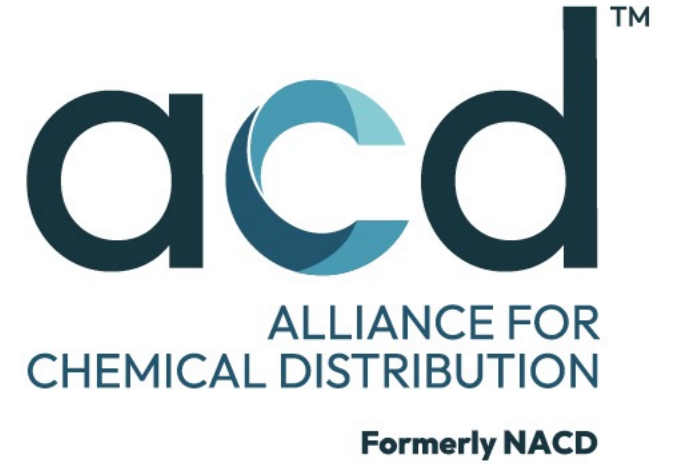




EMPOWERED
PERFORMANCE
UNRIVALED
EXPERTISE

Chicago Paint & Coatings Association

Industry Update Meeting

Topics to Cover



Tariffs



Trade



Data Centers



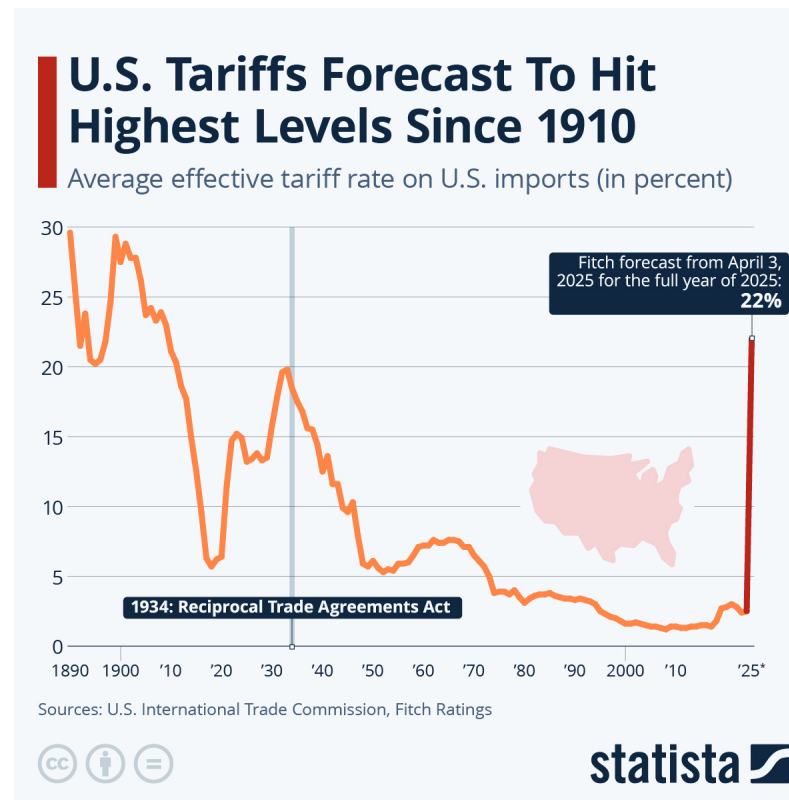
Rail



Trucking

Tariffs

- IEEPA Tariffs
 - Refunds process continues; CAPE Phase III
 - Most issues occurring with ACE access
- Section 122 Tariffs
 - Sweeping 10% tariffs
 - Ruled illegal and appealed
 - Expired June 24
- Section 301 Tariffs
 - Largely replaced 122 tariffs
 - Forced Labor (in effect)
 - Excess Manufacturing Capacity (future)
 - More likely to withstand court challenge



Tariffs Cont.

- Section 338 Tariffs
 - 50% tariffs on certain Canadian goods
 - Took effect on August 22
 - Enacted for the first time in history
- Section 232 Tariffs
 - 50% tariff on steel, aluminum, copper
 - 25% tariff on most metal derivatives

Trade



- “Strengthening Customs Enforcement” EO
 - CBP set to impose various measures
 - CTPAT participation “strongly encouraged”
 - Foreign IOR category
 - “Good standing” requirement
 - Significant increase in penalties and supply chain scrutiny
 - ACD engaging with CBP
 - Already seeing increase in customs enforcement
- USMCA
 - Negotiations to renew are ongoing
 - Lutnick reportedly opposed to reducing tariffs
- Ship fees
 - Applies to Chinese operators, Chinese-built ships
 - Delayed one year, Nov 10 effective date

Data Centers

- Federal Response
 - Executive Order accelerating construction
 - Several bills proposed, none passed
- Various IL state-level actions
 - Illinois tax incentive paused
 - Clean and Reliable Grid Affordability Act
 - Meant to rein in rising electricity costs
 - POWER Act (proposed)
 - Energy requirements for centers
 - Water-use reporting



Freight Rail

- UP & Norfolk Southern Merger
 - Requires majority STB vote
 - Decision expected summer 2027
 - STB rejected first application, accepted second
 - ACD filed motion of summary denial
 - Denied by STB
 - ACD part of coalition group
 - Held several high-level meetings
 - Running ad campaigns
 - UP CEO threatened shippers who retaliate
- Problems continue
 - Consistent reports of poor service
 - Egregious insurance requirements



Trucking

- PHMSA deregulatory approach
 - Finalized 17 rules to simplify HMR
- English proficiency as OOS violation
- Non-domiciled drivers removed from service
- Independent contractors
 - Proposal to revise 2024 rule
- Heavy-duty engine requirements
 - Proposal to revise 2024 rule
 - Adjust warranty requirements
 - Remove derate when DEF is low



Questions?