

DRAFT

October XX, 2021

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

SUBJECT: We Need You to Take Action Now to End the Shipping Crisis & Provide Immediate Relief

Dear Mr. President:

We, the undersigned companies that comprise 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 – urge you to take real and effective actions now to end the shipping crisis and provide immediate relief. Without immediate and aggressive steps, the shipping crisis will destroy our industry and cripple the American economy.

In the months since the Travel Goods Association (TGA), our industry association, [sent you a letter on June 24](#) urging you to take quick and aggressive action to address the shipping crisis, and provide our industry immediate relief, the situation has severely deteriorated into an existential crisis, especially for our industry of small, family-owned businesses.

That is why we are now taking the extraordinary step of appealing to you directly. We, small, family-owned companies, need the White House to take immediate action – aggressive enforcement, leadership to bring the full gamut stakeholders to the table, provide immediate relief, and more.

Unless immediate steps are taken, this holiday season will be marked by empty shelves, inflation, and lost jobs. Already, **inflation in August reached an annual rate of 5.3%**, hurting hardworking American families, American businesses, and American workers across the board. This inflationary trend will only accelerate unless you take immediate action to reign in the shipping crisis.

Please consider the following:

- Shipping container rates continue to explode and are achieving record highs week after week. We are facing as high as 8-10 times what we paid this time last year and are now witnessing rates that exceed the value of product being shipped within the container.
- Shipping contracts are routinely ignored with many containers being removed from ships and left behind at origin despite payment of exorbitant container fees. We have little recourse due to the concentration of market power among carriers.
- Containers that are successfully shipped face significant and growing delays in getting into many U.S. ports. For example, for weeks, there have been 60 ships at anchor, with most waiting over a week to get into the Ports of Los Angeles and Long Beach alone. And now, there are dozens of ships waiting at anchor off ports on the U.S. East Coast.
- After each of those seemingly impossible and costly challenges, we face the final hurdle of significant (and spiraling out of control) delays to get our containers out of ports or rail yards. These delays are only worsened by the severe shortage of truck chassis caused by the U.S. government's 221.37% anti-dumping/countervailing duties placed on U.S. imports of truck chassis, which are in addition to the 25% punitive tariffs already imposed on truck chassis under the China Section 301 case.

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 goods 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 goods imports from GSP countries were suddenly 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 to your leadership, the high vaccination rates and the subsequent reopening of the U.S. economy ushered in a summer of travel, the re-opening of schools, and a return to work.

For us, those in our industry that survived a pandemic that brought our industry to its knees, we finally saw the subsequent surge in demand for our product. But the shipping crisis meant we were not able to meet that demand, with constant and growing delays, empty store shelves, and surging prices.

But we are not alone. This shipping crisis impacts virtually every industry that comprises the American economy – from retailers to manufacturers and farmers. Importers and exporters both feel these pains as they are mutually dependent on fully functioning ports and logistics networks to move their goods. Delays in receiving key inputs are leaving American factories idle and lack of access to shipping containers are leaving American produce rotting. This crisis comes at a time when the country's economic recovery remains fragile from the sustained impacts of COVID-19. As with our industry, many businesses remain dangerously close to failure after the trauma of 2020. This shipping crisis is doing serious, long-term damage to the U.S. economy and American businesses.

We recognize your efforts to date to address the crisis, the creation of the Supply Chain Disruption Task Force, your Executive Order urging the Federal Maritime Commission (FMC) to “vigorously enforce the prohibition of unjust and unreasonable practices”, and your bi-partisan infrastructure package. They are all steps in the right direction.

Yet the Supply Chain Disruption Task Force has not met, much less taken any real action, the FMC, while launching inquiries, has taken no enforcement, and the bi-partisan infrastructure package, while making long-term investments to ensure our economic future, does nothing to address today's crisis.

The bottom line is that, despite your actions, the shipping crisis continues to deteriorate, and the dire situation for our industry's small family-owned businesses, and the entire American economy, has only gotten worse.

That is why we need your leadership now to end this crisis and provide immediate relief.

We need you to bring all stakeholders to the table immediately, and keep them there, to develop and implement short-term solutions to the shipping crisis. Only when all stakeholders are forced to work together and lay everything on the table can we find a way out of the current crisis. Several creative ideas are already on the table. For example, a letter sent last month by our colleagues in the agricultural community makes many helpful suggestions, such as increasing port hours (in coordination with truckers and longshoremen) or achieving better interagency coordination. Other proposals would incentivize the use of the National Guard and/or utilize Naval ports to help unload cargo and unlock port congestion.

Aggressive enforcement of existing rules and regulations is essential. The FMC has conducted numerous inquiries on excessive and unjust fees and on unreasonable policies and practices. Those inquiries must now turn into enforcement actions to bring the scourge of excessive fees and unreasonable carrier practices to an end. We further urge you to support efforts to equip FMC – with resources and authorities – and to supplement those efforts with additional tools from the Department of Justice. We urge your administration to support the industry-endorsed bi-partisan *Ocean Shipping Reform Act of 2021 (OSRA 21)* (H.R. 4996), which would take us a long way towards that goal.

Beyond these actions, we need immediate relief. We need your Administration to provide immediate relief by offsetting out of control freight cost increases by removing ridiculous and damaging temporary tariff costs, such as the U.S. government’s punitive 25% Section 301 tariffs on U.S. travel goods imports from China the hundreds of small, family-owned businesses that comprise our industry still must pay. We also need you to push for quick action by Congress to retroactively renew the Generalized System of Preferences (GSP) program, which is critical for our industry.

We need you to take action to end the shipping crisis, and provide immediate relief, now. Our industry, America’s small, family-owned businesses, and our economy, cannot afford for you to wait any longer.

Thank you for your time and consideration in this matter. Please contact Nate Herman at the Travel Goods Association (TGA) at nate@travel-goods.org if you have any questions or would like additional information.

Sincerely,

- 1) 24-7 International LLC
- 2) Airline International Luggage, Inc.
- 3) Betty and Bradley LLC
- 4) California Luggage
- 5) Dream Duffel, LLC
- 6) Elios, Inc.
- 7) Frystak Associates
- 8) Hacienda Luggage, Inc.
- 9) HAPPY FOREST INT’L INC.
- 10) HYDAWAY
- 11) Irv’s Luggage
- 12) LONGLAT, INC.
- 13) Luggage Shop of Lubbock
- 14) McKlein Company, L.L.C
- 15) Mobile Edge
- 16) MyCruiserEzPack.com
- 17) Olivet International, Inc.
- 18) Olympia International, Inc.
- 19) Pearson’s Luggage and Travel
- 20) RestAngles, LLC
- 21) Travel Sentry
- 22) Traveling Bags
- 23) United States Luggage LLC (Solo/Briggs & Riley)
- 24) Yay Novelty