BIDEN. 1983.

Now, you spoke specifically of the reform through labor camps which you were sent to and you indicate that these facilities are not common prisons but the Communist Party's tools for consolidating its one-party rule. Not only do the facilities force prisoners

to labor for profit, they also force inmates to accept brainwashing. The thought—excuse me. The through reform made—excuse me. The thought—I do not understand this.

Mr. WU. Thought reform.

Senator BIDEN. The thought reform made them surrender to the Communist Party ideologically and psychologically.

Now, you make a clear distinction between essentially political prison camps and prisons where there are legitimate, by any country's standards, thugs, prisoners, people who would violate the norm in any society. I am sure there are some in China. Not everyone in prison is a political prisoner, although I am not suggesting there are not tens of thousands of political prisoners.

My question is this. To the best of your knowledge or anyone else's knowledge here, does the government operate, as it relates to forced labor, differently with the so-called reform through labor prison camps and prisons where the robber, the murderer, the arsonist is sent? I mean, is there a difference? I am just curious, not that it makes a fundamental difference other than determining where these products come from. Is there a difference in the labor they force prisoners to engage in?

Mr. WU. Senator, can I answer?

Senator THOMAS. Please.

Mr. WU. Because I do my research many years.

Laogai, l-a-o-g-a-i, is a Chinese popular word. It means labor and reform.

Senator BIDEN. Right.

Mr. WU. A Chinese official term reform through labor or another category, so-called reeducation through labor.

Senator BIDEN. Right.

Mr. WU. All the prisoners—it does not matter if you are a penal criminal or a political criminal—are forced to labor through the labor to reform, as you know, brainwashing.

Senator BIDEN. So, it is not merely political prisoners who go to one camp.

Mr. WU. They do not divide it, no.

Senator BIDEN. Now, the camp that your colleague was in, the prison he was in, is it likely that he may have very well been a cell mate or next to someone who was a common thief?

Mr. WU. Yes.

Senator BIDEN. I see, OK.

Mr. WU. I spent 19 years. I was always mixed together with the thief or robber, murderer.

Senator BIDEN. I see. So, there is no distinction. That answers my question. I thank you very much.

I yield to my colleague. I not only yield her the floor, I yield her the gavel because I have to run upstairs to another meeting very shortly. If the meeting is still going on, I will come back down and follow up.

But I want to thank all the witnesses. It did take some great courage to do what you did, and congratulations to you, Mr. Levy.

Senator FEINSTEIN [presiding]. Thank you very much, Senator.

I think a couple of things are clear. One is, as Mr. Wu pointed out in his remarks, since 1932 the United States has had a law which prohibits prison labor. It is a law we should observe. It is

a law that is important. Economically, maybe not societally, but economically we are a very strong economy. We are also an economy with all of its bumps and rocks and up sides and down sides going into a global economy. What Mr. Levy's example has pointed out I think is how tough and tight competition is in this global economy.

Therefore, if we do not take some action with respect to really enforcing our law, it is going to proliferate. Forced labor is going to proliferate and I believe it is proliferating. I am not sure China is the only country where forced labor exists, but having said that, I do believe it exists in China.

Now, the question really becomes how do we effectively deal with it. What is clear that a low level signed memorandum of understanding is not going to cut the mustard. It is not going to do it and it has not done it.

I really believe that, Mr. Fiedler, you have in your four points really the germ of an important statement, and that is to ask our Government to engage in a different agreement and that agreement would be at the highest level, to have both our Governments make the statement that we will not countenance forced labor as a part of our bilateral trade.

Then second, if it is found that that agreement is not adhered to and that in fact products are coming that are a product of forced labor—and I think, Mr. Levy, your contribution to this is a very careful tracing on videotape that is comprehensible and understandable that it does exist. Then if it does exist, I think we ought to have the kind of law that really takes a broader approach and says we will not import from the country any products of the same generic kind.

Now, I think that is an important step in exerting the kind of peer pressure, which is also a part of Mr. Levy's example. He is in the same business. This is a competitor. He could not understand how he was getting underbid and he went to find out and he found out. So, it would exert a kind of peer pressure to see that forced labor is not a part of this global competition.

Then your point number four is really the strong sanction, that if it continues, United States companies would be, as a part of the sanction, banned from doing business.

It may well be that, at least in my view, we have to go to something like this.

I do not really want to ask any questions. I think you have provided us with some very good food for thought, some very specific commentary, and I am very grateful for that.

But what is crystal clear to me is that an MOU signed by an economic counselor, even as much as we might endorse it, does not have the stature or the status as having an agreement between the highest levels of our Government that we will not countenance forced labor.

Mr. Fiedler, do you want to comment?

Mr. FIEDLER. I just want to make one other comment that what is absolutely necessary to the solving of this problem which I believe is absent today. Is the will within our Government to do something about it. It personally pains me to say so. I think we

lack the will to use the tools or to gather up the tools to end this trade.

I think it is caught up unnecessarily in the administration—and not just this administration, but the previous administration's views of the politics of the world. This trade must be stopped. We must have the will. The American people do not want these products. They are violative of human rights. But I think that the Senate's role is to provide the administration the will.

Thank you.

Senator FEINSTEIN. Well, I think this is an enormously complicated area, in response to your comments. I think as Mr. Wu pointed out, you point something out, you have a period of time before anybody gets there. Clearly it is telescoped that there is the thought that there is prison labor in this setting, and there is ample time to change the setting. So, I do not think the process is very effective in rooting this out.

I do think that China has to understand that the issue of forced labor is very important to us, and it is important to us at our highest levels, and that what we are asking is that, as equals, it also be important to them.

I think what Senator Biden said, it is one thing to have tags and to have a consumer public that is willing not to buy the product. It would be interesting to see how well that works. I would hope it would work. I am not really so sure it would knowing the competition to get a break in price.

Having said that, I think the issue is really for high level discussion and hopefully we have elevated to that.

I want to just thank everybody here for bringing your commentary and for your work and would like you to know that I think there are many members of this committee that would like to see us move in a stronger direction.

Mr. Fu, I can only say I wish I spoke Chinese as well as you speak English. Congratulations and thank you for your testimony.

To you too, Mr. Wu, we appreciate it. Mr. Levy, Mrs. Shieh, Mr. Fiedler, thank you very much and I will adjourn this hearing. Thank you.

[Whereupon, at 12:29 p.m., the committee was adjourned, subject to the call of the Chair.]

APPENDIX

UNITED STATES DEPARTMENT OF STATE,
WASHINGTON, DC. 20520,
August 11, 1997.

THE HON. JESSE HELMS,
Chairman,
Committee on Foreign Relations,
United States Senate.

DEAR MR. CHAIRMAN: Following the May 21, 1997 hearing at which Deputy Assistant Secretary of State Jeffrey A. Bader testified, additional questions were submitted for the record. Please find enclosed the responses to those questions.

If we can be of further assistance to you, please do not hesitate to contact us.

Sincerely,

BARBARA LARKIN,
ASSISTANT SECRETARY,
LEGISLATIVE AFFAIRS.

RESPONSES OF MR. BADER TO QUESTIONS ASKED BY SENATOR HELMS

Question 1. Mr. Bader stated, "Between March 1994 and April 1995, Customs was permitted to visit the following five facilities:

- Guangdong Flower City Enterprise
- Guangdong Reform Through Labor Bureau
- Zhejiang Number 4 Prison Factory and its associated Hangzhou Wulin Machinery Works and Hangzhou Superpower Hoist Works
- Shanghai Number 7 Reform Through Labor Detachment
- Shandong Laiyang Heavy Duty Machinery Factory."

1.1 Please provide summaries of these visits and the details of the cases, including the origins of the cases (i.e. what products were suspected, how Customs obtained the initial complaint, etc.), when the U.S. made its initial request for an investigation, the results of the Chinese investigation, when the Customs Service conducted the visit, the conclusions reached by Customs after the visits and the present status of the investigation.

1.2 For each case, please reply to the question: does the State Department feel the Chinese government complied with the MOU/SOC guidelines?

Answer. The following summaries were provided by Customs:

1.1(a) Guangzhou Flower City Enterprise AKA Red Star Tea Farm

11/30/91 - South China Morning Post Article reports Red Star Tea Farm is a labor reform camp that produces tea which is sold to Guangdong Flower City Enterprise.

12/8/91 - Letter to American Consulate in Guangzhou from Guangdong Tea I & E Corp. states Red Star Tea Farm is a labor camp tea farm.

2/25/92 - Customs issued detention order

8/25/92 Customs sends referral for investigation to MOFERT.

10/23/92 Chinese response from Reform Through Labor Bureaus. Tea leaves are only for domestic market and not for export.

11/10/92 Customs sends visit request to MoJ

3/23/93 Customs sends 2nd visit request to MoJ

1/19/94 Customs and embassy officers visit Red Star Tea Farm. Report that records at site generally support contention by Chinese that tea was not for export; however, evidence was obtained which indicated that tea sales were made to Guangdong Flower City Enterprise, a retail sales and reputed export operation for Guangdong Reform Through Labor Bureau Goods. Follow up on this lead was unsuccessful.

2/7/94 - Customs requests access to records at Guangdong Flower City Enterprise.

3/7/94 - MoJ advise that permission was granted for Customs access.

4/6/94 - Customs visited Guangdong Flower City Enterprise. No evidence found to indicate that tea leaves were sold for export and/or exported.

No other activity found in file

1.2(a) The State Department considers the Chinese government to be in compliance with the MOU/SOC in this case.

1.1(b) Guangdong Reform Through Labor Bureau

2/7/94 - Customs requested an interview with Reform Through Labor Bureau officials in connection with the Red Star Tea/Guangdong Flower City case.

3/28/94 - Second request for interview.

4/20/94 - Customs visited with Reform Through Labor Bureau official.

1.2 (b) The State Department considers the Chinese government to be in compliance with the MOU/SOC in this case.

1.1(c) Zhejiang No. 4 Prison Factory

5/18/93 - Laogai Foundation report that Zhejiang No. 4 Prison Factory AKA Hangzhou Wulin Machinery is a prison labor facility which is exporting chain and lever hoists to U.S.

6/17/93 - Embassy official sends referral to Wang Mingdi, Deputy Director, MoJ Bureau of Reform through Labor

7/8/93 - Commissioner of Customs disseminates memo to all offices to withhold release of hoists made by Wulin Machinery aka Zhejiang No. 4. Hoists are considered products of prison labor.

9/7/93 - MoJ respond to referral. Chinese position is that products i.e. hoists that were exported were manufactured by ordinary workers who were not in the prison system. The workshop that produces the hoists is under the administration of the Zhejiang Provincial Machinery Industry Bureau. Chinese also stated that Hangzhou Wulin Machinery now only produces machinery for the domestic market.

3/13/94 - CA/BJ sends letter to MoJ requesting visit/access to Zhejiang No. 4 Prison Factory.

5/10/94 - MoJ notify Embassy that Embassy request to visit is granted and scheduled for 5/19-5/20.

5/20/94 - Embassy officer and Consular officer (Shanghai) make visit to Zhejiang No. 4 Prison Factory. Per visit, no direct evidence of the export of prison labor products to the U.S. by the Wulin factory, past or present, was found. Per report, Wulin Factory is a prison factory and is the production facility for the Zhejiang No. 4 prison. Final comment by visiting officers, the factory officials could not or would not provide any production records or other evidence which would substantiate their claims that exports and domestic products were separated/divided such that only ordinary workers produced hoists for export.

1.2(c) The State Department considers the Chinese government to be in compliance with the MOU/SOC in this case.

1.1(d) Shanghai No. 7 Reform Through Labor Detachment

9/23/91 - Harry Wu testified before Subcommittee on Human Rights and International Organizations that Shanghai No. 7 Reform Through Labor Detachment aka Shanghai Laodong Pipe Works is a prison labor run factory exporting to US.

10/3/91 - Detention order on products from above factory issued by Customs Commissioner. Commodity involved: hand tools such as adjustable monkey wrench, open end spanners and socket wrenches.

10/21/91 - Request to visit/referral sent by Embassy to MoJ 11/26/91 - 2nd letter for visit to factory sent to MoJ

8/25/92 - Letter sent to MOFERT for investigative referral/check if above factory is prison labor factory.

10/23/92 - Response from MoJ ref. referral for investigation. Per Chinese, Shanghai Laodong Pipe Factory is a worker's enterprise and not a prison factory.

3/23/93 - Embassy sends letter ref. outstanding request to visit above factory. Letter sent to MoJ.

9/15/94 - MoJ sends letter to Embassy granting visit request to factory.

12/17/94 - Embassy officers make visit to Shanghai Laodong Steel Pipe Factory AKA above names. The reporting officers found no direct evidence of the export of prison labor products to the U.S. The facility is definitely a prison complex and has been one since 1992. Prior to 1992, according to officials, the factory was administered by the No. 7 Reform Through Labor Detachment but did not employ prisoners in production.

Case now closed.

1.2(d) The State Department considers that, in this case, the Chinese government did not violate any legal commitment. The last USG request for information/visit was made prior to March 13, 1994, the date of entry into force of the Statement of Cooperation which applies only prospectively.

1.1(e) Shandong Laiyang Heavy Duty Machinery Factory

2/24/92 - US Customs issues detention order to withhold release of galvanized steel butt-welded pipes believed to be made by forced labor. Allegation based on extract from 1989 Shandong Province Yearbook which lists high quality products made by labor reform units in Shandong Province. The Shandong Laiyang Heavy Duty Machinery Factory is identified as a labor reform enterprise that produces galvanized steel pipe.

8/25/92 - Embassy officers meet with representatives of MOFERT (Ministry of Foreign Economic Relations and Trade), MoJ (Ministry of Justice) and MFA (Ministry of Foreign Affairs) to discuss prison labor. Referral for investigation made under the provisions of MOU. Letter to same effect sent to MOFERT.

10/23/92 - MOFERT provides written response to referral to effect: factory is a worker's enterprise under the administration of the labor reform system. Productions is undertaken entirely by the workers and there are no exports to U.S. Info (advertisement) supplied in the past was only for publicity. Products for the domestic market were formerly produced by prison laborers. Chinese state that they have handled investigation properly and according to relevant Chinese regulations.

11/10/92 - Request by Embassy to visit factory 3/3/93 - 2nd letter request to visit factory

4/12/95 - MoJ approve of Customs visit to factory for last week of April.

4/25/95 - Customs visits factory. Visit disclosed that factory was converted to a prison under the Administration of the Yantai Judicial Bureau in 1984. A civilian workshop for the production of galvanized welded steel pipe was maintained within the prison until 1990. Galvanized steel pipe production was not resumed until latter half of 1994. Visit disclosed no evidence of the export or sale for export of galvanized welded steel pipe manufactured with use of prison labor. U.S. personnel granted access to all areas of factory. Chinese were cooperative.

Latter half of 1995 - Customs' domestic offices in Cleveland, OH, Jacksonville, FL, and San Diego, CA interview three American companies alleged to have purchased steel pipe from above factory. Interviews of all three companies developed no direct evidence to substantiate allegations about the factory.

1/18/96 - Customs case into factory formally closed.

1.2(e) The State Department considers that, in this case, the Chinese government did not violate any legal commitment. The last USG request for information/visit was made prior to March 13, 1994, the date of entry into force of the Statement of Cooperation which applies only prospectively.

Question 2. Mr. Bader stated, "The arrival of Ambassador Sasser in Beijing in February 1996 finally broke the deadlock with the Ministry of Justice ... Shortly after, the Ministry of Justice granted Customs access to a facility for which Customs had initially requested access in 1992."

2.1 Please provide a summary of this visit and the details of the case, including what products were suspected, origin of the complaint, the dates of the requests for investigation and visit, the results of the Chinese investigation and the Customs Service visit, and conclusions reached by Customs.

2.2 In this case, does the State Department feel the Chinese complied with the MOU/SOC guidelines?

Answer. The following summary was provided by Customs:

2.1 Shanghai Laodong Machinery Plant

This investigation concerns the Shanghai Laodong Machinery Plant which produces band tools. This case originated from information from Harry Wu's testimony before the House Foreign Affairs committee that this factory utilizes prison labor to produce tools that are imported into the United States.

9/23/91 - Harry Wu testifies before House Foreign Affairs.

10/3/91 - Withhold release order by U.S. Customs on goods produced at plant

10/18/91 - Withhold release order expanded to include all tools with Elephant and Laodong brand and also that all hand tools manufactured in the city Shanghai be withheld from release.

10/21/91 - First request for investigation made. 2/92 - First request for visit made.

2/21/92 - Request approved, along with visits to four others.

3/10/92 - Visit made by Shanghai consular officers. Results of visit were inconclusive.

4/7/92 - request for second visit made to revisit plant and also the #1 labor detachment. Reply from Chinese that #1 labor detachment is not open to the public.

6/24/92 - withhold release order expanded to include Shanghai Machinery Import/Export Corp.

5/18/92 - Another request for visit by Attache.

11/10/92 - Another request for visit by Attache.

3/23/93 - Another request for visit by Attache.

9/19/94 - Attache asks MoJ to renew their efforts.

3/17/95 - Another request to visit is made.

3/30/95 - Chinese say cannot visit now because of personnel adjustments at the Prison Management Bureau.

3/27/96 - China MoJ grant visit to prison.

4/24/96 - visit to Shanghai Laodong Machinery Plant by a Customs Attach6 and a Shanghai U.S. Consulate official. U.S. officials were given a background on the plant's operation. Plant is state owned and led by the Shanghai Administration Bureau for Prisons. The plant has 680 employees. About 12% of the employees were former prisoners. Plants were encouraged to hire released prisoners to keep them from going back to a life of crime. Employees were paid on the average about 400 renminbi a month. Plant official allowed Embassy officials to view sales records for last 3 years. Embassy officials were given a tour of the factory and were permitted to speak to several employees. Result of. visit - there was no direct evidence found to substantiate the allegation that this factory utilized prison labor.

6/21/96 - Report of visit sent to China MoJ.

10/28/96 - Withhold Release order canceled by U.S. Customs.

12/6/96 - China MoJ informed that Withhold Release order was canceled.

2.2 The State Department considers the Chinese government not to be in compliance with the MOU/SOC in this case.

Question 3. Mr. Bader stated, "On April 22, Customs submitted to the Ministry of Justice via letter a formal request to visit the Beishu/Nanshu Graphite Mines in Shandong Province. The initial investigation request on this case was submitted by Customs in February 1994, but this was Customs' first request to visit the facility."

3.1 Please provide a summary of the investigation report returned to Customs by the Chinese, as well as all details in the case including what products were suspected, origin of the complaint, the dates of the requests for investigation and visit, the results of the Chinese investigation and the Customs Service visit, and conclusions reached by Customs.

3.2 In this case, does the State Department feel the Chinese government complied with the MOU/SOC guidelines?

Answer. The following summary was provided by Customs:

3.1 Beishu/Nanshu Graphite Mine

The original information that Beishu Graphite mine was a prison labor industry came from a Chinese internal use only journal titled "Research on Committing Crime and Reform". This is published every two months by the MoJ Crime Prevention and Labor Reform institute of Beijing. This information was sent from Hong Kong on November 7, 1991.

This request for investigation, one of the original 20 sent forward to MoJ of March 1, 1994, is based on information provided by Harry Wu to Commissioner of Customs.

Published Chinese materials claimed that products were being exported to U.S.

The 6/9/94 Chinese response to investigative request states that the mine was established in 1954, it produces high, middle, and low carbon graphite and expandable graphite. The mine has 500 permanent workers and exports 7,000 tons annually. In 1991 the name was changed to Qingdao Graphite Mine. Moreover, the mine also provides space for 2,000 prisoners labor reform and vocational and technical training including, mainly fruit and vegetable planting, poultry and pig raising, building, brick and tile making as well as low carbon graphite production for domestic market and general machinery processing, never engaged in the production of export products.

7/6/94 - U.S. advises that Customs will conduct further investigation into Beishu.

