Browne Jacobson

What new US tariffs mean for fashion and beauty brands

09 April 2025 Emma Roake

The turmoil caused by President Trump's announcement of reciprocal tariffs, the partial relief of the 90-day pause for all countries except China, and the escalating tit-for-tat tariff war with China will add to uncertainty and costs for **fashion and beauty** brands exporting to the US.

It will also expose UK retailers to a distorted UK market as cheap Chinese goods destined for the US find their way to alternative countries, putting price pressure on retailers.

Fashion brands

China is the largest clothing exporter to the US, and as a result those fashion brands which manufacture in China and have the US as a core market will be hit hard by the staggering 145% (at the time of writing) tariff imposed by the US on Chinese-manufactured goods. Costs for those brands will rise exponentially and as a result, prices will need to rise and margins will be decimated, putting jobs and investment at risk. In recent years, many brands have invested in expanding their sales in the US given the strength of the US economy and challenges in other markets including Asia. Brands with large manufacturing bases in China will now be revisiting those strategies and revising their revenue and profit projections.

The fashion brands most likely to be impacted directly are those with a high proportion of their revenue coming from the US. However, all fashion brands will be impacted by the uncertainty and consequent damage to consumer confidence which comes on the back of several years of shocks and uncertainty.

Beauty brands

Whilst many beauty brands that manufacture their products in Korea, France and Italy will be breathing a sigh of relief at the 90-day pause in tariffs, there is still significant uncertainty as to whether a better deal can be negotiated by those countries (or the EU as a bloc) in that timescale. The uncertainty will therefore also hit beauty brands, as budgets are cut and brands look to share costs with suppliers and retailers.

Legal points to consider

While the situation is unpredictable, we recommend that brands review their supply, distribution, and manufacturing agreements, as well as their arrangements with retailers. For example:

1. Will the brand be responsible for the rising tariffs?

Does the brand have orders to ship to the US on Incoterms (or other trade terms in supply agreements) which make the brand (the seller) responsible for tariffs? These should be identified urgently and the scale of the cost increase to the brand calculated.

2. Will US retailers and distributors seek to cancel orders?

US retailers and distributors may seek to cancel orders for products or renegotiate terms. Brands should review their contractual arrangements with key distribution and retail partners in the US and be ready to deal with such requests.

3. Disputes

Brands should expect an increase in disputes with suppliers, distributors, agents and retailers as each party in the supply chain scrambles to reduce their exposure to the increased costs by cancelling orders, reneging on minimum purchase requirements and putting pressure on partners to share the losses.

‹ Previous

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