



February 15, 2019

## Market Update

*Chinese Trade War Causes Delays, Uncertainty. Potential Receipt Ban In California*

### Delays at U.S. Ports, Terminals and Rail Lines

Racing to beat the anticipated 1/1/19 Chinese 25% tariff increase, a heavy surge of imports into ports on the west coast in December caused major transit congestion that rapidly spread inland. International containers continue to stockpile in major transportation hubs across the country. Port and terminal operators have advised that this pattern of congestion could continue until late February 2019.

### Glove News

#### Chinese Raw Material Demand & Malaysian Gasoline Tariffs

With the anticipation of an increased US tariff on Chinese products, many raw materials importers have switched their sources from China to other countries such as Malaysia. Specifically, the demand for Chinese Butadiene (BD) has decreased in the last few months.

Malaysian gasoline tariffs are expected to increase in Jan 2019, which will most likely affect the product price for gloves in the coming months. The specific tariff increase amount has yet to be announced.

### Tariff News From The US/China Trade War

The United States Trade Representative (USTR) has released official notice that the planned January 1, 2019 increase in section 301 duties on List 3 articles from 10% to 25% is delayed for 90 days. During this 90-day period that began December 1, 2018, the U.S. and China will attempt to negotiate a resolution to their ongoing trade war. But if an agreement cannot be reached, the current 10% section 301 duties on List 3 articles will be increased to 25% on **March 1, 2019**. While it is possible that the two countries can resolve their trade dispute in this 90-day period, we predict that it is unlikely. For business planning purposes, we suggest working under the assumption that the duties will increase to 25% on March 1, 2019.

#### “Skip The Slip” Law For California By 2022?

Recent legislation proposed in California would make it mandatory for restaurants to provide all guests with electronic receipts — and provide a paper receipt only if requested by a customer. The “Skip the Slip” bill would begin to be enforced by the year 2022 and is intended to lessen the exposure to water-resistant chemical compounds on receipts and help the environment. Supporters of Bill AB 161 say that electronic-only receipts would keep 686 million pounds of paper from landfills, conserve 21 billion gallons of water and save 10 million trees, every year.

Our team of dedicated AmerCareRoyal employees, living and travelling overseas are working with our manufacturing partners to ensure our supply chain is minimally impacted by market pressures. As we receive new information around market impacts, we will keep you informed.

Thank you for your business!

*Nick Levandusky*

Director of Marketing  
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