



Applied Motion Products, Inc.
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To Our International Customers,

Recently, the United States announced a series of tariffs on goods and materials that are manufactured in China. Most of the motors, drives, gearheads and other essential components within Applied Motion's product offering are included on the lists of goods that will incur new tariffs of 25%. The United States Customs authorities have begun to collect these new tariffs since July 6, 2018. Information about the tariffs can be found on the US Trade Representative website link: <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2018/june/ustr-issues-tariffs-chinese-products>

While Applied Motion Products is taking steps to mitigate the impact of these new tariffs on our customers, compliance necessitates that we pass along some of the increased tariff burden to our customers.

Since July 16th, 2018, we have applied tariff related surcharges to our USA customers. For international customers, except Canada and Mexico, we have a mechanism to drawback these tariffs when we re-export the product, therefore, tariff surcharges will not be applied. In the case of Canada and Mexico it is unclear if we can recover the tariffs at this time. Unfortunately, until the status of sect 301 tariff drawback is clarified it will be necessary to apply tariff surcharges to Canada and Mexico customers.

We believe there is uncertainty in these new regulations and we are not confident that the China tariff situation will not change again soon. Accordingly, if the tariff situation changes we may increase, decrease, or eliminate the surcharge applied to our products.

Applied Motion Products is actively engaged in seeking exclusion of impacted products and essential components from the tariffs. However, our best efforts may not be enough to obtain relief. Respectfully, any support you could offer in the form of written comments requesting relief to the Commerce Department and local Senators and Congressional Representatives would be greatly appreciated and could well be the essential support that results in relief from these tariffs that we would all benefit from.

Regards,

Don Macleod
President
Applied Motion Products, Inc.