


**2025
ANNUAL
REVIEW**

Tea Association[®]
of the U.S.A. Inc.

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STATE OF THE TEA INDUSTRY 2025

The tea industry entered 2025 with steady but cautious momentum. Tea remains a strong “everyday” category, supported by its affordability, high consumer loyalty, and continued alignment with health and wellness trends. Overall growth expectations for 2025 remain moderate, but performance will vary by segment. Traditional tea remains stable, while the strongest momentum continues to come from innovation-led formats, including ready-to-drink (RTD) tea, functional blends, and wellness-driven products. (Global Market Insights)

In 2025, industry results are being shaped less by consumer demand and more by broader economic and policy uncertainty, particularly in the United States. While inflation has eased compared to recent highs, consumers remain highly price sensitive, and beverage purchases are increasingly driven by value considerations. (USDA)

At the same time, uncertainty around trade measures, tariffs, and import-related policy continues to affect business planning, procurement strategies, and long-term pricing decisions.

Despite these pressures, tea remains well positioned as a low-cost “better-for-you” beverage. Consumer interest continues to favor products perceived as clean, functional, and supportive of everyday wellbeing. However, brands will be tested on their ability to manage rising costs while maintaining ingredient transparency and quality. Success in 2025 will increasingly depend on balancing affordability with premiumisation, particularly in high-growth segments such as functional RTD, wellness blends, and hybrid tea beverages. (Beverage Daily)





Tea and Health: Evidence, Consumer Trust, and Industry Advocacy

Tea's health reputation continues to be a key advantage for the category in 2025. A growing body of research supports tea's role in healthy dietary patterns, particularly due to tea's contribution of polyphenols and flavonoids, which are associated with cardiometabolic and vascular health outcomes.

One of the most notable developments in recent nutrition science has been the increasing recognition of flavan-3-ols (a subclass of flavonoids strongly associated with tea), which have generated significant attention as dietary bioactives linked to improved cardiometabolic markers (e.g., blood pressure, cholesterol and blood sugar dynamics).

Association leadership in strengthening the "healthy tea" message

In 2025, the Association continued efforts to strengthen tea's health positioning through credible science, policy engagement, and consumer-facing education, supporting the long-term goal of improving recognition of tea in dietary guidance and front-of-pack communication.

Key developments and advocacy efforts included:

- Engagement in federal nutrition policy discussions, supporting tea as a simple, accessible beverage aligned with low- and no-calorie dietary goals.
- Support for tea's recognition under FDA's updated "Healthy" nutrient content claim, which finalized an updated definition more aligned with nutrition science and dietary guidance. Under the updated framework, plain tea (without added sugars/calories) is among beverages eligible to use "healthy" labeling, creating a meaningful opportunity for responsible consumer communication and marketing.

Consumption Patterns: At-Home vs. Out-of-Home

Work patterns and lifestyle changes continue to influence tea consumption in 2025. While at-home tea drinking remains strong, there is a gradual shift toward increased out-of-home (OOH) consumption, supported by consumer demand for convenience and experience-based purchases.

This shift creates opportunities for tea, particularly in formats suited to foodservice, cafés, and convenience channels. Cold beverages continue to lead innovation, with strong consumer interest in:

- iced teas and fruit-forward blends
- lightly sweetened “refreshment” teas
- tea-based social beverages (including boba and flavor-forward hybrids)
- functional cold teas positioned around energy, calm, digestion, and immunity (Beverage Daily)





Market Structure: Where Growth Is Coming From

Traditional tea remains stable, supported by loyal consumers and routine daily use. Black and green tea in bagged and loose-leaf formats continue to benefit from habitual consumption patterns, particularly in the home. While volume growth in these segments is modest, they remain the backbone of the category, providing consistent baseline demand. This stability is reinforced by tea's affordability, strong household penetration, and its alignment with established wellness routines.

Growth is concentrated in modern formats, where convenience, flavor, and function drive trial and repeat purchase. Consumers are increasingly looking for beverages that fit busy lifestyles while delivering taste and perceived health benefits. This has shifted momentum toward ready-to-drink products, cold brew formats, premium iced teas, and blends featuring botanicals or targeted functional positioning. These segments are capturing incremental occasions rather than replacing traditional tea consumption.

