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April 19, 2021

The Honorable Katherine Tai
U.S. Trade Representative
Office of the U.S. Trade Representative
600 17th Street NW
Washington, DC 20508

The Honorable Tom Vilsack
Secretary of Agriculture
U.S. Department of Agriculture
1400 Independence Ave., S.W.
Washington, D.C. 20250

TRANSMITTED ELECTRONICALLY

Dear Ambassador Tai and Secretary Vilsack:

Reports indicate a trade summit may soon be held with Mexico and Canada regarding the United States-Mexico-Canada Agreement (USMCA). More than any other multilateral free trade agreement, the USMCA and its North American Free Trade Agreement (NAFTA) predecessor, have severely weakened the United States' single largest segment of American agriculture – America's family farm and ranch system of cattle raising.¹

The manifest proof of this claim is revealed by the two charts below. The first chart shows the United States' value-based trade deficit in the trade of cattle, beef, beef variety meat and processed beef with Mexico and Canada.² The U.S. value-based trade deficit has worsened considerably since NAFTA, with the cumulative deficit since 1994 now at \$40.1 billion. During the past seven years, while the relationship between the value of domestic cattle and the value of resultant beef has severed, causing severe strain on U.S. cattle producers, the U.S. trade deficit with Mexico and Canada rose to historically high levels. Since 2014, the U.S. sold on average less than \$2 billion in cattle and beef to Canada and Mexico, while turning around and purchasing over \$4.4 billion on average of the very same products from those two countries. In other words, the U.S. imports about two and one-half times the value of beef and cattle that it exports.

The second chart depicts volume-based trade with Mexico and Canada using the same cattle and beef commodities. It too reveals a horrendous deficit, amounting to a cumulative 48.2-billion-pound deficit since NAFTA and a marked worsening during the past several years. It shows that during the past seven years the U.S. imported on average 2.7 billion pounds of cattle and beef while exporting less

¹ See Annual cash receipts by commodity, U.S. and States, 2008-2021F, Farm Income and Wealth Statistics, U.S. Department of Agriculture (USDA) Economic Research Service (ERS), available at <https://data.ers.usda.gov/reports.aspx?ID=17845> (cash receipts from cattle and calves (\$66 billion in 2019) are higher than any other single commodity).

² The first and second charts were produced using the USDA Foreign Agriculture Service's (FAS's) Global Agriculture Trade System (GATS) data incorporating the six-digit harmonized tariff code subheadings identified by the U.S. International Trade Commission (USITC) as accounting for trade in beef, and subheadings for live cattle were then added to this list. See Global Beef Trade: Effects of Animal Health, Sanitary, Food Safety, and Other Measures on U.S. Beef Exports, USITC Publication 4033, September 2008, at 1-4, 1-5.

than 1 billion pounds of the same products. In other words, the U.S. imports about three and one-half times the quantity of beef and cattle that it exports.

The U.S. live cattle supply chain – consisting of America’s three-quarters of a million family cattle farmers and ranchers – cannot be expected to prosper when multinational beef packers, processors and importers continually source greater quantities of undifferentiated beef and cattle from Mexico and Canada. Yes, the multinational meatpackers, processors and importers are benefiting greatly from sourcing more and more cattle and undifferentiated beef from Mexico and Canada – as those imports are direct substitutes for U.S. cattle and beef and act to leverage down domestic cattle prices. Thus, the multinational companies’ benefits come at considerable expense to United States cattle producers.

United States cattle producers are being deprived the opportunity to expand production, or even to remain profitable in the face of increasing domestic beef demand, increasing beef consumption, and increasing wholesale and retail beef prices. As a direct result, U.S. cattle producers, their domestic live cattle supply chain, and the rural communities they support are being irreparably harmed.

Following the March 2020 outset of the COVID-19 pandemic, U.S. cattle producers, with perishable, slaughter-ready cattle that needed to be marketed, could not get a bid for their cattle from beef packers for as long as seven weeks.³ Meanwhile, the multinational beef packers continued importing tens of thousands of head of slaughter-ready cattle from Canada,⁴ prompting R-CALF USA to issue the warning that imports are displacing U.S. cattle producers’ access to their own domestic markets.⁵

