

Personal Protective Equipment

## Impact of Steel Tariffs, PPE Included

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Tariffs have a long history in the United States. The first tariff law was passed by Congress in 1789, shortly after the new Constitution was adopted. Tariffs were initially physically collected at ports before imported goods could be unloaded. They served as the federal government's primary source of revenue until federal income taxes came into existence in 1913.

Leading up to the Tariff of 1789, the manufacturers and tradesmen of Baltimore petitioned congress for duties to be placed on certain imported goods. Sound familiar? Modern industries have heavily influenced public sentiment towards the need for increased tariffs.

With metalworkers relying heavily on steel, staying on top of events becomes a necessity. Even the personal protection equipment (PPE) metalworkers wear are impacted due to the rippling effects felt across all products. MCR Safety covers all you need to know about tariffs below, including some tariff busting measures they have enacted during these volatile times.

### The Purpose of Tariffs

In general, tariffs are used to restrict imports by increasing the price of goods and to give domestic producers of a given product an advantage. They are imposed for various reasons:

- To target specific manufactured products (such as washing machines or solar panels), or materials (such as wool or steel)
- To allow temporary protection for an industry until it is able to be self-supporting
- As a response to "dumping," which is when a given country has an excess of a given product and deliberately sells it at a very low rate to another country
- To be retaliatory, in response to the economic or political policies of one country of which another country disapproves
- As a major component of the federal government's generated revenue

Unfortunately, tariffs have unintended side effects. Products not originally targeted can be impacted. In the case of MCR Safety's products, tariffs have impacted many products with tariffs imposed of 10%.

### Timeline of Significant US Tariffs

There is an old saying, "History repeats itself." Well, history has repeated itself when it comes to tariffs in the United States. At one time, tariffs were highly important, funding much of the federal government. Over the United States' 230+ years, tariffs have impacted policy and have impacted civil and foreign wars.

### Custom Duties Era

**1789:** Tariff of 1789 raised revenues for the newly established U.S. government.

**1816:** Tariff of 1816 was introduced with sole purpose of protecting US-manufactured goods.

**1828:** Tariff of 1828 raised rates on goods again, providing additional revenue to the federal government and protection for local manufacturers.

**1832:** Tariff Act of 1832 lowered previous tariffs, with additional lower tariff acts introduced in 1842.

**1847:** Walker Tariff of 1846 lowered tariff rates again, with the hope of opening foreign markets to us grains.

**1857:** Tariff of 1857 was a low point for tariff reduction, reducing tariffs by another 17% on average.

With the South wanting less restrictions on exported goods and the North wanting protections established for manufactured goods, tariffs played a major role in causing the civil war.

## Excise Tax Era

**1890:** McKinley Tariff of 1890 boosted protective tariff rates by nearly 50% on average.

**1894:** Wilson–Gorman Tariff of 1894 reduced tariff rates from the McKinley tariff, added a number of items with free trade, and imposed a 2% income tax.

**1897:** Dingley–Tariff-Act of 1897; less than three years after the last tariff legislation, tariffs were once again raised by another 50%.

**1909:** Payne–Aldrich Tariff Act lowered tariffs by around 5% on average.

**1913:** Tariff of 1913 drastically lowered tariff rates, while at the same time imposing a federal income tax with the sixteenth amendment.

## Income Tax Era

**1922:** Fordney–McCumber Tariff was a return to protectionism that raised rates to the highest level of the time, by over 50%

**1930:** Smoot–Hawley Tariff Act raised rates on already high tariff rates by another 40%. Tariffs were placed on a wide range of goods to protect industries after the 1929 stock market crash.

**1934:** The Reciprocal Trade Agreement Act of 1934 gave the president direct power to levy tariffs and negotiate bilateral trade agreements.

**1947:** General Agreement on Tariffs and Trade (GATT) promoted international trade by reducing or eliminating trade barriers such as tariffs or quotas. This eventually became the *World Trade Organization*.

With the U.S.' history of lowering and raising tariffs, recent modern tariffs enacted, and recent tax legislation passed, one might begin to question if the new 21st century tariffs are a return to old policies. Is America protecting US industries or is it once again funding the government through tariffs?

One thing we know for sure, tariff rates and policies have impacted industries, including the PPE customers purchase.

## Today's Steel Tariffs

President Trump announced new steel and aluminum tariffs in March of 2018. This was a tariff of 25% on all steel imports, with the exception of those from a handful of exempted countries: South Korea, Australia, Argentina, Brazil, Canada, Mexico, and the European Union were exempted at first, but were then included in the tariffs starting in June of 2018.

The current steel tariffs were put into place for national security purposes in accordance with the Trade Expansion Act of 1962. This is the first time that the Act has been invoked since the creation of the

World Trade Organization.

## **Impact Across All Industries**

As mentioned above, tariffs affect a wide range of industries, including the safety industry and MCR Safety's products. Leather gloves were heavily impacted from recent tariffs introduced. Furthermore, there is concern that future tariffs may influence many of MCR Safety's products, with potential increases of 25% or more. The company is looking for ways to make their supply chain as efficient and cost effective as possible, while maintaining the consistent quality its customers demand and expect.

## **The Landscape of Industry is Always Changing**

New technologies, political shifts, and changes in consumer trends mean that we must constantly adapt and innovate in order to thrive. Sudden changes, such as when new tariffs are instituted, usually cause a degree of uncertainty when looking forward.

Keep in mind, MCR Safety has a long history of operating during volatile times. Due to their many years of manufacturing and sourcing experience, customers can remain confident and focused on staying safe.

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