Food and Agribusiness Market Update

Industry Specialty Team | March 2025

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"If you think it's expensive to hire a professional, wait until you hire an amateur." — Red Adair

Highlights

- United States immigration policy will have far-reaching consequences in the Food and Agribusiness industries if political discourse turns to concrete actions.
- Businesses need to remain agile and stay prepared in case of further labor shortages caused by policy changes.

The Labor Crisis in Agribusiness: How Immigration Crackdowns are Threatening the Food Supply

The food supply chain in the U.S. is highly complex, consisting of growers, processors, distributors, and retailers that work together to bring food from farms to tables across the country. America's farmers and ranchers work hard to ensure a reliable food supply, support job growth, and promote economic development in rural communities. This system, however, relies on access to affordable, hard-working labor that is not readily available. Enhanced immigration enforcement policies have the potential to remove a significant labor pool and drastically alter the dynamic of food production in the U.S.

The U.S. economy relies heavily on labor contributions from undocumented workers, particularly in food and agribusiness, with 42% of farmworkers comprising of undocumented workers (see Figure 1). Concerns of agribusinesses and farmers go beyond political rhetoric; they are facing a growing labor crisis that directly affects their ability to produce food, remain profitable, and sustain rural economies. Beyond a social issue, the increasing immigration enforcement actions on undocumented workers and mass deportation efforts pose potential economic threats that could send shockwaves through the food supply chain.

The Role of Undocumented Workers in Agribusiness

Some estimates believe there may be as many as 22 million unauthorized immigrants in the U.S. with a 75% workforce participation rate.[1] These estimated 16.5 million unauthorized workers represent about 9% of the U.S. workforce.

Agriculture, construction, and food service are among the most labor-intensive industries reliant on undocumented workers. Farmers consistently report labor shortages, with some crops left unharvested because there aren't enough hands in the fields. Agricultural jobs are physically demanding, frequently seasonal, and often viewed as undesirable for many people. It is unlikely that native-born workers would fully take on roles that are currently filled by undocumented workers. In a Pew Research survey, 75% of U.S. voters responded that undocumented immigrants fill jobs that U.S. citizens do not want. 116,400 openings for agricultural workers are projected in 2025, all of which are expected to result from the need to replace workers transferring to other occupations or leaving the labor force. Data shows that the majority of agricultural jobs are unlikely to be filled by American workers, who are typically employed in or seeking jobs outside of agriculture.

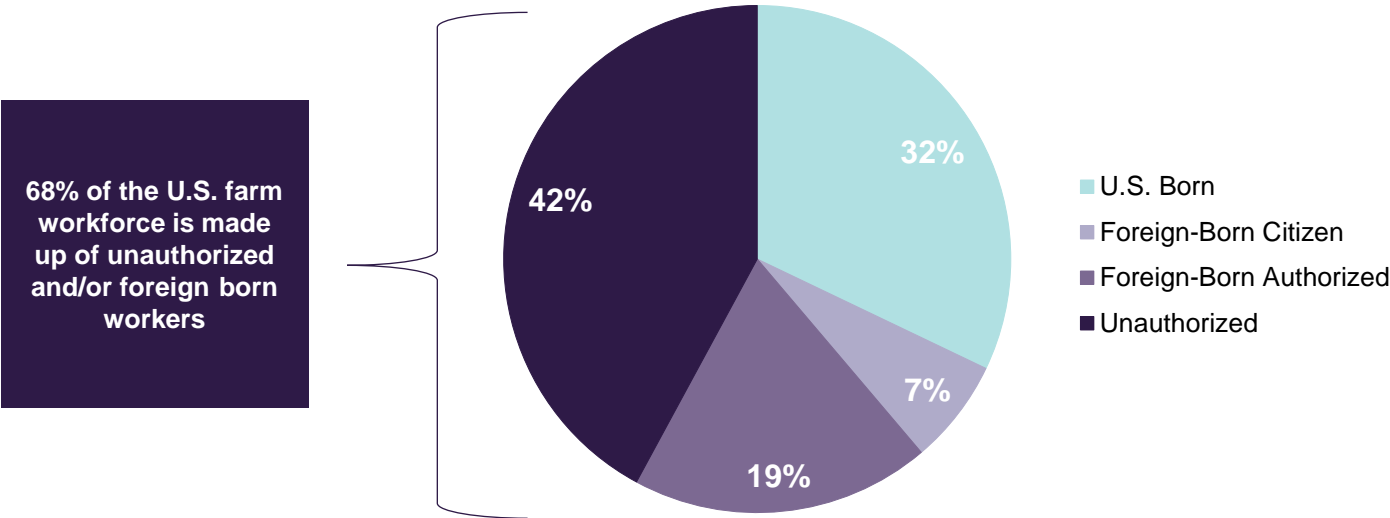## Legal Status of Hired Crop Farmworkers