10/6/94 Information from a Consular officer that an interview with U.S. businessman who visited Beishu when he was looking for suppliers of graphite. Businessman on his visit realized that Beishu appeared to be a prison operation and this was confirmed by his guides. Businessman stated be would not do business with Beishu because it is a prison.

?/2/95 South China Post writer who visited the mine under pretense of looking to buy graphite observed that it was a prison. Chinese official of Beishu advised that the mine was exporting to United Kingdom and Germany.

5/30/95 - U.S. Customs receives information that NBC will broadcast an interview with the Vice President of Ashbury Graphite Co., who claims that they were importing graphite from Beishu and that they knew it was produced with prison labor. Review of import records shows Ashbury graphite came from Nanshu.

5/31/95 - Vice President of Ashbury Graphite Co. and father interviewed by Customs Agents. Father stated that they no longer import from Beishu because of the low quality of its graphite. They quit between 1976 and 1980.

6/16/95 - Collateral request to Hong Kong, London, Los Angeles, New York, Orlando, Chicago, Cleveland. and Newark from Beijing.

June 1995 report by Laogai Foundation identifying Beishu/Qingdao as a prison labor facility exporting to the U.S.

6/30/95 - Superior Graphite executive is interviewed. States he went to Beishu and saw that it is a prison so he does not buy from Beishu. He explains that he must take the word of the Chinese exporters that the products are not produced by prison labor.

6/29/95 - Customs interviews Valencia, CA resident. He explains that he visited the mine in November 1993 to observe conditions for possible future business dealings. He immediately recognized it as a prison.

7/4/95 - U.S. Customs HK interviews South China Post Writer. He states that on his visit to Beishu he was told that there were two plants, Beishu and Qingdao, that Beishu uses prison labor and produces only for domestic market, Qingdao uses paid workers and produces for export. He could see that this was really one plant, not two. He is given brochures from Beishu and Qingdao and observes that they have the same address, phone numbers, Fax numbers, cable number, and same bank account number, and that Shandong Metals and Minerals, Import and Export Corporation (MINMETALS) is the state run import/export agent for both mines. In a taped interview with a representative of MINMETALS, representative said, NN most graphite exported comes form Beishu for the last 25 years."

8/3/95 SAC/Philadelphia presents case to U.S. Attorneys Office, they need information from China concerning exports.

9/7/95 RAC/Orlando Agents interview representatives from Dixon Ticonderoga who state that they don't import graphite from Beishu but they do from Nanshu and also buy from Ashbury. And since they use freight forwarders they don't know for sure where the graphite comes from.

12/13/95 - results of interview with North American Refractories: no indication that they are currently buying from China but they used to and had seen Beishu and had observed military guards at the plant.

12/18/95 - Newark Customs reports interviews with Alumina Trading Company who states they stopped importing from Beishu over 5 years ago when they learned it was a prison.

4/3/96 - Report of interview with a representative of China Enterprises, New York, his major trade representatives for graphite includes MINMETALS. He stopped his business dealings with Beishu when he learned it used prison labor. He learned that Beishu changed its name to Qingdao Graphite Mill.

4/22/96 report from Customs Attache/London, U.K. firms Beishu was not listed as a supplier but Qingdao Tianxiang Graphite Company Ltd., Shandong Metals and Minerals Import and Export Corp. were suppliers.

Based on the information gained in investigations to date, there is strong evidence that Beishu is a prison and that they were exporting to the United States and other countries. Also evidence gathered strongly indicates that products produced at Beishu are imported into the U.S. through trading companies and under the names of other graphite mines such as Nanshu Graphite Mine.

4/22/97 - Visit requested.

6/19/97 - MOJ sent letter detailing situation at mines. it asserts that no prison labor was used for export goods. Defers decision to grant access, expresses desire to cooperate pending communication with relevant parties.

3.2 The State Department considers the Chinese government not to be in compliance with the MOU/SOC in this case.

Question. 4. Mr. Bader stated, "just last week, on May 15, Customs submitted a request to visit and review sales records from the Qianjiang Hardware Tools Plant, also known as Hangzhou Shenda Tool Factory and associated with prison facility Zhejiang Number 2 Prison."

4.1 What was the evidence that caused Customs to investigate this case?

4.2 When was this evidence first obtained by the Customs Service?

4.3 Was the decision to pursue this case at all tied to the hearing of this committee on May 21?

Answer 4.1-4.2. The following information was provided by Customs:

Qianjiang Hardware Tools Plant, a.k.a. Hangzhou Shenda Tool Factory, and associated prison facility Zhejiang Number 2 Prison.

The original information on this case came from a documented source of information and was given to the U.S. Customs office in Hong Kong in September 1993. The informant alleged that this factory was utilizing prison labor to manufacture adjustable and combination wrenches that are marketed through the Zhejiang Machinery and Equipment Import/Export Company.

This was one of the original 20 investigations presented to the Chinese March 1, 1994. Harry Wu also identified this factory as utilizing prison labor and obtained information that the company was exporting to the U.S. to Cosmos Trading Company, Houston, Texas.

June 9, 1994, China MoJ responds to investigation request by stating that "during the period of 1975 to October 1991 the hand tools produced by Hangzhou Qianjiang Hardware Tool Factory were undertaken by the workers, no prison labor had ever involved in it. After October 1991 some prisoners have been engaged in producing Jianxin Brand hand tools, but only for the domestic market and has never been exported overseas."

July 6, 1994, Embassy responds to MOJ letter by stating that in this case an importer (Cosmos) has been identified in the U.S. and is currently under investigation by U.S. Customs. That depending on the results of the investigation of this importer, it may be necessary to request additional investigation by MoJ or a visit to facility.

January 23, 1995, result of Houston investigation reported that Customs Agents visited the office of Cosmos Trading on June 23, 1994 and interviewed the manager. She stated that she had not knowingly imported any goods that she knew to be manufactured by prison labor. She stated that she was not allowed to visit the factories that produced merchandise that she imported and that she had to rely totally on the government (PRC) export agents as to the origin of items purchased. U.S. Customs Agents checked the Cosmos warehouse, took samples of some of the tools in stock and reviewed correspondence files. Agents took three files for translation. None of the above revealed any indication that Cosmos was importing prison labor made goods.

Question 4.3. Was the decision to pursue this case at all tied to the hearing of this committee on May 21?

Answer 4.3. Customs provided the following information.

The decision to pursue this case, one of 58 open cases awaiting conclusion, was based the reinitiation of dialogue by the Ministry of Justice. It was not at all tied to the hearing of this committee on May 21.

Question 5. Mr. Bader stated, "By Customs calculations, it has made 58 referrals to the Ministry of Justice for investigation since the signing of the MOU in August 1992, of which the Ministry of Justice has responded to 52."

5.1 What constitutes a "response" to such a request? Is a refusal to answer counted as a "response?"

5.2 Please provide a list of all facilities for which Customs requested investigations by the Chinese government. Please include the date the initial request for investigation was made by Customs, the date of the "response" by the Chinese side, the exact language of each Chinese "response", and the conclusion of the Customs Service based on the information provided by the Chinese.

5.3 Does the State Department feel that the Chinese have complied with the MOU/SOC guidelines in the 'investigation process' in each of the 58 cases?

Answer 5.1. The following information was provided by Customs:

Any information which allows Customs to make a decision in a case is considered a response. A refusal is not considered a response.

Question 5.2-5.3.

5.2 Please provide a list of all facilities for which Customs requested investigations by the Chinese government. Please include the date the initial request for investigation was made by Customs, the date of the "response" by the Chinese side, the exact language of each Chinese "response", and the conclusion of the Customs Service based on the information provided by the Chinese.

5.3 Does the State Department feel that the Chinese have complied with the MOU/SOC guidelines in the 'investigation process' in each of the 58 cases?

Answer 5.2-5.3. The following summaries were provided by Customs:

Key for compliance answers:

Yes—The State Department considers the Chinese government to be in compliance with the MOU/SOC in this case.

No—The State Department considers the Chinese government not to be in compliance with the MOU/SOC in this case.

**—The State Department considers that, in this case, the Chinese government did not violate any legal commitment. The last USG request for information/visit was made prior to March 13, 1994, the date of entry into force of the Statement of Cooperation which applies only prosectively.

Results of US Customs Requests for Investigation by Chinese Ministry of Justice

Case and Date Referred to MoJ	MoJ Action	Customs Action	Chinese compliance with the MOU/SOC guidelines?
Shanghai Laodong Machinery Factory 8/14/92	2/11/92 Granted permission to visit facility. 10/23/92 Chinese authorities explained that this was not a prison labor facility, as testified by previous consular visit. 8/10/93 Visit approved. 11/4/94 MoJ informed Embassy that arrangements are underway. 3/31/95 MoJ responded that due to personnel changes in Shanghai, it will be some time before a visit can be arranged. Suggest a visit to Shandong Laiyang, instead.	3/10/92 Consular visit to factory. 8/14/92 Visit requested by new attaché. 8/25/92 Requested preliminary investigation by MoJ. 11/10/92 Requested visit to factory. 9/19/93 Embassy requested that arrangements be made for visit to factory. 3/17/95 Embassy again requested that a visit be arranged. 4/24/96 Embassy officials visited the facility. 10/28/96 order to Withhold Release canceled as there was no evidence of prison labor being used. 12/16/96 MoJ informed of Customs' action.	No

Case and Date Referred to MoJ	MoJ Action	Customs Action	Chinese compliance with the MOU/SOC guidelines?
Jinma Diesel Engine Factory (Yunnan) 8/14/92	10/92 Granted permission to visit facility. 10/23/92 Chinese authorities explained that this factory was part of the prison system for statistical purposes only. 11/28/92 Chinese authorities provide requested maps of facility but deny request for second visit as unnecessary. 10/12/93 Visit made conditional on removal of detention order on Qinghe Farm. 12/18/93 Visit approved. 9/14/94 MoJ informed US Embassy that officials in Yunnan refused the second visit b/c no evidence of exports to US was discovered during the 10/29/92 visit, and as of 9/14/94 the Chinese authorities had still not received a report on the visit from the embassy.	8/14/92 Visit requested by new attaché. 8/25/92 Requested preliminary investigation by MoJ. 10/29/92 Visit to factory inconclusive. 11/10/92 Requested second visit. 1/28/93 Submitted second request to visit the facility again. 3/23/93 Again requested visit. 6/27/94 Embassy requested information for use in judicial proceedings, as well as renewed request for arranging a visit. 10/5/94 Embassy expressed its dissatisfaction with the Chinese authorities' handling of this case, reviewed the correspondence and work on the case over the previous 2 years, and requested that a visit to both the Jinma Diesel Engine Factory and the Yunnan No. 1 Prison be arranged so that the investigation could be concluded and the Embassy would then be able to provide a report to the authorities in Yunnan.	No

Case and Date Referred to MoJ	MoJ Action	Customs Action	Chinese compliance with the MOU/SOC guidelines?
Red Star Tea Farm/Red Star Woolen Textile Mill (Guangdong) 8/25/92	2/21/92 Visit approved. 10/23/92 Described as Reform Through Labor unit producing for domestic use only as testified by consular visit. 8/10/93 Visit approved. 3/30/94 MOFTEC informed Guangdong authorities to make an investigation and provide a report to the Embassy. Eventually, a 3rd and 4th trip to Guangzhou were arranged.	3/27/92 First visit turned back due to flooding. 5/14 Visited prison facility. No records of sales of tea products were available and there was no access to prisoners. Administration denied any sales to I/E Co. 8/25/92 Referred for investigation. 11/10/92 Requested second visit. 3/23/93 Again requested second visit. 1/19/94 Visited Red Star Tea Farm and related facilities. 2/7/94 Embassy expressed dissatisfaction with results of visit and requested follow-up interviews to pursue evidence that sales were made to a Guangdong I/E Co., Flower City Enterprise, Guangzhou. Also wished to interview author of an article which mentioned a "Red Star Woolen Textile Mill." 3/28/94 Embassy again requested assistance in arranging interviews. 4/6/94 Visit to Flower City Enterprise demonstrated that Red Star tea has not been exported. 4/20/94 In interview with author of article, Mr. Zheng claims that he fabricated the examples used	Yes

Case and Date Referred to MoJ	MoJ Action	Customs Action	Chinese compliance with the MOU/SOC guidelines?
		in his article and that he knew of no "Red Star Woolen Textile Mill." The HK company which was supposedly the partner had not been registered at a HK address for almost 10 years. 4/29/94 Report filed which stated that no products had been found to be exported from Red Star. 10/5/94 Decision to lift detention order.	

Case and Date Referred to MoJ	MoJ Action	Customs Action	Chinese compliance with the MOU/SOC guidelines?
Shandong Laiyang Heavy Duty Machinery Factory (Shandong) 8/25/92	10/23/92 Chinese authorities explained that this was a worker's enterprise under the administration of the labor reform system. Exported products did not use prisoner labor, and in any case were not exported to the US. 8/10/93 Visit approved.	11/10/92 Requested visit to factory. 3/23/93 Again requested visit. 3/31/95 Embassy agreed to visit suggested in 3/31/95 letter in lieu Visit to Shanghai Laodong Machinery Factory. 4/25/95 Embassy attaché visited facility. 5/24/95 Embassy provided report on visit to MoJ and requested a visit to a trading company, Shandong Steel Pipes United Corp., suspected of exporting Laiyang's pipes to US.	Yes
Shanghai Laodong Steel Pipe Works/ Shanghai No. 7 Reform Through Labor Detachment (Shanghai) 8/25/92	10/23/92 Chinese authorities explained that this factory was not part of the prison system and that this had already been proven. 8/10/93 Visit approved. 11/4/94 MoJ informed Embassy that arrangements were underway.	11/10/92 Requested visit ro factory. 3/23/93 Again requested visit. 9/19/94 Embassy requested that arrangements be made for visit. 12/17/94 Embassy attaché visited facility. Report sent to MoJ (2/6/95) that no evidence was discovered to support allegations of export of prisoner-produced goods. Embassy requested follow-up visit to Tianhe Hutong industry and Trade Co. in Guangzhou to ensure that none of their purchases from Laodong Steel Pipe Works were exported. 6/15/95 Embassy again submitted request for assistance in arranging this follow-up visit.	Yes

Case and Date Referred to MoJ	MoJ Action	Customs Action	Chinese compliance with the MOU/SOC guidelines?
Hangzhou Wulin Machinery Works Hangzhou Superpower Hoist Works/Zhejiang No. 4 Prison (Zhejiang) 6/17/93	9/7/93 Chinese authorities stated that although Wulin is a prison factory, all exported products have always been produced by non-prison employees. Since 1991 export production has been handled by Hangzhou Shenli Crane Works, an independent SOE under the provincial Machine industry Bureau. Wulin only engages in production for domestic markets.	3/15/94 Embassy requested visits to these 3 facilities in order to conclude investigation into US importer. 5/20/94 Visit to factories completed. 12/95 Report provided to MoJ. 5/21/97 Embassy requests another visit to these facilities and review of recent records in support of ongoing investigation in US.	No for '94 request Yes for '97 request
Xiang Yang Machinery Plant (Hubei) 10/20/92	2/22/93 Chinese authorities explained that the investigation discovered the use of prison labor at this facility in support of export production. The responsible leaders at the facility have been punished according to relevant laws and regulations.	11/6/91 Withhold Release order issued.	Yes
Dezhou Shenjian Machine Works (Shandong) 10/20/92	2/22/93 Chinese authorities explained that this facility is an independent entity which employed prisoners in some transport and processing tasks, and also shared an office with the labor reform facility. Although some of its products were exported, this has stopped, enforcing the enterprise's compliance with state regulations.	1/7/92 Withhold Release Order issued.	Yes
Zigong, Machinery Factory (Sichuan) 10/20/92	2/22/93 Chinese authorities explained that this facility had exported machinery to SE Asia before 1990, mainly using hired labor. Any exportation was discontinued after 1990.	7/15/92 Withhold Release Order issued.	Yes

Case and Date Referred to MoJ	MoJ Action	Customs Action	Chinese compliance with the MOU/SOC guidelines?
Yan An Factory (Sichuan) 10/20/92	2/22/93 Chinese authorities explained that products are almost exclusively marketed in Sichuan, and have never been exported.	?/92 Withhold Release Order issued.	Yes
Wang Cang Coal and Iron Factory (Sichuan) 10/20/92	2/22/93 Chinese authorities explained that products are almost exclusively marketed in Sichuan, and have never been exported.	6/26/92 Withhold Release Order issued.	Yes
Beijing Qinghe Hosiery Factory (Beijing Qinghe Farm/Beijing Number 1 Prison) (Beijing) 10/20/92	2/22/93 Chinese authorities explained that this facility engages in no export production. Offered to arrange visit to prison. 6/29/93 Chinese authorities express anger at Rep. Wolf's continued reference to this facility's export activities even following the successful visit in March.	3/1/93 Confirmed interest in visit to facility. 3/30/93 Visited Beijing No. 1 Prison. Apparently confirmed no records of export sales. 12/17/93 Embassy informed Chinese authorities that the case had been concluded satisfactorily and closed. 1/7/94 Customs issued memorandum canceling Withhold Release order for Qinghe grapes as such grapes were no longer thought to be exported to the US.	Yes
Xin Kang Asbestos Mine (Sichuan) 10/23/92	2/22/93 Chinese authorities explained that products are almost exclusively marketed in Sichuan, and have never been exported.	8/14/92 Withhold Release order issued.	Yes

Case and Date Referred to MoJ	MoJ Action	Customs Action	Chinese compliance with the MOU/SOC guidelines?
Miso Xi Tea Farm (Sichuan) 10/23/92	2/22/93 Chinese authorities explained that, after 1989, prisoners were no longer directly involved in tea production, and that after 1990, production was exclusively oriented toward green tea for domestic markets.	6/26/92 Withhold Release order issued	Yes
Sichuan Xinsheng Labor Factory (Sichuan) 10/23/92	2/22/93 Chinese authorities explained that products have never been exported.	8/3/92 Withhold Release Order issued.	Yes
Da Wei Chemical Factory (Sichuan) 10/20/92	2/22/93 Chinese authorities explained that products are almost exclusively marketed in Sichuan, and have never been exported.	No response.	Yes
Hunan Switchgear Factory/Changsha Xinkaipu Labor Reeducation Center (Hunan) 6/7/93	9/6/93 Chinese authorities stated that this is not a prison and the employees are paid workers.	No response.	Yes
Hunan Silk Factory/ Changsha Women's Reeducation Center (Hunan) 6/7/93	9/6/93 Chinese authorities stated that the Changsha Women's Reeducation Center does not exist.	No response.	Yes
Linghe Automobile Industry Company (Liaoning) 6/7/93	9/6/93 Chinese authorities stated that the factory has no export production.	No response.	Yes

Case and Date Referred to MoJ	MoJ Action	Customs Action	Chinese compliance with the MOU/SOC guidelines?
Wafangdian Machine Tool Works (Liaoning) 6/7/93	9/6/93 investigation report stated that, although the factory exported products to Brazil before 1985, it had never exported to the US and since 1985 had no export production.	No response.	Yes
Fushun Machine Tool Works (Liaoning) 6/7/93	9/6/93 Chinese authorities stated that the factory has no export production.	No response.	Yes
Jinzhou Electric Furnace and Transformers Factory (Liaoning) 6/7/93	9/6/93 Chinese authorities stated that the factory has no export production.	No response.	Yes
Panjin Xinsheng Machinery Factory (Liaoning) 6/7/93	9/6/93 Chinese authorities stated that the factory has no export production.	No response.	Yes
Shenyang Xinsheng Chemical Works (Liaoning) 6/7/93	9/6/93 Chinese authorities stated that the factory has no export production.	No response.	Yes
Shenyang Xinsheng Reclaimed Rubber Factory (Liaoning) 6/7/93	9/6/93 Chinese authorities stated that the factory has no export production.	No response.	Yes

