



PRESS RELEASE

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ICYMI: Tariffs Won't Stop Fentanyl Smuggling, So What Is the Real Goal with New China, Mexico and Canada Tariffs?

Washington, D.C. — In response to President Trump's Monday statement that he will impose 25% tariffs on Canada and Mexico and raise China tariffs to 20% and the White House's Sunday night reversal of his February 1 Executive Order so as to again allow de minimis import shipments from Mexico and Canada to evade inspection and U.S. tariffs, Lori Wallach, Director of Rethink Trade, said:

"Tariffs are helpful when they stop unfair trade that could hurt U.S. producers and workers but instead this move is somehow supposed to stop fentanyl from Mexico, Canada and China even though obviously tariffs don't affect smuggled stuff.

To stop fentanyl, President Trump must end the de minimis trade loophole facilitating a daily deluge of four million uninspected packages that can hide fentanyl-laced counterfeit pills and precursor chemicals shipped nationwide. Instead, Trump reversed initial steps to end this scam after meeting with the CEO of Fed Ex, which profits from de minimis shipments, and yesterday reinstated access for even more uninspected packages, which also dodge tariffs.

A smart use of tariffs is to bolster U.S manufacturing capacity and workers by stopping unfair imports from countries like China and Vietnam that use Beggar-Thy-Neighbor currency manipulation, mass subsidies and wage suppression to fuel large, chronic global trade surpluses.

While raising tariffs on China makes sense, Trump's failure to close the de minimis loophole means many imports from China will entirely evade his new China tariffs as well as those he imposed in 2018.

Trump's obsession with Canada, with who we have balanced trade, is bizarre and damaging. And, to address our large and growing bilateral trade deficit with Mexico and continuing job

offshoring, the president should speed up the mandatory six-year review and renegotiate the NAFTA 2.0 deal he enacted in 2020 that has not delivered the benefits he promised.”

Background:

[After meeting in the White House with the CEO of FedEx](#), an [express shipper opposed to tighter Customs rules on China](#) trade, on February 6 President Trump suspended the provision of his February 1 China tariff executive order closing the de minimis loophole. Late Sunday night March 2, the White House amended the February 1 EOs covering Canada and Mexico to also reverse the end of the de minimis loophole. The reopening of the de minimis loophole for imports from China, Mexico and Canada to enter the United States duty-free and inspection-free from earlier this month is an open door for fentanyl smugglers.

De minimis is the trade loophole that Shein, Temu, Amazon, and other e-commerce giants [exploit](#) to evade tariffs, taxes, normal customs requirements and inspection when they ship directly from China to US consumers. The [total number](#) of de minimis shipments was more than one billion in 2024, up from 139 million in 2015. Groups representing law-enforcement and families who lost loved ones to fentanyl have [asked Trump](#) to end de minimis with respect to all countries and to require Formal Entry for low-value commercial imports, so that such goods are once again imported through containerized shipping with full Customs forms and the professional oversight of a Customs Broker, so goods are properly documented and inspected. The Trump administration has [ample authority](#) to do so right now.

Learn more about Rethink Trade [here](#).

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The American Economic Liberties Project works to ensure America’s system of commerce is structured to advance, rather than undermine, economic liberty, fair commerce, and a secure, inclusive democracy. Economic Liberties believes true economic liberty means entrepreneurs and businesses large and small succeed on the merits of their ideas and hard work; commerce empowers consumers, workers, farmers, and engineers instead of subjecting them to discrimination and abuse from financiers and monopolists; foreign trade arrangements support domestic security and democracy; and wealth is broadly distributed to support equitable political power.