

Inside the Conversation: Navigating Tariffs and Trade Uncertainty in Food Equipment Manufacturing

Insights from FPSA's Prepared Foods Council

At a recent meeting of FPSA's Prepared Foods Council, members shared how global sourcing, tariff shifts, and economic unpredictability are affecting their operations — and what they're doing to stay ahead.

The Industry-Wide Ripple Effect

While not every company relies heavily on international suppliers, tariff impacts are still being felt across the industry.

"We don't get a lot from overseas — most of our equipment is made in the U.S.," one member noted. "But stainless prices are up no matter where it comes from, and that hits everyone."

Others agreed that while the immediate impact may be manageable, the uncertainty is exhausting. "It's the constant change that's tough," one participant said. "I'd just like to settle into a fixed spot for a while."

Customer Conversations and Investor Pressure

Whether or not companies are sourcing internationally, questions are coming from all sides — especially investors.

"Every banker I run into wants to know what we're doing about tariffs," a member shared. "Honestly, I'm pretty nonchalant about it — we've been through worse. But people want reassurance that we're watching it closely."

Some customers have been understanding, recognizing that tariffs are beyond the manufacturer's control. Others are more direct: "We've had customers flat-out say they're not paying tariffs — period," one OEM member said.

Global Manufacturing Brings Added Complexity

For manufacturers with international footprints, tariff strategy is far more intricate.

"We're global," one council member said. "Some equipment is built in the U.S., some in Europe or Brazil. A single line might involve components from three or four countries — and that makes shipping terms and incoterms (International Commercial Terms) critically important."

In many cases, the fine print of 2024 contracts are now guiding who absorbs tariff costs. "In the past, no one thought much about it," one member shared. "Now, the incoterm defines who pays — and we're having to train our teams to explain those implications clearly to customers."

Stability Over Shock

What the Council wants most now is predictability.

"This isn't new — I remember running a dairy plant near the Canadian border and knowing we'd never export because no one was paying \$15 for cream cheese," one member reflected. "We adapted then, and we'll adapt now. But first, we need to know the rules."

As one participant summed it up: "Once we understand the playing field, we'll find a way to operate within it. We just need the game to stop changing every five minutes."

This is just one example of how FPSA Councils bring members together to share expertise, stay ahead of industry changes, and collaborate on real-world solutions.