

STATE-IMPOSED FORCED LABOUR AND STATE-SPONSORED GLOBAL LOGISTICS IN ULTRA-FAST FASHION

Labour and Human Rights Risks at Shein and Temu in China



ABOUT US

Globalworks Lund AB is an independent not-for-profit enterprise based in Sweden. Our mission is to shed light on labour rights and human rights violations by collecting workers' online voices and grievances. We assist corporations, organisations, and authorities to prevent rights violations and identify paths to remedy. For more information on our work and analytical approach visit us at: www.globalworks.se

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EXECUTIVE SUMMARY

Throughout 2024, Globalworks collected and analysed a vast amount of text and audio-visual data on Shein and Temu who are spearheading a global ultra-fast fashion revolution. In two prior investigations, we examined labour and human rights in relation to suppliers, vendors, warehouse workers, and office employees. In our third and final study, we examine Shein and Temu's operations and violations of human and labour rights against the backdrop of Chinese state policies and Chinese Communist Party (CCP) influence.

We show that Shein and Temu are associated with a very high risk of state-imposed forced labour due to the two brands key role in the construction of a large-scale industrial park. The park is part of a state-led industrial policy initiative with the aim to integrate the country's cotton production base in Xinjiang with the fashion sector in Guangdong. Shein and Temu and their Guangzhou-based ultra-fast fashion clusters are relocating to this park. As a result, Shein and Temu are poised to become major gateways for cotton farms and spinneries in Xinjiang, and by extension state-imposed forced labour, into global consumer markets. We also present information on PDD's (Temu's parent company) involvement in state-organised poverty alleviation programmes in Xinjiang. This may explain Temu's non-committal response to the US Congress investigation where the company refrains from prohibiting products made in Xinjiang to be sold on their platform.

Shein and Temu are at the forefront of a Chinese government initiative to shift away from supplying foreign brands and towards linking Chinese producers directly with consumers globally. Our report shows that the two enterprises benefit from a Party State controlled global logistics network. Access to and preferential treatment within this global logistics network may be related to nationalist objectives such as the primary use of Xinjiang cotton or participation in industrial poverty alleviation programmes. The Chinese government's influence over the two companies' operations suggests that their competitive advantage is partially derived from state-support and backed by state-coercive means.

We conclude that where human and labour rights violations are tied to state policies or correspond to CCP objectives, the two corporations have neither political leeway nor economic incentives to adhere to the UN Guiding Principles on Business and Human Rights and the legislations that build on them.

ULTRA-FAST FASHION'S SUSTAINABILITY PROBLEM

Millions of consumers worldwide are familiar with Shein haul videos and Temu spin wheels. The two companies have enticed consumers and shocked competitors with unmatched trend sensitivity, ultra-fast speed from design to market, a mind-blowing capacity to come up with millions of new styles each year, delivery directly to the door, and all that for a fraction of the price of comparable items in a regular fast fashion store (Pucker 2024; Deighton 2023; Brydges 2024; The Economist 2021). Shein and Temu claim that this staggering acceleration of fashion production and consumption is sustainable. Smart technologies and algorithmic management, it is said, revitalises and modernises the ailing Chinese garment industry, helps to reduce waste from overstocking, and provides workers with an income that is well above the regional average (Temu 2024; Shein 2023; Shaoxing SME Association 2023; Deighton 2023; Olcott 2024).

In contrast to techno-optimist stories promising a bright future for people and the planet, academics, journalists, and civil society organisations (CSOs) have called out Shein and Temu for inflicting social and environmental harm (Amrani 2022; Kollbrunner 2021; Pucker 2024; Sixth Tone 2021; Classen and Hachfeld 2024; Brydges 2024; Llavería 2023). For instance, the production of Shein fashion involves workers who work up to 18 hours per day without employment contracts (Amrani 2022; Kollbrunner 2021). Shein and Temu have both been associated with the use of Uyghur forced labour (Bloomberg 2022; The Select Committee on the CCP 2023). A Greenpeace study discovered hazardous chemicals in Shein products and critiqued the brand's devastating environmental impact (Greenpeace International 2022). In another report, Greenpeace criticised Temu's business model's CO2 intensity and the company's unwillingness to disclose information

about greenhouse gas emissions (Greenpeace International 2024).

