

United States Senate

WASHINGTON, DC 20510

October 18, 2016

The Honorable Michael Froman
United States Trade Representative
600 17th Street, N.W.
Washington, D.C. 20508

Dear Ambassador Froman,

We are writing in regards to recent actions taken, and announcements made, by the Obama Administration concerning the duty treatment of certain luggage and travel articles imported into the United States.

On June 30, 2016, the President designated 28 luggage and travel articles as eligible for duty-free treatment under the Generalized System of Preferences (GSP). However, the President extended eligibility for such treatment only to imports from countries designated as least-developed beneficiary developing countries (LDBDCs) and imports from sub-Saharan countries designated as beneficiaries of the African Growth and Opportunity Act (AGOA).

The Administration's decision was disappointing for several reasons. First, the decision did not comport with the expansion of duty-free treatment that Congress envisioned when it passed the Trade Preferences Extension Act of 2015 (TPEA) with overwhelming and bipartisan support. Section 204 of the TPEA authorized the President to designate all 28 articles at issue as eligible for duty-free treatment for all GSP beneficiaries.

Second, it remains unclear how the Administration, upon thoughtful and objective analysis of the statutory criteria to be considered when determining GSP eligibility, arrived at its decision to extend duty-free treatment only to LDBDCs and AGOA beneficiaries. These criteria, outlined in section 501 of the Trade Act of 1974, can be summarized as follows: (i) the effect of such action on furthering the economic development of developing countries through export expansion; (ii) the extent to which other major developed countries grant similar preferences; (iii) the anticipated impact of such action on U.S. producers of like or directly competitive products; and (iv) the extent of the beneficiary developing country's competitiveness concerning the articles at issue. The Administration has not articulated how, based on an analysis of these criteria, it arrived at its decision.

Third, the decision unnecessarily perplexed and understandably frustrated U.S. businesses and consumers. Through multiple hearing testimonies and written submissions, many stakeholders expressed support for extending eligibility for duty-free treatment to imports from all GSP beneficiaries. Although the Administration recently stated that it "deferred" a decision on eligibility for GSP beneficiaries other than LDBDCs and AGOA beneficiaries, the President's

June 30 announcement included no information or guidance regarding if or when the Administration intended to consider eligibility for the GSP countries to which duty-free treatment was not extended. Businesses have difficulty planning, investing, and making other meaningful commercial decisions amidst this uncertainty.

For these reasons, we welcomed USTR's announcement on August 25, 2016 that it would seek public comments and convene a public hearing "to receive additional information and stakeholder views regarding the potential addition of travel and luggage goods products for more economically advanced GSP beneficiary countries." We understand that that hearing occurred today. While we continue to question the soundness of the Administration's initial decision, we are pleased that it has elected to review this issue further and are hopeful that a decision will be reached that comports with Congress' intent, encourages economic growth in developing countries, and provides economic certainty and more meaningful opportunities for U.S. businesses, workers, and consumers.

Sincerely,



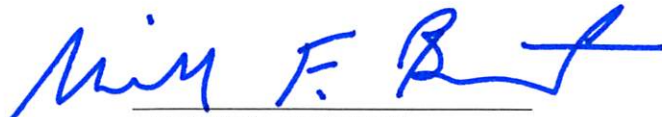
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