Case and Date Referred to MoJ	MoJ Action	Customs Action	Chinese compliance with the MOU/SOC guidelines?
Shenyang Xinsheng Rubber Plant (Liaoning) 6/7/93	9/6/93 Chinese authorities responded that they had addressed this issue in 10/91 and that a Shenyang Consular official had visited the site in 11/91. The consular visit saw that all export oriented production was carried out at the Huaning facility which employed only free workers and family members.	No response.	Yes
Dalian Vitrified Quartz and Diabase Cast Stone Product Factory (Liaoning) 6/7/93	9/6/93 The investigation report stated that this factory had never been part of the reform through labor system, employed no prisoners and did not produce for export.	No response.	Yes
Yingkou Xinsheng Farm (Liaoning) 6/7/93	9/6/93 Investigation report stated that although the farm had previously exported duck to SE Asian countries, it no longer engaged in export production.	No response.	Yes
Kangping Xinsheng Farm (Liaoning) 6/7/93	9/6/93 Chinese authorities stated that the factory has no export production.	No response.	Yes
Hebei Xinsheng Chemical Factory (Hebei) 3/1/94	11/4/94 Investigation report stated that, since prisoners were engaged in 1988, the factory had not engaged in production for export.	1/9/95 Embassy informed MoJ that the investigation would continue based on information provided in the investigation report.	**

Case and Date Referred to MoJ	MoJ Action	Customs Action	Chinese compliance with the MOU/SOC guidelines?
Tianjin Number 2 Malleable Iron Plant (Tianjin) 3/1/94	11/4/94 investigation report stated that the plant had only been combined with the Tianjin 3rd Labor Reform Branch Team since 1987, after which time it no longer produced for export. The information obtained by the US was sales advertising cosigned to impress potential customer but with no basis in fact.	1/9/95 As there was no evidence of exports to the US, the case was closed.	**
Hangzhou Qianjiang Hardware Tools Plant (Zhejiang) 3/1/94	6/9/94 Investigation report stated that no prisoners had been involved in export oriented production.	7/6/94 Embassy notified Chinese authorities that an investigation is underway involving imports from this facility to the US. 5/15/97 Embassy requested a visit to the facility on the basis of new evidence	** for '94 request Yes for '97 request
Fenyang Valve Factory (Shanxi) 3/1/94	6/9/94 investigation report seated that the enterprise produced parts for foreign aid projects in Asia, Africa and Latin America prior to 1983. After 1983, the factory no longer engaged in this type of production.	7/6/94 As there was no evidence of exports to US, he case was closed.	Yes
Lanzhou Valve Plant (Gansu) 3/1/94	No investigation.	-	No
Jingzhou Xinsheng Dyeing and Weaving Mill (Hebei) 3/1/94	No investigation.	-	No
Nanbao Xinsheng Saltern (Hebei) 3/1/94	5/20/94 Chinese authorizes provided investigation report.	7/6/94 As there was no evidence of exports to US, the case was closed.	**

Case and Date Referred to MoJ	MoJ Action	Customs Action	Chinese compliance with the MOU/SOC guidelines?
Qingdao Shangjian Machinery Plant (Shandong) 3/1/94	11/4/94 Investigation report stated that, since 1979 when the factory was taken over by the Shandong No. 2 Prison, there has been no production for export.	1/9/95 As there was no evidence of exports to the US the case was closed.	**
Guizhou Lixin Machine Tool Plant (Guizhou) 3/1/94	11/4/94 Investigation report stated that, since 1992, the factory had been independent of the prison system and employed no prison laborers.	1/9/95 As there was no evidence of exports to the US, the case was closed.	**
Jilin Forging and Pressing Equipment Plant (Jilin) 3/1/94	No investigation.	-	No
Beishu Shengjian Graphite Mine (Shandong) 3/1/94	6/9/94 Investigation report stated that, while the facility provides space for 2000 prisoners, they engage in no export-oriented production. 6/19/97 MOJ sent letter detailing situation at mines. It asserts that no prison labor was used for export goods. Defers decision to grant access, expresses desire to cooperate pending communication with relevant parties.	7/6/94 Embassy informed MoJ that the investigation will continue based on information provided in the report. 4/22/97 Embassy requested a visit to the mine on the basis of new evidence uncovered in the US and Hong Kong.	** for '94 request No for '97 request
Shaoguan Xinsheng Industrial General Plant (Guangdong) 3/1/94	No investigation.	-	No

Case and Date Referred to MoJ	MoJ Action	Customs Action	Chinese compliance with the MOU/SOC guidelines?
Weifang Shengjian Machinery Plant (Shandong) 3/1/94	11/4/94 Investigation report stated that the factory, attached to the Shandong No. 3 Prison, had only exported its products to Albania as part of China's foreign-aid program and sold exclusively to the domestic market.	1/9/95 As there was no evidence of export to the US, the case was closed.	**
Dingxi Crane Works (Gansu) 3/1/94	No investigation.	-	No
Chaohu Casting Factory (Anhui) 3/1/94	5/20/94 Chinese authorities provided investigation report..	7/6/94 As there was no evidence of export to US, the ease was closed.	**
Fuyang General Machinery Factory (Anhui) 3/1/94	No investigation.	-	No
Linyi Shengjian Machinery Factory (Shandong) 3/1/94	5/20/94 Chinese authorities provided investigation report. 2/27/95 Supplementary report. related the factory's complete product line and stated that these were low grade products, none of which had ever been exported. No violation.	7/6/94 Embassy requested additional information regarding this factory's complete product line which was omitted from the investigation report. 3/17/95 Embassy informed MoJ that Customs was closing the case as no new evidence had been found to support the allegation.	**
Nanchong Laodong Factory (Sichuan) 3/1/94	No investigation.	-	No

Case and Date Referred to MoJ	MoJ Action	Customs Action	Chinese compliance with the MOU/SOC guidelines?
Guangzhou No. 1 Reeducation Through Labor Camp (Guangdong) 10/27/94	1/4/95 Investigation report stated that juvenile delinquents at the Reeducation Through Labor Camp carried out processing work on plastic flowers produced by the Zhanqiu Flower Factory. This factory has never exported its products. In addition, the Chinese authorities claim that this institution is distinct from prison labor and is designed to educate and rehabilitate juvenile delinquents, teach them skills and responsibilities. They are paid for their work and profits are invested into the facility to support their reeducation, and thus the facility is not included in the scope of the MOU. 2/27/95 The Chinese authorities stated that the facility has never produced for export, and furthermore claimed that this facility is not a prison and does not come under the responsibilities of the MOU. 4/6/95 MoJ disagrees and refuses to arrange a visit to the facility, maintaining that this type of facility is not included in the MOU or SOC.	2/7/95 Embassy expressed dissatisfaction with the report, which did not address many of the issues raised in the initial referral and requested a visit to and interviews at the facility. 3/17/95 Embassy responds that, according to the negotiation record, this issue was dealt with and language added to the effect that this could be considered prison labor. The Embassy again requested a visit to the facility. 3/31/95 Following meetings with MOFTEC and MFA, the Embassy informed MoJ that the labor reeducation facilities are considered penal facilities and thus do come under the scope of the MOU. 5/30/95 Embassy insisted that the facility is covered by the MOU and said that the matter will be discussed further.	No

Case and Date Referred to MoJ	MoJ Action	Customs Action	Chinese compliance with the MOU/SOC guidelines?
Zhejiang Sanming Tea Co. Ltd./Zhejiang Nanhu Forestry Farm Co. (Zhejiang) 11/28/94	1/4/95 investigation report stated that prison labor was only used in production for domestic market. No violation. 3/31/95 MoJ refused to arrange a visit without being provided with new evidence as the investigation revealed no wrongdoing.	3/17/95 Embassy requested a visit to this joint venture facility in order to confirm that prison labor employed here was only used for domestic production.	No
Beijing No. 2 Prison/Beijing Latex Plant (Beijing) 11/28/94	1/4/95 Investigation report Skytel that prisoners had only performed quality control checks for 2500 pairs of household gloves for the domestic market during, the contract period from 1991 to 1994. No exported surgical glove were processed at the No. 2 Prison. No violation. 3/31/95 MoJ refused to arrange a visit without being provided with new evidence as the investigation revealed no wrongdoing.	3/17/95 As the report indicated a relationship between the factory and the prison, the Embassy requested a visit to both facilities for confirmation.	No
Guangxi Yingshan Diesel Engine Factory (Guangxi) 3/1/94	6/9/94 Investigation report stated that the facility has never exported its engines, despite some advertising materials which carry that implication. This form of advertising was criticized and curtailed.	7/6/94 As there was no evidence of exports to US, the case was closed.	**
Shanghai Laodong Valve Factory (Anhui) 3/1/94	5/20/94 Chinese authorities provided investigation report	7/6/94 Embassy informed MoJ that the investigation will continue based on information provided in the report. 3/17/95 Embassy reported to MoJ that, as no specific evidence had been uncovered by investigation, the case would be closed.	**

Case and Date Referred to MoJ	MoJ Action	Customs Action	Chinese compliance with the MOU/SOC guidelines?
Wuyi Machinery Plant/Zhejiang Light Duty Lifting Machinery Factory/Zhejiang No. 1 Prison (Zhejiang) 12/6/94	2/27/95 Investigation report stated that a free workers' enterprise, formerly attached to the prison, in 1991 separated and came under the administration of the provincial machinery department. The "double pigeon" brand cranes exported were produced by this independent firm. The machinery still produced at the No. 1 Prison is only sold on the domestic market. 3/30/95 MoJ refused to arrange a visit without being provided with new evidence as the investigation revealed no wrongdoing. 8/10/95 MoJ officials in meetings with Embassy officials requested additional information from US Customs in order to justify the visit. 9/2/95 Chinese authorities again refused to allow the visit to take place.	8/6/93 Customs issued detention order for hoists manufactured by enterprise and seized shipment. 3/17/95 Embassy requested visit to clarify the relationship between the two factories and to clarify the use of the "double pigeon" brand name. 5/30/95 Embassy again asked that a visit be arranged in order to clarify the situation in which prisoners and workers were producing identical products with identical brand name for use in domestic and foreign markets respectively. 8/11/95 Embassy provided requested information regarding hoists seized in Detroit and Boston which indicate that Wuyi may be exporting goods to US. Embassy again requested visit.	No
Jiangsu Xinyi Toy Factory (Jiangsu) 2/27/97	3/31/97 MoJ investigation report stated that there were no prison production facilities in the Kunshan area, and no such enterprise exists.	4/14/97 Investigation closed.	Yes

Case and Date Referred to MoJ	MoJ Action	Customs Action	Chinese compliance with the MOU/SOC guidelines?
Tianjin Malleable Iron Factory related factory/ warehouse (Tianjin) 2/27/97	3/31/97 MoJ response claimed that such a factory/warehouse did not exist and referred any request to meet with Chinese businessmen to Tianjin Municipal Foreign Affairs Office.	2/31/97 With a new case emerging in the US regarding a Canadian importer, the Embassy requested a second investigation into a "Tianjin Commercial Foundry." 4/17/97 Given that the commercial factory claimed by the suspect importer to have produced the CT pipes did not exist, the Embassy requested an investigation of that importer's business partner, Mr. Ma, and his relationship to Tianjin No. 2 Malleable Iron Plant, to determine if any of this prison labor facility's products were being illegally exported to the US.	Yes

QUESTIONS FOR THE RECORD
SUBMITTED BY SENATOR JESSE HELMS
TO DEPUTY ASSISTANT SECRETARY OF STATE JEFFREY BADER
SENATE FOREIGN RELATIONS COMMITTEE
MAY 21, 1997

Question 6:

Mr. Bader stated, "Customs has formally requested to visit 20 facilities suspected of exporting prison labor products and has been allowed to visit 13."

6.1 Please provide a summary of all 20 cases where request have been made, including the date of the initial request, the date of the response from the Chinese to the initial request, the number of request made in each case before access was granted, the date of the visit for each case, the results of the Customs Service visit, and the status of the investigation (i.e. was a detention order placed on the product, is the detention still in effect, was there a finding still in effect).

6.2 For each case, please state clearly if the State Department feels that the Chinese have complied with the MOU/SOC guidelines.

Answer

The following summary was provided by Customs:

Key for compliance answers:
Yes - The State Department considers the Chinese government to be in compliance with the MOU/SOC in this case.
No - The State Department considers the Chinese government not to be in compliance with the MOU/SOC in this case.
** - The State Department considers that, in this case, the Chinese government did not violate any legal commitment. The last USG request for information/visit was made prior to March 13, 1994, the date of entry into force of the Statement of Cooperation which applies only prosectively.

REQUEST FOR VISITS

U.S. Action	Chinese Action	Chinese Compliance
1. Guangzhou Number 1 Education Through Labor Camp See details in appendix 6.2.1	China denied visit, stating that this is not a prison and MOU does not apply.	No
2. Zhejiang Sanmei Tea Company November 28, 1994, initial referral for investigation January 4, 1995-MoJ results of investigation response March 17, 1995, U.S. requests visit April 17, 1995 Detention order for certain tea from Nanhu Tree Farm/Zhejiang San Mei Tea Co. Ltd.	China refuses to allow visit on March 30, 1995, citing lack of evidence	No
3. Beijing #2 Prison and Latex Factory, Nov. 28, 1994, initial	March 30, 1995, request for visit denied, citing lack of	No

referral from U.S. for investigation. January 4, 1994, MoJ reports result of their investigation March 17, 1995, U.S. request visit	evidence.	
4. Beishu/Nanshu Mines visit request made 4/20/97. See details in appendix 6.2.4		No
5. Shandong Laiyang Heavy Duty Machinery Factory, See details in appendix 6.2.5		**
6. Guangdong Reform Through Labor Bureau; See details in appendix 6.2.6		Yes
7. Shanghai Laodong Machinery Plant See details in appendix 6.2.7	First visit on 3/10/92	No
8. Qianjiang Hardware Tools Plant, Hangzhou Shenda, Tool Factory, and associated Zhejiang Number 2 Prison, See details in appendix 6.2.8		**
9. Zhejiang #4 Prison Factory, aka Hangzhou Wulin, See details in appendix 6.2.9		Yes
10. Shanghai #7 Reform Through Labor Detachment; See details in appendix 6.2.10		**

U.S. Action	Chinese Action	Chinese Compliance
11. Wuyi Machinery Plant 3/17/95 first visit request 5/30/95 2nd visit request 8/11/9S 3rd visit request, embassy provides the evidence requested by MoJ U.S. Attorney's office declined Civil Forfeiture Action because the Commissioner did not issue a finding on this company. 12/14/95 the importer signed a hold harmless agreement issued by Customs. Customs remits the seized merchandise and the case is closed.	3/30/95 MoJ denial citing more evidence needed. 8/10/95 MoJ denial requesting more evidence. 9/2/95 MoJ denial citing insufficient evidence.	No
12. Jinma Diesel Engine Factory 8/14/92 first visit request 11/10/92 request for 2nd visit 1/28/93 2nd request 3/23/93 3rd request 6/27/94 4th request 10/5/94 5th request 12/7/94 Court of International Trade ruled in favor of the government. Diesel engines are excluded and are to be exported back to China.	10/29/92 visit made 11/28/92 MoJ denial 10/12/93 MoJ denial 12/18/93 visit approved 9/14/94 Yunnan MoJ denial	No
13. Tianhe Hutong Ind. Trade Co. Guangzhou (Trading company Related to Item #10) 21619S 1st request for visit 6/15/95 2nd request	 No response No response	No

U.S. Action	Chinese Action	Chinese Compliance
14. Red Star Tea Farm, Guangzhou 11/10/92 1st request for visit 3/23/93 2nd request	3/27/92 visit turned down/flood 5/14/92 first visit made 1/19/94 2nd visit made Detention order of 9/30/92 still in effect	**
15. Guangzhou Flower City Enterprise Trading Company Request to view records related to Red Star Tea- item #14 2/7/94 1st request 3/28/94 2nd request	4/6/94 visit	Yes
16. Interview of Reform Through Labor Bureau Mr. Zheng Request for interview only related to Red Star Tea/GZ Flower City (Related to Item #14) 2/7/94 1st request 3/28/94 2nd request	4/20/94 visit.	Yes
17. Shandong Steel Pipes United Corp. (Related to item #5) this is a trading company 5/24/95 visit requested U.S. decided it was not necessary to visit this business.	Pending, no response	Yes
18. Beijing Qinghe Hosiery Factory 3/1/93 formal request for visit Detention order 10/29/91 still in effect 7/7/92 Finding still in effect	2/22/93 visit offered 3/30/93 visit made	Yes

U.S. Action	Chinese Action	Chinese Compliance
19. Hangzhou Qianjiang Hardware Tools also known as Hangzhou Shenda tool factory and associated Zhejiang #2 prison -- visit requested on 5/15/97.	awaiting response	Yes
20. Hangzhou Superpower Hoist Works -- visit requested on 5/21/97.	awaiting response	Yes

The following information was provided by Customs:

6.2.1 Appendix: Guangzhou Number 1 Education Through Labor Camp

9/27/94 - Fraud investigations Division received report from the Laogai Research Foundation indicating that prisoners at a facility known as the Guangzhou Number 1 Reeducation through Labor Camp are manufacturing artificial flowers for export to the U.S.

10/5/94 - Above report sent to CA/BJ (Customs Attach6, Beijing) and SCR/HK for investigation of Meitak Floral Ltd. a Hong Kong, exporter identified as exporting artificial flowers from China to U.S. importers.

10/14/94 - Fraud Division received a fax copy of an unsigned and undated document on letterhead stationery of the PRC Embassy in DC that states the above mentioned facility did not export its products (hand made flowers) and the reform through labor process used in the facility is in their words entirely different from that taken in prisons.

10/24/94 - CA/BJ submitted referral to MoJ.

1/4/95 - CA/BJ receives letter from MoJ Prison Management Bureau. Letter stated that the factory in question only produced flowers for the domestic market. No products were exported overseas. In addition, an education through labor camp is not the same as a prison and is not within the constraints of the Chinese government's ban on export of prison labor products.

2/7/95 - CA/BJ requests visit of factory. Letter sent to MoJ

3/9/95 - CA/BJ receives letter from MoJ ref. above. Request denied by MoJ. They state that factory did not produce products for export and factory does not fall under purview of the MOU on prison labor.

3/17/95 - CA/BJ submits letter to MoJ stating that review of MOU indicates that re-education camps fall under the MOU. And that our request for a visit still stands. In addition, letter stated that in order to maintain progress in the area of prison labor, CA/BJ will request MoJ to arrange to visit another facility.

3/31/95 - CA/BJ submits letter restating opinion of USG that education through labor facilities are covered by the provisions of the MOU and requesting access to visit factory.

4/6/95 - MoJ Foreign Affairs Dept. responded that MoJ is of the opinion that Guangdong No. 1 Education Through Labor Camp is not covered by MOU and there is no way to satisfy request for visit.

5/30/95 - CA/BJ sent another letter reiterating U.S. position.

The following summary was provided by Customs:

6.2.4 Appendix: Beishu/Nanshu Graphite Mine

The original information that Beishu Graphite mine was a prison labor industry came from a Chinese internal use only journal titled "Research on Committing Crime and Reform". This is published every two months by the MoJ Crime Prevention and Labor Reform institute of Beijing. This information was sent in Unclassified #14687 cable from Hong Kong dated 11/7/91.

2/28/94 - This request for investigation, one of the original 20 sent forward to MoJ of March 1, 1994, is based on information provided by Harry Wu to Commissioner of Customs.

Published Chinese materials claimed that products were being exported to U.S. The Chinese response to investigative request dated 6/9/94 states that the

mine was established in 1954, it produces high, middle, and low carbon graphite and expandable graphite. The mine has 500 permanent workers and exports 7,000 tons annually. In 1991 the name was changed to Qingdao Graphite Mine. Moreover, the mine also provides space for 2,000 prisoners labor reform and vocational and technical training including, mainly fruit and vegetable planting, poultry and pig raising, building, brick and tile making as well as low carbon graphite production for domestic market and general machinery processing, never engaged in the production of export products.

7/6/94 - U.S. advises that Customs will conduct further investigation into Beishu.

