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ONE HUNDRED SEVENTEENTH CONGRESS

# Congress of the United States

## House of Representatives

### COMMITTEE ON ENERGY AND COMMERCE

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WASHINGTON, DC 20515-6115

Majority (202) 225-2927

Minority (202) 225-3641

January 13, 2022

Arnaud Michon  
OMEGA Brand President for USA and Caribbean  
The Swatch Group (U.S.) Inc.  
703 Waterford Way Suite 450  
Miami, FL 33126

Dear Mr. Michon:

With the 2022 Winter Olympics set to commence in Beijing, China on February 4<sup>th</sup>, we write to inquire how you will use your creative and financial investments in the games to shed light on what media coverage and commercials will likely not showcase – China's history of human rights abuses and calculated deception. As members of the House Committee on Energy and Commerce, we have jurisdiction over how businesses conduct U.S. commerce, and how the U.S. preserves the integrity of competitive sports. Like our athletes competing abroad, we believe all companies doing business in the U.S. must be examples to the world, as their success has been benefited by our country's respect for the rule of law, human rights, and entrepreneurial enterprise.

The twentieth anniversary of China's entry into the World Trade Organization (WTO) occurred this past December. It is a reminder that the privilege this membership bestows upon a country means to move away from state-led subsidies and control, as well as questionable business practices and reprehensible treatment of labor. That was the expectation of both the U.S. and the rest of the developed world when granting China's admission, and a primary reason why it recently admonished China for purposely failing to meet this expectation.<sup>1</sup> Instead, the Chinese Communist Party (CCP) that controls the People's Republic of China (PRC) has further tightened its grip as opposed to opening up their country to Western values. As you are no doubt

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<sup>1</sup> Doug Palmer, *WTO members blast China during 20th anniversary trade policy review*, Politico (October 21, 2021) available at <https://www.politico.com/news/2021/10/21/wto-china-20th-anniversary-trade-policy-516647>

aware, the CCP is responsible for atrocities against Uyghur Muslims in the Xinjiang province.<sup>2</sup> In addition to these despicable actions, the CCP continues to crack down on the citizens of Hong Kong and silence those who speak out against the party.<sup>3</sup> Meanwhile, the authoritarian regime in Beijing continues to use its military presence to threaten Taiwan.<sup>4</sup> These well-documented facts should startle every American and garner more attention in your corporate boardroom. We are not alone in this criticism, as CNN anchor Jake Tapper recently blasted U.S. entities involved with Beijing's authoritarian regime following the disappearance of tennis star Peng Shuai, saying "There is no amount of money that can buy enough soap to wash that blood off their hands,"<sup>5</sup> and former White House spokesman Ari Fleischer stated that "China is not working for the good of the world. China is bent on having superiority over the world which could take it in all kinds of dangerous directions."<sup>6</sup>

Poor decision-making and the selection process of host cities by the International Olympic Committee (IOC) is not a new issue. What has changed is how commercial entities are increasingly using their resources as leverage to pursue their corporate interests in the United States versus internationally. For instance, Coca-Cola, JP Morgan Chase, Citi, Microsoft, and Delta inserted themselves into a disingenuous and hyperbolic debate over Georgia's election law. Companies haven't always acted so different abroad as they did here at home. Twenty years ago, John Hancock Insurance led a corporate effort for the IOC to clean up its act.<sup>7</sup> Sadly, the stakes are now much higher than bribery scandals as corporate entities, and the IOC itself, lack the resolve to take on the PRC for fear of reprisal.<sup>8</sup>

The rapprochement that began when President Richard Nixon visited China in 1972 with the goal of opening China to the West to bring about peaceful relations and freedom to China's people through commerce was pivotal at the time. However, it has become clear that President Nixon's goal to encourage freedom and human rights through commerce in China will not work

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<sup>2</sup> State Department, *China 2020 Human Rights Report* available at <https://www.state.gov/reports/2020-country-reports-on-human-rights-practices/china/>

<sup>3</sup> Huizhong Wu and Zen Soo, *Hong Kong news site to shut; pro-Beijing lawmakers sworn in*, ABC News (January 3, 2022) available at <https://abcnews.go.com/International/wireStory/hong-kong-news-site-shuts-pro-beijing-lawmakers-82048790>

