U.S. Government Excludes Some Backpacks, Bags, Textiles From Trade War Tariffs

The USTR issued a memo curiously excluding some accessories and textiles from the last wave of tariffs in President Trump's trade war with China.

By Misty White Sidell on March 23, 2020
The U.S. Trade Representative has walked back on some tariffs that were implemented in President Trump’s trade war with China in September. In a memo issued Friday revealing tariff reliefs, the USTR outlined several fashion industry categories as being newly omitted from steep levies.

Among the exemptions are new rules relating to handbags and backpacks as well as certain textiles and fibers. The USTR did not specify why these exemptions — most of which are related to the construction and technology spaces — were issued.

Congress is negotiating the details of a stimulus package it hopes would soften the coronavirus’ significant blow to the U.S. economy. It is unclear if the USTR’s new exemptions are another attempt to lessen the virus’ economic impact. Earlier in the month, the USTR issued tariff exemptions related to the medical supply industry so that masks, gloves, doctor’s gowns and other materials could reach the U.S. more quickly in order to meet demand from the outbreak.

Certain backpacks and duffel bags are now omitted from Trump’s trade war levies, which tacked on a 25 percent extra tariff to goods upon entry to the U.S. from China. Those with “an outer surface of a blend of hemp and organic cotton,” that
satisfy the specific measurements of “not less than 38-cm-by-30-cm-by-15-cm and not more than 36-cm-by-72-cm-by-34 cm,” are now exempt. Other backpack styles “with outer surface of textile materials of man-made fibers” must measure “at least 35 cm but not more than 75 cm in height, at least 19 cm but not more than 34 cm in width, and at least 5 cm but not more than 26 cm in-depth,” in order to be excluded.

Tote bags made of man-made fibers with handles and printing on the front and back must measure “more than 20 cm but not more than 36 cm in width and more than 22 cm but not more than 39 cm in height, with a gusset measuring not more than 16 cm.”

Bags that are manufactured to fit “power-sport vehicles,” like off-road, all-terrain vehicles or snowmobiles and motorcycles, with “an outer surface of textile materials of man-made fibers, each with a base of plastics and a coil zipper, weighing 0.22 kg or more but not over 4.6 kg,” are also exempt.

Accessories Council president Karen Giberson, who headed to Capitol Hill in August to testify before the USTR on why accessories categories should be exempt from Trump’s trade war tariffs, said, “As we are currently in such a fragile state, any bit of good news is a welcome ray of hope. We hope that there are more categories added to this list in the coming days and weeks.” It is expected that some brands will design with the USTR’s size specifications in mind when devising merchandise to be manufactured in China.

Also newly exempt are cashmere and camel-hair yarn that is produced for wholesale manufacturing purposes. Executives from Theory also testified before the USTR to request this exemption, among others.

Other textiles to receive exempt status are woven polyester or cotton and polyester blends that are “coated on one side with expanded polyurethane, which comprises more than 70 percent
of the total weight of the product, the entire thickness of the fabric measuring at least 0.8 mm, but not more than 1.22 mm in thickness and weighing at least 350 g/m² or more.”

Also now excluded are “circular single knitted fabric, containing by weight 96 percent polyester and 4 percent spandex, dyed.”

Perhaps the oddest, most specific exemptions related to the fashion industry are skirts, dresses and pants made of polyurethane-coated pig leather or a “polyurethane-coated composition leather of swine.” These items must be designed for women, girls or infants.
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