H.R. 7979 – *End China’s De Minimis Abuse Act*

**Background:**
- In 2018, President Trump imposed new tariffs on more than half of Chinese imports pursuant to Section 301 of the Trade Act of 1974 in response to China’s unfair trade practices.
- However, certain Chinese firms have been able to avoid paying these tariffs thanks to a provision in U.S. trade law that permits imports worth less than $800 to enter the country without paying any tariffs. This provision is known as the *de minimis* privilege.
- The purpose of the *de minimis* privilege is to avoid expense disproportionate to the amount of duty that would otherwise be collected from the import. However, as a result of the explosion of global e-commerce, *de minimis* trade has surged to become a major source of imports. According to the latest Customs and Border Protection (CBP) data, 60.8% of all *de minimis* entries come from China alone.
- There is no reason why importers should be able to use the *de minimis* privilege to evade the enforcement tariffs imposed by President Trump on China. This aligns with current practice – importers cannot use the *de minimis* privilege to evade anti-dumping and countervailing duty tariffs.

**Ends De Minimis Evasion of Trade Enforcement Tariffs**
- **The *End China’s De Minimis Abuse Act* ends the *de minimis* privilege for any good subject to Section 301 trade enforcement tariffs.**
  - Denying *de minimis* benefits from goods subject to the Section 301 tariffs would immediately eliminate *de minimis* for more than half of all *de minimis* entries from China.
- **Prohibits the use of the *de minimis* privilege for imports subject to other U.S. trade remedies:**
  - Antidumping and countervailing duty tariffs (codifying existing practice);
  - Section 201 safeguard tariffs; and
  - Section 232 national security tariffs.

**Improves Transparency and Data Collection Regarding *De Minimis* Entries into our Supply Chains**
- **H.R. 7979 adds a new 10-digit Harmonized Tariff System (HTS) classification requirement for all *de minimis* entries from countries subject to Section 301 tariffs.**
  - A 10-digit HTS classification is already required for non-*de minimis* entries.
  - Requiring a 10-digit HTS will not only ensure tariffs are being collected properly, but it also aids law enforcement efforts to address other unfair or illegal trade practices, like the transshipment of fentanyl and items that use forced labor.

**Adds Penalties for Bad Actors who Violate U.S. Law through *De Minimis* Entries**
- **The *End China’s De Minimis Abuse Act* imposes new civil penalty for any person who violates U.S. *de minimis* law of $5,000 for the first violation and $10,000 for each subsequent offense.**
  - Under current law, generally, the penalty for abusing de minimis is merely forfeiture of the shipment (often valued at $55 or less), providing little deterrence to bad actors. This change would ensure that every importation through *de minimis* that violates our law is subject to a penalty much higher than the value of the goods.