



Tariffs on Electronic Components Imported from China

July 6, 2018

Dear Valued Customer,

Effective July 6, 2018 and as mandated by [U.S. Trade Representative 301](#), certain electronic components imported from China will be subject to a 25% tariff.

We encourage you to review the listing of components that will be subject to the tariff as identified in the link above to determine the potential impact to your Bill of Materials and associated costs.

Zentech is working closely with our electronic component supply chain, our electronic component distributors, and with industry associations to best understand the mechanics of this tariff implementation.

As noted in the letters following this one from our suppliers, the tariff will likely be passed through 100% from our electronic component distributors to Zentech and will consequently be passed through 100% by Zentech.

This is an unprecedented development with some measure of fluidity and the unknown.

Zentech will strive to communicate additional details as they become available from our electronics supply chain and distributors.

Thank you for your patience as this process unfolds.

Please contact John Vaughan, VP of Sales at vaughanj@zentech.com if you would like to discuss in greater detail.

Sincerely,

Matt Turpin

President and CEO



June 27, 2018

Subject: United States Trade Representative, Section 301, Trade Act of 1974

Dear valued customer,

On June 15, [U.S. Trade Representative Section 301 passed](#), confirming additional tariffs on certain products imported from China. The list includes 818 product lines (identified by HTS codes) of China origin that will be impacted with a 25 percent tariff increase when brought into the U.S., beginning July 6, 2018. A second list of 284 products also is under review and, by fall 2018, U.S. Trade Representative will issue a final determination on products from this list that will be subject to additional duties.

We recognize the impact these tariffs have across the industry. We are working with industry trade organizations and our supplier partners to implement the changes while minimizing disruption within the supply chain. Additionally, we are advocating for a reduced number of products identified on the second list that is currently under review.

Tariff increases on the original 818 products will be effective July 6, 2018. Arrow is collaborating with impacted suppliers to understand how they will pass along these new tariffs, and we expect that most will pass them along at 100%. Arrow will pass along the tariff increases beginning on the effective date.

We will provide additional details on Monday, July 2, 2018.

We appreciate your continued support as we navigate these unprecedented changes in our industry.

Sincerely,

John Drabik
President
Americas Components

9201 East Dry Creek Road
Centennial, Colorado 80112

P 303 824 4000

arrow.com
FiveYearsOut.com



July 3, 2018

Subject: United States Trade Representative, Section 301, Trade Act of 1974

Dear valued customer,

I want to share an update on Arrow's continued work related to the [recently announced](#) United States Trade Representative Section 301 China tariff changes and their impact on our business and industry.

Since my letter dated June 27, 2018, the Arrow team has been working directly with our supplier community to understand their plans for handling the new tariffs. Currently, we are compiling our supplier data to guide our short- and long-term solutions.

Very soon, **we intend to provide you with a list of impacted parts specific to your business with Arrow.** Our sales team will partner with you to help you make informed decisions on how to manage the impacted parts you purchase from Arrow. Please stay tuned in the coming weeks for new information as it becomes available.

Again, I appreciate your continued support as we navigate these unprecedented changes in our industry.

Sincerely,

John Drabik
President
Americas Components



The Specialist in Electronic Component Distribution

June 26, 2018

Re: Section 301 Import Tariffs

Dear Valued Customer,

With the Administration's passage of the Section 301 tariffs on products made in China, efforts continue to be made by industry associations and individual businesses like that of TTI for component-level devices to be removed from the list due to the impact on American businesses. Additionally, please be aware that a second list of components identified by the Office of United States Trade Representative will undergo further public notice and comment, including a public hearing. This process is expected to be completed by fall 2018.

What we know today is that all components produced in China and included in Section 301 will be subject to the new tariffs effective July 6. For the purpose of clarification, components manufactured in Taiwan and Hong Kong are not considered within the scope of Section 301, therefore are not subject to the additional tariff.

As of this communication we are just beginning to receive formal notification from our suppliers as to how they intend to pass through the new tariffs. We do expect all suppliers to pass through the tariff and anticipate that 100% of the additional tariff will be passed through.

