

**Oral Testimony of Michael Stumo,  
CEO of the Coalition for a Prosperous America**

**Before the House Ways & Means Subcommittee on Trade  
“Modernizing Customs Policies to Protect American Workers and Secure Supply Chains”  
May 25, 2023**

Chairman Jason Smith, Chairman Adrian Smith, Ranking Member Blumenauer, and Members of the Committee it is an honor to testify here today.

My name is Michael Stumo and I am the CEO of the Coalition for a Prosperous America (CPA). CPA is proud to be the leading national, bipartisan organization representing exclusively domestic producers and workers across many industries and sectors of the U.S. economy.

De minimis, also known as the “Amazon loophole”, is a serious flaw in customs law that allows over two million packages per day to enter the U.S. without meaningful inspection, tariffs, country of origin information, or HTS codes. Historically, it was a very minor exception.

Today, shippers that use de minimis have little or no knowledge of what is in the box. The practical effect is to authorize every foreign vendor on Planet Earth - completely outside our jurisdiction- the ability to sell directly to American households without any liability.

Chairman Jason Smith rightly said de minimis is essentially a “free trade agreement with China.” Allowing China to exploit de minimis is in fact unilateral disarmament of our customs and trade laws. It is another way that China is exploiting U.S. law to further their geopolitical and military rise, while making us weaker by sacrificing American manufacturers and workers.

Thankfully, there is bipartisan agreement that this must be fixed. Ranking Member Blumenauer led the way with an important bill last year that effectively excludes China from exploiting the de minimis loophole. Many organizations endorsed it, including CPA. Several Republican Senators supported it. According to a Morning Consult poll, an overwhelming majority (81%) of voters support Congress addressing the de minimis loophole.

Former trade ambassador Lighthizer said last week that Congress must get rid of de minimis because it supports China and hurts us. Simply lowering it to \$200 will do nothing to fix the problem.

De minimis is directly harming our CPA members. It undercuts textile producer Parkdale Mills in North Carolina, the biggest buyer of U.S. cotton. Shein now sells billions in clothing directly to U.S. consumers while avoiding our forced labor bans and Section 301 tariffs.

De minimis hurts Liberty Tabletop in New York, the only American stainless steel silverware manufacturer. Amazon and Temu, thanks to de minimis, help Chinese flatware makers sell their products made with subsidized stainless steel, and avoid section 301 tariffs. De minimis hurts Kent Bikes in New Jersey and South Carolina, the largest U.S. manufacturer of bikes. Chinese bikes, some with exploding batteries, are shipped individually, avoiding tariffs and avoiding safety inspections that are required of U.S. producers.

The de minimis loophole is ungovernable lawlessness. CBP itself warned in March 2023 that, “The overwhelming volume of small packages and lack of actionable data impacts CBP’s ability to identify and interdict high-risk shipments that may contain narcotics, merchandise that poses a risk to public safety, counterfeits, or other contraband.”

Over 62% shipments originate in China or Hong Kong. That does not include the Chinese goods moving through Mexican and Canadian warehouses that are shipped here. Counterfeit goods are rampant, with more than 90% of seizures coming from international mail and express couriers. The vast majority of seizures are from China.

According to official figures, the U.S. imported roughly \$532 billion last year from China, which is more than the next 5 Chinese export markets combined. The value of de minimis shipments is not included because CBP has no idea what the official number is. Our CPA Economics Team, however, estimates that de minimis imports from China hit nearly \$188 billion last year.

Incredibly, logistics companies in Canada and Mexico actively market de minimis as a “loophole” vendors should exploit. But Canada does not allow de minimis shipments from any countries except the US and Mexico, and none through the postal service. The EU has an effective de minimis level of zero. China’s is \$8.

The de minimis loophole has built Chinese e-commerce giants Shein and Temu. They are now the most downloaded apps in the U.S. Amazon and its army of Chinese sellers bulldoze through the loophole more every year.

CBP tried to figure out a way to get control with pilot programs to collect some data. My written testimony cites CBP’s acknowledgement that the results show the efforts have failed.

Congress should end the de minimis exception, or at a minimum ban China from using it as a weapon against our domestic producers and American workers.

Thank you.