

HOW CUTTING CUSTOMS RED TAPE THROUGH NAFTA WILL HELP THE UNITED STATES GROW JOBS, PROMOTE GROWTH, AND INCREASE EXPORTS

WHAT YOU NEED TO KNOW:



- E-commerce is transforming the way US companies trade, making it easier than ever before for businesses of all sizes to market products and reach the 95% of consumers beyond America's borders.
- Increased exports lead to more and better paying jobs, increasing economic growth and reducing the trade deficit.
- Small businesses are some of the biggest beneficiaries of this transformation. In the past, it was impractical for these companies to market their products and make sales in other countries. Now, small businesses can readily set up a website, accept orders from around the globe, and get their products delivered to customers almost anywhere in the world in a matter of days.
- U.S. exporters in particular are well positioned to capitalize on this opportunity, given U.S. innovation leadership in the digital economy.
- The potential of global e-commerce is diminished, however, by the red tape that American exporters face at other countries' borders.
- Simplifying import requirements and expediting customs clearance for e-commerce and low-value manufactured goods is critical in order for the United States to fully benefit from what the digital economy has to offer.

WHAT'S HOLDING U.S. E-COMMERCE EXPORTS BACK:

- Antiquated, burdensome, complex, and costly customs procedures make it difficult for U.S. businesses to compete by slowing delivery times and raising transaction costs.
- Countries around the world have taken steps to address this problem by raising "de minimis" thresholds and providing more streamlined informal clearance procedures for low value shipments.
- Taking these actions often provides net cost-savings for governments, as they pay less in administrative costs. They also significantly benefit consumers, by enabling them to get a wider range of products, faster, and at lower cost.
- Mexico and Canada, though, have not kept up with this practice. Low and outdated de minimis and informal clearance levels are hindering the flow of low-value shipments coming from U.S. exporters to consumers in Mexico and Canada.
- At the same time, Mexican and Canadian exporters benefit from state of the art customs procedures and a de minimis threshold of \$800 in the United States.



HOW NAFTA MODERNIZATION CAN HELP:



- Congress made clear in 2015 that USTR must work with other countries to address customs red tape - including encouraging our trading partners to raise their de minimis levels.
- NAFTA modernization presents an opportunity to carry out this Congressional intent, supporting small business exporters in states and Congressional districts across the country.
- By simplifying, modernizing, and expediting customs procedures, including by raising de minimis levels and improving informal clearance systems, NAFTA modernization will cut red tape for American exporters and reduce the transaction costs their customers incur, thereby increasing U.S. exports, growing jobs in the U.S., and lowering the U.S. trade deficit.

WHAT'S AT STAKE:

- Although small businesses represent 99 percent of employers and create two out of every three jobs, only one percent of them export their goods and services to foreign markets.
- E-commerce, which today represents \$2.2 trillion (approximately 12 percent) of the global goods trade, has the potential to significantly increase the number of U.S. small businesses that export.
- However, we must update customs procedures around the world to enable that growth, and NAFTA modernization opens the door for U.S. policy makers to foster this untapped potential for small business growth.

