

US-China Tariffs: *as of April 3, 2025*

How do US manufacturers make decisions in this uncertainty?

How can you mitigate these tariffs? What to expect in the future.

A Q&A with the *US-China Business Council & East West Associates*



Part 1: Introduction to East West Associates

Part 2: Introduction of US-China Business Council and Today's Speakers

Part 3: East West Associates Tariff Survey: Preliminary Report

Part 4: Q&A Discussion

Introduction to East West Associates (**EWA**)

East West Associates

Through 4 Service Lines, East West Associates advises companies on establishing and improving international manufacturing operations and global supply chains.

- GLOBAL MANUFACTURING & SUPPLY CHAIN FOOTPRINT
- OPERATIONAL & COMMERCIAL PERFORMANCE
- SUPPLY CHAIN
- HUMAN RESOURCE & RISK MANAGEMENT

Introduction to East West Associates (EWA)

East West Associates

Specific tariff-related services include:

- Country Feasibility Studies
- Plant Closure, Consolidation
- Supplier Identification, Qualification and Transition
- Identification & Qualification of 3rd Party Contract Manufacturing
- Plant Relocation: Site Selection, Government Incentives, Construction Project Management

EWA Executive-level Advisors in 5 Global Regions

East West Associates



East West Associates Representative Clients

East West Associates



eastwest[®]
a s s o c i a t e s

Driving Company Growth in China, Asia, Mexico & Poland/CEE

Webinar Agenda

7

Part 1: Introduction to East West Associates

Part 2: Introduction to US-China Business Council and Today's Speakers

Part 3: East West Associates Tariff Survey: Preliminary Report

Part 4: Q&A Discussion



THE US-CHINA BUSINESS COUNCIL

美 中 贸 易 全 国 委 员 会

April 3, 2025

Deciphering the US-China Tariff Landscape

About USCBC

- USCBC is a private, non-partisan, non-profit trade association
- Our mission is to build a beneficial US-China commercial relationship
- We provide policy advocacy, business advisory services, and conferences and meetings to member companies

