



January 2, 2019

RE: USTR Section 301 China Tariff Update

As many are aware, the US government recently implemented a sharp tariff increase on imports of many Chinese goods. On July 10, 2018, the US government announced USTR Section 301 tariff List 3 targeting \$200 billion of Chinese imports. This list includes tariff codes that apply to all types of air moving products including axial fans, blowers, impellers and accessories.

Effective September 24, 2018, the US government began collecting an additional 10% tariff on items included in List 3. While some Mechatronics products are subjected to the tariff, it is important to note that more than 85% of Mechatronics products are not manufactured in China and will not be subject to the USTR Section 301 tariffs. For products subjected to the additional 10% tariff, Mechatronics will apply an 8% tariff surcharge to customer line items that have been impacted by the tariff.

Initially, the tariff rate for the items included in List 3 was set to increase to 25% on January 1, 2019 on imports that are made in China. This deadline has been pushed out to March 1, 2019. For product subjected to the additional 25% tariff, Mechatronics will apply a 20% tariff surcharge to customer line items that have been impacted by the tariff.

Mechatronics strong inventory position in Preston, WA USA will reduce the short term impact of the tariffs. Mechatronics will only apply tariff surcharge to China products imported after the above tariff implementation dates. If you have any questions about potential tariff impacts on Mechatronics products, please contact us.

The majority of Mechatronics products are made in countries other than China. A list of Mechatronics product series indicating country of origin and tariff impact is included on the following page for reference. For those customers affected by the changing terms in Chinese trade regulations, Mechatronics has product alternatives we can offer to mitigate tariff impact and stabilize your supply chain.

Sincerely,

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Vice President  
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Mechatronics Series Prefix	Country of Origin	Tariff Impact
UF	Taiwan	None
G	Indonesia	None
F	Indonesia	None
E	Indonesia	None
B	Indonesia	None
LPT	Taiwan	None
IR	Taiwan	None
A	Indonesia	None
071xx	China	Included in list 3
09xxx	China	Included in list 3
PFG	China	Included in list 3
UX	China	Included in list 3
UM	China	Included in list 3
UH	China	Included in list 3
SGR	China	Included in list 3
M	China	Included in list 3
LPH	China	Included in list 3
D	China	Included in list 3

