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Travel goods industry presses Biden for tariff relief amid shipping crisis

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As the travel goods industry reels from vanishing demand due to the pandemic and an unprecedented shipping crisis, a leading industry group is urging the Biden administration to provide relief by removing tariffs on goods from China and pressing Congress to renew the Generalized System of Preferences.

In a Jan. 18 letter to President Biden "[o]n behalf of the U.S. travel goods industry," Travel Goods Association President Michele Marini Pittenger urged him "to take more action now to end, and provide immediate relief from, the ongoing shipping crisis that is not only devastating our industry, but damaging the entire American economy." TGA bills itself as "the international organization for the travel goods industry." Its members include "manufacturers, distributors, retailers, promoters, sales representatives and suppliers of luggage and travel products, casual bags, briefcases and computer bags, and business and travel accessories for travelers."

A surge in consumer spending on imported goods during the pandemic has caused unprecedented backlogs at U.S. ports and led to higher costs and delays for importers and exporters.

According to Pittenger, that crisis "remains dire and is actually getting worse." On Jan. 18, she noted, 170 ships were waiting off shore to enter the ports of Los Angeles and Long Beach.

In addition, Pittenger wrote, a dropoff in demand for travel goods starting at the beginning of the pandemic brought the industry "to its knees, literally almost putting our entire industry out of business." Travel recently dropped off again, she noted, as the omicron variant took hold.

Accordingly, TGA is calling for the administration to provide "immediate relief" to the industry by removing tariffs, including those on roughly $370 billion of Chinese goods imposed by the Trump administration under Section 301 of the Trade Act of 1974. The duties have driven tariffs on most travel goods to over 40 percent, according to Pittenger.

The group also is urging Biden to press lawmakers "to quickly and retroactively" renew GSP. The expiration of the program in January 2021 "has imposed countless billions of dollars of additional unnecessary costs on our industry and the U.S. economy," Pittinger wrote.

The U.S. Innovation and Competitiveness Act, a China-focused package of legislation passed by the Senate last year, contains a trade bill that would reauthorize GSP, with updated eligibility criteria, as well as a new Miscellaneous Tariff Bill. The House has not yet taken up USICA, though a conference between the House and the Senate is planned. House Democrats have floated other GSP proposals as well.

Pittinger suggested the administration also consider "temporarily defer[ring] normal tariff payments." Such a move, she said, combined with removing the Section 301 tariffs, renewing GSP and passing a new MTB, would "provide a cash infusion to American businesses to enable them to keep workers, hire new workers, and reign in rising prices."

In addition, Pittinger called on the administration to bring "all parties to the table" to address the shipping crisis. She criticized the response thus far, calling out the ports in particular for imposing or threatening to impose new fees on containers lingering at the docks -- actions she said were decided "with only some of the players in the room."

"While the ports have not yet imposed the fees, many terminals, including 5 of 6 terminals at the Port of Long Beach, and many other terminals throughout the country, are imposing, or intend to impose "temporary storage charges" on carriers," Pittinger wrote. "Carriers pass these charges directly on to our members, the shippers. Other terminals/carriers have started charging fees for missed appointments, even though those same terminals/carriers have not provided any way to access import containers or have restricted returns of empty containers."

The Ports of Los Angeles and Long Beach in October announced new late fees on import containers but have repeatedly delayed assessing those fees after seeing progress clearing containers from the terminals. The ports plan to "revisit" the fees on Jan. 21. The Port of Los Angeles announced late last year it also plans to charge new fees on lingering empty containers, beginning on Jan. 30.

The White House has defended the California ports' new fees, saying in a blog post on Jan. 5 that they led to an "almost 50 percent reduction in the number of long-dwelling import containers on the docks pre-Christmas."

According to Port of Los Angeles Executive Director Gene Seroka, as of Wednesday those "aging containers have been depleted by 61 percent." Seroka offered the data point in response to a question from Rep. Lou Correa (D-CA) during a Wednesday hearing on "Assessing the State of America's Seaports" held by the House Homeland Security border security, facilitation and operations subcommittee. The hearing focused on U.S. Customs and Border Protection staffing, cybersecurity and other challenges facing U.S. ports.

Pittinger in her letter also noted that West Coast port labor contract is set to expire on July 1 and urged the White House to ensure contract negotiations are concluded "well before" that date.

“Even in the best of times, port labor contract negotiations have led to employer lockouts, worker strikes, and worker slowdowns, all of which have wreaked havoc on shipping and supply chains,” she wrote.

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