

June 10, 2024

The Rt Hon Jeremy Hunt  
Chancellor of the Exchequer  
HM Treasury  
1 Horse Guards Rd  
London  
SW1A 2HQ

Dear Chancellor Hunt:

I write with regard to SHEIN, a fast-fashion company with deep ties to the People's Republic of China (PRC). News reports indicate that SHEIN seeks a stock-market listing in London.<sup>1</sup> SHEIN previously sought to list in New York City, but failed due to concerns about its unethical and irresponsible business practices. At the time, I warned U.S. securities regulators about SHEIN's alleged exploitation of slave labor and trade loopholes.<sup>2</sup> I now feel a duty of friendship to repeat these warnings and urge caution before the United Kingdom allows SHEIN to list in London.

SHEIN claims to be a "global" company and has worked hard to obscure its connections to the PRC. However, SHEIN is properly understood as a Chinese company. The company was founded in the PRC by a Chinese national, Xu Yangtian. Virtually all of SHEIN's contract manufacturers, employees, and warehouses are in the PRC. For a company that claims to be Singaporean, SHEIN is unusually solicitous of the PRC government, as evidenced by the fact that the company sought the blessing of the Chinese Communist Party (CCP) before it attempted to list overseas. SHEIN also agreed to Chinese government investigations meant to ensure its data could not leak out of the country.<sup>3</sup> This investigation raises an obvious question: what does the CCP not want us to know about SHEIN?

SHEIN's ties to modern-day slavery suggest an answer to that question. In 2022, *Bloomberg News* commissioned forensic tests of SHEIN garments that showed they were made with cotton from the Xinjiang Uyghur Autonomous Region (XUAR), where slave labor is rampant.<sup>4</sup> An expert testified before Congress that SHEIN may also source other fabrics from the XUAR.<sup>5</sup> SHEIN paid for its own forensic tests to rebut these claims. They, too, found Xinjiang cotton in SHEIN's clothing.<sup>6</sup>

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<sup>1</sup> <https://www.bbc.com/news/articles/c9770yz274go>

<sup>2</sup> <https://www.rubio.senate.gov/rubio-investors-deserve-to-know-the-truth-about-shein/>

<sup>3</sup> <https://www.wsj.com/world/china/fashion-giant-faces-new-ipo-hitch-chinas-cybersecurity-police-70c57561>

<sup>4</sup> <https://www.bloomberg.com/news/features/2022-11-21/shein-s-cotton-clothes-tied-to-xinjiang-china-region-accused-of-forced-labor>

<sup>5</sup> <https://uhrp.org/submissions/select-committee-on-the-chinese-communist-party-hearing-the-chinese-communist-partys-ongoing-uyghur-genocide/>

<sup>6</sup> <https://www.politico.com/news/2023/06/05/shein-china-forced-labor-claims-lobbying-fast-fashion-00100065>

SHEIN's network of contract factories have also been accused of serious labor violations. SHEIN claims that its suppliers abide by a strict code of conduct, yet investigations have found that these suppliers are little more than sweatshops.<sup>7</sup> Some seamstresses work nearly 80-hour weeks for a pittance. Some do not have formal contracts of employment, raising additional concerns about forced labor. It is far from clear that SHEIN has enough oversight of its suppliers to determine if they are abiding by its code of conduct, even if it wants to.

A final concern is SHEIN's circumvention of customs enforcement and tax, a tactic central to its business model. In the United States, SHEIN exploits "de minimis" entry to ship its products directly from the PRC to consumers without customs inspections or duties. Bipartisan coalitions in Congress are working to close this trade loophole through bills like my *Import Security and Fairness Act*. If we succeed, SHEIN's business model will be upended, to the detriment of investors. SHEIN uses the same tactic in the United Kingdom to undercut competitors and evade taxation, and similar cries have been raised for reform.<sup>8</sup> The United States and United Kingdom have many honest businesses that employ workers, import clothing from reputable manufacturers, and pay taxes accordingly. SHEIN's dishonest business threatens honest businesses everywhere.

Slave labor, sweat shops, and trade tricks are the dirty secrets behind SHEIN's success. The United Kingdom has a storied tradition of abolitionism, from Wilberforce and Cowper to the *Modern Slavery Act* in our day. I trust you will treat these allegations against SHEIN with the utmost seriousness, investigate them fully, and take appropriate action to protect investors.

Sincerely,



Marco Rubio  
U.S. Senator

Cc: Mr. Nikhil Rathi, Chief Executive Officer, Financial Conduct Authority

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<sup>7</sup> <https://www.bbc.com/news/articles/cg67w73nxqxo>

<sup>8</sup> <https://www.telegraph.co.uk/business/2024/03/03/jeremy-hunt-hopes-90bn-london-shein-float-risks-derailed/>