Visa Business and Economic Insights

# Global Economic Insight

## De minimis: Not a trifle anymore for global e-commerce

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**Richard Lung**
Principal Global Economist

**Dulguun Batbold**
Senior Global Economist

### Key Points:

- A rapid increase in low-value, online cross-border imports globally is driving changes in trade policy
- Consumers facing higher costs cut back on purchasing low-value goods produced abroad
- Trade policy shifts prompt businesses to adjust their logistics and marketing strategies

Many Americans shopping online in recent weeks have been confronted by an unfamiliar choice at checkout: When the cost of shipping exceeds the value of the goods in their cart, is it worth proceeding? For markets around the world, low-value international (aka "de minimis") shipping has become a focal point of trade policy. The European Union and the United States, among others, have taken another look at these policies after a recent surge in low-value imports, with the U.S. most recently removing de minimis exemptions on shipments from China.[1] Beyond their trade impact, these policy shifts are altering how goods are sourced and distributed, setting in motion changes that could reshape the future of e-commerce as sellers and consumers adjust to higher barriers and costs to online cross-border purchases, according to **Visa Business and Economic Insights (VBEI) analysis.**

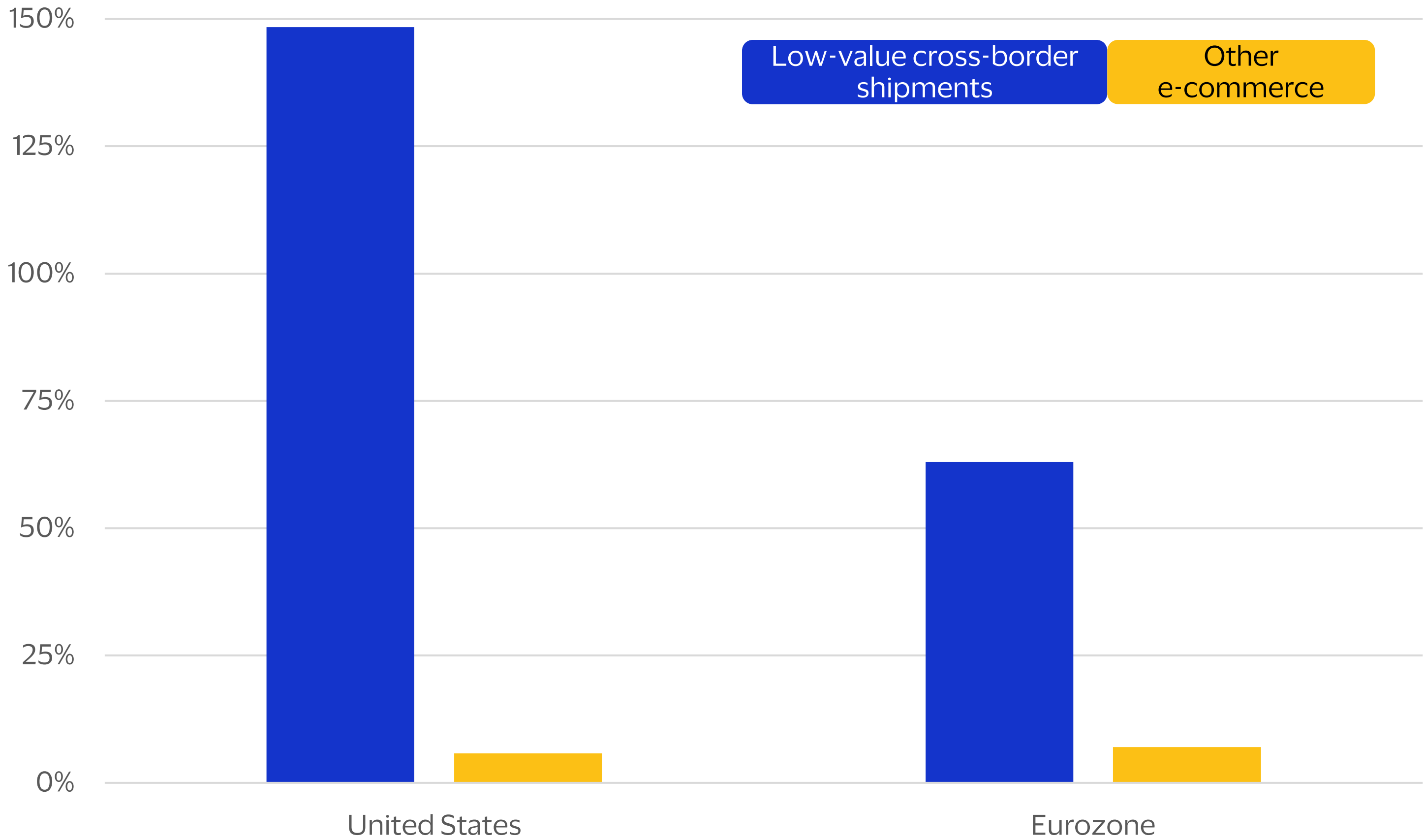
Although low-value international parcels amounted to only a small fraction of total online sales in each market by year-end 2024, **analysis of VisaNet data reveals that these shipments have emerged as the fastest-growing segment of e-commerce globally.** Several players are leading a shift in the global e-commerce landscape, in which social media, low distribution costs and shorter delivery times have combined to unleash a new force in e-commerce, offering extremely competitive prices and fast shipping to customers around the world.[2] Prior to the de minimis trade policy shifts, these sites sold and imported items of sufficiently low value to be exempt from standard customs processing and duties, helping them maintain lower prices while minimizing the paperwork and delays typically associated with imported goods.

