

Temu and Shein face an extremely difficult environment

Article

The insight: Challenges are mounting for **Temu, Shein,** and other Chinese ecommerce platforms operating in the US and EU.

Under the microscope: Governments are tightening the screws on these platforms over concerns tied to supply chains, the sale of illegal, unsafe, or counterfeit products, and the relentless flow of duty-free imports.

- The Trump administration is considering whether to add Shein and Temu to the Department of Homeland Security's forced labor list, which would effectively prevent both companies from selling in the US.
- Imports from China into the EU will now be subject to stricter customs checks to prevent unsafe and counterfeit products from making their way to consumers. That's in addition to new rules that make [ecommerce marketplaces liable](#) for the sale of such items.
- EU officials also announced an investigation into whether Shein has violated the bloc's consumer protection laws through unfair commercial practices, contract terms, and misleading price reductions. That follows a similar probe into Temu.
- To add to the turmoil, the European Commission is set to follow the US' example by removing duty-free exemptions for low-value imports.

What it means: The end of duty-free deliveries to the US and EU will be a considerable check on the growth of Chinese ecommerce platforms, which have used those cost savings to offer goods at ultra-low prices and undercut local retailers.

Temu, Shein, and the rest also have to navigate a chaotic environment where packages from China and Hong Kong can be rejected one day but accepted the next, with few clear guidelines on changes to the [US' de minimis policy](#) will actually entail.

Our take: While the largest players—Temu, Shein, **AliExpress**—have the resources to navigate changes in duty-free rules as well as higher tariffs, the geopolitical environment poses a greater threat. The Trump administration's ability to cut off access to US consumers would deprive those companies of a hugely important market and hobble their businesses—much as [Beijing's blacklisting of Calvin Klein parent PVH](#) threatens to do.

Stricter oversight in the EU could also weigh heavily on Chinese ecommerce platforms' bottom lines by forcing them to spend more on compliance or risk heavy fines.