Expana

Tariff Talks 2025

Expana's Weekly Rundown

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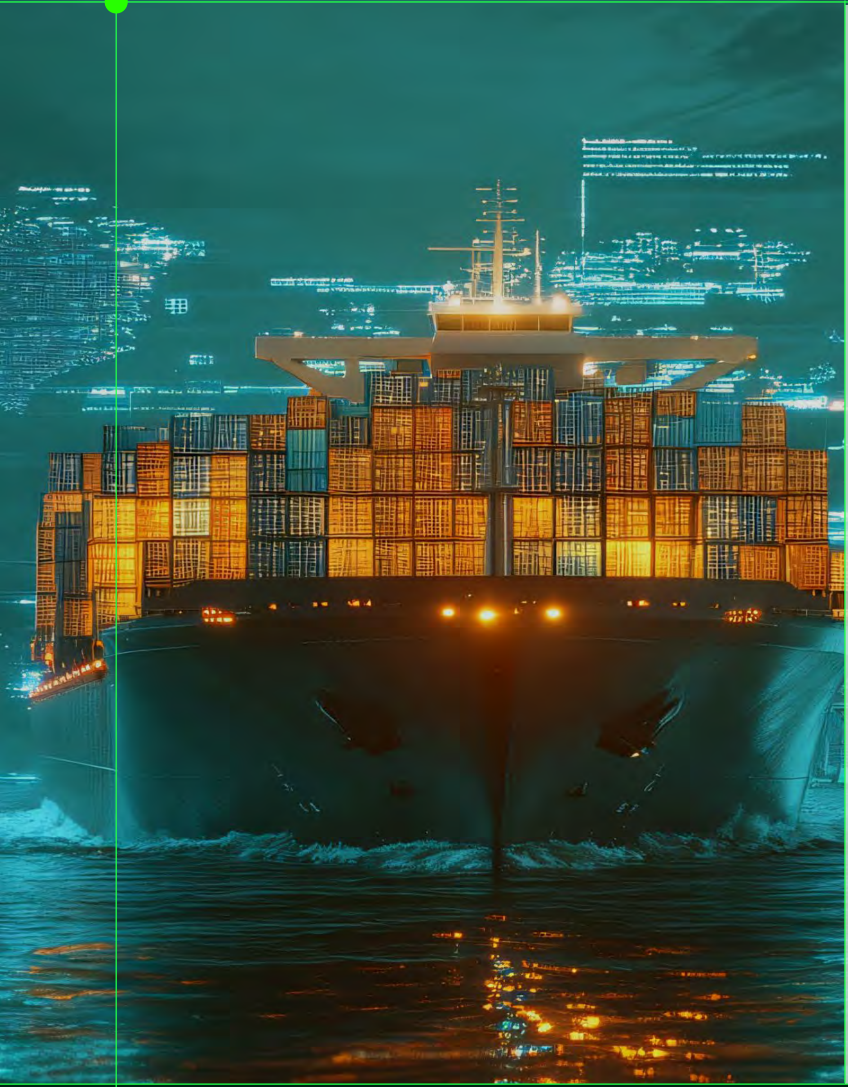

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INTRODUCTION

On May 14, US President Trump and the administration cut tariffs on China for 90 days "after successful negotiations over the weekend in Geneva, Switzerland," read a White House fact sheet. To allow for a future deal, the two countries each lowered tariffs by 115% while retaining an additional 10% tariff. China will also suspend some recent non-tariff countermeasures. The US slashed reciprocal tariffs of 145% down to 30% (accounting for the 10% "baseline" duty and the 20% fentanyl-related tariffs).

Still on the table are US Section 301 tariffs which can climb to 100% for some imports. The 90-day pause with China also does not include sector-specific tariffs on cars, or on steel and aluminum. Plus, the US trade officials may still implement more sector-specific tariffs on pharmaceuticals, for example.

