



Northwest
Adhesives, Inc.

4325 S Lincoln Street
Washougal, WA 98671
Phone: (360)-260-1227
Fax: (360)-260-1872
sales@northwestadhesives.com
www.northwestadhesives.com

Tariffs on Chinese made Raw Materials

We have been following the bad news and vendor advice regarding new punitive tariffs that soon will be charged to us on Chinese made Raw Materials. These new US imposed tariffs are in reaction to unfair trade practices by China which means we may already be in a trade war.

New tariffs are huge, e.g. 25% and they will impact some of our key imported resins clearing customs after August 23, 2018.

So the entire HMA industry will be significantly impacted when these additional tariffs are paid to import Chinese Raw Materials for both hot melt and water-based adhesives.

In addition, hoarding (i.e. ordering ahead of time) has put another artificial strain on adhesive manufacturers. Finally, delays at ports of entry for those trying to beat the deadline have clogged the ports and backed up deliveries causing delays in shipping adhesives.

The entire world of HM and WB adhesives is significantly impacted, so what will we do?

- Since not all our formulas are impacted, we will delay raising prices until the higher cost affects the goods we ship out.
- And we will pass through ONLY the amount of the increased tariff costs
- The price impact could be 0% - 5% when as we ship adhesives made from those higher cost resins.

Meanwhile, we will be sourcing from domestic, N. American, Asian non-Chinese suppliers to avoid as much of these tariff penalties as possible and for as long as possible.

Interestingly some of our adhesive competitors may have already announced price increases effective September 1, 2018, despite that they may have not yet impacted their cost of manufacturing.

We all hope for negotiations to reduce, delay or eliminate punitive tariffs and if that happens we will all be relieved.

Thank you,
Charles Asbury
President Northwest
Adhesives, Inc.