

**BEFORE THE OFFICE OF THE
UNITED STATES TRADE REPRESENTATIVE
GSP SUBCOMMITTEE**

2015 GSP ANNUAL REVIEW PETITION

**REQUESTED ACTION:
PETITION TO DESIGNATE CERTAIN TRAVEL GOODS AS ELIGIBLE
UNDER THE GENERALIZED SYSTEM OF PREFERENCES**

Suitcases	4202.11.00, 4202.12.2020 and 4202.12.8070
Travel and Sports Bags	4202.91.0030, 4202.92.3031 and 4202.92.3091
Handbags	4202.22.15 and 4202.22.45
Backpacks	4202.92.3020
Other Bags and Cases	4202.92.9026 and 4202.92.9060

BY

TUMI HOLDINGS, INC.

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October 16, 2015

I. INTRODUCTION

This petition is submitted pursuant to 15 C.F.R. Part 2007 and the *Federal Register* notice issued by the Office of the United States Trade Representative (“USTR”) on August 19, 2015 announcing the initiation of the 2015 Annual GSP Review and inviting comments regarding product petitions.¹ We note that this submission is timely filed in accordance with USTR’s deadline of October 16, 2015.

Pursuant to 15 C.F.R. Part 2007.7, the Freedom of Information Act, 5 U.S.C. § 552(b), and USTR’s *Federal Register* notice, we hereby request that business confidential treatment be accorded to the business confidential information contained in the petition. The information marked as business confidential information is identified by the placement of brackets ([]) around such data and has been deleted from this version of the petition.

The information for which proprietary treatment is requested includes Tumi Holdings Inc. and its supplier’s production, sourcing and sales information. This information is not publicly available and would not customarily be released to the public. Further the release of this information would cause competitive harm to Tumi Holdings Inc.

a. Name of Petitioner

The Petitioner is Tumi Holdings, Inc. (“Tumi”). Tumi is a leading international business, accessory and travel lifestyle brand and a large importer of travel goods in the United States. The company imports many of its products from GSP eligible countries and has plans to expand production from GSP eligible countries should its request be granted, and as such it has a significant economic interest in this proceeding.

Tumi is headquartered in South Plainfield, NJ. The company employs approximately 1,000 people worldwide with 750 people in the U.S. and 250 around the world. Tumi products are available in over 1,800 global locations from New York to Paris to London and Tokyo, as well as the world’s top department and specialty stores in more than 75 countries and 152 Tumi owned stores.

b. Description of the Product and Tariff Treatment

This petition covers several types of products generally referred to as “travel goods”. These products are finished goods that are sold to consumers directly through retail stores, e-commerce, wholesale and specialty markets. Within this category of goods, the petitioner is interested in those products generally described as “suitcases”; “bags”; “handbags”; “backpacks”; and “other bags and cases”. The specific products and tariff lines of interest for Tumi within this grouping of travel goods are the following:

¹ Generalized System of Preferences (GSP): Notice of Initiation of the 2015 Annual GSP Product and Country Practices Review; Deadlines for Filing Petitions, 80 Fed. Reg. 50376 (USTR August 19, 2015) (initiation of 2015 annual review).

PRODUCT	HTS CODE	DESCRIPTION	DUTY RATE
SUITCASES	4202.11.00	TRUNKS, SUITCASES, VANITY & ALL OTHER CASES, OCCUPATIONAL LUGGAGE & LIKE CONTAINERS, SURFACE OF LEATHER, COMPOSITION OR PATENT LEATHER	8%
	4202.12.2020	TRUNKS, SUITCASES, VANITY CASES AND SIMILAR CONTAINERS WITH OUTER SURFACE OF PLASTICS STRUCTURED, RIGID ON ALL SIDES	20%
	4202.12.8070	TRUNKS,SUITCASES,VANITY CASES & SIMILAR CONTAINERS,ETC,WITH OUTER SURFACE OF TEXTILE MATERIALS,OF MAN-MADE FIBERS	17.6%
BAGS	4202.91.0030	TRAVEL,SPORTS AND SIMILAR BAGS,OUTER SURFACE OF LEATHER,COMPOSITION LEATHER,OR PATENT LEATHER	4.5%
	4202.92.3031	TRAVEL,SPORTS AND SIMILAR BAGS,EXCEPT BACKPACKS,OF MAN-MADE FIBER	17.6%
	4202.92.3091	TRAVEL,SPORTS & SIMILAR BAGS,OUTER SURFACE OF TEXTILE MATERIALS,NESOI	17.6%
HANDBAGS	4202.22.15	HANDBAGS, WITH OR WITHOUT SHOULDER STRAPS OR WITHOUT HANDLE, WITH OUTER SURFACE OF SHEETING OF PLASTICS	16%
	4202.22.45	HANDBAGS WITH OR WITHOUT SHOULDER STRAP OR WITHOUT HANDLE, WITH OUTER SURFACE OF COTTON, NOT OF PILE OR TUFTED CONSTRUCTION OR BRAID	6.3%
BACKPACKS	4202.92.3020	BACKPACKS, OF MAN-MADE FIBER	17.6%
OTHER BAGS AND CASES	4202.92.9026	OTHER BAGS, OUTER SURFACE OF MAN-MADE FIBERS	17.6%
	4202.92.9060	OTHER BAGS AND CASES WITH OUTER SURFACE OF SHEETING OF PLASTIC, NESOI	17.6%

c. Action Requested

Tumi requests GSP eligibility for the products referred to above in general terms as “travel goods”. These products were historically excluded from GSP eligibility as they were deemed to be “import-sensitive” products. However, on June 25, 2015, the U.S. Congress approved H.R. 1295, The Trade Preferences Extension Act of 2015, which became Public Law 114-27. Section 204 of this law removed the GSP ineligibility for a diverse number and types of travel goods. The travel goods products described in this petition are included in the list of eligible travel goods detailed in P.L. 114-27.

Tumi does not directly manufacture travel goods but the company is a large designer and buyer of travel goods. Tumi’s travel goods manufacturing is outsourced primarily to producers in [***]. The ability for developing countries to export and penetrate developed countries’ markets such as the U.S. greatly depends on the interest of buyers in the developed countries. The buyers are, in many instances, the owner, designer and copyright holders of the brands that consumers in developed countries trust and have grown accustomed. Therefore, while Tumi, as a buyer, cannot respond to every factor found in the regulatory requirements for product petition information, we submit that this

petition demonstrates that Tumi made a good faith effort to obtain the required information. Further, this petition contributes significant information and policy reasons in support of the determination to add travel goods to the GSP.

In addition, Tumi recognizes that this petition encompasses multiple tariff lines and products. We determined that a singular petition describing all the travel goods products of interest to the petitioner was appropriate because producers in developing countries of one type of travel good are in general capable of producing the other types of travel goods. In other words, factories that can produce handbags are also capable of producing suitcases, backpacks and the other types of travel goods referenced in this petition. Therefore, the economic growth potential and benefits of the petition increase when the referenced travel goods are considered together rather than as individual categories. Finally, presenting individual petitions for each tariff line would result in unnecessarily repetitive information for each petition and increase the burden on the Administration to read and consider each petition individually.

Tumi also acknowledges that the request to modify GSP eligibility for some travel goods products in this petition is done at the ten-digit level rather than at the usual eight-digit level. However, this fact should not preclude the Administration from considering the request. Congress itself determined, as evidenced in H.R. 1295, that eligibility for some travel goods could be considered at the ten-digit level. Acceptance of the petition for products at the ten-digit level will eventually lead to necessary nomenclature changes in the HTSUS; however the Administration already has the authority to make such changes as it deems necessary.

For the products described at the ten-digit level, granting of GSP eligibility may be possible by creating a new specific eight-digit category in the HTSUS matching the product description and assigning the special duty rate of "A". In such case, all other specifications at the eight-digit level currently covering the product at the ten-digit level will remain the same, except for the new conditions as GSP eligible. Or, alternatively, a new designation of "A**" could be added to the "Special" column of the HTSUS with modifications to HTSUS General Note 3 indicating the list of products GSP eligible if a corresponding "A**" is in the "Special" column. We understand that USTR may receive similar requests for these and other like products during the course of this investigation, so we welcome the opportunity to discuss with the Administration other potential HTSUS classification, division and description options that may achieve the same results.

d. History of Past Actions

Efforts to reduce duties on travel goods have been undertaken at various times in recent years. The Administration itself, at the request of Congress, has previously considered the state of the travel goods industry in the U.S. and determined that there is

“relatively little production of travel goods² with an outer surface of textile materials, or of the fabrics from which they are produced, in the United States.”³

It is also important to note that in approving H.R. 1295 Congress did not limit travel goods imports under GSP only for Least-Developed Beneficiary Countries (LDBDC). In fact, Section 202 of the same law approved a modification of the GSP for certain cotton products and specifically detailed that these changes were only possible for LDBDCs. When it came to travel goods, Congress allowed for the GSP exemption to cover all GSP eligible countries.

Finally, we call to your attention the degree of specificity by which Congress described the types of travel goods products that could receive GSP treatment. This detailed level of description, combined with the actions just described, demonstrate that Congress has given the issue of tariffs for travel goods detailed attention in the past and that the law is intended to be interpreted by the Administration as liberally as possible with regards to the specific types of approved products.

II. PRODUCT INFORMATION

a. Anticipated Benefits of Request, If Granted

The tariff rates on travel goods covered in this petition range from 4.5% to 20%. These tariffs are among the highest remaining tariffs in the HTSUS. Reduction of these tariffs will result in increased competitiveness and profitability for GSP suppliers and incentivize buyers such as Tumi to place orders from GSP eligible countries, as these products will be more competitively priced than sourcing from major non-GSP suppliers such as China. These tariff eliminations may also result in lower priced goods for U.S. consumers. Further, the diversification of sourcing into GSP beneficiary countries will expand options for companies such as Tumi and provide meaningful employment in the United States, as well as in developing nations.

b. Principal Beneficiary Country Suppliers Expected to Benefit from Proposed Modification

U.S. imports of travel goods as described in this petition are mainly imported from non-GSP, non-FTA countries. Principal beneficiaries will include Thailand, the Philippines, India, Cambodia and Indonesia, among other GSP beneficiary countries. For the petitioner, the principal country that would benefit from increased orders will be Thailand, as increased orders will be expected.

The following is a breakdown of the potential beneficiaries under each sub-category of travel goods.

² For the purposes of this study, travel goods with an outer surface of textile materials are defined as trunks, suitcases, and similar containers; briefcases, computer cases, and attaché cases; and travel and sports bags; all fabricated with an outer surface of any textile material of any fiber type. Also included in the definition are both wheeled and non-wheeled backpacks of manmade fiber textile materials. The definition excludes all handbags and articles normally carried in a handbag or wallet, as well as insulated food and beverage bags, musical instrument cases, and occupationally specific bags.