In two previous studies, Globalworks has examined the data-driven business models of Shein and Temu from a labour and human rights perspective. Our first report looked at suppliers and their employees. We showed how Temu and Shein's algorithmic management relentlessly presses prices and narrows their suppliers' profit margins. Suppliers pass on price pressure to their own suppliers and employees. Workers typically lack a formal employment contract, a fixed wage, regulated working hours, and access to legal remedies when their rights are violated. Workers suffer from chronic pains, and the lack of formalised labour relations prevents them from receiving health insurance and participating in pension schemes. Temu and Shein collect data from each commercial transaction to profile business partners. They accumulate information about suppliers' performance, products, inputs, purchases, costs, capacity, delivery speed, etc. This data is utilised to continuously reorganise production networks and pressure suppliers for faster delivery and lower quotations.

Our second report examined how algorithmic management impacts warehouse workers and office staff at the two companies. We find that warehouse workers struggle to make a living. They must not only meet high targets, but also do so within narrow time intervals. Their final pay is determined by how their individual performance compares to that of other workers, a setup we labelled "The Warehouse Games". Workers and recruiters identify endurance and perseverance as the most essential skills for warehouse jobs. Office staff is experiencing hardships of its own. They are under enormous pressure, both individually and as teams, to accomplish inflated objectives.

They work excessive hours and are expected to be available even when they are not on duty. Stress levels are exacerbated by a toxic work environment in which everyone is threatened with termination at any time. The voices in this study demonstrate how datafication of employment relations has replaced human interaction and reciprocity with performance rankings.

The role of the Chinese Party State

In our third and last report on Shein and Temu's operations, we revisit the role of technology and algorithmic management in the context of Chinese state policies and Chinese Communist Party (CCP) influence. The role of the state has garnered much interest particularly among U.S. American law makers pointing to data security threats and potential violations of the Uyghur Forced Labor Prevention Act (UFLPA) (The Select Committee on the CCP 2023; Stone 2024; Swanson and Fu 2023; McKenna 2024; Hadero 2023; Patel 2024). Pinduoduo (PDD), the parent company of Temu, allegedly used malware on its app to spy on users and competitors. The company then might have sold sensitive data to Chinese state authorities in exchange for a USD 400 million payment (Patel 2024).

Shein and Temu, both benefit from the U.S. American de-minimis rule. This rule exempts imported packages from taxes and closer customs scrutiny if their value is below USD 800. This loophole may allow Shein and Temu to circumvent compliance with the UFLPA because their sent parcels are generally of considerably less value. (Hadero 2023). A Bloomberg investigation supports this concern as it found that some of Shein's products contained cotton from Xinjiang, which points to links to Uyghur forced labour (Bloomberg 2022).

In this study, we use Chinese government documents, work reports from authorities, and statements of party cadres to learn if and where the CCP and state authorities leverage Shein and Temu. We present information indicating that Shein and Temu benefit from government policies that aim at establishing a state-controlled global logistics network. The two companies represent key actors in a plan to shift from general trade characterized by bulk commodities to a cross-border e-commerce model focusing on smaller batches and more product diversity. There is a risk, that preferential access to a state-sponsored logistics network translates into an unfair competitive advantage.

Shein and Temu may use the state-sponsored global logistic network to channel products tainted with forced labour into countries that have implemented rules to prevent those products from entering their markets. Both companies participate in a large-scale government organised industrial park project that directly links ultra-fast fashion manufacturers to China's state-sponsored cotton production and processing base in Xinjiang. As a result, there is a very high risk that Shein and Temu will be contributing to state-imposed forced labour of Uyghurs and other Turkic ethnic groups. We also find that PDD (the parent company of Temu) is actively involved in poverty alleviation programs in Xinjiang, which is another high-risk indicator for state-imposed forced labour.

DATA AND METHOD

We collected information on Weixin (WeChat) where government authorities and newspapers inform the public about policies and programs related to poverty alleviation and labour transfer schemes as well as national unity policies. The latter are often cited as the main framework for legitimising political repression of targeted ethnic groups.

