R-CALF USA
PO Box 30715
Billings, MT 59107
Phone: 406-252-2516
Fax: 406-252-3176
Email: r-calfusa@r-calfusa.com
www.r-calfusa.com

R-CALF USA

Submission for America First Trade Policy Memorandum

March 27, 2025

The Honorable Howard Lutnick
Secretary of Commerce
U.S. Department of Commerce
1401 Constitution Avenue, NW
Washington, DC 20230

TRANSMITTED ELECTRONICALLY

Re: **Submission for America First Trade Policy Memorandum – Request for Import Relief Due to the Effects on the National Security of the United States of Imports of Cattle and Beef.**

Dear Secretary Lutnick:

The Ranchers–Cattlemen Action Legal Fund, United Stockgrowers of America (R-CALF USA), the largest national non-profit trade association exclusively representing United States cattle and sheep producers, writes to you regarding Section 4(a) of President Trump's America First Trade Policy memorandum. Section 4(a) of the memorandum directed the Secretary of Commerce to "conduct a full economic and security review of the United States' industrial and manufacturing base to assess whether it is necessary to initiate investigations to adjust imports that threaten the national security of the United States" under Section 232 of the Trade Expansion Act of 1962, 19 U.S.C. § 1862 (hereinafter, "Section 232").

For this Section 232 investigation, R-CALF USA encourages examination of the effects on the national security of the United States of imports of cattle and beef that have historically been predominantly produced from cattle calved and raised by United States cattle producers.

I. Executive Summary

On January 20, 2025, President Trump issued his America First Trade Policy memorandum. Section 4(a) of the memorandum directed the Secretary of Commerce to "conduct a full economic and security review of the United States' industrial and manufacturing base to assess whether it is necessary to initiate investigations to adjust imports that threaten the national security of the United States" under Section 232 of the Trade Expansion Act of 1962, 19 U.S.C. § 1862 (hereinafter, "Section 232").

The U.S. cattle industry and its attendant beef supply chain should be a priority in this review, as failed U.S. trade policies have contributed to their alarming, decades-long contractions. Today, our nation's beef cattle farmers and ranchers number less than half what they were just a few decades ago; our nation's beef cow herd has fallen to the lowest level in 73 years; tens of thousands of feedlots that once fed cattle to slaughter weight have disappeared; and hundreds of federally inspected beef packing plants have ceased operations, leaving just four of the largest beef packers in control of over 80% of the nation's fed cattle market.

This is a sad commentary regarding America's iconic cattle farming and ranching industry, which happens also to be the single largest segment of American agriculture. It provides the critical economic cornerstones for rural communities across America and one of life's most important nutrients – beef protein, which is America's second-most consumed meat protein and relied upon by the public and military alike.

Along with its sister sheep industry, the U.S. cattle industry has a rich cultural history in the establishment and furtherance of rural communities across Rural America, particularly in the West and particularly in those states referred to as "flyover states." There, the cattle industry provides jobs, supports service industries and Main Street businesses, schools, hospitals and churches, and supports marketing infrastructures that have sustained rural communities for generations.

But the U.S. cattle industry as we know it today cannot survive in the face of the continuing onslaught of cheaper imports of both cattle and beef from around the world that leverage down domestic cattle prices, displace domestic beef production, and eliminate opportunities for current farmers and ranchers to prosper and expand and for aspiring farmers and ranchers to enter the industry.

The most recent agriculture census paints a dire picture. Its data show that the long-term downward spiraling number of U.S. beef cattle farmers and ranchers has accelerated in recent years, with America losing its independent, family-scale cattle producers at the average rate of over 21,000 per year since 2017 and through 2022. Thousands, if not tens of thousands more U.S. beef cattle farmers and ranchers are certain to soon exit the industry, causing further dismantlement of the industry's already precarious marketing channels and threatening national security.

By providing import relief for the products covered in this letter, the United States will reverse the alarming contraction of the U.S. cattle industry and will again enjoy a healthy, robust, and competitive food-producing industry, which in turn will promote not only U.S. national security, but also economic strength and vitality throughout America.

Without relief, however, imports of beef and cattle will certainly continue to rise, displacing more domestic producers and further hollowing out rural communities while driving down domestic production. This, of course, will weaken our internal economy and national security.

II. The United States Cattle Industry

A. Industry Description and Scope

The U.S. cattle industry is the single largest segment of American agriculture generating over $101 billion in annual cash receipts in 2023, which exceeds any other single agricultural commodity including hogs, poultry, dairy, corn, soybeans or wheat.[1] Approximately 33% of the nation's remaining 1.09 million total farms have beef cattle,[2] and beef cattle are raised in every state of the Union. Beef derived from cattle is the second leading meat protein source consumed on a per capita basis in America, with Americans consuming over 58 pounds annually.[3] These factors alone suggest the U.S. cattle industry is intrinsically important to national security and the nation's economy.

