



June 12, 2023

Valdis Dombrovskis  
Executive Vice President  
for an Economy that works for People  
European Commission  
Brussels, Belgium

Paolo Gentiloni  
Commissioner for Economy  
European Commission  
Brussels, Belgium

Dear Executive Vice President Dombrovskis and Commissioner Gentiloni,

The undersigned trade associations, which represent a broad range of business interests in the European Union and the United States, are writing to express our serious concerns about a proposal in the European Union (EU) to eliminate the customs de minimis level.

On May 17<sup>th</sup>, the European Commission (Commission) issued a proposed package of reforms to the Customs Union that includes the elimination of the EU's 150-euro customs duty de minimis level. We believe this step will have an irrevocably negative impact on transatlantic trade. While this package contains a number laudable proposals intended to modernize customs processes, some of the recommended changes, like removing the de minimis provision, are likely to restrict trade and have other negative consequences, as outlined below.

Recognized by the World Trade Organization, the World Customs Organization, the Organization for Economic Cooperation and Development (OECD), and countless customs authorities around the world as a key component of trade facilitation for low value shipments, de minimis is a necessary mechanism for reducing unnecessary administrative burdens and facilitating trade, particularly for small and medium enterprises (SMEs). Manufacturers and consumers alike rely on the simplified de minimis clearance process to reduce red tape at the border and keep costs low. More specifically, the removal of de minimis will complicate the clearance process for all traders, as companies will be required to hire brokers, prepare additional entry documentation, and manage new procedures with the disparate customs systems across Europe. At a time when inflation and fuel costs are still high, and supply chains are just recovering, adding an additional regressive burden on businesses and consumers will constrain transatlantic trade, as well as negatively impacting the U.S. and EU economies overall.

If implemented, these new requirements will be particularly burdensome for SMEs attempting to trade goods into, or out of, the EU. In fact, the burden will be most directly borne by SMEs that

rely heavily on importing components for a manufacturing process, and EU domestic SMEs that produce goods for local consumption, or for export, may be hit the hardest. Further, it is not only businesses that will be impacted, consumers across Europe will also be harmed. This is because eliminating de minimis entry is the equivalent of a sales tax increase, as tariffs would be charged on low value goods that currently enter the EU duty free. These increased costs borne by traders are often passed on to consumers, raising costs for those who can least afford it. Our concerns about eliminating the EU's de minimis are not theoretical. A recent economic analysis<sup>1</sup> explored the impact of border measures, including de minimis, on facilitating trade and found large effects on job creation, particularly for SME employers.

Should the EU move forward with eliminating its de minimis, we believe it would be a clear violation of the World Trade Organization's Trade Facilitation Agreement (TFA) (Article 8.2(d)), which states that TFA members should have a de minimis provision. The WTO TFA represents one of the few areas of global trade that continues to garner universal acceptance among WTO member states. Given the precarity of the global trade system, the EU should make every effort to adhere to one of the most important contributions of the WTO to global trade in the last decade.

We also believe the proposed elimination of de minimis is inconsistent with the May 2022 EU-U.S. Trade and Technology Council (TTC) Joint Statement that committed to “intensify our work to resolve trade disagreements to our mutual advantage, reduce unnecessary barriers to bilateral trade and investment, **and strive to prevent new ones from emerging.**” Put simply, if the proposal was implemented, a significant new barrier would impact millions of businesses and consumers across the Atlantic. While the TTC is not currently designed to *reduce* or eliminate trans-Atlantic tariffs, it should be leveraged to ensure that measures like eliminating de minimis do not lead to new tariffs on either side's shipments.

In addition to the substantive concerns outlined above, we also deeply regret that the proposal to remove the de minimis has been adopted without the Commission conducting a consultation on the details of the proposal. We have attempted several times, unsuccessfully, to arrange a meeting with the Directorate-General for Taxation and Customs Union so that stakeholders could discuss in detail this highly regressive proposal and other details of the planned customs reform. As the Commission continues to consider modifications to the Customs Union, we urge you to refrain from eliminating the EU's de minimis threshold. A proposal of this magnitude will significantly impact businesses and consumers on both sides of the Atlantic. Our organizations stand ready to meaningfully engage with you on this proposal and would be happy to arrange a meeting at your convenience to discuss this issue further.

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<sup>1</sup> <https://www.thirdway.org/report/reducing-the-red-tape-around-supply-chains>

Respectfully,

E-Merchants Trade Council, Inc. (EMTC)

European Express Association (EEA)

Express Association of America (EAA)

Federation of German Wholesale, Foreign Trade and Services (BGA)

National Association of Manufacturers (NAM)

National Foreign Trade Council (NFTC)

U.S. Chamber of Commerce

Cc: Gerassimos Thomas, Director General for Taxation and Customs Union

Sabine Weyand, Director General for Trade