³ United States International Trade Commission, “Certain Textile Articles: Travel Goods of Textile Materials”, Investigation 332-480, October 2007, page iii.

i. Suitcases

China is by far the largest supplier of suitcases to the U.S. As detailed in **Table 1**, U.S. imports of travel suitcases from China totaled \$651 million in 2014, while imports from second ranked Thailand totaled only \$34.9 million.

Table 1 – U.S. Imports of Suitcases in US\$

Country	2010	2011	2012	2013	2014
China	452,941,610	507,955,958	551,569,102	595,383,503	651,090,240
Thailand*	18,334,208	21,916,914	25,204,300	28,833,438	34,912,684
Canada	21,671,185	25,500,847	26,141,440	25,692,107	27,134,900
Vietnam	13,185,153	14,838,272	15,645,125	14,121,239	21,046,364
Italy	11,756,014	13,581,033	18,336,645	18,324,590	19,969,436
France	7,892,063	14,594,310	16,622,482	17,057,994	14,491,068
Mexico	1,851,192	2,800,118	4,318,805	6,360,478	9,084,701
India*	5,135,655	5,754,348	6,420,481	6,342,912	6,992,874
Hungary	1,277,494	3,297,862	2,002,397	4,240,626	3,867,332
Spain	994,044	1,328,716	2,380,365	3,793,546	3,453,477
Germany	3,104,110	2,498,132	2,633,981	3,008,228	3,022,007
Czech Republic	432,842	2,137,835	2,490,074	6,478,062	2,543,379
Hong Kong	1,510,680	2,271,531	2,204,504	3,428,669	2,527,899
Taiwan	870,226	1,641,687	2,982,407	3,343,159	2,301,093
Colombia	1,664,929	1,647,875	1,548,092	2,005,346	1,850,637
Subtotal :	542,621,405	621,765,438	680,500,200	738,413,897	804,288,091
All Other:	4,197,165	5,265,788	5,221,348	4,586,234	7,085,221
Total	546,818,570	627,031,226	685,721,548	743,000,131	811,373,312

* = GSP Eligible country

As displayed in **Figure 1**, China represented 80% of all U.S. imports in 2014, while GSP imports represented only 6% of all U.S. imports and other non-GSP countries represented the remaining 14%. This proportion has remained virtually unchanged over the last five years, as seen in **Figure 2**.

Figure 1 - 2014 % Share of U.S. Imports

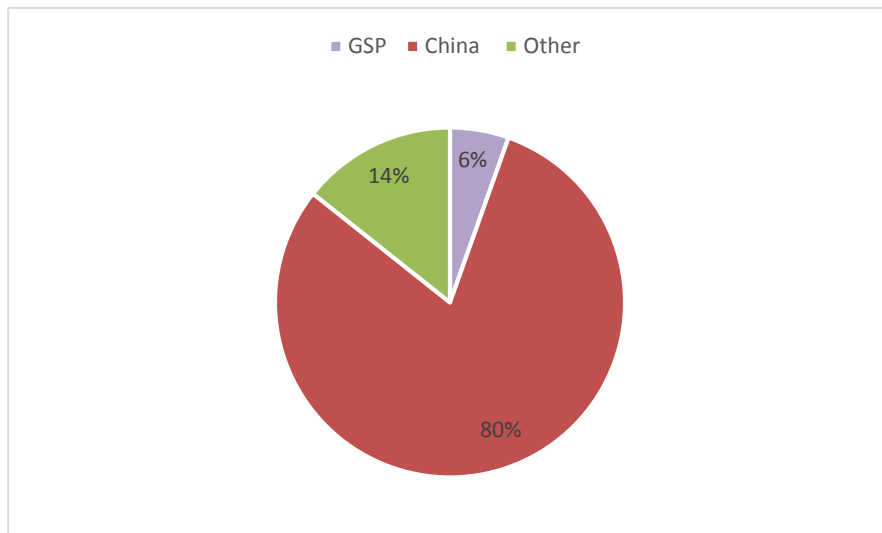


Figure 2 – China, GSP and Others % Share of U.S. Imports (2010-2014) in US\$

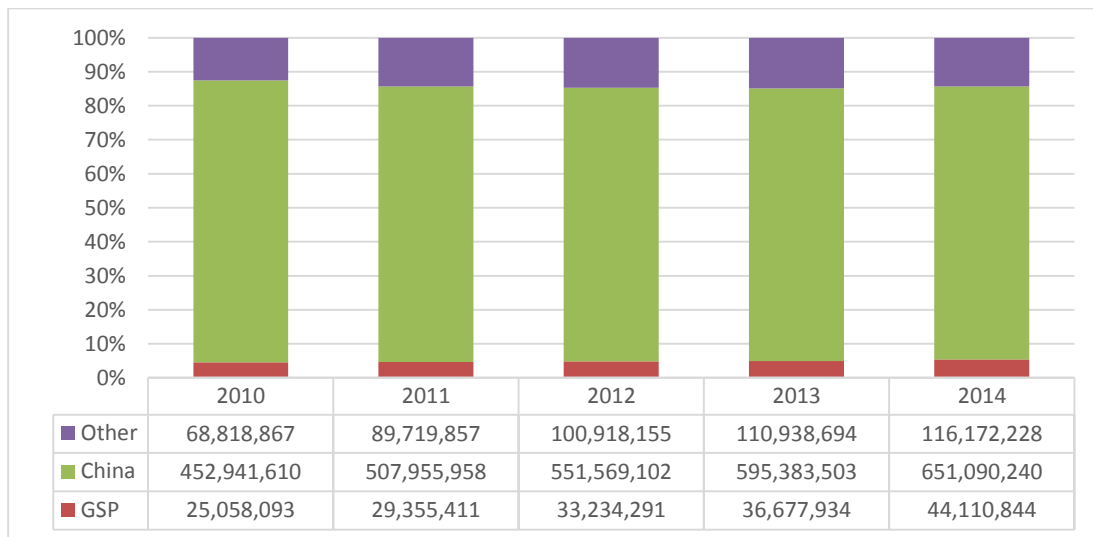


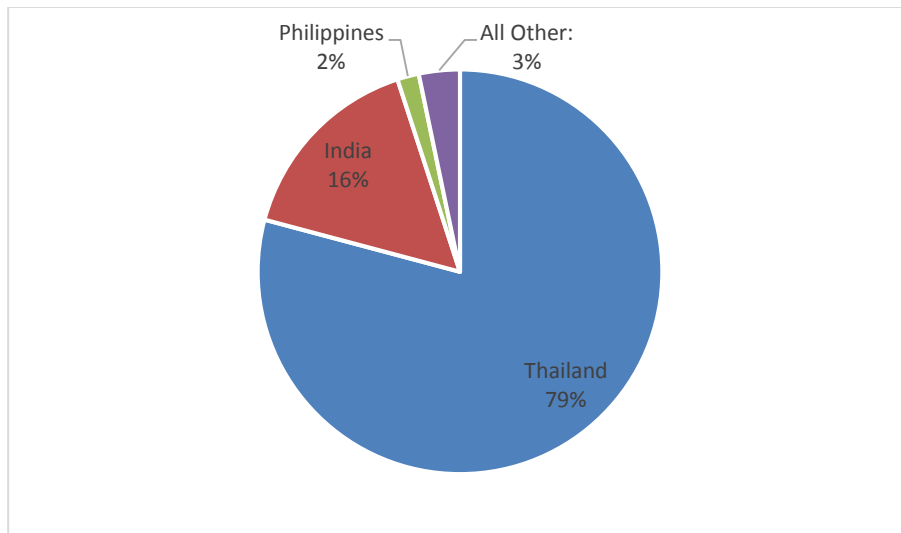
Table 2 provides greater detail into the distribution of U.S. imports from GSP eligible countries. With respect to suitcases, Thailand is the predominant supplier among the GSP group. In 2014, U.S. imports from Thailand equaled 79% of all GSP imports, followed by 16% from India and 2% from the Philippines. While Thailand appears to dominate the GSP group, we note once more the very small share that Thailand imports represent compared to China (5.3% vs. 80%). GSP access will allow Thailand and the other GSP countries to help narrow the gap with China.

Table 2 – U.S. Suitcases GSP Imports in US\$

Country	2010	2011	2012	2013	2014
Thailand	18,334,208	21,916,914	25,204,300	28,833,438	34,912,684
India	5,135,655	5,754,348	6,420,481	6,342,912	6,992,874
Philippines	68,148	190,375	270,591	138,402	761,164

Country	2010	2011	2012	2013	2014
Tunisia	289,844	608,208	377,288	377,149	420,354
Pakistan	126,342	120,475	147,130	201,690	323,431
Turkey	321,267	209,646	128,466	194,926	292,441
Moldova	6,114	2,199	42,423	4,123	158,336
Ethiopia	4,787	0	0	1,820	71,473
Paraguay	126,703	118,864	66,809	74,942	51,826
Indonesia	417,088	335,817	509,882	431,216	39,009
Mauritius	29,030	14,076	23,982	12,882	29,275
Cambodia	0	4,334	0	0	20,261
Bolivia	3,034	2,977	4,936	4,778	8,607
Brazil	173,874	15,900	10,726	14,910	6,764
South Africa	7,014	19,492	15,986	5,863	6,178
Subtotal :	25,043,108	29,313,625	33,223,000	36,639,051	44,094,677
All Other:	14,985	41,786	11,291	38,883	16,167
Total	25,058,093	29,355,411	33,234,291	36,677,934	44,110,844

Figure 3 – U.S. 2014 GSP Imports of Suitcases



ii. Travel Bags

U.S. imports of travel bags show once again that China is the most dominant player in the industry (see **Table 3**). In 2014, imports from China totaled \$1.35 billion, which represented 68% of all U.S. imports of travel bags.

Table 3 – U.S. Imports of Travel Bags in US\$

Country	2010	2011	2012	2013	2014
China	1,156,501,630	1,219,382,895	1,321,937,003	1,360,872,813	1,354,915,122
Vietnam	52,489,996	71,104,402	121,926,392	216,588,696	255,718,038
Italy	107,656,915	147,606,878	176,127,529	126,650,630	115,202,446
France	41,342,762	57,216,467	77,706,764	61,849,018	106,548,940
Indonesia*	39,875,084	42,032,987	37,318,104	44,931,001	41,930,178
Philippines*	6,720,401	7,315,870	12,347,464	18,704,341	36,660,062
India*	13,533,868	13,836,519	12,901,259	14,312,222	14,219,021
Taiwan	9,576,701	12,245,534	13,070,618	10,215,186	10,051,677
Mexico	2,240,319	2,463,792	3,836,716	4,654,601	6,605,939
Thailand*	11,710,228	11,968,235	14,200,735	10,521,692	6,268,832
Hong Kong	8,919,062	7,017,428	6,558,100	5,053,358	5,683,479
Colombia	3,277,358	4,119,404	4,315,692	4,403,254	4,818,433
Bangladesh**	459,037	402,056	1,147,437	1,913,329	4,181,075
Spain	1,704,553	7,713,627	6,012,806	4,945,117	3,021,732
Dominican Rep	1,481,042	3,232,316	2,044,533	2,326,878	2,515,630
Subtotal :	1,457,488,956	1,607,658,410	1,811,451,152	1,887,942,136	1,968,340,604
All Other:	9,307,721	11,518,892	13,255,393	14,486,073	18,143,784
Total	1,466,796,677	1,619,177,302	1,824,706,545	1,902,428,209	1,986,484,388

*= GSP Eligible Country

**=GSP Eligibility Currently Suspended

Compared to suitcases, the travel bags sector shows a greater distribution in the share of imports among non-GSP countries other than China. As illustrated in **Figure 4**, the share of U.S. imports from non-GSP countries, other than China, was 27% in 2014. **Figure 5** illustrates how over the past five years there has been a trend of decreases in U.S. imports from China that seems to equate to increased imports from other non-GSP countries given that the GSP countries share has remained relatively constant.

