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LOCAL

'We are in a competitive marketplace': Tariffs pose threat to eastern CT manufacturers



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Key Points AI-assisted summary ⓘ

While manufacturing is growing in eastern Connecticut, local companies are facing challenges such as tariffs and labor shortages.

Tariffs imposed by the Trump administration on goods from China, Mexico, and Canada have increased costs for businesses and created uncertainty.

Despite these challenges, local manufacturers are adapting by streamlining processes, investing in automation, and collaborating with each other to share best practices.

While manufacturing is still growing in eastern Connecticut, including Electric Boat's plan to hire 3,000 this year across the entire company, there are still challenges local companies face.

President Donald Trump has been pushing for tariffs since he was inaugurated, including a 10% tariff on Chinese goods and 25% tariffs on all steel and aluminum imports, USA Today reported in February.

There are also 25% tariffs proposed on goods from Mexico and Canada. While the tariffs were paused for a month, that provides little relief for businesses, and could impact both the economy and America's defense, U.S. Rep. Joe Courtney (D) wrote in an email.

"U.S. shipbuilders and smaller supply chain companies across the defense industrial base rely on Canada for several critical minerals needed for construction, including uranium, nickel and aluminum," Courtney wrote. "President Trump's 25% tariff on Canada is a 25% increase in costs for the U.S. businesses who rely on Canada for those minerals."

Tariff impact on eastern Connecticut companies

Some local manufacturers expect the tariffs to affect them, while others are in a “wait and see” mode, Eastern Connecticut Workforce Investment Board (EWIB) President and CEO Michael Nogelo said.

Gilman Gear, a sports equipment company in Bozrah, expects to be affected by tariffs on Canada, Mexico and China. The company imports steel, aluminum and netting that comes from abroad or from other companies that import, owner Neil Gilman said.

It remains to be seen how price hikes will impact sales, Gilman said.

“We are in a competitive marketplace,” he said. “Our consumers are looking for the best deal, best price, and it puts tremendous pressure on us. We want to sell the product, but we have to maintain our margin.”

Another company that anticipates an impact is the Killingly-based Spirol. During December’s meeting of the Eastern Advanced Manufacturing Alliance Regional Sector Partnership, Spirol Corporate Secretary Jessica van der Swaagh talked about the company’s international business, and concerns about tariffs created uncertainty for them, Nogelo said.

Tariffs may motivate companies to look into more automated or AI-based solutions, CT State Quinebaug Valley Advanced Manufacturing Director Stephen Lapointe said.

“I think businesses are going to play a bit of a waiting game right now, but there is no time to wait,” he said.

However, tariffs are not the only challenge for local manufacturers.

Staffing concerns amidst hiring slowdown

One company facing employment challenges is Putnam Plastics, a manufacturer that makes parts for medical equipment in Killingly. There are plenty of open entry-level positions in the industry, but it can be a double-edged sword.

“We still have a good turnover rate, but this contributes to turnover because people can just pick up and go to another job,” stated Director of Human Resources Ken Long and Marketing Manager Kaitlin Sullivan in an email.

Staffing is also a challenge for Gilman Gear. While the company has dozens of employees across its two facilities, Gilman would like to hire 10 more workers, including welders and sewing machine operators, but he can't find skilled workers, as larger companies in the area can offer better benefits and higher wages, Gilman said.

"The labor market is a food chain, so the bigger fish swallow up these trained employees," he said. "The little guys like us, we have to recruit really hard."

More: Electric Boat to hire 3000 workers in 2025: What's the state of manufacturing in eastern CT?

There's been a softening in the labor market in the past year or two, Nogelo said.

Manufacturing is recovering jobs, but at a slowing rate. Looking at statewide average figures, there were 161,899 people working in manufacturing in 2019. The pandemic led to a sharp drop, with 153,826 in 2020, and a low of 152,860 in 2021. The industry has regrown since then, with increases of over 3,000 workers in 2022 and 2023. Comparing December 2023 to December 2024, manufacturing only gained 600 workers, totaling 158,600, according to the Connecticut Department of Labor's Labor Market Information.

However, Nogelo expects worker availability to rise in the coming months.

Gilman Gear has an apprenticeship program to train prospective sewing machine operators, but the company isn't able to train welders. The company seeks welders who've already learned the trade from technical schools or EWIB's Manufacturing Pipeline Initiative, Gilman said.

"We hope to work with EWIB to find some more employees," he said.

Getting more people into manufacturing includes introducing concepts to children and teenagers. The Youth Manufacturing Pipeline Initiative makes the hands-on training fun so the students are inspired to work for a company when they graduate or pursue further education in manufacturing, Lapointe said.

"We just need to get more of those students in here," he said.

Employees are also drawn to businesses with company cultures that treat its employees like "a part of the family," and offer tuition reimbursement so workers will go back to school and improve their skills, Lapointe said.

The hiring slowdown isn't currently affecting the Manufacturing Pipeline Initiative training programs, but there may be challenges "if and when" hiring picks up, Nogelo said.

What do eastern Connecticut manufacturers need to do?

EWIB has been able to adapt to challenges because it uses a manufacturer-driven approach, emphasizing community in eastern Connecticut, Nogelo said.

"Manufacturers can learn from each other in terms of how they are responding to different challenges," he said. "We at EWIB are very happy to be a convener for those conversations."

Despite supply chain and workforce issues, Gilman Gear has plenty of orders thanks to a strong marketing campaign. The only questions are if the company can fill the orders, and at what cost, Gilman said.

"We're trying to hold our pricing as long as we can, but I think down the road, these tariffs will cause us to raise the price," he said.