

United States Senate

WASHINGTON, DC 20510

February 9, 2023

Mr. Yangtian (Chris) Xu
Chief Executive Officer
SHEIN
7 Temasek Blvd, #12-07,
Singapore 038987

Dear Mr. Xu,

We write to you regarding recent reporting that SHEIN branded garments are made in-part with cotton from China's Xinjiang Uyghur Autonomous Region (XUAR).¹ We are concerned that American consumers may be inadvertently purchasing apparel made in-part with cotton grown, picked, and processed using forced labor. We are also concerned that SHEIN may be pursuing a strategy to price shipments under de minimis value to minimize exposure to U.S. Customs and Border Protection inspection to avoid scrutiny under Section 307 of the Tariff Act of 1930.²

For nearly a century, Section 307 has prohibited importing into the U.S. any product mined, produced, or manufactured wholly or in part by forced labor. The Uyghur Forced Labor Prevention Act (UFLPA), which was signed into law on December 23, 2021 and import provisions went into effect on June 21, 2022, expanded those prohibitions to ensure U.S. consumers were not underwriting gross violations of human rights. It established a rebuttable presumption that the importation of any goods, wares, articles, and merchandise mined, produced, or manufactured wholly or in part in the Xinjiang Uyghur Autonomous Region of the People's Republic of China, or produced by certain entities linked to Xinjiang's forced labor programs, is prohibited by Section 307 of the Tariff Act of 1930 and that such goods, wares, articles, and merchandise are prohibited from entry to the United States. This includes finished products with any inputs made in Xinjiang.

Cotton is designated as a "high priority sector" in statute for enforcement.³ Xinjiang's cotton lint production provides for over 85 percent of China's total cotton production and 20 percent of global output.⁴ Considering SHEIN's large, decentralized network of suppliers, we are concerned that cotton fibers harvested in Xinjiang with forced labor may have entered SHEIN's supply chains. A Bloomberg analysis in November 2022 found that "Laboratory testing conducted for Bloomberg News on two occasions this year found that garments shipped to the US by Shein were made with cotton from China's Xinjiang region," and the CEO of the lab that conducted the analysis concluded that "it is a typical sample from Xinjiang, China."⁵

¹ <https://www.bloomberg.com/news/features/2022-11-21/shein-s-cotton-clothes-tied-to-xinjiang-china-region-accused-of-forced-labor>

² <https://www.millerchevalier.com/publication/manuel-levitt-discusses-tax-loophole-shein-exploited-become-uss-largest-fast-fashion>

³ https://www.dhs.gov/sites/default/files/2022-06/22_0617_fletf_uflpa-strategy.pdf

⁴ <https://www.dhs.gov/publication/xinjiang-supply-chain-business-advisory>

⁵ <https://www.bloomberg.com/news/features/2022-11-21/shein-s-cotton-clothes-tied-to-xinjiang-china-region-accused-of-forced-labor>

In response to these concerns, we would appreciate answers to our questions to assist us in better understanding SHEIN's ties to supply chains in Xinjiang. We would appreciate a response within the next 30 days to assist in our oversight of Section 307 and Section 321 of the Tariff Act of 1930:

1. Does SHEIN, its parent, subsidiary, or any of its suppliers use cotton fibers from the XUAR in the production of any garment it sells?
 1. If yes, please provide an estimate of the quantity and percent of XUAR-sourced cotton in SHEIN products.
2. In the SHEIN Supply Chain Transparency Statement, SHEIN indicates that it is “constantly vigilant and is implementing a regular risk assessment process.” How does SHEIN document the entire supply chain of finished products from the origin of the cotton at the bale level to final production and shipment?
3. Does the company perform laboratory or other tests to ensure that it is not using XUAR-sourced cotton?
4. Considering that SHEIN can produce an item of clothing—from design to packaging and shipping—within 3-5 days,⁶ how does the company ensure that none of its garments are produced with forced labor?
5. In SHEIN's 2021 Sustainability and Social Impact Report, the company reported that 12% of 700 supplier audits resulted in Zero Tolerance Violations (ZTV).⁷ The report indicates that forced labor is an example of a ZTV. How many of the 84 ZTVs involved issues with regard to forced labor?
6. How many supplier audits did the SHEIN conduct in 2022? What percent of these audits resulted in a ZTV, and what percent of these involved issues with regard to forced labor?
7. SHEIN's 2021 Sustainability Report indicates that if a supplier is discovered to have used forced labor in the production of a SHEIN product, it has as long as 90 days to remediate the situation before termination. Why does SHEIN not immediately terminate contracts with suppliers who have been found guilty of using forced labor?
8. Please provide an average number of days it takes to terminate contracts due to forced labor concerns?
9. In cases where SHEIN identifies a ZTV, how does the company affirm that it has been adequately/fully remediated? How does the company handle repeated instances of ZTVs by a supplier?
10. How many audits has SHEIN conducted of firms that produce in the Xinjiang region, that are based in Xinjiang, and/or that contract from production in the XUAR? What were the results of these audits?
11. What percentage of SHEIN's shipments by volume to the United States are imported under the auspices of Section 321 (de minimis) of the Tariff Act of 1930?

Thank you for taking the time to answer our questions regarding SHEIN's production and sales to the United States. I look forward to hearing from you.

Sincerely,

⁶ <https://stories.publiceye.ch/en/shein/>

⁷ <https://us.shein.com/2021-Sustainability-and-Social-Impact-Report-a-1218.html>

Bill Cassidy, M.D.

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United States Senator

Elizabeth Warren

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United States Senator

Sheldon Whitehouse

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