

Even before the Republican's upcoming return to Washington, the country's cattle industry has been in a deepening rut.



Donald Trump in front of fast food to be served at the White House in 2019. *Photographer: Chris Kleponis/Pool/Getty Images*

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He has manned the McDonald's drive-thru 🚗, served [Big Macs](#) in the White House and peddled Trump Steaks on cable TV. But even a red-meat loving president like Donald Trump won't be able to save the struggling US beef industry.

A [severe shortage](#) of cattle, which has fueled grocery-store price hikes and wiped-out billions in meat-processor profits, is primed to get worse before the next election cycle. The US beef herd is already the smallest since 1961 after years of depressed prices, severe droughts and surging costs forced farmers to send more females to slaughter. Now, the possibility of new tariffs and immigration reform risk constraining supplies further still.

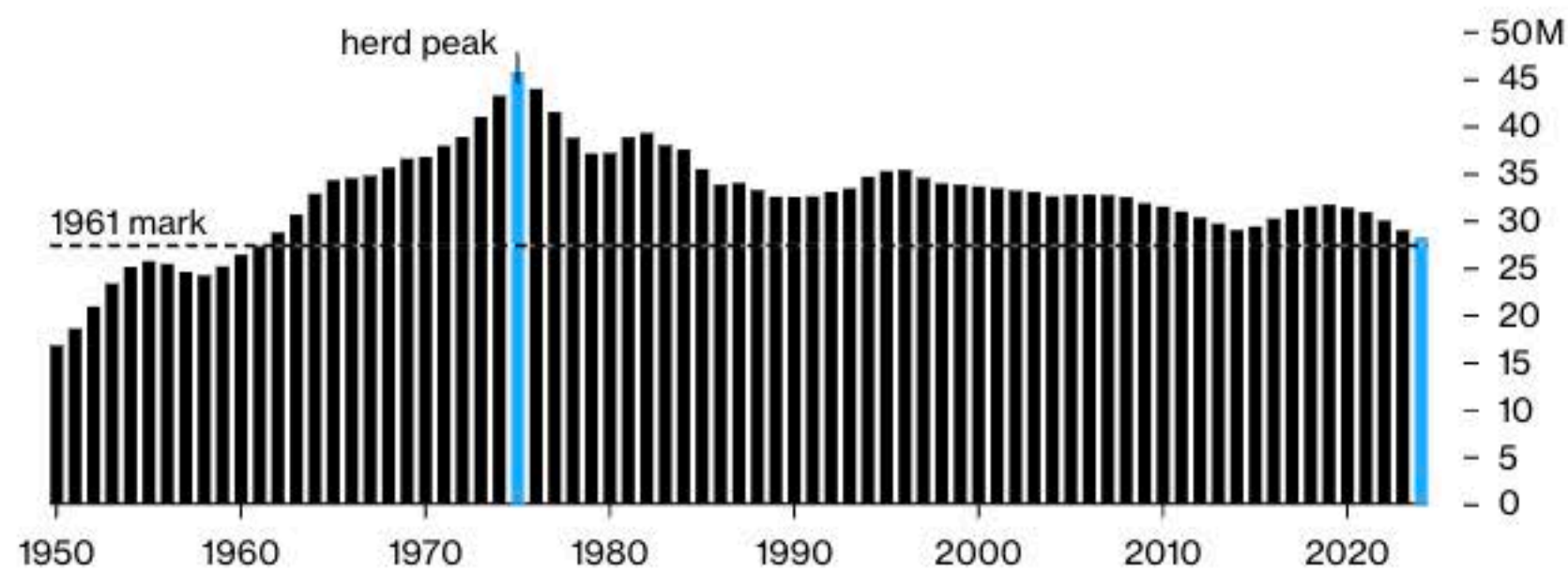
“All of the things he is talking about have potential negative consequences more so than anything positive,” Derrell Peel, a professor of agricultural economics at Oklahoma State University, said of Trump's policy pledges. “Our fate's pretty well determined in the cattle industry in the US for the next two to four years” - and it's not good.

For generations, Americanism and the livestock industry have been closely entwined. From the cowboys immortalized on the silver screen to the pot roasts, cheese steaks and brisket that grace regional tables, the entire beef sector - from ranching to restaurants - carries an outsized role in the country's national identity.

