

OPPORTUNITIES FOR SRI LANKAN TRAVEL GOODS IN THE UNITED STATES



**Prepared by:
Embassy of Sri Lanka
Washington DC
USA
April, 2017**

CONTENTS

	Page
1. INTRODUCTION	02
2. TRAVEL GOODS FROM SRI LANKA	02
3. IMPORTS TO TRAVEL GOODS TO USA	03
POPULAR TRAVEL GOOD BRANDS IN USA	
TRAVEL GOOD MANUFACTURES	
TRAVEL GOOD IMPORTERS	
APPLICABLE IMPORT DUTY ON TRAVEL GOODS IN THE USA	
4. SRI LANKA'S LEVEL OF COMPETITIVENESS IN TRAVEL GOODS TRADE	05

OPPORTUNITIES FOR SRI LANKAN TRAVEL GOODS IN THE UNITED STATES

01 INTRODUCTION

The U.S. travel goods market is primarily characterized by soft-sided items made from nylon and polyester fabrics versus the hard-sided cases (particularly with respect to luggage) that were more prevalent in the past. Industry representatives note that because of the popularity of lighter weight, soft-sided travel goods, shipping is less of an issue in sourcing decisions, and labor has become the most significant portion of the total cost of production.

Only a relatively small number of firms maintain production of travel goods with an outer surface of textile materials in the United States. Some produce under their own labels, while others produce under contract for larger companies. Remaining U.S. textile travel goods producers either serve niche markets or produce for the U.S. military and government.

According to industry source, the sewing and assembly processes for these goods are extremely labor intensive because the sewing is often performed on inside seams, and many accessories (such as zippers, handles, wheels, etc.) must be attached by hand. Industry sources note that labor costs can range from 20 to 40 percent of the finished good.

02. TRAVEL GOODS FROM SRI LANKA

Production of travel goods in Sri Lanka continues to remain as Small and Medium Enterprise (SME) industry, which provides livelihood to a considerable number of men and women at the grassroots level.

Sri Lanka was the 11th largest supplier of travel goods to the United States (US) in 2000 with an average export value of US\$ 105 Mn or 25,473,637 units. However, as a result of the serious competition posed by low-cost producer countries since the phasing out of the Multi-Fiber Arrangement (MFA) in 2004, Sri Lanka lost a substantial portion of its share in the US market. In 2015, Sri Lanka held only the 51st position, with only US\$ 534,911 worth of exports or merely 309,933 units.

This scenario has had a direct impact on the travel goods industry in Sri Lanka. For instance, it currently provides only about 4,000 direct jobs, while another 2,000 – 3,000 depend on indirect jobs. This is against the 241,066 jobs the textile apparel & leather products industry generated in 2000. In the absence of sizable export markets, many travel goods manufacturers in Sri Lanka now depend to a large extent on tourists for their livelihood..

03. IMPORTS TO TRAVEL GOODS TO USA

Consequently, the majority of U.S. travel goods firms now source their commercial lines from Asian suppliers, mostly China, where labor costs are much lower than those in the United States.

Industry sources note that China is the preferred source for offshore production, owing to

- 1) The removal of U.S. import quotas on textile travel goods in 2002
- 2) Available low-cost work force and necessary inputs such as fabric and accessories in China and nearby Asian countries, and
- 3) Lower cost, more frequent, and shorter shipping times to the United States compared with other Asian countries.

In 2016, China was the leading U.S. supplier of the subject products, accounting for between 60 and 75 percent of imports for each category of the subject travel goods.

Based on official statistics of the U.S. Department of Commerce, imports in 2016 of travel goods of textile materials totaled approximately US \$11 mn (landed duty paid), compared to US\$ 11.3 mn in 2015.