10/6/94 Information from a Consular officer that an interview with U.S. businessman who visited Beishu when he was looking for suppliers of graphite. Mr. Beaumont on his visit realized that Beishu appeared to be a prison operation and this was confirmed by his guides. Mr. Beaumont stated be would not do business with Beishu because it is a prison.

?/2/95 South China Post writer who visited the mine under pretense of looking to buy graphite observed that it was a prison. Mr. Zheng of Beishu advised that the mine was exporting to United Kingdom and Germany.

5/30/95 - U.S. Customs receives information that NBC will broadcast an interview with the Vice President of Ashbury Graphite Co., who claims that they were importing graphite from Beishu and that they knew it was produced with prison labor.

Review of import records shows Ashbury graphite came from Nanshu.

5/31/95 - Vice President of Ashbury Graphite Co. and father interviewed by Customs Agents. Father stated that they no longer import from Beishu because of the low quality of its graphite. They quit between 1976 and 1980.

6/16/95 - Collateral request to Hong Kong, London, Los Angeles, New York, Orlando, Chicago, Cleveland. and Newark from Beijing.

June 1995 report by Laogai Foundation identifying Beishu/Qingdao as a prison labor facility exporting to the U.S.

6/30/95 - Superior Graphite executive is interviewed. States he went to Beishu and saw that it is a prison so he does not buy from Beishu. He explains that he must take the word of the Chinese exporters that the products are not produced by prison labor.

6/29/95 - Customs interviews Valencia, CA resident. He explains that he visited the mine in November 1993 to observe conditions for possible future business dealings. He immediately recognized it as a prison.

7/4/95 - U.S. Customs HK interviews South China Post Writer. He states that on his visit to Beishu he was told that there were two plants, Beishu and Qingdao, that Beishu uses prison labor and produces only for domestic market, Qingdao uses paid workers and produces for export. He could see that this was really one plant, not two. He is given brochures from Beishu and Qingdao and observes that they have the same address, phone numbers, Fax numbers, cable number, and same bank account number, and that Shandong Metals and Minerals, Import and Export Corporation (MINMETALS) is the state run import/export agent for both mines. In a taped interview with a representative of MINMETALS, Mr. Qiang said, "most graphite exported comes form Beishu for the last 25 years."

8/3/95 SAC/Philadelphia presents case to U.S. Attorneys Office, they need information from China concerning exports.

9/7/95 RAC/Orlando Agents interview representatives from Dixon Ticonderoga who state that they don't import graphite from Beishu but they do from Nanshu and also buy from Ashbury. And since they use freight forwarders they don't know for sure where the graphite comes from.

12/13/95 - results of interview with North American Refractories: no indication that they are currently buying from China but they used to and had seen Beishu and had observed military guards at the plant.

12/18/95 - Newark Capstones reports interviews with Alumina Trading Company who states they stopped importing from Beishu over 5 years ago when they learned it was a prison.

4/3/96 - Report of interview with a representative of China Enterprises, New York, his major trade representatives for graphite includes MINMETALS. He stopped his business dealings with Beishu when he learned it used prison labor. He learned that Beishu changed its name to Qingdao Graphite Mill.

4/22/96 report from CA/London, U.K. firms Beishu was not listed as a supplier but Qingdao Tianxiang, Graphite Company Ltd., Shandong Metals and Minerals Import and Export Corp. were suppliers.

Based on the information gained in investigations to date, there is strong evidence that Beishu is a prison and that they were exporting to the United States and other countries. Also evidence gathered strongly indicates that products produced at Beishu are imported into the U.S. through trading companies and under the names of other graphite mines such as Nanshu Graphite Mine.

4/22/97 - Visit requested.

6/19/97 - MOJ sent letter detailing situation at mines. it asserts that no prison labor was used for export goods. Defers decision to grant access, expresses desire to cooperate pending communication with relevant parties. The following summaries were provided by Customs:

6.2.5 Appendix: Shandong Laiyang Heavy Duty Machinery Factory

2/24/92 - US Customs issues detention order to withhold release of galvanized steel butt-welded pipes believed to be made by forced labor. Allegation based on extract from 1989 Shandong Province Yearbook which lists high quality products made by labor reform units in Shandong Province. The Shandong Laiyang Heavy Duty Machinery Factory is identified as a labor reform enterprise that produces galvanized steel pipe.

8/25/92 - Embassy officers meet with representatives of MOFERT (Ministry of Foreign Economic Relations and Trade), MoJ (Ministry of Justice) and MFA (Ministry of Foreign Affairs) to discuss prison labor. Referral for investigation made under the provisions of MOU. Letter to same effect sent to MOFERT.

10/23/92 - MOFERT provides written response to referral to effect: factory is a worker's enterprise under the administration of the labor reform system. Productions is undertaken entirely by the workers and there are no exports to U.S. Info

(advertisement) supplied in the past was only for publicity. Products for the domestic market were formerly produced by prison laborers. Chinese state that they have handled investigation properly and according to relevant Chinese regulations.

11/10/92 - Request by Embassy to visit factory 3/3/93 - 2nd letter request to visit factory

4/12/95 - MoJ approve of Customs visit to factory for last week of April.

4/25/95 - Customs visits factory. Visit disclosed that factory was converted to a prison under the Administration of the Yantai Judicial Bureau in 1984. A civilian workshop for the production of galvanized welded steel pipe was maintained within the prison until 1990. Galvanized steel pipe production was not resumed until latter half of 1994. Visit disclosed no evidence of the export or sale for export of galvanized welded steel pipe manufactured with use of prison labor. U.S. personnel granted access to all areas of factory. Chinese were cooperative.

Latter half of 1995 - Customs' domestic offices in Cleveland, OH, Jacksonville, FL, and San Diego, CA interview three American companies alleged to have purchased steel pipe from above factory. Interviews of all three companies developed no direct evidence to substantiate allegations about the factory.

1/18/96 - Customs case into factory formally closed.

The following summaries were provided by Customs:

6.2.6 Appendix: Guangdong Flower City Enterprise AKA Red Star Tea Farm

11/30/91 - South China Morning Post Article reports Red Star Tea Farm is a labor reform camp that produces tea which is sold to Guangdong Flower City Enterprise.

12/8/91 - Letter to American Consulate in Guangzhou from Guangdong Tea I & E Corp. states Red Star Tea Farm is a labor camp tea farm.

2/25/92 - Customs issued detention order

8/25/92 - Customs sends referral for investigation to MOFERT.

10/23/92 - Chinese response from Reform Through Labor Bureaus. Tea leaves are only for domestic market and not for export.

11/10/92 Customs sends visit request to Moi 3/23/93 Customs sends 2nd visit request to MoJ

1/19/94 Customs and embassy officers visit Red Star Tea Farm. Report that records at site generally support contention by Chinese that tea was not for export; however, evidence was obtained which indicated that tea sales were made to Guangdong Flower City Enterprise, a retail sales and reputed export operation for Guangdong Reform Through Labor Bureau Goods. Follow up on this lead was unsuccessful.

2/7/94 - Customs requests access to records at Guangdong Flower City Enterprise.

3/7/94 - Moi advise that permission was granted for Customs access.

4/6/94 - Customs visited Guangdong Flower City Enterprise. No evidence found to indicate that tea leaves were sold for export and/or exported.

No other activity found in file

The following summaries were provided by Customs:

6.2.7 Appendix: Shanghai Laodong Machinery Plant

This investigation concerns the Shanghai Laodong Machinery Plant which produces band tools. This case originated from information from Harry Wuls testimony before the House Foreign Affairs committee that this factory utilizes prison labor to produce tools that are imported into the United States.

9/23/91 - Harry Wu testifies before House Foreign Affairs

10/3/91 - Withhold release order by U.S. Customs on goods produced at plant

10/18/91 - Withhold release order expanded to include all tools with Elephant and Laodong brand and also that all hand tools manufactured in the city Shanghai be withheld from release.

10/21/91 - First request for investigation made. 2/92 - First request for visit made.

2/21/92 - Request approved, along with visits to four others.

3/10/92 - Visit made by Shanghai consular officers. Results of visit were inconclusive.

4/7/92 - request for second visit made to revisit plant and also the #1 labor detachment Reply from Chinese that #1 labor detachment is not open to the public.

6/24/92 - withhold release order expanded to include Shanghai Machinery Import/Export Corp.

5/18/92 - Another request for visit by Attach6 11/10/92 - Another request for visit by Attache.

3/23/93 - Another request for visit by Attach6 9/19/94 - Attache asks MoJ to renew their efforts. 3/17/95 - Another request to visit is made.

3/30/95 - Chinese say cannot visit now because of personnel adjustments at the Prison Management Bureau.

3/27/96 - China MoJ grant visit to prison.

4/24/96 - visit to Shanghai Laodong Machinery Plant by a Customs Attach6 and a Shanghai U.S. Consulate official. U.S. officials were given a background on the plant's operation. Plant is state owned and led by the Shanghai Administration Bureau for Prisons. The plant as 0 employees. About 12% of the employees were former prisoners. Plants were encouraged to hire released prisoners to keep them from going back to a life of crime. Employees were paid on the average about 400 renminbi a month. Plant official allowed Embassy officials to view sales records for last 3 years. Embassy officials were given a tour of the factory and were permitted to speak to several employees. Result of. visit - there was no direct evidence found to substantiate the allegation that this factory utilized prison labor.

6/21/96 - Report of visit sent to China MoJ.

10/28/96 - Withhold Release order canceled by U.S. Customs.

12/6/96 - China MoJ informed that Withhold Release order was canceled.

The following information was provided by Customs:

6.2.8 Appendix: Qianjiang Hardware Tools Plant, a.k.a. Hangzhou Shenda Tool Factory, and associated prison facility Zhejiang Number 2 Prison.

The original information on this case came from a documented source of information and was given to the U.S. Customs office in Hong Kong in September 1993. The informant alleged that this factory was utilizing prison labor to manufacture adjustable and combination wrenches that are marketed through the Zhejiang Machinery and Equipment Import/Export Company.

This was one of the original 20 investigations presented to the Chinese March 1, 1994. Harry Wu also identified this factory as utilizing prison labor and obtained information that the company was exporting to the U.S. to Cosmos Trading Company, Houston, Texas.

June 9, 1994, China MoJ responds to investigation request by stating that "during the period of 1975 to October 1991 the hand tools produced by Hangzhou Qianjiang Hardware Tool Factory were undertaken by the workers, no prison labor had ever involved in it. After October 1991 some prisoners have been engaged in producing Jianxin Brand hand tools, but only for the domestic market and has never been exported overseas."

July 6, 1994, Embassy responds to MoJ letter by stating that in this case an importer (Cosmos) has been identified in the U.S. is currently under investigation by U.S. Customs. That depending on the results of the investigation of this importer, it may be necessary to request additional investigation by MoJ or a visit to facility.

January 23, 1995, result of Houston investigation reported that Customs Agents visited the office of Cosmo Trading on June 23, 1994 and interviewed the manager. She stated that she had not knowingly imported any goods that she knew to be manufactured by prison labor. She stated that she was not allowed to visit the factories that produced merchandise that she imported and that she had to rely totally on the government (PRC) export agents as to the origin of items purchased. U.S. Customs Agents checked the Cosmos warehouse, took samples of some of the tools in stock and reviewed correspondence files. Agents took three files for translation. None of the above revealed any indication that Cosmos was importing prison labor made goods.

The decision to pursue this case was based on the fact that the China Ministry of Justice has allowed us to reinitiate a dialogue and that this is one of 58 open cases that needs completion.

The following information was provided by Customs:

6.2.9 Appendix: Zhejiang No. 4 Prison Factory

5/18/93 - Laogai Foundation report that Zhejiang No. 4 Prison Factory AKA Hangzhou Wulin Machinery is a prison labor facility which is exporting chain and lever hoists to U.S.

6/17/93 - Embassy official sends referral to Wang Mingdi, Deputy Director, MoJ Bureau of Reform through Labor

7/8/93 - Commissioner of Customs disseminates memo to all offices to withhold release of hoists made by Wulin Machinery aka Zhejiang No. 4. Hoists are considered products of prison labor.

9/7/93 - MoJ respond to referral. Chinese position is that products i.e. hoists that were exported were manufactured by ordinary workers who were not in the prison system. The workshop that produces the hoists is under the administration of the Zhejiang Provincial Machinery Industry Bureau. Chinese also stated that Hangzhou Wulin Machinery now only produces machinery for the domestic market.

3/15/94 - CA/BJ sends letter to MoJ requesting visit/access to Zhejiang No. 4 Prison Factory.

5/10/94 - MoJ notify Embassy that Embassy request to visit is granted and scheduled for 5/19-5/20.

5/20/94 - Embassy officer and Consular officer (Shanghai) make visit to Zhejiang No. 4 Prison Factory. Per visit, no direct evidence of the export of prison labor products to the U.S. by the Wulin factory, past or present, was found. Per report, Wulin Factory is a prison factory and is the production facility for the Zhejiang No. 4 prison. Final comment by visiting officers, the factory officials could not or would not provide any production records or other evidence which would substantiate their claims that exports and domestic products were separated/divided such that only ordinary workers produced hoists for export.

The following information was provided by Customs:

6.2.10 Appendix: Shanghai No. 7 Reform Through Labor Detachment

9/23/91 - Harry Wu testified before Subcommittee on Human Rights and International Organizations that Shanghai No. 7 Reform Through Labor Detachment aka Shanghai Laodong Pipe Works is a prison labor run factory exporting to US.

10/3/91 - Detention order on products from above factory issued by Customs Commissioner. Commodity involved: hand tools such as adjustable monkey wrench, open end spanners and socket wrenches.

10/21/91 - Request to visit/referral sent by Embassy to MoJ 11/26/91 - 2nd letter for visit to factory sent to MoJ

8/25/92 - Letter sent to MOFERT for investigative referral/check if above factory is prison labor factory.

10/23/92 - Response from MoJ ref. referral for investigation. Per Chinese, Shanghai Laodong Pipe Factory is a worker's enterprise and not a prison factory.

3/23/93 - Embassy sends letter ref. outstanding request to visit above factory. Letter sent to MoJ.

9/15/94 - MoJ sends letter to Embassy granting visit request to factory.

12/17/94 - Embassy officers make visit to Shanghai Laodong Steel Pipe Factory AKA above names. The reporting officers found no direct evidence of the export of prison labor products to the U.S. The facility is definitely a prison complex and has been one since 1992. Prior to 1992, according to officials, the factory was administered by the No. 7 Reform Through Labor Detachment but did not employ prisoners in production.

Case now closed.

Question 7. Mr. Bader stated, "We believe the best strategy is to regularly send investigation/visit requests to clear up the backlog of cases. U.S. Customs will continue to present new cases to the Chinese as we develop information."

7.1 How many requests did the Customs Service make for investigations and visits in 1996? How is new information 'developed' by the Customs Service or the State Department?

Answer 7.1. The following information was provided by Customs:

There was very little dialogue with the Ministry of Justice, Prison Labor Division, except for the visit which was made in April 1996 by the Customs Attach6 to Shanghai Laodong Machinery Plant. The Customs Attach6 attempted to arrange a meeting with the Ministry of Justice to introduce the newly arrived Assistant Attach6 several times from July 1996 through December 1996 and was put off for the reasons that officials were out of town, that personnel were being reassigned, and that the office was being moved. After several phone calls and letters by the Customs Attache and the Embassy Economics section, a meeting was finally arranged in February 1997. At this meeting, Customs presented two cases for investigation.

Customs develops new information on prison labor cases in much the same way as for any other types of investigations. Information is provided by the public, by business people, by Customs Inspectors and Import Specialists, and by other sources of information. Currently the Beijing Customs office has eighteen open prison labor cases that are the result of information developed by Customs domestic offices and other foreign U.S. Customs offices.

Question 7.2. Please provide a list of all laogai camps known to the State Department, including reform through labor facilities, reeducation through labor facilities, detention centers, and prisons.

Answer. The State Department does not maintain a comprehensive list of laogai camps and related facilities in China. The State Department does not have an operational requirement for such a list. However, the Embassy in Beijing does maintain a list of several hundred facilities based on information from internal Chinese journals. This information is dated, and no further issues of the journals have been obtained.

We also utilize publicly available lists such as those published by the Laogai Research Foundation and other human rights NGO'S, as does Customs.

Inquiries with several other US agencies with possible interest in such lists revealed that none of them attempts to maintain a comprehensive list of prison and labor camps in China.

Attachment

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Date Printed: 06/23/1997 DOC_NUMBER: 91HONGK02611 CHANNEL: n/a 1

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ACTION SIL-01

INFO LOG-00 ADS-00 AIT-03 CIAE-00 COME-00 EAP-01 EB-01
HA-09 INRE-00 INR-01 LAB-04 NSAE-00 OPM-01 PA-02
PRS-01 STR-18 USIE-00 /042W
----------497EDF 061000Z /23

R 060937Z MAR 91
FM AMCONSUL HONG KONG
TO SECSTATE WASHDC 3487
INFO RUEHBJ/AMEMBASSY BEIJING
AMCONSUL GUANGZHOU
AMCONSUL SHANGHAI
AMCONSUL SHENYANG
AIT TAIPEI 1815

UNCLAS SECTION 01 OF 04 HONG KONG 02611

BEIJING PLEASE PASS CHENGDU

E.O. 12356; N/A
TAGS: ELAB, PHUM, CH
SUBJ: REFERENCE LIST OF SOME "REFORM THROUGH LABOR"
- CAMPS IN THE PRC AND THEIR PRODUCTS

REF: A. HONG KONG 1890 B. HONG KONG 1606
- C. HONG KONG 2258

1. SUMMARY: BASED ON CHINESE INTERNAL DOCUMENTS, WE HAVE PREPARED A PROVINCE-BY-PROVINCE LIST OF SOME NAMES OF SPECIFIC UNITS IN THE EXTENSIVE CORRECTIONAL

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SYSTEM IN THE PRC. THESE INCLUDE PRISONS, LABOR REFORM DETACHMENTS, JUVENILE DELIQUENCY MANAGEMENT EDUCATIONAL INSTITUTES AND "REEDUCATION THROUGH LABOR" INSTITUTES, AMONG OTHERS. THESE UNITS ARE ENGAGED IN A WIDE VARIETY OF PRODUCTION EFFORTS, ESPECIALLY IN THE FIELDS OF AGRICULTURE, MINING, TEXTILES AND MACHINE MANUFACTURING. END SUMMARY.

2. ARTICLES CARRIED IN BACK ISSUES (1989 AND 1990) OF THE INTERNAL-USE-ONLY (NEIBU) JOURNAL ENTITLED "THEORETICAL STUDIES OF REFORM-THROUGH-LABOR AND EDUCATION-THROUGH-LABOR" (LAOGAI LAOJIAO LILUN YANJIU) FREQUENTLY USE IN THEIR THEORETICAL ARGUMENTS THE EXAMPLES OF SPECIFIC LABOR CAMPS AND THEIR MAJOR PRODUCTS, AS WELL AS THEIR LOCATIONS IN MOST

INSTANCES. ADDITIONAL EXAMPLES ARE ALSO TO BE FOUND IN A PRC-PUBLISHED BOOK (REF C) ENTITLED "THE THEORY AND PRACTICE OF REFORMING CRIMINALS THROUGH LABOR" (LAODONG GAIZAO ZUIFAN DE LILUN YU SHIJIAN), BY DENG YOUTIAN (PUBLISHED IN LATE 1987).