Founded in 1973

Washington, DC
Beijing
Shanghai

270+ member
companies

CEO-level board
of directors



Officers and Directors



Directors



J.P.Morgan

ThermoFisher
SCIENTIFIC

Abbott

AIR
PRODUCTS

Goldman
Sachs

CHUBB®

Pfizer

EMERSON

MetLife

PEPSICO

Amphenol

Honeywell

NEW
FRONTIER
新风天域

*ets

FLUOR®

Walmart

P&G

CORNING

Wynn
RESORTS

micron®

HEIDRICK
&
STRUGGLES

3M

McKinsey&Company

Cargill



ExxonMobil

CAT

US-CHINA BUSINESS COUNCIL



Part 1: Introduction to East West Associates

Part 2: Introduction of US-China Business Council and Today's Speakers

Part 3: East West Associates Tariff Survey: Preliminary Report

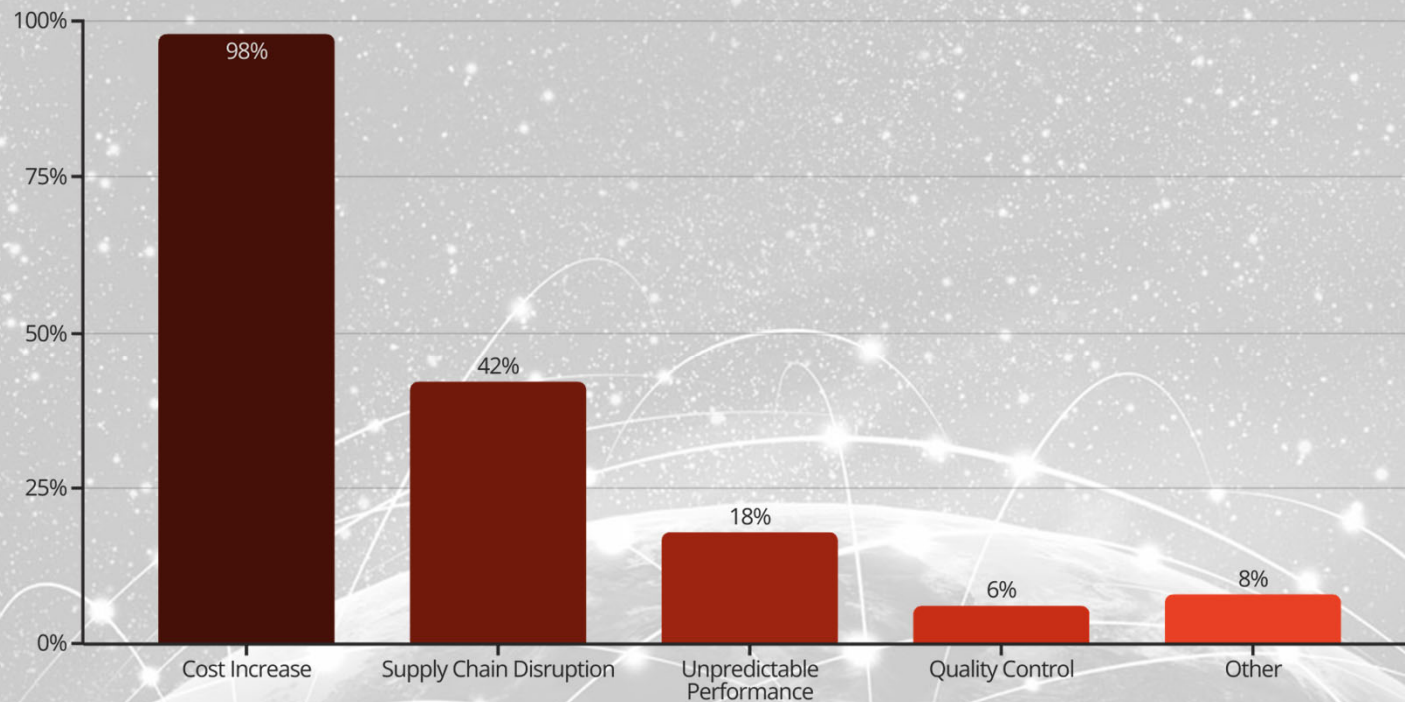
Part 4: Q&A Discussion

Preliminary Survey Results

East West Associates

If current or anticipated tariffs are impacting your business, what are the primary areas of concern?

