

United States Senate Committee on Finance

Testimony on

“The United States-Mexico-Canada Agreement”

Presented by:

Paula Barnett
Owner, Designer, Maker
Paula Elaine Barnett Jewelry

July 30, 2019

Good morning. My name is Paula Barnett, and I am a jeweler living in Brownsville, Oregon with my nine year old daughter, Carla. Thank you Chairman Grassely, Ranking Member Wyden, and Members of the Committee for inviting me to speak with you today about my creative business.

I am a self taught fine jeweler. I spent six years studying art and architecture history, and while I loved it dearly, the career options were extremely limited. After failing to find a job in my field, I conducted obsessive market research and decided to become a jeweler. I've always been a maker, and once I had decided on this path, I dove head first into teaching myself how to make jewelry with simple tools and equipment. I launched my business in 2013 on Etsy, an online marketplace for handmade and vintage goods, and craft supplies. Within a couple of months, I had already earned enough to cover my initial investment in tools and supplies—a rare feat for a new entrepreneur.

Today I am a full-time goldsmith. I make custom engagement and wedding bands using recycled fine metals and ethically sourced stones. I've come a long way from making brass rings shaped like mountains to setting diamonds in solid gold. My work is 100 percent made by me, with my own hands, in my home studio in Oregon.

I am also a single mother, and my business allows me to be there for my daughter, Carla. I am home when she gets off the schoolbus, sick days are a non issue, and my flexible schedule allows me to raise my child as I see fit. I am very blessed in this regard. Carla also benefits from watching me exert myself creatively and succeed in business. As an artistic child herself, her experience with my business will help her flourish in her own capacity when she grows older.

I'm proud of my success, but my story is not unique. Globally, Etsy hosts over 2.2 million creative entrepreneurs like me, and fully 87% of those sellers are women. Nearly all of them are businesses of one working out of their homes. We are microbusinesses, yet we have a significant impact on our communities and the broader economy. In 2018 alone, US Etsy sellers

contributed \$5.37 billion to the US economy, and created over 1.52 million jobs.¹ Our impact is especially big in rural communities like mine. For example, 27% of Etsy sellers live in rural communities, compared to just 17% of business owners nationwide.² Individually, we may be small, but together we are supporting our families and revitalizing communities across the nation.

Perhaps it's surprising to find a business as small as mine testifying before Congress about a multilateral trade agreement, but I'm an exporter in my own right. About twenty percent of my sales are international. Like many Etsy sellers, I made my goods available to international buyers from the moment I opened my online shop. Today, 52% of all Etsy sellers export their goods. Unfortunately, the US is the only one of Etsy's core markets where the majority of Etsy sellers do not ship their goods to other countries. For example, 90% of Canadian Etsy sellers ship internationally.

Trade agreements like the USMCA have huge potential to help US micro-exporters like me grow our international businesses. In particular, de minimis customs thresholds, digital trade provisions, and educational resources targeted to small businesses could all help me increase my exports.

First, my business depends on my packages being delivered quickly and with minimal hassle to my overseas customers. Creative entrepreneurs rely on each and every customer, international and domestic, to make their living. Unfortunately, many of my customers must pay extra taxes and fees on the pieces I export, often unexpectedly. I have had many packages get stuck in customs, and to the dismay of my customers, they must travel in person to pay the required fees before collecting their item. In some cases, the cost can nearly double the price of the item. This is a hindrance to sharing my work with the world. A few customers have even refused packages due to extra taxes and duties. In those cases, I find myself having to refund the item including the shipping costs, or risk incurring a negative review, which can make or break an e-commerce business like mine.

De minimis customs exemptions are the single greatest tool policymakers can use to help small and microbusinesses export their goods. They enable my packages to move quickly across the border, which is especially important as consumers expect faster shipping times. With plenty of customers in Canada and Mexico, I am encouraged to see that the USMCA would increase de minimis thresholds for both of these trading partners.

The US de minimis threshold is also important to my business. In addition to exporting my goods, I also import many of my supplies. For example, I import my opals from a supplier in Mexico. Some of these stones are of a high value, but do not reach the \$800 US de minimis threshold that Congress established in 2015. I also occasionally process returns, and am relieved that I do not need to pay additional fees on these shipments. Given the importance of de minimis customs thresholds to my business, I'm hopeful that Congress will ensure the final agreement establishes certainty, not uncertainty, around this important issue.

Second, digital trade provisions allow me to use the internet and online platforms like Etsy to

¹ Etsy. Economic Impact Dashboard. etsy.com/impactdashboard

² Etsy. [Celebrating Creative Entrepreneurship Around the Globe](#). 2019.

reach buyers around the world. Thank you, Senator Wyden, for your early and ongoing leadership in this area. I can't overemphasize how important the internet is to my business and my family. My entire business is online. Without the internet, I and countless others like me would be without work. A job is one thing, but doing something you are passionate about is something else entirely. And that is what my jewelry business is to me.

I'm thankful that I can focus on growing my creative business, and don't need to think about the digital infrastructure that underpins global e-commerce, whether it be data processing and transfer, electronic payments across multiple currencies, or the intermediary liability protections that enable Etsy to operate an open, uncurated marketplace. Regarding intellectual property protection, I have used Etsy's notice and takedown system three times in the last six years to protect my own work, and would be thankful if such systems and a balanced approach to copyright protection were the norm worldwide.

I am honored to share my story with all of you today. My plans for the future include growing my wholesale accounts, expanding the complexity and craftsmanship of my work, opening a retail studio space where I can meet with clients, and continuing to make jewelry alongside my daughter, who is my biggest fan. As an internet-based entrepreneur, I'm hopeful the US can set the standard for sensible e-commerce policy through agreements like the USMCA, and that these provisions can and ultimately will be enforced, to ensure the internet continues to act as a launching pad for millions of microbusiness exporters like me.

Thank you so much for your time, and the opportunity to speak before you today.