Figure 4 – U.S. % Share of Imports from China, GSP and Other Countries

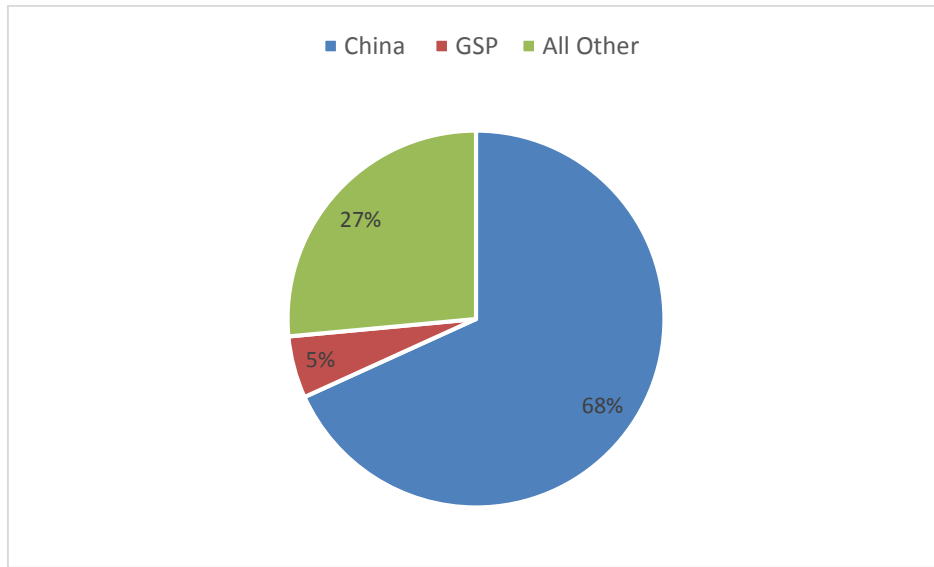
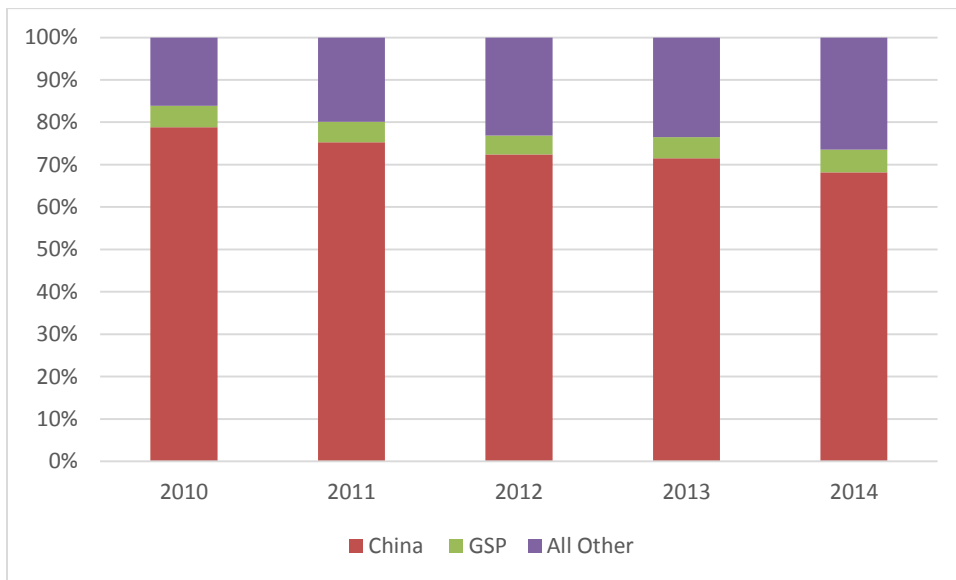


Figure 5 – U.S. Imports % Share from GSP, China and Others

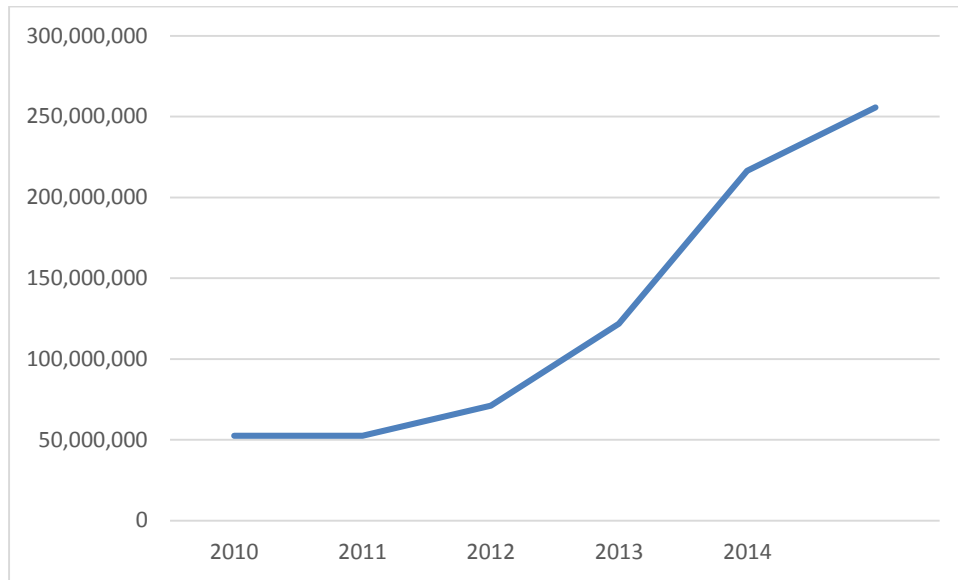


This shift from China to other non-GSP countries is explained largely by two phenomena. First, the significant level of imports of travel bags from France and Italy. Imports from these countries are largely high-end, high-value designer bags. These countries generally have a long history in the industry, although it is worth noting that, as noted in **Table 3**, France has more than doubled the value of its exports of travel bags to the U.S. compared to 2010.

A second factor explaining the imports from non-GSP countries, other than China, is the rise in recent years of Vietnam as a significant supplier of travel bags to the U.S. As **Figure 6** shows, Vietnamese exports of travel bags to the U.S. have tripled compared

to 2010. We expect U.S. imports of travel bags to continue to increase pending the implementation of the Trans-Pacific Partnership (“TPP”) in the coming years.

Figure 6 - U.S. Travel Bags Imports from Vietnam in US\$



With regard to GSP imports alone, **Table 4** demonstrates that Indonesia, the Philippines, India and Thailand are the largest suppliers of travel bags to the U.S. **Figure 7** illustrates how the distribution of imports among the different suppliers is fairly well spread out among different countries. Import data from GSP countries reflect the growth of the Cambodian industry, which has increased from selling almost no travel bags to the U.S. in 2010 to now becoming the fifth largest supplier among GSP countries with sales of approximately \$2.2 million. **Figure 8** graphically displays how export growth also appears notable in the Philippines, which has almost tripled its exports to the U.S. Among the top GSP suppliers of travel bags, Thailand is the anomaly given that its exports have decreased by more than 45% since 2010. As with the other subcategories, Tumi believes that Thai exports of travel bags can increase if the Administration approves eligibility for these products under the GSP.

Table 4 – U.S. Travel Bags Imports from GSP Countries in US\$

Country	2010	2011	2012	2013	2014
Indonesia	39,875,084	42,032,987	37,318,104	44,931,001	41,930,178
Philippines	6,720,401	7,315,870	12,347,464	18,704,341	36,660,062
India	13,533,868	13,836,519	12,901,259	14,312,222	14,219,021
Thailand	11,710,228	11,968,235	14,200,735	10,521,692	6,268,832
Cambodia	15,698	86,693	696,117	1,038,454	2,193,510
Tunisia	323,767	458,802	719,360	662,767	1,603,219
Pakistan	554,755	637,590	903,344	1,134,270	1,094,921
Turkey	122,684	87,823	524,757	1,820,641	340,385
Sri Lanka	197,602	308,913	323,121	354,251	258,081
Nepal	50,778	161,832	18,375	185,698	222,404

Country	2010	2011	2012	2013	2014
Cameroon	19,888	58,921	0	41,197	153,140
Moldova	3,650	391	9,371	2,279	148,065
Paraguay	68,118	132,620	149,902	121,221	144,147
Kenya	10,805	1,846	7,998	7,564	85,460
Ethiopia	0	9,378	56,732	3,700	57,587
Subtotal :	73,207,326	77,098,420	80,176,639	93,841,298	105,379,012
All Other:	377,970	378,021	158,986	191,001	281,245
Total	73,585,296	77,476,441	80,335,625	94,032,299	105,660,257