Traditional tea remains stable, supported by loyal consumers and routine daily use. Black and green RTD tea continues to be one of the most dynamic areas of the tea sector globally. According to industry analysis, growth in this segment is being driven by demand for portable, flavor-forward, and better-for-you alternatives to carbonated soft drinks and high-sugar beverages. RTD tea benefits from its ability to compete across multiple consumer needs: refreshment, hydration, energy, and reduced-sugar options. As innovation accelerates in packaging, flavor combinations, and functional positioning, RTD is expected to remain a primary growth engine within the broader tea market. (IBISWorld)

Imports

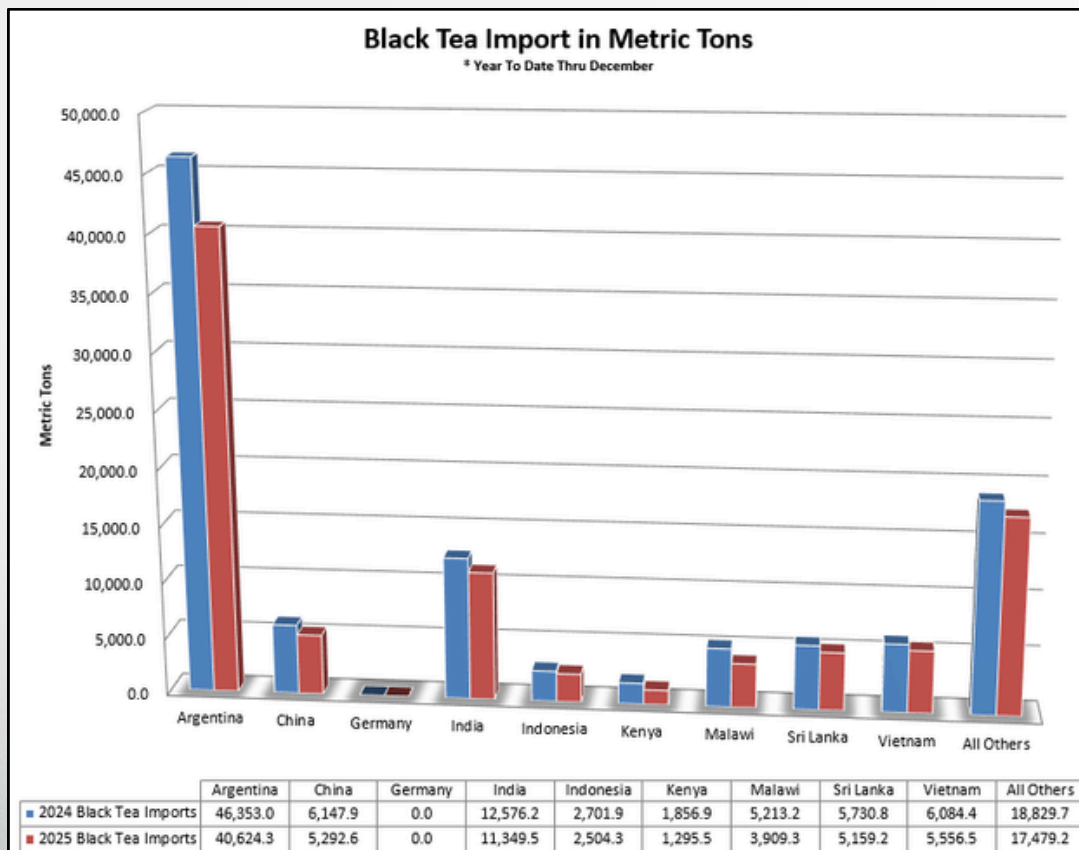
Imports remain a key indicator of market direction, pricing pressure, and supply reliability. In 2025, buying patterns continue to be influenced by:

- cautious inventory strategies
- cost variability and freight considerations
- increased attention to supply resilience
- ongoing uncertainty related to tariffs and trade measures

Many companies are prioritizing origin optimization and supplier risk planning, with a focus on maintaining continuity of supply while protecting margin. The industry is also seeing increased interest in specialty formats (green, matcha, functional blends, organics), reflecting broader consumer preferences and fast-growing OOH demand.