****Select all that apply***

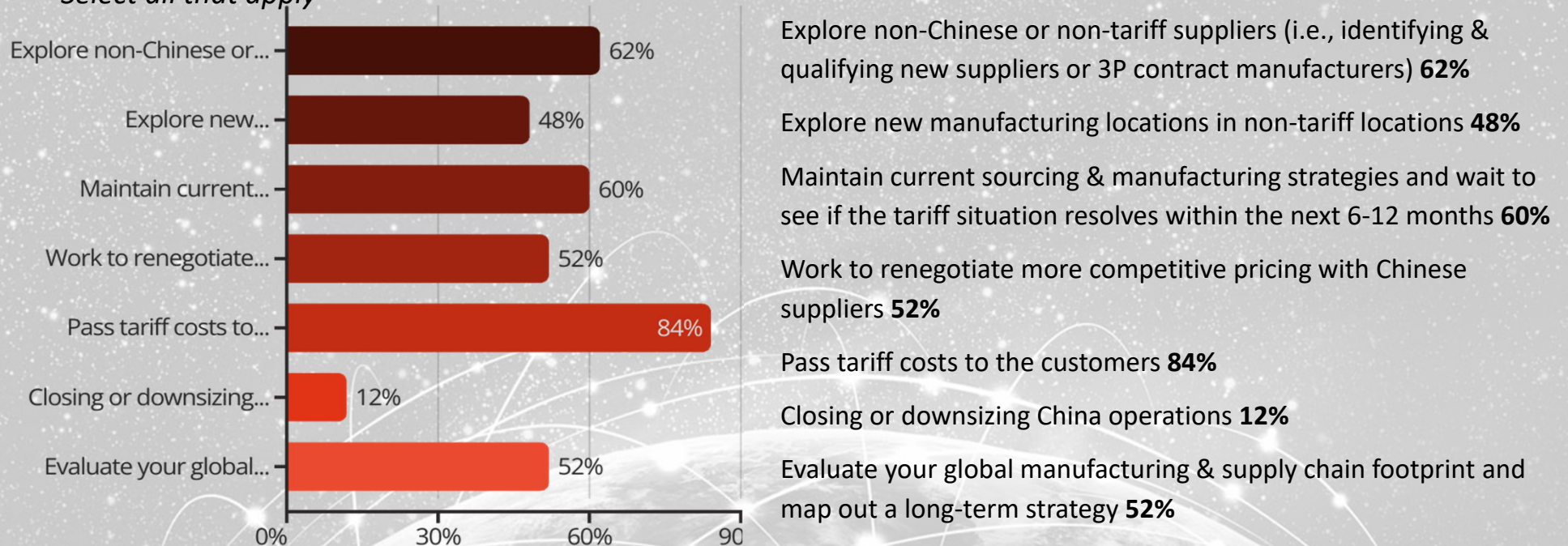


Preliminary Survey Results

East West Associates

How are you planning to address tariff-related challenges?

**Select all that apply*

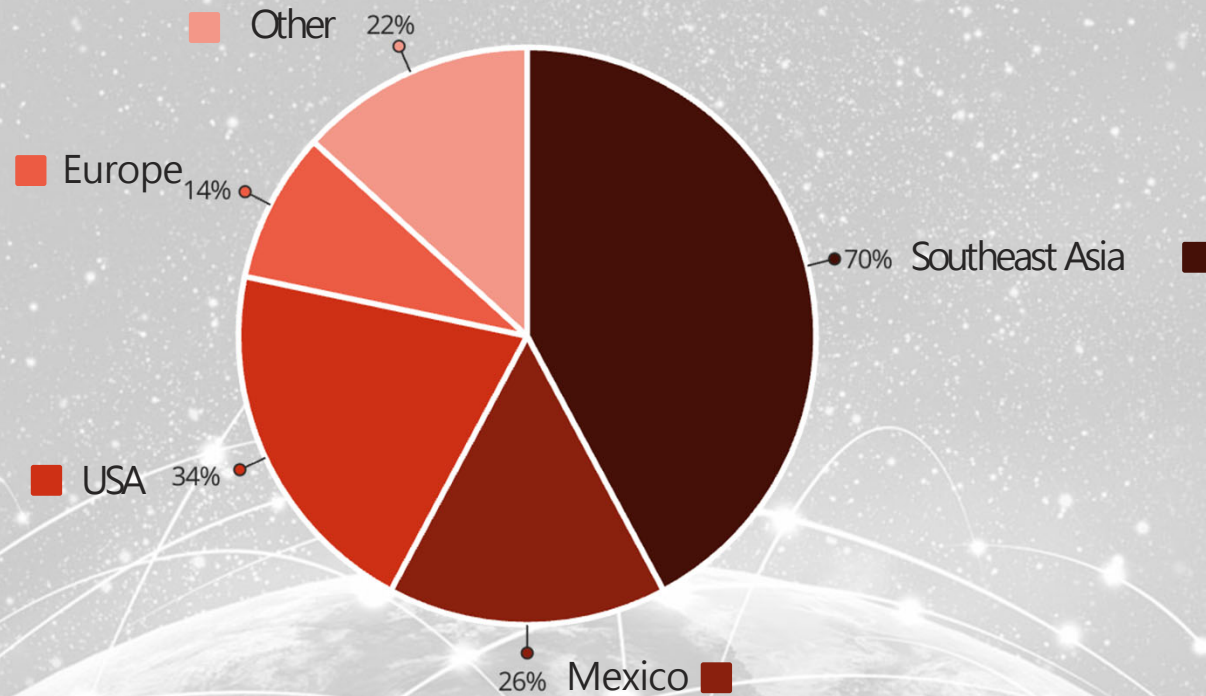


Preliminary Survey Results

East West Associates

Where are you considering establishing new non-Chinese suppliers and 3P contract manufacturers?

