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United States Senate

COMMITTEE ON FINANCE
WASHINGTON, DC 20510-6200

December 22, 2022

Mr. Dimitris Psillakis
CEO
Mercedes-Benz USA, LLC
One Mercedes-Benz Drive
Sandy Springs, Georgia 30328

Dear Mr. Psillakis:

I write concerning recent reports that Mercedes-Benz USA, LLC's (Mercedes-Benz) supply chain may include links to the Xinjiang Uyghur Autonomous Region of the People's Republic of China (Xinjiang), where the Chinese Communist Party imposes widespread forced labor practices on minorities. Last year, Congress passed – and President Biden signed into law – the Uyghur Forced Labor Prevention Act¹ (UFLPA) to bolster the prohibition on goods made with forced labor by ensuring that goods made in Xinjiang do not enter the United States market unless demonstrated to be made without forced labor. The information I am requesting from Mercedes-Benz will aid the Senate Finance Committee's investigation of the effectiveness of trade-based efforts by the United States to combat forced labor and other serious human rights abuses in China.

Automotive supply chains are vast and complex, but it is vital that automakers scrutinize their relationships with all suppliers linked to Xinjiang. A report this month from the Helena Kennedy Centre for International Justice at Sheffield Hallam University detailed links between Chinese companies with operations in Xinjiang and automakers that use their products, including metals, batteries, wiring and wheels.² The UFLPA imposes a rebuttable presumption that goods mined or manufactured, wholly or in part, in Xinjiang were produced with forced labor and are therefore prohibited from importation.³ This provision protects American companies and consumers from unwittingly perpetuating human rights abuses abroad.

¹ P.L. 117-78.

² *Driving Force: Automotive Supply Chains and Forced Labor in the Uyghur Region*, Sheffield Hallam University Helena Kennedy Centre for International Justice, Dec. 2022, <https://www.shu.ac.uk/helena-kennedy-centre-international-justice/research-and-projects/all-projects/driving-force>.

³ *Uyghur Forced Labor Prevention Act*, U.S. Customs and Border Protection, Oct. 25, 2022, <https://www.cbp.gov/trade/forced-labor/UFLPA>.

Unless due diligence confirms that components are not linked to forced labor, automakers cannot and should not sell cars in the United States that include components mined or produced in Xinjiang. The United States considers the Chinese government's brutal oppression of Uyghurs in Xinjiang an "ongoing genocide and crimes against humanity."⁴ According to the U.S. Department of State, more than one million Uyghurs and other minorities are held in as many as 1,200 state-run internment camps in Xinjiang.⁵ Chinese authorities "use threats of physical violence, forcible drug intake, physical and sexual abuse, and torture to force detainees to work in adjacent or off-site factories or worksites."⁶ Pursuant to Section 307 of the Trade Act of 1930,⁷ goods produced through these appalling practices must not enter the U.S. market.

I recognize automobiles contain numerous parts sourced across the world and are subject to complex supply chains. However, this recognition cannot cause the United States to compromise its fundamental commitment to upholding human rights and U.S. law. I request that Mercedes-Benz provide the following information to aid the Committee's investigation of the effectiveness of trade-based efforts by the U.S. to prevent human rights abuses abroad, as well as the steps taken by your company to comply with these requirements:

- 1) Does Mercedes-Benz conduct its own supply chain mapping and analysis of raw materials, mining, processing, and parts manufacturing to determine if its supply chain is linked to Xinjiang? If so, please describe the extent of supply chain mapping and analysis, and specifically indicate if these efforts include sub-suppliers, including mines, mineral processors, and any affiliated entities.
- 2) Does Mercedes-Benz conduct its own supply chain mapping and analysis of raw materials, mining, processing, and parts manufacturing to determine if its supply chain is linked to the Xinjiang Uyghur Autonomous Region government's "poverty alleviation" program or the "pairing-assistance" program outside of Xinjiang? If so, please describe the extent of supply chain mapping and analysis, and specifically indicate if these efforts include sub-suppliers, including mines, mineral processors, and any affiliated entities.
- 3) Does Mercedes-Benz conduct its own supply chain mapping and analysis of parts manufacturing in third countries, including Mexico and Canada, to determine if those parts suppliers have supply chains linked to Xinjiang? If so, please describe the extent of supply chain mapping and analysis, and specifically indicate if these efforts include sub-suppliers, including mines, mineral processors, and any affiliated entities.
- 4) Does Mercedes-Benz's supply chain include any raw materials, mining, processing, or parts manufacturing linked to Xinjiang, including through sub-suppliers and their affiliates imported directly into the United States? If so, please:

⁴ *Press Statement by U.S. Secretary of State Antony J. Blinken*, UN Office of the High Commissioner for Human Rights Report on the Human Rights Situation in Xinjiang, Sep. 1 2022, <https://geneva.usmission.gov/2022/09/01/statement-on-un-human-rights-office-report-on-xinjiang/>.

⁵ *Forced Labor in China's Xinjiang Region*, U.S. Department of State Office to Monitor and Combat Trafficking in Persons, July 2021, <https://www.state.gov/forced-labor-in-chinas-xinjiang-region/>.

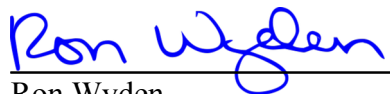
⁶ *Forced Labor in China's Xinjiang Region*, U.S. Department of State Office to Monitor and Combat Trafficking in Persons, July 2021, <https://www.state.gov/forced-labor-in-chinas-xinjiang-region/>.

⁷ P.L. 71-361 (March 13, 1930), §307; 46 Stat. 590, 689, codified as amended at 19 U.S.C. §1307.

- a. describe how Mercedes-Benz ensures that the raw materials, mining, processing, or parts manufacturing linked to Xinjiang does not depend on the use of forced labor; and,
 - b. if Mercedes-Benz has a plan to exit the Xinjiang region, provide details of such plan.
- 5) Has Mercedes-Benz ever terminated or curtailed, or threatened to terminate or curtail, a commercial relationship with a supplier or sub-supplier, including mines, mineral processors, and any affiliated entities, because of its use of raw materials, mining, processing, or parts manufacturing linked to Xinjiang? If so, please describe, for every such incident, the actual or threatened termination or curtailment and the ultimate outcome, and whether the outcome was reported publicly.
- 6) Has Mercedes-Benz ever terminated or curtailed, or threatened to terminate or curtail, a commercial relationship with a supplier or sub-supplier, including mines, mineral processors, and any affiliated entities, because of its failure to comply with supply chain mapping, auditing, or other diligence or compliance activities? If so, please describe the actual or threatened termination or curtailment and the ultimate outcome, and whether the outcome was reported publicly.
- 7) Has any shipment of any goods to Mercedes-Benz ever been detained, excluded, or seized by U.S. Customs and Border Protection (CBP) under any provision of Section 307 of the Trade Act of 1930 or the UFLPA? If so, for each such instance, please:
 - a. describe the circumstances surrounding the CBP enforcement action;
 - b. describe any information provided by CBP regarding the enforcement action, including information about the suspected forced labor; and
 - c. describe Mercedes-Benz's response to the CBP enforcement action.

I ask that you provide the requested information as soon as possible but no later than January 13, 2023. If you have any questions, you may contact my Senate Finance Committee oversight staff at 202-224-4515. Thank you for your prompt attention to this important matter.

Sincerely,



Ron Wyden
United States Senator
Chairman, Committee on
Finance