The timeline for raising cattle for beef production, running from birth to slaughter, typically ranges from 15 to 24 months, and is the longest timeline of any meat animal.[4] Cattle raised specifically for beef production, known as fed cattle, progress through three interrelated sectors prior to slaughter: cow/calf; stocking and background; and feedlots. Though their numbers have drastically declined, there are approximately 622,000 beef cattle operations remaining in the U.S., predominantly consisting of independent family-scale operators who maintain a mother cow herd that produces new calves each year (cow/calf) and/or who purchase yearling calves to further graze or feed (stocking and backgrounding, respectively).[5] When these younger cattle reach a weight of approximately 800 pounds they are typically

---

[1] *See* U.S. Department of Agriculture (USDA) Economic Research Service (ERS), Cash Receipts by Commodity, available at Farm Income and Wealth Statistics - Cash receipts by commodity.
[2] *See* Table 1 Historical Highlights: 2022 and Earlier Census Years, Census of Agriculture, U.S. Department of Agriculture (USDA) National Agricultural Statistics Service (NASS), 2022 Census Volume 1, Chapter 1: U.S. National Level Data, available at st99_1_001_001.pdf.
[3] *See* USDA ERS, Meat supply and disappearance tables, recent, available at MeatSDRecent.xlsx (using "consumption" as a proxy for "disappearance," 2023 per capita consumption of beef, pork, and broilers based on retail weight was 58.1, 50.2, and 99.5 pounds, respectively).
[4] *See* U.S. General Accounting Office, *Economic Models of Cattle Prices: How USDA Can Act to Improve Models to Explain Cattle Prices*, GAO-02-246, March 2002.
[5] *See* Table 1 Historical Highlights: 2022 and Earlier Census Years, Census of Agriculture, U.S. Department of Agriculture (USDA) National Agricultural Statistics Service (NASS), 2022 Census Volume 1, Chapter 1: U.S. National Level Data, available at st99_1_001_001.pdf.

placed in feedlots for final finishing, *i.e.*, fed to a slaughter weight of approximately 1,300 pounds. Though the number of feedlots has likewise drastically declined, there are still 26,105 feedlots remaining in the United States that fed and marketed nearly 25 million cattle for slaughter in 2024.[6]

B. Industry Importance to America's Economy, Environment, and Infrastructure

The iconic U.S. cattle industry – the input supplier for the downstream beef industry, is vitally important to America's overall economy and its economic contributions are quantifiable. An economic study using 2016 data completed by the University of Arkansas System found the actual value of the domestic beef supply chain – from the cow/calf sector to the post-farm harvest and processing sector, provided $166.994 billion in sales, 721,488 jobs, $10.884 billion in employee compensation, and $30.082 billion in value added.[7] The study further found that the beef supply chain's relative importance to the overall U.S. economy is significant, with the beef industry representing 0.5 percent of U.S. sales and 0.4 percent of U.S. jobs.[8]

The enormous size of the U.S. cattle industry, its myriad of supporting businesses, and the widespread dispersion of its participants across the rangeland of the U.S. substantiate the independent, family-scale beef cattle farmers and ranchers' role as Rural America's economic cornerstones. Indeed, in the Northern and Southern Plains – comprising the so-called "flyover states" – the beef supply chain's share of the regional economies is significantly greater than its national average share, representing 7.6 percent and 1.2 percent in sales and 3.4 percent and 1.2 percent in jobs, respectively.[9]

Although the environmental impacts of beef cattle production have garnered considerable scrutiny of late, for centuries cattle grazing has been an invaluable renewable, regenerative, and resilient food-producing resource. Today's family-scale beef cattle farmers and ranchers continue to support conservation; safeguard ecosystems; improve soil conditions, including through carbon storage; and they often utilize land unsuitable for crop production to convert low quality forage into protein-rich meat for human consumption.[10]

---

[6] Cattle on Feed, USDA National Agricultural Statistics Service (NASS) (Feb. 2025), at 15, available at Cattle on Feed 02/21/2025.

[7] Economic Contributions of the U.S. Beef Industry, English, L., Popp, J., Alward, G. and Thoma, G., Division of Agriculture, Research and Extension, University of Arkansas System, presented 2020, November, In *National Cattlemen's Beef Association Meeting*, available at Economic Contributions of the US Beef Industry.

[8] *Id*.

[9] *Id*.

[10] *See, e.g.*, Economic, social, and environmental impacts of cattle on grazing land ecosystems, Amber Oerly *et al*., Rangelands, Volume 44, Issue 2, 2022, pp. 148-156, available at Economic, social, and environmental impacts of cattle on grazing land ecosystems - ScienceDirect.