We also conducted general searches through China's largest search engine Baidu as well as Sogou. Besides Chinese language sources, we refer to legal documents, academic articles, CSO reports, and English language newspaper articles to provide context and assess implications.

On Baidu and Sogou we used company names in combination with functional keywords such as “transfer” or “poverty alleviation” as well as in combination with regional keywords such as “Xinjiang” or specific jurisdictions that are known for participating in labour transfers. We went through the 100 most relevant hits and decided on the information's relevance based on our expertise and additional context research.

Data processing and privacy

In line with methods in digital ethnography, we use triangulation and corroboration to enhance our results' reliability and validity. Furthermore, we collect data from diverse sources to ensure that our interpretations are based on comprehensive accounts of an issue and its context.

Data for this report come exclusively from publicly available Internet sources. No information was retrieved through onsite visits, interviews, or soliciting individuals or organisations. To protect individual users' identity and privacy, we anonymize posts written by private persons.

GLOBAL LOGISTICS

China's 14th Five-Year-Plan (2021-25) initiated a shift from “general trade characterized by bulk commodities, to a cross-border e-commerce model focused on smaller batches and more product diversity” (State Council of the PRC 2021). The State Council seeks to accelerate this development with the “Modern Logistics Development Plan”, which promotes medium and long-term cooperation between manufacturers and logistics corporations (Ministry of Commerce of the PRC 2023, para. 4(2)). This chapter shows that the political plans target Shein, PDD/Temu, and other Chinese e-commerce giants in a bid to build a state-controlled global trade infrastructure that entails the risk of accelerating unsustainable trends in the fashion industry.

Party State controlled global logistics network

In 2022, the Civil Aviation Administration of China issued a ‘Special Plan for Aviation Logistics Development’. The Special Plan aligns with 14th Five-Year-Plan politically supporting the growth of e-commerce over the coming years (WEXI 2022). Expansion of the air-freight sector, however, is not just about adding more capacity. It is a project that builds on a door-to-door network connecting entire supply chains. This ambition is evidenced in the Guangzhou Baiyuan Logistic Cluster, a state-sponsored hub that connects Shein's and Temu's manufacturers with upstream suppliers through a network of logistics channels (WEXI 2023d).

The integration of regional industries and logistics clusters is combined with the establishment of a Chinese-controlled international warehouse network. In 2021, the State Council issued a document titled: “Opinions on Accelerating the

Development of New Business Forms and Models for Foreign Trade” (State Council 2021). This document stipulates that by 2025, the Chinese Government will “cultivate 100 outstanding overseas warehouse companies with outstanding performance in information construction, intelligent development, diversified services, and localized operations.” The plan envisions a “new foreign trade logistics network with global coverage and coordinated development.” The companies involved in this project can rely on “embassies, consulates and business institutions” for support (State Council 2021).

The physical logistic infrastructure is governed through a large-scale data standardisation and management project called LOGINK. LOGINK develops and distributes software free of charge to businesses, logistics companies, ports, airports, etc. with the aim to monitor and manage global supply chains in real time (WEXI 2023c). The U.S.-China Economic and Security Review Commission published an issue brief in 2022 voicing concerns that LOGINK may develop into an unfair competitive advantage. The report says that: “If LOGINK becomes a full-fledged marketplace, matching importers with exporters and logistics companies, it could also skew the data it provides to bias users toward selecting Chinese providers.” The brief also refers to data security and privacy issues as the data, including confidential business information, could be shared without user permission (U.S.-China Economic Security Review Commission 2022).

From a labour rights standpoint, Chinese state-coordinated development of global e-commerce infrastructure may put additional pressure on logistics employees in major consumer markets such as the EU and the US. An investigation into working conditions at a warehouse in Liège, Belgium, that handles returns for Shein reveals striking similarities

to Shein's warehouses in China. Workers complain about unrealistic targets, unjustified dismissals, low wages, and high turnover (most workers persist for a few days or weeks only).