*HTS - 4202: TRAVEL GOODS, VANITY CASES, BINOCULAR AND CAMERA CASES, HANDBAGS, WALLETS, CUTLERY CASES

Country	2016
	Value US \$'000
Customs Value where quantities are collected in number	
China	6,497,252
Vietnam	1,063,688
Italy	856,175
France	620,524
Philippines	297,165
India	232,474
Indonesia	117,826
Mexico	105,991
Spain	102,901
Korea	96,998

Thailand	89,049
Canada	68,960
Hong Kong	68,544
Burma (Myanmar)	67,172
Cambodia	60,375
Subtotal Product Group (Quantities Collected in number)	10,345,095
All Other:	294,910
Total	10,640,005

Source: US ITC

3.1 POPULAR TRAVEL GOOD BRANDS IN USA:

- Delsy
- Tumi
- Victorinox
- IT Luggage Amsterdam
- Eagle Creek
- Vera Bradley
- Ricardo Beverly Hills
- American Tourister
- Briggs and Riley
- Samsonite
- The North Face
- High Sierra

3.2 TRAVEL GOOD MANUFACTURES:

- Korchmar
- Punita Group Inc
- Under Armour, Inc
- Mystry Ranch Backpacks
- Michael Kors
- Kate spade
- VF Corporation
- Coach Inc

3.3 TRAVEL GOOD IMPORTERS:

- Tory Burch
- Ogio International
- Jaclyn Inc
- Global Mamas

- Ann Inc
- Farmers Branch
- Global Brands Group
- Itochu Prominent USA LLC
- Unison Pan Asia Co Ltd

3.4 APPLICABLE IMPORT DUTY ON TRAVEL GOODS IN THE USA:

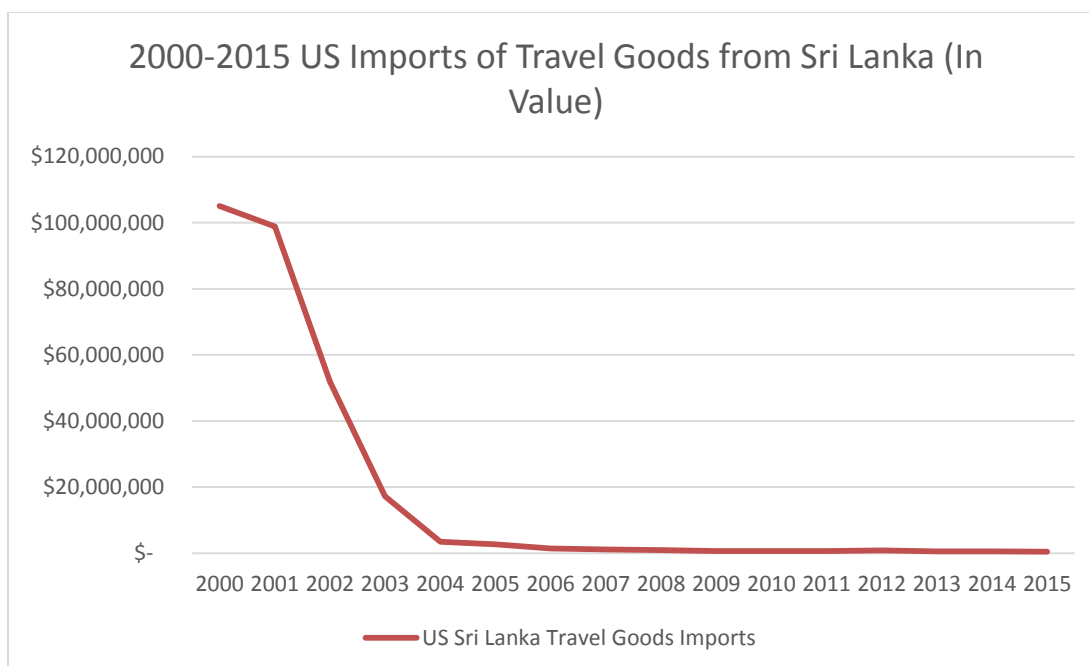
The applicable duty ranges from 8% to 20% on travel goods in the US Market.

04. SRI LANKA’S LEVEL OF COMPETITIVENESS IN TRAVEL GOODS TRADE

There is ample amount of statistical evidence that Sri Lankan travel goods need to compete in the US market with low-cost suppliers such as China and Vietnam, unless Sri Lanka is supported with some tariff concessions. As highlighted above, most of the US importers have begun to source their travel good requirements from cheaper origins after the removal of MFA quotas at the end of 2004.

