

ONE HUNDRED EIGHTEENTH CONGRESS
Congress of the United States
House of Representatives
COMMITTEE ON ENERGY AND COMMERCE
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WASHINGTON, DC 20515-6115
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December 20, 2023

Mr. Xu Yangtian
Chief Executive Officer
Shein
250 Massachusetts Avenue, N.W., 6th Floor, Suite 660
Washington, DC 20001

Dear Mr. Yangtian:

Media reports indicate that Chinese-owned e-commerce marketplaces are increasingly popular in the western world.¹ This is a serious risk for e-commerce, consumer safety, and people's data privacy and security. The rise in popularity of apps and marketplaces like, TikTok, TaoBao, Pinduoduo, Temu, Alibaba, AliExpress, and Shein, has resulted in sharp public scrutiny regarding the business practices of these companies. Security officials have cited concerns about Temu and the amount of data collected. Lindsay Gorman, head of the technology and geopolitics team at the German Marshall Fund, has noted "[a]pps collect reams and reams of data on all of us, and what happens when that data falls into the hands of an authoritarian government whose national security and economic interests often conflict with those of the west?"²

Temu has been downloaded 50 million times globally on Google and has ranked as the most downloaded app on the Apple App Store in parts of Europe.³ However, Temu's business model is not profitable, causing analysts to question its aggressive business practices.⁴ Temu's decision to operate at a loss makes one question the intentions of the app, especially when Temu's parent company's app, Pinduoduo, was suspended by Google over malware concerns.⁵

¹ Clothilde Goujard, *Booming Chinese Shopping App Faces Western Scrutiny Over Data Security*, POLITICOPRO (JULY 24, 2023) (article on file with Committee staff).

² *Id.*

³ *Id.*

⁴ See *Supra* note 1; Tracy Wen Liu, *Temu Is Losing Millions of Dollars to Send You Cheap Socks*, WIRED (May 26, 2023), <https://www.wired.com/story/temu-is-losing-millions-of-dollars-to-send-you-cheap-socks/>.

⁵ Nectar Gan, Young Xiong, and Juliana Liu, *Google Suspends Chinese Shopping App Pinduoduo Over Malware*, CNN (March 23, 2023), <https://edition.cnn.com/2023/03/21/tech/china-google-pinduoduo-malware-app-intl-hk/index.html>.

We are also concerned that China may be able to exploit lax data security practices or backdoors to access user information, much like the concerns we have raised regarding TikTok.⁶ From 2014 to 2017, the Chinese Communist Party (CCP) passed several laws requiring all Chinese tech companies to allow CCP officials access to user data.⁷ Further, all Chinese tech companies must comply with the demands of the CCP, which in some cases is a “require[ment] to build [their] networks in such a way as where the Chinese government has access.”⁸ Past violations by TikTok,⁹ and other Chinese-owned applications, to protect user data, and China’s record of accessing Americans’ information,¹⁰ undercuts any claim of data security.

These marketplaces are also a known virtual destination to purchase “knock off” impersonations of goods, that often violate registered patents and trademarks. Reports indicate that the quality and similarities are shockingly good, often able to trick the most well-trained eye.¹¹ This poses a risk to consumers and luxury goods retailers and manufacturers. To help combat this issue, the Congress enacted the *INFORM Consumers Act* last year, seeking to curb organized retail theft and the sale of counterfeit and harmful products on marketplaces.¹²

We are also aware that products for sale on some marketplaces contain hair from Uyghur women. Speaking on China’s treatment of Uyghur Muslims, U.S. National Security Advisor Robert O’Brien recently stated that “[i]f not a genocide, something close to it [is] going on in Xinjiang” and that “[t]he Chinese are literally shaving the heads of Uyghur women and making hair products and sending them to the United States.”¹³ In October of 2020, I, along with some of my colleagues, sent a letter to the U.S. Consumer Product Safety Commission (CPSC), seeking to ensure the Commission was aware of these products, how they are sold on e-commerce platforms, and to protect against these products from entering our country through U.S. Customs.¹⁴

⁶ See generally TikTok: How Congress Can Safeguard American Data Privacy and Protect Children from Online Harms before H. Comm. On Energy and Commerce, 118th Cong. (2023), <https://energycommerce.house.gov/events/full-committee-hearing-tik-tok-how-congress-can-safeguard-american-data-privacy-and-protect-children-from-online-harms>.

⁷ China Law Translate, *PRC National Intelligence Law (as amended in 2018)*, (March 17, 2021), <https://www.chinalawtranslate.com/en/national-intelligence-law-of-the-p-r-c-2017/>.

⁸ Marc A. Thiessen, *TikTok, Not Twitter, Is the Real Menace*, American Enterprise Institute (December 3, 2022), <https://www.aei.org/op-eds/tiktok-not-twitter-is-the-real-menace/>.

⁹ Emily Baker-White, *TikTok Spied on Forbes Journalists*, Forbes (Dec. 22, 2022), <https://www.forbes.com/sites/emilybaker-white/2022/12/22/tiktok-tracks-forbes-journalists-bytedance>.

¹⁰ Ellen Nakashima, *Chinese breach data of 4 million federal workers*, The Washington Post (June 4, 2015), https://www.washingtonpost.com/world/national-security/chinese-hackers-breach-federal-governments-personnel-office/2015/06/04/889c0e52-0af7-11e5-95fd-d580f1c5d44e_story.html.

¹¹ Amy X. Wang, *Inside The Delirious Rise Of ‘Superfake’ Handbags*, New York Times Magazine (May 4, 2023), <https://www.nytimes.com/2023/05/04/magazine/celine-chanel-gucci-superfake-handbags.html>.

