



Travel Goods Association
259 Nassau St. #119 | Princeton, NJ 08542
PH 877-842-1938 | FAX 877-842-1938 | travel-goods.org

December 10, 2020

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

RE: Request to Testify at December 29, 2020 Hearing: Investigation of Vietnam's Acts, Policies, and Practices Related to Currency Valuation, Docket # 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 request to testify at the December 29, 2020 hearing on the *Initiation of Section 301 Investigation: Vietnam's Acts, Policies, and Practices Related to Currency Valuation*.

Summary of Testimony

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 grew 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 goods 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 first nine months of this year alone. Imposing new punitive tariffs on U.S. 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, at a time when they can least afford it.

This has happened even though Vietnam has higher price points than other suppliers in the region and does not benefit from an undervalued currency. It is for these reasons that TGA's testimony will focus on the fact that U.S. commerce for our industry is not burdened or restricted by the alleged undervaluation of Vietnam's currency.

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

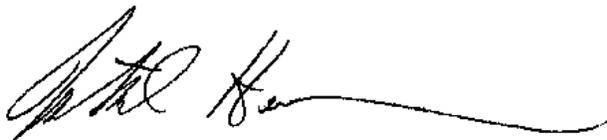
Our industry has faced the perfect storm as the pandemic has also brought travel to a standstill. This is not the time to impose new costs on U.S. supply chains, particularly on American job creators who are still recovering from the impacts of the COVID-19 pandemic.

Conclusion

Therefore, we do not believe that the determinations required under section 304 of the Trade Act should include the imposition of new punitive duties on U.S. imports from Vietnam, which will tax American consumers and American workers, including the nearly 100,000 American workers employed by our industry, at a time when we can least afford it. If USTR determines that Vietnam has undervalued its currency, we urge USTR to work with the Department of Treasury and other agencies to take a different approach by means of bilateral negotiations with Vietnam to resolve the issue.

Thank you for this opportunity to testify 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)