

FIELD NOTES

48-Page Memo Book
Durable Materials / Made in the U.S.A.

Tariffs...
What the...

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NO. _____
DATE Jan 30-25

Don't we have
Free Trade?



NO. _____
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- Intros;
- I am not giving legal advice.
- I do not have all of the answers;
- Very informal - ask any question at any time; more of a discussion rather than a lecture;



Impacts?



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- In fixed price environment, risk of price increase is almost always on the contractor;
 - Increased costs for materials like steel, copper, aluminum, and lumber.
 - Delays and budget overruns due to cross-border supply chain disruptions.
 - Legal and contractual risks from unforeseen changes.

History Repeats...



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- Past experience with tariff increases - steel - announced on March 1, 2018, and went into effect on June 1, 2018 - but that was limited largely to steel;
 - bid open timing;
 - Then we had hyperinflation in 2022



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Tip #1

Read. Your.
Contract.



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- You are **CONTRACTORS**...
 - risk allocation happens by contract;
 - Review your current contract terms; look for change in law terms (often associated with tax changes);
 - Force majeure? Not really, but may be worth a try;
 - Price escalation clauses;

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Tip #2 Qualify your Bids

- Include tariff adjustments by price escalation provision;
- Downside - may be non compliant;
- Avoid fixed price contracts - easier said than done...
- Offer cost plus with a share of risk - KPI -
- be creative? I can't.

Tip #3 - Diversify Supply Chains



- (am I taking advice from a lawyer on commercial sourcing?)
- So I saw this with the COVID supply chain issues and lead times and then the hyperinflation that happened just after;
- There was some success for some of my client to seek out less traditional sources for commodity related materials, equipment, etc.
- Identify alternatives;

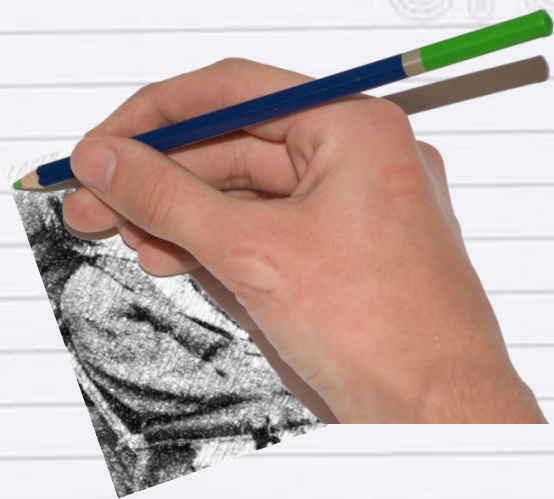
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“ Questions!

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