



1120 E. PETERSON RD GRAYSAKE ILLINOIS 60030 TOLL FREE: 866-457-5710 (847)-462-4258 FAX: 847-462-4259

February 3rd, 2025

RE: OCM Tariff Increase Letter

Dear Valued Customers,

On Saturday, February 1st, the Trump Administration officially confirmed the immediate implementation of a 10% tariff on all products imported from China. Unlike historical price increases that result from rising material and operational costs over time, this tariff is an immediate tax of 10% that is already in effect as of the date of this letter. As a result of this action, OCM must pass along the true impact of this tariff to our customers with a 9% increase on all imported products effective Tuesday, February 4th, 2025. After a total cost review, the 9% increase is in recognition that the tariff does not apply to the freight expense within each container; rather, the tariff only applies to the value of the products inside. Please note that back in September of 2018 President Trump implemented a similar 10% tariff on China and then quickly followed it up with an additional 15% in January 2019 for a total of 25%. This same possibility exists now 6 years later.

On a related note, OCM has recently received the first of an anticipated number of price increases on domestic wire rod from Nucor Steel under the protection of these same tariffs. Leon J. Topalian, the CEO of Nucor Corp, wrote on Friday, "We look forward to working with President Trump to enforce our trade laws and strengthen American manufacturing!" Below is the link of the Fox News article with additional commentary from Topalian. Clearly, Nucor Steel intends to avail itself of industry protection provided by the tariffs to increase the price of wire rod and other steel products. Armed with the knowledge of additional increases coming in the very near term, OCM is announcing a price increase on all domestic metal bar supports effective Monday, April 7th. Currently we are targeting a 10% price increase but the end result could be more.

<https://www.foxnews.com/politics/america-first-largest-steel-producer-us-announces-support-trump-tariffs>

In addition, OCM will be reviewing our complete customer freight policy to make necessary adjustments to keep in step with rising product and freight costs. LTL freight companies have begun a process of executing general rate increases to start 2025 and that trend is expected to continue. We will work hard to minimize the impact of rising freight costs on our customers and will follow up with more communication in the coming weeks.

Although we all anticipated increases to begin in 2025, these events still present various challenges to managing our collective businesses. Please be assured that OCM will work closely with our customers to provide all of you with the necessary level of communication and support to help all of us navigate what we hope will be a very prosperous 2025. In the meantime, should you have any questions, please contact your local independent representative or sales manager directly.

Regards,

Ray Sullivan

Ray Sullivan

Vice President Sales and Marketing

OCM Inc.