

# **1<sup>st</sup> U.S.-CHINA TRADE WORKSHOP SERIES WEBINAR**



中美總商會®

**How Should U.S. Companies Respond to  
the 90-Day U.S.-China Trade Truce?**

February 6, 2019



新年快乐

Happy Chinese New Year

2019

Year Of The Pig

# Tariff Timeline



**2018**  
May  
14

**Trade Talks in Washington DC**

*China agrees to purchase US agriculture and energy products*

**2018**  
July  
6

**First \$34 Billion of Tariffs go into effect**

*water boilers, X-ray machine components, airplane tires and various other industrial parts.*

**2018**  
August  
23

**\$16 Billion of Tariffs go into effect**

*Chinese electronics, plastics, chemicals and railway equipment*

**2018**  
September  
24

**\$200 Billion in Tariffs**

*Tariffs to be increased from 10% to 25%, bring additional \$200 billion against goods from China*

**2018**  
November  
30

**Pause Tariff Increase**

*At G20 Meeting, US agrees to not to increase to 25 % on list of \$200 billion, giving 90-day chance to make progress*

# AGENDA

- **Introduction of speakers**
- **An Overview of the Trade War**
- **Implications of the 90-Day U.S.-China Trade Truce: Items Affected and Not Affected**
- **Responses of U.S. Companies Before the 90-Day Trade Truce**
- **Responses of U.S. Companies After the 90-Day Trade Truce**
- **Looking Forward**

**Eric Rock, Esq.**  
**Founder and Managing Partner**  
**Rock Trade Law LLC**



Eric R. Rock concentrates his practice on customs and international trade matters. He has over 25 years of experience representing clients in all facets of import and export compliance, including the design of compliance programs, and reducing costs through favorable rulings concerning tariff classification, product valuation, free trade agreements and special trade programs. Prior to founding his own law firm, Rock Law LLC, he was Partner and Head of the Customs and International Trade Practice at Katten Muchin Rosenman



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## How Should Companies Respond to the 90-Day U.S.- China Trade Truce?

- Status of Negotiations
- Forecasted Outcomes
- Mitigation Strategies
- Status of Exclusion Requests

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**ROCK**  
ROCK TRADE LAW LLC

# Mike Cleveland

## Vice President and General Manager

### Honeywell UOP



Mike Cleveland is the Refining Vice President and General Manager for Honeywell UOP, a leading global petrochemical technology company, in the Catalyst, Adsorbents, and Specialties business. Since joining UOP in 1982, Mike has held key positions within the company, spanning research and development, manufacturing, and business management. He was critical in the commercialization of new hydrocracking catalysts, isomerization catalysts, and on-purpose propylene process technology. A licensed professional engineer. Mike earned a BS in chemical engineering from Michigan Technological University.

# Michael Cleveland– Sourcing Strategy

1. Key requirement of a leader is to identify and manage uncertainty
2. Tariffs are another source of uncertainty. It is forcing businesses to review their sourcing strategies. Is it a risk or opportunity for you?
3. Recommendations from INC:
  - a. Examine your profit margins to determine which costs can we absorb, and which need to be offset.
  - b. Lock in rates with suppliers by renegotiate terms to remove risk.
  - c. Make essential purchases now before prices increase (working capital concern).
  - d. Communicate with your customers to understand what they are willing to accept and making clear to them your rationale for doing so.
4. Recommendations from Plante Moran
  - a. Don't panic
  - b. Review your supply chain to identify your purchasing patterns and sales. This information should become part of your executive dashboard
  - c. Review supplier and sales contracts to understand your purchase obligations and the terms of your agreements.
  - d. Seek reliable information to avoid inaccuracies. The Office of the U.S Trade Representative (USTR) is a good source.
  - e. Do your due diligence to make sure you are compliant with all regulatory requirements (in China)
  - f. Engage with your elected officials and business associations to make your voice heard.

