

fcB2B Tariff Discussion Briefing Document

Date: February 14, 2025

Subject: Review of fcB2B Tariff Discussion - February 13, 2025

Attendees: Lewis Davis, William Serrano, Justin Gielski, Aaron Pirner, Mike Overlander, Stacy Chambers, Brandon Pennington, Samuel Smith, Jim Buckles, Jennifer Larsen, Jackie (CCA), Cheryl Maton, Timothy Babb, Torrey, Barbara.

1. Introduction

This document summarizes the key themes and action items from the fcB2B tariff discussion held on February 13, 2025. The primary impetus for the meeting was to explore how fcB2B can facilitate the communication of tariff information to retailers and end-users, specifically regarding product origin and associated tariffs. The discussion focused on how to identify products affected by tariffs within the existing EDI (Electronic Data Interchange) framework, considering the various versions of the 832 (Price/Sales Catalog) and other relevant documents (855, 810).

2. Key Themes and Discussion Points

- **Need for Tariff Identification:** The initial request, prompted by Emser (William Serrano), was driven by a desire to identify products with tariffs on the catalog and invoice (and PO acknowledgement). While not necessarily wanting to pass along the tariff *amount*, the need was to flag the products themselves.
- *"Trying to to identify products that have a tariff and and show those on the catalog and I believe the invoice. Is that correct, William?" - Lewis Davis*
- *"So what has happened with our company...is that our our sales people, our sales department have sent e-mail and on the printed copies of the acknowledgment and invoices we had...We have added a verbiage at the line level to say this item. You know, there's a tariff, you know, something to that extent." - William Serrano*
- **Country of Origin as a Key Data Point:** Justin Gielski pointed out that country of origin had been added to version 3 of the EDI spec when the original China tariffs were implemented. This allows for association of products with specific countries impacted by tariffs.
- *"I know when we talked about this when the original tariff rounds with China went, we added the country of origin to the version 3 spec for this reason." - Justin Gielski*
- **Challenges with Legacy Systems and Data Entry:** Aaron Pirner highlighted the challenges posed by legacy systems and variations in data entry practices among supply chain partners. He emphasized the need for accurate and timely data, including country of origin, tariff percentage, and effective date, to enable informed decision-making.
- *"I think there's a part. You know, I think the country of origin or some perspective on the tariffs, because who knows how crazy this is gonna get? But I I think it really depends on the data entry and the supply chain partner and how their legacy system stores all this stuff." - Aaron Pirner*

- *"We need you guys to be able to provide us that data in 832 that justifies the why. I don't want to hear from the supplier. Hey, my prices are going up 10% because of tariffs. Then it's like, OK, I get it. You're a tile importer. Tell me which ones right it's going to create a lot of hydraulic back and forth between us to get down to the granular product assortment level." - Aaron Pirner*
- **Stacking Tariffs (Inbound/Outbound):** Mike Overlander raised the important issue of "stacking tariffs," where a product might be subject to both inbound and outbound tariffs depending on the origin and destination (e.g., product from Mexico being sold to Canada).
- *"Hey, Aaron, don't we have a double edge problem here? You may be bringing it in from Mexico. But if you're trying to push it to Canada, aren't you gonna get another an outbound tariff too?" - Mike Overlander*
- **Version Compatibility:** Brandon Pennington and others emphasized that most vendors are still using the 2.2 standard, which doesn't currently have a designated field for country of origin. This creates a challenge in implementing a solution that's widely accessible. Stacy Chambers mentioned the work done with spec 3.2.
- *"The thing about the 2.2 standard most vendors are on the 2.2 standard. So there really isn't a place to put that information." - Brandon Pennington*
- **Catalog vs. EDI Updates:** The discussion explored whether updating the product catalog with tariff information would be sufficient, or if changes to the 855 (Purchase Order Acknowledgement) and 810 (Invoice) documents are also necessary.
- *"So is there a need to update? To change the 855 and the 810 documents to show a tariff if we've got it on the product. Does that make sense?" - Lewis Davis*
- **Informational vs. Calculated Data:** The group agreed that the primary need is for *informational* purposes – to identify tariffed products – rather than for automatic tariff calculations within the EDI documents. The price is already updated in the 832, the added information is to aid visibility.
- *"With the country of origin, the percent and effective. That's that's really informational. Just informational fields that we're gonna be adding or looking looking at for data. They're not gonna. There's not gonna be any calculations off of them. Nothing like that, correct." - Samuel Smith*
- **Level of Granularity (SKU/Color):** Several participants (Aaron Pirner) noted that tariff impacts could vary even within the same product line, depending on the color or SKU. This highlights the need for granular tariff information at the color level.
- **Timeliness:** Jennifer Larsen explained that speed is the challenge. Price increases can come quickly, and there isn't currently time to react.
- **Adoption Challenges:** Jackie (CCA) pointed out that very few suppliers are currently reporting country of origin data via EDI, raising concerns about the adoption rate if a solution is implemented. Only 1 of 45 suppliers reported the data currently.

- **Competitive Advantage:** Aaron Pirner argued that the ability to provide accurate and transparent tariff information will be a key differentiator and competitive advantage in the long run. "The ones that can come into our product catalog. Provide me with some notice. Allow me with specificity down to the SKU level if necessary to get the cost right...We're going to do our job professionally and we're going to provide those products to the consumer at a predictable margin."
- **Alternative Identifiers:** Mannington considered products with different countries of origin to be different identifiers. This raised an issue for some systems.

3. Action Items

- **Lewis Davis:** Investigate whether country of origin was indeed added to the version 2 832 spec and, if so, ensure the documentation is updated and accessible on the website.
- **Lewis Davis:** Explore adding country of origin to the version 2 832 spec, even if it requires a non-standard implementation (given that the standard is nearly maxed out for fields).
- **Lewis Davis:** Determine the best approach for communicating the availability of the country of origin field to suppliers and retailers.
- **Participants (Suppliers):** Evaluate internal systems to determine the feasibility of providing country of origin data in the 832, particularly at the style and color levels.
- **Participants (Software Providers):** Assess their systems' capabilities to receive and process country of origin data in both version 2 and version 3 of the 832. Consider adjustments needed to support new qualifiers.

4. Conclusion

The fcB2B tariff discussion highlighted the critical need for improved communication of tariff information within the supply chain. While challenges exist regarding version compatibility, data availability, and system limitations, there is a strong consensus that providing country of origin data is a crucial step towards improving transparency and enabling better decision-making for retailers and consumers. Lewis Davis will follow up on the action items discussed to move the initiative forward.