

Resilience in Animal Agriculture: Competing Amid Tariffs and Trade Uncertainty

National Institute for Animal Agriculture: Advanced Training for Animal Agriculture Leaders

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Tariffs and trade uncertainties remain persistent features of the global market, yet animal agriculture continues to demonstrate strong capacity for growth amid these pressures. A resilient supply chain depends on the ability to adapt to disruptions, manage risk, and recognize where international opportunities still exist. Understanding the steps required for global expansion enables startup founders and emerging innovators to navigate volatility more effectively, strengthening both their business strategies and the broader animal agriculture sector.

Over the course of several months, conversations were held with individuals representing various facets of US animal agriculture to better understand the ramification of tariffs and trade on business opportunities.

Common Themes Across All Conversations

1. Uncertainty Is the Core Trade Risk (More Than Tariffs)

- Every interviewee emphasized that **policy uncertainty**, not tariffs themselves, is the most damaging factor.
- Rapidly changing rules, unclear classifications, expiring approvals, and inconsistent enforcement force businesses into constant reactive mode.
- Even when tariffs are manageable, instability in interpretation and timing disrupts investment, logistics, and market planning.

Shared insight: Markets can price in tariffs; they cannot price in unpredictability.

2. Non-Tariff Barriers Matter More Than Headlines Suggest

- Across sectors, non-tariff barriers (NTBs)—regulatory delays, inspections, testing protocols, and documentation—are the real day-to-day constraints.
- Examples include:
 - Regulatory bans (ractopamine, MGA residues)
 - Trade code delays
 - Slow biotech approvals
 - Outdated genetic material regulations
- These barriers are often non-science-based, opaque, or politically motivated.

Shared insight: NTBs shape trade outcomes more than formal tariff rates.

3. China Is Unique—and Hard to Replace

- China consistently emerged as:
 - A critical but high-risk market
 - Highly selective in what it allows to enter
 - Willing to use regulatory tools as trade leverage
- Losing China is especially damaging for:
 - Beef and pork offal

- Products without alternative markets
- At the same time, many emphasized the need to reduce reliance on China through diversification.

Shared insight: *China is both indispensable and structurally unreliable.*

4. Risk Management Is Now a Core Competency

- Trade success increasingly depends on formal risk controls, not just market access.
- Common practices include:
 - Credit and receivables insurance
 - Cash-against-documents or prepayment terms
 - Supply chain diversification
 - Legal and regulatory structuring
- Lenders and insurers are now gatekeepers of trade, not just facilitators.

Shared insight: *Companies that cannot manage risk structurally should not export.*

5. Relationships and Institutions Drive Outcomes

- Across interviews, relationships matter as much as rules:
 - Interagency coordination (USDA, USTR, State, FAS)
 - Embassy-level engagement
 - Trusted foreign partners
 - Long-tenured lobbyists and trade specialists
- Showing up repeatedly, building trust, and maintaining credibility are essential.

Shared insight: *Trade is relational before it is transactional.*

6. Regulation Often Outweighs Trade Policy

- Regulatory approval processes (animal health, biotech, pharma, genetics) were repeatedly cited as:
 - Slower than business cycles
 - Subject to retaliation
 - More impactful than tariffs
- Outdated or inflexible regulations create inefficient workarounds and distort markets.

Shared insight: *Regulatory power is increasingly used as a trade weapon.*

7. Market Diversification Is Necessary but Difficult

- Everyone acknowledged the need to diversify away from single markets.
- However:
 - Some products are structurally tied to specific countries
 - Alternative markets often mean lower margins
 - Entry costs (regulatory, relationship, logistics) are high
- India, Southeast Asia, and APAC were frequently cited as growth areas, but require patience.

Shared insight: *Diversification reduces risk but rarely replaces lost value one-for-one.*

8. Trade Is a Long-Term Game Misaligned With Politics

- Trade operates on multi-year timelines, while politics operates on election cycles.

- Abrupt policy shifts damage credibility and market access built over decades.
- Several participants stressed that trade damage is hard to reverse, even when policies change.

Shared insight: *Political speed is incompatible with trade stability.*

9. U.S. Reputation for Safety and Quality Is a Strategic Asset

- Multiple voices emphasized that U.S. agriculture's credibility, safety, and quality standards are globally recognized.
- Undermining inspections, science, or data integrity would have long-term, irreversible consequences.

Shared insight: *Trust in U.S. food systems is as valuable as price competitiveness.*

10. AI and Technology Are Enablers, Not Silver Bullets

- AI is improving:
 - Processing efficiency
 - Administrative and legal workflows
 - Logistics tracking
- AI cannot yet resolve geopolitical, regulatory, or relationship-based trade risks. Human judgment remains essential
- Technology is seen as necessary for competitiveness and reshoring, but insufficient alone.

Shared insight: *AI improves execution; it does not replace strategy or diplomacy.*

Expansion into International Markets: One-Page Founder Decision Checklist

(Note: this list includes important considerations but is not intended to be exhaustive)

1. Reality & Readiness

- Our business can survive regulatory and tariff uncertainty
- We are prepared for sudden market closures or delays

2. Market Selection (Where to Play)

- Country has acceptable geopolitical and regulatory risk
- Rule of law and contract enforcement are credible
- Demand is structural, not opportunistic
- We have identified replacement markets if this one closes
- We know which countries we will not do business in

3. Business Model Fit (How to Enter)

- Entry model matches risk profile
- Exit or conversion plan exists if conditions change

4. Regulatory & Non-Tariff Barriers

- Full regulatory stack is mapped (safety, testing, approvals)
- Trade-related retaliation risk via regulation is understood
- Product-specific trade rules are current and validated
- Prepared for approvals to be slow and non-linear

5. Risk Management & Payments

- Lenders and insurers are present in the market
- Shipment and receivables are insured where possible
- Payment terms are cash-against-documents or prepayment, when applicable
- Do not expose inventory without document control, when applicable

6. Supply Chain & Logistics

- Understand that relying on a single country increases supply chain risk
- Logistics partners are aligned
- Door-to-door accountability is in place
- Trade code and classification risks are identified

7. Relationships & Institutions

- Leadership is willing to show up repeatedly in-market
- Trusted local partners or counterparts exist
- Embassy, trade association, or agency contacts are active
- We are not relying on a single advisor or intermediary

8. Technology Enablement

- Data integrity and reporting are audit-ready

9. Strategic Asset Protection

- IP risk is understood and contractually mitigated
- Quality and safety standards will not be compromised
- Regulators and negotiators have accurate facts about our business

10. Governance & Leverage

- We know our leverage (scale, uniqueness, volume)
- Clear internal rules exist for risk exposure

Final Go / No-Go Gate

- This expansion does not threaten the core business
- We can survive if this market closes tomorrow
- The downside risk is defined and acceptable