

Public Disclosure Authorized

PRESS STATEMENT

The World Bank

East Asia & Pacific Region

1818 H Street NW, Washington, DC 20433, USA



Contact: Graham Barrett, East Asia and Pacific
external affairs (202) 458 0344 or fax (202) 522 3405

No evidence to support forced labor claims, World Bank says

Washington, December 19, 1995 --- A six-week World Bank staff inquiry has found no evidence to substantiate claims by Mr Harry Wu of the Laogai Research Foundation that one of its projects in China, the Tarim Basin Project in Xinjiang Autonomous Region, is benefitting or using forced labor.

The Bank announced a full inquiry immediately after Mr Wu made his allegations on October 23. It said that, although it had no knowledge of any such benefit, it took Mr Wu's claims seriously and would deal with them thoroughly and openly. If a link between project activities and the use of forced labor were established, the Bank added, appropriate action would be taken to dissociate the Bank from those activities.

Mr Wu was also widely quoted as saying that the Tarim Basin Project "is using tens of thousands of prisoners from at least 21 forced labor camps".

Extensive investigations by senior Bank officials took place at head office in Washington, at the resident mission in Beijing, and at the Tarim Basin project site. The investigations included a detailed review of contracts, plans and other documents pertaining to the project, right down to village and household level, plus on-site interviews and inspections.

The Bank broadened its inquiry to embrace all its projects in Xinjiang Autonomous Region. Further, the Bank launched an internal review of its entire China portfolio of 159 projects to determine whether Mr Wu's allegations may apply to the 152 projects outside of Xinjiang.

Both the Tarim Basin project inquiry and the broader Xinjiang and China-wide inquiries were conducted independently of the Chinese Government, which cooperated fully with the Bank. The Government also mounted its own investigation in Xinjiang, with a Bank staff member as an observer.

Findings

In early December the special Bank mission to Xinjiang completed its inquiries and reached the following conclusions:

1. No evidence was found to support any link between the Tarim Basin project and the use of forced labor. No evidence was found of Bank money being diverted or misused in any way. No evidence was found of any benefit, direct or indirect, to forced labor camps or military "special farms".

To quote the task force's report: "In sum, the mission concludes that the public allegations that the Tarim Basin project benefitted Han Chinese, rather than its intended minority beneficiaries, and offered benefits to prison farms, are unsubstantiated in every respect. The mission found that this project is benefitting the intended population of independent smallholder farmers, overwhelmingly of Uygur ethnic identity.

"Project water supply improvements do not benefit, either directly or indirectly, state farms, penal establishments, or military units. The project is being implemented by the intended local government agencies, all of whom provided the mission open access to sites within the project areas and documentation requested.

"Some state farm engineering and construction enterprises won and executed a minor proportion of civil works contracts under fairly administered competitive bidding procedures; there is no evidence that any of them employed prisoner labor to carry them out.

"Both the consistent testimony of outside observers, and the technical nature of the works themselves, which favors mechanization rather than human labor, strongly corroborate this finding. Small, labor intensive works on the project were restricted by regulation of the project authorities themselves to employment of local residents, who are mostly of Uygur ethnicity."

The mission confirmed that the map issued with Mr Wu's press release on October 23 erred in implying that project works and hence beneficiaries cover virtually the entire Tarim Basin. In fact, the project works are contained in two river basins, the Weigan and the Yerqiang, both of which are overwhelmingly Uygur, not Han Chinese.

The mission reported that the captions to photographs attached to Mr Wu's press release were similarly in error. "Four of them (marked Shaya Region) were taken 30 km south of the last drain of the Weigan River component, and three (marked Aksu Region) are in a basin in which there is no project production activity whatsoever, about 500 km of desert from Yerqiang and 300 km from Weigan," according to the report.

2. The broader inquiry into other Bank projects in Xinjiang Autonomous Region also failed to find evidence of any link to forced labor.

The mission did determine that:

(a) The Xinjiang State Farms Organization, known alternatively as the Xinjiang Production and Construction Corps, which implemented the Bank-funded Xinjiang Agricultural Development Project and is implementing a part of the Xinjiang component of the Bank-funded Rural Water Supply and Sanitation Project, is responsible for administering some prisons and adjacent farms on behalf of the central Ministry of Justice.

(b) Some of the farms benefitting under the Water Supply and Sanitation Project --- including one visited by mission members --- are in close proximity to prisons and prison farm areas.

(c) No administrative relationship was found between the Xinjiang State Farms Organization and the military, as alleged. Assurances of this were provided by central authorities as well as officials of Xinjiang State Farms. Observations by the mission, and by dozens of previous Bank missions to Xinjiang, are that the population under Xinjiang State Farms is predominantly civilian farmers and enterprise workers and their families, not soldiers or prisoners.

3. The Bank's voluntary review of its entire China portfolio produced no evidence to demonstrate grounds for concern. Of the 152 projects outside Xinjiang, 22 were identified for more detailed investigation. They fell into three categories:

(a) Financial intermediation projects (of which the Bank has financed 10) that on-lend funds to a wide variety of sub-borrowers, including in rural areas, for many purposes.

(b) State farm development projects (of which the Bank has financed five) that support agricultural and forestry activities on state farms or state forestry farms in the general vicinity of alleged forced labor camps.

(c) Rural development projects (of which the Bank has financed seven) that finance irrigation infrastructure, agricultural development and water supply for rural households over large areas in which Mr Wu alleges there are forced labor camps.

Investigation of these 22 projects involved interviews with Bank staff, reviews of selected documentation in project files and random checks of procurement and disbursement data for selected projects. No task manager had ever seen signs of military, forced labor, or prisoner involvement in any of the projects; no one knew of examples where forced labor camps received direct or significant indirect benefits from project activities; no one had encountered the use of forced labor in civil works construction. Moreover, the Chinese Government has stated categorically that Xinjiang is the only part of China in which state farms are responsible to the Ministry of Justice for prison management.

Conclusions

* Mr Wu's claims are unsubstantiated. The Bank is satisfied that its funds in Xinjiang and in other parts of China are being used for the purposes intended.

* The Tarim Basin Project has been implemented as planned, providing significant benefits to more than half a million very poor people --- most of them members of the mainly Muslim Uygur minority --- in one of the most arid parts of China.

* The Bank is satisfied that the Xinjiang State Farms Organization is implementing Bank projects without the use of forced labor. But, to avoid even the appearance of a link to forced labor, Xinjiang State Farms Organization will serve as an implementing agency for future projects only with a complete separation of its commercial and civilian activities from its other functions, specifically prison management.

*Copies of the full report are available from East Asia and the Pacific external affairs.
tel 202-458 0344 or fax 202-522 3405*