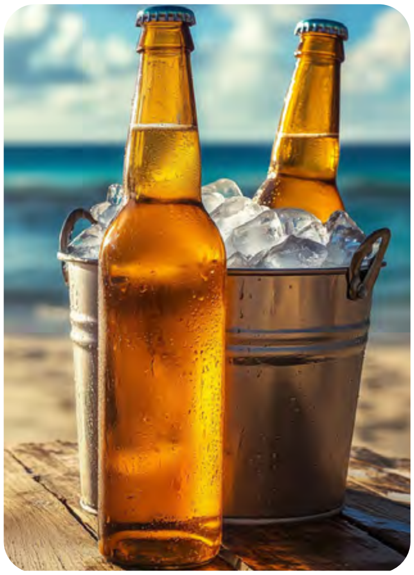
During the May 12 press conference, US President Donald Trump stated his team would work to "equalize" the rates of pharmaceutical drugs sold in the US, via a new executive order. Before that announcement, Indian and Pakistani leaders halted conflict after the US administration's negotiations and threat of trade sanctions against the two countries.

Also on May 12, US President Trump mentioned upcoming negotiations between the US and the European Union (EU). While EU Trade Commissioner Maros Sefcovic said he had a "constructive call" with US Commerce Secretary Lutnick, Sweden's trade minister commented on the US-UK trade deal: "It's far away from good for trade," said Benjamin Dousa cited by Dow Jones. "If that's what's waiting for Europe, the US can expect countermeasures from our side."

This publication contains all information available to Expana's team as of May 15. The tariff rundown tracks the weekly changes in tariff news, and how each social media announcement, interview, or press conference may affect global agri-commodity producers and trade partners. Keep reading for tariff-related news, commodity-by-commodity...

ALCOHOLIC BEVERAGES

by Ryan Gallagher



On May 8, the European Commission (EC) approved €5 billion in export aid to allow French exporters of wines and spirits to get inventory to the US prior to July 8, 2025. The plan will get French beverages to the US before the 90-day pause on US reciprocal tariffs is up.

“Distributors in China and the US are hesitant to restock, fearing further price increases and trade disruptions,” according to the leader of one French spirits group who stated that the company is shifting focus toward direct-to-consumer sales and restocking in the US as part of its tariff mitigation strategy.

US buyers of foreign alcohol brands are being hit with higher prices, sources say. However, the costs of tariffs are being shared throughout the supply chain, said one Expana market reporter, while another said cost sharing is situation dependent.

It's also not clear if other associated costs, for example around packaging, are being factored in. From April 2, the Trump administration added beer can imports to the previously implemented US 25% tariffs on foreign aluminum and steel.

Since March 4, the LCBO, a government-owned liquor wholesaler in Ontario removed all US alcoholic beverage products from shelves and their online store.

COFFEE, COCOA & TEA

by Andrew Moriarty, Ryan Gallagher

Coffee: Uncertainty remains even while trade tensions seem to lighten as all US reciprocal tariffs are paused. On Monday, one Chinese tea chain agreed to a $555.4 million deal with a Brazilian organization to buy agricultural products like coffee. Still, coffee trade is slow, and buyers are paying high contract prices to cover for the short-term. While the future trade outlook remains unknown, sellers are reluctant to hedge any forward sales due to the threat of short squeezes and temporary rallies, while buyers remain unwilling to enter into long-term contracts given the slightly improving weather in Brazil and bearish sentiment, according to market participants.

Cocoa: Cocoa trade is slow too—for similar reasons to coffee that include high contract prices, unsettled trade conditions, and more weather worries. Producers may be stockpiling cocoa products during reciprocal tariff pauses until July, sources speculated, following lower global cocoa grinding in Q1. While there has been news of producers' investment in North American facilities, the world's biggest chocolate maker reported declining demand. Despite declining Q1 sales, some businesses are beating poor financial expectations with premium brands and higher retail prices.