3. THE VARIETY OF NAMES USED FOR PRC CORRECTIONAL INSTITUTIONS IS A SOURCE OF CONFUSION. THIS MAY HELP THE CHINESE TO MAINTAIN THE FICTION THAT PRISONS AND LABOR CAMPS DO NOT, PER SE, ENGAGE IN EXPORTS. AMONG THE TERMS USED, "PRISON," (JIAN YU), "LABOR REFORM DETACHMENT" (LAOGAI ZHIDUI), AND JUVENILE DELIQUENCY MANAGEMENT EDUCATIONAL INSTITUTES (SHAONIAN FAN GUANJIAO SUO) ARE FREQUENTLY USED. OTHER REFERENCES INCLUDE, FOR EXAMPLE, SHAANXI GUOZHEN LABOR REFORM INSTITUTE (LAOGAI SUO), SHANGHAI MUNICIPAL 2ND LABOR

REFORM AND MANGAGEMENT EDUCATIONAL GENERAL TEAM (SHANGHAI SHI DIER LAOGAI GUANJIAO ZONGDUI) AND SHANGHAI MUNICIPAL EXPERIMENTAL LABOR REFORM BRIGADE (SHANGHAI SHI SHIYAN LAOGAI DADUI). THESE LABOR REFORM INSTITUTES, GENERAL TEAMS AND BRIGADES SEEM TO BE CORRECTIONAL UNITS FOR CRIMINALS. "REEDUCATION THROUGH LABOR INSTITUTES" (LAOJIAO SUO), HOWEVER, SEEM TO BE DEDICATED TO THOSE WHO DID NOT ACTUALLY VIOLATE CRIMINAL LAW BUT WERE ASSIGNED TO THIS CONFINEMENT AS AN ADMINISTRATIVE PUNISHMENT.

4. THE LIST BELOW INCLUDES ONLY THOSE UNITS WHICH HAPPENED TO BE CITED IN ONE OR MORE OF THE ARTICLES IN THE ISSUES WE HAVE IN OUR POSSESSION OF THIS JOURNAL, OR IN THIS BOOK. MANY REFER TO PRODUCTION UNITS IDENTIFIED SPECIFICALLY OR BY IMPLICATION AS BELONGING TO THE LABOR REFORM SYSTEM. THIS LIST DOES NOT PURPORT TO BE A COMPREHENSIVE.

BEIJING

--BEIJING PRISON (BEIJING JIANYU)
--QINCHENG PRISON (QINCHENG JIANYU)

GUANGDONG

--HONGXING WOOL FABRIC FACTORY (HONGXING MAOZHI CHANG) (SOME OF ITS PRODUCTS ARE EXPORTED)
--HONGXING TEA PLANTATION (HONGXING CHACHANG)
--JINGUANGTANG FARM (JINGUANGTANG NONGCHANG)
--DONGFENG (SHENZHEN) COMPANY LTD (DONGFENG

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PAGE 04 HONG K 02611 01 OF 04 060946Z
(SHENZHEN) YOUXIAN GONGSI) (PRODUCT FOR EXPORT: POWER
TRANSFORMERS)
(NOTE: OTHER LABOR REFORM PRODUCTS OF THIS PROVINCE
INCLUDE FLASHLIGHTS, BENCH VICES, MARBLE PLATE AND
TERRAZZO);
-
GUANGXI

--GUANGXI REGION 1ST PRISON (GUANGXI QU DIYI JIANYU)
--GUANGXI REGIONAL 4TH "REEDUCATION THROUGH LABOR"

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ACTION SIL-01

INFO	LOG-00	ADS-00	AIT-03	CIAE-00	COME-00	EAP-01	EB-01
	HA-09	INRE-00	INR-01	LAB-04	NSAE-00	OPM-01	PA-02
	PRS-01	STR-18	USIE-00	/042W			

----------497EBD 060959Z /23
R 060937Z MAR 91
FM AMCONSUL HONG KONG
TO SECSTATE WASHDC 3488
INFO RUEHBJ/AMEMBASSY BEIJING
AMCONSUL GUANGZHOU
AMCONSUL SHANGHAI
AMCONSUL SHENYANG
AIT TAIPEI 1816

UNCLAS SECTION 02 OF 04 HONG KONG 02611

BEIJING PLEASE PASS CHENGDU

E.O. 12356; N/A
TAGS/ ELAB, PHUM, CH
SUBJ: REFERENCE LIST OF SOME "REFORM THROUGH LABOR"

INSTITUTE (GUANGXI QU DISI LAOJIAO SUO) (PRODUCT:
PRINTED MATTER)
-
HEBEI

--HEBEI PROVINCIAL 3RD PRISON (HEBEI SHENG DI SAN
JIANYU)

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PAGE 02 HONG K 02611 02 OF 04 060946Z
--NEW LIFE CHEMICAL PLANT (XINSHENG HUAGONG CHANG)
(PRODUCT FOR EXPORT: POTASSIUM CARBONATE)
--CANGZHOU MACHINE (MANUFACTURING) FACTORY (CANGZHOU
JIXIE CHANG) (PRODUCT: STEEL WIRE PLIERS)
-
HEILONGJIANG

--HUASHAN FARM (HUASHAN NONGCHANG) (GRAIN AND SOYA
BEAN PRODUCTION BASE)
-
HENAN

--HENAN PROVINCIAL 1ST PRISON (HENAN SHENG DIYI
JIANYU)
-
HUBEI

--HUBEI JINGZHOU PRISON (HUBEI JINGZHOU JIANYU)
--SHAYANG FARM (SHAYANG NONGCHANG)
-
HUNAN

--PINGTANG "REEDUCATION THROUGH LABOR" INSTITUTE
(PINGTANG LAOJIAO SUO) (PRODUCT: CEMENT)
--BAIMALONG "REEDUCATION THROUGH LABOR" INSTITUTE
(BAIMALONG LAOJIAO SUO) (PRODUCT: ELECTRIC
STOVE/ELECTRIC FURNACE (DIANLAO))
-
INNER MONGOLIA

--BAOTOU MUNICIPAL "REEDUCATION THROUGH LABOR"

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PAGE 03 HONG K 02611 02 OF 04 060946Z
INSTITUTE (BAOTOU SHI LAOJIAO SUO) (PRODUCT: STONE
AND ROCK; ALSO SUPPLIES LABORERS TO THE BAOTOU IRON
AND STEEL PLANT)
--HAILAR MUNICIPAL "REEDUCATION THROUGH LABOR"
INSTITUTE (HAILAR SHI LAOJIAO SUO) (PRODUCT: RED

BRICK)
--CHIFENG MUNICIPAL "REEDUCATION THROUGH LABOR" INSTITUTE (CHIFENG SHI LIAOJIAO SUO) (PRODUCT: CERAMIC TILE)
-
JIANGSU

--JIANGSU 1ST PRISON (JIANGSU (DI) YI JIAN (YU))
--JIANGSU 1ST LABOR REFORM DETACHMENT (JIANGSU DIYI LAOGAI ZHIDUI)
--JIANGSU 8TH LABOR REFORM DETACHMENT (JIANGSU DIBA LAOGAI ZHIDUI)
--JIANGSU 17TH LABOR REFORM DETACHMENT (JIANGSU DI SHIQI LAOGAI ZHIDUI)
--JIANGSU 18TH LABOR REFORM DETACHMENT (JIANGSU DI SHIBA LAOGAI ZHIDUI)
--NANJING DALIANSHAN "REEDUCATION THROUGH LABOR" INSTITUTE (NANJING DALIANSHAN LAOJIAO SUO) (PRODUCT: ROCK AND STONE)
--JIANGSU PROVINCIAL JUVENILE DELIQUENCY MANAGEMENT EDUCATIONAL INSTITUTE (JIANGSU SHENG SHAONIAN FAN GUANJIAO SUO)
--NANTONG NEW LIFE WEAVING FACTORY (NANTONG XINSHENG ZHIBU CHANG) (PRODUCT: KNITTED UNDERWEAR, COTTON CLOTH AND KNITTED GREY CLOTH (PIBU))
--NANJING LONGTAN CEMENT (MANUFACTURING) FACTORY

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UNCLASSIFIED

PAGE 04 HONG K 02611 02 OF 04 060946Z
(NANJING LONGTAN SHUINI CHANG)
--HONGZE FARM (HONGZE NONGCHANG)
--HUASHAN COAL MINE (HUASHAN MEIKUANG)
-
LIAONING

--JINZHOU PRISON (JINZHOU JIANYU)
--SHENYANG 2ND LABOR REFORM DETACHMENT (SHENYANG DIER LAOJIAO ZHIDUI)
--ANSHAN MUNICIPAL "REEDUCATION THROUGH LABOR" INSTITUTE (ANSHAN SHI LAOJIAO SUO)(PRODUCT: STEEL

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PAGE 01 HONG K 02611 03 OF 04 060946Z
ACTION SIL-01

INFO LOG-00 ADS-00 AIT-03 CIAE-00 COME-00 EAP-01 EB-01
HA-09 INRE-00 INR-01 LAB-04 NSAE-00 OPM-01 PA-02
PRS-01 STR-18 USIE-00 /042W
----------497ED6 061000Z /23

R 060937Z MAR 91
FM AMCONSUL HONG KONG
TO SECSTATE WASHDC 3489
INFO RUEHBJ/AMEMBASSY BEIJING
AMCONSUL GUANGZHOU
AMCONSUL SHANGHAI
AMCONSUL SHENYANG
AIT TAIPEI 1817

UNCLAS SECTION 03 OF 04 HONG KONG 02611

BEIJING PLEASE PASS CHENGDU

E.O. 12356; N/A
TAGS: ELAB, PHUM, CH
SUBJ: REFERENCE LIST OF SOME "REFORM THROUGH LABOR"

BALLS AND CASTING PRODUCT FITTINGS)
--DALIAN MUNICIPAL LABOR REFORM INSTITUTE (DALIAN SHI LAOGAI YUAN) (PRODUCT: RED BRICK)
--SHENYANG NEW LIFE CHEMICAL PLANT (SHENYANG XINSHENG HUAGONG CHANG) (PRODUCT: NORTH-EAST BRAND CARBON (C2) ACCELERATING AGENT (CUJINJI))
--DALIAN QUARTZ AND GREENSTONE PRODUCT FACTORY

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 HONG K 02611 03 OF 04 060946Z
(DALIAN SHIYING JI LUYAN ZHIPIN CHANG) (PRODUCT: CAST STONE PLATE -- ZHUSHIBAN);
-
SHAANXI

--GUOZHEN LABOR REFORM INSTITUTE (GUOZHEN LAOGAI SUO)
--SHAANXI PROVINCIAL JUVENILE DELIQUENCY MANAGEMENT EDUCATIONAL INSTITUTE (SHAANXI SHENG SHAONIAN FAN GUANJIAO SUO)
-
SHANGHAI

--SHANGHAI MUNICIPAL PRISON (SHANGHAI SHI JIANYU)

--SHANGHAI MUNICIPAL 2ND LABOR REFORM AND MANAGEMENT EDUCAT
IONAL GENERAL TEAM (SHANGHAI SHI DIER LAOGAI GUANJIAO ZONGDUI)
--SHANGHAI MUNICIPAL EXPERIMENTAL LABOUR REFORM BRIGADE (SHANGHAI SHI SHIYAN LAOGAI DADUI)
--SHANGHAI LABOR MACHINE (MANUFACTURING) FACTORY (SHANGHAI LAODONG JIXIE CHANG) (PRODUCT: DETACHABLE JOINT CARRYING IMPLEMENT (HUOLUO BANSHOU))
--SHANGHAI LABOR INSTRUMENT AND METER PLANT (SHANGHAI LAODONG YIBIAO CHANG)
--SHANGHAI LABOR ELECTRIC WELDING MACHINE (MANUFACTURING) FACTORY (SHANGHAI LAODONG DIANHANJI CHANG)
(NOTE: THERE ARE SAID TO BE SIX MEDIUM SIZE LABOR REFORM FACTORIES AND FOUR LABOR REFORM FARMS IN SHANGHAI);
-
SHANDONG

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 HONG K 02611 03 OF 04 060946Z

--SHANDONG 2ND PRISON (SHANDONG DIER JIANYU)
--SHANDONG 3RD PRISON (SHANDONG DISAN JIANYU)
--LINYI LABOR REFORM DETACHMENT (LINYI LAOGAI ZHIDUI)
--TAISHAN LABOR REFORM DETACHMENT (TAISHAN LAOGAI ZHIDUI)
--WEIFANG (LABOR REFORM) DETACHMENT (WEIFANG (LAOGAI) ZHIDUI)
--LAIYANG LABOR REFORM DETACHMENT (LAIYANG LAOGAI ZHIDUI)
--SHANDONG 1ST "REEDUCATION THROUGH LABOR" INSTITUTE (SHANDONG DIYI LAOJIAO SUO). THIS UNIT HAS ESTABLISHED METALLURGICAL, MACHINERY AND ELECTRONIC INDUSTRIES AND ITS EXPORT PRODUCTS INCLUDE GRAPHITE ELECTRODE AND SPECIAL CLASS HARD CLAY; UNDER IT ARE ITS 1ST BRIGADE (PRODUCT: HARD CLAY) AND 5TH BRIGADE (PRODUCT: CARBON PRODUCTS)
--QINGDAO MUNICIPAL "REEDUCATION THROUGH LABOR" INSTITUTE (QINGDAO SHI LAOJIAO SUO) (PRODUCT: PROVIDES REAR AXLE CASE FITTINGS FOR QINGDAO VECHICLE PLANT (QING QI) AND "TIE THE EAR OF THREAD WITH A KNOT" (DA XIAN SUI JIE) FOR (QINGDAO) COTTON BLANKET FACTORY (XIANTAN CHANG))
--QINGDAO SHENGJIAN MACHINE (MANUFACTURING) FACTORY (QINGDAO SHENGJIAN JIXIE CHANG) (PRODUCT: BULL HEAD PLANING (BAOCHUANG) MACHINE)
(NOTE: SHANDONG IS SAID TO HAVE SEVEN REEDUCATION THROUGH LABOR SCHOOLS BUT IT IS UNCLEAR IF THESE ARE IDENTICAL TO THOSE LISTED ABOVE)
-

SICHUAN

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--SICHUAN 2ND PRISON (SICHUAN DIER JIANYU) (PRODUCT: ZINC-PLATING IRON WIRE; ITS ELECTRIC FAN SERIES ARE EXPORTED TO FOREIGN MARKETS)
--SICHUAN YA'AN PRISON (SICHUAN YA'AN JIANYU) (PRODUCT: VEHICLE FITTINGS I-BEAM)
--SICHUAN ZIGONG (LABOR REFORM) DETACHMENT (SICHUAN ZIGONG (LAOGAI) ZHIDUI) (PRODUCT: ZY5140 VERTICAL DRILLING MACHINE (FANGZHUXING LIZUAN))
--WANJIA (LABOR REFORM) DETACHMENT (WANJIA (LAOGAI)

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ACTION SIL-01

INFO	LOG-00	ADS-00	AIT-03	CIAE-00	COME-00	EAP-01	EB-01
	HA-09	INRE-00	INR-01	LAB-04	NSAE-00	OPM-01	PA-02
	PRS-01	STR-18	USIE-00	/042W			

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R 060937Z MAR 91
FM AMCONSUL HONG KONG
TO SECSTATE WASHDC 3490
INFO RUEHBJ/AMEMBASSY BEIJING
AMCONSUL GUANGZHOU
AMCONSUL SHANGHAI
AMCONSUL SHENYANG
AIT TAIPEI 1818

UNCLAS SECTION 04 OF 04 HONG KONG 02611

BEIJING PLEASE PASS CHENGDU

E.O. 12356; N/A

TAGS: ELAB, PHUM, CH
SUBJ: REFERENCE LIST OF SOME "REFORM THROUGH LABOR"

ZHIDUI) (PRODUCT: COAL (MEIJIAO))
--DONGYIU LABOR REFORM DETACHMENT (DONGYIU LAOGAI ZHIDUI)
--HUIDONG LEAD AND ZINC MINE (HUIDONG QIAN XIN KUANG)
--XINKANG ASBESTOS MINE (XINKANG SHIMIAN CHANG)
--MIAOXI TEA PLANTATION (MIAOXI CHACHANG)
-

YUNNAN

--YUNNAN AGRICULTURAL MACHINE (MANUFACTURING) FACTORY (YUNNAN NONGYE JIXIE CHANG) (PRODUCT: SMALL SIZED SPRAYERS)
--WAFANGDIAN MACHINE TOOL (MANUFACTURING) FACTORY (WAFANGDIAN JICHUANG CHANG) (PRODUCT: INSPECTED FLAT BOARDS (JIANYAN PINGBAN))
--XIAOLONGTAN COAL MINE (XIAOLONGTAN MEIKUANG)
--WANDIAN FARM (WANDIAN NONGCHANG)
--(ANOTHER LABOR REFORM EXPORT PRODUCT OF THIS PROVINCE IS THE GOLDEN HORSE BRAND DIESEL ENGINE)
-

XINJIANG

--DONGGEBI LABOR REFORM DETACHMENT (DONGGEBI LAOGAI ZHIDUI)
-

ZHEJIANG

--ZHEJIANG 4TH PRISON (ZHEJIANG DISI JIANYU)
--NANHU LABOR REFORM DETACHMENT (NANHU LAOGAI ZHIDUI)
-

5. IN ADDITION TO THE PRODUCTS MENTIONED ABOVE, THE ARTICLES FURTHER PROVIDED EXAMPLES OF OTHER LABOR REFORM PRODUCTION WITHOUT IDENTIFYING THEIR SPECIFIC LABOR CAMP PRODUCER. THESE INCLUDE:
--METAL: ZINC, TIN, COPPER AND MERCURY;
--MINERALS: COAL, IRON ORE, PHOSPHORUS;
--MACHINERY AND ELECTRIC PRODUCTS: MACHINE TOOLS, HIGH PRESSURE/HIGH TENSION (MACHINES), ELECTRIC

COMPONENTS;
--CHEMICALS: CHEMICAL FERTILIZER, SULPHUR, /

REGENERATIVE RUBBER (ZAISHENGJIAO);
--DAILY NECESSITIES: COTTON CLOTH, FANS, SHOES;
--AGRICULTURIAL PRODUCTS: GRAIN, SOYA BEAN, OIL, FRUIT, FOWL (ROUQIN), TEA.

