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July 17, 2018

To Our Valued Customers,

On July 6th, as per the US Trade Representative Section 301, a 25% tariff was imposed on specific products manufactured in China as they enter into the United States. The list included 818 product lines identified by HTS codes. The largest segment of the economy covered by these tariffs was electronics, including connectors and related products. Unfortunately, these tariffs will apply to many of our products when the Country of Origin is China. For those products which are manufactured in countries other than China, the new tariffs do not apply.

The imposition of the tariffs is disruptive both for us and you our customers. These tariffs may impact some, all or none of the goods you currently purchase from us depending on the Country of Origin and the specific HTS code. In days to come, we would be pleased to review with you the Country of Origin of the goods that you have purchased from us in the past.

We regret that we have no alternative but to pass on these additional costs. We have chosen to add these costs as an additional line item on our invoices for each part that the duty applies to, rather than increasing the base cost of the items that we sell. The base cost will remain unchanged. In some cases, these tariffs will need to be charged on existing backlog.

For those customers where the country of consumption of our products is not the United States and the new tariff would apply if the goods were shipped into the United States, we would encourage you to dialogue with us regarding alternative shipping arrangements outside of the United States, or alternatively, shipment of the goods in bond within the United States for ultimate export.

Please be aware that we value your business and are reviewing our own supply chain arrangements in order to mitigate the effects of these new tariffs in the days to come. Relocation of the country of manufacture is under consideration. As we have further information on the subject, we will pass it on. In the meantime, please let us know if you have questions.

Thank you,
Adrian Robinson
President and CEO
Edac Group of Companies

<https://www.gpo.gov/fdsys/pkg/FR-2018-06-20/pdf/2018-13248.pdf>