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Europe joins US in call for end to e-commerce ‘de minimis’ exemption

In 2024, 4.6 billion low-value consignments entered the EU market, mostly from China. Photo credit: CactusPilot / Shutterstock.com.

Greg Knowler, Senior Editor Europe | Feb 12, 2025, 12:39 PM EST

The European Commission (EC) has joined the US in calling for the removal of the so-called de minimis exemption for low-value parcels that is a key driver of the massive increase in air cargo imports from China over the past two years.

The EC wants joint action from member states to address concerns from the surge of unsafe, counterfeit, non-compliant or illicit products entering the European market, with its consumer protection authority launching an unspecified “coordinated action” against Chinese e-commerce giant Shein.

“As e-commerce is booming, we must step up efforts to prevent non-compliant products from entering the EU market and to ensure fair competition for both

European and third-country operators,” Maroš Šefčovič, the EC commissioner for trade and economic security, said in a proposal called “A Comprehensive EU Toolbox for Safe and Sustainable E-commerce” that was issued last week.

“Our customs authorities are the first set of eyes at the border so we must equip them with the appropriate instruments to strengthen our enforcement capacities, in close cooperation with other authorities instrumental to checking goods entering the EU market,” he noted.

Last year, 4.6 billion consignments with a value below the European Union’s de minimis threshold of €150 ($155) entered the EU market duty free, mostly from China and double the number recorded in 2023, EC data shows.

In the US, China accounted for two-thirds of the 1.36 billion de minimis imports last year. De minimis regulations in the US allow one shipment of less than $800 in value to move between a single shipper and single consignee per day duty free.

Removing low-value products from de minimis exemptions will mean all those millions of daily parcels will need to go through customs checks, a process that would immediately overwhelm the system in both the EU and the US. It is for that reason that soon after the Trump administration removed Chinese low-value products from de minimis rules, the exemption was restored.

‘Profound’ impact on capacity

While customs officials in the US and Europe search for ways to process the millions of daily packages, air freight analysts are trying to estimate the impact removing de minimis protection would have on the air cargo industry.

Niall van de Wouw, chief air freight officer at rate benchmarking platform Xeneta, said the impact on air freight capacity between China and the US would be “profound,” but he believes e-commerce demand is strong enough to withstand the clampdown.

“E-commerce volumes out of China grew more than 30% last year following similar growth in 2023, so it’s going to take a sledgehammer to crack that level of consumer demand and I’m not sure blocking de minimis alone is enough,” van de Wouw said in a market update this week.

“Products may be slightly more expensive if de minimis is removed, but they will still be cheaper than buying through retailers in the US,” he added. “But delays in receiving the goods due to operational disruptions could have a bigger impact than price because it takes away the attractiveness for consumers.”

Judah Levine, head of research at Freightos Group, noted in a market update Tuesday that 60% of the air freight volume from China to the US comprised e-commerce shipments flown in dozens of daily freighters.

“Total capacity out of China increased 25% year over year in 2024, so closing de minimis to China is expected to drive a sharp drop in volumes and a spike in available capacity,” Levine said.

That would push down rates not just on the trans-Pacific, but on other trade lanes as significant capacity is released back into the market. But Levine added that with de minimis for China reinstated for now, “rates may not collapse immediately.”

What is changing is the supply chain approach used by the Chinese online marketplaces as regulatory scrutiny grows.

“The pause may serve as a wind-down period for [business-to-consumer] small imports from China during which Chinese e-commerce platforms shift away from their heavy reliance on de minimis and air cargo,” Levine said.

“These platforms have already been increasing their use of ocean freight to build up inventories in Mexico and the US and there are reports that for American shoppers, Temu is already promoting items from sellers with US-based inventory,” he added.

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