DAIRY

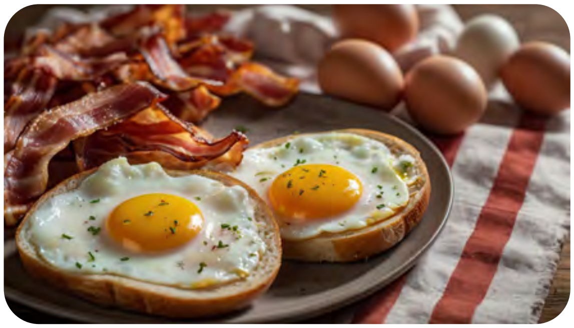
by Brittany Feyh

Following the recent developments in trade relations, China has announced a reduction in retaliatory tariffs from 125% to 10% for a 90-day period. This update has been received cautiously from US dairy industry individuals as overall inconsistency remains concerning. Industry players told Expana they are hesitant to make any large transactions with current market dynamics and unpredictability.

However, the industry does remain optimistic about the return of Chinese demand for low protein products such as sweet whey powder and whey permeate. These low-protein byproducts are commonly used in animal feed—especially in China's large hog farming sector—which has traditionally driven steady demand for US exports in this category. Despite recent volatility, China remains the single largest international buyer of US low-protein dairy commodities. As a result, many in the industry are focused on rebuilding and strengthening trade ties with China in hopes of rebalancing supply and demand.

EGGS

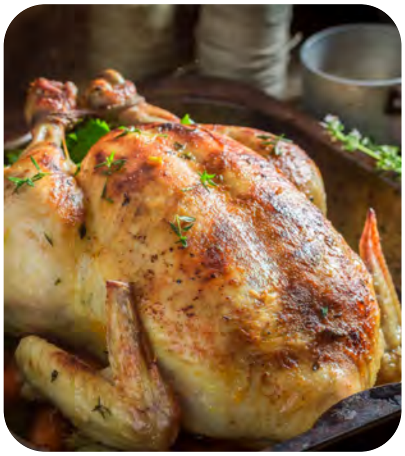
by Allison Berry



Tariff discussions and implications remain limited among US egg suppliers. Despite earlier losses from avian influenza, subdued seasonal demand and minimal promotional activity have kept inventories largely balanced, lessening the need for supplemental imports. While some breaking stock continues to arrive from abroad, volumes remain minimal relative to domestic production and usage.

POULTRY

by Matt Busardo



The US broiler industry continues to benefit from robust domestic demand, which helps offset tariff challenges in the export market. A recent development in US-China trade relations may impact the industry: on May 12, 2025, the US and China agreed to a 90-day reduction in tariffs. Under this agreement, US tariffs on Chinese goods decreased from 145% to 30%, while China's tariffs on US goods, including poultry, were reduced from 125% to 10%

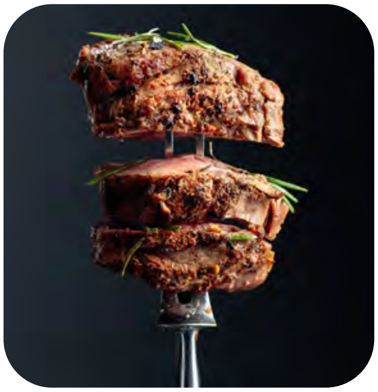
This temporary easing could facilitate increased exports of US poultry products, such as chicken paws, to China—a market that had been constrained by high tariffs and disease-related restrictions. However, the 90-day duration of the agreement introduces uncertainty, and the industry remains cautious about long-term implications.

In the meantime, US exporters are exploring alternative markets, including Vietnam, the Philippines, and Mexico, to diversify their export destinations. Nevertheless, these markets may not fully compensate for the volume and pricing advantages previously offered by China. Additionally, rising feed and input costs continue to pose concerns for the industry's profitability.

Overall, while the domestic market remains strong, the broiler industry is closely monitoring international trade developments and cost factors that could influence future operations.

