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About Those Tariffs ...

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When I write about tariffs in *buZZ!*, I'm typically thinking of them as they pertain to common IGC items, such as pottery, plastics, home goods, tools and so on and so forth. Joe Roberts of ForemostCo, which is knee-deep in the foliage business, wrote in last week to basically say, "Hey, don't forget that plant material is also coming in from China." That's a very relevant point, Joe. Here's what he had to say:

"I wanted to share some thoughts on how tariffs are about to have a real-world effect on us and our customers. There is still confusion as to what is in the September 1 [tariff] list and what has been moved to the December 15 list, but it is clear live plants are going to be affected. In our case, we will feel the tariffs in two ways:

We import plants from China, which we supply directly to our customers. Examples are bonsai, lucky bamboo, pachira. We will have a 10% increase in our FOB China cost, which translates to roughly 7% of our sales price once freight and margin are factored in.

We import a significant amount of tissue culture, which we grow on into liners at our Phoenix Foliage facility in Florida. These liners are then supplied to our customers for growing on. In this case, that 10% tariff translates into roughly 5% of the sale price of our liners.

As is the case with most growers, we do not have enough (any?!) 'extra margin' allowing us to absorb this increase in COGS. We have no choice but to pass this cost on to our customers. Like everyone, we fight tooth and nail to keep our costs in check. It is a real shame that a cost that adds no value is being added to our customers' products."

Thanks for this live plant take on impending tariffs, Joe. In response to tariffs, some people have said to me, "We can make XYZ here in the U.S. then." I'm sure some of you have expertise in the yays and nays of making that happen. Who wants to weigh in on that topic for me? Email ewells@ballpublishing.com. **GP**