

GLOBAL BASELINE *DE MINIMIS* VALUE THRESHOLDS

POLICY STATEMENT

Prepared by the ICC Commission on Customs and Trade Facilitation

Summary and highlights

This Policy Statement provides practical considerations for establishing a global *de minimis* regime. ICC recommends a preferred *de minimis* value of US\$ 1000 and no less than US\$ 200 to be applied to the value of the goods and not to the dutiable amount with clearances not requiring the mandatory use of customs brokers. The *de minimis* value level must be regularly reviewed by governments to take into account inflation and exchange rate fluctuations.

As the world business organization, and a representative body that speaks on behalf of enterprises from all sectors in every part of the world, the International Chamber of Commerce (ICC) has observed the need to set a global *de minimis* value. As defined by ICC in its recently published Customs Guidelines (revised version 2012), *de minimis* is a valuation ceiling for goods, including documents and trade samples, below which no duty or tax is charged and clearance procedures, including data requirements, are minimal. ICC has identified that a significant trade barrier is the processing of low value and low risk shipments at the border. This ICC Policy Statement seeks to provide practical inputs on the key considerations for establishing a *de minimis* regime.

This ICC Policy Statement coincides with a number of international developments seeking to facilitate trade by simplifying border procedures to reduce barriers to trade. Contracting parties to the World Customs Organization Revised Kyoto Convention under the Transitional Standard 4.13 are encouraged to set *de minimis* values below which duties and taxes are not collected. It is noted that setting such *de minimis value[s]* shall not affect the right of Customs to examine, detain, seize, confiscate or refuse entry of goods, or to carry out post-clearance audits, including in connection with the use of risk management systems.

It is important to note that, more often than not, the revenue collected by Customs administration is less than the cost incurred by governments and businesses in processing low value and low risk shipments. This means that the additional revenue that governments receive is offset by the increase in costs. ICC encourages the World Trade Organization, the World Customs Organization, the Organisation for Economic Co-operation and Development and other intergovernmental organisations to work together to harmonize customs duty, value added tax and goods and services taxes exemptions as well as thresholds to the greatest extent possible.

Research shows that increasing *de minimis* levels will have a positive impact on the global economy.¹ This is particularly true in markets such as fast moving consumer goods and e-commerce led by small and medium enterprises. Thus, raising the baseline *de minimis* threshold will generate net economic benefits.

From a trade facilitation perspective, ICC is of the opinion that by increasing *de minimis* levels:

- Security is not compromised since the carriers or forwarders would still provide manifests and key data elements necessary for security screening.
- Licensable/controlled goods are not to be exempt from non-tariff requirements.
- A greater focus on higher value and risk shipments and improved customs efficiencies will be observed.
- Equal benefit will be provided to small, medium and large exporters and importers.
- Timely imports of parts and components of intermediate goods (which make more than half of today's manufactured imports) will be ensured.
- Shipping level exemptions will be brought in line with exemptions for personal travel in several markets.
- Commercial compliance issues such as intellectual property rights will be given more focus.

In conclusion, ICC strongly believes that establishing a global baseline *de minimis* value of at least US\$ 200 will generate economic benefits by refocusing public revenue collection on more efficient revenue sources. It will also boost the global economy and will have a positive impact on job creation.

¹ *De minimis* Thresholds in APEC, IST Global and Canberra University (September 2012); and Logistics Reform for Low Value Shipments, PB 11-7, Peterson Institute for International Economics (June 2011).

Policy recommendations

- ICC recommends a preferred *de minimis* value of US\$ 1000 and a global baseline *de minimis* value of no less than US\$ 200 to be applied to the value of the goods and not to the dutiable amount. *De minimis* clearances should not require the mandatory use of customs brokers. ICC calls upon governments to make the *de minimis* value level subject to regular review and to take into account inflation and exchange rate fluctuations.

The International Chamber of Commerce (ICC)

ICC is the world business organization, a representative body that speaks with authority on behalf of enterprises from all sectors in every part of the world.

The fundamental mission of ICC is to promote open international trade and investment and help business meet the challenges and opportunities of globalization. Its conviction that trade is a powerful force for peace and prosperity dates from the organization's origins early in the 20th century. The small group of far-sighted business leaders who founded ICC called themselves "the merchants of peace".

ICC has three main activities: rule setting, dispute resolution, and policy advocacy. Because its member companies and associations are themselves engaged in international business, ICC has unrivalled authority in making rules that govern the conduct of business across borders. Although these rules are voluntary, they are observed in countless thousands of transactions every day and have become part of the fabric of international trade.

ICC also provides essential services, foremost among them the ICC International Court of Arbitration, the world's leading arbitral institution. Another service is the World Chambers Federation, ICC's worldwide network of chambers of commerce, fostering interaction and exchange of chamber best practice. ICC also offers specialized training and seminars and is an industry-leading publisher of practical and educational reference tools for international business, banking and arbitration.

Business leaders and experts drawn from the ICC membership establish the business stance on broad issues of trade and investment policy as well as on relevant technical subjects. These include anti-corruption, banking, the digital economy, marketing ethics, environment and energy, competition policy and intellectual property, among others.

ICC works closely with the United Nations, the World Trade Organization and intergovernmental forums including the G20.

ICC was founded in 1919. Today its global network comprises over 6 million companies, chambers of commerce and business associations in more than 130 countries. National committees work with ICC members in their countries to address their concerns and convey to their governments the business views formulated by ICC.

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