RED MEAT

by Mason Augustino, Junie Lin, Bill Smith



Beef: US beef shipments to China are poised for a cautious rebound following the temporary 90-day tariff pause, which slashed total duties from 147% to 32% for most muscle cuts and variety meats. The reduced tariff improves price competitiveness, but trade remains constrained by expired approvals at over 400 US beef plants. Market sources now expect interest in only US beef by-products to lift in the coming weeks.

Pork: Following trade talks in Geneva, the US and China began a 90-day tariff rollback on May 14, 2025. US tariffs on Chinese goods dropped from 145% to 30%, while China lowered tariffs on key US ag exports—including pork—from 125% to 10%. US pork still faces a 57% effective tariff due to earlier duties not covered in the rollback. If no deal is reached by August 12, tariffs reset to 54% on Chinese goods and 34% on US exports. The shift from 57% to 54% reflects a structural change, not a meaningful adjustment in trade conditions.

Lamb & Veal: Canadian lamb and veal are exempt under USMCA. Dutch veal remains subject to a 10% tariff. Australian/New Zealand lamb also faces a 10% tariff.

SEAFOOD

by Janice Schreiber and Vivian Rosenbaum-Cottier

Crab meat: Red swimming crab meat from China is drawing attention from stakeholders as tariff developments evolve. The tariff, previously 145%, is now 55%, including a 25% tariff from the previous administration, a 10% universal tariff, and an additional 20% for fentanyl enforcement. Market observers question whether this reduction justifies resuming orders for replacement products. Imports from China had been declining before the tariff discussions in April, and as of Q1, imports are down 42.3% year-to-date. Vietnam, the only other global producer of red swimming crab meat, faces a 10% tariff but is expected to be subject to a reciprocal rate of 46% starting July 9, 2025. Buyers are approaching this category with heightened caution.

Groundfish: US importers of China-processed groundfish expressed relief following the recent US-China agreement, providing a 90-day window to replenish inventories with a 30% tariff. Until now, inventories of double frozen product were depleting due to the suspension of most orders from China under the 145% tariff. Some groundfish stakeholders report resuming orders, while others maintain a cautious, wait-and-see approach as price levels for cod, haddock, flounder, and pollock from China remain very high.

GRAINS

by Murphy Campbell

The tariff reductions and 90-day pause announced by the US and China were received positively by market players. However, China is not a significant buyer of US corn or wheat and is not expected to have much of an impact on demand. The market is currently focused on weather, planting progress, and crop conditions. Corn planting progress is strong, being above the five-year average which is pressuring corn prices. Winter wheat conditions have improved with the recent rains in the US Plains which has put pressure on wheat prices, market players say.

FEED ADDITIVES

by Heather Doyle, Simon Duke

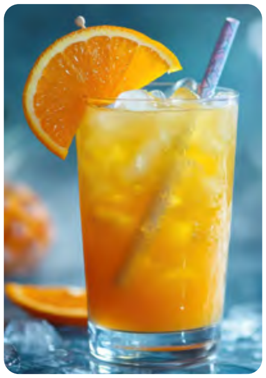
Reactions from agricultural industry's participants were positive about recent trade deals' potential to boost US animal food exports and ingredient access, from the American Feed Industry Association (AFIA) perspective.

"China is a top destination for many US animal food products and provides many essential ingredients, like vitamins, not produced elsewhere globally that allow US animal food manufacturers to produce complete and balanced animal food," said Constance Cullman, AFIA President and CEO.

"We support President Donald Trump's initiative to ensure our trading partners are treating American industries fairly and are in our best national security interests. We are hopeful that the 90-day tariff pause will provide the breathing room needed for Chinese and US trade officials to reach a mutual agreement that benefits the US animal food industry and agricultural economy."

FRUIT & JUICES

by Harry Campbell, Holly Bianchi



Juice: While the 90-day tariff reductions offer a temporary reprieve and potential opportunities for the apple juice sector, the short duration of the agreement and ongoing trade uncertainties suggest that stakeholders should remain cautious. Long-term strategies should consider the possibility of tariff reinstatements and the dynamic nature of international trade relations. The current tariff on Chinese goods set by the US stands at 30%. For now, the rest of the juice market's situation remains unchanged w-o-w.