C. Industry Importance to National Security

That the U.S. cattle industry, whose principal derivative is beef – the second-largest meat protein source consumed in America – [11] is critically important to national security was manifested by the action of President Donald Trump during his first presidential term. On April 28, 2020, President Trump issued an executive order under the Defense Production Act of 1950 in response to the COVID-19 induced slowdowns and closures of meat processing facilities. Executive Order 13917 states in part:

> It is important that processors of beef, pork, and poultry ("meat and poultry") in the food supply chain continue operating and fulfilling orders to ensure a continued supply of protein for Americans. . . [] [C]losures [of beef, pork, and poultry processors] threaten the continued functioning of the national meat and poultry supply chain, undermining critical infrastructure during the national emergency. Given the high volume of meat and poultry processed by many facilities, any unnecessary closures can quickly have a large effect on the food supply chain. For example, closure of a single large beef processing facility can result in the loss of over 10 million individual servings of beef in a single day. . . Accordingly, I find that meat and poultry in the food supply chain meet the criteria specified in section 101(b) of the Act (50 U.S.C. 4511(b)).

The necessity of ensuring the U.S. cattle industry's continuous ability to maintain self-sufficiency, or at least near self-sufficiency in the production of sufficient quantities of beef to meet military and public consumption is implicit in U.S. Department of Defense and U.S. Department of Agriculture's beef procurement policies, which have long required contractors to certify that the foods they provide for USDA's school meals programs and the Department of Defense's Subsistence Prime Vendor Program "are of U.S. origin (i.e., from U.S. farmers and livestock producers)."[12] The Berry Amendment further requires beef served to U.S.-based troops "be of wholly domestic origin…"[13]

Further substantiating the national security interest of maintaining a robust domestic cattle industry capable of achieving self-sufficiency or near self-sufficiency in beef production was the 2023 announcement by the USDA that beef and other meat products purchased for use in Federal nutrition assistance programs must be from animals that are born, raised, and slaughtered in the United States.[14]

The United States' readiness when confronted by geopolitical unrest, climatic events, supply chain disruptions, and national or international human or animal disease outbreaks necessitates a robust, disaggregated domestic beef supply chain that is both flexible and

---

[11] *See supra*, note 3.
[12] Country-of-Origin Labeling Opportunities for USDA and Industry to Implement Challenging Aspects of the New Law, Government Accountability Office, GAO-03-780, August 2003, at 5.
[13] *Id*., at 52; *see also* section 832 of the *National Defense Authorization Act for Fiscal Year 2002*, Pub. L. No. 107-107 (2001) (to be codified at 10 U.S.C. 2533a).
[14] *See* Domestic Origin of Meat Produced for Federal Nutrition Assistance Programs, USDA Agricultural Marketing Service, available at [Domestic Origin of Meat Produced for Federal Nutrition Assistance Programs | Agricultural Marketing Service].

resilient. This is critically important should it be called upon to increase production or shift production from one region in the United States to another. But, as discussed below, the U.S. beef supply chain is becoming increasingly unable to meet such a fundamentally important national security objective.

D. Competitive Landscape

Industry in Decline

Just 45 years ago, in 1980, the U.S. cattle industry consisted of ~1.3 million disaggregated beef cattle farmers and ranchers who maintained ~37 million beef cows.[15] The calves produced from these cows were marketed to ~113,000 downstream feedlots[16] and ultimately sold to one of the 1,411 federally inspected beef packing plants dispersed throughout the United States,[17] the four largest of which controlled 36% of the fed cattle market.[18]

Those numerous federally inspected beef packing plants produced enough beef to meet ~89% of domestic beef consumption, with total imports (i.e., including imported beef and beef from imported cattle) amounting to ~2.5 billion pounds.[19]

The U.S. beef supply chain at that time was both flexible and resilient. Had the need arisen, the well over one-million cattle farmers and ranchers dispersed across the nation could have increased production by breeding more cows nationally, or within certain regions if a problem arose elsewhere requiring avoidance of a particular region. Opportunities were similarly available for feedlot placement and increased slaughter either nationally or regionally given the large number and widespread diffusion of both feedlots and federally inspected beef packing plants. Importantly, the disaggregated and robust domestic beef supply chain enabled the United States to be nearly self-sufficient in the production of its second-most consumed meat protein.

