

# Trump ends de minimis exemptions for China imports

## Article

**The news:** The [de minimis exemption](#) for packages originating from China and Hong Kong will end on May 2, the Trump administration said.

- Parcels that enter via the international postal network and are valued at \$800 or less will face duties of either 30% of their value, or a flat rate of \$25 (which will rise to \$50 after June 1), in

lieu of other fees.

- Packages that enter via other means will be subject to all applicable duties.

**The big picture:** The move, while not unexpected, deals a blow to **Temu**, **Shein**, and the many other merchants that have used the loophole to make their products more enticing to overseas customers. Without de minimis, those businesses are now on more equal footing with their domestic counterparts, although the agile supply chains of the largest Chinese ecommerce players will continue to offer an advantage.

The crackdown will also affect **Amazon**, which uses the exemption to offer ultra-low prices on its Amazon Haul marketplace.

**Evasive maneuvers:** Chinese retailers have been taking steps to mitigate the impact of de minimis, including expanding their local seller networks and investing in US warehouses and fulfillment.

- **Alibaba** is making a concerted effort to woo US sellers to its **AliExpress** marketplace. The company recently held a seller summit in LA, and has grown US merchant participation by 358% QoQ thanks to its concerted outreach efforts, per Modern Retail.
- Temu is testing search ads, which could create a large enough revenue stream to offset the impact of the de minimis changes and tariffs.
- However, moves by China to restrict companies from investing in the US could limit these retailers' ability to build out a local supply chain, although for now existing commitments are unaffected.

**Our take:** Getting rid of de minimis is hardly a death knell for Shein, Temu, and the like—but it's one of many headwinds, including tariffs, that will weigh heavily on their businesses this year. Those challenges will likely cause the companies to hit the brakes on ad spending, which in turn could deliver a serious hit to **Google** and **Meta**.