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[00:00:19] **Speaker 1** Manufacturing is big business in Wisconsin. We're in the top 10 states nationally, with the second highest concentration of employees in the sector. The industrial machinery sector is Wisconsin's largest. So what do the 25% tariffs on Canada and Mexico steel and aluminum mean for companies like Argon Industries, which fabricates sheet metal components for major companies and imports 70% of its aluminum from Canada? We Ask Owner, Greg Clement. Thanks very much for being here.

[00:00:53] **Speaker 2** Yeah, good morning.

[00:00:54] **Speaker 1** So what has been the immediate impact of the tariffs, especially for a company like yours that imports 70% of the aluminum from Canada?

[00:01:05] **Speaker 2** So all our suppliers are getting the material from Canada, and what's happening is the aluminum has gone up 30%, stainless steel has gone up 100%, and hot roll, cold roll are averaging 30% increases. And that is a huge burden. That's just from January to March.

[00:01:26] **Speaker 1** So do you continue to buy from Canada or are you trying to buy domestically or would that make a difference?

[00:01:34] **Speaker 2** Like you said, 70% of the aluminum comes from Canada. You really don't have a lot of other resources and we don't buy from Europe or China.

[00:01:44] **Speaker 1** And so if the prices for that metal, those metals, has gone up to that extent, what does it mean for you and your business?

[00:01:56] **Speaker 2** So luckily most of our customers understand that materials have passed through, so we're able to re-quote it and raise the pricing, but it typically will delay and cause them not to order as much as they had planned because of the expense of the material and the cost of the material and what it does for their end cost.

[00:02:14] **Speaker 1** And so if their end costs go up to that extent, what does that mean downstream for consumers?

[00:02:23] **Speaker 2** So it's a tax on the consumers. They're going to pass them along. They're not going to hold the pricing. And the consumer is going to pay the tax. On average, consumers will pay $3,000 in result of the tariffs per year.

[00:02:38] **Speaker 1** So we see you there, sitting inside your operation. What are the applications for your sheet metal fabrications, and what kinds of industries and products?

[00:02:50] **Speaker 2** Yeah, power generation, dehumidification, scaffolding, a lot of different electrical enclosures, controls, things of that nature.

[00:03:03] **Speaker 1** And so again, your customers are willing to pay more.

[00:03:08] **Speaker 2** They don't want to, but they understand that we can't afford to swallow that kind of increase and that we would just lose margin.

[00:03:18] **Speaker 1** And so what does that do in your mind to kind of the broader economy, right? If consumers are going to pay an extra $3,000 and your customers might be pulling back on how much they buy, you know, what kind of effect does that have?

[00:03:35] **Speaker 2** Yeah, I mean, it's raising inflation on the consumer, and it will slow the economy down temporarily if you can. We're hoping that he could, you know, solve these issues and not have the tariffs. But the problem is we don't manufacture aluminum here, so we have to buy outside. So for me, the tariffs something that we can't even manufacture and then put that burden on the consumer is wrong.

[00:04:01] **Speaker 1** As to the domestic production of aluminum, that would seem to be what President Trump and his administration wants as a result of these tariffs. But how likely is it that the U.S. could ramp that up?

[00:04:17] **Speaker 2** To build a mill, especially aluminum mill, is very costly and would take a long time. I mean, you're talking, he'd be out of the office by the time anything came online.

[00:04:29] **Speaker 1** So the Fed is signaling about an economic slowdown, possibly a recession, on top of everything that's happening now. How concerning is that?

[00:04:41] **Speaker 2** It's very concerning. We're going to have a record year this year. Based on our customers' excitement, forecasts, and they're all growing, and this could stop that growth.

[00:04:52] **Speaker 1** What is your message then to the administration?

[00:04:58] **Speaker 2** Let's not tear up something that we can't produce in the United States. Let's not add burden, but he's talking about cars and even aluminum goes everywhere. And it's just gonna increase cost for everyone and then we are gonna have to pay that 25%.

[00:05:14] **Speaker 1** Do you feel as though, do you feel as though that message is being heard?

[00:05:19] **Speaker 2** I don't think it is. I think he has a different end game and it would be nice to know what his end game is because the other thing, have uncertainty on tariffs creates uncertainty on customers buying. If you don't have certainty of the industry of what you're doing, they're going to wait and delay.

[00:05:40] **Speaker 1** Well, we will see how this goes and we wish you luck and thanks very much for joining us.

[00:05:46] **Speaker 2** Yeah, thank you for having me.

[00:05:48] **Speaker 1** For more on this and other issues facing Wisconsin, visit our website at PBSWisconsin.org and then click on the news tab. That's our program for tonight. I'm Frederica Freyberg. Have a good weekend.

[00:06:54] **Speaker 3** Thank you very much.