With the removal of the de minimis threshold, many companies may need to rethink their logistics and marketing strategies as consumer demand and preferences evolve. More price-sensitive consumers may hold back on purchases, for example, while others will look at ways to minimize shipping and administrative costs, such as consolidating orders to reduce shipments, comparative price shopping, or choosing local sourcing. The trade policy shift raises questions about whether the low-value model of e-commerce will survive, now that its cost advantage has been removed.

# De minimis shipments lead e-commerce growth

Prior to May 2025, all international shipments valued at $800 or less were considered de minimis under U.S. law and were therefore exempt from customs duties; in the Eurozone, the threshold is €150. Cross-border purchases below these amounts vastly outpaced similarly valued sales through other channels, according to VBEI analysis of aggregated VisaNet sales of the top 50 online sellers in each market (Fig. 1). **The study also showed that from 2021 to 2024, U.S. cross-border purchases below the threshold grew 25 times faster than similar sales via other channels on a compound annual basis.**

**Fig. 1: Low-value cross-border purchases have been in a league of their own**
(Compound annual growth in transactions 2021-2024)




Source: Visa Business and Economic Insights analysis of VisaNet data of the top 50 online sellers in each market at or below $800 (U.S. sales) and €150 (Eurozone sales).

## Benefits of de minimis treatment

Governments have long excluded low-value imports—whether brought in by returning travelers or shipped across borders—from regular custom processing and duties. The potential duties from these imports were not seen as worth the risk of clogging the border and impeding the efficient flow of international trade. Packages processed under the U.S. de minimis exemption have two advantages over other similar imports: they enter duty-free and through informal entry—a much simpler, less cumbersome set of procedures than formal entry.[3] With the U.S. processing on average nearly 4 million parcels daily under the de minimis exemption in 2024 and EU countries reporting 12 million similar packages arriving per day in 2024, what was previously minor has become material to cross-border trade.[4]

# Governments take a closer look at de minimis exemptions

**Now that the de minimis exemption in the U.S. has been lifted, what's next? Other countries' experiences offer insights. Singapore and the Philippines have already instituted changes to their customs treatment of low-value imports.**

Singapore's express goal was to level the playing field between domestic and online/foreign sellers by extending its existing 8 percent goods and services tax (GST) to low-value imports.[5] It also held the seller of low-value goods responsible for registering and collecting the tax. Singapore's application of the GST was telegraphed well in advance, as it was first included in Singapore's 2021 budget.

The Philippines, in contrast, changed its de minimis policies as part of a broader effort to modernize its customs administration. It introduced a new per-shipment charge to cover the increased cost of processing imports, with the consumer responsible for paying the fees. The changes were announced in February 2024 but were not fully implemented until June 2024. Although the new regulation allowed the processing fee to vary depending on the value of the goods being imported, most major freight companies applied a set processing fee for all shipments below the PHP 10,000 limit, which was generally set close to the PHP 500 fee attached to the highest segment (PHP 7,000-10,000).[6]

**Fig. 2: Singaporean low-value imports continue to grow faster after GST is applied**

(Online purchases in SGD across top 50 merchants, year-on-year percent change)

