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China's E-Commerce Exports and U.S. *De Minimis* Policies

The People's Republic of China (PRC or China) has expanded its global e-commerce exports by more than tenfold over the past five years; PRC exports of low-value single packages expanded from $5.3 billion in 2018 to $66 billion in 2023. (**Figure 1**). A key part of China's global e-commerce growth has been the expansion of PRC and PRC-tied e-commerce firms into the U.S. market. The U.S. retail e-commerce market constitutes over half of all global e-commerce sales; U.S. e-commerce sales reached $275.5 billion in 2023, according to the U.S. Census Bureau. PRC e-commerce policies have promoted PRC exports while limiting the scope of PRC e-commerce imports.

Imports under Section 321 of the Tariff Act of 1930 have been the primary path for PRC e-commerce imports into the U.S. market. Section 321 allows for U.S. imports under a *de minimis* threshold to enter free of tariffs, fees, and taxes. In 2016, Congress raised the threshold from $200 to $800 per shipment, thereby allowing shipments valued at $800 or less to be eligible for duty-free *de minimis* exemption.

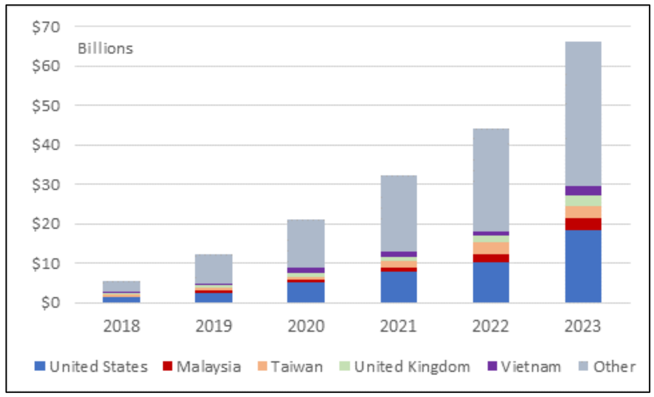
The 118th Congress considered a range of legislation to address a surge in U.S. imports from China via e-commerce and related concerns. (See **Options for Congress**). The executive branch also acted. In September 2024, the Biden Administration said it would issue rules to crack down on "[f]oreign corporate giants who exploit the *de minimis* exemption," and said that the majority of shipments qualifying for *de minimis* originate from e-commerce platforms founded in the PRC. Relatedly, in January 2025, U.S. Customs and Border Protection (CBP) issued two proposed rules 1) to strengthen information requirements for *de minimis* shipments; and 2) to exclude goods from *de minimis* duty-free import treatment if such goods are subject to other U.S. trade or national security actions. Such action would affect U.S. imports from China that are subject to other U.S. trade actions and related tariffs and duties. On January 20, 2025 incoming President Donald J. Trump directed an assessment of "the loss of tariff revenues and the risks from importing counterfeit products and contraband drugs, e.g., fentanyl," that result from current U.S. *de minimis* trade policies.

U.S. *De Minimis* Imports from China

CBP estimates that from FY2018-2021, 67.4 percent ($228.3 billion) of U.S. *de minimis* imports were from the PRC ($149 billion from mainland China and $79.3 billion from Hong Kong). (**Figure 2**). It estimates that in 2023, total U.S. *de minimis* imports were one billion parcels valued at about $54.5 billion. The PRC reports $18.4 billion in 2023 *de minimis* exports to the United States; this amount is roughly one-third of the $54.5 billion U.S. *de minimis* imports from all sources that CBP reported for 2023. (**Figure 1**).

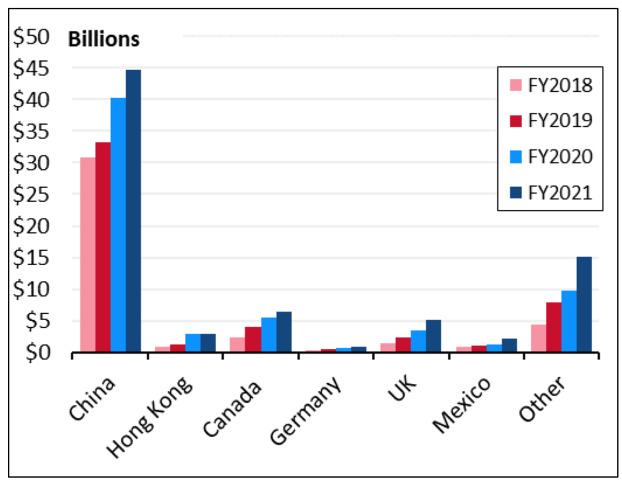
While CBP data does not delineate which U.S. *de minimis* imports involve e-commerce transactions, the U.S. International Trade Commission estimated that in FY2022, 83% of total U.S. e-commerce imports were *de minimis* imports. E-commerce transactions generally involve larger volumes of smaller value parcels.

Figure 1.PRC Global *De Minimis* Exports (2018-2023)



Source: CRS with PRC trade data accessed via Trade Data Monitor.
Notes: HS Code 9804

Figure 2.U.S. *De Minimis* Imports (FY2018-FY2021)



Source: CRS with data from U.S. Customs and Border Protection.

PRC E-Commerce Policies

In 2019, China raised its *de minimis* threshold for e-commerce imports from about $276 to $690 and its annual transaction limit from about $2,800 to $3,587. (**Table 1**).