Figure 7 - 2014 % Share of U.S. Imports from GSP Countries

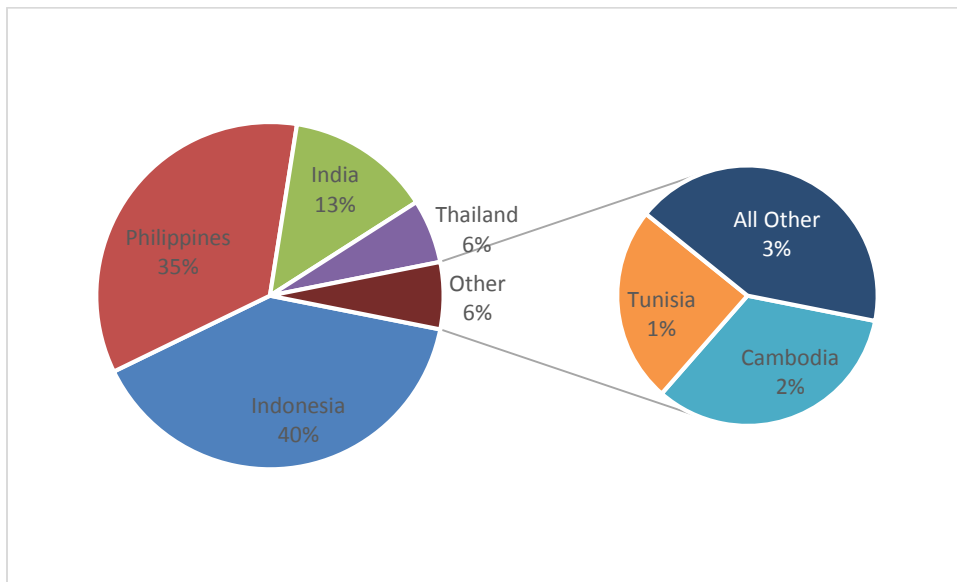
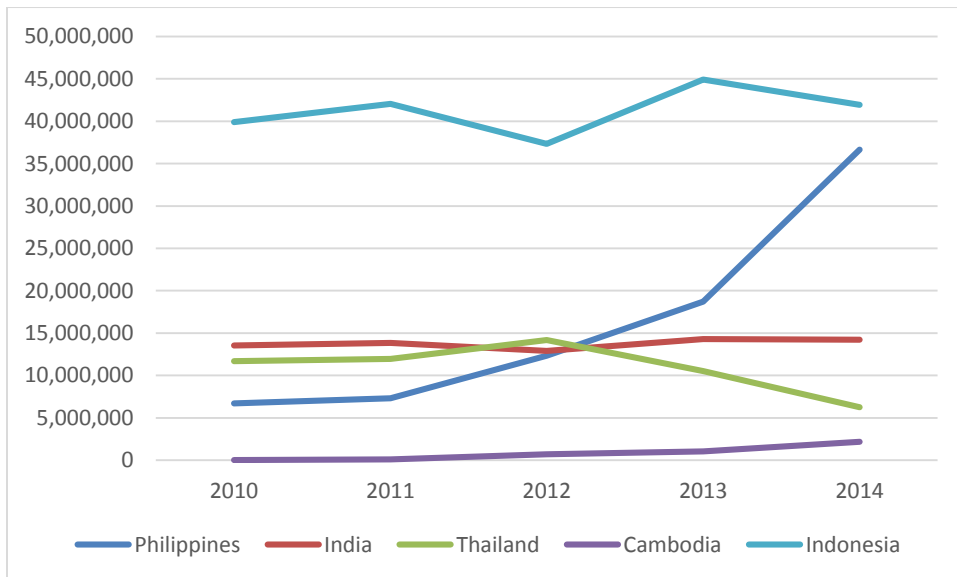


Figure 8 - U.S. Top 5 GSP Import Countries



iii. Handbags

Table 5 provides the breakdown of U.S. imports of handbags over the past five years. Not surprisingly, China once again tops the list of U.S. suppliers by a significantly wide margin. U.S. imports from China totaled \$809 million in 2014, while second ranked France exported a little less than \$100 million. Notably, as mentioned earlier U.S. imports of handbags from France are mostly high-end designer handbags, while imports from China tend to be lower priced goods.

Table 5 – U.S. Imports of Handbags in US\$

Country	2010	2011	2012	2013	2014
China	842,230,964	899,016,937	918,381,639	891,311,700	809,517,776
France	39,143,660	32,966,768	47,345,299	79,627,383	98,972,461
Vietnam	16,453,207	32,560,239	47,277,111	56,174,877	82,347,672
Italy	16,599,839	26,527,379	31,312,629	26,077,291	30,867,965
Philippines*	565,353	4,423,763	13,135,128	25,159,534	19,064,405
Spain	5,859,384	7,806,350	8,909,191	8,753,156	13,662,703
Indonesia*	6,768,797	6,632,624	11,200,923	12,191,269	10,958,737
India*	10,304,689	12,659,215	18,089,473	13,674,996	10,775,513
Korea	306,835	893,087	1,457,384	5,666,539	10,402,773
Hong Kong	6,972,557	5,575,122	3,679,197	3,175,679	9,549,158
Cambodia*	41,908	11,736	452,018	1,515,486	8,431,781
Mexico	4,951,215	5,001,429	6,316,985	7,808,941	5,619,645
Romania	184,616	320,566	511,470	994,716	1,174,246
Tunisia	300,617	368,757	542,144	589,733	1,040,667
Moldova *	1,222	16,923	22,740	486,470	736,008
Subtotal :	950,684,863	1,034,780,895	1,108,633,331	1,133,207,770	1,113,121,510
All Other:	2,935,826	4,184,147	5,784,578	4,988,959	4,259,281
Total	953,620,689	1,038,965,042	1,114,417,909	1,138,196,729	1,117,380,791

*=GSP Eligible Countries

As noted earlier with travel bags, **Figure 9** shows that there is a sizable distribution of U.S. imports among non-GSP countries, other than China. This fact is in part due to the presence of high-end brand imports of handbags from countries such as France, and Italy. However, as with travel bags, we also note the significant increase in U.S. imports from Vietnam as a determinant factor in explaining the size of the share of U.S. imports from non-GSP countries, other than China (see **Figure 10**). Once again, the expectation in the coming years is that Vietnamese exports of travel bags will increase upon implementation of the TPP agreement.

Figure 9 - U.S. % Share of Imports from GSP, China and Other Countries

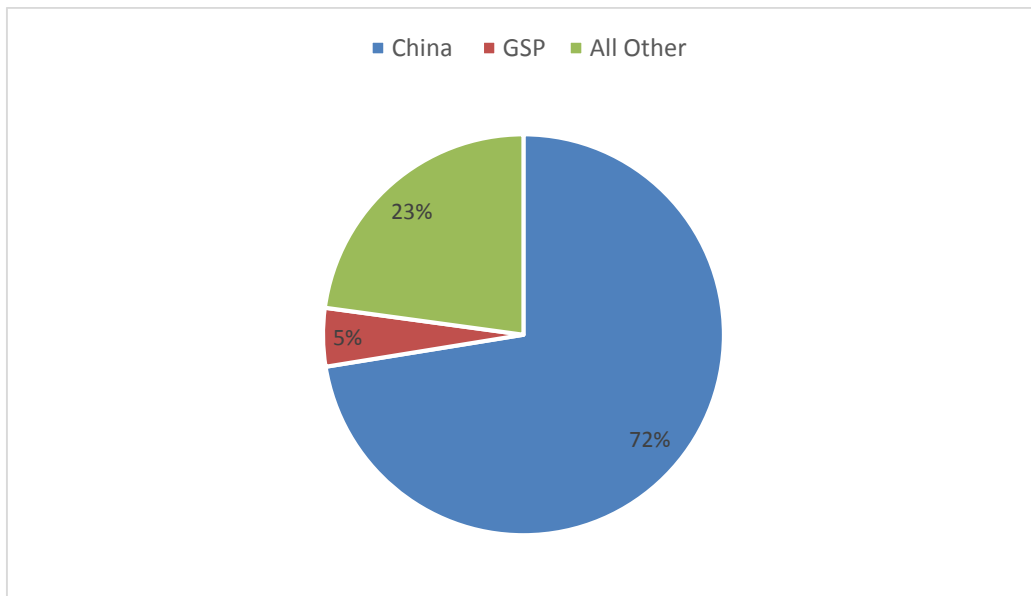
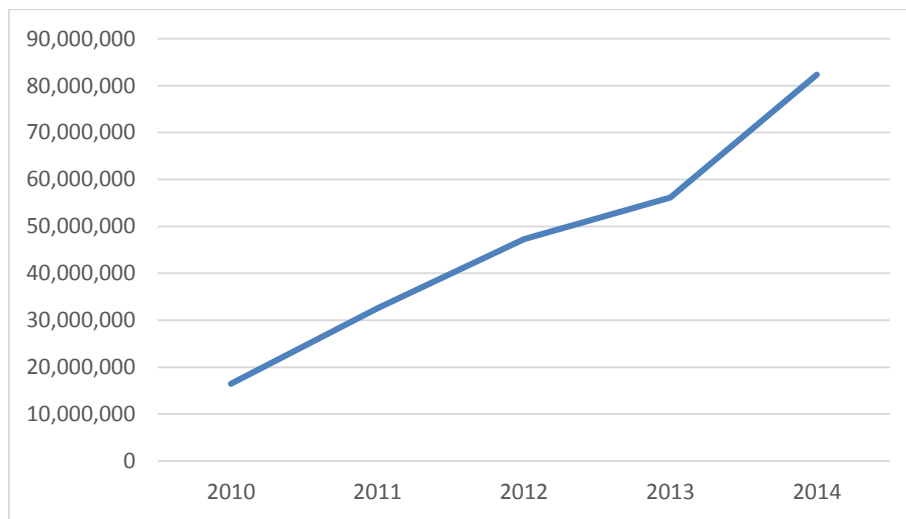


Figure 10 - U.S. Imports from Vietnam in US\$



With regard to the share of GSP imports, **Figure 9** also demonstrates that this number is fairly low, only about 5% of all U.S. imports. However, **Figure 11** shows how the proportion of U.S. imports by value of handbags from both GSP and non-GSP countries, other than China, appears to be increasing, while China looks to be in decline.

Figure 11 - % Share of U.S. Imports from GSP, China and Other Countries (2010-2014)

