

Trade war bringing measure of uncertainly for corporate America

By Matt Townsend
Tribune News Service

NEW YORK — For Columbia Sportswear Co., President Donald Trump’s escalating trade war has snatched away the most finite resource of all: time.

Although the outdoor-gear maker was largely spared financial pain in the first tariff rounds, the dispute has still sucked up hours and resources that it hadn’t planned for. Budget meetings and strategy sessions have been getting derailed by the uncertainty. Added costs have popped up in unexpected places, like the price of mannequins rising about 5% because of levies on aluminum used in their frames. Making this more difficult is the fact that Columbia’s production cycles stretch out 18 months.

“How do you plan?” said Peter Bragdon, Columbia’s chief administrative officer and general counsel. “Uncertainty is the enemy of investment.”

Unknowns for Corporate America increased in the past few weeks. The U.S. and China looked headed for a detente, but they failed to reach a compromise. So Trump ramped up the pressure by raising a wave of existing tariffs and starting a process to put levies on the remaining goods coming from its largest trading partner, from shoes to toys and smartphones.

Columbia joined other footwear giants on Monday in a letter urging Trump to reconsider.

GOOD INFO?

“There is a reason that trade policy is negotiated and set over the period of years, even decades. It has a significant impact on the orderly operation of the economy,” Bragdon said. When asked about the trade war’s latest

twists and turns, he quipped: “Well, I haven’t checked my phone in the last 20 minutes, is that still good information?”

Shoemaker Wolverine World Wide Inc. is also feeling the pain, even though its physical goods didn’t appear on any tariff lists until last week. President of global operations Michael Jeppesen was visiting suppliers in the Philippines when he learned his job overseeing the production of 15,000 new products a year, including many in China, was about to get harder.

“I was miffed,” said the executive at Wolverine, whose brands like Keds and Merrell have year-long lead times. “We need a certain level of visibility, transparency and predictability in order to plan our business in the most cost-effective way. If we are wrong on those assumptions, we will not be able to make the profit we planned.”

ECONOMIC RISK

The risk of the president’s trade war is that it could dampen U.S. economic growth by creating enough uncertainty to stall investments, or that the tariffs could increase prices and hurt consumer spending. There are signs that may be happening. Retail sales declined in April for the second time in three months. U.S. factory production fell for the third time this year. The Cass Freight Index, a measure of U.S. shipping demand, decreased for a fifth straight month.

Neato Robotics Inc. has been whipsawed by the trade war. The closely-held company with \$100 million in retail sales started paying 10% duties on its robot vacuums in September. The Trump administration said that would jump to 25% on Jan. 1, so Chief Executive Officer Matt Petersen drastically upped production ahead of the

increase to save money, while spending a lot of time looking at other sourcing countries. But that hike was delayed, leaving Petersen with a glut of inventory that’s been a drag on cash flow.

By April, a deal with China looked close, only for it to fall apart. The volatility is “wreaking havoc” on decision making for the Newark, California-based company, said Petersen, who’s again looking at manufacturing alternatives, like Malaysia and Mexico. He’s considering how much to raise prices on robots that already sell for as much as \$800. To counteract the new costs, he plans to spend less on hiring and advertising.

MANNEQUIN HIT

At Columbia, the pricier mannequins were not a material headwind, and maybe they’ll eventually come down in price now that Trump lifted steel and aluminum tariffs on Canada and Mexico to encourage lawmakers to ratify a new North American trade deal. But even if relief on metal prices may be ahead, an extra \$10,000 here and there these past few months adds up. That could mean less travel for executives — a hit to the airlines — or cuts in other areas.

Now multiply that times the thousands of U.S. companies — big and small — that are paying the duties directly or having them passed down to them. So far Trump’s assessed tariffs have totaled more than \$23 billion through April, with more than two-thirds generated by the duties on imports from China.

“It’s money that’s being taken out of the business and given to the government,” Bragdon said. “That’s all money that would go into other investments in plants and people to grow the business.”

BILL

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Sen. Michael Dembrow, D-Portland, and Rep. Karin Power, D-Milwaukie, who co-chaired the committee, allowed Bentz and other Republicans to offer their amendments for a vote at Friday’s meeting — but all were voted down along party lines.

Dembrow and Power’s own amendments passed, again on a party-line vote. They were essentially technical fixes.

Bentz’s amendments were largely to lighten the burden on his district, which covers much of sparsely populated Eastern Oregon. One proposed amendment would have excluded Malheur County from the program altogether.

Dembrow said, while he respects Bentz’s interest in protecting constituents, the bill already does that.

“At the end of the day, we are going to look back at this program in 10 years and say, ‘This is a program that works for Eastern Oregon,’” Dembrow said.

Bentz said despite the hard work the committee put in, the bill is nowhere close to ready.

The tension on the six-Republican, eight-Democrat committee was often palpable. Republicans often used their committee time to talk about how the bill will hurt industry and rural Oregonians while failing to make a dent in the global climate change problem. Democrats talked about how Oregon needs to

be a leader in this fight and argued the state is already dangerously behind schedule in taking action.

Rep. John Lively, D-Springfield, said he has recently been reflecting on the dire circumstances while watching student concerns at his grandchildren’s elementary school.

“Unfortunately, I feel we’ve waited too long,” he said. “But we have to do something.”

In the 18 meetings held on the proposal since February, the two sides have failed to find much common ground.

However, a rare moment of bipartisan work came when the committee passed an accompanying bill from Rep. David Brock Smith, R-Port Orford. It would require public universities to study sequestration of carbon through forests and agriculture. Lively was the lone “no” vote, though other Democrats shared concerns with the bill.