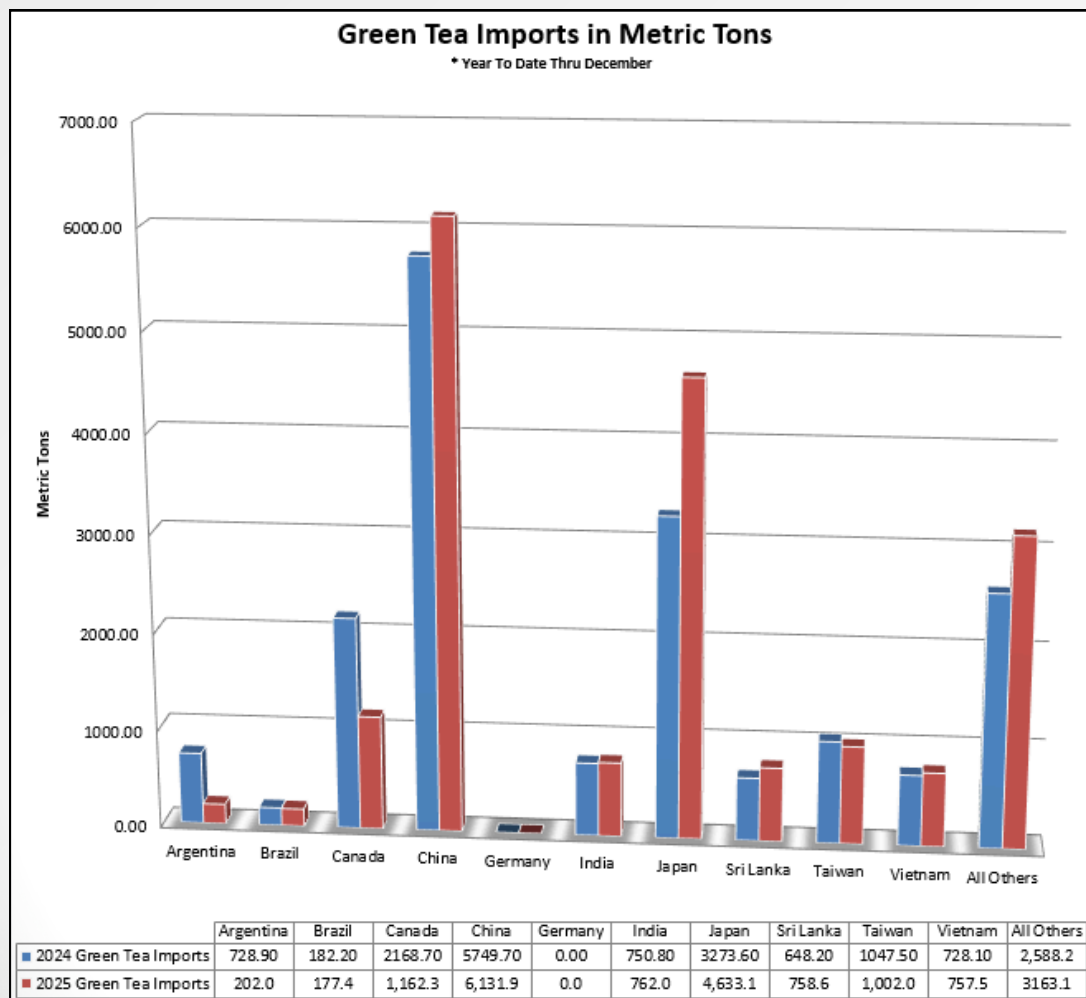
BLACK TEA

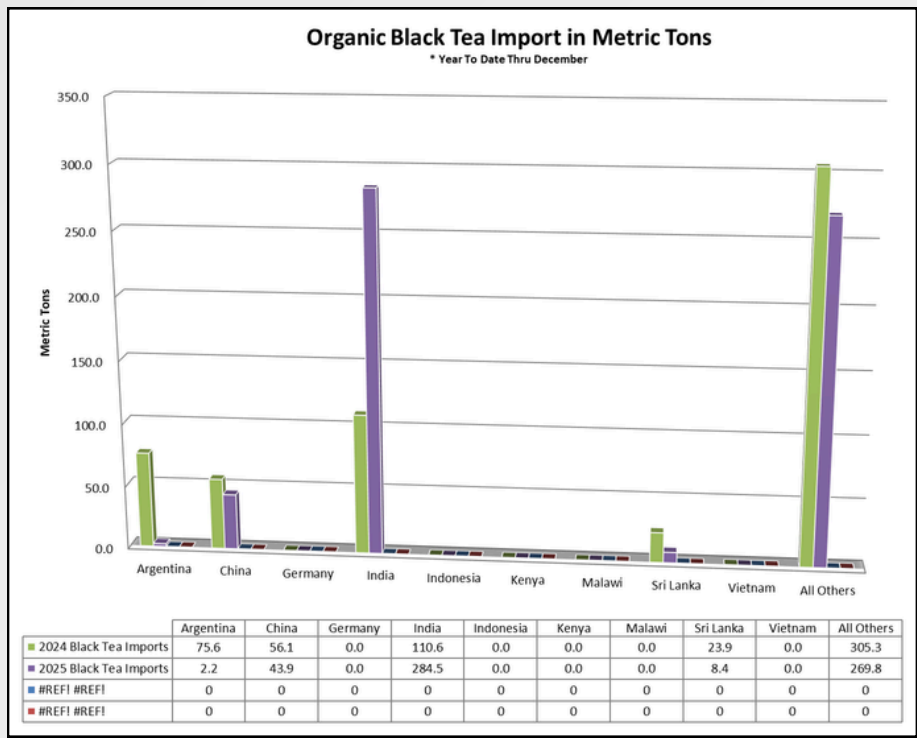
U.S. black tea imports experienced a notable contraction in 2025, falling approximately 11.7% year-over-year to roughly 93,170 metric tons, down from about 105,494 metric tons in 2024. This reversal is striking but it should be noted that 2024 was an exceptionally strong year. The pullback in 2025 was broad-based, with every major origin country posting declines. Argentina, which continues to dominate as the single largest supplier at roughly 44% of total black tea volume, saw shipments drop by about 12.4%, shedding nearly 5,730 metric tons. India, the second-largest origin, declined by close to 10%, while Malawi and Kenya experienced particularly steep drops of 25% and 30%, respectively.