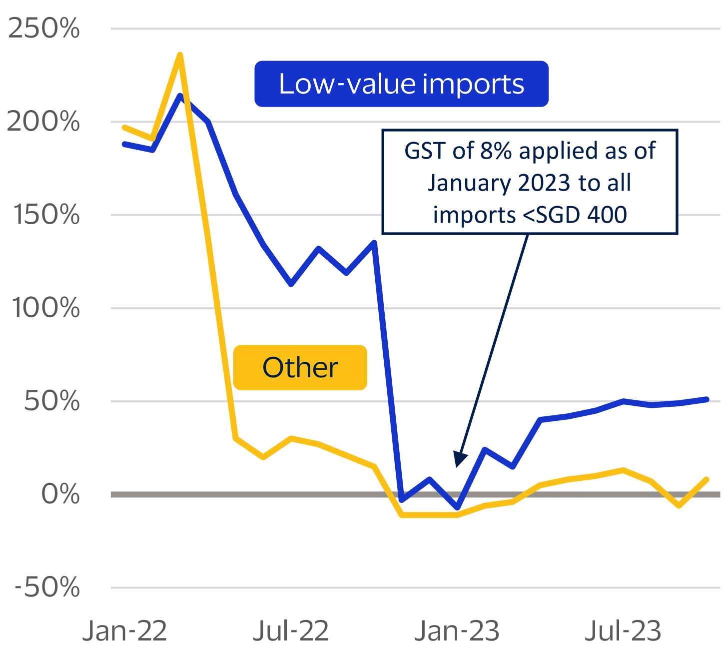
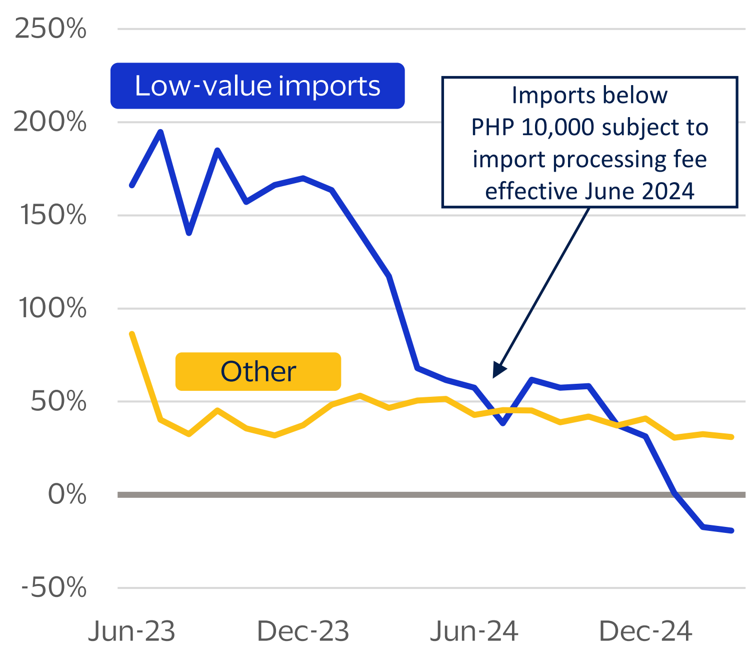



**Fig. 3: Philippine low-value imports are shrinking in response to new customs processing fees**

(Online purchases in PHP across top 50 merchants, year-on-year percent change)




Source: Visa Business and Economic Insights analysis of VisaNet data

A comparison of sales trends before and after these changes showed that the reforms significantly slowed the growth of low-value imports relative to other e-commerce sales. (Fig. 2, 3). **Low-value imports in both markets significantly outpaced other sales prior to the policy changes; after they took effect, the gap narrowed in Singapore and turned negative in the Philippines, indicating that the changes dampened consumer demand for low-value imports.**

The Philippines saw a greater impact in part due to the higher rates applied to lower-value purchases: the fee to import something valued at PHP 1,000 (US $18) could be between 40-50 percent of its value. Additionally, the administrative burden and costs fell more on and were more visible to consumers in the Philippines.

