



Travel Goods Association
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January 5, 2021

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

RE: Rebuttal Comments: 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 hereby submit rebuttal comments on the *Initiation of Section 301 Investigation: Vietnam's Acts, Policies, and Practices Related to Currency Valuation*.

Vietnam is Critical to the U.S. Travel Goods Industry

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 13.1% in the first ten months of 2020, despite overall U.S. travel goods imports being down by almost one quarter (23.3%) over the same period. As a result, U.S. travel goods imports from Vietnam now account for 19.1% 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 tried to move 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 (36.2%) in the first ten months of this year alone.

Currency is NOT the Reason

This has happened even though Vietnam has higher price points than other suppliers in the region and even while travel goods have not benefitted in any way from an allegedly undervalued currency. For example, the average import price of handbags from Vietnam actually increased substantially in 2020. Further, the average import price for handbags from Vietnam is more than double the price from China, and is significantly higher than most other major suppliers.

Similarly, the average import price for backpacks from Vietnam is almost four times that of China, and significantly higher than most other suppliers.

As such, U.S. commerce for our industry does NOT benefit in any way from the alleged undervaluation of Vietnam's currency. BUT the punitive tariffs that could result from this investigation could be devastating for our industry.

Trade War Concerns – Tariffs Have Only Hurt American Companies & American Workers

Why? The imposition of punitive tariffs by the U.S. Government under various trade measures over the last few years has caused great concern for our members. Since 2017, the Trump Administration has collected more than \$80 billion in punitive tariffs. Many of these tariffs have been imposed on U.S. imports of travel goods from China, where all U.S. travel goods imports face a 25% punitive tariff, amounting to millions of dollars in new taxes on our industry.

While we understand the Administration is trying to fix harmful foreign trade practices through these actions, their primary effect so far has been to hurt our industry, increasing prices for hard-working American families at the register and imposing significant costs on our supply chains, which directly support 100,000 American jobs.

COVID-19 Disruption

Further, over the last year, our industry, the travel goods industry, has faced the perfect storm as the pandemic has not only tanked sales but has also brought travel, our industry's key driver of demand, to a standstill.

Conclusion

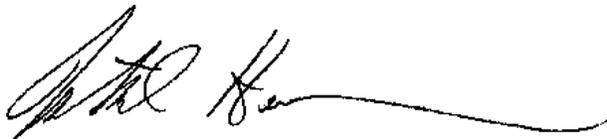
The bottom line is that new punitive tariffs imposed on U.S. travel goods imports from Vietnam would hurt the U.S. travel goods industry, and our 100,000 American workers, at a time when we can least afford it.

Further, we don't believe there is significant currency undervaluation. Certainly, our industry has not benefitted from it.

If USTR determines that Vietnam is undervaluing its currency, we urge the U.S. government to use the existing framework under the U.S.-Vietnam Trade and Investment Framework Agreement or other mechanisms to take a different approach to resolve the issue. Press reports have noted that those discussions already started on December 23. We urge those discussions be used to resolve the situation, not new tariffs.

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)