I regret that you have provided me only 5 minutes to describe how the administration’s decisions are destroying a vibrant American industry and thousands of American jobs.

We urge the administration to immediately remove items related to travel from the proposed Tranche 4 list – plastic water and spray bottles, clothes, shoes, luggage locks, and travel clocks.

The imposition of punitive tariffs on these items will damage the U.S. travel goods industry, and our 100,000 American workers.

How do we know that? Because the administration has already imposed 25% punitive tariffs on the core of our industry – all travel goods (as described under HTS Heading 4202) – luggage, handbags, totes, backpacks, briefcases, wallets, smart phone cases – and we are hurting.

This 25% tariff is on top of the incredibly high 17.6% to 20% tariffs we already pay on U.S. imports of travel goods.

And, as we all have learned by now, China doesn’t pay the tariffs, we do – in the form of a huge new hidden tax on our member companies and, in turn, their customers, hardworking American families.

This is all the more true for a small industry where over 99% of all travel goods sold in the United States are imported, of which 82% come from China.

So, what has the tax increase been on the U.S. travel goods industry to date?

The first punitive tariffs, of 10%, were imposed on September 24, 2018. According to the most recent data available from the U.S. government, in just 7 months, the U.S. travel goods industry has had to pay a whopping $288 million in new taxes. And that was before the administration increased the punitive tariff to 25% on May 10.
That is a lot of money for an industry that is only a $30 billion industry annually at retail.

I have given you all the reasons before on why this tax increase should be withdrawn in the three previous times I have testified and in numerous written comments.

Instead, with my limited time, I want to provide you a very small subset of the actual examples of how these new taxes have hurt our industry, in the industry’s own words.

1) **A small travel goods brand**
We are, were, a small 5-person travel goods brand. As you know, the 10% tariff on top of our already high duty rate has been a real burden.

I had to lay off my marketing manager and warehouse worker in October. I’ve had to reduce my marketing budget. My customer service person is now doing most of the pick and pack.

The luggage company that I was going to merge with to expand and grow went out of business the end of December because he could not absorb the 10% tariff much less the 25%. His customer told him that they could not accept a price increase and were reducing their luggage category.

My budgeted profits are way down and my bank is limiting my line of credit.

I’m moving as fast as I can to switch factories out of China but the productivity is quite low and now I’m unable to keep up with the demand from my largest customer.

I prefer that this to remain anonymous because I don’t want my customers to think we’re a sinking ship.

2) **Small travel bag company**
If we stay in China and attempt to absorb the Tariff increase, then we would face a 68% drop in sales, lose some programs, and eventually close the “Bag” division and cut our staff of 120 to 70 employees.

Moving is not easy either. There are many products we can’t move. Even when we can move, this is a 2 year process of compliance; training; sampling; production...etc..
No matter what we do, we going to lose sales, and layoff workers, while setting up for the future.

3) **AND FINALLY, A Small Travel Goods Retailer**
The one word that marks the past months is “Uncertainty.” Retail is always a world of change and a challenge of adapting to an ever-changing environment. But the Tariffs have definitely made those challenges much bigger for all of us.

I get emails on an almost daily basis reminding us of price increases that are taking effect on most of the goods in my store. Over 85% of the products in my store are currently impacted by the tariffs and almost all of those goods have seen price increases. Some of our manufacturers were able to absorb some of the tariffs at the 10% level, but no one can absorb the 25% increase. So almost all product is now seeing price increases (and some for the second or third time).

Since last October, our sales have been down from the previous year every single month. While I acknowledge that tariffs cannot be blamed for all of the sales decrease, they have certainly been a large part of the decline.

While the price increases have not had as large an impact on our lower priced luggage, we have found that they have had a large impact on our higher priced luggage. The consumer is not willing to take the price increase on a higher price bag as willingly as they are on a lower price bag. And as a specialty store, we are very dependent on the sales of our higher end goods to “pay the bills.”

We are doing our best to cut expenses as much as possible. We did not hire additional help during the holidays like we normally do. For the current year, we hope to keep all of our current staff and are trying to make our employees the last ones to be impacted by our cost cuts.

It’s disappointing that the message seems to be lost that it is the consumer who is ultimately paying the Tariff, not China. I continue to be supportive of the overall goal to hold China accountable for their trade practices. I am just having a very hard time seeing that Tariffs are the best way to achieve that goal.

And now that many other products will be added to the Tariff List, it seems that the American consumer ultimately pays a very high price for this continuing Trade War.
I wish I had a say in our supply chain but as a small retailer, I do not. Unfortunately almost all Travel Goods are made in China and it will be very difficult for our manufacturers to move production elsewhere. I would love to buy more American Made luggage but it does not currently exist and it is my understanding that it would take years to move any kind of production here.

As the third generation owner of my family’s retail store, I know that there are constant challenges facing independent retailers like myself across our great country. I just feel the need to remind our administration that these trade decisions impact real businesses and real families across our country. Tariffs truly do hurt.

**In conclusion**, we support the Administration’s efforts to improve the protection of intellectual property rights in China. However, this huge new hidden tax increase on travel goods, if it remains in place, will not achieve this goal. Instead, as these examples demonstrate, it will be catastrophic to an industry that directly employs 100,000 American workers.

And the proposed imposition of up to 25% tariffs on all the remaining items our industry makes and sells – plastic water and spray bottles, clothes, shoes, luggage locks, and travel clocks – would also not further that goal, but would only put the remaining nails in the coffin for our industry.

Thank you for your time and consideration in this matter. I would be happy to take any questions.

**Items of concern in Tranche 4**
- Plastic water and spray bottles (HTS 3924.90.56)
- Clothes (HTS Chapters 61 & 62)
- Shoes (HTS 64)
- Luggage locks (HTS 8301.40.30)
- Travel clocks (under HTS 9105.11 and HTS 9105.91)