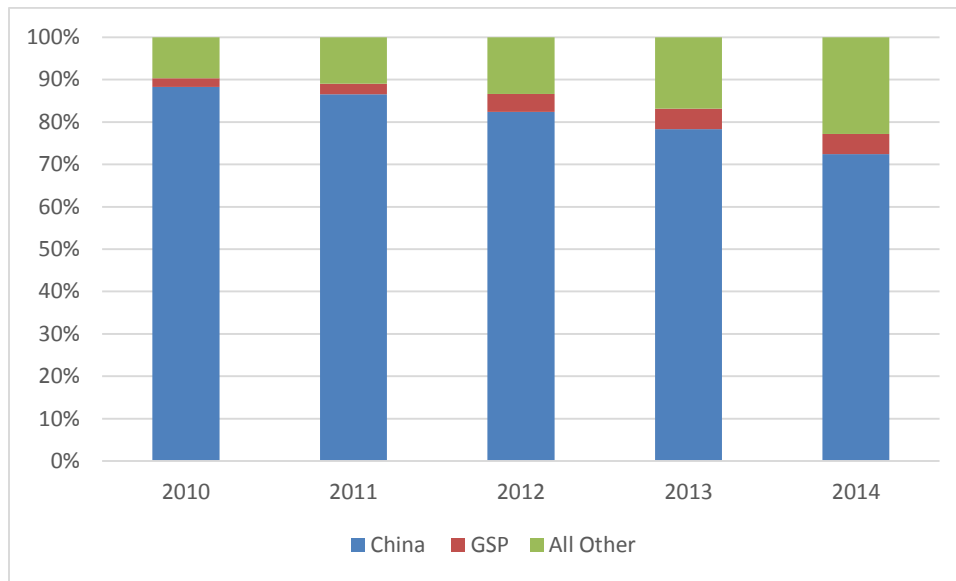


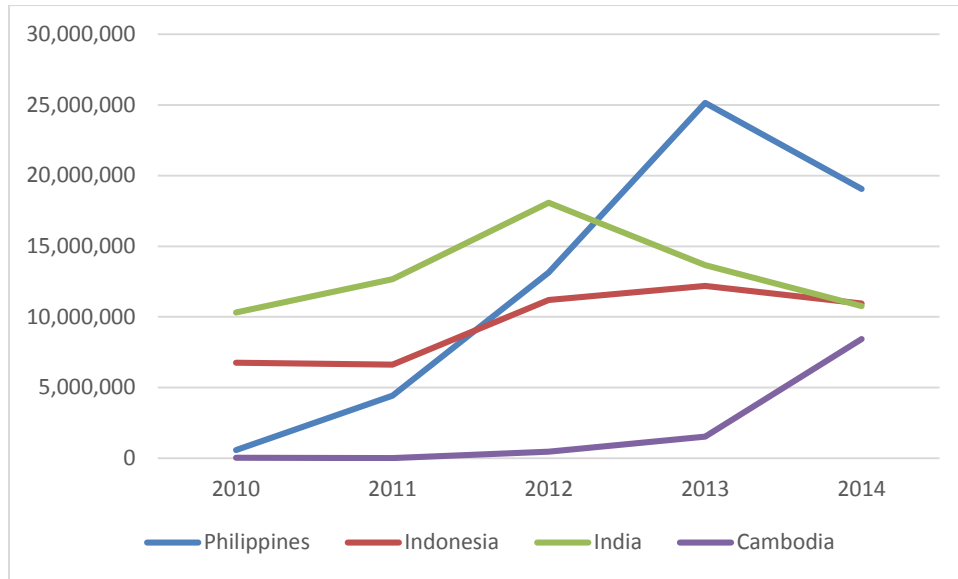
Table 6 provides insights as to other GSP countries and how they may be increasing their share of exports of handbags to the U.S. Most predominantly among these is the Philippines, whose exports to the U.S. have increased from barely \$0.5 million in 2010 to \$19 million in 2014. Cambodia has also seen major growth over the last five years. In 2010, Cambodian exports to the U.S. were virtually non-existent but in 2014 they grew to \$8.4 million and Cambodia is now the fourth largest U.S. supplier among GSP countries. **Figure 12** shows graphically the trend of U.S. imports from the top GSP supplier countries since 2010.

Table 6 – U.S. GSP Imports of Handbags in US\$

Country	2010	2011	2012	2013	2014
Philippines	565,353	4,423,763	13,135,128	25,159,534	19,064,405
Indonesia	6,768,797	6,632,624	11,200,923	12,191,269	10,958,737
India	10,304,689	12,659,215	18,089,473	13,674,996	10,775,513
Cambodia	41,908	11,736	452,018	1,515,486	8,431,781
Tunisia	300,617	368,757	542,144	589,733	1,040,667
Moldova	1,222	16,923	22,740	486,470	736,008
Thailand	302,287	263,701	805,361	427,471	542,484
Nepal	122,383	1,472,274	2,149,412	827,200	462,674
Turkey	418,933	113,327	286,756	341,537	168,086
Rwanda	636	34,236	60,623	66,758	85,228
Lebanon	4,295	1,070	0	10,868	73,153
Uganda	17,191	14,123	21,275	2,877	41,788
Pakistan	146,506	91,625	123,800	24,082	40,424
Haiti	0	2,000	720	4,737	35,458
Cameroon	0	0	820	1,000	33,779
Subtotal :	18,994,817	26,105,374	46,891,193	55,324,018	52,490,185

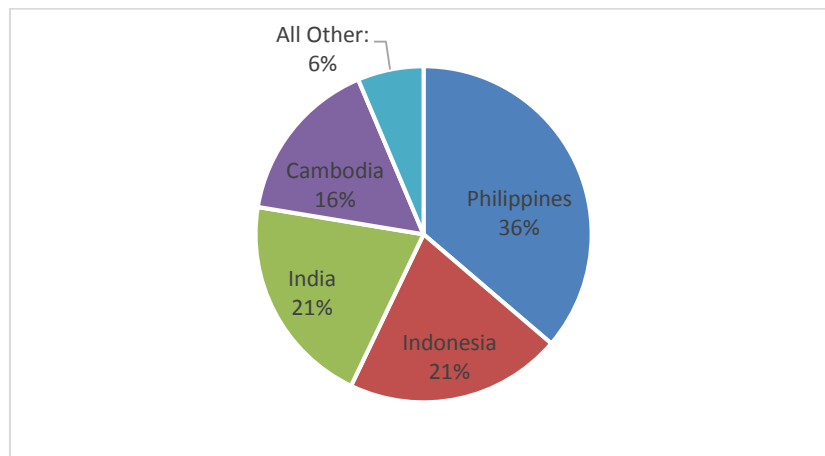
Country	2010	2011	2012	2013	2014
All Other:	68,880	330,124	88,916	124,146	85,133
Total	19,063,697	26,435,498	46,980,109	55,448,164	52,575,318

Figure 12 – U.S. Imports from Top GSP Suppliers in US\$



In contrast to the other subcategories of travel goods, we note that Thailand is not a significant actor in terms of U.S. imports of handbags (see **Figure 12**). However, Tumi expects to increase sourcing of handbags from Thailand should handbags receive GSP eligibility.

Figure 13 - % Share of U.S. Imports from GSP countries



iv. Backpacks

Table 7 describes U.S. imports of backpacks. The table shows how once again China is by far the largest supplier of backpacks to the U.S. market. In 2014, U.S. imports

of backpacks from China were \$520 million, compared to total U.S. imports of \$729 million.

Table 7 – Top 20 U.S. Imports of Backpacks (HTSUS 4202.92.3020) in US\$

Country	2010	2011	2012	2013	2014
China	401,772,766	458,241,073	446,711,830	467,369,713	520,779,934
Vietnam	75,808,963	95,287,319	93,823,003	121,811,792	155,844,045
Philippines*	17,565,015	22,908,238	26,515,050	18,507,033	16,907,761
Indonesia*	4,367,897	5,249,352	6,419,804	10,682,274	14,173,841
Cambodia*	0	901	2,357	332,420	4,555,148
Taiwan	1,381,210	4,079,226	3,502,849	4,124,504	3,558,547
Bangladesh+	854,202	1,033,680	1,770,722	2,412,349	2,788,101
Hong Kong	1,293,169	1,967,651	2,749,854	3,649,397	2,611,803
Mexico	666,377	590,200	903,203	2,425,238	2,479,458
Italy	678,758	638,455	607,859	1,280,818	1,649,558
Thailand*	4,114,584	5,158,504	5,804,420	6,511,545	1,124,157
Burma (Myanmar) ++	0	0	0	0	443,993
Korea	333,589	1,652,511	701,192	651,526	389,733
Germany	12,752	93,827	40,090	44,624	341,727
United Kingdom	267,432	102,276	218,153	159,990	309,357
India*	23,775	113,479	266,078	362,261	294,014
Pakistan*	73,619	99,697	80,722	84,864	173,834
Canada	169,556	361,398	532,027	331,963	142,168
Spain	30,761	78,062	58,556	51,156	132,698
Peru	12,710	17,800	77,524	193,896	110,348
Sub-Total Top 20	509,427,135	597,673,649	590,785,293	640,987,363	728,810,225
All Others	2,857,282	765,250	1,218,992	681,846	708,280
Total	512,284,417	598,438,899	592,004,285	641,669,209	729,518,505

* = Country is GSP eligible

+ = Country GSP eligibility is suspended

++ = A petition to grant GSP beneficiary status for this country is under consideration by the U.S. government

As **Figure 14** shows, imports of backpacks from China represented 71% of all U.S. imports of backpacks in 2014. GSP imports represented 5% and the remaining non-GSP countries accounted for 24% of all U.S. imports.

Figure 14 - 2014 % Share of China, GSP and Others Imports

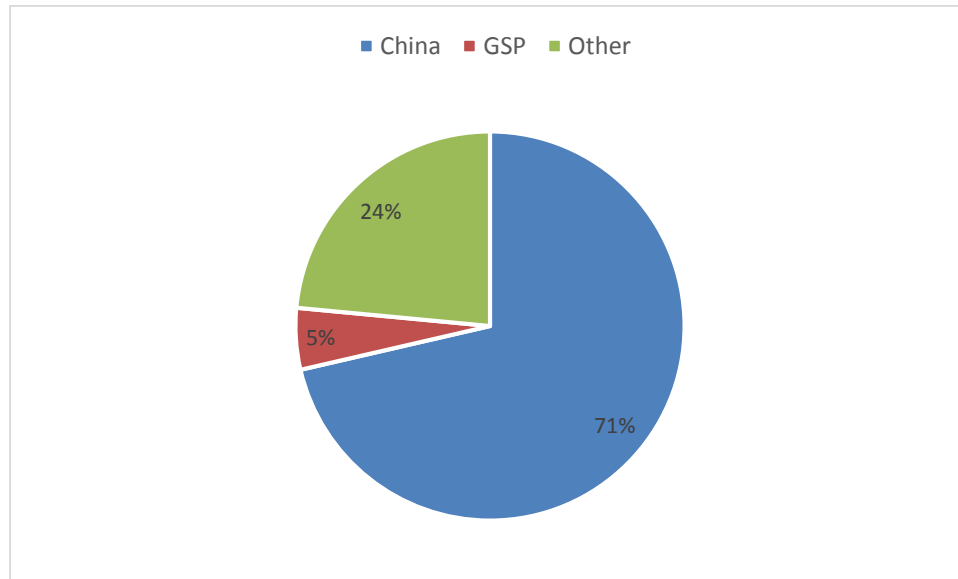


Figure 15 shows graphically how U.S. imports from China stack up against U.S. imports from GSP and other countries over time. In 2010, China represented 78% of all U.S. backpacks production and in general China has remained well above 70% of all U.S. imports over the last five years. The share for GSP countries has been relatively steady at about 5% of all imports, while the share for non-GSP countries other than China has increased.

In the case of backpacks, the high proportion of U.S. imports from non-GSP countries, other than China, is solely due to the presence of Vietnam as another major supplier of these products. Over the last five years, Vietnam has increased its share of U.S. imports from 15% to 21%. The growth experienced by Vietnam in exports to the U.S. (also represented visually in **Figure 16**) will likely continue its upward trend in the coming years due to the TPP.

