

Trump's Last Tariff Tantrum: A Warning

President Trump's volatile tariff announcements in the 100 first days of his second term have brought uncertainty to U.S. consumers and producers — as well as promises of retaliatory tariffs from trading partners. We already know how this will harm farmers, who were caught in the crosshairs of Trump's first term tariff policies that ignited a global trade war from 2018 to 2019. Today's policies could be even more damaging and with long-lasting impacts, as major U.S. commodities purchasers including China shift to other markets like Brazil.¹

Domestic Farm Policy Leaves Farmers Vulnerable to Trade Wars

U.S. domestic farm policy encourages large-scale commodity production for export markets, undermining small, diversified producers and regional food systems, and making farmers vulnerable to global trade wars. Losses from the 2018-19 trade war were concentrated in the Midwest, home to a high number of commodity and livestock producers.² Soybean farmers depend on trade with China, whose enormous hog factory farms consume soybean feed. Soybean farmers saw some of the worst impacts,³ accounting for the largest total share of trade losses, with exports reduced 74 percent in 2018 over the previous year.⁴

This can exacerbate the decades-long trend of farm closures and consolidation. Food & Water Watch analyzed the U.S. Department of Agriculture's Census of Agriculture to see whether farm losses coincided with the last tariff war. We found that:

- The number of U.S. farms harvesting soybeans increased 9 percent from 2007 to 2017, but fell 10.7 percent between 2017 and 2022. The only growth was among the largest soybean farms (those harvesting 1,000 acres or more each year).
- The total number of U.S. farms fell 7 percent between 2017 to 2022, with the highest losses (both total and percentage) among farms with 1 to 9 acres (over 38,000, or 14.2 percent).
- The only growth was among farms making \$500,000 or more in sales each year. In fact, the number of highest-earning farms — those making \$5 million a year or more — nearly doubled between 2017 and 2022.
- Farm consolidation hit farmers of color especially hard between 2017 and 2022. The number of Black producers fell at a rate more than 10 times that of the number of white producers — 8 percent versus under 0.8 percent.⁵

Farm bankruptcies also accelerated during the previous tariff war, rising 24 percent from 2018 to 2019.⁶ The Midwest suffered the greatest losses, while states with more diverse agricultural sectors had lower rates of bankruptcies than in recent years.⁷

Farm Bailout Funds Flow to Large Operations and Multinational Corporations

Federal bailout funds for farmers went through the U.S. Department of Agriculture's (USDA) Trade Mitigation Program. Since payments for tariff-related losses are based on production, the largest

farms benefitted the most.⁸ According to analysis by the Environmental Working Group, the top 10 percent of federal bailout recipients received 54 percent of all payments. The top 1 percent received an average of \$183,331, while the bottom 80 percent received less than \$5,000.⁹

The Trade Mitigation Program also facilitates contracts and purchases of commodities including meat. A significant share of these contracts went to the corporations that already have a stranglehold on the U.S. food system, including JBS and Tyson Foods. The two multinational corporations currently capture 40 to 50 percent of the U.S. beef market, 45 percent of the poultry market, and, along with two other firms, 70 percent of the pork market.¹⁰

Tyson Foods received an estimated \$28.6 million in federal contracts and purchases between August 2018 and July 2019.¹¹ Brazilian-based JBS nearly tripled this, pocketing \$78 million. JBS won over one-quarter of the \$300 million allocated towards federal pork purchases, using its market power to undercut competition bids by more than \$1 per pound.¹²

Conclusion

When accompanied by comprehensive domestic policies, tariffs can be a successful tool to bolster agricultural markets and support small producers. However, the 2018-19 trade war offers a warning of the impacts of a renewed trade war in the absence of such policies.

We need to reform our domestic farm policy to support fair market prices for farmers, while bolstering environmental stewardship and sustainable production models. We also need targeted, fair-trade policies that advance fair prices, human rights, and environmental stewardship among trading partners.

Endnotes

- 1 Bonato, Gustavo. "New titans on the block: ABCDs lose top Brazil grains spot to Asian rivals." *Reuters*. March 23, 2016; Gale, Fred et al. U.S. Department of Agriculture (USDA). Economic Research Service (ERS). "Interdependence of China, United States, and Brazil in Soybean Trade." OCS-19F-01. June 2019 at 31.
- 2 Morgan, Stephen. USDA ERS. "Retaliatory Tariffs Reduced U.S. States' Exports of Agricultural Commodities." *Amber Waves*. March 7, 2022.
- 3 *Ibid.*; Belmonte, Adriana. "Farmer: Trump's \$28 billion bailout isn't worth the trade war." *Yahoo! Finance*. January 7, 2020.
- 4 Adjemian, Michael K. et al. "Estimating the Market Effect of a Trade War: The Case of Soybean Tariffs." 2019 Agricultural & Applied Economics Association Annual Meeting. July 2019 at 2.
- 5 Food & Water Watch analysis of USDA. Natural Agricultural Statistics Service (NASS). 2022 Census of Agriculture. AC-22-A-51. February 2024 at 3 to 5, 27 to 28, and 57.
- 6 Belmonte (2020).
- 7 Key, Nigel et al. "Chapter 12 Bankruptcy Rates Have Increased in Most Agricultural States." *Amber Waves*. November 20, 2021.
- 8 Carr, Donald and Chris Campbell. Environmental Working Group. "USDA Bailout for Impact of Trump's Tariffs Goes to Biggest, Richest Farmers." July 30, 2019; Brown, H. Claire. "Four farms have received more than \$1 million each in Trump trade war bailout payments, Treasury data show." *Counter*. June 6, 2019; Rosenberg, Nathan and Bryce W. Stucki. "USDA gave almost 100 percent of Trump's trade war bailout to white farmers." *Farm Bill Law Enterprise*. July 24, 2019.
- 9 Carr and Campbell (2019).
- 10 Farm Action. Agriculture Concentration Data. Available at <https://farmaction.us/concentrationdata/?emci=6dc31092-ac4a-ef11-86c3-6045bdd9e096&emdi=5ae02937-454b-ef11-86c3-6045bdd9e096&ceid=28891174>. Accessed May 2025.
- 11 Walljasper, Christopher. "JBS a big winner in USDA trade war relief contracts." *Investigate Midwest*. July 1, 2019.
- 12 *Ibid.*