



U.S.-CHINA ECONOMIC AND SECURITY
REVIEW COMMISSION

**Hearing on *The Memoranda of Agreement Between the United States
and China Regarding Prison Labor Products***

**Opening Statement of Commissioner Peter Videnieks
June 19, 2008
Washington, DC**

Thank you, Mr. Chairman. I'd like to second the Chairman's welcome to all of those in attendance, as well as to extend a special note of thanks to Chairman Akaka and the other members and staff of the Senate Veterans Affairs Committee for providing us with the use of their hearing room for today's proceedings.

The continuing importation into the United States of products produced by prison labor remains a topic of serious concern to many in both Congress and the broader public. Although formal agreements have been made between the U.S. and Chinese governments to stop the export of prison labor goods to the U.S., the practice nonetheless continues. Officials who deal with prison labor issues in the U.S. Embassy in China have recently identified a number of products produced for retail sale by prison labor, to include artificial flowers, Christmas decorations, shoes, and garments. At least some of these items are making their way to the U.S. market, and two of our witnesses here today will illustrate a case study of how illicit prison labor goods are making their way to American store shelves. This practice not only provides a powerful financial incentive for officials who control prison labor facilities to continue and expand such production, but also hurts legitimate U.S. businesspeople who are trying to play by the rules.

One of the main reasons that information on Chinese prison labor goods is limited is due to the fact that the Chinese government treats such information as a state secret. The Chinese government also has a very questionable record of compliance with its agreements related to prison labor products. U.S. officials attempting to implement the provisions of these agreements have described China as a challenging operating environment, and have often found their Chinese counterparts to be either unresponsive or obstructive. Today we will be examining the overall state of Chinese government compliance with the provisions of the 1992 and 1994 agreements related to prison labor products, and seeking greater clarity on the issue as we consider the policy recommendations that we will present to Congress later in the year.

With that, I'll turn the floor over to our first witness, Mr. Harry Wu of the Laogai foundation.