

United States Senate

WASHINGTON, DC 20510

November 16, 2018

The Honorable Robert Lighthizer
United States Trade Representative
600 17th Street, N.W.
Washington, DC 20508

Dear Ambassador Lighthizer:

We write to express our serious concerns regarding the language on *de minimis* thresholds in the Customs and Trade Facilitation Chapter of the recently concluded U.S.-Mexico-Canada Agreement (USMCA).

This new chapter includes a number of improvements to the North American Free Trade Agreement (NAFTA), and we appreciate your efforts to secure commitments from Mexico and Canada to increase their *de minimis* thresholds. Our concern, however, is that footnote 3 to Article 7.8(1)(f) of the Customs and Trade Facilitation chapter implies that the United States may lower its *de minimis* threshold.¹ While we would have preferred more ambitious commitments from Mexico and Canada, we strongly believe that lowering the U.S. *de minimis* level would be exactly the wrong response.

American small businesses benefit substantially from the higher U.S. *de minimis* threshold that Congress legislated because it improves the overall system of e-commerce in the United States. Since Congress raised the U.S. *de minimis* level to \$800 in the Trade Facilitation and Trade Enforcement Act (TFTEA) of 2015 (P.L. 114-125), U.S. companies have increased domestic infrastructure and technology investments and hired thousands of U.S. workers to support the growth of e-commerce and consumer demands, while also setting a standard for other countries around the world.

In addition, subjecting shipments from Mexico and Canada to a reciprocal *de minimis* threshold would potentially violate U.S. Most Favored Nation commitments and would increase complexity for U.S. Customs and Border Protection. It also has the potential to start a global race to the bottom, where countries would lower *de minimis* thresholds for U.S. products in order to undermine U.S. e-commerce leadership. Given Congress' very recent decision, with strong bipartisan support, to increase the U.S. *de minimis* threshold, we urge you not to pursue any action that would apply this footnote to create downward parity. Such an approach would not only reverse the progress made in TFTEA, but also take the U.S. *de minimis* threshold even further below the \$200 amount that Congress increased in 2016.

We support and appreciate your efforts to secure and improve our long-standing trade relationship with our partners in the USMCA. In that spirit of facilitating trade in North

¹ Footnote 3 provides: "Notwithstanding the amounts set out under this sub-paragraph, a Party may impose a reciprocal amount that is lower for shipments from another Party if the amount provided for under that other Party's domestic law is lower than that of the Party."

America, we strongly urge you to continue working with your Mexican and Canadian counterparts to improve their *de minimis* rules further, and ensure that none of the parties will walk back existing trade facilitating measures as a result of USMCA.

Thank you for your attention to these concerns. We look forward to continuing to work with you to ensure that USMCA and future trade agreements provide the strongest benefits to American businesses and the U.S. economy.

Sincerely,



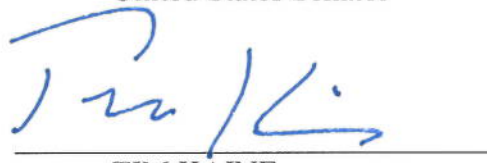
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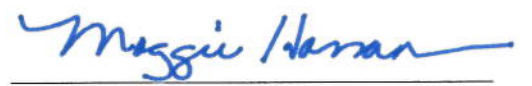
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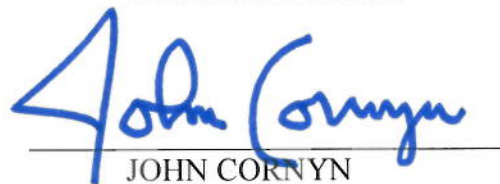
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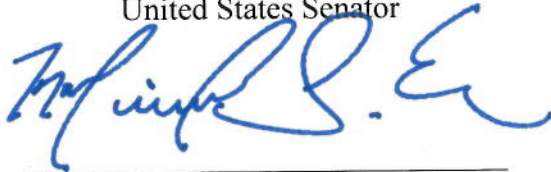
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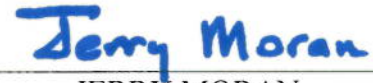
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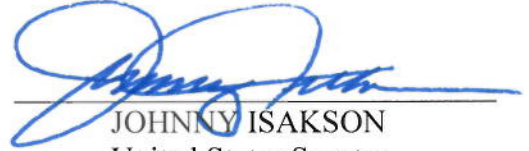
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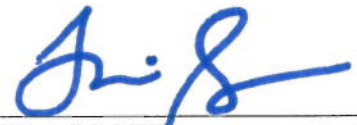
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