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Tariff Increase Announced on Imports from China

Dear Valued Customer,

As many of you know, the Office of the United States Trade Representative released its federal notice of modification of Section 301 action, previously twice delayed, that increases tariffs assessed on products of Chinese origin from 10% to 25% at 12:01 AM ET on May 10, 2019, on the third tranche (List 3) products. Given that no agreement was made in trade discussions between the US and China, the increase has now taken effect. Specifically, the notice states:

“Effective with respect to goods (i) entered for consumption, or withdrawn from warehouse for consumption, on or after 12:01 a.m. eastern daylight time on May 10, 2019, and (ii) exported to the United States on or after May 10, 2019...” It is worth noting that there is now a deadline for those goods that were exported on or before May 10th, in which the tariff stays at 10%, and importers can take advantage of this lowered rate through June 1, 2019. This option can only be exercised if your Customs Broker uses a special tariff classification.

The full notice can be found here: <https://www.govinfo.gov/content/pkg/FR-2019-05-09/html/2019-09681.htm>

Since the inception of various tariffs, we have worked diligently to identify the potential impact and prepare mitigation tactics. Using our strong global supply chain network we have been able to moderate much of the increases. However, where we have limitations in the type of supply, we have not been able to defer the impact. In these cases, we have worked with our supply chain partners to manage the costs more effectively in an effort to minimize the effect. Given this, any residual increases due to tariff impacts will result in the need to adjust prices accordingly.

Würth understands the hurdles we all face in this global environment, and the effects that these increases have within our businesses. We appreciate your partnership and we will work closely with you to overcome the challenges.

Best Regards,

A handwritten signature in blue ink, appearing to read 'H. Stewart', is positioned above the printed name.

Heather Stewart
Vice President Strategic Procurement, Quality and Profitability
Würth Industry North America

FOR US, IT'S PERSONAL