



July 18, 2019

The Honorable Robert E. Lighthizer
United States Trade Representative
600 17th Street NW
Washington, DC 20508

Dear Ambassador Lighthizer,

As you complete your review of Thailand and Indonesia's participation in the Generalized System of Preferences ("GSP"), I am writing on behalf of Outdoor Industry Association (OIA) to ask that you help our members reduce costs for consumers and expand their U.S. operations. Further, as OIA member companies work to reduce their exposure in China, I want to stress that GSP provides the opportunity for us to shift production out of China for certain products. Accordingly, we respectfully request that you maintain duty-free access for travel goods contained under subheading 4202 of the Harmonized Tariff Schedule, even if you need to revoke GSP benefits for some products if sufficient progress has not been made to maintain the full participation of either Thailand or Indonesia.

OIA is the national trade association for suppliers, manufacturers and retailers of outdoor gear and products that help to make up the \$887 billion outdoor recreation economy, which accounts for 7.6 million American jobs. Our members' innovative products reach all corners of the globe and enrich people's lives by supporting healthy and active lifestyles. Many of these innovators are small and medium-sized enterprises, which are essential to growing the American economy.

As you will recall, duty-free treatment for travel goods was extended to all GSP-eligible countries by President Trump on July 1, 2017. We thank the administration for making this much needed improvement to the program. The Trump administration's decision has provided our members with a more diverse array of sourcing options, lowered costs for U.S. consumers, and allowed our members to invest more in their U.S. operations. It has also supported efforts by American companies, including OIA members, to shift a significant amount of production from China to GSP countries.

As you can see from the attached chart and graph, China is on pace to drop below \$5 billion in imports of travel goods to the U.S. in 2019, well below the \$6.3 billion in 2016 and far below the \$7.3 billion in imports from China in 2015. If current trends hold, Chinese imports to the U.S. will have dropped by almost \$2.9 billion in total by the end of 2019. Indonesia and Thailand are both integral to that shift, and both are on pace to have their highest travel good exports to the U.S. in 2019 for travel goods.



For GSP-eligible products, Indonesia is set to grow from \$77.6 million in 2016 to \$367.2 million in 2019. Thailand, similarly, will likely grow from \$44.6 million to just under \$100 million for duty-free travel goods from 2016 to 2019.

Given the rapid and significant shift of production, there is presently no additional capacity in GSP-eligible countries. Our members are working with partners to develop additional capacity, but this will take some time. Thus, in order for us to continue to diversify out of China, we need Thailand and Indonesia to remain as available sourcing options for our members, especially with the recent departure of India from the GSP program. Maintaining duty-free access for these countries will also help maximize the effectiveness of the Section 301 List 3, which includes travel goods under subheading 4202.

The increase in travel good exports from Thailand and Indonesia over the past four years demonstrates the effectiveness of GSP in assisting U.S. brands and supporting U.S. trade policy. By creating competition with China, U.S. brands and consumers win.

Thank you for considering our views.

Sincerely,

A handwritten signature in black ink that reads "Amy J. Roberts".

Amy Roberts
Executive Director
Outdoor Industry Association

Enclosure