Figure 15 – China, GSP and Others % Share of U.S. Imports of Backpacks

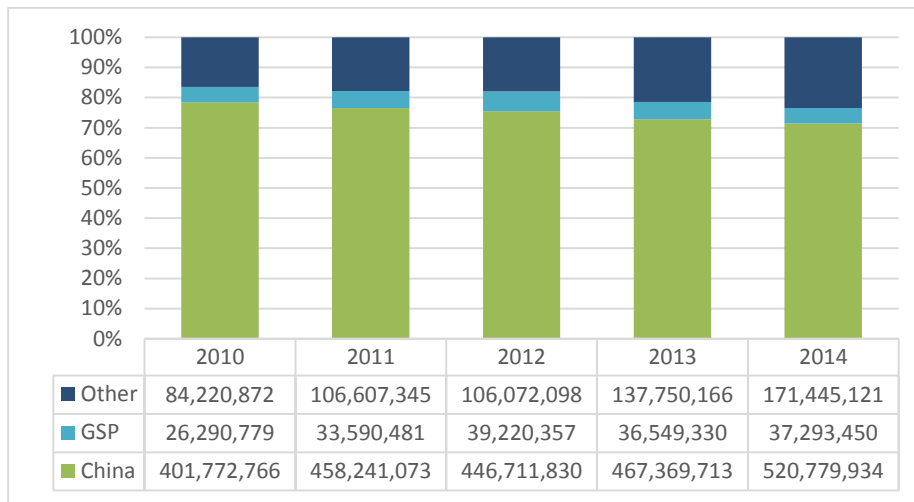


Figure 16 – U.S. Imports from Vietnam in US\$

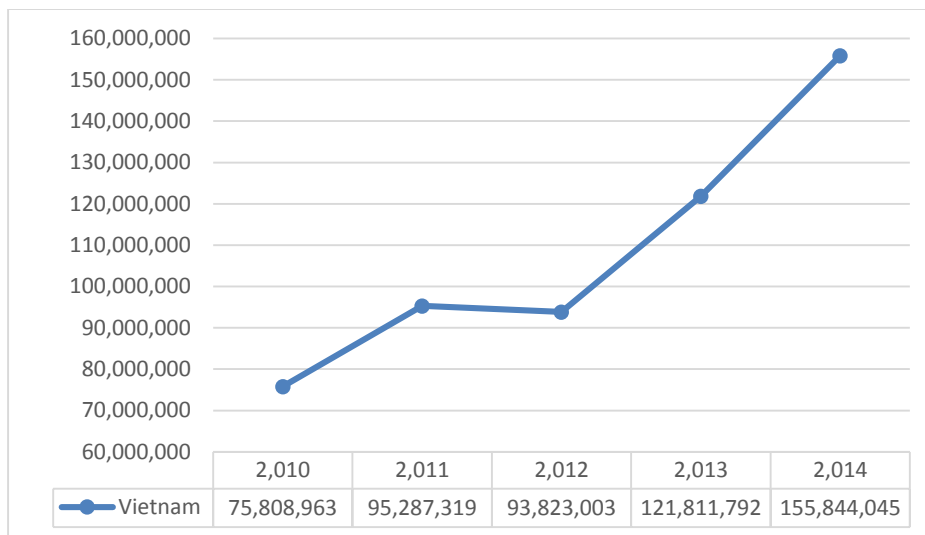


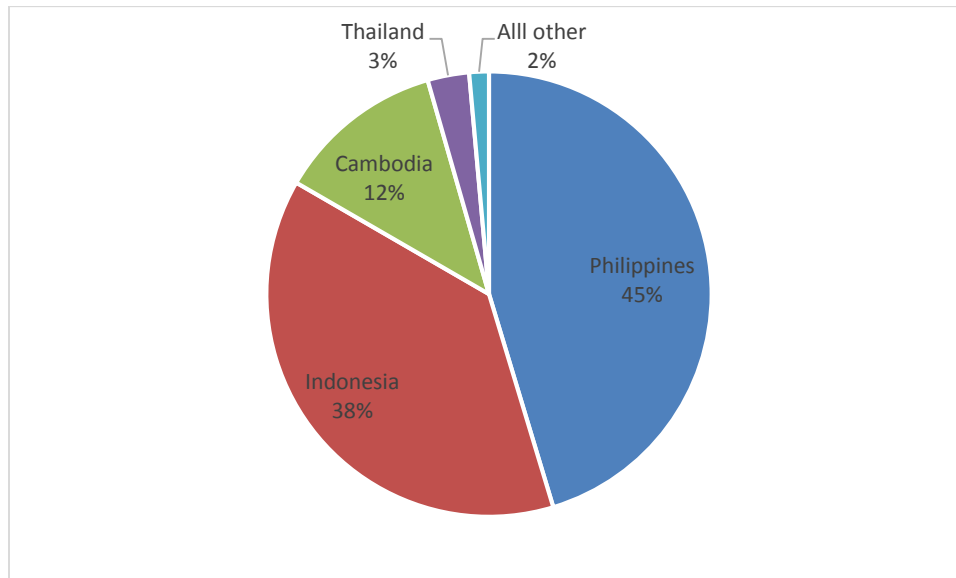
Table 8 displays U.S. imports of backpacks among GSP eligible countries. The Philippines and Indonesia are the largest U.S. suppliers of backpacks, as represented graphically in **Figure 4**. Among the GSP countries, it is worth highlighting once again the fact that Cambodia’s exports of backpacks have increased dramatically from zero in 2010 to exporting over \$4.5 million in 2014, thereby becoming the third largest supplier among GSP countries. With GSP eligibility, there is no doubt that Cambodia will become even more attractive as a potential supplier of backpacks.

Table 8 – U.S. GSP Imports in US\$

Country	2010	2011	2012	2013	2014
Philippines	17,565,015	22,908,238	26,515,050	18,507,033	16,907,761
Indonesia	4,367,897	5,249,352	6,419,804	10,682,274	14,173,841
Cambodia	0	901	2,357	332,420	4,555,148

Country	2010	2011	2012	2013	2014
Thailand	4,114,584	5,158,504	5,804,420	6,511,545	1,124,157
India	23,775	113,479	266,078	362,261	294,014
Pakistan	73,619	99,697	80,722	84,864	173,834
Brazil	117,186	50,791	21,395	20,934	46,955
Turkey	22,811	511	9,628	15,691	14,021
Sri Lanka	2,133	1,990	95,688	3,038	2,316
Tunisia	0	0	576	4,969	642
Ecuador	0	0	400	0	450
Belize	0	0	0	0	311
Nigeria	300	0	0	0	0
Ghana	0	904	0	0	0
Ukraine	0	0	636	0	0
Subtotal - USITC CTRY GRP: GSP2015	26,287,320	33,584,367	39,216,754	36,525,029	37,293,450
All Other:	3,459	6,114	3,603	24,301	0
Total	26,290,779	33,590,481	39,220,357	36,549,330	37,293,450

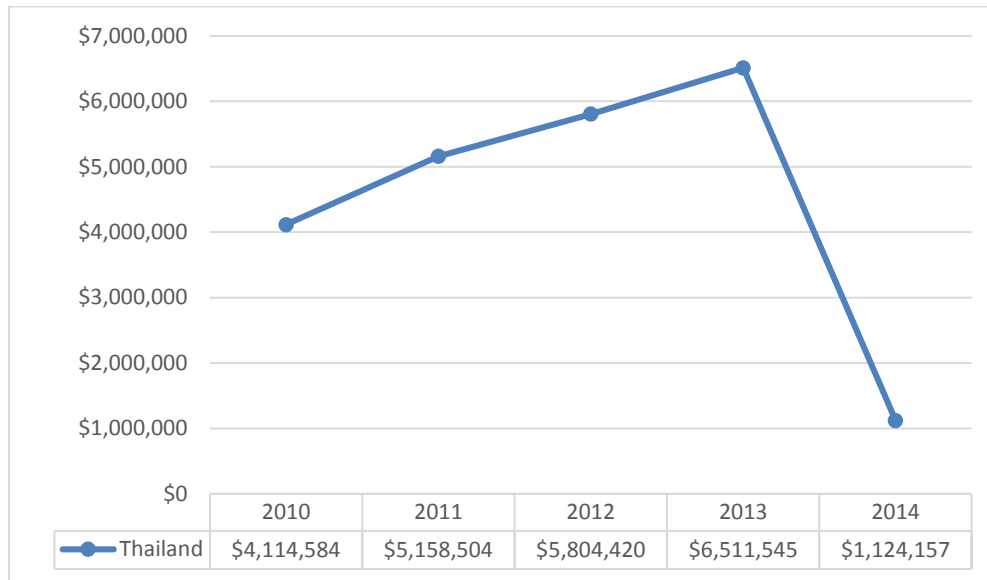
Figure 17 - 2014 U.S. % Share of GSP Country Imports



On the other hand, Thai exports of backpacks to the U.S. have dropped dramatically, falling from \$6.5 million in 2013 to \$1.1 million in 2014 (see **Figure 18**). This sharp decline is most directly attributed to recent industry’s consolidation of manufacturing sites in that country and greater competitiveness from neighboring countries. Tumi believes that generating more incentives for U.S. companies to source

from Thailand, such as GSP eligibility, will result in increased production, which in turn will generate added jobs and economic growth in Thailand.

Figure 18 – U.S. Imports of Backpacks from Thailand in US\$



v. Other Bags and Cases

Finally, **Table 9** provides information related to U.S. imports of the products earlier described in this petition as “other bags and cases.” The presence of Chinese imports is perhaps most prevalent among this subgroup of travel products as these tend to be low-priced goods that are produced in massive quantities—a market segment, in which China usually is regarded as the leader. In an import market of approximately \$628 million in 2014, imports from China represented \$503 million, which is 80% of all U.S. imports.

Table 9 – U.S. Imports of Other Bags and Cases in US\$

Country	2010	2011	2012	2013	2014
China	446,891,563	511,583,683	549,681,516	544,316,320	503,700,991
Vietnam	9,940,410	16,269,708	19,359,429	28,227,539	44,981,639
Korea	1,648,110	4,194,419	13,137,667	57,028,532	26,132,024
Mexico	4,564,391	5,599,322	5,799,420	11,129,901	11,839,814
Taiwan	5,658,809	8,577,051	10,007,991	8,301,694	8,911,559
Hong Kong	4,931,193	6,434,319	5,382,661	5,004,701	5,830,912
Thailand*	993,264	1,698,169	2,518,812	2,884,393	4,462,233
Germany	1,493,781	2,417,101	3,497,260	2,313,538	4,185,031
Pakistan*	770,826	833,456	1,356,401	1,773,298	2,792,633
Italy	1,553,019	2,543,298	2,084,300	2,205,192	2,171,927
Canada	2,755,852	2,888,963	3,675,739	2,053,680	1,744,732
France	1,063,832	1,646,414	1,314,417	821,564	1,221,778
India*	769,438	1,142,253	1,318,940	1,163,776	1,134,245

Country	2010	2011	2012	2013	2014
Philippines*	1,488,202	1,450,790	1,030,044	1,099,564	1,124,744
United Kingdom	952,114	986,970	2,025,936	855,011	947,833
Subtotal :	485,474,804	568,265,916	622,190,533	669,178,703	621,182,095
All Other:	4,328,974	6,099,043	8,241,660	6,310,306	6,778,501
Total	489,803,778	574,364,959	630,432,193	675,489,009	627,960,596

*=GSP eligible countries

The share of imports for GSP and non-GSP countries, other than China, is less in this subset of products than it is in the others. In fact, as reflected in **Figure 19**, GSP imports represent only about 2% of all U.S. imports while imports from non-GSP countries, other than China, is 18%. Notwithstanding these smaller distribution figures, **Figure 20** shows how the share of non-GSP imports, and to some degree the share of GSP countries imports, has however grown over the past five years.