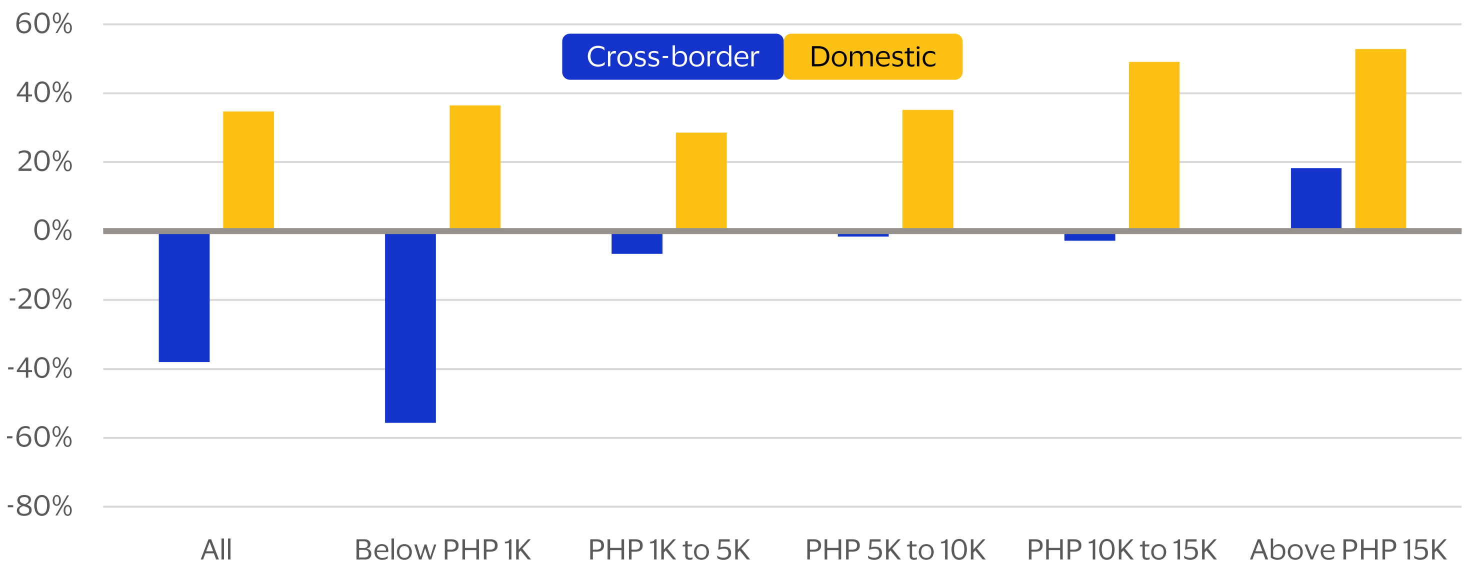
# Consumers and sellers adjust to higher costs and inconveniences following de minimis reforms

**While the impacts on the aggregate level were different in the Philippines than Singapore, the data also confirms a fundamental truth about tariffs and similar trade policy shifts: the consumer pays the cost of these changes. Some consumers are able to bear the increased cost and inconveniences that these policies bring, while others are not.**

This was more evident in the Philippines, where cost-sensitive consumers opted to stop purchasing items rather than pay higher shipping fees. Most of the loss in de minimis purchases occurred among the lowest value imports, which fell 56 percent year-on-year in the first quarter of 2025, two quarters after the initial policy shift, with no offsetting increase in domestic purchases at a similar price point (Fig. 4). An 18 percent rise in transactions over PHP 10,000 did not offset this drop because e-commerce transactions skew towards the lower-end in terms of cost per transaction in most markets. On net, the total volume of cross-border transactions fell by 38 percent. A similar shift occurred in Singapore as well, where the lowest-value import transactions grew much slower than other imports.

**Fig. 4: Consumers shifted to larger ticket purchases in the Philippines**

(Year-on-year change in the volume of cross-border vs. domestic online purchases at the top 50 merchants, segmented by transaction size)




Source: Visa Business and Economic Insights analysis of VisaNet data

Although the increase in large purchases did not offset the fall in the volume of purchases, it did help cushion the fall in revenues, with the aggregate cross-border transaction value up 3 percent year-on-year.  This rise in the larger average value transactions could be driven by buyers who have bundled several orders into one larger order to reduce customs processing costs.

Offering online shoppers timely deliveries at low cost and with innovative marketing cutting distribution margins allowed new companies to emerge and thrive in e-commerce markets around the world. Loss of the de minimis exemptions coupled with high tariffs could seem like unsurmountable barriers to the continued growth of these companies. Then again, as we have seen in both the Philippines and Singapore, companies that have adapted to these challenges—including by moving offshore logistics around the sale to onshore—have continued to grow. By focusing on maintaining their core value proposition to online buyers, they have managed to expand into new areas and segments and continued to build and grow their franchises.

# Footnotes

1. Exec. Order No. 14259, 90 Fed. Reg. 15509 (April 8, 2025), Exec. Order No. 14526, 90 FR 14899 (April 2, 2025), Exec. Order No. 14200, 90 FR 9277 (February 5, 2025), Exec. Order No. 14195, 90 FR 9121 (February 1, 2025).

