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Subject: US Proposed 301 Tariffs

June 29, 2018

Dear valued Hill House Products Customer,

As you are probably fully aware, pursuant to authority granted to the President of the United States of America, under section 232 of the Trade Expansion Act of 1962, the President has issued a proclamation to impose import tariffs on a variety of goods from China. The Harmonized Tariff Schedule of the United States (HTSUS) under Docket Number USTR-2018-0018 with actions pursuant to Section 301: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property and Innovation, cover a broad base of products, many of which are used in our production of motors and blowers. The proposed tariff level on these products is 25%.

Originally the tariff was targeted for raw material metals like steel and aluminum but, it has expanded to include many products including motors as well. Currently, it is a little unclear of the impact of the tariff on motor pricing as to how the motors are treated by description and wattage. It is however worth stating that while we are working to find ways to minimize the impact where possible, any of these additional increases will be passed along to customers. These first tariffs are slated to start **July 6th** if they are not rescinded by the US government.


Since the tariffs are really an import tax, we will treat them as such. Our plan is to apply a line item surcharge to the invoices which is separate from the motor unit cost. The surcharge will be issued as a straight percentage; so for example, if the tariff charge is say 3%, a 3% surcharge line will show up exactly that way on your invoice. This seems to be the fairest solution and easiest way to keep track.

To be transparent and fair, the exception will be if Hill House Products has brought in inventory prior to the tariff and has "in house stock" for your open PO's. In this case, your pricing will remain the same until the old inventory is consumed.

Should your organization desire to pursue actions regarding these proposed tariffs, according to Notice USTR-2018-0018, there will be public hearings on July 24, 2018 in Washington D.C. Information on these hearings can be found online at www.federalregister.gov

Everyone impacted by this upcoming tariff is trying to mitigate its effects but we are all in the same boat. If you have any questions please give me a call.

Best regards,



Joe Morreale
Sales Manager