Fruit: China's reduction of tariffs on US goods from 125% to 10% presents an opportunity for American fruit and vegetable exporters to regain competitiveness in the Chinese market. This is particularly relevant for crops like apples, cherries, and citrus fruits, which had previously faced steep tariffs that limited their market share in China. For Michigan, a state known for its apple and cherry production, the tariff reductions could open up short-term export opportunities to China. However, the temporary 90-day nature of this agreement and existing competition from countries like Chile and New Zealand mean that US exporters may still face challenges in fully capitalizing on this window.

SUGAR & SWEETENERS

by Andraia Torsiello

Tariffs for Mexico and Canada remain unchanged, and sugar continues to be excluded from these duties under USMCA. President Trump's 10% baseline tariff on all sugar imports is still in play. While there is still a 90-day reciprocal tariff pause, it is past the halfway mark until July 9. Meanwhile, market participants are closely monitoring trade relations with China, as most sweeteners like dextrose are imported as domestic production capacity is limited. Trade talks were held between the US and China this past weekend in Geneva, where a partial deal was reached to reduce tariffs between the two countries. As a result, tariffs on China were cut from 145% to 30%, and signifies de-escalation in the trade war.

NUTS

by Nick Moss, Jara Zicha

There was little tariff-related change in nuts markets this week.

US sellers expressed optimism that the recent announcement of tariff pauses with China will make that market more accessible again. China has been a significant destination for almonds and pistachios, but each nut has been trending in different directions. In recent years, China has become less reliant on American almonds and sourcing larger proportions from Australia. US almond sellers hope that an easing of relations could shift a larger proportion of that demand back to the US. Pistachio exports to China have grown significantly since 2022, a trend that was in doubt as tariffs increased according to market sources. However, global demand is currently at such a high level that sellers did not expect major impacts to export demand overall.

The tariff situation continues to weigh on cashew demand. Vietnamese sellers have recently expressed optimism that the de-escalation between the US and China is a positive sign that a US-Vietnam deal may be reached soon.

VEGETABLES & PULSES, PLANT PROTEINS

by Andraia Torsiello, Holly Bianchi, Harry Campbell

Vegetables: The recent 90-day tariff reductions between the US and China, effective May 14, 2025, which Expana market participants shared could lead to reduced prices for certain imported vegetables, such as garlic, ginger, and processed mushrooms. This reduction may benefit US consumers and food service providers who rely on these imports. However, the actual impact on prices will depend on factors like shipping costs and domestic supply levels.

European potato starch prices have been rising on the back of the turbulent global trade environment. Although overall business activity is robust, Eurozone sentiment remains bearish, and potato starch traders are managing their inventories cautiously. The European Commission is also evaluating how the recently announced US-UK trade deal—aimed at reducing tariffs and improving agricultural market access—could affect EU interests.

Plant Proteins: Buyers are looking at sourcing options. Prices for pea protein have increased m-o-m, while soy protein prices are mostly steady. Anti-dumping tariffs placed on China in August are beginning to impact the market, with some Chinese pea protein concentrate suppliers facing duties as high as 355%.

OILSEEDS, OILS & FATS

by Roxanne Nikoro

The temporary truce between the US and China gave some support to the US soybean and derivatives market this week, boosting optimism that this could spur renewed demand for US origin beans. However, market sources remain cautious about the situation, noting that despite the easing of tensions, US soybeans continue to face stiff competition from Brazilian and Argentinian supplies – particularly with Brazil's harvest nearing completion at record levels this season.

METALS & ORES

by Artem Segen

The significant easing of import tariffs in the US and China did not become a driver of tangible price growth in the base metals market. Nevertheless, the price trend remained upward, continuing the inertia of previous weeks without acceleration. Thus, May 13 LME prices for all base metals showed a 1-2.5% week-on-week (w-o-w) increase; in the US, CME prices for aluminum and copper declined by 1-1.5% w-o-w; in China, SHFE prices increased by less than 1% w-o-w for aluminum and copper remained stable.