Shein eventually abandoned the warehouse and, according to employees, used an external logistics service called YunExpress. Our research indicates that YunExpress belongs to the Congteng Group. The latter is one of the 100 companies chosen to establish China's overseas warehouse network (ZHHU 2021). In the same vein, Temu announced that it will collaborate with Winit for warehouse services in the US (Kaziukėnas 2024). Winit is a Chinese logistics corporation that has been selected as a key cross-border e-commerce enterprise by the China Council for the Promotion of International Trade in November 2023 (WEAR 2023a).

From an environmental point of view, the Chinese government's ambition to leverage air-born B2C business models is problematic because its CO₂ emissions are significantly higher compared to shipping (Greenpeace International 2024). Ultra-fast fashion already today accounts for about 50 percent of China's cross-border e-commerce and one third of global long-distance air cargo. Shein alone sends off about 5000 tonnes of CO₂ emissions per day (McLymore et al. 2024).

To further increase air cargo capacity, Shein entered a strategic partnership with Southern Airlines Cargo, a subsidiary of the state-owned Southern Airlines Group. In the same vein, Alibaba collaborates with Air China Cargo to enhance air-freight capacity (Savvides 2021). The race for more capacity and the underlying short-term business logic is not a specific Chinese phenomenon, but a trait that other fashion brands embrace as well (Glickman 2022; Regenass 2023).

STATE-IMPOSED FORCED LABOUR

ILO Convention No. 29 defines forced labour as “all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily” (SAP-FL 2012). Forced labour risks in China are diverse but can be broadly divided into state-tolerated and state-imposed forms.

- **State-tolerated forced labour** refers to corporate management practices that abuse power asymmetries between employers and workers. These may include wage deductions or wage arrears, which are used as a punishment for not committing to overtime or unpaid extra working hours.
- **State-imposed forced labour** relates to practices that are state-organised or state-endorsed. The most common forms in this category are industrial poverty alleviation programmes, and vocational training agreements targeting politically repressed ethnic groups.

Our earlier findings on working conditions in supplier factories, logistics warehouses, and Shein and Temu’s headquarters demonstrate that state-tolerated forced labour is common. Rankings, threats, and financial penalties are used to put pressure on all employee groups to work overtime. State-imposed forced labour, by contrast, targets specific groups, in particular registered poor households, and non-Han ethnic groups.

State-imposed forms can be further subdivided into two modes of enforcement: economic coercion and existential threats.

- **Economic coercion** is used to leave targeted individuals with little choice but to accept state-imposed employment or vocational training. The “menace of penalty” in this context refers to measures such as cutting off poor farmers from social guarantees or withdrawing land use rights if they are unwilling to accept state-organised wage labour.

- **Existential threats** refer to the deployment of detention, imprisonment, torture, or other forms of physical and psychological violence.

Industrial poverty alleviation programmes

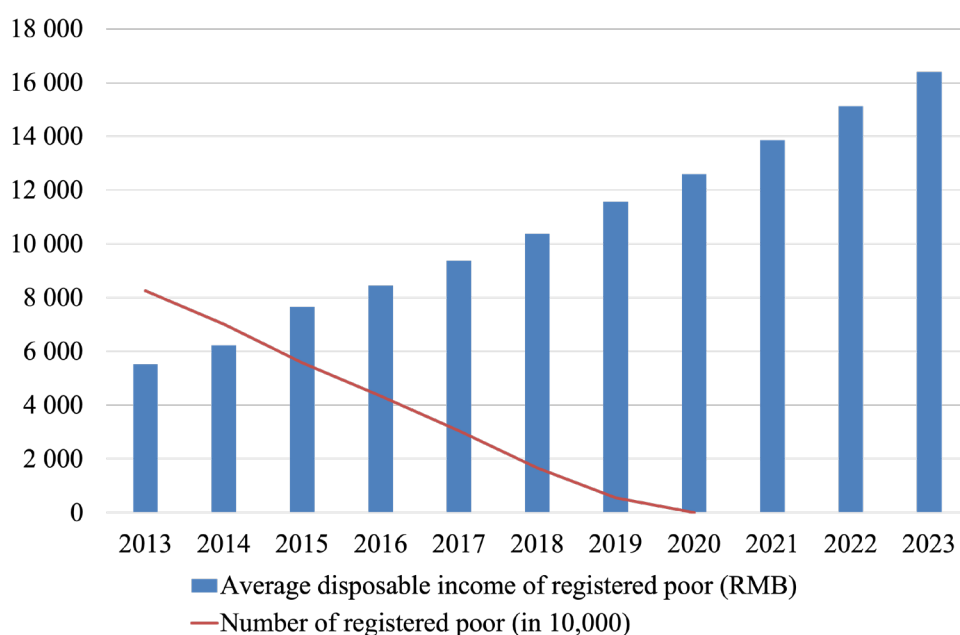
President Xi Jinping’s poverty alleviation programme officially aims at eradicating absolute poverty in ethnic minority areas through vocational training and promoting the employment of surplus labour. In 2014, the Chinese government adopted the Targeted Poverty Alleviation (TPA) programme as its main political strategy to get rid of poverty in western and central China. The programme is carried out by local CCP and government cadres. TPA has evolved over time and currently consists of three elements: Precise identification, tailored assistance, and effective management (Zeng 2020).