6. COMMENT: OTHER REFERENCE IN THESE ARTICLES, AS REPORTED REF C, INDICATE THAT MOST PROVINCES HAVE AT LEAST TEN LABOR REFORM FACILITIES, SO THIS LIST IS OBVIOUSLY INCOMPLETE. THIS LIST ALSO INCLUDES ACTUAL PRISONS PRESUMABLY OUTSIDE OF THE LABOR REFORM/EDUCATION REFORM SECTOR PER SE. WE HOPE THAT THESE NAMES WILL HELP CONGENOFFS TRACK DOWN FURTHER REPORTS OF PRISON/LABOR CAMP LABOR, PARTICULARLY INVOLVING EXPORTS. WILLIAMS

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*** Current Handling Restrictions *** n/a
*** Current Classification *** UNCLASSIFIED

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Date Printed: 06/23/1997 DOC_NUMBER: 91HONGK12796 CHANNEL: n/a 3

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PAGE 01 HONG K 12796 01 OF 04 300725Z
ACTION EAP-01

INFO	LOG-00	ADS-00	AID-01	AIT-03	AMAD-01	CIAE-00	DODE-00
	ANHR-01	EB-01	FOE-01	HA-09	H-01	INRE-00	INR-01
	IO-19	LAB-04	L-03	NSAE-00	NSCE-00	OIC-02	OMB-01
	PA-02	PM-01	PRS-01	P-01	RP-10	SIL-01	SNP-01
	SP-01	SR-01	SS-01	STR-18	TRSE-00	T-01	USIE-00
	/088W						

----------9A7DC4 300725Z /38

R 300722Z SEP 91
FM AMCONSUL HONG KONG
TO SECSTATE WASHDC 8484
INFO AMEMBASSY BEIJING
AMCONSUL GUANGZHOU
AMCONSUL SHANGHAI
AMCONSUL SHENYANG
AIT TAIPEI 2967
HQS/CUSTOMS WASHDC

UNCLAS SECTION 01 OF 04 HONG KONG 12796

CUSTOMS FOR OFO/ASIA DESK

BEIJING PLEASE PASS CHENGDU

E.O. 12356; N/A
TAGS: ELAB, PGOV, PHUM, CH
SUBJ: ADDITIONAL PRC LABOR REFORM
- INSTITUTIONS AND PRODUCTION UNITS

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PAGE 02 HONG K 12796 01 OF 04 300725Z

REF: A. HONG KONG 2611 B. HONG KONG 7928
-
1. SUMMARY: BASED ON VARIOUS MAINLAND PUBLICATIONS, WE HAVE PREPARED ANOTHER LIST WITH NAMES OF PRC LABOR REFORM INSTITUTIONS TO SUPPLEMENT LISTS IN REFTELS. MANY OF THESE INSTITUTIONS CARRY THE TITLE OF PRODUCTION UNIT; MORE THAN THIRTY OF THEM ARE LABOR REFORM FARMS, WHILE ANOTHER TEN ARE COAL MINES. YUNNAN PROVINCE ALONE APPARENTLY HAS OVER TWENTY LABOR REFORM UNITS. END SUMMARY.
-
2. WE HAVE IDENTIFIED THESE NAMES OF LABOR REFORM UNITS FROM REPORTS IN ONE OF SEVERAL PRC PUBLICATIONS. THE MOST FREQUENT SOURCE IS THE OFFICIAL LEGAL DAILY (FAZHI RIBAO)(HENCEFORTH LD),

WHICH HAS OFTEN CARRIED DESCRIPTIONS OF THE NATIONWIDE LABOR REFORM SYSTEM. DURING JULY AND AUGUST OF THIS YEAR, LD CARRIED SEVERAL ARTICLES REPORTING ON HOW LABOR REFORM UNITS HAD BEEN AFFECTED IN THE DIFFERENT FLOOD-STRICKEN PROVINCES.
-
3. IN ADDITION, THE ALMANAC OF CHINA'S COAL INDUSTRY (ZHONGGUO MEITAN GONGYE NIANJIAN; HENCEFORTH ACI), ISSUED BY THE COAL INDUSTRY PUBLISHING HOUSE, PROVIDED SOME INFORMATION ON LABOR REFORM COAL MINES. OUR FSN STAFF HAS ALSO OBTAINED ACCESS TO A COLLECTION OF PRC INTERNAL (NEIBU) DOCUMENTS ENTITLED "SELECTED WORKS ON AGRICULTURAL FINANCIAL POLICIES AND INSTITUTIONS" (NONGYE CAIWU ZHENGCE JIDU XUANBIAN; HENCEFORTH AFPI), EDITED BY THE YUNNAN

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PROVINCIAL DEPARTMENT OF FINANCE'S AGRICULTURAL FINANCE SECTION AND PUBLISHED IN SEPTEMBER 1988. INCLUDED IN THIS IS A DOCUMENT ISSUED IN MARCH 1981 PROVIDING A LIST OF LABOR REFORM UNITS IN THE PROVINCE.
-
4. FOR EACH OF THE LABOR REFORM PRODUCTION UNITS LISTED BELOW, WE PROVIDE ITS LOCATION AND, WHENEVER POSSIBLE, ITS TYPE OF PRODUCTION, AS WELL AS THE PINYIN VERSION OF ITS ORIGINAL NAME, AND THE SOURCE OF THE IDENTIFICATION.
-

ANHUI

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-- LABOR REFORM BUREAU'S BAOFENG COAL MINE (LAOGAI JU BAOFENG MEIKUANG) (ACI 1990)
-- HEFEI SHANGZHANGXU FARM (HEFEI SHANGZHANGXU NONGCHANG) (7/21/91 LD)
-- BAIHU FARM (BAIHU NONGCHANG) (7/10/91 LD). THIS FARM WAS DESCRIBED AS ONE OF THE BIGGEST NATIONWIDE; IT HAS 4,000 PRISONERS HOUSED IN ITS "WESTERN BIG EMBANKMENT" (XI DA WEI) ALONE. IT ALSO INCLUDES AN "EASTERN BIG EMBANKMENT" (DONG DA WEI), WHOSE PRISONER POPULATION WAS NOT GIVEN.
-

BEIJING

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-- BEIJING PRISON PLASTIC MATERIAL (MANUFACTURING) FACTORY (BEIJING JIANYU SULIAO CHANG) (7/26/91 LD)
-- BEIJING TUANHE REEDUCATION-THROUGH-LABOR INSTITUTE BRIGADE NO. 1 (BEIJING TUANHE LAOJIAO SUO YI DADUI) (8/1/91 LD)
-- BEIJING MUNICIPAL DETENTION AND EDUCATIONAL INSTITUTE (BEIJING SHI SHOURONG JIAOYU SUO) (9/6/91 HONG KONG WEN WEI PAO AND 9/12/91 LD). ACCORDING TO THESE PRESS REPORTS, THIS INSTITUTE HOUSES ONLY FEMALES WHO ENGAGED IN PROSTITUTION OR "SEXUALLY PROMISCUOUS ACTIVITIES" SEVERAL TIMES, BUT WHOSE

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ACTION EAP-01

INFO	LOG-00	ADS-00	AID-01	AIT-03	AMAD-01	CIAE-00	DODE-00
	ANHR-01	EB-01	FOE-01	HA-09	H-01	INRE-00	INR-01
	IO-19	LAB-04	L-03	NSAE-00	NSCE-00	OIC-02	ONB-01
	PA-02	PM-01	PRS-01	P-01	RP-10	SIL-01	SNP-01
	SP-01	SR-01	SS-01	STR-18	TRSE-00	T-01	USIE-00
	/088W						

----------9A7DD0 300726Z /38

R 300722Z SEP 91
FM AMCONSUL HONG KONG
TO SECSTATE WASHDC 8485
INFO AMEMBASSY BEIJING
AMCONSUL GUANGZHOU
AMCONSUL SHANGHAI
AMCONSUL SHENYANG
AIT TAIPEI 2968
HQS/CUSTOMS WASHDC

UNCLAS SECTION 02 OF 04 HONG KONG 12796

CUSTOMS FOR OFO/ASIA DESK

BEIJING PLEASE PASS CHENGDU

E.O. 12356; N/A
TAGS: ELAB, PGOV, PHUM, CH
SUBJ: ADDITIONAL PRC LABOR REFORM

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PAGE 02 HONG K 12796 02 OF 04 300725Z
CASES WERE NOT DEEMED SERIOUS ENOUGH TO MERIT HARSHER PENALTIES OR REEDUCATION-THROUGH-EDUCATION. THE INSTITUTE REPORTEDLY HAS HAD ONLY 427 WOMEN PRISONERS SINCE ITS ESTABLISHMENT IN AUGUST 1986. THE FEMALE INMATES UNDERTAKE LABOR INCLUDING NEEDLEWORK AND WEAVING WOOLEN SWEATERS.
-
GUANGDONG

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-- GUANGZHOU HUAIJI PRISON (GUANGZHOU HUAI JI JIANYU) (9/10/91 HONG KONG TA KUNG PAO)
-- GUANGZHOU CITY XICUN PRISON (GUANGZHOU SHI XICUN JIANYU) (9/10/91 TA KUNG PAO)
-- GUANGZHOU CITY DONGKENG REEDUCATION-THROUGH-LABOR INSTITUTE 4TH SQUADRON (GUANGZHOU SHI DONGKENG LAOJIAO SUO SI ZHONGDUI) (6/28/91 GUANGZHOU DAILY)
-- GUANGDONG HOT SPRINGS TEA PLANTATION (GUANGDONG WENQUAN CHACHANG) ("THE THEORY AND PRACTICE OF REFORMING CRIMINALS THROUGH LABOR" (LAODONG GAIZAO ZUIFAN DE LILUN YU SHIJIAN) BY DENG YOUTIAN, PUBLISHED IN THE PRC IN LATE 1987)
-- GUANGZHOU WOMEN'S EDUCATION INSTITUTE (GUANGZHOU FUNU JIAOYANG SUO) (4/12/91 HONG KONG TIN TIN DAILY). IT REPORTEDLY HOUSES 800 WOMEN, WHO HAVE TO DO SOME LABOR INCLUDING WEAVING WOOLEN SWEATERS AND GLOVES AND DOING BEADED EMBROIDERY OF BEAD (XIU ZHU HUA).
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HEBEI

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PAGE 03 HONG K 12796 02 OF 04 300725Z
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-- HEBEI PROVINCIAL PRISON NO. 5 AND ITS CHENGDE RUBBER SHOES (MANUFACTURING) FACTORY (HEBEI SHENG

DIWU JIANYU AND CHENGDE JIAOXIE CHANG) (8/28/91 LD)
-- QINHUANGDAO CITY REEDUCATION THROUGH LABOR INSTITUTE (QINHUANGDAO SHI LAOJIAO SUO) (8/1/91 LD)
-- TANGSHAN CITY REEDUCATION-THROUGH-LABOR INSTITUTE (TANGSHAN SHI LAOJIAO SUO) (8/7/91 LD)
-
HENAN

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-- HENAN PROVINCIAL 6TH LABOR REFORM DETACHMENT (HENAN SHENG LAOGAI LIU ZHIDUI) (6/30/91 HENAN DAILY)
-- WUSAN FARM (WUSAN NONGCHANG) (9/8/91 LD)
-- WUYI FARM (WUYI NONGCHANG) (9/8/91 LD)
-- HEBI MUNICIPAL JUSTICE BUREAU'S REEDUCATION-THROUGH-LABOR INSTITUTE (HEBI SHI SIFA JU LAOJIAO SUO) (6/30/91 HENAN DAILY)
-- HENAN KAIFENG CITY REEDUCATION-THROUGH-LABOR CAMP (HENAN KAIFENG SHI LAOJIAO CHANG) (5/13/91 LD)
-
HUBEI

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-- HUANGHU LABOR REFORM FARM (HUANHU LAOGAI NONGCHANG) (8/19/91 LD)
-- JIANGBEI LABOR REFORM FARM (JIANGBEI LAOGAI NONGCHANG) (8/19/91 LD)
-- SHAYANG LABOR REFORM FARM (SHAYANG LAOGAI NONGCHANG) (8/19/91 LD)

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PAGE 04 HONG K 12796 02 OF 04 300725Z
-- XIANGBEI WINERY (XIANGBEI NIANGJIU CHANG) ("HUBEI RURAL ECONOMY 1949-1989" (HUBEI NONGCUN JINGJI))
-- XIANGBEI SOYA BEAN MILK (MANUFACTURING) FACTORY (XIANGBEI DOUNAI CHANG) ("HUBEI RURAL ECONOMY 1949-1989")
-- SHAYANG REEDUCATION-THROUGH-LABOR INSTITUTE (SHAYANG LAOJIAO SUO) (8/19/91 LD)
-
HUNAN

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-- HUNAN PROVINCIAL 4TH LABOR REFORM DETACHMENT (HUNAN SHENG DISI LAOGAI ZHIDUI) (8/10/91 PEOPLE'S DAILY DOMESTIC EDITION)

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PAGE 01 HONG K 12796 03 OF 04 300726Z
ACTION EAP-01

INFO	LOG-00	ADS-00	AID-01	AIT-03	AMAD-01	CIAE-00	DODE-00
	ANHR-01	EB-01	FOE-01	HA-09	H-01	INRE-00	INR-01
	IO-19	LAB-04	L-03	NSAE-00	NSCE-00	OIC-02	OMB-01
	PA-02	PM-01	PRS-01	P-01	RP-10	SIL-01	SNP-01
	SP-01	SR-01	SS-01	STR-18	TRSE-00	T-01	USIE-00
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R 300722Z SEP 91
FM AMCONSUL HONG KONG
TO SECSTATE WASHDC 8486
INFO AMEMBASSY BEIJING
AMCONSUL GUANGZHOU
AMCONSUL SHANGHAI
AMCONSUL SHENYANG
AIT TAIPEI 2969
HQS/CUSTOMS WASHDC

UNCLAS SECTION 03 OF 04 HONG KONG 12796

CUSTOMS FOR OFO/ASIA DESK

BEIJING PLEASE PASS CHENGDU

E.O. 12356; N/A
TAGS: ELAB, PGOV, PHUM, CH
SUBJ: ADDITIONAL PRC LABOR REFORM

UNCLASSIFIED

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PAGE 02 HONG K 12796 03 OF 04 300726Z
-- CHANGDE CITY LABOR REFORM DETACHMENT (CHANGDE SHI LAOGAI ZHIDUI) (8/10/91 PEOPLE'S DAILY DOMESTIC EDITION)
-- QUNLI COAL MINE (QUNLI MEIKUANG); DESCRIBED AS SUBORDINATE TO THE PROVINCIAL GOVERNMENT. (ACI 1987)
-- XINSHENG COAL MINE (XINSHENG MEIKUANG); ALSO DESCRIBED AS SUBORDINATE TO THE PR
OVINCIAL
GOVERNMENT. (ACI 1987)

-- CENDAN FARM (CENDAN NONGCHANG) (7/18/91 LD)
-- JIANXIN FARM (JIANXIN NONGCHANG) (7/18/91 LD)
-
JIANGSU

-
-- LABOR REFORM BUREAU'S WANSHAN (COAL) MINE (LAOGAI JU WANSHAN KUANG) (ACI 1990)
-- DINGSHAN CEMENT (MANUFACTURING) FACTORY (DINGSHAN SHUINI CHANG) (7/31/91 LD)
-- SHEZHU FARM (SHEZHU NONGCHANG) (7/31/91 LD)
-- TAIHU REEDUCATION-THROUGH-LABOR INSTITUTE (TAIHU LAOJIAO SUO) (7/15/91 LD), WHICH WAS DESCRIBED AS "IN THE MIDDLE" OF LAKE TAI (TAIHU).
-
JIANGXI

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-- JIANGXI PROVINCIAL 4TH LABOR REFORM DETACHMENT (JIANGXI SHENG DISI LAOGAI ZHIDUI) (9/8/91 LD)
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JILIN

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 HONG K 12796 03 OF 04 300726Z
-
-- PROVINCIAL WOMEN'S REEDUCATION-THROUGH-LABOR INSTITUTE (SHENG NUZI LAODONG JIAOYANG SUO) (6/30/91 JILIN DAILY)
-
LIAONING

-
-- LIAONING PROVINCE LINGYUAN LABOR REFORM SUB-STATION PRISON (LIAONING SHENG LINGYUAN LAOGAI FENJU JIANYU) (5/24/91 TA KUNG PAO)
-
SHANDONG

-
-- SHANDONG PROVINCIAL 4TH PRISON'S 4TH BRIGADE (SHANDONG SHENG DISI JIANYU SI DADUI) (6/30/91 DAZHONG DAILY)
-- SHANDONG PROVINCIAL LST REEDUCATION-THROUGH-LABOR INSTITUTE'S LST BRIGADE (SHANDONG SHENG DIYI LAOJIAO SUO YI DADUI) (8/1/91 LD)
-
SHANGHAI

-
-- SHANGHAI MUNICIPAL PRISON, ALSO NAMED DILANQIAO

PRISON (SHANGHAI SHI JIANYU OR DILANQIAO JIANYU)
(6/10/91 TA KUNG PAO)
-- QINGSHAN FARM (QINGSHAN NONGCHANG) (7/31/91 LD)
-
TIANJIN

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-- TIANJIN CHADIAN LABOR REFORM FARM (TIANJIN CHADIAN
LAOGAI NONGCHANG) (JULY 1991 EDITION OF HONG KONG
JOURNAL "OPEN" (KAIFANG))
-
XINJIANG

-
-- LABOR REFORM BUREAU'S BUYA OPEN CAST (COAL) MINE
(LAOGAI JU BUYA LUTIAN KUANG) (ACI 1990)
-
YUNNAN

UNCLASSIFIED

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UNCLASSIFIED

PAGE 01 HONG K 12796 04 OF 04 300726Z
ACTION EAP-01

INFO	LOG-00	ADS-00	AID-01	AIT-03	AMAD-01	CIAE-00	DODE-00
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	IO-19	LAB-04	L-03	NSAE-00	NSCE-00	OIC-02	OMB-01
	PA-02	PM-01	PRS-01	P-01	RP-10	SIL-01	SNP-01
	SP-01	SR-01	SS-01	STR-18	TRSE-00	T-01	USIE-00
	/088W						

----------9A7DE3 300726Z /38

R 300722Z SEP 91
FM AMCONSUL HONG KONG
TO SECSTATE WASHDC 8487
INFO AMEMBASSY BEIJING

AMCONSUL GUANGZHOU
AMCONSUL SHANGHAI
AMCONSUL SHENYANG
AIT TAIPEI 2970
HQS/CUSTOMS WASHDC

UNCLAS SECTION 04 OF 04 HONG KONG 12796

CUSTOMS FOR OFO/ASIA DESK

BEIJING PLEASE PASS CHENGDU

E.O. 12356; N/A
TAGS: ELAB, PGOV, PHUM, CH
SUBJ: ADDITIONAL PRC LABOR REFORM

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 HONG K 12796 04 OF 04 300726Z
-
-- 2ND PRISON (ER JIAN) (AFPI)
-- 3RD PRISON (SAN JIAN) (AFPI)
-- FENGMINGCUN COAL MINE (FENGMINGCUN MEI KUANG), DESCRIBED AS SUBORDINATE TO THE PROVINCIAL LABOR REFORM BUREAU). (ACI 1987)
-- LUDONG COAL MINE (LUDONG MEI KUANG), ALSO DESCRIBED AS SUBORDINATE TO THE PROVINCIAL LABOR REFORM BUREAU. (ACI 1987)
-- FUYUAN MINE AND (PROCESSING) FACTORY (FUYUAN KUANG CHANG) (AFPI)
-- CAOBA FARM (CAOBA NONGCHANG) (AFPI)
-- CAOHAI FARM (CAOHAI NONGCHANG) (AFPI)
-- CHONGKA FARM (CHONGKA NONGCHANG) (AFPI)
-- DAYAN FARM (DAYAN NONGCHANG) (AFPI)
-- ERYUAN FARM (ERYUAN NONGCHANG) (AFPI)
-- HUANIAN FARM (HUANIAN NONGCHANG) (AFPI)
-- JIALIZE FARM (JIALIZE NONGCHANG) (AFPI)
-- JIANGYIN FARM (JIANGYIN NONGCHANG) (AFPI)
-- KUNYANG FARM (KUNYANG NONGCHANG) (AFPI)
-- QIUBEI FARM (QIUBEI NONGCHANG) (AFPI)
-- PUWEN FARM (PUWEN NONGCHANG) (AFPI)
-- SIYING COAL MINE (SIYING MEI KUANG) (AFPI)
-- XINCHENG FARM (XINCHENG NONGCHANG) (AFPI)
-- WENHUA FARM (WENHUA NONGCHANG) (AFPI)
-- YANGJIEBA FARM (YANGJIEBA NONGCHANG) (AFPI)
-- YUANJIANG FARM (YUANJIANG NONGCHANG) (AFPI)
-- ZHANYI FARM (ZHANYI NONGCHANG) (AFPI)
-- JUVENILE DELIQUENCY MANAGEMENT EDUCATIONAL INSTITUTE (SHAO GUAN SUO) (AFPI)
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UNCLASSIFIED

UNCLASSIFIED

PAGE 03 HONG K 12796 04 OF 04 300726Z
ZHEJIANG

-
-- (YUHANG COUNTY) LINPING LABOR REFORM FARM (LINPING LAOGAI NONGCHANG) (7/26/91 ZHEJIANG DAILY
-- (YUHANG COUNTY) QIAOSI LABOR REFORM FARM (QIAOSI LAOGAI NONGCHANG) (7/26/91 ZHEJIANG DAILY)
-

5. COMMENT: WE WILL SHARE THIS LIST ALSO WITH THE LOCAL ASIA WATCH OFFICE AND CONCERNED AMERICAN BUSINESSES. THESE LATEST SOURCES REINFORCE EARLIER INFORMATION REVEALING THE EXTENT OF THE PRODUCTION ACTIVITIES WITHIN THE LABOR REFORM SYSTEM, ALTHOUGH THERE ARE NO NEW REVELATIONS OF SPECIFIC EXPORT ACTIVITIES. WILLIAMS

