June 17, 2019

The Honorable Robert Lighthizer
U.S. Trade Representative
Office of the U.S. Trade Representative
Executive Office of the President
600 17th Street, NW
Washington, DC 20006


Dear Mr. Ambassador:


TGA is the international organization for the travel goods industry. Members include manufacturers, distributors, retailers, promoters, sales representatives, and suppliers of luggage and travel products, casual bags, briefcases and computer bags, and business and travel accessories for travelers.

Travel goods, as described in HTS Heading 4202 are defined as luggage, handbags, totes, backpacks, briefcases, wallets, smart phone cases, and related fashion accessories.

Our members also sell many other items related to travel. As such, we strongly oppose the inclusion of items on Tranche 4 related to travel, including plastic water and spray bottles (HTS 3924.90.56), clothes (HTS Chapters 61 & 62), shoes (HTS 64), luggage locks (HTS 8301.40.30), and travel clocks (under HTS 9105.11 and HTS 9105.91), and urge them to be withdrawn from any final list.

The imposition of punitive tariffs on these items will hurt our industry.

How do we know that? Because the administration has already imposed 25% punitive tariffs on the core of our industry – all travel goods. This 25% punitive tariff is on top of the incredibly high 17.6% to 20% tariffs we already pay on U.S. imports of travel goods.

And it is our industry, not China, that is feeling the pain.

President Trump says he wants to tax China to stop them from stealing U.S. technology and intellectual property. But, 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.

So, what was the tax increase on the U.S. travel goods industry?

The first punitive tariffs, of 10%, were imposed on September 24, 2018. According to the most recent data available from the U.S. government, through April 30, the U.S. travel goods industry has had to pay an additional $288 million in taxes, in just 7 months. 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 at retail.

U.S. travel goods firms didn’t just eat these new taxes. That is impossible for an industry that is, except for a handful of major players, comprised of virtually all small and medium sized companies.

We have had to pass on these costs in the form of higher prices to our customers – hardworking American families – a price that every family has to pay as everyone owns a travel good. Or we have had to delay hiring, or layoff workers, in the face of squeezed margins and lower sales.

Why has this hurt our industry so much? 82% of all travel goods sold in the United States today are imported from China.

And there is no way to easily or quickly move the production of travel goods to other sourcing countries, especially more complicated and technical travel goods. There just isn’t the capacity, or the capability, in the rest of the world to pick up the slack.

Further, virtually no travel goods are manufactured in the United States. This has been true for decades.

In fact, President Trump declared this to be the case in June 2017 when he granted duty-free access for U.S. imports of travel goods from developing countries under the U.S. Generalized System of Preferences program. GSP preferences can only be granted if there is no domestic production of a like or directly competitive product.

And, speaking of GSP, what’s worse is that even the few alternative sources our industry has are under assault. On June 5, President Trump withdrew GSP benefits for India, the third largest supplier of travel goods to the U.S. market. A few weeks earlier, President Trump withdrew GSP benefits for Turkey. And the administration continues to review GSP eligibility for Indonesia and Thailand, two other major alternative suppliers for travel goods.

So, our members, with the increase of the punitive tariffs to 25% on May 10, are now faced with a situation where they have nowhere to go, nowhere to hide, and no way to absorb this 25% tax without raising prices, laying off workers, or going out of business.

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, it will devastate 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 (HTS Chapters 61 & 62), shoes (HTS 64), luggage locks (HTS 8301.40.30), and travel clocks (under HTS 9105.11 and HTS 9105.91) – would also not further that goal, but would only put the nails in the coffin for our industry.

Thank you for your time and consideration in this matter. Please contact me at nate@travel-goods.org or 202.853.9351 if you have any questions or would like additional information.

Sincerely,

Nate Herman
Director of Government Relations
Travel Goods Association (TGA)