



July 30, 2018

To our Valued Clients:

As you are likely aware, the U.S. Trade Office (USTO) has initiated tariffs on imports from China and other countries. As an electronics manufacturing services firm, we are keenly aware that this will potentially have a major impact on our supply chain.

As a client or potential client of ACDi, you are likely wondering how this will ultimately affect your product and the cost of building it. And the answer, quite frankly, is we continue to evaluate as developments unfold. There are still many uncertainties revolving around how the tariffs are being handled, enforced, and even charged.

[In a June 27 letter](#), the Electronic Components Industry Association (ECIA) stated that it had conducted a small survey of its distributor and manufacturer members regarding the impact of the tariffs that were imposed on July 6th on the importation of various electronic components made in China. The tariffs are likely to have varying impacts on U.S. companies and the authorized electronic component supply chain. There is also a high degree of uncertainty about implementation of the tariffs and how importers will handle the new tax.

The survey indicates that the current consensus among distributors and manufacturers is that the tariffs will flow through the supply chain to the end customer. There is not enough information at this time to determine whether the tariff will be clearly identified on invoices as a separate line item or be passed on from manufacturers as increased resale cost.

At this time, it is unknown if product sold by Chinese companies, but manufactured and/or shipped from locations outside of the PRC, are subject to these same tariffs. Also, are Chinese products in the distribution channel prior to July 6th subject to the new tariffs?

The only surety in all of this is that if tariffs are charged, we'll be paying them, and we'll subsequently have to pass that cost along to our clients.

There remain many unanswered questions about the implementation. ECIA will continue to monitor the situation and keep members informed of developments. For real-time situational updates, access the [ECIA specific page](#).

ACDi is diligently tracking developments with respect to the tariffs and will communicate updates as significant changes or details warrant.

Sincerely,

Bill Hornbaker, President & CEO