¹² See 15 U.S.C. §45f.

¹³ David Brunnstrom, *‘Something close’ to genocide in China’s Xinjiang, says U.S. security adviser*, Reuters (Oct. 16, 2023), <https://www.reuters.com/article/us-usa-china-xinjiang/something-close-to-genocide-in-chinas-xinjiang-says-u-s-security-adviser-idUSKBN2712HH>.

¹⁴ Letter from Hon. Greg Walden, et. al., Ranking Member, House Energy & Commerce Cmte, to Hon. Robert S. Adler, Comm’r, U.S. Cons. Proud. Safety Comm’n (Oct. 27, 2020) (Letter available on file with Committee staff).

In addition to the concerns listed above, we have also heard reports that Shein has faced a series of accusations of using forced labor in its supply chain, in violation of labor laws.¹⁵ Currently, federal lawmakers and 16 Republican Attorneys General have called on the SEC to ensure Shein isn't using forced labor, as part of its supply chain, before it is allowed to go public.¹⁶ This raises concerns related to other similarly situated Chinese owned e-commerce companies.

These lax policies and practices are leaving American's data at risk of theft, leading consumers to unknowingly purchase counterfeit goods.¹⁷ In addition to these lax policies and practices, it is important to ensure that supply chains are free of forced labor. In furtherance of determining the best next steps, please provide the Committee with answers to the following questions:

1. Please outline the steps taken to delete personal data when requested or ordered by a user, the parent of a user who is a minor, or others authorized to make such a request.
2. What protections do you have in place to prevent children from spending large amounts of money on your platform?
3. What data practices do you require of your third-parties?
4. What data practices do you require of your service providers?
5. Please individually confirm you are not collecting or compiling the following information:
 - a. Religious beliefs;
 - b. Political opinions;
 - c. Genetic data;
 - d. Biometric data;
 - e. Data concerning health;
 - f. Data concerning racial or ethnic origin;
 - g. Data about minors.
6. Similar to ByteDance,¹⁸ does your company have an internal CCP Committee?
7. Please document all meetings, communication, or interactions you - or any other senior company executives - have had with members of the Chinese government or the CCP while serving as officers.
8. Can you provide a complete software bill of materials for all components and components of the components in the mobile app? Please include the developer information and country of origin for all listed components.

¹⁵ Gabrielle Fonrouge, Shein Files for U.S. IPO, as fast-fashion giant looks to resolve forced labor, climate concerns, CNBC.com (Nov. 27, 2023), <https://www.cnbc.com/2023/11/27/shein-files-for-us-ipo-as-fast-fashion-giant-looks-to-expand-its-global-reach.html>.

¹⁶ Gabrielle Fonrouge, State officials want Shein to prove it doesn't use forced labor before it goes public, CNBC.com (Aug. 30, 2023), <https://www.cnbc.com/2023/08/30/shein-faces-scrutiny-over-forced-labor-before-ipo.html>.

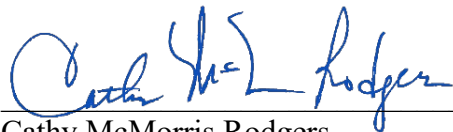
¹⁷ *Id.*; Between February 7, 2022, and March 7, 2023, CPSC staff issued 3,981 takedown requests for the Fischer Price Rock 'n Play, which was recalled in 2019.

¹⁸ The Paper News, *ByteDance Party Committee: Prioritize Orientation and Observance of Responsibilities*, (April 29, 2018), <https://archive.ph/EJNyo>.

9. Where does your company store the signing key for iOS and Android applications? How is access to the signing keys managed, and who are the developers with access to the signing keys for the mobile application?
 - a. Please detail the data security and protections you have to prevent unauthorized access to such signing key.
10. How frequently is your mobile app or backend security tested? Are they tested by US personnel? To what security standard are they tested?
11. How frequently is user location data transmitted? Within how many feet is this location data measured?
12. What compliance procedures do you have in place to ensure compliance with the *INFORM Consumers Act*?
13. We have heard employees of companies associated with the Chinese government, such as TikTok, disagree with notion that Uyghur people are facing a genocide in the Xinjiang region of China. Do you agree that there is a genocide occurring in the Xinjiang region of China?
14. Are you aware of the PRC's persecution of the Uyghur people, including the reports that Uyghur women's heads have been shaved to be used for products that are shipped into the U.S.?
15. Are there products using natural hair that originate in the Xinjiang region available on your e-commerce marketplace?
16. Are there any other products that have originated from, or contain components or material that originated from the Xinjiang region?
17. Given the human rights abuses occurring in the Xinjiang region,¹⁹ do you require any additional steps or increased scrutiny for products coming from such region?
 - a. If yes, please explain.
18. Can you unequivocally state that your supply chain is free of forced labor?
 - a. What steps are you taking to ensure that your supply chain does not include forced labor?

Please produce this information and answers to our questions as soon as possible, but no later than 5:00 p.m. on January 12, 2024. Please contact the Committee staff at (202) 225-3641.

Regards,



Cathy McMorris Rodgers
Chair
Committee on Energy and Commerce



Gus M. Bilirakis
Chairman
Subcommittee on Innovation, Data, and
Commerce

¹⁹ Press Release, U.S. Dep't of the Treas., Treasury Sanctions Chinese Government Officials In Connection With Serious Human Rights Abuse In Xinjiang (March 22, 2021), <https://home.treasury.gov/news/press-releases/jy0070>.