Today's U.S. cattle industry is drastically different, and far more vulnerable to any type of crisis, whether national or international. The number of U.S. beef cattle farmers and ranchers

---

[15] *See* Number of Operations with Cattle and Milk Cows, 1980-1981, Cattle, USDA Statistical Reporting Service, Jan. 19, 1982, at 4, 16, available at Catt-01-29-1982.pdf.
[16] Number of Cattle Feedlots and Fed Cattle Marketed, by Size of Feedlot Capacity, by Selected States, 1980-83, Cattle, Final Estimates for 1980-83, USDA Statistical Reporting Service, at 41, available at cattleest_Cattle_-_Final_Estimates__1980-83.pdf.
[17] Table 2, Number of Livestock Slaughter Plants by Inspection type for Selected Years, 1978-2003, Packers and Stockyards Statistical Report, 2003 Reporting year, USDA Grain Inspection, Packers and Stockyards Administration, GIPSA SR-05-1, June 2005, at 15.
[18] *Id.*, at Table 27, Steer and Heifer Slaughter Concentration by 4, 8, 20, and 50 Largest Firms for Selected Years 1980-2004, at 44.
[19] *See* Beef: Supply and disappearance (carcass weight, million pounds) and per capita disappearance (pounds), Meat supply and disappearance tables, historical, USDA-Economic Research Service, Updated 2/28/2025, available at MeatSDFull.xlsx (The beef equivalent of beef from imported cattle was calculated by multiplying the number of imported cattle in 1980 by the average 1980 carcass weight of cattle slaughtered in USDA's annual Livestock Slaughter report.).

has declined by more than half.[20] The number of beef cows has declined ~25%,[21] and feedlot numbers have declined ~77 percent.[22] The number of federally inspected beef packing plants declined ~45%,[23] and now the four largest beef packers control over 80% of the fed cattle market.[24] The ongoing loss rate of U.S. beef cattle farmers and ranchers is alarming, with the latest census revealing the loss of ~107,000 beef cattle operations during the five-year period 2017-2022, representing an average loss rate of over 21,000 beef cattle farms and ranches per year.[25]

Effect of Imports

A major contributor to the ongoing and rapid contraction of the U.S. cattle industry are imports of both beef and live cattle. In 2024, total imports (i.e., including imported beef and beef from imported cattle) reached a record of ~ 6.38 billion pounds, and constituted ~22% of domestic consumption.[26]

In 2018 the U.S. Government Accountability Office issued an analysis of the 40% drop in cattle prices that occurred from November 2014 through late 2016 and determined that "relatively less expensive imported beef" contributed to the reduction in demand for fed cattle that led to collapsed cattle prices during that period.[27] It is unsurprising that the alarming rate-of-loss of beef cattle farmers and ranchers described above commenced immediately after the prolonged cattle price collapse analyzed by the GAO.

---

[20] Compare Table 1 Historical Highlights: 2022 and Earlier Census Years, 2022 Census, Volume 1, U.S. National Level Data (showing in 2022 the number of U.S. farms with beef cows numbered 622,162), available at st99_1_001_001.pdf with note 15, *supra*.
[21] Compare Cattle, USDA, National Agricultural Statistics Service, January 2025, at 4 (showing the Jan. 1, 2025 beef cow inventory was 27,863,500), available at Cattle 01/31/2025 with note 15, *supra*.
[22] Compare Cattle on Feed, USDA NASS, Feb. 21, 2025 (showing total feedlots in the U.S. numbered 26,105 in 2024), available at Cattle on Feed 02/21/2025 with note 16, *supra*.
[23] Compare Livestock Slaughter 2023 Summary, USDA NASS, April 2024 (showing there was a total of 776 federally inspected plants that slaughter cattle in 2022), available at Livestock Slaughter 2023 Summary 04/24/2024 with note 17, *supra*.
[24] *See* Packers and Stockyards Division: Annual Report 2021 & 2022, USDA Agricultural Marketing Service, March 2024, at 13, available at Packers and Stockyards 2021-2022 Report to Congress.
[25] *See* Table 1 Historical Highlights: 2022 and Earlier Census Years, 2022 Census, Volume 1, U.S. National Level Data (showing the number of beef cow farms declined by 106,884 between 2017 and 2022), available at st99_1_001_001.pdf
[26] *See* Beef and Veal Production – Top Countries Summary, USDA Foreign Agricultural Service, 10/11/2024 (showing U.S. production and U.S. consumption was 12,298 and 12,959 1,000 Metric Tons (Carcass Weight Equivalent), respectively in 2024), available at PSD Online ; *see also* Beef and Veal Trade – Top Countries Summary, USDA FAS, 10/11/2024 (showing U.S. imports were 1,988 1,000 Metric Tons (Carcass Weight Equivalent), available at PSD Online. R-CALF USA converted these data to pounds and added the beef equivalent of the 2,042,552 head of imported live cattle in 2024 (Cattle_YearlyFull.xlsx) to total domestic production by multiplying the number of imports by 852 pounds, the average 2024 carcass weight of cattle (Livestock Slaughter 01/23/2025, at 11).
[27] *See* Additional Data Analysis Could Enhance Monitoring of U.S. Cattle Market, Government Accountability Office, GAO-18-296, April 2018, at 8 (describing the 40% drop in cattle prices); at 14 (explaining that "fluctuations in the strength of the U.S. dollar, which would shift consumer purchases toward or away from relatively less expensive imported beef, as well as contribute to shifts in net exports—that is, total exports minus total imports" also reduced packer demand for fed cattle.