- To ensure **precise identification**, cadres must gather detailed information from rural households and identify those eligible for registration as poor. Each poor household then receives a card for electronic storage of information such as family status, cause of poverty, income, and the name of the cadre who is responsible for lifting the household out of poverty.
- **Tailored assistance** requires officials to identify the root causes of poverty and draw solutions according to each household’s needs. Poverty mitigation measures may include subsidies, loans, re-location, temporary labour transfers, or vocational training.
- **Effective management** refers to thorough documentation and regular updating of a household’s status. The quality of documentation and amount of detailed household information are essential parts of cadres’ own evaluation and career prospects.

Official statistics on poverty reduction and disposable income of registered poor show a linear trend that is in line with political targets and quotas (figure 1). This development strongly indicates that there is little margin for poor households to decide if, when, or how to participate in poverty alleviation programmes. According to plan, absolute poverty was eradicated in 2020 (China Rural Revitalisation Office 2024). However, poverty alleviation programs continue to enlist individuals from rural areas in employment promotion programs. Success is still measured in terms of numbers and targets accomplished. For example, the Yulu Plan, which was started in 2021, aims to identify underprivileged youth and guide them from education to employment. Until 2023, roughly 640.000 people got registered. More than 593,000 of them obtained jobs or received vocational training (People’s Daily 2023). The exceptionally high participation rate suggests that targeted young adults are given an offer they cannot refuse. Pressure from responsible poverty alleviation cadres is one element that contributes to these figures.

Poor farmers and herdsmen are frequently subjected to industrial poverty alleviation programmes within the TPA framework. Participants are either employed at factories close to their homes, relocated to industrial areas within their home provinces, or transferred (temporarily or permanently) to factories in other provinces. In addition to obedient workers, employers receive job stabilisation subsidies, which reduce labour costs. For example, according to a work report on the Xinjiang Autonomous Region, more than 250 targeted assistance units (mostly companies) recruited around 170.000 individuals as wage labourers between 2021 and 2023. In addition, around 25.000 poor herdsmen and farmers were relocated from southern Xinjiang to work on fields and in factories in northern Xinjiang (Xinjiang Daily 2024). Such employment promotion programs are used not only to provide jobs for the poor, but also to suppress religious beliefs, traditional ways of life, and social ties among citizens who do not share political values such as national unity, CCP leadership, or nationalist sentiments.

Figure 1: Statistics on poverty alleviation (Source: China National Bureau of Statistics and Economy Daily (2024))



Uyghur forced labour in the context of poverty alleviation programmes

In Xinjiang, and increasingly also in Tibet, industrial poverty alleviation programmes and vocational education have become part of the Chinese government's national unity policies. According to the government's white paper "Employment and Labour Rights in Xinjiang" dated September 2020, terrorists, separatists, and religious extremists in southern Xinjiang are a root cause of poverty as they:

"(...) incite the public to resist learning the standard spoken and written Chinese language, reject modern science, and refuse to improve their vocational skills, economic conditions, and the ability to better their own lives." (OHCHR 2022)