**Select all that apply*

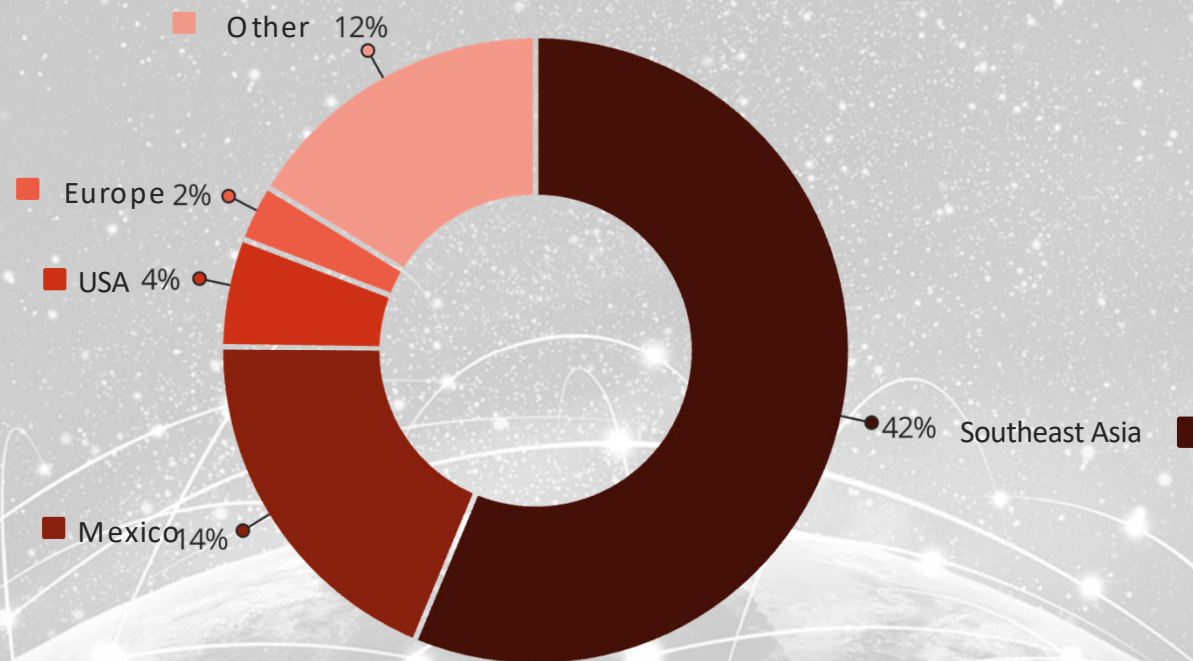


Preliminary Survey Results

East West Associates

Where are you considering relocating your China-based manufacturing operation?

**Select all that apply*



Part 1: Introduction to East West Associates

Part 2: Introduction of US-China Business Council and Today's Speakers

Part 3: East West Associates Tariff Survey: Preliminary Report

Part 4: Q&A Discussion

If not China...where?

East West Associates Confidential

China is unique with the breadth and depth of its manufacturing industry base.

Whether you look for suppliers in a new country, or set up your own operation there, be aware that not every developing region has the established industry base that will fit your requirements.

EWA resident consultants developed general country guidance for the following industry sectors ...

If not China... where to consider locating?

East West Associates Confidential


[illegible]

April 2nd: “Liberation Day”

Pursuant to the Trump administration’s *America First Trade Policy* and *Reciprocal Trade and Tariffs* memorandum, the White House on April 2 announced sweeping tariffs against all US trade partners at different rates.

Details from White House Fact Sheet

- Imposes a 34% reciprocal tariff on all imports from China effective April 9
- Establishes a baseline 10% tariff for all trade partners that are not subject to specific reciprocal tariffs effective April 5
- Removes duty-free de minimis status from Chinese imports effective May 2
- All tariffs are additive and indefinite unless the president determines otherwise

 Reciprocal Tariffs		
Country	Tariffs Charged to the U.S.A. Including Currency Manipulation and Trade Barriers	U.S.A. Discounted Reciprocal Tariffs
China	67%	34%
European Union	39%	20%
Vietnam	90%	46%
Taiwan	64%	32%
Japan	46%	24%
India	52%	26%
South Korea	50%	25%
Thailand	72%	36%
Switzerland	61%	31%
Indonesia	64%	32%
Malaysia	47%	24%
Cambodia	97%	49%
United Kingdom	10%	10%
South Africa	60%	30%
Brazil	10%	10%
Bangladesh	74%	37%
Singapore	10%	10%
Israel	33%	17%
Philippines	34%	17%
Chile	10%	10%
Australia	10%	10%
Pakistan	58%	29%
Turkey	10%	10%
Sri Lanka	88%	44%
Colombia	10%	10%

INSERT QUESTIONS, CASE HISTORY Summaries

- What is the next steps for the Trump Administration's tariff strategy?
- What are the impacts for future US – China trade negotiations?
- Does that differ from their strategy for SE Asia, Mexico & Canada?
- From what you read and our conversations, it appears the previous China tariffs are much more systemic in nature and thus, less likely to change. While the tariffs on Mexico and Canada are more targeted at forcing these countries to take certain actions related to border enforcement and fentanyl imports and have been delayed by the Trump Administration in some cases. Do you see the Administration changing the China tariffs?

