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Manufacturing Companies Operating in China Risk to be Compromised with Forced Labour

Adopted by the ESMC Working Group for Sustainable Solar PV Supply Chains

The recent inclusion of Xinjiang Energy Group in the United States' register over companies involved with forced labour in China (UFLPA Entity List) is a critical reminder of the systemic risk tied to China's energy supply – and the companies relying on it.

Xinjiang Energy Group, a massive state-owned enterprise, dominates fossil fuel extraction and electricity generation in the Xinjiang region, where forced labour is widespread. It operates coal mines, oil and gas fields, and power plants – both fossil-fuelled and renewable – across Xinjiang. The energy it produces is fed directly into the Chinese national grid.

Here's the problem: electrons are indistinguishable. Once energy is fed into a shared grid, there's no way to trace which source powers which factory. Any company operating in China, regardless of its location or sector, is therefore potentially using electricity generated through forced labour infrastructure in Xinjiang, such as the Xinjiang Energy Group. This includes the major Chinese solar PV manufacturers. All operate within China's grid-connected energy system and are therefore complicit in benefiting from electricity tied to forced labour practices.

This isn't a theoretical risk. It's embedded in the structure of China's energy system. The same applies to coal or gas supplied by Xinjiang Energy Group – used throughout China's power plants. As the North American and European markets push for clean and ethical supply chains, it's essential to acknowledge this: every company plugged into China's grid is entangled in the same system. The EU forced labour database must take this into account and classify any companies operating or headquartered in China as high-risk. Any companies operating in, or sourcing from, the Xinjiang Uyghur Autonomous Region should be considered tainted by forced labour, as it is not possible to conduct independent audits in that region.¹

All serious actors say they oppose forced labour. That's great, but the best way to combat it is to not feed it at all. Eradicating forced labour from supply chains requires companies to uphold a single global standard of zero tolerance for forced labour across their entire supply chain. This means disengaging from regions with state-imposed forced labour where “operating in accordance with the United Nations Guiding Principles on Business and Human Rights (UNGPs) is not possible” according to the Global Slavery Index¹. And that means to stay out of China entirely and establish industries where energy is not made with forced labour.

The European Solar Manufacturing Council, Working Group for Sustainable Solar PV Supply Chains

¹ Global Slavery Index:

<https://www.walkfree.org/global-slavery-index/findings/spotlights/examining-state-imposed-forced-labour/>