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Trade War With China: How Tariffs Affect the Cleaning Industry (Update)

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Tariff increases are coming.

And with these new 25% tariff assessments on products imported from China, additional price increases are coming along with them – including price increases for several products used in the cleaning industry. In addition, there is a growing likelihood that any and all products imported from China, with a few as yet to be determined exceptions, will also be subject to a tariff of 25% in the very near future.

How Did We Get Here?

As the current trade war with China was heating up last year, there were a series of articles written on the [WAXIE website](#) which are helpful to recall as the stage is set for this most recent round of tariffs which have been announced on May 10, 2019, and are now driving price increases for many products which will go into effect as soon as June 1, 2019.

[Article I – Made in China](#)

First, we explored the “Made in China” phenomenon, and how over the course of the last 20-30 years the global economy has increasingly come to rely upon China for the manufacturing of a large number of products – including many which are used in the cleaning industry. [This article](#) further explored the environmental costs of the way the factories in China have traditionally been operated, the steps the Chinese government was now taking to mitigate those environmental costs, and the subsequent impact those steps were having on pricing and product availability for many items used in the cleaning industry, such as seat covers, gloves, microfibers and even the packaging used to ship each of these products.

By working closely with its supply chain partners on an ongoing basis throughout 2018 and 2019, WAXIE has been able to help minimize the potential impacts these factory shutdowns have had on pricing and availability for customers who use these products, and WAXIE continues to work with its supply chain partners to help mitigate further impacts.

[Article II – China National Sword Policy](#)

The “Made in China” article also introduced the China National Sword Policy, which the Chinese government is calling a “ban on foreign garbage”, and [this article](#) described the impact this policy was having on the flow of recycled materials into China and the subsequent influence these changes were having on the cost of packaging. This topic was further explored in [another more recent article](#) which described the dramatic influence this policy was having on the global recycling industry, and some suggested steps we can take here in America to help minimize this influence – namely by making a move to standardized bin labelling to help decrease the amount of contamination in the recycling stream in order to allow for recycled commodities to keep their economic value.

WAXIE continues to work with its vendor partners and customers to help identify solutions to most effectively divert waste from the landfills and help customers reach their waste diversion goals.

[Article III – Trade War With China](#)

Next, we explored the current trade war between the United States and China, described the role tariffs can play in trade wars, highlighted the reasons the United States has decided to levy these tariffs on products imported from China at this time, provided an overview of the types of products included in the first several rounds of tariffs and their initial impacts, and then reported the effects these tariffs were going to have on the cleaning industry. At the time [the article](#) was published in December 2018, a tariff of 10% had already been levied on many products used in the cleaning industry effective September 24, 2018, with the tariff rate for this same group (or tranche) of products originally scheduled to increase again up to 25% on January 1, 2019. This deadline was subsequently extended for 90 days pending the results of further negotiations between the U.S. and Chinese governments, and at that time we stated in the article that we would keep you updated on any further impacts these tariffs were going to have on the global economy and the cleaning industry.

The time has come to provide an update.

Update on China Tariffs and Impacts for the Cleaning Industry

Most observers involved in the cleaning industry supply chain (as well as the U.S. stock market and the global investment community for that matter) anticipated the ongoing negotiations between the two governments would ultimately be successful in reaching an agreement. As a result most observers believed the temporarily postponed increase in tariffs up to 25% would be averted in their entirety, and that the initial 10% tariff applied from last September would stick and become a permanent part of the price of those products – with the end result being that it would be ongoing “business as usual” with current pricing. And by once again continuing to work closely with its supply chain partners, WAXIE has been able to help minimize the impact these tariffs have had on pricing of products to this point.

However discussions between negotiators for the two countries have appeared to break down, and now the tariffs for the most recent round of products have officially increased to 25% effective May 10, 2019 – and hearings have been scheduled for June 17, 2019 in the U.S. to consider imposing a 25% tariff on virtually everything else being imported from China. As a reminder, the following product categories are included in this most recent tranche of products which are now subject to a 25% tariff:

- Sanitary paper products
- Vacuum cleaners and parts
- Sprayers (including trigger sprayers)
- Components for brushes and brooms
- Components for mop buckets and applicators
- Components for janitor carts and refuse carts
- Lighting
- Amenities
- Cleaning product formulations

These product categories have already been receiving a 10% tariff since last fall, and now these product categories are going to receive a total tariff of 25% effective with items being received into the United States over the course of the next month. Most of the vendors for these products are putting a price increase tied to the tariff into effect July 1, 2019.

What's Next?

These tariffs continue to receive a lot of attention in the media, and negotiations between the two governments is ongoing and may ultimately lead to an agreement – however it is not prudent to rely on this eventuality, and as a result the manufacturers will now be incorporating the higher tariff amount of 25% into pricing for distribution. And while WAXIE will continue to do its best to keep these increases to a minimum, there are many items for which there is not a viable alternative other than to pass along the price increase.

Please know that WAXIE continues to search for domestic manufacturing for products wherever possible, and we are proud to say that the vast majority of WAXIE products are made in the U.S.A. The reality is that there are some products which do not have a domestically made option from which to source, and for many of the products which do have an alternative made in the U.S. or elsewhere, the product made in China is still less expensive even with the price of the tariff added.

Some product categories which are expected to be impacted in a future round of tariffs include products such as seat covers, vinyl gloves and microfiber – all very substantial product categories for the cleaning industry. Hearings to determine the tariffs for these products are scheduled to take place on June 17, 2019, and we will be watching and providing updates as they become available.

In addition, there have been proposed tariffs for goods imported from Mexico which may also have an impact – and again, although it appears that these tariffs have been averted for now, we will be watching and providing updates as they become available.

WAXIE continues to thank its customers for their ongoing partnership, and for the confidence you have placed in us to be your trusted source for cleaning supplies and consultation. We recognize that these price fluctuations impact your operations, and we will continue to strive to offer the most cost effective solutions available while keeping you updated on how any further changes to these tariffs will affect the global economy and the cleaning industry.

Additional Resources and Links:

<https://info.waxie.com/china-factory-updates>

<https://info.waxie.com/blog/trade-war-with-china-how-the-tariffs-affect-the-cleaning-industry>

<https://info.waxie.com/national-sword>

<https://www.issa.com/media/news/issa-comments-on-china-tariffs>

<https://www.cnn.com/2019/05/24/business/us-china-trade-war-japan-intl/index.html>

<https://www.forbes.com/sites/kenrapoza/2019/05/24/trade-war-update-washington-throws-the-kitchen-sink-at-china/#1d512e2240aa>

<https://www.china-briefing.com/news/the-us-china-trade-war-a-timeline/>

<https://www.ustrademonitor.com/2019/05/trump-administration-readies-tariffs-on-all-imports-from-china/>