GREEN TEA

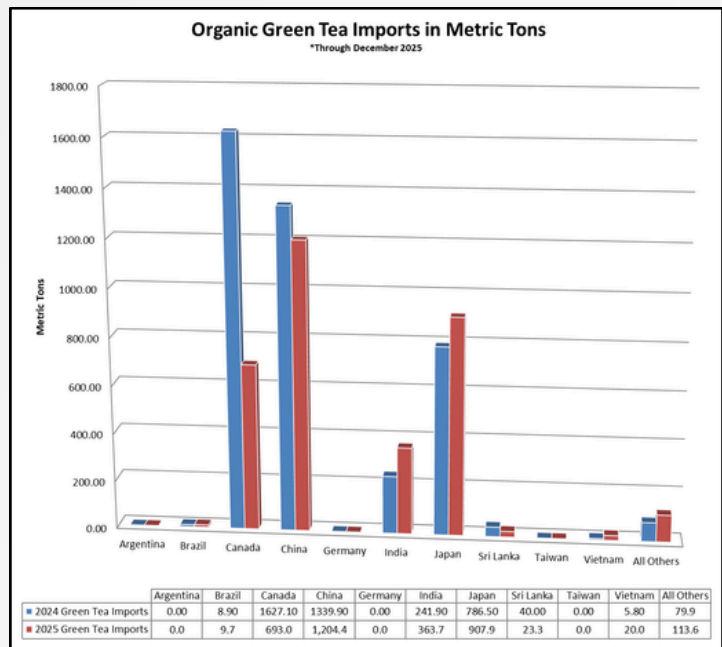
Green tea imports, by contrast, moved in the opposite direction, rising approximately 4.9% to around 18,750 metric tons in 2025. The standout performer was Japan, whose shipments surged over 41% to roughly 4,633 metric tons, increasing its share of total U.S. green tea imports from about 18% to nearly 25%. China, already the largest green tea supplier, also grew modestly at 6.6%, maintaining its roughly one-third market share. These gains more than offset sharp declines from Canada (down 46%) and Argentina (down 72%), though the latter two are smaller-volume origins. Sri Lanka also posted a healthy 17% increase in green tea shipments.