<sup>4</sup> Sarah Wu, *In New Year's speech, Taiwan president warns China against 'military adventurism'*, Reuters (January 1, 2022) available at <https://www.reuters.com/business/aerospace-defense/new-years-speech-taiwan-president-warns-china-against-military-adventurism-2022-01-01/>

<sup>5</sup> Tommy Taylor, *CNN's Jake Tapper says Hollywood, Silicon Valley, and the NBA have 'blood on their hands' for cravenly chasing Chinese cash while overlooking 'disappearance' of tennis star Peng Shuai and Uighur torture*, DailyMail.com (December 6, 2021) available at <https://www.dailymail.co.uk/news/article-10280231/CNNs-Jake-Tapper-slams-major-corporations-blinded-Chinese-cash.html>

<sup>6</sup> Ian Schwartz, *Ari Fleischer: It's Time For The Entire World, Led By The American Business Community, To Leave China*, Real Clear Politics (December 22, 2021) available at [https://www.realclearpolitics.com/video/2021/12/22/ari\\_fleischer\\_its\\_time\\_for\\_the\\_entire\\_world\\_led\\_by\\_the\\_american\\_business\\_community\\_to\\_leave\\_china.html](https://www.realclearpolitics.com/video/2021/12/22/ari_fleischer_its_time_for_the_entire_world_led_by_the_american_business_community_to_leave_china.html)

<sup>7</sup> Joseph B. Treaster, *John Hancock chief leading charge to clean up Olympics*, Deseret News (March 30, 1999) available at <https://www.deseret.com/1999/3/30/19437224/john-hancock-chief-leading-charge-to-clean-up-olympics>

<sup>8</sup> Liza Lin and Stu Woo, *It's China vs. Walmart, Latest Western Brand Entangled in Human Rights Dispute*, Wall Street Journal (January 2, 2022) available at <https://www.wsj.com/articles/beijings-favored-tool-to-counter-human-rights-criticism-punish-companies-11641158347>

while Western companies continue to capitulate to the CCP. As one of the corporate sponsors of the Beijing 2022 Winter Olympics, you have a unique platform that will reach billions of people this February.

With the games just a few weeks away, we ask that you explain your commercial operations in China, your financial interests in the 2022 Winter Olympics, and your involvement with the CCP. Please provide written responses and any related documentation to the following questions by January 27th:

1. Please summarize your investment in the PRC.
2. Please list any connections your company has with the CCP, including the name of the official within the CCP and the capacity of their role in your organization.
3. Do you believe the CCP is committing human rights abuses? Please explain your answer.
4. What kind of safeguards do you have in place to ensure that there is no forced labor, specifically in Xinjiang province, used by your corporation or any of your partner suppliers or support services?
5. Does your company recognize the atrocities committed by the CCP in 1989 in Tiananmen Square?
  - i. If yes, is your corporate supply chain policy influenced by such atrocities and religious persecution conducted by the regime?
  - ii. If no, what do you believe occurred at Tiananmen Square, and what if any human rights concerns do you consider in your commercial operations?
  - iii. Is your corporate supply chain policy included on your website and your annual report to stakeholders? If not, why not?
6. Please detail the process to become a corporate sponsor of the Beijing 2022 Winter Olympics.
7. Do you believe the CCP privately influenced or pressured the IOC in any way to hold the 2022 Winter Olympics in Beijing?
8. As part of your sponsorship with the games, are you in any way precluded from advocacy that would be critical of the government of the PRC, specifically acknowledging either the Tiananmen Square massacre or religious persecution in China?
9. When the Women's Tennis Association (WTA) withdrew its further commitments in China over the disappearance of Ms. Peng, do you believe the international media coverage that followed the WTA's courageous decision resulted in her recent reappearance? If not, why not?

10. How will you use your corporate sponsorship of the games to reflect on the human rights violations ongoing in China?
  - i. If you do not have plans to do so, have you ever leveraged your company's business or resources to attempt to force political or social change in the United States?
  - ii. If yes, was any of your socio-political advocacy based off research you conducted? Was the research done for the purpose of product marketing? Please include any research you conducted in your reply to this inquiry.
  - iii. If you have conducted such advocacy in the U.S, why have you not leveraged such resources to force change in China's approach to human rights?
  