Turkic ethnic groups are sent to "Vocational Education Training Centres" (VETC) and get, upon 'graduation', transferred to factories in Xinjiang or other provinces (OHCHR 2022). Uyghurs and other ethnic groups in Xinjiang can also be sent directly without vocational education to factories under the 'banner' surplus labour. Xinjiang's 13th Five Year Plan on Poverty Alleviation admits that labour transfers and employment are not voluntary as there is:

"(...) insufficient willingness of the poor people to gain employment, making it difficult to transfer employment and increase income." (OHCHR 2022, 38)

Implementation of the forced labour regime in Xinjiang and Tibet rests on the same system of delegated responsibilities as applied in other ethnic autonomous regions. Adrian Zenz, a leading scholar in the field of forced labour in Xinjiang and Tibet, cites official Chinese government documents stating that the aim to eradicate poverty is commensurate with "military command" and requires that every administrative level imposes pressure on each successive lower level to "consolidate poverty alleviation responsibilities and increase the effectiveness of accountability." (Zenz 2019)

A significant difference between Xinjiang and other autonomous regions in China is the involvement of the Chinese military in the forced labour regime. A key actor in this context is the Xinjiang Production and Construction Corps (XPCC or 'Bingtuan'), which functions as a regional government, a paramilitary organisation, and a large-scale corporate enterprise. The XPCC runs prisons, media outlets, schools, farms, enterprises, and mines in Xinjiang (Murphy, Elimä, and Tobin 2022).

Uyghur forced labour risks at Shein and Temu

According to a Bloomberg investigation some of Shein's products contain cotton from Xinjiang, and therefore, are linked to Uyghur forced labour (Bloomberg 2022). Furthermore, the U.S. Select Committee on the CCP reports that goods sold on Temu may be tainted with Uyghur forced labour (The Select Committee on the CCP 2023). Shein and Temu both use the United States' de minimis provision to evade customs enforcement on banning products made with forced labour. This loophole allows almost all of Shein and Temu's products, which are valued at less than \$800, to enter the United States without inspection (The Select Committee on the CCP 2023). A brief of the U.S.-China Economic and Security Review Commission

warns that Shein and Temu’s B2C model makes it impossible to enforce the Uyghur Forced Labor Prevention Act because “U.S. customs officials are poorly positioned to identify and cease low-cost shipments that violate U.S. laws and regulations” (Kaufman 2023).

State-imposed forced labour links to Xinjiang cotton

Our research indicates that state-imposed forced labour risks will increase in the coming years and develop into an endemic issue within the ultra-fast fashion industry in China. This prognosis is based on government documents outlining a mega-project in Qingyuan City, Guangdong Province. The Guangqing Textile and Garment Industry Orderly Transfer Park in Qingyuan is the focal point of this project. Several thousand manufacturers from Guangdong and other provinces have relocated to this park (WEXI 2023a).

Guangzhou City’s ultra-fast fashion clusters represent the first phase of a massive resettlement project. This move is spurred by the desire to reduce costs and increase space, taking advantage of lower land, labour, and resource costs in Qingyuan. The project also aligns with the objective to create a more integrated and cooperative regional industry system based on two models: the ‘Guangzhou headquarters plus Qingyuan base’ and the ‘Guangzhou R&D plus Qingyuan manufacturing’ (WEXI 2023a).

A government report names Shein and Temu, along with Esquel (which is one of the firms banned from the U.S. market due to Uyghur forced labour risks), as the three main actors in the Park’s planning and construction (WEXI 2023b). In addition to textile and garment industries, the park will include

manufacturing bases from neighbouring provinces. In this context, high-ranking officials from Guangdong Province and the XUAR signed an agreement to establish upstream linkages with the cotton sector in Xinjiang (WEXI 2023b).

According to a Chinese government report, the park is envisioned as a vital hub for Guangdong-Xinjiang collaboration. Major companies, including the Xinjiang Production and Construction Corps, have already made agreements to settle in the new ultra-fast fashion cluster. The collaboration focuses on employing cloud storage and cross-border warehousing technologies to help textile and clothing companies cut costs and improve efficiency. Furthermore, digital technologies will be leveraged to create a comprehensive intelligent manufacturing ecosystem spanning the full industry chain (WEXI 2023e).