Figure 19- % Share of GSP, China and Other Products

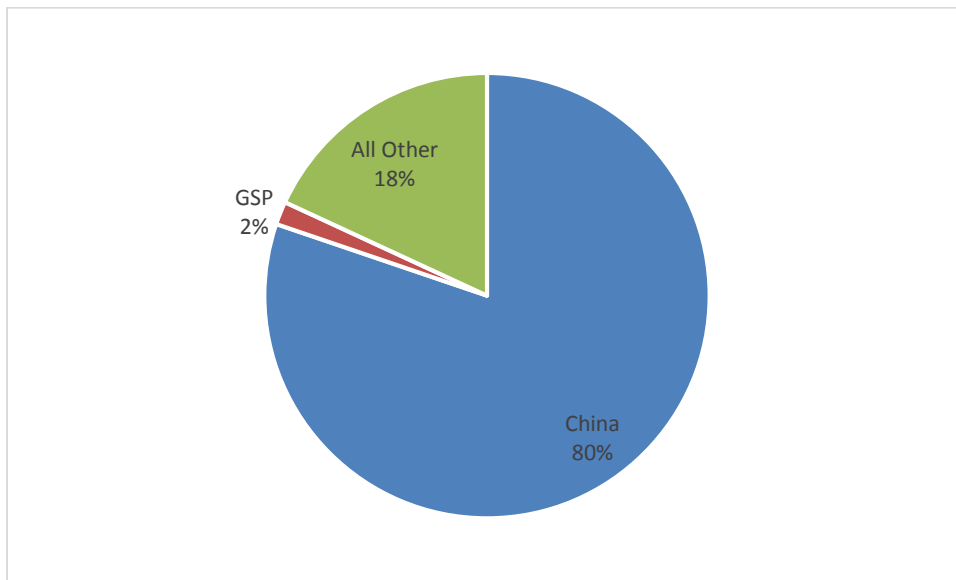
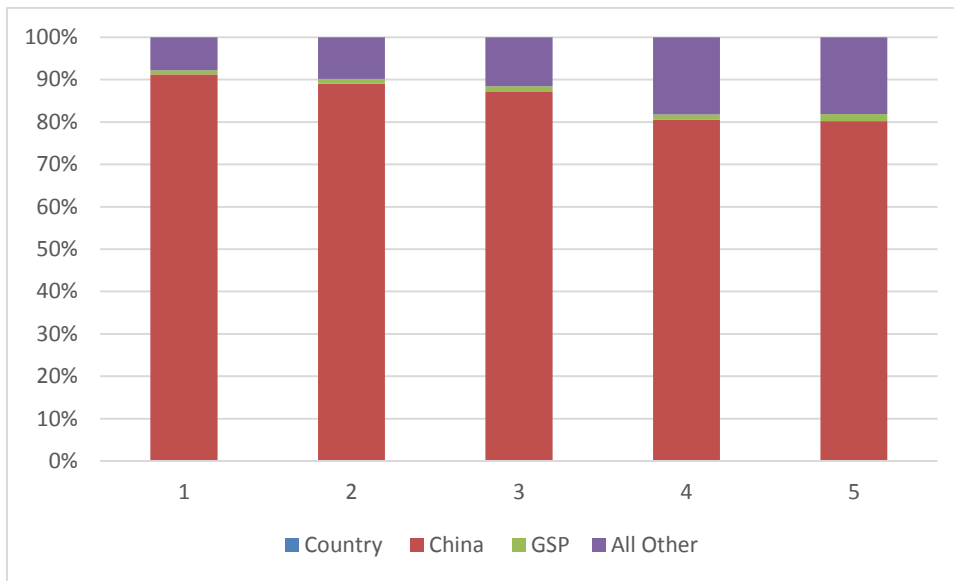
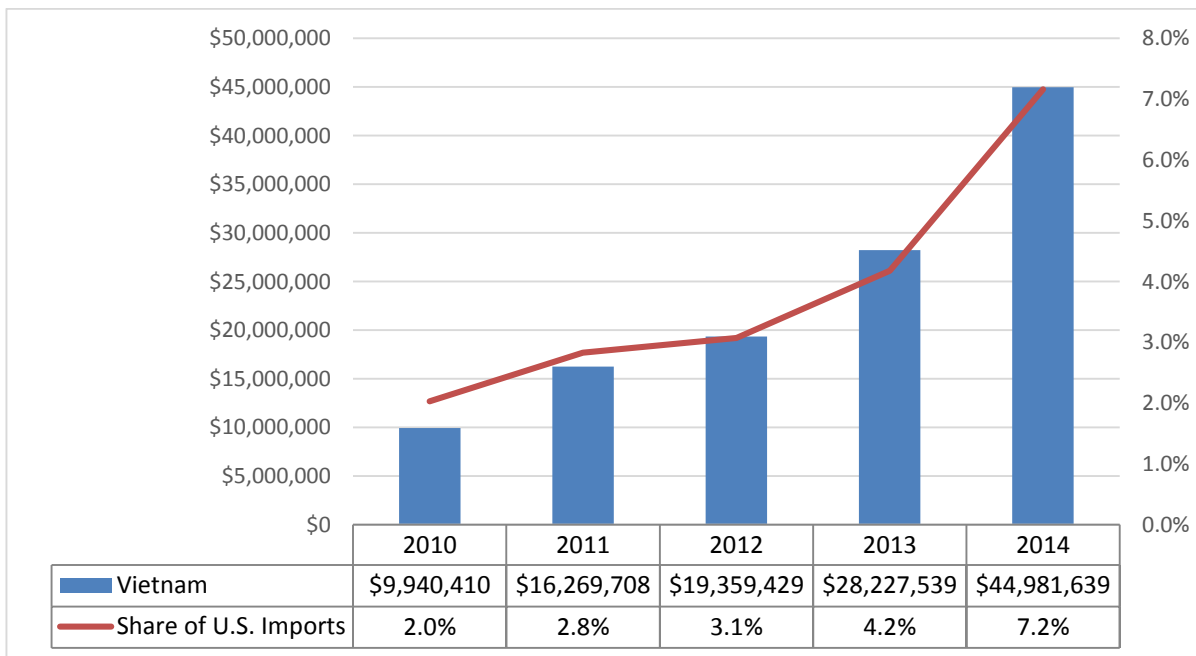


Figure 20 - % Share of GSP, China and Other Countries (2010-2014)



As with some of the other product subcategories, Vietnamese exports of “other bags” to the U.S. explains the recent growth of non-GSP, other than China, imports. Vietnamese imports have grown exponentially over the last five years (see **Figure 21**) and they are expected to continue to increase upon implementation of the TPP. Tumi considers that approval of the petition to include “other bags and cases” as GSP eligible will over time strengthen the GSP eligible countries’ competitive position vis-à-vis China and second ranked U.S. import supplier Vietnam.

Figure 21 - U.S. Imports from Vietnam



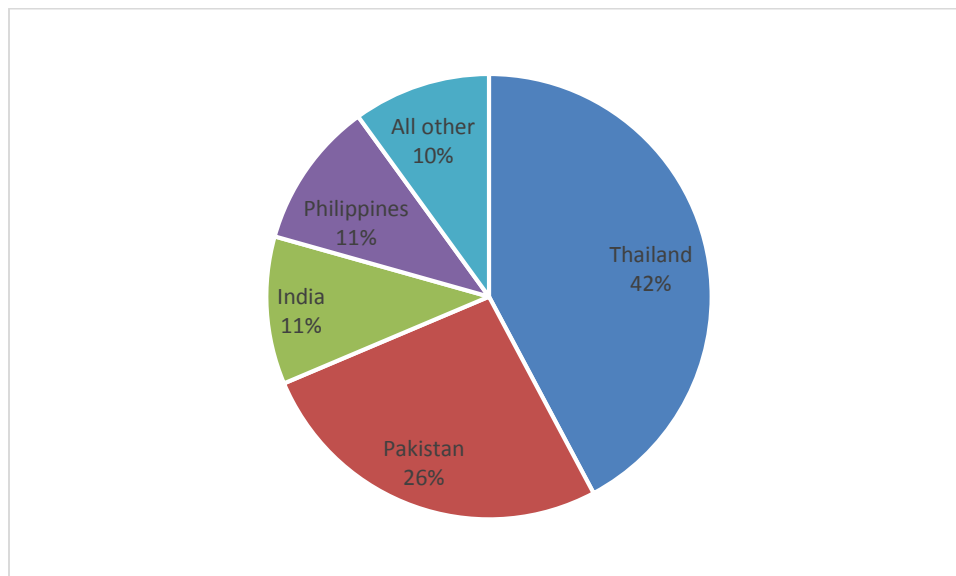
Focusing on U.S. GSP imports only, **Table 10** shows Thailand to be the main GSP supplier of other bags and cases, followed by Pakistan, India and the Philippines. While

these imports are significantly lower than China’s and Vietnam’s imports, imports from Thailand represent approximately 42% of all U.S. imports from GSP countries (see **Figure 22**). Tumi expects to grow its imports of other bags and cases from Thailand as a result of the Administration granting its petition to add these products to the GSP program.

Table 10 - U.S. GSP Imports in US\$

Country	2010	2011	2012	2013	2014
Thailand	993,264	1,698,169	2,518,812	2,884,393	4,462,233
Pakistan	770,826	833,456	1,356,401	1,773,298	2,792,633
India	769,438	1,142,253	1,318,940	1,163,776	1,134,245
Philippines	1,488,202	1,450,790	1,030,044	1,099,564	1,124,744
Indonesia	571,981	475,004	1,095,205	913,932	405,607
Turkey	74,446	247,887	159,433	80,708	212,535
Bosnia-Herzegov	13,072	14,811	70,704	115,647	113,907
Cambodia	42,311	65,383	66,251	13,944	103,108
Brazil	4,711	26,152	14,114	11,748	70,003
Moldova	6,050	0	1,325	38,367	40,729
Sri Lanka	16,814	112,838	71,024	20,721	34,342
South Africa	35,362	39,138	34,294	2,735	18,133
Tunisia	4,669	42,318	15,908	4,257	17,920
Ukraine	72,728	76,327	48,338	37,495	15,080
Ecuador	0	584	640	313	6,682
Subtotal :	4,863,874	6,225,110	7,801,433	8,160,898	10,551,901
All Other:	12,539	32,483	70,986	49,535	18,771
Total	4,876,413	6,257,593	7,872,419	8,210,433	10,570,672

Figure 22 - % Share of GSP Imports of Other Bags and Cases



c. Names and Locations of GSP Producers of the Subject Product

Currently Tumi sources backpacks from suppliers in GSP countries such as Thailand. The suppliers in Thailand include:

[***]

[***]

These [***] produce all the travel products referenced in this petition. [***] is located in [***], the province has a population of [***]. With the inclusion of backpacks in the GSP, Tumi expects to grow its sourcing from Thailand, adding additional jobs around [***], which in turn may help add overall stability of the country. [***] is located in [***], with a population of [***].

d. Summary of GSP Producer Industry

Tumi currently buys exclusively from [***] in Thailand. However, we are aware that Thailand as a whole has a larger backpack industry that stands to benefit from this petition. We expect other U.S. buyers and GSP countries' industry to file similar petitions that will add more information and present a broader picture of the backpack industry in Thailand and other GSP countries.

e. Actual Production and Capacity Utilization and Estimated Increase if GSP Status is Granted

Over the last three years [***] monthly production is approximately [***] pieces, which includes all types of travel goods described in this petition. Upon GSP eligibility for backpacks and other travel goods from Thailand, we expect production to increase by [***] over time and by [***] after the U.S. President proclaims eligibility for travel goods from GSP eligible countries. Currently the factory is at a [***] following a favorable GSP determination. Furthermore, the supplier is currently [***]. The new facility will have production capacity of [***] units per month.

