

## Distributor Feedback On The Tariff Situation

- We are looking to pass increases, from 10% to 15%, 30 days' notice. I don't believe it's a short-term issue. We are constantly working and monitoring the situation. The effect has been extremely disruptive.
- I believe that tariffs are tool being used by the current administration to negotiate better long-term trade deals that will ultimately improve the U.S. economy and jobs market. It will take time for this to develop, onshoring production cannot happen overnight. The consumer will experience some short-term pain as costs rise due to tariffs on goods currently being imported, however I believe that overseas producers will respond with lower cost of goods that will offset some of the effects that tariffs will have. Our company is analyzing opportunities to purchase some commodity products that have been dominantly imported from domestic manufacturers. One of the issues here is the capacity those manufacturers have at the current time. Higher demand will cause domestic prices to rise, compounding the rise in cost of goods across the board. Price increases are a short-term opportunity for distribution as the value of current inventories rise with price increases. We plan to be diligent in following the price increases, selling our goods with replacement cost as our basis for pricing product.
- It will take time to determine the effectiveness of these tariffs, I am willing to give this administration the time it takes to affect positive and lasting change.
- Our approach is tied heavily to our vendors. The one issue we express to vendors is that surcharges for tariffs DO NOT work for most distributors. Surcharges are extremely difficult to pass through to customers. We need the changes to come in the form of price increases.
- We deal with them as they come. They have little to no effect on pricing strategy or profitability as they are passed through. There are not steps to minimize the impact of tariffs other than frequent communication to and from vendors and customers.
- Tariffs are a temporary challenge and we are actively monitoring the changes through our vendors.
- They are increasing my costs, therefore increasing the prices I must charge my customers. They are creating database management work as different tariffs are being passed in different ways from my manufacturers to me. For example, some are increasing the cost of specific items, while others are placing a tariff "surcharge" at the bottom of an invoice. All of these changes require updates to product lines and, in some cases, changes to business processes. They are forcing my customers to go search for better prices when those customers may not have been "shopping around" before. They are requiring changes to purchasing processes when tariffs are announced and not yet in place.
- Everything about tariffs is bad from my perspective. I don't see any upside, or even neutral impact.

- Tariffs are just a piece of the overall changes the new administration is making. You have to add in the impact to costs of deregulation proposals, tax cuts, the cutting of waste, fraud and abuse and much more. You can't single out one part of an overall plan and ask the impact as there are many additional factors that will affect pricing and cost of doing business. All that being said, I am in 100% support of reciprocal tariffs. I am also in support of using tariffs as a negotiating tool in order to make our country safer. Many suppliers are announcing increases in order to protect their margins in the short term. Over time, I believe some of the increases will be reined in and reduced.
- We are absolutely monitoring the tariff situation. It would be nearly impossible *not to*, with the rapid-fire increases which are coming steadily, due to them. Of course, we are raising our prices accordingly. Higher prices don't scare us, initially, and there's more profit on bigger numbers, which is good to a point. If those tariffs *continue*, it will eventually have an effect on upcoming projects. While we have a lot started for now, we are waiting to see how future projects will be affected. My guess is, some of those future jobs will be put on hold, and business *will* slow down.
- Historically, vendors *never* give up all the increases, once tariffs abate and the markets settle. So, the net result of all this will likely be sustained increases and elevated prices going forward, regardless of eliminating tariffs.
- IMHO, much of the current tariffs are senseless, will be reciprocated by trading partners, and are being implemented for *tariffs sake*, not for any legitimate need. In another word, *unnecessary*.
- LOTS of supplier communications, activity and adjustments in the last 48 hours.
- We expect adjustments to continue consistently over the next couple of weeks
- So far, we have not had any true impact on our business, but we have plenty of pending quotations that will need to be scrutinized/scrubbed.
- Our intention is to deal with each supplier's adjustments individually. The impacts on pricing and profitability will be determined from that work. We will keep a close eye on what our competition is doing and their reactions as well.
- Tariffs have a short- and long-term negative impact on the economy and certainly our industry. The impact of a trade war is bad!

#### **How have recent tariffs impacted your business?**

- This situation is terrible for us and our customer base. We have numerous job that have their pricing held firm.

#### **How are you dealing with them?**

- . Now we are forced to hold their pricing and, in many instances, sell at a loss.

#### **How have tariffs affected your pricing strategy or profitability?**

You really cannot price out anything that is meaningful because the pricing is only good for 24 hours.

**What steps have you taken to minimize the impact of tariffs on your business?**

Communicate the current state of the market to our customer base. We attempt to inform them of our findings and be very careful not to recommend anything.

**Do you see tariffs as a temporary challenge or a long-term risk to your business?**

My intuition, for whatever that is worth, feels that these are all short-term policies. Given my premonition, it even complicates matters more. I am hesitant to purchase much because I feel this increase will then be retracted and we are stuck with high priced inventory.

**Are you actively monitoring potential tariff changes, and if so, how do you prepare for them?**

I don't believe anyone truly knows, considering many of the price increases we have been subject to are unwarranted. Why would domestically produced pipe go up?