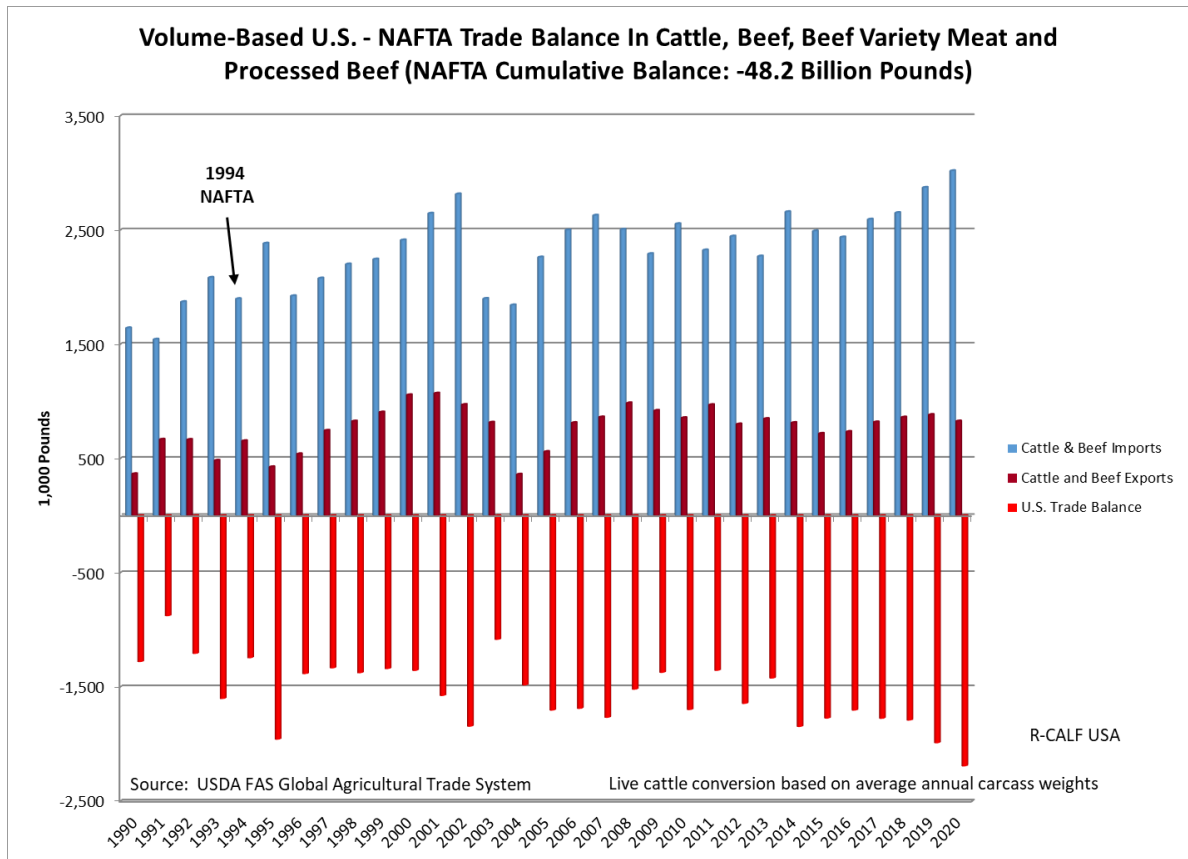
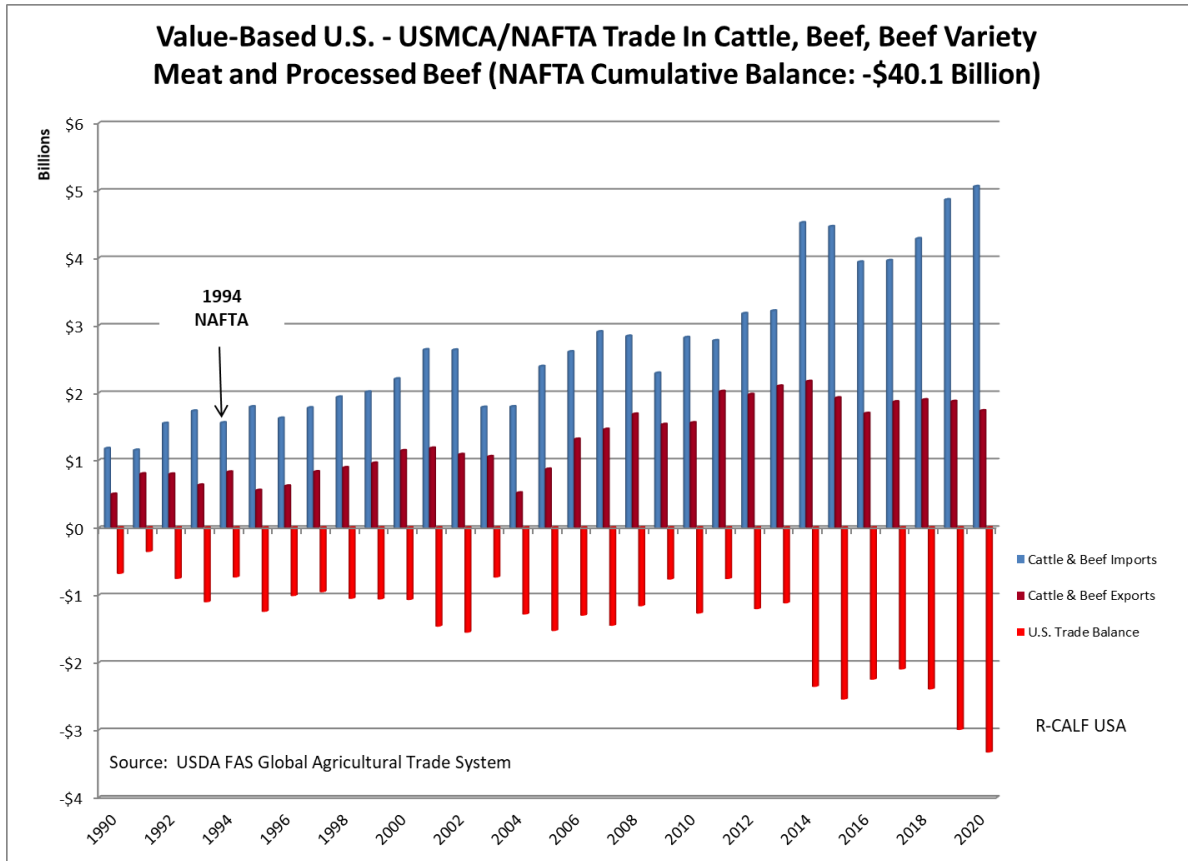
But issuing warnings do little for America’s cattle producers unless decision makers respond, which has not yet been the case. The undersigned cattle-producer organizations urge you to take decisive action to rebalance the untenable cattle and beef trade imbalance memorialized under the USMCA. At the very least, and as a first step, we urge you to take steps to assist America’s cattle farmers and ranchers by giving them the ability to compete in their own domestic market by differentiating their USA-produced beef from foreign beef and beef from foreign cattle.

