

Congress of the United States
Washington, DC 20515

December 21, 2018

Dear Ambassador Lighthizer,

We write today to express our serious concern over the outcome on *de minimis* threshold in the Customs and Trade Facilitation Chapter of the U.S.-Mexico-Canada Agreement (UMSCA). While this chapter contains a number of strong new provisions, we are disappointed that the agreement did not secure more ambitious commitments from Canada and Mexico to increase their *de minimis* thresholds. Perhaps more importantly, we are deeply troubled over the implications of the footnote that suggests that there is interest in lowering the U.S *de minimis* threshold in response to Canada and Mexico's intransigence.

Since Congress increased the U.S. *de minimis* threshold to \$800 in the Trade Facilitation and Trade Enforcement Act of 2015 (TFTEA), American small businesses and consumers have benefited from increased frictionless trade at the border for low-value shipments. These benefits to our small businesses would increase if they were no longer subject to duties and taxes, as well as burdensome and costly customs clearance procedures, that apply today when they send shipments above \$16 and \$50 to Canada and Mexico, respectively.

Throughout the NAFTA negotiations, we supported USTR's objective to seek higher thresholds for both Mexico and Canada, but as it stands today, the increases in both countries are nominal. Furthermore, the Customs and Trade Facilitation Chapter includes a bifurcated outcome on *de minimis* thresholds for Mexico and Canada with separate levels for tax and duty thresholds. This system is unnecessarily complicated given such low thresholds and threatens to result in more cumbersome and costly customs procedures for U.S. small businesses exporting to Mexico and Canada, acting as potential new barriers to trade.

While we are disappointed by the topline *de minimis* threshold result, we are gravely concerned with footnote 3 to Article 7.8(1)(f) of the Customs and Trade Facilitation Chapter, which implies that the United States may lower its *de minimis* threshold for Canada and Mexico to a "reciprocal amount." As evidenced by the bipartisan TFTEA, Congress, which has jurisdiction over such a revenue matter, has already spoken as to what it believes to be the appropriate U.S. *de minimis* threshold. The outcome of the NAFTA negotiations has not changed our view. We believe that a higher *de minimis* threshold is good for American consumers and sellers alike. Subjecting shipments from Canada and Mexico to a reciprocal *de minimis* threshold would place additional administrative and cost burdens on our small businesses, increase complexity for U.S. Customs and Border Protection, and start a global race to lower thresholds – undermining U.S. e-commerce leadership.

Given Congress' very recent decision on a bipartisan basis to increase the U.S. *de minimis* threshold, we strongly urge you to clarify that the Administration will not seek to lower the U.S. *de minimis* threshold unilaterally. We also urge you to work with your Mexican and Canadian counterparts to ensure that none of the parties walks back its current trade facilitation measures as a result of this agreement.

Thank you for your attention to these concerns. We look forward to continuing to work with you to ensure any update of NAFTA increases economic opportunities for American small businesses and consumers.

Sincerely,



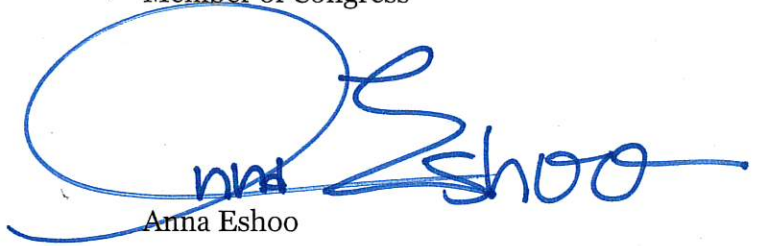
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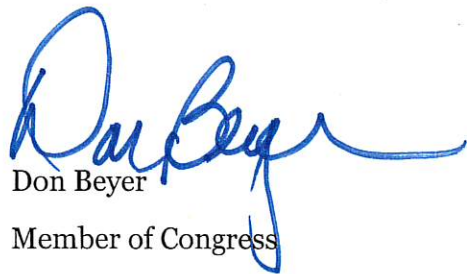
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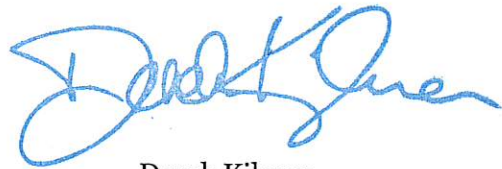
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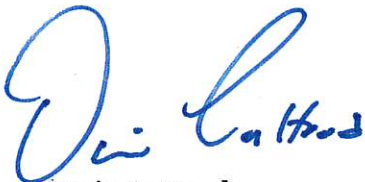
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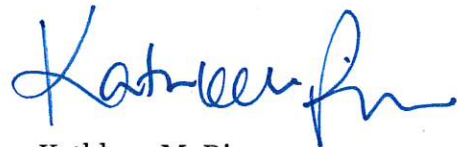
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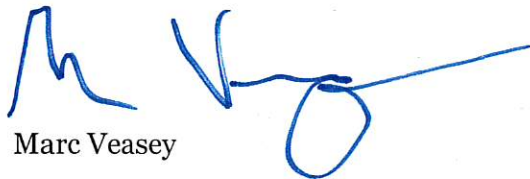
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A handwritten signature in blue ink that reads "Jerry McNerney". The signature is fluid and cursive, with a long horizontal flourish extending to the right from the end of the name.

Jerry McNerney

Member of Congress