The monthly value of the manufactured product from the [***]. Divided by an average monthly production of [***], the average price of each piece is [***].

f. Employment figures, including numbers, type, wage rate, location and changes in any of these elements if GSP treatment is granted

In 2013 [***] employed approximately [***] workers. In 2014 and 2015 this number has increased to [***] workers due to [***] in Thailand. Workers consist mostly of local Thai residents and some foreign employees. As a result of GSP eligibility for backpacks, [***] increase in labor.

Daily average wage for workers is [***], which is higher than the minimum wage required by local Thai government regulations. When GSP eligibility is granted, [***].

In addition to price, workmanship, product quality and product value are qualities that Tumi must maintain in their products and are provided by our Thai suppliers. [***] supplies for other large brands such as [***].

g. Sales Figures in Terms of Quantity, Value and Prices; Information on total exports including principal markets, the distribution of products, existing tariff preferences in such markets, total quantity, value and trends in exports.

While Tumi does not have figures with regards to supplier's sales figures, we note that the U.S. import data from Thailand and other GSP countries presented earlier in this petition provide the Administration with a solid assessment of the state of the travel goods industry in other countries.

Furthermore, according to data from the United Nations Comtrade database, Thailand's exports of travel goods in general, as described at the four digit heading (HS 4202), have grown steadily in recent years. Exports totaled US\$331.4 million 2014, up from US\$303.3 million in 2013, US\$293.2 million in 2012, US\$289.7 million in 2011 and US\$228.0 million in 2010. When measured in percentage terms, Thailand's exports of travel goods increased by a substantial 45.4% during 2010-2014.

Export data for Thailand at the six-digit level show that trunks, suitcases, vanity cases, attaché cases, briefcases, school satchels and similar containers with an outer surface of plastics or of textile materials classified under subheading 4202.12, which is a subheading covered by this petition, accounted for 19.6% or US\$65.0 million of total travel goods exports in 2014. Exports of handbags with an outer surface of sheeting of plastic or of textile materials classified under subheading 4202.22 followed with a 16.2% share or US\$53.7 million. In all, Thailand's exports of travel goods classified in six-digit subheadings falling within the scope of this petition grew 3.1% from US\$192.2 million in 2012 to US\$198.1 million in 2014.

Table 11 – Thailand's Exports of Travel Goods (HS 4202), Product Breakdown in US\$

Subheading within HS 4202	2012	2013	2014
4202.12*	59,740,901	68,281,647	65,022,557
4202.22*	37,384,942	44,990,923	53,677,406
4202.31	35,943,027	39,398,227	44,067,647
4202.92*	60,987,976	44,024,708	36,234,685
4202.99	21,089,571	22,969,165	35,455,129
4202.21	24,859,202	23,978,562	25,701,146
4202.11*	26,355,520	23,417,613	24,335,886
4202.91*	7,734,090	11,548,372	18,809,882
4202.32	5,996,875	12,043,265	16,243,207
4202.29	7,218,169	7,427,367	7,612,812
4202.19	3,526,268	2,380,042	2,882,935
4202.39	2,397,011	2,816,399	1,380,558
Total for subheadings covered by this petition	192,203,429	192,263,263	198,080,416
Total	293,233,552	303,276,290	331,423,851

* = Six-digit subheadings falling within the scope of this petition

The U.S. was the largest market for Thai travel goods of heading 4202 in 2014 with a 25.6% share or US\$84.8 million of Thailand's total shipments, unchanged from a share of 25.6% or US\$77.8 million in 2013. While travel goods exports from Thailand as a whole have grown, we again note that in terms of the suitcases and backpacks described in this petition, Thai exports to the U.S. have decreased by 46% and 72% respectively.

The European Union is the second largest market for Thai travel goods, with a 24.4% share or US\$80.9 million in 2014, Japan was the third largest market with an 11.1% share or US\$36.7 million, and Switzerland ranked fourth with a 9.9% share or US\$32.8 million. As shown below, Thailand's exports of travel goods to several major markets, including the U.S., Japan, Singapore and South Korea, have experienced considerable growth since 2010. Exports to the EU were substantially higher in 2014 than in 2010, but growth since 2011 has been limited.

Table 12 – Thailand's Exports of Travel Goods (HS 4202), Major Markets in US\$

Country	2010	2011	2012	2013	2014
U.S.	45,871,346	55,996,414	70,694,712	77,769,013	84,807,591
EU	64,067,403	80,405,643	78,729,756	73,646,703	80,851,393
Japan	28,161,738	30,297,157	32,400,181	37,439,939	36,666,999
Switzerland	24,493,774	38,816,346	31,112,721	25,236,437	32,810,052
Singapore	10,817,305	15,865,248	11,669,173	17,195,892	20,263,496
Hong Kong	11,195,500	14,489,596	13,704,300	13,644,655	15,853,549
China	9,858,256	9,961,549	9,313,708	11,983,638	11,082,554
South Korea	1,335,287	4,511,071	5,529,256	5,774,328	8,057,911
Malaysia	2,054,238	2,951,090	3,954,749	4,410,752	5,243,002
UAE	4,442,522	3,700,762	3,980,749	4,134,010	4,060,907
Total	227,987,489	289,697,996	293,233,552	303,276,290	331,423,851

At least seven of the ten largest markets for Thai travel goods currently provide duty-free treatment to such goods. Japan provides duty-free treatment to Thai travel goods under the Japan-Thailand Economic Partnership Agreement as well as a tariff preference under the Japan-ASEAN Comprehensive Economic Partnership Agreement. Switzerland provides duty-free treatment to Thai travel goods under its GSP program, while Singapore and Hong Kong provide duty-free treatment to all imports on an MFN basis. China and South Korea provide duty-free treatment under the China-ASEAN Free Trade Agreement and the Korea-ASEAN FTA, respectively, and Malaysia provides similar treatment to Thailand as an ASEAN partner. The EU provided duty-free treatment to Thai travel goods under its GSP program through the end of 2014, but Thailand graduated from the program effective January 1, 2015 due to its designation as an upper-middle income country.

h. Analysis of Cost Including Material, Labor and Overhead, and Profit

The breakdown of costs of production of backpacks, and profit, is as follows:

- Imported Material costs: [***]%

- Local Market Material Cost: [***]%
- Direct Labor: [***]%
- Overhead: [***]%
- Profit: [***]%

i. Information on Unit Prices and a Statement of Other Considerations Such as Variations in Quality or Use that Affect Price Competition

As part of the general apparel and consumer goods industry, the travel goods industry is very price sensitive. Minimal changes in costs of production may result in significant profits or losses for companies. As such, the proposed decreased in tariffs, which could range from 4.5% to 20% will have a large impact for suppliers, buyers, and consumers. The possible elimination of these tariffs will greatly determine the sourcing outcome for companies large and small in the travel goods industry, including Tumi.

In addition to price, other important factors that affect competition include product workmanship and quality. Tumi has sourced from Thailand in the past and can attest to the great quality and workmanship of Thai travel goods.

j. Assessment of how the Article Would Qualify Under the GSP's 35% value-added requirements

As set forth above, the regional value content requirement of 35% is easily achievable due to the use of locally sourced inputs and the labor involved. Further, U.S. allowances for regional cumulation with other ASEAN parties such as Thailand, Indonesia and Philippines will further provide the flexibility to meet the minimum regional value content requirement.

III. Policy Implications and Conclusion

The travel goods industry is a perfect vehicle through which the GSP program can further promote economic growth in developing nations. The travel goods industry is sufficiently established in many of these countries and with the foundation already laid there are great opportunities for growth. Furthermore, we want to make clear that growth of the travel goods industry in developing countries will not come at the expense of any U.S. industry. The USITC findings from several years ago with regard to the U.S. travel goods industry is still valid: there is no U.S. industry either of travel goods or materials that will be affected by acceptance of this petition.

One very likely outcome from GSP inclusion for travel goods is that buyers in the U.S. will have very significant incentives to source from GSP countries such as Thailand, instead of travel goods manufacturing powerhouse China. Such changes in sourcing patterns are already taking place, but GSP eligibility will accelerate plans to increase sourcing from these countries. Such immediate impact is possible because of a "perfect storm" scenario in which cost factors have already been driving sourcing diversification, the travel goods industry in the GSP beneficiary countries is established, and U.S. buyers already have business relationships with producers in GSP countries and have tested the quality, reliability and capacity of their suppliers in these countries.

When considering the potential to grant GSP eligibility to these products, we caution the Administration against taking a narrow view in terms of the scope of products or countries that could benefit from GSP. We understand that there will be some technical difficulties for the Administration in establishing nomenclatures at the eight-digit level for products currently described at the ten-digit, or creating some other type of new HTSUS indicator for travel goods eligible for GSP. However, this should not detract the Administration from considering GSP eligibility for all travel goods described in this petition. Such changes in nomenclature have been done in the past and there is a cadre of capable staff in different agencies of the Administration who, together with input from the trade community, can provide insight on the best way to achieve this change.

The Administration should also be as liberal as possible with regard to the countries that are eligible to receive duty free treatment under GSP for their travel goods. From Tumi's perspective, Thailand will be one of the major beneficiaries from the proposed change, but U.S. import figures show that other GSP countries such as Indonesia, Philippines, India and Turkey will also benefit. None of these countries however will qualify should the Administration limit status under the GSP only for Least-Developed Beneficiary Countries. Tumi believes that an action to provide GSP status for LDBDCs only will be blatantly contrary to Congressional intent, which did not limit travel goods to LDBDCs, which it could have done, and, in fact, did for certain cotton products.

Finally, we advise against the policy position that the U.S. should maintain these high tariffs on travel goods so that someday in a remote future it could use them as leverage in trade negotiations. In fact, the best thing the U.S. can do today to maintain any such leverage is to ensure that the travel goods industry continues growing in these GSP countries through actions such as the acceptance of this GSP petition. As the travel goods industries grows in these countries and an increasingly larger number of jobs in these countries depend on those industries, the U.S. will be in a more solid position to negotiate potential moves from a unilateral and temporary, and many times fickle in terms of approval, preference program to permanent types of trade deals.

Respectfully submitted,



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