**Disclaimer: The views represented above are those of the presenter. They do not necessarily represent the views of USCCC or Honeywell.**

- a. <http://www.chinaperformancegroup.com/2019/01/us-china-trade-war-will-happen-tariffs-march/>
- b. <https://www.inc.com/ari-zoldan/4-steps-to-protect-your-business-amidst-global-tariff-showdown.html>
- c. <https://www.plantemoran.com/explore-our-thinking/insight/2018/04/concerned-about-tariffs-six-ways-to-manage-uncertainty>
- d. <https://ustr.gov>

# David Newsome

## Director, Global Sourcing

### NAPA Rayloc & Heavy Vehicle Parts Group



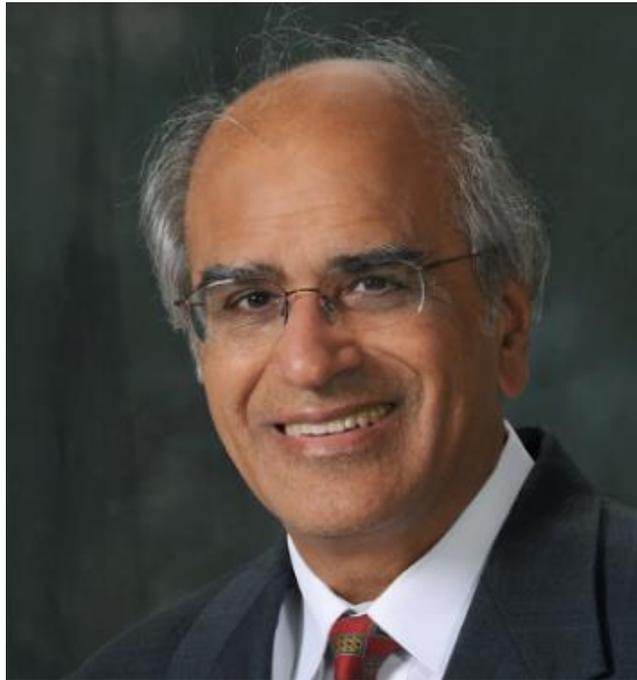
David Newsome is Director for Global Sourcing at NAPA Rayloc and Heavy Vehicle Parts Group. He has over 30 years of industry, sourcing and purchasing experience with a focus on procurement, product and supply chain management and is a key contributor to the development of new business at Rayloc and coordinates with NAPA Auto Parts on sourcing and logistics issues including the establishment of a new Origin Re-Distribution Center in Qingdao, China. He has also held senior positions in various auto part companies and was instrumental in developing new sources from off-shore for many of them

# David Newsome – Responding to Trade Truce

1. Lowlights from Section 301 Tariffs
2. Initiatives to minimize impact
  - a. Move to Net Pricing
  - b. Manage Tariff charges / negotiate concessions
  - c. Follow market prices; adjust quickly
  - d. Consolidate to best supply partners
  - e. Rebalance volume
  - f. Redirect direct imports to other countries
3. Long term negatives from China sourcing with Tariffs
4. Successful companies will manage all these challenges



**Govind Arora,  
Vice President, Worldwide Strategic Sourcing  
Snap-on Incorporated**



Govind Arora joined Snap-on in August 2006. Govind is responsible for working with the Snap-on global businesses to establish best practices and processes for sourcing, procurement and quality, to establish strong business relationships with suppliers around the world, to formulate strategies to achieve high quality, delivery and cost savings goals and objectives. Prior to joining Snap-on, Govind held senior positions with a number of Fortune 500 companies. He holds engineering degrees from India and UC Berkeley and an MBA from Kellogg School of Management, Northwestern University.

# Govind Arora– Sourcing Discussion

1. Introduction
2. Snap-on company background
3. Sourcing in China and impact of section 301
4. 90 days ceasefire
5. Mitigation efforts: short term and long term

# Q&A

Please type your questions in the Q&A, which can be found in the menu bar at the bottom of your Zoom screen.





*You are invited*

# 22nd Annual New Year Dinner

A Traditional Chinese Dinner  
In Celebration of  
The Arrival of the Year of the Pig



Tuesday, February 12, 2019  
5:30 p.m. to 9:00 p.m.

The Phoenix Restaurant