Table 1. PRC *De Minimis* Thresholds

Import Type	Transaction Limit
Personal (Individual Use)	RMB 50 (US$ 6.90) Daily
E-Commerce	RMB 5,000 (US$ 690) Daily
	RMB 26,000 (US$ 3587) Annual

Source: PRC Customs and State Tax Administration

While PRC polices have encouraged e-commerce trade, they also have limited the scope of imports that qualify for *de minimis* treatment. Such PRC policy limits include

• **Confining cross-border e-commerce trade and the use of *de minimis* provisions to pilot zones.** Since 2015, China has allowed some e-commerce in certain pilot areas. As of December 2024, the program included 165 cities.

• Limiting ***de minimis* qualification to products defined in a catalogue; many items are not in the catalogue**. The catalogue was last updated in 2018 and lists 1,321 types of goods.

• **Placing an annual *de minimis* cap per importer and exporter,** which limits a broad use of *de minimis* trade for wider corporate operations.

• **Imposing a value added tax (VAT) and consumption tax** for certain e-commerce imports.

• **Restricting U.S. and foreign e-commerce firms' operations in the PRC market** through data and content policies and requirements that foreign firms operate as joint ventures with PRC firms.

PRC-Tied E-Commerce Firms

In China, the top e-commerce firms, measured by 2023 market share, were Alibaba (46%) JD.com (27%), and Pinduoduo (27%). Globally, the top e-commerce firms, based on 2022 global merchandise volume, were PRC and PRC-tied firms Alibaba (23%), JD.com (9%), Pinduoduo (8%), and TikTok/Douyin (4%) and U.S. firm Amazon (12%). In the U.S. market, the top e-commerce retailers in 2023 were Amazon (38%) and Wal-Mart (6%); PRC-tied firms Temu and Shein together comprise about 17% of the U.S. discount market (e.g., fast fashion, toys, and consumer goods).

Many large PRC and PRC-tied e-commerce companies are first and foremost data companies. E-commerce retail is part of these firms' broader businesses, and the platforms support other offerings (e.g., gaming, social media, and entertainment). Some PRC and PRC-tied e-commerce firms sell only outside of China. For example, Shein does not sell within China; it contracts firms in China to make and ship clothing directly to global consumers. Some prominent PRC and PRC-tied e-commerce firms have incorporated overseas. In 2023, Temu's parent company, PDD Holdings, which operates China's PinDuoDuo e-commerce platform, changed its legal domicile from the PRC to Ireland. Similarly, Shein's parent company is based in Singapore and tied to a holding company in the British Virgin Islands.

Issues Before Congress

U.S. trade policy has traditionally sought to reduce costs and barriers to global e-commerce trade. Debates are underway about whether the U.S. *de minimis* threshold should be adjusted. Proponents of sustaining the U.S. *de minimis* threshold argue that this policy promotes U.S. trade by reducing e-commerce barriers and costs for U.S. consumers and businesses. Proponents of reforming U.S. *de minimis* policy argue that d*e minimis* trade allows PRC imports to circumvent tariffs the U.S. government has imposed on PRC goods since 2018 under Section 301 of the Trade Act of 1974 (19 U.S.C. §2411) and other authorities. (See CRS In Focus IF12125, *U.S.-China Phase One Trade Deal*.) Reform advocates also assert the growing volume of U.S. imports from China under Section 321 is unfair to U.S. retailers who pay U.S. import duties on imports from China. U.S. *de minimis* policies have allowed PRC-tied e-commerce firms to expand in the U.S. market while PRC policies restrict U.S. counterparts in China, some say. Further, critics contend large volumes of small packages imported from China under Section 321 could be a path for illicit goods or goods produced by forced labor.

Congress is also deliberating about whether, and if so, how to address PRC *de minimis* trade that enters the United States from third markets. Some PRC and PRC-tied e-commerce firms are incorporated overseas with warehousing in third countries such as Mexico. Products might be imported to these markets from China as finished products and then re-exported to the United States under *de minimis* trade. In other cases, firms might import unfinished products from China (e.g., components), assemble the products in a third market, and ship finished goods to U.S. consumers through *de minimis* trade. Such trade, even if it falls above U.S. *de minimis* thresholds, may also benefit from U.S. preferential tariff rates under the U.S.-Mexico-Canada Agreement. Mexico's announced plans to raise its import tariffs on finished textiles to 35% and on textile inputs to 15% could affect this model.

Options for Congress

The 119th Congress may consider issues raised in the 118th Congress regarding U.S. *de minimis* qualification of imports from China, including whether or not to:

- **Exclude China from Section 321 exemptions.** The Import Security and Fairness Act, introduced in the 118th and 117th Congress, would have excluded articles from "nonmarket economies" or imports subject to other U.S. trade actions from Section 321 exemptions.

- **Increase reporting requirements and establish country-specific *de minimis* thresholds.** Some legislation would have broadened *de minimis* reporting requirements and required the Department of Treasury to establish country-specific *de minimis* thresholds that consider a country's *de minimis* thresholds.

- **Exercise oversight over U.S. import procedures:** Asserting that China was a top exporter of fentanyl precursors, counterfeit goods, and items produced with forced labor, some Members sought to prohibit any packages subject to U.S. tariffs imposed under other authorities from *de minimis* exemption. Congress could consider whether to enhance CBP's capacity to inspect *de minimis* shipments and oversee existing programs, such as those established by the Uyghur Forced Labor Prevention Act (P.L. 117-78).

- **Restrict "foreign-adversary" owned e-commerce applications (apps):** Congress may consider whether to exercise provisions in the Protecting Americans from the Foreign Adversary Controlled Applications Act (P.L. 118-50, Division H) which may apply to PRC and PRC-tied e-commerce firms using apps to operate in the U.S. market.

Karen M. Sutter, Specialist in Asian Trade and Finance
Michael D. Sutherland, Analyst in International Trade and Finance

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