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*** Current Handling Restrictions *** n/a
*** Current Classification *** UNCLASSIFIED

UNCLASSIFIED

PAGE 01 HONG K 14687 01 OF 06 070456Z
ACTION EAP-01

INFO	LOG-00	ADS-00	AID-01	AIT-03	AMAD-01	CIAE-00	DODE-00
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	LAB-04	L-03	NSAE-00	NSCE-00	OIC-02	OMB-01	PA-02
	PM-01	PRS-01	P-01	RP-10	SIL-01	SNP-01	SP-01
	SR-01	SS-01	STR-18	TRSE-00	T-01	USIE-00	/087W

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P 070442Z NOV 91
FM AMCONSUL HONG KONG
TO SECSTATE WASHDC PRIORITY 9376
HQS/CUSTOMS WASHDC PRIORITY
INFO AMEMBASSY BEIJING
AMCONSUL GUANGZHOU
AMCONSUL SHANGHAI
AMCONSUL SHENYANG
AIT TAIPEI 3186

UNCLAS SECTION 01 OF 06 HONG KONG 14687

CUSTOMS FOR OFFICE OF ENFORCEMENT/FRAUD INVESTIGATION

BEIJING PLEASE PASS CHENGDU

E.O. 12356: N/A
TAGS: ELAB, PHUM, PGOV, CH
SUBJ: NEW LIST OF PRC CORRECTIONAL INSTITUTIONS
-
REF: A. HONG KONG 2611 B. HONG KONG 7928

UNCLASSIFIED

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PAGE 02 HONG K 14687 01 OF 06 070456Z
- C. HONG KONG 12796 D. HONG KONG 1440/
-
1. WE HAVE LOCATED SOME BACK ISSUES OF YET ANOTHER PRC INTERNAL-USE-ONLY (NEIBU) JOURNAL, ALSO APPARENTLY AIMED MOSTLY AT PRC CORRECTIONAL OFFICIALS. THIS ONE IS ENTITLED "RESEARCH ON COMMITTING CRIME AND REFORM" (FANZUI YU GAIZAO YANJIU) AND IS PUBLISHED EVERY TWO MONTHS BY THE MINISTRY OF JUSTICE'S CRIME PREVENTION AND LABOR REFORM INSTITUTE IN BEIJING.
-
2. THE FOLLOWING IS A LIST OF CORRECTIONAL UNITS IDENTIFIED IN VARIOUS ISSUES OF THE JOURNAL. THERE IS SOME OVERLAP WITH REFTELS' LISTS, BUT ONLY IN CASES WHERE ADDITIONAL INFORMATION IS AVAILABLE. HOWEVER, MOST OF THE UNITS LISTED BELOW ARE NEWLY

IDENTIFIED.
-
ANHUI

-
-- ANHUI PROVINCIAL LST PRISON (ANHUI SHENG DIYI JIANYU). ITS OTHER NAME IS FUYANG TONGYONG (GENERAL USE?) MACHINERY (MANUFACTURING) FACTORY (FUYANG TONGYONG JIXIE CHANG)
-- BOHU LABOR REFORM FARM'S /TH SQUADRON (BOHU LAOGAI NONGCHANG LIU ZHONGDUI)
-

BEIJING

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-
-- BEIJING MUNICIPALITY TIANTANGHE "REEDUCATION-THROUGH-LABOR" INSTITUTE (BEIJING SHI TIANTANGHE LAOJIAO SUO)
-- BEIJING MUNICIPALITY TUANHE FARM (BEIJING SHI TUANHE NONGCHANG)
-- BEIJING MUNICIPALITY JUVENILE DELIQUENCY MANAGEMENT EDUCATIONAL INSTITUTE (BEIJING SHI SHAONIANFAN GUANJIAO SUO)
-

FUJIAN

-

-- FUJIAN PROVINCIAL 4TH PRISON (FUJIAN SHENG DISI JIANYU). THE PRISON HOUSED 750 PRISONERS AS OF EARLY 1989.
-

GUANGDONG

-
-- GUANGDONG MEIZHOU PRISON (GUANGDONG MEIZHOU JIANYU)
-- GUANGDONG SHAOGUAN PRISON (GUANGDONG SHAOGUAN JIANYU)
-- HOT SPRINGS BRIGADE (WENQUAN DADUI)(POSSIBLY THE SAME AS THE HOT SPRINGS TEA PLANTATION CITED IN EARLIER REPORTS)
-- HENGSHANWO "REEDUCATION-THROUGH-LABOR" INSTITUTE (HENGSHANWO LAOJIAO SUO)

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-- GUANGDONG PROVINCE LABU "REEDUCATION-THROUGH-LABOR" INSTITUTE (GUANGDONG SHENG LABU LAOJIAO SUO)
-- GUANGDONG PROVINCIAL SANSHUI "REEDUCATION-THROUGH-LABOR" INSTITUTE (GUANGDONG SHENG SANSHUI LAOJIAO SUO)
-- GUANGZHOU CITY WOMEN'S "REEDUCATION-THROUGH-LABOR" INSTITUTE (GUANGZHOU SHI NU LAOJIAO SUO)
-- SHENZHEN "REEDUCATION-THROUGH-LABOR" INSTITUTE (SHENZHEN LAOJIAO SUO)
-
GUANG XI

-
-- GUANG XI WOMEN' S PRISON (GUANG XI NU J IAN). THE

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	PM-01	PRS-01	P-01	RP-10	SIL-01	SNP-01	SP-01
	SR-01	SS-01	STR-18	TRSE-00	T-01	USIE-00	/087W

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P 070442Z NOV 91
FM AMCONSUL HONG KONG
TO SECSTATE WASHDC PRIORITY 9377
HQS/CUSTOMS WASHDC PRIORITY
INFO AMEMBASSY BEIJING
AMCONSUL GUANGZHOU
AMCONSUL SHANGHAI
AMCONSUL SHENYANG
AIT TAIPEI 3187

UNCLAS SECTION 02 OF 06 HONG KONG 14687

CUSTOMS FOR OFFICE OF ENFORCEMENT/FRAUD INVESTIGATION

BEIJING PLEASE PASS CHENGDU

E.O. 12356: N/A
TAGS: ELAB, PHUM, PGOV, CH
SUBJ: NEW LIST OF PRC CORRECTIONAL INSTITUTIONS

PRISON ENGAGES IN PROCESSING BEDDING AND CLOTHING.

-- GUANGXI YINGSHAN PRISON (GUANGXI YINGSHAN JIANYU)
-

GUIZHOU

-

-- GUIZHOU JIAOZISHAN LABOR REFORM DETACHMENT (GUIZHOU JIAOZISHAN LAOGAI ZHIDUI). THIS UNIT HAS A MEDIUM SIZED COAL MINE.
-

HEBEI

-
-- HEBEI PROVINCIAL 4TH PRISON (HEBEI SHENG DISI JIANYU). ITS PRODUCTS INCLUDED LONG-DISTANCE BUSES AS WELL AS AMBULANCES.
-- HEBEI PROVINCIAL 4TH LABOR REFORM GENERAL TEAM (HEBEI SHENG DISI LAOGAI ZONGDUI)
-- HEBEI PROVINCE DATANGWAN LABOR REFORM DETACHMENT (HEBEI SHENG DATANGWAN LAOGAI ZHIDUI). THE DETACHMENT ENGAGES IN CASTING HEATING RADIATORS.
-- HEBEI SHALINGZI LABOR REFORM TEAM (HEBEI SHALINGZI LAOGAI DUI)
-- SHIJIAZHUANG CITY "REEDUCATION-THROUGH-LABOR" INSTITUTE (SHIJIAZHUANG SHI LAOJIAO SUO)
-

HENAN

-

-- HENAN 5TH PRISON (HENAN DIWU JIANYU). THE PRISON HAS OTHER NAMES: HENAN KINXIANG SHIRT

(MANUFACTURING) GENERAL FACTORY (HENAN KINXIANG CHENSHAN ZONGCHANG) AND THE HENAN XINXIANG CLOTH MANUFACTURING GENERAL FACTORY (HENAN XINXIANG ZHIYI ZONGCHANG).
-- HENAN PROVINCE JUVENILE DELIQUENCY MANAGEMENT EDUCATIONAL INSTITUTE (HENAN SHENG SHAO GUAN SUO)
-- HENAN PROVINCIAL 1ST JUVENILE DELIQUENCY MANAGEMENT EDUCATIONAL INSTITUTE (HENAN SHENG DIYI SHAO GUAN SUO)
-

HEILONGJIANG

-
-- BEIAN PRISON (BEIAN JIANYU)
-- HEILONGJIANG PROVINCE TAILAI PRISON (HEILONGJIANG SHENG TAILAI JIANYU)
-- (ZHAOYUAN COUNTY) XINZHAO PRISON (XINZHAO JIANYU)
-- (ZHAOYUAN COUNTY) GEZHI PRISON (GEZHI JIANYU)
-- HEILONGJIANG PROVINCE LUSAN LABOR REFORM DETACHMENT (HEILONGJIANG SHENG LUSAN LAOGAI ZHIDUI)
-- HEILONGJIANG PROVINCE DALIAN CITY "REEDUCATION -THROUGH-LABOR" INSTITUTE (HEILONGJIANG SHENG DALIAN SHI LAOJIAO SUO)
-- HARBIN CITY DONGFENG LABOR REFORM DETACHMENT (HARBIN SHI DONGFENG LAOGAI ZHIDUI)
-

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HUBEI

-

-- WUHAN PRISON (WUHAN JIANYU). THE PRISON ESTABLISHED A BRIGADE TO DETAIN FEMALE CRIMINALS; AS OF MID-1988, 1200 PRISONERS OUT OF A TOTAL OF 3100 WERE WOMEN.
-- HUBEI PROVINCE XIANGFAN PRISON (HUBEI SHENG XIANGFAN JIANYU)
-- HUBEI PROVINCE HUANGSHI CITY "REEDUCATION-THROUGH-LABOR" INSTITUTE (HUBEI SHENG HUANGSHI SHI LAOJIAO SUO). THE INSTITUTE AND HUANGSHI CITY ELECTRIC CABLE

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	LAB-04	L-03	NSAE-00	NSCE-00	OIC-02	OMB-01	PA-02
	PM-01	PRS-01	P-01	RP-10	SIL-01	SNP-01	SP-01
	SR-01	SS-01	STR-18	TRSE-00	T-01	USIE-00	/087W

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P 070442Z NOV 91
FM AMCONSUL HONG KONG
TO SECSTATE WASHDC PRIORITY 9378
HQS/CUSTOMS WASHDC PRIORITY
INFO AMEMBASSY BEIJING
AMCONSUL GUANGZHOU
AMCONSUL SHANGHAI
AMCONSUL SHENYANG
AIT TAIPEI 3188

UNCLAS SECTION 03 OF 06 HONG KONG 14687

CUSTOMS FOR OFFICE OF ENFORCEMENT/FRAUD INVESTIGATION

BEIJING PLEASE PASS CHENGDU

E.O. 12356: N/A
TAGS: ELAB, PHUM, PGOV, CH
SUBJ: NEW LIST OF PRC CORRECTIONAL INSTITUTIONS

(MANUFACTURING) FACTORY (HUANGSHI SHI DIANLAN CHANG)

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JOINTLY ESTABLISHED AN ELECTROMAGNETIC WIRE
(MANUFACTURING) FACTORY.
-- SHAYANG HUANGTUPO FARM (SHAYANG HUANGTUPO
NONGCHANG)
-- ERXINSHENG BRICKYARD (ERXINSHENG ZHUANCHANG)
-- HUBEI ZHANGHUYUAN FARM'S BRICK AND TILE
(MANUFACTURING) FACTORY (HUBEI ZHANGHUYUAN NONGCHANG
ZHUANWA CHANG)
-- HUBEI JUVENILE DELIQUENCY MANAGEMENT EDUCATIONAL
INSTITUTE (HUBEI SHAO GUAN SUO)
-

HUNAN

-

-- PROVINCIAL 2ND PRISON (SHENG ER JIAN)
-- PROVINCIAL 3RD PRISON (SHENG SAN JIAN)
-- CHANGSHA PRISON (CHANGSHA JIANYU). THE PRISON WAS REPORTED TO BE THE ONLY INSTITUTION IN THE PROVINCE HOUSING FEMALE CRIMINALS, WITH 1300 FEMALE PRISONERS AS OF MID-1988.
-- HUNAN PROVINCIAL LST LABOR REFORM TEAM (HUNAN SHENG DIYI LAOGAI DUI)
-- HUNAN PROVINCIAL 4TH LABOR REFORM DETACHMENT (HUNAN SHENG DISI LAOGAI ZHIDUI). THE DETACHMENT HAS ANOTHER NAME AS WELL: CHANGDE DIESEL ENGINE (MANUFACTURING) FACTORY (CHANGDE CHAIYOUJI CHANG).
-- HUNAN PROVINCE HENGYANG LABOR REFORM DETACHMENT (HUNAN SHENG HENGYANG LAOGAI ZHIDUI)
-- HUNAN PROVINCE WOMEN'S "REEDUCATION-THROUGH-LABOR"

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INSTITUTE (HUNAN SHENG NU LAOJIAO SUO)
-
INNER MONGOLIA

-
-- INNER MONGOLIA BAOANZHAO LABOR REFORM DETACHMENT'S 3RD BRIGADE (INNER MONGOLIA BAOANZHAO LAOGAI ZHIDUI SAN DADUI)
-
JIANGSU

-
-- JIANGSU PROVINCE XUZHOU FORGING PRESS MACHINE TOOL (MANUFACTURING) FACTORY (JIANGSU SHENG XUZHOU DUANYA JICHUANG CHANG). THIS FACTORY IS SUBORDINATE TO JIANGSU'S 4TH PRISON (SI JIANYU).
-- JIANGSU PROVINCIAL 4TH LABOR REFORM DETACHMENT (JIANGSU SHENG DISI LAOGAI ZHIDUI)
-- JIANGSU PROVINCIAL 18TH LABOR REFORM DETACHMENT (JIANGSU SHENG DI SHIBA LAOGAI ZHIDUI). THE DETACHMENT HOUSED 917 FEMALE CRIMINALS IN MID-1988.
-- JIANGSU PROVINCIAL 2ND LABOR REFORM AND MANAGEMENT EDUCATIONAL DETACHMENT (JIANGSU SHENG DIER LAOGAI GUANJIAO ZHIDUI). ITS OTHER NAME IS THE DAZHONG LABOR REFORM FARM (DAZHONG LAOGAI NONGCHANG).
-
JIANGXI

-
-- JIANGXI PROVINCE JUVENILE DELIQUENCY MANAGEMENT
EDUCATIONAL INSTITUTE (JIANGXI SHENG SHAO GUAN SUO)
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-
JILIN

-
-- CHANGCHUN PRISON (CHANGCHUN JIANYU)
-- JILIN PROVINCE SIPING PRISON (JILIN SHENG SIPING JIANYU)
-- JILIN PROVINCE TIEBEI PRISON (JILIN SHENG TIEBEI JIANYU)
-- YANJI PRISON (YANJI JIANYU)
-- JILIN PROVINCE ZHENLAI LABOR REFORM GENERAL TEAM (JILIN SHENG ZHENLAI LAOGAI ZONGDUI)
-- JILIN CHANGCHUN TIEBEI LABOR REFORM DETACHMENT

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	LAB-04	L-03	NSAE-00	NSCE-00	OIC-02	OMB-01	PA-02
	PM-01	PRS-01	P-01	RP-10	SIL-01	SNP-01	SP-01
	SR-01	SS-01	STR-18	TRSE-00	T-01	USIE-00	/087W

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P 070442Z NOV 91
FM AMCONSUL HONG KONG
TO SECSTATE WASHDC PRIORITY 9379
HQS/CUSTOMS WASHDC PRIORITY
INFO AMEMBASSY BEIJING
AMCONSUL GUANGZHOU
AMCONSUL SHANGHAI
AMCONSUL SHENYANG

AIT TAIPEI 3189

UNCLAS SECTION 04 OF 06 HONG KONG 14687

CUSTOMS FOR OFFICE OF ENFORCEMENT/FRAUD INVESTIGATION

BEIJING PLEASE PASS CHENGDU

E.O. 12356: N/A
TAGS: ELAB, PHUM, PGOV, CH
SUBJ: NEW LIST OF PRC CORRECTIONAL INSTITUTIONS

(JILIN CHANGCHUN TIEBEI LAOGAI ZHIDUI)

-
LIAONING

-
-- LIAONING YINGKOU (LABOR REFORM) GENERAL TEAM (LIAONING YINGKOU ZONGDUI)
-- DANDONG CITY LABOR REFORM DETACHMENT (DANDONG SHI LAOGAI ZHIDUI)
---- LIAONING FUSHUN (LABOR REFORM) DETACHMENT (LIAONING FUSHUN ZHIDUI)
-- LIAONING JINZHOU (LABOR REFORM) DETACHMENT (LIAONING JINZHOU ZHIDUI)
-- KANGPING LABOR REFORM DETACHMENT (KANGPING LAOGAI ZHIDUI)
-- LINGYUAN 5TH LABOR REFORM DETACHMENT (LINGYUAN DIWU LAOGAI ZHIDUI)
-- DALIAN NANGUANLING LABOR REFORM DETACHMENT (DALIAN NANGUANLING LAOGAI ZHIDUI)
-- LIAONING SHENAN (LABOR REFORM) DETACHMENT (LIAONING SHENAN ZHIDUI)
-- WAFANGDIAN LABOR REFORM DETACHMENT (WAFANGDIAN LAOGAI ZHIDUI)
-- LIAONING PROVINCE SHENYANG CITY 2ND LABOR REFORM AND MANAGEMENT EDUCATIONAL DETACHMENT (LIAONING SHENG SHENYANG SHI DIER LAODONG GAIZHAO GUANJIAO ZHIDUI). THIS DETECHMENT IS AN INDUSTRIAL LABOR REFORM UNIT HOUSING "SERIOUS CRIMINALS" (ZHONGXINGFAN).
-- BENXI CITY "REEDUCATION-THROUGH-LABOR" COMPOUND (BENXI SHI LAODONG JIAOYANG YUAN)
-- LIAONING PROVINCE CHAOYANG CITY "REEDUCATION-THROUGH-LABOR" COMPOUND (LIAONING SHENG CHAOYANG SHI

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LAODONG JIAOYANG YUAN)
-- LIAONING PROVINCE GUANSHANZI "REEDUCATION-THROUGH-LABOR" COMPOUND (LIAONING SHENG GUANSHANZI LAODONG JIAOYANG YUAN)
-- LIAONING MASANJIA "REEDUCATION-THROUGH-LABOR" COMPOUND (LIAONING MASANJIA LAODONG JIAOYANG YUAN)
-- JINZHOU TRANSFORMER AND ELECTRONIC FURANCE (MANUFACTURING) FACTORY (JINZHOU BIANYAQI DIANLU CHANG)
-
QINGHAI

-
-- QINGHAI "REEDUCATION-THROUGH-LABOR" INSTITUTE'S WOMEN'S TEAM (QINGHAI LAOJIAO SUO NUDUI)
-
SHAANXI

-
-- SHAAN/I PROVINCE WOMEN'S PRISON (SHAANXI SHENG NU JIANYU). THE PRISON HOUSED 1033 FEMALE CRIMINALS AS OF MID-1988.
-
SHANDONG

-
-- SHANDONG PROVINCE BEISHU LABOR REFORM DETACHMENT 2ND BRIGADE 4TH SQUADRON (SHANDONG SHENG BEISHU LAOGAI ZHIDUI ER DADUI SI ZHONGDUI). THE SQUADRON ENGAGES IN GRAPHITE PRODUCTION.
-- SHANDONG PROVINCIAL 1ST "REEDUCATION-THROUGH-