ORGANIC TEA

On the organic side, the data tells a more mixed story. Organic black tea imports grew modestly by 6.5% to about 609 MT, with India emerging as the standout origin, more than doubling its shipments from 111 MT to 285 MT, even as Argentina's organic black tea essentially collapsed from 76 MT to just 2 MT. Organic green tea, however, reversed course, falling 19.2% to roughly 3,336 MT after its explosive 117% expansion in 2024. Canada's organic green shipments, which had ballooned from 306 MT in 2023 to over 1,600 MT in 2024, fell back to 693 MT, suggesting that much of the prior year's surge may have been front-loading or a one-time inventory build rather than sustained demand growth. Japan and India provided some offset with solid gains in organic green.



Tariffs and Trade Advocacy: Association Leadership in 2025

Trade and tariff policy emerged as the single most pressing issue for the tea industry in 2025, creating uncertainty for importers, blenders, packers, and downstream customers across the supply chain. Because tea is overwhelmingly import-dependent, tariff-related actions can have immediate consequences for landed cost, pricing stability, procurement planning, and long-term contracts.

Throughout 2025, the Association prioritized tariff advocacy as a core strategic focus, working proactively to protect tea from avoidable cost increases. This included coordinating with a coalition of like-minded organizations, aligned around the position that tea should be excluded from tariff lists.

Core Message

The Association's advocacy emphasized that:

- Tea is an agricultural commodity, widely consumed and essential to everyday beverage habits.
- Tea is not grown in meaningful commercial quantities in the United States, meaning tariffs do not protect domestic production and instead place additional cost pressure on the supply chain.
- Tea tariffs would raise costs across the value chain, affecting both businesses and consumers, including those seeking low- and no-calorie beverage options.

Actions Taken

As part of this work, the Association:

- collaborated with industry partners and coalition stakeholders to align messaging and strategy;
- submitted coordinated communications advocating for tea's removal from tariff lists;
- reinforced tea's import status and lack of domestic substitution capacity;
- ensured the tea industry maintained a consistent and unified voice in trade discussions.

While tariff policy remains dynamic, the Association's leadership in 2025 strengthened the industry's position and ensured decision-makers received clear and evidence-based messaging: tea should be treated as a staple agricultural product, not a trade lever.

Predictions for 2026

The tea industry is expected to enter 2026 with continued resilience, but with stronger competitive pressure and higher expectations from consumers and regulators. While overall category performance will likely remain steady, growth will continue to concentrate in segments that deliver convenience, function, and experience.

1) RTD and cold tea will remain the main growth engine

RTD tea and cold tea formats are expected to continue outpacing traditional segments, supported by consumer preference for portability, refreshment, and flavor-forward beverages. (Global Market Insights)

2) Functional tea will shift toward more credible and compliant positioning

Functional tea will continue growing, but 2026 is likely to bring stronger scrutiny around claims and ingredients. Brands that succeed will be those that pair wellness positioning with clear, responsible language and strong substantiation.

3) Premiumisation will continue, but must feel “worth it”

Consumers will still pay more for products that feel premium, but the value exchange must be clear, through taste, origin story, quality, sustainability credentials, or functional benefit.

4) The “healthy beverage” space will become more competitive

Tea benefits from strong alignment with low/no sugar beverage goals, but competition will intensify from other better-for-you categories. Tea brands will need sharper differentiation through taste, format, and purpose-led messaging.

5) Trade and tariff uncertainty will remain a structural business risk

Unpredictability in U.S. trade measures is expected to remain an ongoing planning challenge, particularly for import-reliant categories and globally sourced supply networks.

6) Sustainability will become more measurable and less aspirational

Sustainability expectations in 2026 will increasingly emphasize reporting readiness, evidence-based claims, and measurable progress in packaging and environmental impacts.