

Resource Center - #7722-F

November 26, 2018



TO: All Franchises
FROM: Resource Center
SUBJECT: A letter from Best Business Systems - What do the new tariffs mean to you?



Best Business Systems is providing some information to help you make an informed buying decision.

What do the new tariffs on Chinese imports mean?

Good question and right now, there is no definitive answer. However, I recently attended a meeting with almost 50 of the promotional industry's most well-known suppliers and 40 invited distributors like myself. I spoke with almost every supplier there about tariffs and the consensus was

- The tariffs are already being imposed. Some suppliers had already begun receiving shipments with tariffs applied to the invoice.
- Most suppliers planned to hold prices through year end 2018 to help with programs like the one between BBS and SERVPRO®.
- Many were not planning to print priced catalogs, they will instead use their websites, and update as price increases occur.

What does this mean for you?

Simply put, I do not know, but I would be remiss if I didn't make you aware of this and ask you to prepare by considering placing orders now for some of your intended use in first quarter 2019. Most domestic suppliers are saying that any shipments made before December 31st will not see these tariffs. At least be aware that a 25% tariff is a reality for the promotional industry currently. This **does not mean** each item you buy will go up 25%, but components of almost every item you use will have tariffs. As a supplier, I want to make sure that you are aware when planning your 2019 marketing budgets.

I am getting correspondence almost each day with some sort of announcement.

Today, I received a quote for a holiday gift for a franchise with the note below.

This item may be subject to one of the proposed tariffs imposed by the US Federal Government in the future. These charges are not included in the quotation above, but should the tariffs be imposed, the additional cost charged by the US Government will be passed on by XXXXXXXX at our cost.

Sincerely,
Lynn Strange
Best Business Systems