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## Higher Coffee Prices on the Horizon as Tariffs Target Brazil Imports

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A proposed 50% tariff on Brazilian imports by President Donald Trump is drawing concern across the U.S. coffee industry. With Brazil being the leading supplier of U.S. coffee, this policy, intended to address trade imbalances and political grievances, could lead to a sharp spike in retail prices, hitting small businesses and daily consumers hardest.

At Lost Sock Roasters in Washington, D.C., co-founder Jeff Yerxa has grown used to the scent of roasting beans, but now, he's more preoccupied with the looming cost increases. Trump's planned 50% tariff on Brazilian goods, stacked on top of an existing 10% general import levy, could raise coffee costs by as much as 30%, Yerxa warns. Brazil supplies about 30% of all U.S. coffee, making this tariff more than symbolic; it's economically disruptive.

Monica de Bolle, a senior fellow at the Peterson Institute for International Economics (PIIE), echoed those concerns, stating, "A 50% tariff will kill that market." De Bolle added that the tariff will ultimately be passed down to consumers, who are already paying significantly more for their daily cup due to recent inflation and weather-related disruptions in coffee-growing regions.

Brazil isn't alone. The Trump administration's trade measures also target other major coffee exporters like Vietnam, Colombia, Ethiopia, and Indonesia. Combined, these countries account for more than 40% of the global coffee supply. The rationale from the administration includes efforts to recalibrate trade deals, protect domestic industries, and, in Brazil's case, serve as political retaliation tied to the country's handling of former President Jair Bolsonaro.

Critics, including industry leaders like Colby Barr, CEO of Verve Coffee Roasters in Santa Cruz, California, argue that the U.S. simply doesn't produce enough coffee domestically to justify these tariffs. "It's a tax on Americans' mornings," Barr said, emphasizing that American coffee drinkers will be footing the bill.

The U.S. Department of Labor's Bureau of Labor Statistics (BLS) reported that roasted coffee prices surged 12.7% in June compared to the previous year, while instant coffee jumped 16.3%. The average price of ground coffee has risen over \$1 per pound since January, reaching \$8.13 in June. These spikes stem partly from pandemic disruptions, droughts, and climate-related harvest failures in Brazil, conditions worsened by policy uncertainty.

For small businesses like Lost Sock, which depends on long-standing relationships with Brazilian cooperatives, abandoning these suppliers isn't a simple option. Yerxa explained that contracts, logistics, and pricing are arranged far in advance. "That tariff would just be another line item on the receipt," he said, noting that price hikes would inevitably be passed down to their retail and wholesale customers.

Even consumers who frequent larger chains like Starbucks or buy beans at the supermarket are expected to feel the impact. De Bolle noted that while cafes may delay price increases due to stockpiles, grocery shoppers may notice changes much sooner.

The broader concern across the industry is that shifting away from Brazilian beans would only increase demand from other countries already targeted by U.S. tariffs. “Tariffs don’t help the coffee producer. They don’t help the small- and medium-sized businesses across the country, and they don’t help the consumer,” Barr said. “Why are we doing it?”

As the August 1 deadline for implementation looms, many in the coffee trade are bracing for difficult decisions. While the administration defends the tariffs as necessary for long-term economic strength and global leverage, the short-term cost to businesses and consumers may be steep, and in many eyes, avoidable.