Trump tariffs on China and India dilute Fortnum & Mason tea sales

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Upmarket food retailer Fortnum & Mason has been caught in President Donald Trump's trade war, with exports of its luxury teas hit by higher tariffs and tougher rules set by the US administration.

The London-based retailer's chief executive, Tom Athron, told the Financial Times that the combination of stricter country of origin rules and the end of the "de minimis" exemption for parcels worth less than $800 was hurting sales and pushing up prices for US consumers.

For a 250g canister of loose-leaf Royal Blend tea, which retails to US consumers at $27.85, Fortnum's now charges delivery fees starting at $25.41, owing to recent changes to US taxes and duties.

The 318-year-old retailer, which holds two Royal Warrants, was not previously liable for any tariffs on the vast majority of its deliveries to US customers.

Fortnum's had been classifying its country of origin as the UK when selling tea to the US, on the basis that it blends and packs it in Newcastle. That would have resulted in the retailer paying a 10 per cent tariff.

However, Athron said: "The American authorities have told us — this is the

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tea industry in its entirety — that if you've got tea from China or India in your tea, then it is country of origin China or India, and therefore those enormous tariffs apply."

The US has imposed a 50 per cent tariff on imports from India and raised tariffs as high as 145 per cent on Chinese goods this year, before lowering them to 30 per cent in May to allow trade negotiations to take place between the two countries.

Fortnum's is popular with UK expats and international buyers looking for quintessentially British groceries such as teas, biscuits and jams.

The scrapping of the de minimis rules means that the majority of Fortnum's products sent to the US now attract duties, which is raising concern among customers, Athron added.

"A lot of our things are sent as gifts, [so] if you're living in New York and I'm sending a present to you, I want to be sure that you're not going to be landed with a $200 bill on receipt of your parcel," he said. "It's all in hand, logistically we're immaculate, it just means prices will go up for US customers."

Overseas sales of Fortnum's goods, including its signature hampers, amounted to £12.5mn in the year to July 2024, before the tariffs were introduced, or 5.5 per cent of its revenues.

Fortnum's also had difficulty exporting goods after Brexit. It stopped sending goods to the EU by early 2021 because of border controls, only resuming deliveries in late 2023 after it began servicing deliveries to customers on the continent from a warehouse in Belgium.

UK exports of tea, coffee, cocoa and spices increased by 13 per cent to £1.81bn in current prices between 2023 and last year, according to the Department for Environment, Food and Rural Affairs.