In the coming five years, the Qingyuan ultra-fast fashion cluster will become a significant hub for bringing Xinjiang cotton and, by extension, items tainted by Uyghur forced labour to global markets. The integration of state-imposed forced labour will be systemic, rather than the result of individual manufacturing links. At the same time, algorithmically derived supplier relationships will make it practically impossible to locate the actual point of entry for state-imposed forced labour commodities.

Shein and Temu are key firms in this new state-organised cluster, benefitting from industrial policy and infrastructure funded by the government. Their growth and competitive advantage are fuelled not only by cheap labour inputs obtained through coercive employment arrangements, but also by their complicit role in planning and implementing the integration of state-imposed forced labour into the ultra-fast fashion cluster. As a result, compliance with fundamental human rights is neither credible nor feasible.

E-commerce poverty alleviation programmes

Products offered by third-party vendors are a second major entry point for Uyghur forced labour. Temu and increasingly also Shein make use of vendors as means to broaden the product range and increase sales volume. In China, this model has been politically instrumentalised under the label ‘e-commerce poverty alleviation’. The general idea is to encourage poverty alleviation workshops and factories employing poor farmers and herdsmen in remote areas to market and sell their products (WEXI 2019).

In Xinjiang, local governments have promoted the nationwide sale of agricultural goods including cotton (WEAR 2021) and cotton products (BIBI 2021). Xinjiang cross-border e-commerce is booming as well. The XUAR government promotes four pilot zones in Urumqi, Kashgar, Alashankou, and Ili Prefecture. The sales volume of these four zones grew tenfold between 2021 and 2023 (WEAR 2024b).

National and international sales of Xinjiang products are facilitated through a XUAR financed and controlled logistics infrastructure. For example, a report from 2019 states that the Xinjiang Government had built so far 47 county level logistics distribution centres and 2500 village-level warehouses (Ministry of Commerce of the PRC 2019). Poverty alleviation products are forwarded to a central distribution node in Urumqi from where they are sent to customers all over China (WEAR 2020a). The XUAR maintains also 28 overseas warehouses in eight countries including Hungary (WEAR 2024b). In 2023, the XUAR began to establishing air-freight lines from Urumqi to Kazakhstan, Georgia, and Germany (WEAR 2023b).

Temu is at the centre of Xinjiang’s e-commerce-focused poverty alleviation efforts. In 2018, Temu’s parent company PDD signed an agreement

with Bachu County in Kashgar to pilot poverty alleviation workshops for agricultural products that will be marketed on its sales platform (WEAR 2018). In 2019, PDD’s internal Communist Party Organisation was upgraded to the status of a Party Committee. According to a report, the CCP organisation oversees technological developments, turns key staff into party members, and promotes party members into management. PDD cadres actively went out to remote areas in Yunnan, Guizhou, and Xinjiang to promote the PDD poverty alleviation model (WEAR 2024a). The company’s involvement in Xinjiang poverty alleviation further integrates state-imposed forced labour into its domestic commercial operations. We do not know how PDD’s Xinjiang engagement affects Temu’s cross-border trading. However, it is reasonable to assume that Temu will find it difficult to recognise that state-imposed forced labour in Xinjiang exists and, consequently, will be unable to credibly mitigate forced labour risks. The company has acknowledged that it does not explicitly prohibit vendors from selling goods originating from Xinjiang (The Select Committee on the CCP 2023, 2).

State-imposed forced labour beyond Xinjiang

When registered poor farmers and herdsmen are employed locally or in regions within their home province, they often end up in poverty alleviation workshops. These are small-scale factories operating as (informal) suppliers to larger companies. Poverty alleviation workshops entail a high risk of forced labour because they follow similar principles as the cross-provincial labour transfers (Ye 2020).

Temu’s parent company PDD makes extensive use of agricultural poverty alleviation workshops and collectives through strategic partnership agreements with local governments in twelve provinces and autonomous regions such as Xinjiang, Tibet, Qinghai, and Yunnan (WEAR 2019). Besides

the company's direct involvement in poverty alleviation workshops, there are thousands of such factories selling products made by poor farmers and herdsmen directly on the platform (WEAR 2019; 2020c; WEXI 2020; WEAR 2020b).