Since many suppliers produce components in multiple countries it is not known until time of receipt/shipment if the Country of Origin on the components being shipped will be that of China. For this reason our salespeople will not always know the Country of Origin at time of order placement. Because of the magnitude of the tariffs if the Country of Origin on the components being shipped to your company is China, TTI will have to begin passing through these tariffs on the effective date.

We will continue to communicate with you as circumstances warrant further updates.

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



To our Valued Customers,

The tariffs announced by the Office of the United States Trade Representative (USTR) under the Section 301 Action are in effect as of 12.01 am July 6th, 2018. All items identified, as classified, under the Harmonized Tariff Schedule of the United States (HTSUS) with a country of origin of China are immediately subject to a 25% duty upon importation into the United States.

You may currently purchase some of these products and if you are impacted by these punitive duties our sales teams can provide you with the information required to be able to discuss any probable impact as well as potential solutions with you directly.

As we have continued to review and evaluate this situation, including the multiple directions taken by our suppliers in handling these duties (price increases, surcharges, direct duties) as well as the extended multinational/cross border supply chains of our customers the complexities have been greatly reinforced and amplified.

Our goal is to offer various solutions to our customers that will help minimize and mitigate any unnecessary impact or uncertainty for you.

Where we are not able to mitigate these duties/tariffs we will unfortunately have to pass them on to you, as our suppliers are to us. We are committed to working closely with you to evaluate and develop the best solutions for you.

This may require each of us doing things differently.

Our goal, working collaboratively, is to minimize the impact to your business by utilizing the global resources available from Future Electronics. We will make ourselves available to collaborate with you and our suppliers to assist as required to manage the tariff situation.

In order to allow us both time to evaluate and prepare we will delay passing through and invoicing the duties/surcharges until July 27th, 2018. This will only apply to confirmed orders with parts currently allocated to your orders or Bonded Inventory Program. To avoid any potential of being impacted by the duties/surcharges you will be required to take delivery of these orders and / or bonds prior to July 27th, 2018.

Any other additional orders placed and shipped prior to July 27th, 2018 may also be subject to the tariffs/surcharges depending on the inventory position at the time.



There are 4 main areas that are impacted by the tariffs:

1. **Quotations:** Quotations will identify to the best of our knowledge the Country of Origin of each part number. The Country of Origin can only be confirmed once the parts are received in our Distribution Center since it is subject to change from our suppliers.
2. **Orders:** Orders received will have the Country of Origin confirmed only once the parts are received in our Distribution Center. We will not be able to accept any orders that specify a particular Country of Origin.
3. **Shipments:** We will work with you when orders are directly exported from the United States to mitigate or eliminate the duties/surcharges where possible. Please contact your Sales Representative to discuss a customized solution for you.
4. **Invoicing:** Future will highlight the line items where tariffs apply. On a weekly basis Future will invoice the accumulated duties/surcharges separately and cross reference all the applicable information. Within the next few days we will provide sample invoices and associated tariff information. The weekly tariff invoice will have Net 30 Days terms of payment.

Unfortunately, this process is extremely complex and still evolving with many suppliers still not declaring how they will handle these additional punitive duties and will take time for both of us to develop and implement the optimum solutions. The grace period up to July 27th, 2018 is in place for this reason.

Please rest assured our goal is to continue to provide you the best service globally and to ensure your continuity of supply. We have built our reputation on providing world class supply chain solutions and the solutions pertaining to tariffs will be an extension of our value added service.

We will use all of our global resources and facilities to implement flexible, efficient and effective customized solutions specifically implemented for you.

In order to facilitate the answers to your questions we have set up the following email address: tariffs@futureelectronics.com.



Please feel free to send your questions or any inputs to this email address. One of our team members will respond quickly to your enquiries.

Your sales representative will be contacting you to provide you further details within the next few days.

Should the duty/tariff situation change we will advise you accordingly.

We appreciate your business and thank you in advance for your collaboration leading to solutions that are mutually beneficial.

Sincerely,

Omar Baig
Future Electronics
Executive Vice President
Worldwide Sales and Marketing

7/5/18

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Heilind Electronics