



# HAMMOND VALVE

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To: All Hammond Valve Distributors

It has been announced by the United States Trade Representative (USTR) that a second round of tariffs will take effect on products imported from China on Monday, September 24, 2018. This new tariff is an additional 10% above existing tariffs. All shipments that have not cleared US Customs by September 24<sup>th</sup> will be subject to these new tariffs.

As a result of the 10% increase in the tariff rate, list pricing on the following product groups will be subject to a price increase of 3% effective October 1, 2018:

- Brass Ball Valves
- Carbon and Stainless Steel Ball Valves
- Cast Iron Gate and Globe Valves (HI Series)
- Cast Steel Gate and Globe Valves
- 5000 Series Butterfly Valves
- HP Butterfly Valves
- Brass Plumbing Valves

New list pricing is being developed and will be posted to the website by October 1, 2018. All special net pricing on these items will also increase 3% on October 1<sup>st</sup>.

The increase is less than the new tariffs imposed. We are significantly reducing the tariff rate impact in an effort to have our distribution network remain competitive across all product sectors during this rapidly changing environment. It should be noted that the USTR has also announced that the 10% could be increased to 25% on January 1, 2019 for these same products. Should that happen we will be forced to make further adjustments to our pricing.

On September 4<sup>th</sup>, we put into place a 25% increase on all Cast Iron and Cast Steel check valves as a result of a 25% tariff increase on those items earlier in the summer. We will be reducing that increase to 10% at this time to better reflect market conditions.

The unusual nature of the tariff rate increase and the circumstances surrounding a potential further increase in tariff rates in January or the elimination of the new tariff at any point in time, are the reason we will not be in a position to offer our typical protection periods or job protection on these items. Orders between now and October 1<sup>st</sup> will undergo a higher level of scrutiny to ensure reasonable monthly purchase levels are respected.

We trust you can understand our need to recover these costs and thank you for your continued interest and support of our products.

Sincerely,  
HAMMOND VALVE

Thomas J. LaGuardia  
Vice President – Sales & Marketing