

7/5/18

To Our Valued Customers,

On July 6th, per the US Trade Representative Section 301, a 25% tariff will be imposed on specific products manufactured in China entering into the United States. The list included 818 product lines identified by HTS codes. ([Click here](#) to review List 1.)

Heilind has been working with our suppliers and industry organizations to petition for exclusions of various products that are affected. To this point, we have not been successful in our petitions and are waiting for final determination on the second list of 284 products also being considered for additional tariffs. This second list is still under review with public comment being solicited. ([Click here](#) to review List 2) Public comment on list 2 is due by July 23.

Heilind is working diligently with our suppliers to understand their various approaches and the impact on specific franchised products sourced directly out of China. To provide you an adjustment period during this challenging situation, Heilind will not pass on any Section 301 tariff charges until further notice, and will absorb these costs during this period of time. Once this date is determined, we are not planning to raise prices at the part number level but rather, create a separate line item for the tariff charge. The exception would be for parts where suppliers have chosen to increase the piece part price, in which case we will have no choice but to pass these increases along. We believe keeping the tariff charge on its own line reduces the supply chain impact and is the least disruptive option from a systematic, accounting and process perspective.

As always, Heilind's first priority is to work in partnership with our customers to provide outstanding customer service in all matters. In this situation, Heilind can assist by providing a preliminary list of parts believed to be affected by the tariffs based on your specific history of purchases. However, this initial list cannot be considered final pending updated details from our suppliers which is still in process. Please work with your local representatives to review your specific parts and how to best manage your supply chain going forward.

Our primary objective is to minimize supply chain disruption and provide you with the most accurate information that will enable you to manage your business moving forward under these newly defined rules. Heilind values our partnership and thanks you for entrusting us with your business. We will continue to provide updates as the situation develops.

If you would like to submit a comment, you can do so at www.regulations.gov.

For more details, please go to the link below.

<https://ustr.gov/about-us/policy-offices/press-office/press-releases/2018/june/ustr-issues-tariffs-chinese-products>

Sincerely,

Heilind Electronics