

Tariff Buyer Guide

Food & Beverages

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Overview & Introduction

- The de minimis shipping exemption for imports under \$800 has been suspended on imports from China, exposing these imports to all applicable tariffs. The de minimis exemption is set to be revoked for all other imports on July 1, 2027.
- Many food and beverage companies are reliant on packaging materials or machinery from China.
 - Metal cans, refrigerators, and freezers could all see higher prices as manufacturers' input costs rise; US buyers import about 20.0% of refrigerators and freezers from China.
 - Paper and plastic packaging materials are commonly imported from China, forcing suppliers to either pay more for products or seek alternative sources. Both of these actions are expected to increase overall costs.
 - Leading companies have indicated they could alter their packaging mix in response to rising product costs, making use of cheaper alternatives such as plastic bottles.
- Import tariffs on products from China will likely increase costs for beverage dispensing equipment, industrial refrigerators, and other machinery in the food and beverage industry, as many components and materials are sourced from China.
- Other products US buyers commonly import from China are preservatives (accounting for 18.1% of imports), plastic bags (accounting for 22.0% of imports), and paper packaging products (accounting for 21.9% of imports).
- Canada and Mexico also face higher tariffs, but an exemption has been made for USMCA-compliant goods.
 - The United States currently imports nearly \$45.0 billion worth of agricultural products from Mexico, including primarily vegetables, fruit, beer, and tequila.
 - The Atlanta Federal Reserve projects that tariffs on imports from Canada and Mexico may result in a 1.63% increase in everyday purchases, including food and beverages.
- The Trump administration announced elevated tariffs for all goods imported from nearly every US trade partner, the implementation of which it delayed until August 7.
 - These tariff hikes would raise the price of imports from key food and beverage sector import sources, such as India, South Korea, and Thailand. The United States entered trade deals with the European Union, the United Kingdom, South Korea, Thailand, and others.

Country	Tariff Rate	Trade Deal Info	Start Date
China	54.9	No trade deal	In effect
Mexico	25.0	90-day pause	In effect
Canada	35.0	No trade deal	In effect
South Korea	15.0	Signed	8/7/2025





India	25.0	No trade deal	8/7/2025
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Key Takeaways

- Upstream suppliers of packaging products, particularly paper and plastic packages for food and beverages, are expecting significant disruptions to the supply chain as tariffs shock costs and shipping times.
- Market experts are expecting further “shrinkflation” to hit prepared foods as suppliers look for ways to cut costs. As a result, portion sizes are expected to be reduced while costs for products remain stable or even increase due to surging costs for packaging materials.
- Price increases are expected for both prepared foods and fresh produce, meats, and dairy as tariffs go into effect. Perishable foods are expected to face price increases more quickly, as stockpiling products that spoil quickly is not possible for suppliers.
- Shipping and lead times are expected to increase as customs processing delays hold up shipments.
- In addition to machinery, packaging products, and other equipment, the following food and beverage types are expected to be impacted the most by tariffs, mainly if tariffs on Canada and Mexico go into effect: avocados, beer, berries, peppers, tomatoes, grains, maple syrup, beef, pork, poultry.

Risk & Import Assessment

- Overall Risk Level: **High**
- China is a top source for many products utilized in food and beverage manufacturing, including metal cans, refrigerators and freezers, all types of packaging products, and beverage equipment.
- Mexico and Canada command a significant share due to their proximity to the United States and previously favorable trade conditions, while China benefits from a lower cost of production.
- Due to the reliance on China, Canada, and Mexico for products utilized in food and beverage manufacturing, the overall risk associated with imports is high.
- The tables below highlight the top ten countries by share of imports for a variety of products impacted by tariffs on electronic goods.
- Buyers can look to other top-sourcing destinations to procure goods from to mitigate the rising costs of goods from China, Canada, Mexico, and other impacted nations.