Please let me know what additional information you might need as you investigate this very serious problem.

³ See We’re fighting for a way of life: Pandemic causes Iowa cattle farmers to lose money while consumers pay more, Donnelle Eller, Des Moines Register (November 12, 2020), available at <https://www.desmoinesregister.com/story/money/business/2020/11/12/covid-19-exposes-dysfunction-cattle-industry-why-cattle-producers-losing-money-when-consumers-paying/6076820002/>.

⁴ Canadian cattle imported into the U.S. for immediate slaughter at U.S. beef packing plants after the March 2020 onset of COVID-19 included 41.9 thousand in April, 47.7 thousand in May, 46.5 thousand in June, 36 thousand in July, 32.3 thousand in August, 41.8 thousand in September, and 47.4 thousand in October. See Cattle: Monthly U.S. trade (head), Data Set, USDA ERS, available at <https://www.ers.usda.gov/data-products/livestock-and-meat-international-trade-data/livestock-and-meat-international-trade-data/#Monthly%20U.S.%20Livestock%20and%20Meat%20Trade%20by%20Country>.

⁵ R-CALF USA: Imports Are Displacing U.S. Cattle Producers’ Access to American Markets, R-CALF USA, Tri-State Livestock News (April 25, 2020), available at <https://www.tsln.com/news/r-calf-usa-imports-are-displacing-u-s-cattle-producers-access-to-american-markets/#:~:text=While%20widespread%20reports%20abound%20of%20American%20cattle%20producers,cattle%20producers%E2%80%99%20access%20to%20their%20own%20domestic%20market>.



Sincerely,

American Grassfed Association
Arizona Cattle Growers' Association
Buckeye Quality Beef Association (Ohio)
Cattle Producers of Washington
Colorado Independent CattleGrowers Association
Independent Beef Association of North Dakota
Independent Cattlemen of Missouri
Independent Cattlemen of Nebraska/ ICON
Independent Cattlemen of Wyoming
National Latino Farmers & Ranchers Trade Association
Oglala Sioux Livestock and Landowners Association
Oklahoma Independent Stockgrowers Association
Range Allotment Owners Association
R-CALF USA
South Dakota Stockgrowers Association
Southern Colorado Livestock Association
Southwest Colorado Livestock Association
Stevens County Cattlemen's Association (Washington)