

**Lighthizer: Trump administration examining U.S. de minimis policy, impacts
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U.S. Trade Representative Robert Lighthizer has told House lawmakers he is committed to examining the ins and outs of U.S. de minimis policy, a concern for many due in part to a provision in the U.S.-Mexico-Canada Agreement.

In answers to questions for the record after a House Ways & Means Committee hearing in June, Lighthizer was asked a raft of questions about elements of U.S. de minimis policy.

House Ways & Means trade subcommittee member Bill Pascrell (D-NJ) said that while he, like many lawmakers, was concerned about the administration's approach to de minimis "in the context of the renegotiated NAFTA," he also thought a discussion on the broader policy was warranted.

"For instance, has USTR reviewed which goods are entering the United States under the de minimis provision, and what tariff lines are most affected?" Pascrell asked. "How has the volume and types of trade claiming de minimis changed since 2015? How much duty loss is associated with trade entering the U.S. claiming de minimis status? What mechanisms, if any, are currently in place to monitor and enforce goods entering our borders claiming the de minimis exemption? What impacts has been seen on trade flows, domestic manufacturing, and our free trade agreement partners because of the change to the U.S. de minimis level in 2015?"

Lighthizer, in response, said "I couldn't agree with you more that this is an issue that needs to be looked at."

"I am particularly concerned by efforts to circumvent the requirements of the de minimis provisions in U.S. law," he said. "We are looking at some of these questions and working with [U.S. Customs and Border Protection] and others to analyze the effects of the de minimis exemption and what it means for U.S. workers who have to compete with imports. I look forward to discussing this issue with you and any other Member of Congress."

Since the release of the USMCA text last year, lawmakers and industry groups have expressed concern about a footnote in the deal that says the parties will be able to apply "reciprocal" de minimis levels once the agreement is in force.

The U.S. allows for goods valued at \$800 or less to enter into the U.S. duty-free, as outlined in Section 321 of the 2015 Trade Facilitation and Trade Enforcement Act. Under USMCA, Mexico agreed to raise its de minimis level from \$50 to \$100. For Canada, the amount of duty-free shipments will be 150 Canadian dollars, which is roughly \$117, and the limit for tax-free shipments will be CA\$40 (about \$31). Both were previously CA\$20.

USTR has consistently pointed to the de minimis disparities among the three countries as problematic, prompting fears that the Trump administration could move to lower the U.S. threshold in the implementing bill. The U.S. boosted its de minimis level from \$200 to \$800 just four years ago.

House Ways & Means Chairman Richard Neal (D-MA) asked Lighthizer about de minimis changes USTR might make in USMCA's implementing bill and whether "any Members of Congress, on either side of the aisle, expressed support for the changes USTR is contemplating proposing? How many? Which ones?"

Lighthizer said again that the issue remained open for consultation.

"We understand that Members have different views on this matter, and these consultations are underway. I look forward to continuing those conversations with you and other Members on this important issue," he wrote.

House Ways & Means trade subcommittee Chairman Earl Blumenauer (D-OR) and panel members David Schweikert (R-AZ) and Dan Kildee (D-MI), among others, also submitted questions about the provision, with Kildee asking the USTR to "commit not to seek the derogation or authority to derogate from the current U.S. de minimis" threshold.

Lighthizer did not answer directly, again citing ongoing consultations on the issue.

"These consultations are underway. I look forward to continuing those conversations with you and other Members on this important issue," he said. -- Isabelle Hoagland (ihoagland@iwnews.com)

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