**Impending Tariffs: Challenges and Opportunities for IFMA Members**

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*“The only thing new is the history you do not know” (Harry S. Truman)*

**Introduction**

In an era marked by economic uncertainty of protectionist trade policies, facility and public works managers may often find themselves navigating increasingly complex operational issues. Among the many challenges they face, the potential impact of tariffs on imported materials and equipment. Looking at past historical precedents, such as the Smoot-Hawley Tariff Act of 1930, can provide valuable lessons into the risks and opportunities presented by protectionist trade policies. This paper explores the potential ramifications of tariffs on facility management and public works departments and offers several strategic recommendations to mitigate their impact.

**Smoot-Hawley: A History Lesson for Today**

The Smoot-Hawley Tariff Act of 1930 is a powerful example of how economic protectionism can affect the economy. Introduced at the outset of the Great Depression, this legislation aimed to protect struggling U.S. manufacturers and farmers by imposing tariffs on more than 20,000 imported goods. Lawmakers believed these tariffs would encourage the purchase of domestic products and create or protect American jobs. Unfortunately, this was a gross miscalculation.

Although well-intentioned, the Smoot-Hawley Tariff Act was a double-edged sword. It prompted reciprocal tariffs from other countries, which imposed their own protective measures against U.S. products. This trade war significantly reduced international commerce and contributed to the Great Depression. U.S. exports declined by more than 60%, leading to massive unemployment in trade-dependent industries and higher prices for imported goods.

**What Tariffs Could Mean for Facility Management and Public Works Departments**

While there is still much uncertainty about if, when, and where new tariffs may be enacted, facility and public works managers can prepare by understanding which materials (see Table 1) and equipment (see Table 2) are most likely to be affected.

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| --- | --- | --- |
| **Material** | **Countries of Origin** | **Availability in US** |
| Structural Steel | Germany/China/Japan | Low |
| Concrete Additives | China/S. Korea/Germany | Low |
| Copper Products | Chile/China/Mexico | Low |
| Aluminum Products  | Canada/China/Mexico | Low |
| Energy-Efficient Lighting | China/ German/Japan | Low |
| Glass (Architectural/Specialty) | Germany/Japan/China | Low |
| Insulation Materials | Germany/China/Japan | Low |
| Roofing Membranes (advanced) | Germany/Italy/Japan | Low |
| Rubber (natural) | Thailand/Indonesia/Vietnam | Low |
| Solar Panels | China/ German/Japan | Low |

Table 1: Materials most likely to be affected by tariffs

|  |  |  |
| --- | --- | --- |
| **Equipment/Parts** | **Countries of Origin** | **Availability in US** |
| Cleanroom Filters (HEPAQ/ULPA) | China/Germany/Japan | Low |
| Building Automation systems | China/Germany/S. Korea | Low |
| Elevators | Japan/Germany/China | Low |
| Fiber Optics (Cables/Components) | China/Taiwan/S. Korea | Low to moderate |
| HVAC Systems | China/Mexico/Canada | Moderate |
| Lighting Fixtures | China, Germany, Japan | Low |
| Lithium-Ion Batteries | China/S. Korea/Japan | Low |
| Routers | China/Taiwan/S. Korea | Lowe to moderate |
| Smart Locks | China/S. Korea | Low to moderate |
| Water Filtration Systems | China/Germany/S. Korea | Low |

Table 2: Equipment most likely to be affected by tariffs

**Strategies to Mitigate Tariff Impacts**

Facility and public works managers should anticipate potential tariff impacts when developing budgets and operational plans. The following strategies can help mitigate risks:

1. **Group Purchasing Organizations (GPOs)**:
Partner with other facilities or public works departments to buy materials and equipment in bulk, leveraging collective purchasing power to secure better pricing and avoid price hikes. Many healthcare organizations already use GPOs successfully. Your local IFMA chapter members could establish a GPO network.
2. **Diversify Supply Chains**:
Identify alternative suppliers, including domestic sources, and award long-term contracts to multiple vendors. This reduces dependency on a single supplier and mitigates the risks of future price increases.
3. **Local Sourcing**:
Whenever feasible, source materials and equipment locally to support domestic businesses and reduce transportation costs. Share these resources with other IFMA chapter members.
4. **Update Business Continuity Plans**:
Recognize that tariffs may disrupt supplies and equipment availability. Develop strategic reserves for critical materials and equipment to safeguard against shortages.
5. **Mutual Aid Agreements**:
Establish formal agreements with neighboring facilities or public works departments to share resources during emergencies or supply shortages. This collaboration ensures quicker and more effective responses to crises.

**Navigating Uncertain Waters**

Navigating the uncertainties of impending tariffs will require a proactive and collaborative approach from facility and public works managers. By leveraging strategies such as group purchasing, diversifying supply chains, local sourcing, updating business continuity plans, and establishing mutual aid agreements, managers can better prepare for the financial and operational impacts of tariffs. History hindsight, coupled with strategic foresight, can help facility managers not only weather the storm but also seize opportunities for innovation and resilience. By planning and working together, facility and public works departments can continue to provide essential services and maintain high operational standards, even in the face of impending tariffs.