Although their calls went unheeded, in 2021 a bicameral and bipartisan group of 28 congressional members urged then U.S. Attorney General Merrick Garland to investigate the cattle market. Among the anomalies cited by the group was, "[A[s the price increases for live cattle, there is a subsequent and consistent increase experienced in beef importation," a phenomenon the group offered as a possible explanation for the disconnect between producers' cattle prices and consumers' beef prices.[28]

Imported live cattle and imported beef have an outsized impact on domestic cattle prices due to the ultra-sensitivity of domestic cattle prices to even small changes in supply, a function of the perishable nature of market-ready cattle and their long biological cycle.[29]

It is important to note that when both government and private industry analysts alike provide trade data to decision-makers regarding the cattle industry's beef trade balance, they do not factor in the quantity of beef derived from imported cattle slaughtered in the U.S. (i.e., they do not add to their import ledger the beef equivalent of the ~2 million head of cattle imported each year). The quantity of beef from these imported cattle is substantial. In 2012 the USDA determined beef produced from foreign-born cattle accounted for 8.1% of monthly domestic beef production.[30] The result of this glaring omission is obvious. It thwarts efforts by decision makers to determine the true quantity of imported beef supplies entering the domestic market – supplies that can and do have an outsized impact on demand for domestic cattle; hence, their prices.

Total imports (i.e., from beef and beef from imported cattle) increased ~25% from 2013 to 2014, and increased an additional ~3% in 2015, the very period during which domestic cattle prices started their unprecedented 40% collapse discussed above.[31] After the 2014-2015 import surge, domestic cattle prices did not recover to their January 2015 level until March 2023, more than 8 years later.[32] Unsurprisingly, as domestic cattle prices approached recovery to their January 2015 level in early 2023, another import surge occurred, with total imports increasing ~13% from 2022 to 2023 and ~19% from 2023 to 2024, resulting in historically high import quantities in 2023 and 2024.[33]

Recall the 21,000 per year loss rate of domestic beef cattle farmers and ranchers that occurred between 2017 and 2022, the very period after the 2014-2015 import surge and before the 2023 import surge. The lower prices cattle producers received during the multi-year interval

---

[28] Joint congressional letter addressed to the Honorable Merrick Garland, June 21, 2021 (led by Senators Mike Rounds (R-SD) and Tina Smith (D-MN)), available at 060121 June 1 2021 Rounds-Smith et al. to Attorney General Garland.pdf.
[29] *See* U.S. International Trade Commission, U.S.-Australia Free Trade Agreement: Potential Economywide and Selected Sectoral Effects, Arona M. Butcher et al., 2004, at 44 note 26 (stating "[E]ach 1 percent increase in fed cattle numbers would be expected to decrease fed cattle prices by 2 percent."), available at http://www.usitc.gov/publications/332/pub3697.pdf.
[30] *See* US Red Meat Production from Foreign-Born Animals, Michael J. McConnell et al., USDA ERS, Agricultural Sciences, Vol.3, No.2, 201-207 (2012), at 206.
[31] Percentage increases based on total imports obtained by converting live imported cattle to their beef equivalent as described in note 26, *supra*.
[32] Observation based on USDA ERS-reported historical domestic fed cattle prices obtained at LivestockPrices.xlsx.
[33] Calculations based on data described in notes 31 and 32, *supra*.

between import surges not only contributed to the exodus of over one-hundred thousand farmers and ranchers; but also, it disincentivized the expansion of the nation's beef cow herd. Rather than expand in response to rising consumer beef prices and incredibly strong beef demand, the U.S. beef cow herd began liquidating in 2018, and was already in the throes of a multi-year liquidation when the widespread and prolonged drought occurred in 2021, exacerbating the rate of liquidation and sending the herd size to the lowest level in 73 years.[34]

Growing Trade Deficit

Trade data reported through the USDA's interactive Global Agriculture Trade System (GATS) show the U.S. has been a net importer of beef (beef and beef from imported cattle) for decades. These data show, e.g., the U.S. maintained an average annual worldwide trade deficit in the trade of cattle, beef, beef variety meats and processed beef of ~1.2 billion pounds during the 10-year period 2015-2024.[35]

The trade deficit with two of the United States' largest trading partners, Canada and Mexico, is completely out of balance. For the 10-year period (2014-2023) the U.S. annually imported over three times the quantity of beef and cattle that it exported to these two countries, leaving the U.S. awash in an average annual trade deficit of ~1.9 billion pounds.[36]

