

Tariffs, HTS Codes and Your Company's Scope

Scope creep has become a tsunami!



Tariffs have become the number one item of concern and conversation in our manufacturing industry. Every day, every hour, it seems there is something new to learn about tariffs. And that is causing a great deal of concern and uncertainty. What do these mean for our business today, in the immediate and longer-term future?

These concerns are magnified by the fact that “foreign trade” is not included in the scope of our quality management systems, nor has there been a need to understand the harmonized tariff system at the ten-digit level. Until now. Where can your shop turn to make sense of the tariff tsunami that is overwhelming all of the media and conversations between ourselves, our suppliers and our customers? May I humbly suggest effective associating through your industry trade association?

PMPA has led our shops to understand the impacts of the tariff developments since prior to their announcement. We have been working with our Washington D.C. team to prepare our members with online webinars, slide decks and review of HTS codes. We have helped our members push back on false tariff claims made by their package delivery providers who were mis-applying tariffs by what seemed to be a random process. What else would explain an aluminum tariff being charged by the carrier for an international shipment of steel machine components? On the entire value of the shipment?

We have helped our members understand the taxonomy of HTS codes so they could help their customers determine

the proper classification for the components that our shops supply based on the final product in which it is incorporated. This has been an essential benefit, as both our shop management and the supplier-facing procurement employees at our customers typically lack formal training in the increasingly important field of international business.



Navigating the Tsunami

What can you do to help your company navigate the tariff tsunami that has waves breaking far above all of our heads? Here are a few suggestions.

- Join the trade association for your industry. At PMPA, we have an ongoing practice of advocating for our members as well as bringing them information that will help them navigate all of the legislative and administrative developments that can impact them and the markets that they serve.
- Connect with your trade association's staff and find out what resources they have available to explain these developments and ask advice on how to respond.
- Attend the online and local programming as well as read any publications or breaking news shared by your association so that you will have authoritative, industry relevant details that you can apply to your situation.
- Engage with your suppliers and customers to seek out alternatives that might allow all parties to avoid the tariff in the first place. If the first choice of material is imported and offers a 25% advantage in machining, but comes with a 25% tariff, why not use the domestically available alternative with the lower

machinability and no tariff?

- Study the enduses categories for the components you make. Compare to the chapters of the HTS codes (available here: <https://hts.usitc.gov/>) is your component an article of iron and steel under Chapter 73? Is it an article of plastic (Chapter 39) or Rubber (chapter 40)? Is it made of copper or copper-based materials (Chapter 74)? Nickel and articles thereof (chapter 75 Aluminum (Chapter 76)?
- Don't just look at it based on raw material — Chapter 84 reads “nuclear reactors, boilers” — not many of our shops are making parts for these on a daily basis, but Chapter 84 also includes machinery and mechanical appliances and parts thereof. Our components are essential in these applications.
- Chapters 86 through 89 cover vehicles and all things transport equipment.

There are more. Chapter 93 covers arms and ammunition

parts and accessories. Miscellaneous manufactured items (furniture) can be found in Chapters 94-96. The point of this article isn't to teach you how to find it. The point is, who is helping you make sense of the challenges you are facing? At PMPA, we provide this kind of sensemaking every day for our members so that they can adapt and thrive. Who is doing that for you? Because nobody had “must become expert on HTS codes for the raw materials, tools, equipment we buy — or the components we sell” — on their management scope and list of responsibilities and authorities. Until now. Who is helping you? PMPA is helping our members find the information that they need to become Better Together. **P**

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