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United States Senate

COMMITTEE ON FINANCE
WASHINGTON, DC 20510-6200

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March 28, 2023

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

Dear Mr. Psillakis:

Thank you for Mercedes-Benz USA, LLC's ("Mercedes-Benz") response to my December 22, 2022 letter. I am pleased that Mercedes-Benz shares my commitment to ensuring that products made with forced labor do not enter the American market, including automotive components made in 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. As the Senate Finance Committee continues its investigation into the effectiveness of trade-based efforts by the United States to combat forced labor and other serious human rights abuses in China, I am requesting additional information from Mercedes-Benz.

Last month I held a hearing on *Ending Trade that Cheats American Workers* to question supply chain and labor experts about the enforcement of laws designed to combat forced labor in the supply chains of brands and retailers selling goods in the United States.¹ Their testimony made clear that merely abstaining from directly importing goods from Xinjiang, or relying on cascading promises by suppliers to do the same, is insufficient to ensure that supply chains are free of forced labor and compliant with the Uyghur Forced Labor Prevention Act² (UFLPA) and Section 307 of the Trade Act of 1930.³

These experts' hearing testimony reinforced the concerns I shared with Mercedes-Benz after reading a report from Helena Kennedy Centre for International Justice at Sheffield Hallam University that detailed links between Chinese companies with operations in Xinjiang and automakers that use their products, including metals, batteries, wiring and wheels.⁴ At its recent

¹ *Ending Trade that Cheats American Workers By Modernizing Trade Laws and Enforcement, Fighting Forced Labor, Eliminating Counterfeits, and Leveling the Playing Field*, hearing before the Senate Finance Committee, 118 Congress (Feb. 16, 2023).

² P.L. 117-78.

³ P.L. 71-361 (March 13, 1930), §307; 46 Stat. 590, 689, codified as amended at 19 U.S.C. §1307.

⁴ *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>.

hearing, the Committee heard troubling testimony about Chinese companies faking labor rights compliance and about the unreliability of even on-the-ground audits of suppliers in China.⁵

The Chinese government's brutal oppression of Uyghurs in Xinjiang is an "ongoing genocide and crime[] against humanity."⁶ Companies that sell goods in the United States have a moral and legal obligation not to use components made in any of 1,200 state-run internment camps in Xinjiang, where 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."⁷ Given the stakes, asking upstream suppliers to adhere to a code of conduct must be the beginning of a continuous process that ensures that no participant in a company's supply chain produces components using forced labor.

I appreciate Mercedes-Benz's engagement with the Committee as it evaluates how complex global supply chains can further the United States' fundamental commitment to upholding human rights, and I welcome any further information Mercedes-Benz wishes to share in response to my initial letter. In addition, I request that Mercedes-Benz provide the following information to aid the Committee's continuing investigation of the effectiveness of trade-based efforts by the U.S. to prevent human rights abuses abroad:

- 1) Does Mercedes-Benz maintain a list of the foreign-language names of suppliers? If so, please describe the extent of this list, and specifically indicate if it includes sub-suppliers, including mines, mineral processors, and any affiliated entities.
- 2) Does Mercedes-Benz conduct any due diligence, including open-source research, using the foreign-language names of suppliers? If so, please describe the extent of this due diligence, and specifically indicate if it includes sub-suppliers, including mines, mineral processors, and any affiliated entities.
- 3) Does Mercedes-Benz review its suppliers' foreign-language publications, including regulatory filings and marketing materials, to determine if suppliers are 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 these reviews, and specifically indicate if these efforts include sub-suppliers, including mines, mineral processors, and any affiliated entities.
- 4) Please list Mercedes-Benz's five largest tier 1 suppliers that have any direct or indirect sub-suppliers in China, including mines, mineral processors, and any affiliated entities.

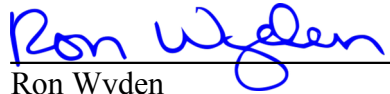
⁵ *Ending Trade that Cheats American Workers By Modernizing Trade Laws and Enforcement, Fighting Forced Labor, Eliminating Counterfeits, and Leveling the Playing Field*, hearing before the Senate Finance Committee, 118 Congress (Feb. 16, 2023) (testimony of Scott Nova).

⁶ *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/>.

⁷ *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/>.

I ask that you provide the requested information as soon as possible but no later than April 11, 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