2. Karen Sutter and Michael Sutherland, "China's E-Commerce Exports and U.S. De Minimis Policies," Congressional Research Service, IFI 12891, February 3, 2025. European Commission, "A comprehensive EU toolbox for safe and sustainable e-commerce," Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions COM (202) 37 final, 5 February 2025.

3. Christopher Casey, "Imports and the Section 321 (De Minimis) Exemption: Origins, Evolution, and Use," Congressional Research Service, Report no. 48380, January 31, 2025.

4. U.S. Customs and Border Protection recorded 1.36 billion packages shipped under Section 321 BOL in FY 2024, which works out to 3.8 million packages per day, De Minimis Statistics, April 25, 2025. European Commission, "A comprehensive EU toolbox for save and sustainable e-commerce," Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions COM (202) 37 final, 5 February 2025.

5. Inland Revenue Authority of Singapore, "5 questions you may have when shopping online," accessed April 26, 2025.

6. Bureau of Customs, Department of Finance, Republic of the Philippines, Customs Dues, Fees and Charges, Customs Administrative Order 02-2024

# Accessibility notes

Fig. 1: Bar chart comparing the compound annual growth rates of low-value cross-border shipments and other e-commerce transactions in the United States and Eurozone from 2021 to 2024. Growth rate for low-value cross-border shipments is significantly higher than for other e-commerce transactions. The United States has a relatively higher growth rate of about 150% for low-value cross-border shipments compared to the 63% growth in Eurozone.

Fig. 2: Line chart illustrating the year-on-year percent change in online purchases in Singapore across top 50 merchants, segmented by low-value imports and other e-commerce transactions from January 2022 to October 2023. After the 8% sales tax to low-value imports was applied in January 2023, the growth in low-value imports slowed from 135% to near zero initially and gradually recovered to about 50% by end of 2023 - but remaining faster than growth in other e-commerce transactions.

Fig. 3: Line chart showing the year-on-year percent change in online purchases in the Philippines across top 50 merchants, segmented by low-value imports and other e-commerce transactions from June 2023 to March 2025. Low-value imports shrink in response to the new customs processing fees starting in June 2024, with growth dropping from about 50% before the change to below zero in early 2025, while other e-commerce transactions continued to show steady 30%+ growth during the same period.

Fig. 4: Bar chart comparing the year-on-year change in the volume of cross-border versus domestic online purchases in the Philippines, segmented by transaction size. Cross-border purchases show a significant decline in lower-ticket size transactions (over 50% decline in transactions below 1.000 PHP), while larger-valued transactions show varied growth. Domestic purchases by contrast show consistently positive and steady growth across all transaction sizes.

# Forward Looking Statements

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### Visa Business and Economic Insights Staff


| | |
|---|---|
| **Wayne Best, Chief Economist** | wbest@visa.com |
| **Bruce Cundiff, Vice President, Consumer Insights** | bcundiff@visa.com |
| **Simon Baptist, Principal Asia Pacific Economist** | sbaptist@visa.com |
| **Mohamed Bardastani, Principal CEMEA Economist** | mbardast@visa.com |
| **Michael Brown, Principal U.S. Economist** | michael.brown@visa.com |
| **Adolfo Laurenti, Principal European Economist** | laurenta@visa.com |
| **Richard Lung, Principal Global Economist** | rlung@visa.com |
| **Dulguun Batbold, Senior Global Economist** | dbatbold@visa.com |
| **Weiwen Ng, Senior Global Economist** | weiweng@visa.com |
| **Joel Virgen Rojano, Senior LAC Economist** | jvirgenr@visa.com |
| **Jennifer Doettling, Director, Content and Editorial** | jdoettli@visa.com |
| **Michael Nevski, Director, Consumer Insights** | mnevski@visa.com |
| **Travis Clark, U.S. Economist** | wiclark@visa.com |
| **Hannah Heeran, European Economist** | heeranh@visa.com |
| **Sean Windle, U.S. Economist** | swindle@visa.com |
| **Jen Petosky, Analyst, Content and Editorial** | jepetosk@visa.com |
| **Michelle Yi, U.S. Economic Analyst** | michyi@visa.com |
| **Juliana Tang, Project Coordinator** | jultang@visa.com |


**For more information, please visit us at Visa.com/Economicinsights or VisaEconomicInsights@visa.com.**