



TRADE

A baby product company's tariff dilemma: 'How does business move forward?'

KEY POINTS

- The baby products industry, which counts heavily on China for supplies and manufacturing, will be hit by the latest round of tariffs.
- President Donald Trump gave the industry an exemption until Dec. 15 before the duties hit.
- Still, Delta Children CEO Joe Shamie said, "One of the biggest crimes about all this is that it's a waiting game."



President Joseph Shamie of Delta Children Corp at their headquarters showroom in New York, March 16, 2018.

Melissa Fares | Reuters

There was a bit of good tariff news this week for makers of baby products, as executives like Joe Shamie continue to wonder what's ahead for the industry.

President [Donald Trump](#) on Tuesday included the group as part of [the industries that will see tariffs delayed](#) on Chinese imports.

As president of Delta Children, these kinds of issues are paramount for Shamie, whose New York-based Delta Children company counts on China for supplies and manufacturing for a number of items, including bedding and mattress springs for cribs. Delta also imports machinery that it uses in U.S. plants where it produces bedding, the mattresses themselves and other items.

While some of the 10% tariffs will still go into effect Sept. 1, the administration delayed the 10% tariffs on the select groups of consumer products until Dec. 15. What happens from there, though, is anybody's guess.

“One of the biggest crimes about all this is that it’s a waiting game,” Shamie said in a phone interview. “How does business move forward? How do we invest and produce and do the right thing without knowing what today or tomorrow will bear?”

Indeed, even the president’s reprieve for certain products won’t be enough to alleviate all that uncertainty. He said the delay does not give Delta Children “any relief.”

“Not knowing if or when the tariffs will be imposed has left us in a perpetual state of unrest,” Shamie said. “It’s impossible to know where we should invest in our future and where we should be placing our orders. Therefore, we do not find any relief from the delay because it still leaves us with the inability to plan for the future.”

Ways to cope

Companies have reported switching supply chains or taking other measures to deal with the tariffs. The latest round addressed the remaining \$300 billion or so of Chinese goods that weren't already subject to duties as part of the ongoing trade war.

In a report earlier this week, Goldman Sachs said companies it had contacted had “decided to shift production away from China, while others announced plans to raise prices to offset increased tariff costs. In addition, some firms decided to delay investment.”

For Shamie, though, it's not that easy.

When it comes to manufacturing certain items, China is a difficult partner to replace.

“On the finished-product side coming out of China, no country has the combination of the expertise, the infrastructure, the ability to produce this amount of goods, and, most important, [other countries] don’t have the background in making safe products for babies,” Shamie said.

He added that it’s not just an economic issue for this business.

Parents also will face challenges paying for more expensive equipment and may, he fears, make bad choices that could endanger their children’s safety.

“I hope that they don’t use hand-me-downs or buy stuff from a thrift shop or, even worse, they decide to co-sleep or share a bed with a child, which is one of the most dangerous things a parent can do to a child,” Shamie said.

“We have made so much strides in making the home, the crib, the bassinet, other products safe for a child. If it’s too expensive, it’s going to make it that much more difficult and parents will make the wrong choice. It’s a very severe problem. We have instituted a tax on having a child.”