



November 6, 2018

The Honorable Robert Lighthizer
United States Trade Representative
600 17th Street NW
Washington, D.C. 20508

Dear Ambassador Lighthizer:

On behalf of the undersigned associations, we write to request your attention to language in the Customs and Trade Facilitation chapter of the U.S.-Mexico-Canada Agreement (USMCA). Specifically, we request that you remove a footnote to the chapter, which suggests the United States could lower its de minimis threshold for Canada and Mexico to a “reciprocal amount.”

While we are disappointed that countries like Canada and Mexico have ignored calls by their domestic stakeholders to raise both their duty and tax de minimis levels to more commercially-meaningful levels, lowering the U.S. de minimis level to a “reciprocal amount” would harm American businesses, workers and consumers, reduce incentives to improve U.S. e-commerce infrastructure and undermine U.S. global leadership in e-commerce policy.

A high U.S. de minimis benefits American businesses, workers and consumers

In 2016, Congress passed the Trade Facilitation and Trade Enforcement Act, unilaterally raising the U.S. de minimis threshold from \$200 to \$800.

Congress raised the U.S. de minimis unilaterally because a higher threshold benefits American businesses and consumers.

American small businesses benefit from more rapid border clearance and reducing the burdens of importing low-value goods. These reduced logistics costs improve the bottom line of American small businesses across industries who import low value components for assembly and value-added manufacturing operations. A higher threshold benefits high technology

component manufacturers and apparel, textile and other retailers who import samples of merchandise.

A higher de minimis also benefits American importers and logistics firms by reducing the time and cost to process millions of shipments and shaving a half-a-day or more from clearing each shipment.

This policy also significantly benefits American consumers by enabling faster, less expensive access to a wider range of goods.

Leaders in Congress recognized that the prior de minimis level imposed significant administrative costs on small businesses and generated unnecessary paperwork requirements in exchange for a small amount of duty collection.

As Senator John Thune said at the time, “import policies on low-value shipments are outdated and need to be modernized for the benefit of American consumers and for small businesses, which increasingly use the Internet to access global markets. Goods shipped to American consumers should be treated the same way as goods carried on a plane to the United States by American travelers.”

Senator Ron Wyden added that, “arbitrary and anachronistic customs rules that harm American consumers are a serious problem for the digital economy and all small businesses. An Oregonian who carries goods on a plane shouldn’t face different rules than if she buys them online and has them shipped home.”

Prior to 2016, the U.S. de minimis level had been \$200 for nearly 20 years, even though the Consumer Price Index rose 60 percent over the same time – and even though U.S. consumers could carry a higher value of goods with them from abroad on an airplane.

Lowering the U.S. de minimis would negatively impact the U.S. economy, shared policy goals and U.S. global leadership on e-commerce

American businesses have increased investments in U.S. infrastructure and hired thousands of U.S. workers to support the growth of e-commerce and consumer demands since 2016 when Congress raised the U.S. de minimis level to \$800. Reducing the U.S. de minimis would lessen incentives for investment in U.S. e-commerce infrastructure that benefits American exporters, e-commerce companies and consumers.

A lower de minimis level would also impede the ability of the United States to lead globally as it seeks commitments on new trade facilitation measures by other countries.

USMCA should not result in parties reducing their commitments to measures that facilitate trade

We ask that you remove footnote 3 to Article 7.8(1)(f) of the Customs and Trade Facilitation Chapter from the final text of the USMCA agreement, given the bipartisan effort by Congress to increase the U.S. de minimis threshold, and the benefits of an \$800 level for American businesses, workers and consumers.

Finally, we ask that you work with your counterparts in Canada and Mexico to make sure that their countries do not implement USMCA in a way that reduces or withdraws existing trade facilitating measures.

Taking these steps would ensure that all three countries fulfil the goal of reducing frictions and facilitating trade across North America. Thank you for your consideration of these comments and for your support of American businesses and workers.

Sincerely,

American Association of Exporters & Importers
Coalition of Services Industries
Computer & Communications Industry Association
Consumer Technology Association
Express Association of America
Information Technology Industry Council
Internet Association
National Foreign Trade Council
National Retail Federation
Retail Industry Leaders Association
TechNet
U.S. Chamber of Commerce
United States Council for International Business
United States Fashion Industry Association