But raising cattle has grown increasingly difficult, even before Trump's upcoming return to Washington. Thanks to a combination of high interest rates, costly feed prices, farmer debt, bad weather and a shifting consumer preference toward cheaper chicken, struggling ranchers have been culling heifers at too fast a clip to rebuild the number of calves necessary to expand their herds. In fact, the shortage of beef cattle has gotten so acute that some milk producers are breeding hybrid dairy-beef calves to sell into the low-inventory meat market.

US Beef Herd Shrinks to Lowest Since 1961

Cattle inventory has slid for five straight years on female liquidation



Source: US Department of Agriculture
Note: Cattle tally on Jan. 1

Cash Carruth, who manages roughly 250 cattle in Bloomfield, New Mexico, is among those ranchers tabling near-term growth plans after struggling with low cattle prices for most of the past decade. Even though prices have since recovered, many cattlemen are still finding themselves digging out of that earlier hole.

“This extra that we’re making right now is not necessarily room for expansion, but it’s to help us with the band-aid that we put on from 2015 until 2022,” said Carruth, 47. He is now selling “every calf” he can instead of retaining them for procreation. “Everybody is trying to make up for those mediocre years, especially if you borrowed any money.”

The down cycle wasn't supposed to last this long. This past February, the USDA expected the cattle inventory to start rebuilding in 2025. It is now saying the recovery won't meaningfully start until 2027, as elevated borrowing costs and poor pastureland mean it's too risky to take on new cows – given the investment takes a few years to come to fruition. Even as the beef industry has experienced periods of growth over the past decades, the animal count has dropped almost 40% since a peak in 1975. During the current downcycle, which started in 2020, the herd has been shrinking at the fastest pace since the big farm crisis of the 1980s.



In beef, “there are no clear signs of sustained herd rebuilding intentions,” Donnie King, the chief executive officer of Tyson Foods Inc., said on a Nov. 12 conference call with analysts. The shortage of cattle has over the past two years wiped out billions of dollars in operating profit from Tyson’s beef operation, which the company expects to run at an adjusted loss for a second year in fiscal 2025.

And then there’s Trump. Although he’s very popular with agricultural communities – having won the vote in all the top beef cattle-producing states – his promised immigration reform and tariffs add another layer of uncertainty.



A JBS meatpacking facility in Colorado. *Photographer: Chet Strange/The Washington Post*

Meatpacking jobs in the US are often held by foreign-born workers, and while big-name companies require employees to provide evidence of their work status, reduced future flows of immigrants are likely to bring higher labor costs down the line for companies like Tyson and JBS SA, Barclays analysts wrote in a Dec. 2 note. A surge in the supply of asylum seekers and other immigrants under temporary work permits during the Biden administration eased the labor shortages that plagued the industry, particularly during the pandemic. A new approach on immigration has the potential to create a “more burdensome” hiring process, reducing the pool of prospective employees and raising costs, JBS said in a recent filing.

“They’re hard jobs to fill and they’re jobs that most Americans don’t want to do,” said Bloomberg Intelligence analyst Jen Bartashus.

Related: [AI Is Helping Automate One of the World’s Most Gruesome Jobs](#)

Audits and raids are both likely to increase once Trump returns to office, as enforcement of immigration compliance was at an all-time high during his first term, employment law firm Littler Mendelson PC wrote in a November [note](#). More than 680 people were [arrested](#) during 2019 raids on Mississippi poultry plants, and a [raid](#) on a Tennessee cattle processing plant the prior year impacted about 100 others. Even if all workers are in compliance, it can be a costly and time-consuming process.

