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Tariff impact is already felt by Western Massachusetts companies

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The Excel Dryer, Inc. plant in East Longmeadow, Ma on Thursday, January 13, 2022. (Dave Roback photo)

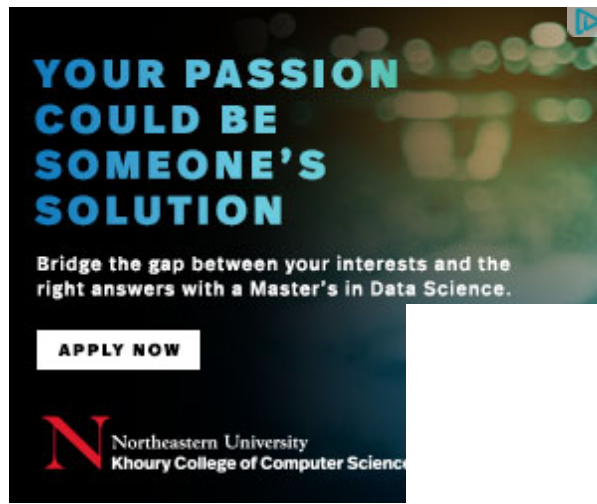


By [Jim Kinney | jkinney@repub.com](mailto:jkinney@repub.com)

SPRINGFIELD — A Western Massachusetts electrical and mechanical contractor focused on industrial projects thought 2025 was going to be a banner year.

Then last month, the company had a \$1 million project canceled with just 48 hours of notice and has seen half the projects that had been on the drawing boards for the rest of the year either put on hold or called off, said Brooke Thomson, president and CEO of Associated Industries of Massachusetts.

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While Thomson doesn't want to identify the company, as head of the statewide trade association representing manufacturers and other businesses, she's speaking out about the impact, one already felt, of tariffs either real or threatened. Examples include a Berkshire County manufacturer used to spending \$15 million a year on Canadian paper.



Gov. Maura Healey sits with Brooke Thomson, Associated Industries of Massachusetts' executive vice president of government affairs, for a question-and-answer session in Newton last year. (CHRIS LISINSKI / STATE HOUSE NEWS SERVICE)



With tariffs, that bill could go up \$5 million to \$6 million.

“Customers are already pulling back purchasing,” she said in hopes of publicizing the fears AIM members express to her so public policy changes.

“Don’t spend money. Don’t put in new orders.”

Wednesday, President Donald Trump announced tariffs of about one-half of the total tariffs and non-monetary barriers maintained by each country on American goods and services. China will face a 34% tariff, while the European Union will be 20 percent. Japan will be 24% and India 26%.

A universal baseline tariff of 10% is part of the package. The tariff on cars and car parts will be 25%.

Massachusetts businesses export \$77 billion worth of goods and services each year to 210 markets around the world. One in five jobs is directly impacted, Thompson said.

“We are in the world of the unknown right now,” said Kevin Giguere, engineering manager at Pilot Precision Products in South Deerfield.

The company manufactures cutting tools used by other manufacturers and resells cutting tools made by others. It uses specialty steel that’s really only available in the European Union.



“We are trying to buy material in advance and get stuff in here as fast as possible,” he said. “We will have to raise prices. Everyone is going to be doing it, unfortunately.”

William Gagnon, chief operating officer of Excel Dryer in East Longmeadow, said it’s always been the company’s philosophy to make a quality, American-made product with domestic parts and materials.

The Gagnons stepped up efforts to buy American for their family business, working for years to get a domestic manufacturer of electric motors. It was the toughest nut to crack.

“It’s almost like we were looking into the future,” Gagnon said.

And with 80% of sales to domestic markets, Excel and its line of bathroom hand dryers are positioned well.

The company’s Mexican and Canadian distributors stocked up in anticipation of tariffs, he said. They bought months of supply and got those dryers into their countries ahead of the deadline.

They were not the only ones planning ahead.



Gary Rome, president of Gary Rome Auto Group. (Hoang 'Leon' Nguyen / The Republican)

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Gary Rome, president of Gary Rome Auto Group, said he ordered hundreds of additional Kia and Hyundai automobiles for his dealerships.

At Gary Rome Hyundai in Holyoke, they sold 31 cars Saturday and delivered another 35 Monday. Those numbers are about twice what would be normal at this time of year.

"It's definitely been on everyone's mind," Rome said of the Hyundai and Kias he sells, 80% are made in American factories. But parts are under the tariff.

"I know the manufacturers are not going to pass the entire tariff on to our clients," he said.

But some of that cost will be passed on. And he expects manufacturers to cut back on incentive programs.

"Ultimately this tariff is going to trickle down to consumers," he said, estimating a \$150 to \$200 hike in an average monthly payment.

Hyundai is planning a steel mill in Louisiana to increase the American content in its products. Both Hyundai and Kia are focused on the U.S. market, he said.

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She said automakers, and other manufacturers, have spent years optimizing their supply chains, sourcing materials and components from around the world.

"There is no such thing as a fully U.S.-produced car with all the components made in the U.S.," she said.

And building that capability would take years. Such a manufacturing expansion is unlikely given the topsy-turvy nature of announcements from Washington.

"We need economic stability now," she said. "We need to be working with our allies."