INSERT QUESTIONS, CASE HISTORY Summaries

- What has been the China's response to the 20% tariffs implemented earlier this year?
- What do you expect their responses to be to this new 34%?
- For a number of the countries who were on the tariff list yesterday, what type of responses do you think we will see over the next coming weeks and months?
 - number of countries have already been reaching out to the Administration to reduce their countries tariff designation.
- Do you think the Trump Administration will negotiate with those non-China countries which had tariffs levied yesterday?

INSERT QUESTIONS, CASE HISTORY Summaries

- What can a US global manufacturer do to prepare for an era of uncertainty?
- How does a company sourcing from China diversify their supply chain?
- How does that affect companies with existing manufacturing plants in China?
- What are your opinions as to whether 2025 tariffs are temporary or permanent? What are the odds of getting Executive-order tariffs enacted into law?
- For a company looking to re-evaluate their global manufacturing and supply chain in light of the tariffs, how does a company go about doing this?
- We noticed from the EWA survey that in addition to SE Asia, the US and Mexico were preferred sites to diversify their supply chain. Can you discuss a case history to conduct this analysis.

INSERT QUESTIONS, CASE HISTORY Summaries

- What can a US global manufacturer do to prepare for an era of uncertainty?

3rd Party Subcontractor – Identification & Qualification

- ✓ After reviewing 18 subcontractors, EWA identified several 3rd party subcontractors in Vietnam and Thailand who had the technical skill set and volume capabilities to supply our US client.
- ✓ Thru further due diligence, EWA recommended the 2 best qualified suppliers. *The* client selected 1 of these suppliers, which was based in Vietnam.
- ✓ US client approved the multiple samples produced by the Vietnamese company.
- ✓ As a result, our US client has now moved approximately 40% of its 3rd party subcontractor needs to the Vietnamese supplier.
- ✓ By the end of 2025, our client will have completed relocating the remaining 60% of its subcontractor needs.
- ✓ Avoided US import duties from China. Reduced in-country labor costs.

Global Manufacturing & Supply Chain Footprint Analysis

- The two China sites were shut down without incident, on schedule & within budget.
- EWA identified multiple potential contractors in Mexico for components. Estimated annual savings of US\$3M (15%).
- EWA evaluated multiple options for relocating all or part of US manufacturing to Mexico, identifying savings of up to US\$8M annually.
- Expansion in Vietnam could have been an attractive option. Savings would be larger than relocation to Mexico (\$13M). However, EWA calculated that these savings would be offset by higher inventories and higher capital cost.
- EWA's review of materials purchased in China determined many can be purchased from manufacturers in Vietnam. EWA recommended that Client expand their existing Vietnam operation and set up a sourcing office there to reduce spend in China.
- In Thailand, EWA determined one of the 3 sites would be shut down, and that the returns for consolidating the remaining 2 sites was unattractive.



Conclusions:

- Advantage of Mexico over US is limited to Labor Savings and Tariff Avoidance
- Advantage of US over Mexico is lower costs for factory construction, utilities, freight
- For this situation – due to high utility consumption and much higher freight costs – there was no significant net cost advantage of Mexico vs. Southeast US.
- Mexico has adequate suppliers of steel, stainless steel, aluminum fabricated parts, & injection-molded plastics (which is key for this client).

Client decided to move ahead with a strategy to develop a supplier base in Mexico over a 1-3 year window to supply their current operation. Once the supply chain was established, they then proceeded to factory relocation.

Webinar Agenda

27

Part 1: Brief Introduction of East West Associates & US-China Business Council

Part 2: Introduction of Speakers

Part 3: East West Associates Tariff Survey: Preliminary Report

Part 4: Q&A Discussion

Follow Up:

- Participants will receive a webinar survey.
- Webinar recording & PowerPoint will be provided in follow-up email & available on EWA website (www.eastwestassoc.com)
- 2025 Webinar Series on Tariffs

Alex Bryant

President

East West Associates

704-807-9531

abryant@eastwestassoc.com