

AI Data-Center Buildout Meets a 25-Point Tariff Gap: Chinese Cable Carries 40% U.S. Duty, Vietnam 15%

A flat 25-point duty swing rides on the cable feeding the AI buildout — and Kestner Supply's China-Vietnam plants let buyers elect Vietnam origin.

PRINCETON, NJ, UNITED STATES, August 25, 2026 /EINPresswire.com/ -- The buildout of AI data centers is consuming cable and cordage at unprecedented scale — and a U.S. tariff structure that took effect in July 2026 now makes a component's country of manufacture a swing of roughly 25 percentage points in landed duty.

According to Dell'Oro Group, worldwide data-center capital spending is on track to approach \$1 trillion, with about two-thirds tied to AI infrastructure by 2030. Every rack in that buildout is wired: power cordage, copper patch and direct-attach cable, coaxial, and optical fiber. For a U.S. importer, the duty on that wiring now depends heavily on one variable — country of origin.

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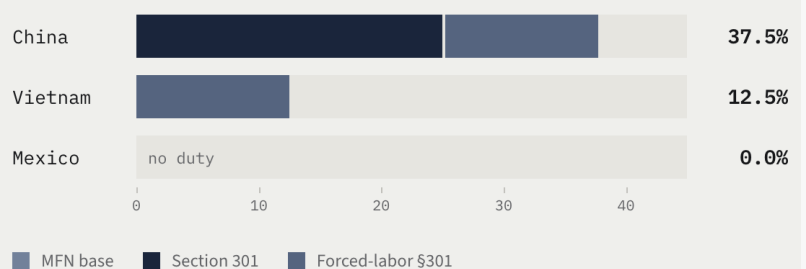
On the hardware wiring the AI buildout, country of origin has quietly become a 25-point line item — often the difference between a project's margin surviving customs and not.”

Mike Li, Founder of Kestner Supply

Figures published by [Kestner Supply](#), a U.S. company that manufactures power cords, cable assemblies, and power adapters in its own plants in China and Vietnam, quantify the swing. Under the current stack — the most-favored-nation base rate, the 25 percent Section 301 List 3 duty on Chinese-origin goods, and the 12.5 percent Section 301 forced-labor duty effective July 24, 2026 — the effective U.S. duty on connectorized cable and cordage (HTS 8544.42.90) is 40.1 percent from China versus 15.1 percent

What origin does to the duty

The effective tariff on a switching adapter (8504.40.85), by country of origin — each bar split into the layers that make it up. The China-Vietnam gap is the entire **Section 301** layer.



25.0 points separate China from Vietnam — that is the Section 301 layer, and the whole sourcing decision. Mexico enters duty-free under USMCA.

What origin does to the duty

from Vietnam. Coaxial cable (8544.20.00) runs 42.8 percent versus 17.8 percent; optical fiber (8544.70.00), 37.5 percent versus 12.5 percent; and power supplies (8504.40.85), 37.5 percent versus 12.5 percent.

The pattern is consistent: a flat 25-point gap between Chinese and Vietnamese origin across every category. That gap is the List 3 Section 301 duty, which applies to goods of Chinese origin only; the July forced-labor duty raised both origins by the same amount and left the gap intact. The rates are current as of the company's July 29, 2026 verification date, and the forced-labor duty is being challenged in court.

"On the hardware wiring the AI buildout, country of origin has quietly become a 25-point line item," said Shangye Li, founder of Kestner Supply. "For a program buying cable and cordage by the container, that is not a rounding error. It is often the difference between a project's margin surviving contact with customs and not."

The gap, Li noted, is only real if the origin is. "A Chinese cable finished in a third country is still Chinese origin, and customs assesses it accordingly, with penalties. The savings only clear when the manufacturing — the substantial transformation — actually happens where the paperwork says."

That is the basis of the China-plus-one approach many procurement teams have adopted: adding a qualified non-China source to cut exposure to the China-only duty layer. Kestner builds to the same specification and test standard in both its China and Vietnam plants, so a buyer can elect Vietnam origin on the purchase order without requalifying the part.

Kestner cautioned against reading the analysis as a blanket claim on data-center infrastructure. High-speed fiber trunking and the specialized cabling of hyperscale facilities sit outside the company's catalog; the figures are offered as a tariff analysis of the cable categories broadly, and the company's own scope is power cords, cable assemblies, power adapters, and general



Kestner's China Production Plant



Kestner's R&D Team

connectivity hardware in its lane.

The full [duty stack](#) — every layer, every HTS code, and the source for each rate with a verification date — is published on the company's Insights reference, alongside a [landed-cost calculator](#) that estimates per-unit duty by origin.

About Kestner Supply

Kestner Supply is a U.S. company that manufactures power and connectivity hardware — power adapters, power supplies, power cords, cable assemblies, and patch cords — in its own factories in China and Vietnam, and sources the rest to the same standard. It builds to a buyer's specification, documents country of origin per unit, and prices in U.S. dollars with the tariff math shown. More at kestnersupply.com.

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