July 20, 2020

Secretary Wilbur Ross  
United States Department of Commerce  
Via email

Dear Secretary Ross:

I am writing to you regarding the Changji Esquel spinning mill’s inclusion on the Department of Commerce’s Bureau of Industry and Security (BIS) Entity List. Because Esquel has been falsely associated with forced labor, I would like to give you the facts about our company’s labor practices and based on that, respectfully request that our mill be removed from the list immediately. To this end, we will soon provide a detailed, formal submission to the End-User Review Committee as required by section 744.16(e) of the Export Administration Regulations.

Let me be clear: Esquel does not use forced labor, and we never will use forced labor. We absolutely and categorically oppose forced labor. It is abhorrent and completely antithetical to Esquel’s principles and business practices.

Respectfully, Mr. Secretary, there is no evidence to support the allegations against us. Rather, there is ample evidence that we do not use forced labor and in fact treat our Uyghur employees – as we do all employees – very well. To thoroughly outline the facts regarding our history in Xinjiang and with Uyghur employees, I have attached a detailed white paper chronicling our labor practices, our history in Xinjiang, and our values and ethics as a company.

We ask that those who would accuse us of using forced labor present evidence to support their allegations. Where is the evidence that Esquel has ever, in its 25 years of operations in Xinjiang, used forced labor? No agency of any government nor any non-governmental organization has presented such evidence, because it does not exist. In the lead up to including our Changji mill on the entity list, no one from the Commerce Department spoke with anyone at Esquel or we would have gladly provided them with the facts and answered any questions at that time.

Esquel has a long history of over 25 years in Xinjiang. Despite the false allegations we face, we are proud of our work in the region. We are an ethical company that has worked with local and global partners to protect the environment, empower women, and provide high-paying jobs. Our record demonstrates that Esquel has been a long-time ally of the Uyghur people.

We have been employing willing members of the Uyghur community and other minority groups since 1995 on a non-discriminatory basis. The April 2017 Uyghur Human Rights Project Report
recognized us, “perhaps the only overseas company that has attested to follow through to
corporate pledges to hire Uyghurs is Esquel...The company makes a concerted effort not only to
hire Uyghur graduates in its local operation, but also maintains a foundation to support Uyghur
schools.”

Out of a total Xinjiang workforce of 1,343 at the end of 2019, we had 420 Uyghur employees:
58 of these employees have been with us for over 10 years, of that group, 16 for more than 20
years. We have these long-term relationships because we pay and treat our employees well.
The simple fact that we hire Uyghur workers in Xinjiang should in no way be equated with using
forced labor.

Let me further clarify our hiring practices:

- In Xinjiang, Esquel pays employees 2-3 times the minimum wage, provides benefits and
development opportunities as well as holiday and annual leave, serves food to meet
different ethnic requirements in the canteens, properly compensates for overtime
hours, and offers good working conditions.
- Our employees may end their employment with us at any time of their own volition.
- Esquel does not receive government subsidies to hire workers, nor do we recruit
workers from any Vocational Education and Training Centers.
- Last year, the vast majority of people we hired in Xinjiang came from internal referrals,
online job websites, recruitment notice boards at our factory entrances, and rejoining
employees.
- When we hire employees of any background in Xinjiang, we extend job offers following
the same competitive recruitment and interview process we use for candidates
throughout the world. Esquel employees of any race, ethnicity, or gender are treated
equally and paid on a standard scale that is consistent across skill levels.
- In the Xinjiang Supply Chain Business Advisory, issued by your department along with
the Departments of State, Treasury, and Homeland Security list 6 criteria under,
“Potential Indicators of Forced Labor or Labor Abuses.” None of these apply to Esquel.

Many NGOs recommend independent audits of companies. We agree. Multiple independent
audits have previously validated that we do not use forced labor anywhere in our company. An
independent audit of Esquel’s 3 spinning mills in Xinjiang, including Changji, by a leading global
audit firm, ELEVATE, commissioned by one of our U.S. customers, was carried out in May 2019.
ELEVATE rated all three spinning mills with scores of 85 or above and confirmed that there was
no forced labor of any kind. I would be glad to put your team in touch with Ian Spaulding, the
CEO of Elevate, who can discuss his firm’s findings regarding Esquel and the region generally.
We entirely support combating the use of forced labor. That is why we are so offended and upset to be linked to the practice. However, false accusations against our company do not advance the critically important efforts to address real wrongdoing.

We respectfully ask that your team at Commerce review the evidence we have submitted, so as to understand our history and our record in Xinjiang. It fully explains the truth of the situation and demonstrates that we have conducted our business the right way.

I would appreciate the opportunity to meet with you, your staff and BIS to discuss this very sensitive and important matter. Alternatively, I am available to speak over the phone at any time. Thank you for your consideration.

Respectfully,

John Cheh
CEO
Esquel Group

c.c.:
Mr. Cordell Hull, Acting Under Secretary
Mr. Matt Borman, Deputy Assistant Secretary
Mr. Joe Cristofaro, Chair, End-User Review Committee