Figure 2: Poverty alleviation workshop selling on the Temu's parent company PDD sales platform (WEXI 2020).



Figure 3: Marketing of a poverty alleviation workshop producing socks for Temu's parent company PDD (WEAR 2020b).

Also, Shein is becoming invested in industrial poverty alleviation. In 2021, President Xi Jinping visited a poverty alleviation workshop in Guizhou Province producing Miao embroidery (the Miao are of China's ethnic groups). He instructed the local government to promote this industry thereby making it a high-profile case involving key officials from the provincial down to the county level.

A government report from 2023 announces that Guizhou is partnering with Shein to implement Xi's instructions with the creation of a Miao embroidery industrial park, which will be integrated into Shein's ultra-fast fashion supplier network (Guizhou CCP Reform Office 2023).

Another sign of Shein's growing obligations vis-à-vis the Chinese Party State, is the company's involvement in a West-East labour cooperation programme targeting students at a secondary vocational school. According to a government work report, Shein receives student workers/interns from registered poor households in Sansui county in Guizhou Province (WEXI 2024). Student workers in China are known to be subject to bonded labour practices. Curricula regularly include a mandatory internship period of up to one year as a prerequisite for graduation. Schools have strong financial incentives to take advantage of students' vulnerable positions and sell their labour to manufacturing companies where they perform monotonous work for long hours for substandard wages (Chan, Pun, and Selden 2015; Chan et al. 2022). Besides potential exploitation through schools and factories, children from registered poor households face additional surveillance from poverty alleviation cadres whose career depends on successfully implementing policies and meeting targets (Zhou, Ma, and Dang 2019). In this context, bonded labour may turn into state-imposed forced labour if school enrolment is identified as a solution to a household's problems.



Figure 4: Sansui County's 2023 East-West Labor Cooperation "Sewing Worker" skills training class (WEXI 2024)

CONCLUDING REMARKS

The purpose of our research on Shein and Temu is to gain a comprehensive understanding of human and labour rights violations in the rapidly growing ultra-fast fashion sector. In this third and last report we analyse the impact of the Chinese government and the CCP on the two corporations' business conduct. Based on publicly disseminated government documents, work reports, and online articles, this study brings to the fore two risk areas – global logistics and industrial poverty alleviation programmes.

Shein and Temu's rapid growth and competitive edge is in part owed to state-sponsored leverage. The two brands are at the vanguard of the government's initiative to transition away from supplying foreign brands and towards directly connecting Chinese producers with global consumers. Shein and Temu capitalise on a CCP-controlled global logistics network. Access and preferential treatment within this network can be tied to nationalist objectives. Close ties with Chinese government authorities indicate that the Chinese State's influence is not affected by their formal registration in Singapore (Cordon 2022) and Ireland (Matsakis 2023).

Our findings show that Shein and Temu are entangled in China's forced labour regime. Due to their key role in the construction of a large-scale industrial park, Shein and Temu are poised to channel

Xinjiang cotton into global consumer markets. The park relies on local and central government support and represents a cornerstone in a political plan to integrate Xinjiang's cotton production and processing base with garment clusters in Guangdong. We also present information on PDD's (Temu's parent company) involvement in state-organised poverty alleviation programmes in Xinjiang. This may explain Temu's non-committal response to the US Congress investigation stating that the company "does not expressly prohibit third-party vendors from selling products based on their origin in the Xinjiang Autonomous Region" (The Select Committee on the CCP 2023, 2).

Shein and Temu have unlocked a Pandora's box of data-driven exploitation and power abuse. Their business models contribute to increased waste generation, resource depletion, and intensified CO2 emissions. Due to intense competition in the fashion industry, more brands and producers will likely try to follow their lead. Thus, the detrimental force of ultra-fast fashion will push us further away from a sustainable future for the industry. The situation is worsened by the fact that Shein and Temu receive support from the Chinese State, which, for the time being, represents an insurmountable barrier to credible and effective human rights engagement.

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