Ineffective Tariff Regime

The U.S. has zero tariffs and no tariff rate quotas for beef and cattle from three of the United States' five largest beef and cattle importers: Australia, Canada, and Mexico.[37] The tariffs and tariff rate quotas for all other importing countries are ineffectual at achieving their objective of discouraging excessive imports into the U.S. market. While the tariff rate quota for the United States' fourth largest importer, New Zealand, is too high to act as a deterrent to excessive imports, Brazil and other countries regularly blow through the tariff rate quota established for "other countries" and are content to pay the 26.4% over-quota tariff to capture more of the United States' beef market.[38]

---

[34] U.S. Cattle Inventory Smallest in 73 years, Bernt Nelson, American Farm Bureau Federation, Market Intel, Feb. 5, 2024, available at U.S. Cattle Inventory Smallest in 73 years | Market Intel | American Farm Bureau Federation.

[35] Based on data obtained from USDA-FAS interactive Global Agricultural Trade System (GATS) along with the conversion of live cattle to a beef equivalent.

[36] *Id*.

[37] *See* Reviewing the Tariff-Rate Quotas for U.S. Beef Imports, USDA Foreign Agricultural Service, International Agricultural Trade Report, Dec. 1, 2022 (stating, "In 2023, Australia will enjoy duty-free access as excess-quota duties are phased out.), available at Reviewing the Tariff-Rate Quotas for U.S. Beef Imports | USDA Foreign Agricultural Service.

[38] *See, e.g.*, Historical Fill Rate, U.S. Customs and Border Protection, 2 ASUN 3 Beef, 0201101BEEF03 (01/01-12/31), available at Historical Fill Rate Beef TRQ (showing the 65,005000 kg tariff rate quota for "other countries" was filled on Feb. 27, 2024); *see also* Beef and veal: monthly U.S. trade (carcass weight, 1,000 pounds), USDA ERS, available at BeefVeal_MonthlyFull.xlsx (showing the U.S. continued importing ~474 million pounds (carcass weight, 1,000 pounds) of beef from Brazil from March-December 2024 after the "other countries" quota level to which Brazil is subject to had been filled in February 2024).

E. National Security and the Critical Infrastructure of the United States Depend on the Rebuilding of a Robust and Healthy Domestic Cattle Industry

Presidential Policy Directive 21 (PPD-21) identifies sixteen critical infrastructure sectors whose disruption would have a debilitating impact on national security, economic stability, public health, or safety. A robust, resilient and widely dispersed U.S. cattle industry underpins at least three of these sectors: Food and Agriculture, Critical Manufacturing, and Healthcare and Public Health.

The trade liberalization that began decades ago is highly correlated with increased imports and burgeoning U.S. deficits in the trade of cattle and beef. Contemporaneously, the U.S. cattle industry has been shrinking at an alarming rate in terms of numbers of beef cattle farms and ranches, cattle, feedlots, and packers – components comprising the industry's critical infrastructure. The cattle industry's ongoing contraction and the dismantlement of its critical infrastructure is antithetical to the nation's security interest in maintaining a robust, disaggregated, and resilient production system capable of providing an abundant, affordable, and uninterrupted beef supply.

Imported cattle and beef are not only displacing domestic cattle and beef and dismantling the industry's critical infrastructure; but also, they are eliminating opportunities for the domestic industry to attract new entrants and to expand to achieve near self-sufficiency in the production of the second most consumed and arguably most important protein source for the citizens of the United States. The domestic cattle industry needs immediate relief from price-depressing imports in the form of tariffs and TRQs to provide it with sufficient "space" in which to rebuild.

While some argue the cattle industry's structure is sound and the higher prices currently enjoyed by our nation's remaining cattle producers are due to a widespread drought that *temporarily* shrank the size of the U.S. herd to historically low levels, this characterization is categorically wrong. Each component of the cattle industry's critical infrastructure has been on a protracted downward trajectory lasting several decades. For example, since 1982, the inventory of cattle during each successive cattle cycle peaked millions of head lower than its peak during each previous cycle, meaning that U.S. cattle inventory has been stair-stepping downward for decades, irrespective of recent droughts that have merely exacerbated the phenomenon.[39] The downward trajectories associated with the number of beef cattle farms and ranches, number of feedlots, and number of beef packing plants are likewise disassociated with recent droughts.

---

[39] *See*, e.g., U.S. beef cow inventory settling at progressively lower levels, drought contributing to most recent declines, LaPorchia A. Collins, USDA-ERS, April 20, 2023 (explaining that the cattle cycle is "the expansion (increase) and contraction (decrease) of the U.S. beef cattle herd over time" and tends to span 8 to 12 years), available at [U.S. beef cow inventory settling at progressively lower levels, drought contributing to most recent declines | Economic Research Service].