After two hours of voting on amendments, many committee members took turns giving their thoughts and thanking each other for the hard work put in. It felt like the last day of school, as lawmakers took ideological shots at each other while also thanking their colleagues across the aisle for putting in the time and effort.

Then, with a bang of the gavel from Power, months of work had a conclusion. It was on to the next step.

“I’m filled with a combination of pride and exhaustion,” Dembrow said.

TOUR

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register, contact Gwendolyn Ellen at 541-829-3337 or gwendolyn@science.oregon-state.edu.

A description of the host farms is as follows:

ELMER’S FARM CONSERVATION PRACTICES

In 2018, Sage Elmer was named Conservation Farmer of the Year by the Union County Wheat and Seed Growers Association. He produces malt barley (winter and spring), wheat, chickling vetch and hay with no-till practices on his 230-acre home farm. He also co-manages 1,000 acres with his father. He plants the chickling vetch into the fall stubble of wheat or barley for his hay. The 2019 Biodiversity Working for Farmers Tour will visit the home farm to learn about these and other conservation practices Sage employs. Elmer, in the fourth year of his Conservation Stewardship Program, has developed two insectary plantings on the farm. He combined a commercial pollinator mix with a few of his own choice plants to make up his own insectary planting mix.

One insectary planting is just adjacent to Catherine Creek, which runs through the home farm providing a diverse, mature and wooded field edge. The soil here is a well-drained loam, so the 1.25-acre insectary planting established quickly and grew well.

The other insectary planting was a little more work. It is a 2-acre strip on the side of the road with unproductive soil that has traditionally stayed wet for long periods. Elmer drained and cleaned out the area before seeding the insectary mix. He is pleased that the area has made a rich habitat of cover for pheasants, turkeys and deer. Elmer said he likes having the increased wildlife on the farm. He has also noticed an increase in pollinators, beneficial insects, great horned owls and hawks.

He plans to maintain the insectary planting for the next several years, and is even considering increasing them up next to the road by his house in hopes of attracting more pheasants there as well.

Another benefit of the insectary plantings is they helped him meet the compliance standards for the Salmon Safe certification of his spring barley. This has increased his barley marketing options making it a “main stem malt” with a better market value. Elmer can also bundle his practices into the soil health and carbon sequestration options in his CSP. In addition, Elmer feels his no-till methods and crop rotations have increased his soil health and at the same time decreased his cost of production. However, there are new challenges that come along with adopting new practices on the farm. His biggest is rodent management. Elmer has stopped shooting coyotes on his farm so that they can help him keep the rodent population down. The great horned owls will help as well, but Elmer has not seen too many of the greatest rodent predators on his farm, barn owls and kestrels.

Because of all the benefits Elmer has seen so far from his conservation practices he explains, “I think the challenges of figuring out these new issues are well worth it.”

He is looking forward to learning even more ben-

efits of his practices at the Biodiversity Working for Farmers Tour.

NILSSON FARMING INC. CONSERVATION PRACTICES

Max Nilsson’s grandfather put in windbreaks of mostly black locust, plum and Russian olive trees during the Great Depression and Dust Bowl Era (1926-1930s). Remnants of these trees still exist in the Nilsson’s hedges. These days the windbreaks contain Scotch and Austrian pines, junipers and spruces. In 2003, Pete Nilsson added a native hedgerow to the farm’s windbreak mix. Shrubs of snowberry, native roses, dogwoods, elderberries, chokecherries and mock orange provide floral resources and overwintering sites for on-farm beneficial insect and native pollinator populations. It seems creating on-farm habitat runs in the Nilsson family as Max’s sister also added a hedgerow of Scotch pines and lilacs as her senior high school project.

The windbreaks were put in to provide protection from wind, blowing snowdrifts and dust. The Nilssons used cost-share NRCS programs to help pay for the windbreaks. Max explains they also provide habitat for predator birds such as hawks and barn owls, which prey upon one of his major pests, rodents. He explains the windbreaks and hedges have been very beneficial for the farm except for attracting more deer, which increases the

tick populations. There is also a healthy population of bats on the farm, a major predator of mosquitoes.

Max uses no-till techniques and rotations to produce his 1,900 acres of bluegrass and fescue grasses, peppermint, wheat,

sunflowers, blue flax and peas. He explains these practices help to build up organic matter in his soil as well as keep soil from being blown out of the fields. They also have installed various water conserving nozzles in their irrigation

equipment using Equip funds. Max feels the two most limiting factors in implementing new conservation practices on the farm are finding out about the programs that support them and finding the “man hours” to do them.

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PARADE ENTRY FORM

JUNE 7, 2019

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Join us for the **EOLS Parade** - a highlight of EOLS Rodeo weekend since 1908. It’s flag-waving fun for all ages. The parade begins at 2:00pm sharp on Friday afternoon and travels through historic downtown Union. The parade features the Grand Marshalls, rodeo queens, horses, classic cars, floats, musical groups and so much more.

Name of Individual or Group: _____

Contact Person: _____ Tel.# _____

Mailing Address: _____

City/Zip _____

Email Address: _____

Please check the most appropriate judging category for your entry:

☐ Royalty	☐ Riding - Adult	☐ Organizations	☐ Floats/Carriages
☐ Commercial	☐ Riding - Youth	☐ Antiques	☐ Miscellaneous

I have read and agreed to follow the parade information and instructions.

Name _____ Date _____

Please note that the parade committee may re-classify your entry to another category. Check in starts at 11:30, Judging 12:45, Parade 2:00.

Pre-registration is required by Friday, May 24, 2019. If you miss the deadline, you are still welcome. Your entry may not be announced by the Announcer.

Email or Mail your entry and brief information:
EOLS Parade, PO Box 126, Cove, OR 97824

Announcers Description: _____

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