Share of US Food & Beverage Product Imports by Origin Country

Metal Cans – % of Total US Imports

Country	Import Share
Mexico	39.4%
Canada	8.9%
China	8.6%
Germany	6.9%
Italy	4.7%
Chile	4.6%
France	4.0%
Austria	3.7%
India	3.3%
Czechia	2.8%

Refrigerators – % of Total US Imports

Country	Import Share
Mexico	45.1%
China	19.4%
South Korea	13.5%
Thailand	6.5%
Canada	4.0%
Turkiye	2.6%
Italy	2.1%
Vietnam	1.3%
Japan	0.9%
Germany	0.6%

Glass Packaging Products – % of Total US Imports

Country	Import Share
Mexico	30.4%
China	20.6%
India	8.4%
France	5.9%
Italy	5.7%
Taiwan	5.6%
Canada	5.3%
Germany	4.0%
United Arab Emirates	2.0%
Poland	1.3%

Paper Packaging Products – % of Total US Imports

Country	Import Share
Canada	30.2%
China	21.9%
Mexico	14.4%
Vietnam	6.8%
India	3.9%
Indonesia	2.7%
Turkiye	2.6%
Taiwan	1.9%
Germany	1.8%
Cambodia	1.3%



Plastic Packaging Products – % of Total US Imports

Country	Import Share
Canada	23.9%
China	22.0%
Mexico	15.8%
Taiwan	5.3%
Vietnam	4.2%
South Korea	3.4%
Thailand	3.1%
India	2.5%
Malaysia	2.1%
Germany	2.0%

Beverage Dispensing Equipment – % of Total US Imports

Country	Import Share
Mexico	87.1%
China	5.0%
Canada	3.4%
Spain	1.2%
Italy	1.1%
Thailand	0.7%
South Korea	0.4%
Belgium	0.2%
Czechia	0.2%
Germany	0.2%

Supply Chain Risk – Best Practices & Overview

Upstream Suppliers	Risk Before Tariffs	Risk After Tariffs	Tariff Impact
Meat, Produce, & Grain Farmers	Low	High	- Farmers are preparing for potentially reduced demand for export-dependent crops such as soybeans and corn due to potential retaliatory tariffs. - Rising fertilizer costs are expected to impact farmers' overall operations negatively, as critical components may become too expensive for some farmers. - Retaliatory tariffs from the European Union and China have elevated financial risk for US farmers, due to their reliance on exports.
Paper & Plastic Packaging Manufacturers	Low	Medium	- Manufacturers of paper and plastic packaging products are preparing for increased supply chain disruptions as a result of new tariffs. - Manufacturers are expecting increased material costs and shortages of key inputs as demand and shipping times both increase.



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Upstream Suppliers	Risk Before Tariffs	Risk After Tariffs	Tariff Impact
			Exemptions for certain plastic resins will provide relief for some of these suppliers.
Glass Packaging Manufacturers	Low	Medium	Glass packaging manufacturers are preparing for further supply chain disruptions, along with reduced demand for products, as businesses may cut back on purchases of glass packaging and shift to cheaper plastic products.

Risk levels are determined based on revenue volatility, reliance on imports, and the expected impact of tariffs on lead times and product availability.

Downstream Buyers	Risk Before Tariffs	Risk After Tariffs	Tariff Impact
Grocery Wholesalers	Medium	High	- Grocery stores expect tariffs to significantly impact food availability, shipping times, and overall costs to order products. - As shipments are expected to cost more, grocery stores are expected to pass these costs on to consumers in the form of higher prices, which may potentially reduce overall demand for certain goods and reduce large grocery chains' revenue.
Restaurants	Low	Medium	- Due to tariffs on food and beverage products, restaurants may have a more limited supply of fresh produce, meats, and other specialty products imported from abroad. - Restaurants are also expected to deal with reduced consumer demand, as rising costs at the grocery store alter spending habits and trends. - Reduced demand from consumers may result in significant strain on restaurants' revenue and profit margins, particularly at a time when consumer spending is lower due to inflation in the previous three years.
Office Buildings, Corporations & Other Institutions	Low	Medium	Offices, colleges, and other large institutions ordering large quantities of food may face higher costs and smaller portions due to shrinkflation.

Risk levels are determined based on revenue volatility, reliance on imports, and the expected impact of tariffs on lead times and product availability.





