

## Insights

# January 2025 Market Update: Food, Beverage and Agribusiness

### Tariffs stir the pot: Disruptor or opportunity?

The food and beverage M&A landscape experienced mixed signals in January as geopolitical tensions and new tariffs introduced heightened uncertainty. Despite macroeconomic pressures, deal activity remained stable, with high-growth and resilient sub-sectors, such as functional and non-alcoholic beverages, distillers and vintners, restaurants, and agricultural products and services leading the way.

The latest tariffs on agricultural imports and food processing equipment are reshaping supply chains, adding cost pressures for multinational producers while benefiting domestic suppliers in more insulated categories. Volatility in the soybean, wheat, and dairy markets is driving input cost fluctuations, prompting companies to reassess cross-border M&A strategies in favor of domestic supply chain integration. More resilient brands are expected to pass on rising costs to consumers, potentially reshaping competitive dynamics.

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