

McLarty Update: De Minimis Impacts

February 5, 2025 | 4:00PM ET

TOP LINE

[Please find tariff memo series iterations [one](#), [two](#), and [three](#) here.]

While news headlines primarily focused on the February 4 imposition of President Trump's new tariffs on China, another impactful trade action included in the February 1 [Executive Order](#) also went into effect: suspension of the *de minimis* exemption for packages under \$800 USD in value originating from China. To comply, the United States Postal Service (USPS) announced on February 4 that effective immediately it would stop accepting all packages (non-letters or flats) originating from China and Hong Kong, though it reversed course on February 5 with its [announcement](#) that service from China and Hong Kong would resume while USPS and the Customs and Border Protection (CBP) work together to implement an efficient collection mechanism for the new China tariffs. The USPS reversal almost certainly reflects the inability for the USG to administer the change in policy without significant hiring or direction to officials on how to prioritize the onslaught of new packages to review. Most of the four million *de minimis* parcels that the US [inspects](#) per day come from China.

Bipartisan Congressional [scrutiny](#) around modifying *de minimis* has grown over the past few years, particularly against Chinese exports, given the rise of nefarious exploitation of the program through shipping counterfeit products and illicit substances, and the rise of Chinese fast-fashion e-commerce giants that are avoiding US tariffs by utilizing the *de minimis* system. Notably, in his January 20 American First Trade Policy memorandum, President Trump [directed](#) government agencies to assess the current *de minimis* exemption program and to report back any recommended modifications as warranted to protect US revenue and public health by preventing unlawful importations.

While the Biden Administration took steps to [amend](#) the scope of applicable products for the *de minimis* exemption originating from China, and improve the CBP [screening mechanisms](#), **the Trump Administration's action to suspend all *de minimis*-qualifying imports from China will have a notable impact on US consumers and businesses that source low-value goods from China. Even if a tariff deal is struck between President Trump and Chinese President Xi Jinping, it is possible that the Trump Administration will maintain the new restrictions on *de minimis* qualification for products originating from China, though.** Senior officials at CBP have indicated their view that additional statutory updates from Congress to legally implement the changes are required.

BACKGROUND

In 1938, Congress [enacted](#) Section 321(a)(2)(C) of the Tariff Act of 1930 to authorize a waiving or reducing duties, fees, and other taxes on imports under a "minor" (*loose Latin translation: de minimis*) value amount per person, per day that otherwise would be a burden to review and collect from the government. Congress has amended Section 321, colloquially known as the *de minimis* exemption, several times to increase the threshold in which goods may qualify. As of 2015, the threshold is set to \$800 USD in value.

Since that change and with the rise of e-commerce, *de minimis* entries [increased](#) from 153 million packages in 2015 to more than 1 billion in 2023. Today, *de minimis* imports from China, notably fast-fashion companies, [account](#) for more than 61% of total *de minimis* entries. **According to the CBP, the increased volume has led to [challenges](#) in screening entries that violate US laws, for example counterfeit goods or illicit substances like fentanyl.**