11. Would you characterize you and your executive leadership team as having done enough to tackle the human rights conditions in China?
  - i. Do you believe that your company must adapt to the CCP's culture of repression to do business in China?
  - ii. How has the CCP engaged with you on your products and services?
  - iii. Has the CCP asked you to change something in your products and services?
  - iv. Has the CCP asked you to make changes in how they are advertised?
  - v. Has the CCP suggested changes to public content displayed on your website in either the United States or China?
  - vi. If yes to any of these questions, please list every instance in which the CCP requested a change, when the request was made, why the change was requested, if failure to accede to the CCP requests and suggestions would have resulted in negative consequences for your company, and if you subsequently abided by their demands?
  
12. As a multinational corporation, do you and your executive leadership team make a distinction in investing in China-based companies as opposed to investing in your own operations in China?
  - i. What type of vetting do you conduct to ensure that you are not investing in or doing business with any state-sponsored entities affiliated with the CCP?
  - ii. If you are investing in or doing business with any state-sponsored entities affiliated with the CCP, please identify those entities and the nature of the investment or business.
  
13. Some corporate executives may argue that without investment from multinational corporations such as yours, less reputable sources of capital will support the 2022 Winter Olympics in Beijing. Are you concerned that your investment and business in

China has not resulted in China becoming a force for good in the international community, but instead has given the CCP legitimacy even as it engages in horrific human rights abuses and threatens democracies like Taiwan and Hong Kong?

If you or your team have any questions about our request, please contact Tim Kurth at the Committee on Energy and Commerce at (202) 225-3641. We appreciate your prompt attention to this matter prior to the 2022 Winter Olympics. Thank you.

Sincerely,



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Cathy McMorris Rodgers  
Republican Leader  
House Energy and Commerce  
Committee



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Gus M. Bilirakis  
Republican Leader  
Subcommittee on Consumer  
Protection and Commerce




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Fred Upton  
Member of Congress



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Michael C. Burgess, M.D.  
Member of Congress



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Steve Scalise  
Member of Congress



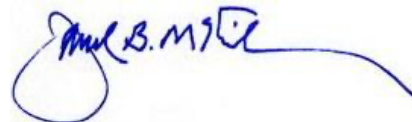
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Robert E. Latta  
Member of Congress



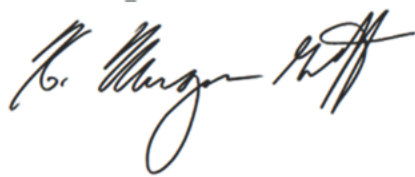
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Brett Guthrie  
Member of Congress



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David B. McKinley  
Member of Congress



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H. Morgan Griffith  
Member of Congress



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Bill Johnson  
Member of Congress



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Billy Long  
Member of Congress



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Larry Bucshon, M.D.  
Member of Congress



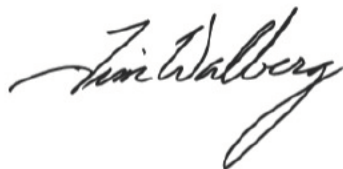
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Markwayne Mullin  
Member of Congress



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Richard Hudson  
Member of Congress



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Tim Walberg  
Member of Congress



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Earl L. "Buddy" Carter  
Member of Congress



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Jeff Duncan  
Member of Congress



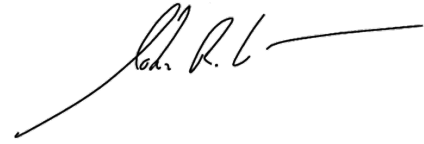
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Gary J. Palmer  
Member of Congress



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Neal P. Dunn, M.D.  
Member of Congress



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John Curtis  
Member of Congress



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Debbie Lesko  
Member of Congress



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Greg Pence  
Member of Congress



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Dan Crenshaw  
Member of Congress



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John Joyce, M.D.  
Member of Congress



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Kelly Armstrong  
Member of Congress