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What Ongoing US Herd Liquidation Means for Australian Beef Producers

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The ongoing liquidation of the United States (US) cattle herd, driven by drought and economic pressures, creates opportunities for Australian beef producers. It examines increased export demand, potential tariff challenges, and the need for strategic diversification, emphasizing market-driven gains over government-led solutions.

The US cattle herd, at 86.7 million head in January 2025, is the smallest since 1951, down 0.6% from 2024, per a *Beef Central* report. Six years of liquidation, fueled by drought and high input costs, have slashed US beef production, with cow slaughter down 15% year-to-October 2024, yet heifer slaughter steady at 8.3 million head, keeping the female slaughter ratio (FSR) at 49.7%—above the 47% liquidation threshold. This shortfall has spiked US demand for Australian lean beef, with exports to the US soaring 66% to 317,532 tonnes in 2024, the highest since 2015, according to Meat & Livestock Australia (MLA). “Australia’s filling a critical gap in the US hamburger market,” said analyst Angus Gidley-Baird in a *Reuters* interview, noting the complementary nature of Australia’s grass-fed beef.

This boom brings challenges. The US imposed a 10% tariff on Australian beef in 2025, but a weaker Australian dollar mitigates the impact, keeping prices competitive at \$3.43 per pound versus \$3.80 for US beef, per Rabobank. However, critics question the Labour government’s trade strategy, arguing it leans too heavily on US markets while neglecting domestic biosecurity and diversification. China’s retaliatory tariffs on US beef have opened doors for Australian exporters, with market share in Japan and South Korea rising to 47% and 45%, respectively, in 2024. Yet, reliance on volatile markets risks long-term stability.

Australian producers must capitalize now but plan ahead. The US herd will eventually rebuild, likely by the late 2020s, per *Reuters*. Diversifying into Southeast Asia and resuming European Union trade talks, as suggested by the National Farmers’ Federation (NFF), could secure future gains. With global demand strong and Australia’s herd robust, producers

stand to profit, provided they navigate tariffs and market shifts with foresight.