Creative Procurement Strategies

- Given the increased tariffs impacting this market, buyers should look to **diversify their supplier and sub-supplier networks** to improve their access to food and beverage imports that will not be tariffed.
 - To mitigate tariffs from China, packaging products, machinery, and preservatives can be sought from nations such as South Korea, India, and Vietnam, but these nations will still face between 15.0% to 25.0% tariff rates.
 - Utilizing alternate sourcing destinations for perishable food products may be more difficult due to reduced shelf life and the inability of these products to travel long distances.
- The price shock caused by tariffs is typically most severe immediately after tariffs have been imposed and becomes less severe in the months and years that follow as global supply chains readjust to the policy. Thus, **stockpiling impacted goods** can give buyers valuable time to avoid the initial price shock and react more deliberately following the implementation of new tariffs when the goods are shelf-stable.
 - As packaging products do not suffer from spoilage, buyers can stockpile large amounts of paper, glass, and plastic products to mitigate future rising costs.
 - Buyers may also stockpile dry or frozen food products that have longer shelf lives compared to their fresh counterparts.
 - By stockpiling goods, buyers have more time to test the market after tariffs have been implemented, allowing them to contact more suppliers and engage in more comprehensive negotiations.
 - However, this strategy requires significant inventory space and upfront investment, which may limit its viability for buyers.
- Because of the large-scale farming and food production industry in the US, buyers may be able to avoid tariffs by procuring a larger share of their **purchases from domestic suppliers**.
 - Buyers may be able to procure fresh produce, meat, dairy, and other food products from domestic suppliers for cheaper with reduced shipping and lead times compared to products from foreign nations impacted by tariffs.
 - However, the influx of demand for domestically produced goods following the implementation of tariffs often gives domestic suppliers leverage to raise prices.

Contract Clauses

- **Implement price-adjustment clauses to account for tariff fluctuations:**
 - Buyers should include clauses that allow for price adjustments based on changes in input and component costs due to tariffs.



- Price adjustment clauses ensure that both parties have transparent expectations for cost fluctuations, protecting buyers from unforeseen expenses.
- Adjustment clauses should outline clear thresholds for triggering price changes.
- Price adjustment clauses provide a safety net against cost surges that result from tariff implementations. Clear additional clauses can help maintain financial stability.
- **Implement liquidating agreements to mitigate risk:**
 - Employing liquidating agreements enables businesses to reduce liability linked to increases in costs due to tariffs.
 - Liquidating agreements offer a way for companies to minimize the risk of escalating expenses by distributing the responsibility for these costs among all involved parties.
 - Through liquidating agreements, companies can handle claims without incurring undue financial strain, resulting in efficient resolution.
 - Clear and precise language is crucial for safeguarding companies, ensuring timely claims resolution, managing risks, and supporting seamless operations and continuous business activities.
- **Lock-in rates and prices with long-term agreements:**
 - To ensure stable pricing for essential materials, buyers are encouraged to enter long-term contracts with suppliers, which can prevent sudden cost increases for both suppliers and manufacturers of final goods.
 - Fixed pricing can reduce the risks tied to market volatility, particularly during periods affected by tariffs.
 - Establishing long-term contracts can strengthen relationships with suppliers, resulting in improved service quality and priority access to crucial components that may be scarce due to global supply chain disruptions.
 - Buyers can utilize this strategy for critical machinery and packaging products related to food and beverage manufacturing.

Negotiation Questions

1. How do current tariffs impact the pricing structure of your products?
2. What contingency plans do you have to manage supply chain disruptions caused by tariffs?





3. Can you provide a breakdown of what percentage of your components are sourced internationally, particularly those subject to tariffs? Are you planning to reallocate sourcing to different destinations? If so, where?
4. How are you managing inventory levels to ensure product availability despite potential delays from tariffs?
5. Are there any anticipated changes to your lead times due to tariffs, and how do you intend to communicate these?
6. Can you offer alternative sourcing options or product adaptations to minimize tariff impacts?
7. How do you manage currency fluctuations and tariff impacts when setting prices for contracts?
8. What are the terms and conditions for pricing adjustments if tariffs increase or decrease?
9. How are you assisting other clients in similar industries in adapting to tariff-related challenges?
10. What guarantees do you offer regarding quality and compliance amid changes in the supply chain due to tariffs?

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