



## SUPPLY CHAIN UPDATE - May 2019 – Mexico Tariffs

**Date:** May 31<sup>st</sup>, 2019  
**From:** Phil Wehrli, Senior Vice President Global Supply Chain and Planning  
Josh Chien, Senior Vice President of Sales, Marketing, and Customer Experience  
**CC:** Ed Smith, President and CEO; Rich Fitzgerald, Chief Operating Officer

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Dear Valued Customer,

As most of you have heard President Trump announced on Thursday, May 30<sup>th</sup> that the U.S. will impose a 5 percent (5%) tariff on all imported goods from Mexico beginning June 10<sup>th</sup>, a tax that would “gradually increase” until the flow of undocumented immigrants across the border stopped. He also said that tariffs would be raised to 10 percent (10%) on July 1 “if the crisis persists,” and then by an additional 5 percent (5%) each month for three (3) months and then remain at 25 percent (25%) until Mexico acted. At this time we will continue to monitor the situation and look for ways to mitigate and provide alternative solutions. We are working directly with our customers specifically in Mexico to pull finished goods (FGI) products between now and June 10<sup>th</sup> to provide some runway while we continue to understand the situation.

As we are all well aware, this is a dynamic situation. SMTC as your strategic supply chain partner, will provide regular updates and we monitor progress, and post it to our website located below:

- Supply Chain Update Pull Down (at bottom of the page)
- <https://www.smtc.com/services/global-supply-chain-management>

As for the China tariffs nothing has changed since the last update we provided. Here was the recent details regarding China:

With the recent announcements in regards to the increase in tariffs from products shipping from China we wanted to share what we have learned relative to U.S. Trade Representative Section 301.

As a reminder of the current tariffs effectivity:

The 3 Lists were announced as of September 24<sup>th</sup>, 2018 with the *latest update on list 3 where tariffs at 10% growing to 25% on May 10, 2019.*

A proposed modification on \$300B (List 4) of imports from China will undergo a review in the coming weeks.



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### List 1

- Went into effect on Friday, July 6<sup>th</sup>, 2018
- 25% tariff on all identified HTS codes
- List of affected HTS codes:  
<https://ustr.gov/sites/default/files/enforcement/301Investigations/List%201.pdf>

### List 2

- Went into effect August 23, 2018
- 25% tariff on all identified HTS codes
- List of affected HTS Codes:  
<https://ustr.gov/sites/default/files/enforcement/301Investigations/List%202.pdf>

### List 3

- *Formerly 10% moving to 25% effective June 1, 2019 (primarily PCB's for our industry)*
- List of affected HTS codes:  
[https://ustr.gov/sites/default/files/301/2018-0026%20China%20FRN%207-10-2018\\_0.pdf](https://ustr.gov/sites/default/files/301/2018-0026%20China%20FRN%207-10-2018_0.pdf)

### List 4

- Contains fewer items that impact our industry
- *Proposed date: TBD*
- *25% on all identified HTS codes*
- *Primarily impacts Consumer Products*
- *Unofficial list of effected HTS codes:*  
<https://www.cmtradelaw.com/2018/10/latest-u-s-trade-actions-tariffs-and-other-countries-retaliatory-measures/>

Warmest Regards,

Phil Wehrli | Senior Vice President of Global Supply Chain and Planning

Josh Chien | Senior Vice President of Sales, Marketing, and Customer Experience