Beginning in the 1990s, the U.S. cattle industry was impacted by the GATT Uruguay Round's emphasis on expanding world agricultural trade and the formation of and U.S. entry into the World Trade Organization. These events resulted in the U.S. making significant domestic food safety concessions for the purpose of attracting more imports into the U.S. market. These concessions included the discontinuation of monthly meat packing inspections of foreign meat packing plants[40] and repeal of the requirement that foreign countries have food safety systems that are "at least equal" to the food safety systems in the United States.[41] Consequently, the quantity of imports of questionable wholesomeness and safety entering the United States has rapidly increased, putting downward pressure on domestic cattle prices. Alarmingly, the entire U.S. beef supply chain continues to shrink, even in the face of the American consumers' willingness to consume more and to pay more for beef.

In the event of a geopolitical conflict, natural disaster, supply chain disruptions, or other emergency, the growing reliance on foreign suppliers for such a critical staple as beef exposes the U.S. to significant risk. To avoid this risk the domestic cattle industry must receive substantial relief from excessive imports of both beef and cattle.

III. Product Scope & Recommended Relief

R-CALF USA recommends immediate relief to incentivize the U.S. cattle industry to rebuild and expand to ensure the domestic beef supply chain can continuously maintain near self-sufficiency in the production of domestic beef. The near-term objective should be twofold: 1) balance U.S. trade in cattle and beef by eliminating the industry's persistent trade deficit; 2) ensure that total imports (beef and beef from imported cattle) do not capture more than a 10% share of the domestic beef market.

During the past decade (2015-2024), the U.S. maintained a persistent deficit in the trade of cattle, beef, beef variety meats and processed beef averaging ~1.2 billion pounds per year.[42]

In 1980, the share of the domestic market held by imports was ~11% However, in 2024, the share of the domestic market captured by imports was ~22 percent.[43] From 1980 to 2024, imports increased by 153% while domestic beef consumption increased by only 19 percent.

As an initial strategy, by reducing total imports by ~1.5 billion pounds (~680,396 MT), the first objective of eliminating the persistent trade deficit would be achieved and the second

[40] *See* 71 Fed. Reg. at 51,195 (August 3, 2006), ("FSIS is deleting the requirement that supervisory visits take place "not less frequent[ly] than one such visit per month." Instead, FSIS will require foreign inspection systems to make "periodic supervisory visits" to certified establishments to ensure that establishments meet FSIS requirements for certification to export meat and poultry to the United States.").
[41] *See* 60 Fed. Reg. at 38,668 ("The United States can no longer require foreign countries wishing to export meat and poultry products to have meat and poultry inspections that are 'at least equal' to those of the United States; instead, foreign inspection systems must be [only] 'equivalent to' domestic inspection systems.").
[42] *See supra*, note 35.
[43] *See supra*, note 26.

objective of reducing dependency on imports to meet domestic consumption would be within reach, as the domestic industry would be afforded the “space” needed to begin rebuilding the domestic herd by the roughly 2 million mother cows that were displaced by this approximate quantity of imported beef.

To reduce excessive imports entering the United States and to accord domestic beef cattle farmers and ranchers the opportunity to rebuild their national beef cow herd by roughly 2 million head over the next three years, R-CALF USA recommends four forms of tariff relief: 1) reestablish a tariff rate quota (TRQ) system for Australia, Canada, and Mexico and adjust TRQ levels currently established for New Zealand, Argentina, and Uruguay; 2) establish an absolute quota for countries eligible to import under the “other countries” TRQ; 3) apply a $1.68 per kg tariff on all in-quota beef imports and a $6.55 per kg tariff on all over-quota imports (except that there should be no imports above the “other countries” limit); and 4) apply a 25% tariff on all live cattle imports.

A. Reestablish a Tariff Rate Quota System for Australia, Canada, and Mexico and Adjust Limits for New Zealand, Argentina, and Uruguay

R-CALF USA recommends the reestablishment of a tariff rate quota (TRQ) system for beef from Australia, Canada, and Mexico and an adjustment to limits for New Zealand, Uruguay and Argentina as follows:

Recommended Tariff Rate Quota Levels and Associated Tariffs

	Tariff Rate Quota[44]	**In-Quota Rate of Duty**	**Over-Quota Rate of Duty**
Australia	85,921,160 kg	$1.68 per kg	$6.55 per kg
Canada	130,309,410 kg	$1.68 per kg	$6.55 per kg
Mexico	96,635,420 kg	$1.68 per kg	$6.55 per kg
New Zealand	64,431,030 kg	$1.68 per kg	$6.55 per kg
Uruguay	19,591,710 kg	$1.68 per kg	$6.55 per kg
Argentina	9,330,270 kg	$1.68 per kg	$6.55 per kg
Other Countries	65,005,000 kg	$1.68 per kg	Absolute Quota
Total Limit	471,224,000 kg		