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LABOR" INSTITUTE (SHANDONG SHENG DIYI LAOJIAO SUO). IT IS ALSO CALLED THE BASAN FACTORY (BASAN CHANG) AND HAS A WORK BRIGADE ENTITLED THE FANLIU BRIGADE (FANLIU DADUI). IT ALSO HAS A BRIGADE OF FEMALE CRIMINALS FROM THROUGHOUT THE ENTIRE PROVINCE. THE INSTITUTE ENGAGES IN VARIOUS TYPES OF PRODUCTION, INCLUDING CARBON (TANSU) PRODUCTION, CLAY MINING, PRINTING AND TAILORING.
-- JINAN "REEDUCATION-THROUGH-LABOR" INSTITUTE (JINAN LAOJIAO SUO)
-- JINING "REEDUCATION-THROUGH-LABOR" INSTITUTE (JINING LAOJIAO SUO)
-- ZAOZHUANG "REEDUCATION-THROUGH-LABOR" INSTITUTE

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	LAB-04	L-03	NSAE-00	NSCE-00	OIC-02	OMB-01	PA-02
	PM-01	PRS-01	P-01	RP-10	SIL-01	SNP-01	SP-01
	SR-01	SS-01	STR-18	TRSE-00	T-01	USIE-00	/087W

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P 070442Z NOV 91
FM AMCONSUL HONG KONG
TO SECSTATE WASHDC PRIORITY 9380
HQS/CUSTOMS WASHDC PRIORITY
INFO AMEMBASSY BEIJING
AMCONSUL GUANGZHOU
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AIT TAIPEI 3190

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CUSTOMS FOR OFFICE OF ENFORCEMENT/FRAUD INVESTIGATION

BEIJING PLEASE PASS CHENGDU

E.O. 12356: N/A
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SUBJ: NEW LIST OF PRC CORRECTIONAL INSTITUTIONS

(ZAOZHUANG LAOJIAO SUO)

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-- ZIBO "REEDUCATION-THROUGH-LABOR" INSTITUTE (ZIBO LAOJIAO SUO)
-- SHANDONG PROVINCE JUVENILE DELIQUENCY MANAGEMENT EDUCATIONAL INSTITUTE (SHANDONG SHENG SHAO GUAN SUO)
-

SHANGHAI

-
-- SHANGHAI MUNICIPAL 7TH LABOR REFORM AND MANAGEMENT EDUCATIONAL DETACHMENT (SHANGHAI SHI LAOGAI GUANJIAO ZHIDUI). ITS INDUSTRIAL PRODUCTS INCLUDE ZINC-PLATED STEEL PIPES, AS WELL AS AN EXPORT PRODUCT CALLED "PACKING IRON SHEETS" (DABAO TIEPI).
-- LAODONG VALVE (MANUFACTURING) FACTORY (LAODONG FAMEN CHANG), SUBORDINATE TO THE BAIMAOLING FARM (BAIMAOLING NONGCHANG)
-- LAODONG BEARING (MANUFACTURING) FACTORY (LAODONG ZHOUCHENG CHANG), SUBORDINATE TO THE JUNTIANHU FARM (JUNTIANHU NONGCHANG)
-- KESHAN BEARING (MANUFACTURING) FACTORY (KESHAN ZHOUCHENG CHANG), ALSO SUBORDINATE TO THE JUNTIANHU FARM
-- SHANGHAI MUNICIPALITY JUVENILE DELIQUENCY MANAGEMENT EDUCATIONAL INSTITUTE (SHANGHAI SHI SHAO GUAN SUO)
-
SHANXI

-
-- SHANXI PROVINCIAL 2ND PRISON (SHANXI SHENG DIER JIANYU)

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-- SHANXI PROVINCIAL 4TH PRISON (SHANXI SHENG DISI JIANYU). THE PRISON WAS REPORTED TO BE THE ONLY PRISON IN THE PROVINCE DETAINING FEMALE CRIMINALS.
-- SHANXI PROVINCIAL 2ND LABOR REFORM DETACHMENT (SHANXI SHENG DIER LAOGAI ZHIDUI)
-- YUANPING FARM (YUANPING NONGCHANG). IT IS ALSO SOMETIMES CALLLED A LABOR REFORM DETACHMENT (LAOGAI ZHIDUI).
-
SICHUAN

-
-- FURONG COAL MINE (FURONG MEI KUANG)
-- SICHUAN PROVINCE MIAOXI LABOR REFORM DETACHMENT (SICHUAN SHENG MIAOXI LAOGAI ZHIDUI). THE DETACHMENT COOPERATED WITH YA'AN CITY LEATHER PIECE GENERAL FACTORY (YA'AN SHI PIJIAN ZONGCHANG) AND ESTABLISHED A LEATHER PIECE FACTORY FOR SHOE UPPERS.
-
TIANJIN

-
-- TIANJIN PRISON (TIANJIN JIANYU). THE PRISON

HOUSES 'SERIOUS CRIMINALS' AND FEMALE CRIMINALS.
-- (MUNICIPAL) 2ND LABOR REFORM DETACHMENT (DIER LAOGAI ZHIDUI)
-- GANGBEI LABOR REFORM DETACHMENT (GANGBEI LAOGAI ZHIDUI)
-
XINJIANG

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-
-- XINJIANG 3RD PRISON (XINJIANG DISAN JIANYU)
-- XINJIANG KELAKEQIN FARM (KINJIANG KELAKEQIN NONGCHANG)
-- TARIM FARM 2ND SQUADRON (TALIMU NONGCHANG ER ZHONGDUI)
-
YUNNAN

-
-- YUNNAN PROVINCIAL 2ND LABOR REFORM DETACHMENT (YUNNAN SHENG DIER LAOGAI ZHIDUI)
-- YUNNAN PROVINCIAL 24TH LABOR REFORM DETACHMENT

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	LAB-04	L-03	NSAE-00	NSCE-00	OIC-02	OMB-01	PA-02
	PM-01	PRS-01	P-01	RP-10	SIL-01	SNP-01	SP-01
	SR-01	SS-01	STR-18	TRSE-00	T-01	USIE-00	/087W

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P 0704422Z NOV 91
FM AMCONSUL HONG KONG
TO SECSTATE WASHDC PRIORITY 9381

HQS/CUSTOMS WASHDC PRIORITY
INFO AMEMBASSY BEIJING
AMCONSUL GUANGZHOU
AMCONSUL SHANGHAI
AMCONSUL SHENYANG
AIT TAIPEI 3191

UNCLAS SECTION 06 OF 06 HONG KONG 14687

CUSTOMS FOR OFFICE OF ENFORCEMENT/FRAUD INVESTIGATION

BEIJING PLEASE PASS CHENGDU

E.O. 12356: N/A
TAGS: ELAB, PHUM,
PGOV, CH
SUBJ: NEW LIST OF PRC CORRECTIONAL INSTITUTIONS

(YUNNAN SHENG DI ERSHISI LAOGAI ZHIDUI)
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-
ZHEJIANG

-
-- ZHEJIANG PROVINCIAL 2ND PRISON (ZHEJIANG SHENG DIER JIANYU)
-- ZHEJIANG PROVINCIAL 7TH PRISON (ZHEJIANG SHENG DIQI JIANYU)
-- JIANGTANG LABOR REFORM DETACHMENT (JIANGTANG LAOGAI ZHIDUI)
-- ZHEJIANG SHILIPING FARM (ZHEJIANG SHILIPING NONGCHANG)
-- SHAOXING CITY "REEDUCATION-THROUGH-LABOR" INSTITUTE (SHAOXINGSHI LAOJIAO SUO)
-- ZHEJIANG SHILIPING WOMEN'S "REEDUCATION-THROUGH-LABOR" INSTITUTE (ZHEJIANG SHILIPING NU LAOJIAO SUO)
-- PROVINCIAL JUVENILE DELIQUENCY MANAGEMENT EDUCATIONAL INSTITUTE (SHENG SHAONIANFAN GUANJIAO SUO)
-- CHANGXIN MACHINERY (MANUFACTURING) FACTORY (CHANG XIN J I XIE CHANG)
-- QIANJIANG MACHINERY (MANUFACTURING) FACTORY (QIANJIANG JI/IE CHANG)
-- QIXIN MACHINERY (MANUFACTURING) FACTORY (QIXIN JIXIE CHANG)
-- WULIN MACHINERY (MANUFACTURING) FACTORY (WULIN JIXIE CHANG)
-- WUYI MACHINERY (MANUFACTURING) FACTORY (WUYI JIXIE CHANG)
-- NANHU FORESTRY FARM (NANHU LINCHANG)

3. COMMENT: THIS LATEST LIST BRINGS TO ABOUT 300
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THE NUMBER OF PRC CORRECTIONAL INSTITUTIONS WE HAVE BEEN ABLE TO IDENTIFY FROM E/PLICIT REFERENCES IN PRC PUBLICATIONS. THERE MAY BE SOME DUPLICATION GIVEN THAT, AS PRC LABOR CAMP EXPERT HARRY WU AND OTHERS HAVE NOTED, MANY INSTITUTIONS HAVE MORE THAN ONE NAME, PARTICULARLY IF THEY ENGAGE IN ANY PRODUCTION ACTIVITIES. WE NOTE THAT THE PRC PUBLICATIONS THEMSELVES ALMOST NEVER DIFFERENTIATE AMONG CORRECTIONAL PRODUCTION FACILITIES OPERATED BY FAMILY MEMBERS OF CORRECTIONAL EMPLOYEES AND THOSE USING ONLY PRISON LABOR, EVEN IN CASES CITED IN EARLIER REPORTS WHERE EXPORT ACTIVITIES WERE LAUDED. WE HOPE THAT THESE LISTS CONTINUE TO BE USEFUL IN SHEDDING LIGHT ON THE GENERAL SCOPE AND EXACT LOCATION OF PRC CORRECTIONAL UNITS -- PARTICULARLY THOSE INVOLVING PRODUCTION -- AND IN PROVIDING A MORE SOLID BASIS FOR PURSUING LEADS FROM A VARIETY OF SOURCES ON PRISON EXPORTS. WILLIAMS

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*** Current Handling Restrictions *** n/a
*** Current Classification *** UNCLASSIFIED

Question 7.3. How does the State Department or Customs identify products manufactured at these facilities?

Answer 7.3. The following information was provided by Customs:

Customs usually identifies the commodity through the allegation, i.e. someone alleges that hand tools are manufactured at prison X in China. The name of the commodity is usually provided along with the alleged manufacturer. Customs also uses the Laogai Research Foundation Handbook, existing files, TECS, etc. to identify products manufactured at these facilities.

Question 8. How many Customs Service officials are committed to working on the forced labor issues full time? How many part time?

Answer. The following information was provided by Customs:

Customs employs approximately 3,000 special agents within its Office of Investigations. About 300 are dedicated to the Fraud program. Fraud deals with the importation of merchandise which includes prison labor-made products. No fraud agents are specifically assigned to prison labor but to the general area of fraud investigations.

Within Customs, there are about 10,000 inspectors. Again, none are specifically assigned to deal with prison labor importations. All, however, are made aware of the prohibition and are trained to be on the lookout for such merchandise.

Question 9. How many State Department officials are committed to working on the forced labor issue full time? How many part time?

Answer. There are five State Department officials, in Washington and Beijing, who work on forced labor issues part time to varying degrees as part of their overall portfolios. There are no State Department officials who work on forced labor issues full time.

Question 10. How many intelligence analysts are committed to working on the forced labor issues full time? How many part time?

Answer. No Department of State analysts work full-time on forced labor issues. In the China Division of the Office of East Asia Analysis in the Bureau of Intelligence and Research, there are two analysts and a Division Chief who address issues such as labor and human rights as part of their portfolios.

This reply does not address the analytic strength in the rest of the intelligence community.

Question 11. What training do Foreign Service officers receive on the forced labor products issue?

Answer. Foreign Service officers are instructed in their introductory training that the U.S. government has a policy goal of encouraging respect for internationally recognized worker rights, including prohibition of forced and compulsory labor. This goal is also reiterated in political and economic tradecraft training five years or so into an officer's career. Foreign Service Labor Officers receive more detailed training in forced and compulsory labor issues, including the problem of policing trade in products made with such labor. Ten to twelve new Labor Officers are trained each year. To date, no Labor Officer position has been established in China and officers assigned to China who handle labor issues are briefed as the need arises.

Question 12. Are the MOU and SOC binding agreements? What is the State Department policy to communicate to the Chinese when the MOU and SOC are not followed? How many demarches have been sent to the Chinese over their noncompliance to the MOU/SOC?

Answer. The United States considers the 1992 Memorandum of Understanding between the United States of America and the People's Republic of China on Prohibiting Import and Export Trade in Prison Labor Products and the 1994 Statement of Cooperation to be legally binding instruments.

Chinese cooperation has been erratic. We have communicated to Chinese officials on numerous occasions, both verbally and in writing, our concern that compliance be timely and consistent, and that it not be subject to the influence of other developments in our bilateral relations. We have indicated to the Chinese, including in a recent letter from Ambassador Sasser to the Minister of Justice, that satisfactory resolution of prison labor allegations is important to the overall health of the bilateral relationship.

DEPARTMENT OF THE TREASURY
WASHINGTON, DC 20220,
June 24, 1997

MS. BETTY ALONSO,
Committee on Foreign Relations,
United States Senate,
SD–450 Dirksen Bldg.,
Washington, DC 20510–6225

DEAR MS. ALONSO:Enclosed are Treasury Assistant Secretary James E. Johnson's responses to questions from Senator Wellstone before the Senate Foreign Relations Committee's hearing on Prison Labor Agreements with China held on May 21, 1997.

If you have any questions, please feel free to call me at 622-2038.

Sincerely,

LIAM HIGGINS,
OFFICE OF LEGISLATIVE AFFAIRS,
Room 3457, Main Treasury.

RESPONSES OF MR. JOHNSON TO QUESTIONS ASKED BY SENATOR WELLSTONE

Question 1. Is the Government taking sufficient steps to ensure that U.S. businesses are not unwittingly abetting Chinese exports of goods produced by forced labor? If not, what measures do you believe should be implemented?

Answer. The most important steps that we can take are the measures to enforce the prison labor statutes that were described in the testimony. However, the Customs Service has an excellent record of engaging in constructive dialogue with private industry to promote strong voluntary compliance with the Customs and trade laws. As I stated in my testimony, to maximize the value of our law enforcement assets, we will strengthen our education and outreach efforts in the forced labor area as we have in the areas of narcotics, money laundering, and sanctions enforcement.

As part of this effort, I plan to use the June 27, 1997 meeting of the Treasury Advisory Committee on Commercial Operations of the U.S. Customs Service, a statutory body which I chair, as a forum to provide the business community with an opportunity to more clearly engage with us on their recommendations regarding the prison labor problem. I have asked the twenty senior U.S. business executives who serve on the Committee to share their insights into the nature and extent of forced labor production in China 'and its role in export trade and also their ideas on involving the U.S. business community in promoting compliance with U.S. laws on forced and prison labor. We then can consider involving other business groups that may helpful in promoting compliance with these important statutes.

Customs has promoted awareness of these laws in the business community by highlighting forced labor enforcement in various publications circulated in the trade community including Global Trade Talk, the Customs bimonthly publication of the International Trade Ombudsman. Customs will review its strategic and annual plans, trade pamphlets and similar documents to ensure that the importance we attach to forced labor enforcement receives prominent treatment.

Question 2. Do you believe it is feasible to devise an effective system of verifying Chinese compliance with curbs on exports of goods made by forced labor. If so, please describe how such a system would work?

Answer. We believe that the system we currently have in place is, in principle, an effective system if we can succeed in improving the level of cooperation that we are receiving from the Chinese under our agreements with them. Under current circumstances where our Embassy has indicated an expectation of improved cooperation of the Chinese Ministry of Justice in the coming months, we should invest our energy in clearing up a backlog of over a dozen cases that require investigation in China. In this regard, Ambassador Sasser is initiating a strong followup request to the Chinese Government for inspection visits to a list of production facilities identified by Customs. Over the longer term, in a continuing atmosphere of normal trade relations, it ma3rbe possible to secure greater Chinese cooperation in identif34ng forced labor facilities from which U.S. importers should not make purchases for the U.S. market

In the interim, we will continue to maximize our usage of conventional law enforcement sources and methods including reliance on information supplied by responsible competitors of forced labor facilities and their customers as well as other reliable business sources. Among other matters, we plan a program of debriefing of

returning business visitors to China as well as emigres and other travelers who may possess useful information regarding forced labor Facilities.

RESPONSES OF MR. BADER TO QUESTIONS ASKED BY SENATOR WELLSTONE

Question 1. Since both State and Customs agree that the PRC is not complying with the MOU on prison labor, what measures do you recommend to ensure compliance?

Answer. Chinese cooperation has been erratic. We have communicated to Chinese officials on numerous occasions our concern that compliance be timely and consistent, and that it not be subject to the influence of other developments in our bilateral relations.

We continue to explore ways to enhance Chinese cooperation and encourage full compliance with the MOU. Improved cooperation by the Chinese is likely to result from steady diplomacy, solid investigations of specific cases by U.S. Customs, and the relationships our officials develop on the ground with Chinese counterparts. We have indicated to the Chinese, including in a recent letter from Ambassador Sasser to the Minister of Justice, that satisfactory resolution of prison labor allegations is important to the overall health of the bilateral relationship.

Question 2. Both the MOU and MOU/SOC appear to have been based on the premise that we can depend on the PRC to provide information regarding prison labor exports to the U.S. and investigate suspected prison labor exports destined for the U.S. Since the Chinese government is at least complicit, if not culpable, in exporting such goods to the U.S. how could we expect Beijing to provide more than token compliance with the MOU and MOU/SOC?

Answer. We would not agree with the premise that the Chinese government is necessarily "at least complicit, if not culpable" in cases of prison labor exports to the U.S. On the contrary, the Chinese made a public commitment to cooperate on this issue when they signed the MOU and MOU/SOC, the only nation to make such a commitment with respect to our laws concerning import of goods made by prison labor.

Although Chinese cooperation in implementing the MOU has been neither satisfactory nor consistent, the solution to the problem is not to scrap the existing agreement. We would not be able to conduct investigations outside the procedures established in the agreement.

Chinese cooperation is essential to successful prosecution of violators. Information on suspected prison labor obtained from informers is often enough to issue a detention order on a suspected shipment, but rarely sufficient to sustain a finding of fact or to obtain a conviction in U.S. courts.

The most effective way to get that cooperation is to convince the Chinese that it is in their own interest to do so. The agreement, backed by patient diplomacy and solid evidence, is the best mechanism for getting that cooperation.

Question 3. When President Clinton issued an executive order in 1993 presenting conditions for renewal of China's MFN trade status for 1994, he included PRC compliance with the prison labor MOU as a condition for MFN renewal. What role did problems in enforcing the prison labor MOU have in the President's subsequent decision to de-link human rights issues from renewal of China's MFN status and other trade issues?

Answer. The decision in 1994 to de-link MFN from human rights reflected the judgment that, in terms of our overall relationship with China, we had achieved as much as we could from the linkage and that maintaining it would not be productive either in human rights terms or in terms of other significant U.S. interests.

Question 4. Is the Administration taking actions to encourage key allies to curb importation of Chinese goods made by prison labor? If so, please describe these actions.

Answer. The U.S. and EU share the common goal of integrating China into the international community. We have consistently conveyed to the EU the need for a common approach to China on human rights, non-proliferation, and other concerns.

U.S. officials have raised the specific issue of prison labor in China with EU officials. The EU supports strengthening provisions for monitoring ILO conventions on core labor standards. However, the EU has no agreement with China on the use of forced labor. European Commission Vice President Sir Leon Brittan has stated that the EU would not withdraw GSP from China as a result of allegations of the use of forced labor there even if the International Confederation of Free Trade Unions or other body were to present a formal petition in this regard.

On separate occasions, government officials from the United Kingdom, Germany, Canada and Australia have indicated that Chinese prison labor exports are not an issue of concern in their bilateral relations with China.

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