

## THE PRESIDENT'S EXPORT COUNCIL

WASHINGTON, D.C. 20230

September 19, 2013

President of the United States of America  
The White House  
Washington, DC 20500

Dear Mr. President,

The President's Export Council (PEC) applauds your Administration's continued pursuit of a robust international trade agenda to grow American exports, boost economic growth, and create jobs. In order for the American economy to advance the ambitious goals set by the National Export Initiative (NEI), the U.S. government and private sector must work together to not only help American businesses, particularly small- and medium-sized enterprises (SMEs), gain access to new markets, but also to eliminate red tape and unnecessary regulatory hurdles that make accessing international markets unnecessarily complicated and expensive.

The PEC would like to bring to your attention the importance of *de minimis* reform. The *de minimis* value refers to the monetary value below which shipments entering the United States are free from duties, taxes or formal customs procedures. The current *de minimis* value for goods entering the U.S. is \$200, and has not been updated in twenty years. Compare this with the current personal exemption for goods carried into the country: \$800. Duties and taxes are assessed if the value exceeds \$800. If consumers shipped their purchases back to the U.S., that same duty-free limit falls to \$200. This difference arbitrarily penalizes consumers who choose to ship their purchases and companies that ship intermediate goods necessary for the production and manufacture of goods in the United States.

Streamlining the customs process for imports into the U.S. through *de minimis* reform is vitally important not only to lowering costs for American consumers, but also helping American businesses grow their export volume and enter new markets. Intermediate trade accounts for 56 percent of world goods trade and 73 percent of global services trade. Lowering costs for American exporters who source inputs internationally will help make their products more competitive globally.

Furthermore, setting a high standard and leading the way on customs and trade facilitation reform will put the United States in a strong position to negotiate for these same standards with other countries in the Trans-Pacific Partnership (TPP), the Transatlantic Trade and Investment Partnership (TTIP), the Trade in Services Agreement (TISA) and ongoing negotiations at the World Trade Organization. Many of these countries' low *de minimis* levels hurt American exporters, forcing many businesses, particularly SMEs, to undergo burdensome customs processes in order to export goods to key growing markets. The United States must lead by example in order to open up borders for more American SMEs looking to export.

Along with positioning the United States as a global leader on trade facilitation and setting an example of effective customs reform, raising the *de minimis* would have the added benefit of

helping to focus government resources more efficiently, from processing a large number of low value shipments, to targeting shipments that are high-priority and require additional screening.

Finally, a higher *de minimis* level, while showcasing U.S. global leadership on trade and generating economic growth, would have no impact on security screenings. Carriers would still provide customs authorities with the same key data and manifest information for all shipments, regardless of value. Furthermore, raising the *de minimis* level would allow customs officers to focus enforcement efforts on urgent priorities such as ensuring product safety and protecting intellectual property.

The PEC recognizes your Administration's efforts to foster economic growth by eliminating barriers to trade. We urge you to prioritize U.S. *de minimis* reform as part of your Administration's aggressive trade agenda. There is currently a bipartisan effort in Congress to increase this threshold, which will lower costs for American exporters who source internationally and provide the U.S. with leverage in key trade agreement negotiations. Such efforts will benefit not only American consumers and businesses that consume goods from abroad, but also reinforce efforts to raise *de minimis* levels globally.<sup>1</sup>

Sincerely,

A handwritten signature in black ink, appearing to read "Jim McNerney". The signature is fluid and cursive, with a large, sweeping flourish at the end.

Jim McNerney

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<sup>1</sup> Please note this letter was prepared by the private sector appointed members of the PEC.