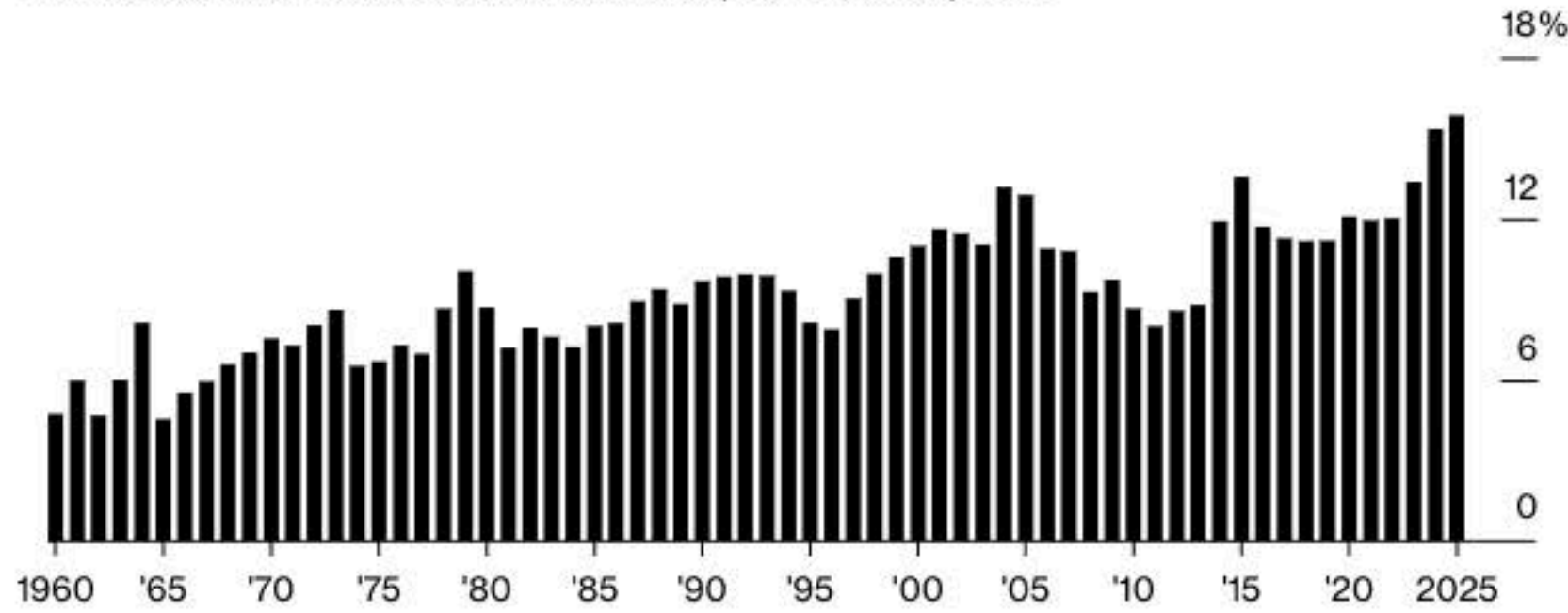


Trump’s first administration “was scary, but now even more because they will be more empowered,” said Magaly Licolli, co-founder of Venceremos, an Arkansas-based advocacy group for workers in the poultry industry. “The situation for immigrant meatpackers will look pretty ugly.”

Record Share of US Red Meat Demand Is Shipped In

Canada, Australia and Mexico are among the top overseas suppliers

■ Share of domestic beef and veal consumption that's imported



Source: Foreign Agricultural Service, Official USDA Estimates

Tariffs are also a wildcard. Producers have been increasingly relying on imports of meat to satisfy domestic demand for ground beef and hamburgers. In 2024, beef and veal imports into the US will total about 2 million metric tons, a new record. Overseas meat now accounts for more than 15% of domestic consumption, also an all-time high. Producers in the US are also shipping out a lot of meat themselves.



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If Trump 2.0 implements new tariffs to stem the flow of overseas beef, it could give US ranchers a lifeline, said Bill Bullard, CEO of R-CALF USA, a group that represents cow-calf producers across the US. Increased supplies from overseas have given Tyson, JBS, Cargill Inc. and National Beef Inc. – which together control about four-fifths of the slaughtering capacity in the US – the ability to keep a lid on the prices they pay for cattle in the US, he said. Tyson didn't respond to a request for comment, while National Beef, JBS and Cargill declined to comment.

Tariffs “will provide our industry an opportunity to invest in expansion and to begin rebuilding the herd that has been shrinking at an alarming rate,” Bullard said. “Over the long term, consumers are going to be better served because we will no longer have such a dependency on imported products.”

But what's good for ranchers in the long term isn't going to appease grocery shoppers today. Although a smaller imported inventory could incentivize farmers to reinvest in their herds, until that happens, Americans who voted for Trump on his pledge to reduce prices of household staples may find themselves sorely disappointed. And higher beef prices will only speed the shift to other proteins that's already taking place.

"If prices for beef increase, we ought to really be looking at prices relative to chicken," said David Anderson, a professor and extension economist for livestock and food product marketing at Texas A&M University. "It's that demand picture that might really keep a lid on what beef prices go up to because consumers are going to respond to relative prices."