



Travel Goods Association  
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November 12, 2020

The Honorable Robert E. Lighthizer  
United States Trade Representative  
600 17th Street, N.W.  
Washington, D.C. 20508

Docket Number: USTR-2020-0037

Dear Ambassador Lighthizer:

On behalf of the U.S. travel goods industry, small, mostly family-owned businesses that make, market, and sell travel goods – luggage, totes, backpacks, handbags, and other products for people who travel – I am writing to oppose the implementation of tariffs on U.S. imports from Vietnam that might result from the *Initiation of Section 301 Investigation: Vietnam's Acts, Policies, and Practices Related to Currency Valuation*. While TGA agrees that our trading partners must abide by global trade rules, the threat of new punitive duties on U.S. imports from Vietnam will cause further supply chain disruption during the COVID-19 pandemic.

#### **Vietnam Top Supplier**

Vietnam is the second largest supplier of travel goods to the U.S. market, and has experienced dramatic growth since 2016. In fact, U.S. imports of travel goods from Vietnam are 17.7% in the first nine months of 2020, despite overall U.S. travel goods imports being down by almost one quarter (23.2%) over the same period. As a result, U.S. travel goods imports from Vietnam now account for 19.0% of all U.S. travel goods imports up from a mere 4.9% of total U.S. travel goods imports in 2016. Note that 99% of travel goods sold in the United States today are imported.

Vietnam has become even more important as U.S. companies have implemented diversification strategies away from China. In fact, thanks in part to our relationship with Vietnam, the share of U.S. travel imports from China fell from 84.7% in 2016 to 57.9% today, with U.S. travel goods imports from China falling by over one-third (37.1%) in the the first nine months of this year alone. Imposing new punitive tariffs on imports from Vietnam would cause extreme disruption, directly threatening those investments and increasing prices for hard-working American families at the register or imposing costs on supply chains that directly support 100,000 U.S. jobs.

#### **Current High Tariffs**

The United States already imposes a high tariff burden on U.S. imports of travel goods. Although the average trade weighted tariff rate imposed on all products was approximately 2.8 percent in 2019 (which is itself a problematic increase from a 1.9 percent rate in 2018 and a 1.4% rate in 2017), the average trade weighted tariff rate in 2019 on travel goods was 16.6%, which is in itself an huge increase over previous years, translating into billions of dollars in taxes on the U.S. travel goods industry and our 100,000 American workers. Again, we face this huge burden even though 99% of all travel goods sold in the United States today are imported.

### **Trade War Concerns**

The imposition of punitive tariffs by the U.S. Government, which has resulted in retaliatory tariffs by some of our major trading partners, is an on-going concern for our members. So far, the Administration has collected more than \$79 billion in punitive tariffs citing authorities granted it under Section 201 of the Trade Act of 1974, Section 232 of the Trade Expansion Act of 1962, and Section 301 of the Trade Act of 1974. Many of these tariffs have been imposed on imports of travel goods from China, where all U.S. travel goods imports face a 25% punitive tariff. TGA member companies have cited concerns, primarily due to price increases and uncertainties, because of all these tariff actions. While we understand the Administration is trying to remedy harmful foreign trade practices through these actions, their primary effect so far has been to inject more costs and unpredictability into our members' supply chains.

### **COVID-19 Disruption**

Our industry has faced the perfect storm as the pandemic has also brought travel to a standstill. This is not the time to impose new costs on U.S. supply chains, particularly on American job creators who are still recovering from the impacts of the COVID-19 pandemic.

Finally, tariffs are taxes on American consumers and American workers including the nearly 100,000 American workers employed by our industry. It is time for the administration to take a different approach to trade policy, one that does not punish American consumers, American workers, and the American communities they support. Therefore, we again strongly oppose the imposition of any tariffs on U.S. imports from Vietnam.

Thank you for this opportunity to comment on this very important issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Nate Herman", with a long horizontal flourish extending to the right.

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