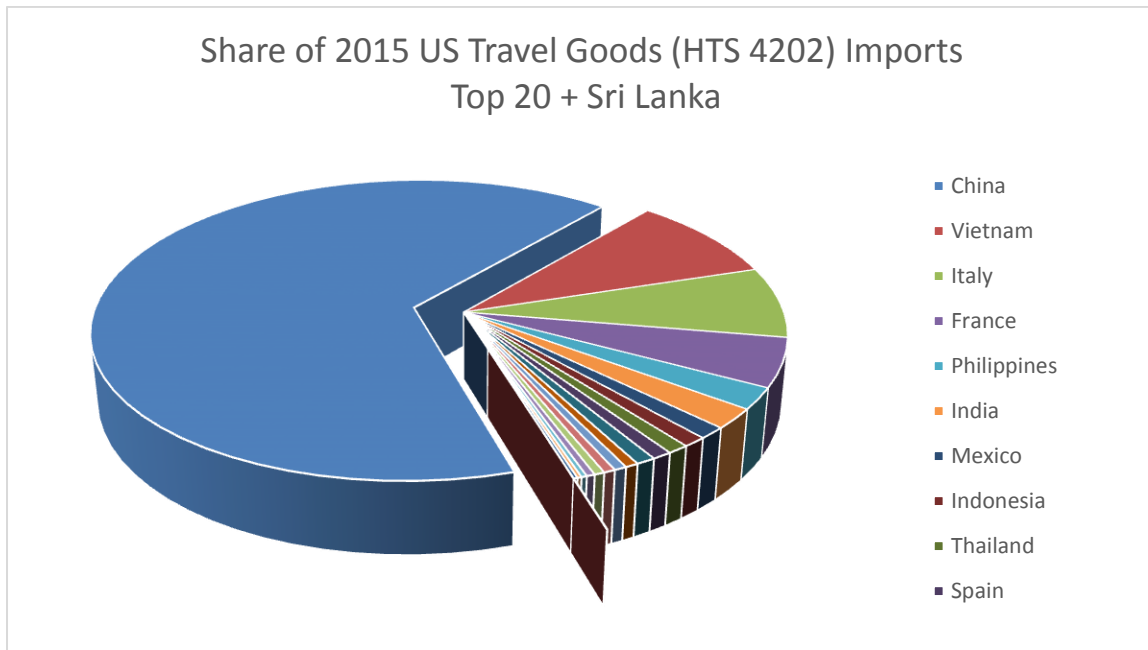
In 2000, the United States imported US\$105 million worth of travel goods (HTS 4202) from Sri Lanka. This value equated to 25.4 million units. By 2005, the US imports from Sri Lanka had dropped drastically to US\$2.7 million. In 2015, this value reached its lowest point registering at only US\$534,911, which was equivalent to 309,933 units. (Figure 1)

Figure 1 - 2000-2015 US Imports of Travel Goods from Sri Lanka



The above chart clearly demonstrates Sri Lanka’s declining travel goods exports to the US market. Sri Lanka, which used to occupy about 2.4% of the US import market of travel goods (HTS 4202) in 2000 in terms of value, occupied only a negligible share of 0.005% in 2015.

Figure 2 - 2015 US Travel Goods Imports by Country (Top 20 + Sri Lanka)



Moreover, Sri Lanka, which currently occupies only a tiny share (0.005%) of the overall US market for travel goods.

PROSPECTS:

- The American market continues to offer great opportunities for exporters in this segment.
- The market requires suppliers to compete in several areas including quality, price etc.
- To reach the market and to maintain the market share, suppliers will have to prove efficacy through supply of high quality products with new designs at a competitive price.

MORE INFO:

INDUSTRY RELATED ASSOCIATIONS

- The Travel Goods Association
- The Apparel & Footwear Association
- The Outdoor Industry Association

INTERNATIONAL TRADE FAIRS IN THE USA

The International Travel Goods Show (April 5-7, 2017)

Las Vegas Convention Center

Las Vegas, NV

thetravelgoodsshow.org

Sources: US ITC, USTR, Sri Lanka Customs

Prepared by:

Name - EDSRSL/Washington DC

Disclaimer:

The Embassy of Democratic Socialist Republic of Sri Lanka in Washington DC, (EDSRSL /Washington DC), has taken every care in the preparation of the content of this report, but the EDSRSL /Washington DC cannot be held responsible for any errors, defects, lost profits, or other consequential damages arising from the use of any information obtained either directly or indirectly from this report. The EDSRSL /Washington DC accepts no liability whatsoever.