



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

June 24, 2021

The Honorable Joseph R. Biden
President of the United States
The White House
Washington, DC 20500

SUBJECT: U.S. Government Must Take Immediate Action to Address Shipping Crisis

Dear Mr. President:

On behalf of the U.S. travel goods industry, small, mostly family-owned businesses and our 100,000 American workers, that make, market, and sell travel goods – luggage, totes, backpacks, handbags, and other products for people who travel – I am writing to urge you to take immediate action to address the shipping crisis. Without immediate and aggressive steps, this growing catastrophe will derail our industry, and America’s fragile economic recovery.

We urge your administration to approach this emergency with the same urgency you have brought to ending the pandemic. Your committed leadership, combined with a whole-of-government approach, would bring focus to this mounting disaster and end the destructive cycle of lengthening delays and spiraling costs. Specifically, we urge you to immediately bring all stakeholders to the table to develop and implement both short-term and long-term solutions. And complement those efforts with aggressive enforcement of all existing rules and regulations. Finally, I urge you to take steps to offset the soaring costs being imposed on the hundreds of small, family-owned businesses that comprise our industry by immediately removing the biggest single cost on our industry – tariffs, including ending the 25% punitive tariffs on our products from China and renewing the Generalized System of Preferences (GSP) program.

The past 18 months have been particularly difficult for our industry. We rely almost exclusively on travel for our business, and on stores to sell our product. But during the pandemic, there was no demand for our product (because there was no travel) and no way to sell our product (because of the economic shutdown). The bottom line during the pandemic was that no one was traveling, or going to work, or going to school, so no one was buying a suitcase, or a tote, or a laptop bag, or a backpack.

To add insult to injury, Congress allowed the GSP program to expire at the beginning of this year. As noted, the U.S. government imposed 25% punitive tariffs on U.S. travel imports from China in 2017. As a result, many U.S. travel goods companies spent the last three years shifting sourcing to countries that receive duty-free access under the U.S. GSP program. When Congress allowed GSP to expire at the beginning of this year, U.S. travel good imports from GSP countries were hit with 17-20% tariffs overnight. The weight of these new tariffs, these new taxes, only exacerbated the impact of the pandemic on our industry.

However, thanks in part to your leadership, the high vaccination rates and the subsequent reopening of the U.S. economy in the last few months are looking to usher in a summer of travel, resulting in a positive change in sales for our industry for the first time in well over a year.

But the shipping crisis that has brought our nation’s ports to a standstill threatens our industry’s recovery. Every month, the shipping crisis has only gotten worse, creating significant delays that threaten to leave store shelves

empty at a time when the American public is finally starting to travel again, and imposing significant new costs on our industry at a time when we can least afford it. Without action, the crisis will not abate until 2022, or beyond, calling into serious question whether we can deliver the product American families want, when and where they want it, during our peak selling seasons – summer, back-to-school, Labor Day, and the all-important holiday shopping season.

How did we get here? The factors are many: our members' inability to obtain empty containers; labor shortages at ports caused by surges in COVID cases; carriers charging our members 4-5 times contract rates and then still "rolling" our containers off ships; lack of available chassis to move containers; restrictions on truckers on when they can access containers at ports; limits on truckers' ability to bring in empty containers and take out full containers (so called "dual transactions"); lack of capacity at ports to handle ever larger ships; lack of air cargo capacity; unreasonable and arbitrary fees on our members at all points in the shipping process; and more.

Today, ocean carriers are announcing record profits and ports are announcing record shipments while our members are paying record prices and being charged excessive and unreasonable fees. Even if our members – small, family-owned businesses already severely weakened by the pandemic – can afford these high prices, they still face immense uncertainty. They don't know if they can even get their product on a ship in the first place. Even when they do, they can face delays of days or weeks to receive their cargo. But this problem is much bigger than just our industry, negatively impacting every facet of the U.S. economy. We need you to bring the same urgency to ending the shipping crisis that you brought to ending the pandemic.

While key investments in infrastructure could help resolve some of these issues in the long term, we need help now. First, we urge you to bring all stakeholders together immediately – carriers, port authorities, terminal operators, truckers, shippers, rail operators, etc. – to force them to sit down at the table and hash out solutions to bring this mess to an end. Second, we urge your administration to aggressively enforce existing rules and regulations by enforcing carrier contracts and stopping unreasonable and arbitrary fees. Finally, we urge you to help our members, small, family-owned business, deal with these spiraling costs by removing the biggest cost on our industry – tariffs, including ending the 25% punitive tariffs on our products from China and renewing the Generalized System of Preferences (GSP) program.

We applaud your administration's success in leading the United States out of this pandemic and into an economic recovery. But that economic progress could be in jeopardy if you don't take action now to end the shipping crisis.

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

Sincerely,



Michele Marini Pittenger
President