R-CALF USA's Position Regarding the Proposal to Lower Tariffs to Facilitate the Importation of 300,000 Metric Tons of Beef

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Introduction: America's beef supply chain is in a state of crisis due to years of failed trade policies and failure to protect competition. Our domestic herd has been contracting for years, beef packing capacity is being scaled back, record imports are increasingly penetrating our markets, the largest beef packers and retailers remain unconstrained in their exercise of buying and selling power, and in the face of all this, consumers are paying record prices for beef. The American cattle industry needs to rebuild to meet national security and to ensure competitive beef pricing, but this won't happen if America doubles down on the very policies that have caused this crisis.

We urge the President to reconsider his proposal to facilitate more imports into the United States and recommend, instead, that market transparency be achieved with country-of-origin labeling for beef, that competition be restored by reforming the anticompetitive buying practices of beef packers, and that herd expansion be incentivized by implementing import controls to ensure that investments for expansion are not undercut by excessive imports.

Background: The domestic beef supply chain is highly concentrated, from the beef packers that manufacture beef to the retailers that sell it to consumers, and is controlled by a handful of monopolistic, multinational corporations.

These corporations source their supplies from domestic cattle producers and imported cattle and beef. Because imports can often be sourced more cheaply, packers have an incentive to increase imports while using their market power to reduce competition for domestic cattle. They have done this by shifting slaughter-ready cattle they once purchased in the competitive cash market to forward-type contracts that do not include a negotiated price.

The result has been a weakened domestic cattle market, an exodus of producers and long-term contraction of the U.S. cattle herd. Rather than creating the conditions necessary to rebuild domestic production, rising imports have increasingly filled the gap between domestic beef production and consumer demand while major packers reduce domestic slaughter capacity.

The announcement to lower tariffs to allow an additional 300,000 metric tons of beef to enter the United States over the next 90 days doubles down on this failed strategy. It gives multinational packers access to more lower-cost foreign beef while undermining the producer confidence necessary to rebuild the U.S. cattle herd.

Herd expansion takes years. Producers deciding whether to retain heifers today must have confidence that future cattle prices will justify that investment. If every time cattle supplies tighten and prices begin encouraging expansion the government responds with more cheaper imported beef, producers have little reason to take that risk.

And cheaper imports for multinational packers do not guarantee cheaper beef for consumers. In a highly concentrated supply chain, imports can pressure domestic cattle prices while packers and retailers continue selling beef at what the market will bear.

We have seen where the loss of a competitive livestock marketplace can lead. The hog industry consolidated, independent producers disappeared and production became increasingly vertically coordinated. The hogs remained, but many independent producers did not. America cannot afford to repeat that history with cattle.

Solutions: The president should reverse today's decision and take three immediate actions:

1. **Restore marketplace transparency** with mandatory country of origin labeling so consumers can distinguish imported beef from U.S. beef and decide which they want to buy.
2. **Restore producer confidence** with import controls that give U.S. cattle producers the opportunity to rebuild the domestic herd without having their investment undercut by excessive imports.
3. **Restore competition** by prohibiting multinational beef packers from using forward-type contracts that do not contain a negotiated base price to continually reduce competition for cattle.

This is about more than today's announcement. America has increasingly substituted imports for a coherent strategy to rebuild its domestic beef supply chain. That weakens our long-term food security and plays directly into the hands of multinational corporations.

If America wants to rebuild its cattle herd, it must give American cattle producers the confidence and market opportunity to do it. It is time to reverse the policies that created this crisis, not double down on them.