Market participants do not expect the sharp surge in metals consumption. Market sources so far view the current tariff decision as temporary, rather than a policy review, and has not yet generated sustained optimism about the industry's prospects.

Additionally, market participants are awaiting the publication of statistical data for April and May to assess how much the easing of tariff policy will affect the economy. The focus is on leading indicators, primarily manufacturing PMI, which is expected to be released in early June. It will be the first signal indicating possible shifts in business activity.

PLASTICS

by Andrew Woods

The developments in trade between the US and China were the main driver behind the global plastics industry regarding tariffs throughout the week. The news that each country was lowering tariffs for a 90-day period was welcomed within the industry.

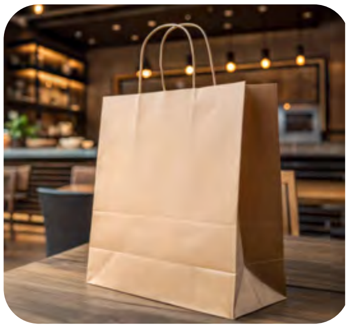
The loosened trade environment will enable a greater flow of plastics, especially polyethylene and polypropylene, between the two economies according to market sources.

Additionally, participants believe the movement of the feedstocks for these plastics, by virtue of temporarily lower tariffs, will decrease production costs in the short term.

Elsewhere, however, the EU is putting together a countermeasure package that will target over $100 billion of US products, in a retaliatory measure. Sources await further details on this package.

PULP, PAPER & WOOD

by Greg Potter



Sources in the pulp market have indicated that they anticipate US negotiations with key pulp supplying governments like the EU and Brazil will likely drag on through the fall. With the 'Liberation Day' tariffs set to go back into effect on July 8, a further extension would have to be granted. Most contacts expected that the current 10% tariffs would remain in place for as long as Trump is in office, but the even higher tariff rates mentioned in the 'Liberation Day' press conference on April 2 would not be implemented.

CLOSING

Some see reciprocal tariff pauses as positive, while other sources say uncertainty remains. Still, sourcing regions are shifting, and many participants across these commodity markets are buying only what they need. Otherwise, trade is being rushed along in markets where procurement shifts aren't as easy, sources said. Plus, businesses have implemented creative tariff workaround strategies by looking into tariff codes and customs-regulated warehouses wherever possible.

During the recent 90-day pause, President Trump will meet with Chinese President Xi Jinping as the two country's trade teams start further negotiations. Plus, Brazil's President Luiz Inacio Lula da Silva went to Beijing this week to meet with the Chinese president.

Since last week, European officials have been studying a trade deal announced between the US and Britain which may sway the UK to adopt tougher trade policies with China regarding pharma and steel supply chains, according to a *South China Morning Post* article.

While China is not named in the US-UK agreement, the country is being alluded to throughout the text, according to *SCMP*.

"The language in this agreement on alignment with the US on forced labor, data security, economic security, and investment bans can only be read as China being the elephant in the room," said Sam Goodman, senior policy director at the China Strategic Risks Institute, a British think tank.

Britain agreed to "promptly meet US requirements on the security of the supply chains of steel and [aluminum] products intended for export to the [US] and on the nature of ownership of relevant production facilities," reads the White House briefing. US trade officials seek to bind British leaders to these measures when exporting products to the US.

As information becomes available, Expana experts will be delivering the latest insights and impacts.

The information contained within this report was updated as of May 15. Real-time updates are available within Expana's suite of online platforms.

Click to read last week's report:
Tariff Talks 2025: Expana's Weekly Rundown #8
And feel free to share this report with colleagues and friends!

Looking forward, nothing is certain. However back at the end of 2024, a global recession was predicted for spring 2025, according to Expana's forecasting team. Click to read more about what's to come in global commodity markets.