[44] Methodology for Reestablishing/Establishing Annual TRQs: The proposed schedule of tariff rate quota limits was formulated based on a 60% reduction to the average annual quantity of HTSUS Chapter 2, Subheadings 020110 through HS 020230 beef imports from AU, CN, MX, NZ, Uruguay, and Argentina reported under the USDA-FAS GATS data base for the previous five years 2020-2024, except that the “Other Countries” current limit of 65,005,000 kg is maintained for Brazil and other countries. Thus, the proposed TRQ schedule would promote the annual reduction of ~674,333,500 kg (~1.487 billion pounds) of foreign beef entering the U.S. market when compared to the average annual quantities imported from 2020-2024. The “space” afforded by this proposed schedule is expected to incentivize domestic cattle producers to expedite expansion of their domestic beef cow herd by roughly 2 million mother cows, which would be expected to restore the U.S. cattle industry’s infrastructure to its approximate 2011 to 2012 levels.

R-CALF USA makes no recommendation on whether in-quota availability should be reprioritized to certain countries, or not within the proposed tariff rate schedule.

B. Establish an Absolute Quota for Countries Eligible to Import Under the "Other Countries" TRQ

As discussed above, certain countries eligible to import under the "other countries" limit, some of which are relatively new entrants into the U.S. market, have blown-through their collective 65,005,000 kg limit in recent years with apparent indifference to the 26.4% over-quota rate of duty intended to discourage additional imports. R-CALF USA presumes those countries have particularly advantageous cost structures when compared to the United States and imports above the limit should no longer be allowed.

C. Apply a $1.68 per kg Tariff on All In-quota Beef Imports and a $6.55 per kg Tariff on All Over-quota Imports

As reflected in the proposed TRQ schedule above, R-CALF USA seeks a revision to all in-quota rates of duty for all imports categorized under HTSUS Chapter 2, Subheadings 020110 through HS 020230 to $1.68 per kg. This rate of duty reflects the average value difference of $0.76 per pound ($1.68 per kg) between the value of U.S. world exports in HTSUS Chapter 2, Subheadings 020110 through HS 020230 during the previous five years (2020-2024). This rate of duty helps level the playing field between averaged domestic beef prices (i.e., as measured by U.S. beef exports) and averaged cheaper import values. This adjustment is necessary to ensure that all segments of the beef supply chain remain incentivized to continue investing and expanding in the domestic market while competing with lower-cost beef imports allowed within the proposed TRQ schedule.

With the exception of the "Other Countries" limit, the proposed schedule does not include a hard cap on imports that exceed the recommended annual TRQ limits. Instead, R-CALF USA seeks a $6.55 per kg over-quota rate of duty to discourage but not curtail additional imports above the recommended TRQ levels. In the case of the in-quota duty that levels only the 5-year average value difference between imports and exports, the higher over-quota duty will level the $2.97 per pound ($6.55 per kg) difference found in 2024 for import and export values of beef included in the HS 020120: Bovine Bone In Fr/Ch category, which includes products with the highest imported and exported value. Setting the over-quota rate of duty at this level will enable decision makers to better evaluate the effects of the proposed limits and tariff rates over time and make future adjustments to continue facilitating the rebuilding and expansion of the United States' beef production sectors.

D. Apply a 25% Tariff on All Live Cattle Imports

Imported live cattle are a direct substitute for domestic cattle produced by U.S. cow/calf producers. Each head of cattle imported translates approximately to one fewer cow bred and calved by domestic producers. Thus, the ~2 million head of cattle imported each year disincentivize U.S. cow/calf producers from breeding the roughly 2 million head of beef cows needed to produce enough calves to meet domestic beef demand as that demand is currently being met with beef from imported cattle. To provide some perspective, it would require roughly 4,000 additional beef cattle operations managing roughly 500 mother cows each to produce the ~2 million cattle that are now produced in foreign countries.

To encourage the rebuilding of the U.S. cow/calf sector, R-CALF USA seeks a revision to the rate of duty for live bovines set forth in Chapter 1 Subheadings 0102.10 through 010290 in both column 1 and column 2 of the HTSUS to 25 percent.

IV. Conclusion

The health, safety, and security of the United States depend on a strong, self-reliant domestic beef production industry. Without immediate action, hundreds, if not thousands more domestic beef cattle farms and ranches will most certainly exit this vital sector in the near term, leaving the nation increasingly exposed to external threats and both diminished economic strength and environmental quality. We urge the Department of Commerce to act decisively by implementing the requested import relief measures under Section 232.

Thank you for your attention to this urgent matter. We stand ready to provide any additional information or assistance necessary to support this petition.

Sincerely,

Bill Bullard

Bill Bullard, CEO