



February 18, 2025

The Honorable Donald J. Trump
President of the United States
The White House
Washington, D.C. 20500

Dear Mr. President:

On behalf of America's restaurants, I write to commend you for your active engagement on issues that are crucial to the restaurant and foodservice industry and the customers we are proud to serve.

Founded in 1919, the National Restaurant Association is the leading business association for the restaurant and foodservice industry, which comprises more than 1 million restaurant and foodservice outlets and a workforce of 15.7 million employees. There are at least three restaurants in almost every county of the U.S., and 90 percent of all restaurants are small businesses.

Americans chose you to lead our nation due to a strong belief that your Administration will work to reduce food costs and inflation for families and businesses alike. We want to be partners in making that vision a reality.

Additionally, we applaud your efforts to highlight the value of America's restaurant workers by bringing *No Taxes on Tips* to the forefront and for focusing on a review of trade agreements to hold other countries accountable and ensure our nation's small businesses and consumers are being treated fairly.

We understand that you will utilize every tool at your disposal, including tariffs, to ensure our nation remains secure, strong, and economically prosperous. While we are only anticipating the effect of imposing tariffs on food and beverage products here, because food is one of our highest operating costs, we anticipate far-reaching consequences for restaurants, which already operate on 3-5% margins.

Restaurants rely on a stable supply of fresh ingredients year-round to keep our businesses thriving. For many food products, the appropriate climate and growing conditions do not exist in the U.S. year-round to produce the quantities needed for our businesses.

We rely on global, interconnected supply chains for the ingredients needed to provide delicious, affordable meals to millions of customers daily. Tariffs on food and beverage products that are essential to restaurant operations will cause major disruptions to our supply chains, and significantly affect the availability of products, increasing the restaurant operator's costs, leading to higher menu prices.

For example, a 25% tariff on food and beverage products from Mexico and Canada, many of which cannot be grown or produced domestically, would cost America's restaurants \$12.1 billion. Considering that food costs account for 33 cents of every dollar in sales, such a tariff would result in a 30% profit loss for an average small restaurant operator.

These numbers are staggering to an industry that deals in real time with fluctuations in commodity prices. Restaurants aren't like other small businesses. They run on tight pre-tax margins that average 3-5%, and they have, on average, 16 days cash on hand. Significant cost increases are not sustainable for most restaurants. The only choice we have for managing significant cost increases is to raise menu prices, putting more pressure on consumer budgets.

The extreme inflation of the last four years has driven food costs up 35%; labor costs are up 36%; and swipe fees, rent, and utilities continue to increase faster than inflation. Our members report that rising food costs remain one of the top headwinds for industry growth, with 95% of restaurant operators saying that food costs are a significant challenge for their business. To remain an engine that grows our national economy, restaurants cannot continue to raise consumer menu prices to balance our higher costs.

Trade deficits with other countries should be more balanced, but food and beverage products do not significantly contribute to these deficits. Food and beverage trade is reciprocal and mutually advantageous. This is evident by the crucial role our agricultural products play in driving export growth.

As you guide our nation's trade policies, should you determine that tariffs are indeed necessary, **we urge you to exempt food and beverage products** to minimize the impact on restaurant owners and consumers. This will help keep menu prices stable and ensure consumers can still enjoy the meals they rely on from our industry.

Thank you for your attention to this pressing matter and for working to safeguard the strength and stability of America's restaurants. I look forward to continuing our collaboration and would appreciate the opportunity to meet with you to discuss these issues further.

Sincerely,

A handwritten signature in blue ink, reading "Michelle L. Korsmo".

Michelle L. Korsmo
President & CEO
National Restaurant Association