68% of the U.S. farm workforce is made up of unauthorized and/or foreign born workers

- 32% U.S. Born
- 7% Foreign-Born Citizen
- 19% Foreign-Born Authorized
- 42% Unauthorized

Figure 1
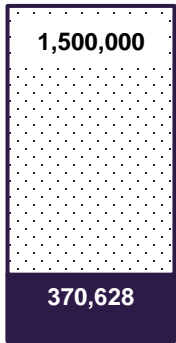
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The Limitations of Legal Work Programs

Some argue that legal work visa programs like H-2A (agricultural visas) and H-2B (non-agricultural seasonal visas) could fill the labor gap created by enhanced immigration enforcement. However, these programs have severe limitations:

- **Caps on the Number of Visas:** The number of visas issued annually does not come close to meeting labor demands. In 2022, the H-2A visa program issued roughly 370,000 visas, a record high, but still insufficient to meet the estimated demand of over 1.5 million seasonal agricultural jobs (see Figures 2 and 3).

- **Complicated Application Processes:** Farmers and businesses must navigate complex bureaucratic hurdles, making the process expensive and unpredictable. On average, it takes the Department of Labor 29 days to process a single application.

- **Seasonal Restrictions:** Many agricultural jobs require year-round labor, yet H-2A visas are temporary and do not offer long-term solutions. The maximum duration of an H-2A visa is 1 year, after which the worker must spend 60 days outside the U.S. prior to seeking readmission.

1,500,000
370,628

☐ Total Demand for Seasonal Workers
■ H-2A Visas Issued

Figure 2

370,628

224,965

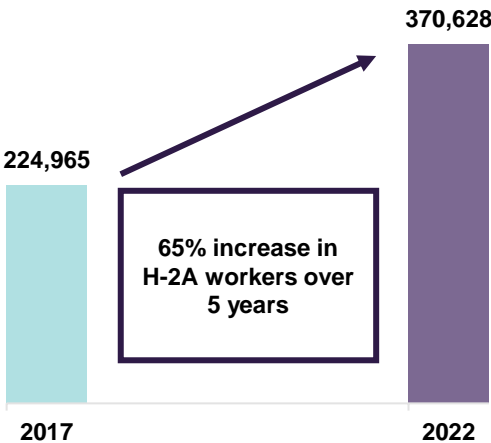**65% increase in H-2A workers over 5 years**

2017   2022

Figure 3

The Consequences of Mass Deportations

Mass deportation efforts could further destabilize the food and agribusiness sectors. Approximately 70% of undocumented households include at least one legal resident. This fact means that deportation is no longer a one-person action. When one undocumented immigrant is deported, it will frequently involve legal residents being pulled from the labor market. Additionally, legal immigrants in the U.S. coming from countries with corrupt immigration systems are conditioned to doubt the legitimacy of their legal status once they arrive. U.S. companies have had to implement "Know Your Rights" trainings for employees to reassure them amid uncertainty.

History provides examples of how immigration enforcement actions have affected industries overnight. An ICE raid on a poultry plant caused one company to lose 75% of its workforce in a single day. This immediately forced production cuts and higher consumer prices. Similar situations have happened across other industries, including meatpacking, farming and food processing. More actions targeting agricultural workers could have profound effects. For instance, the National Milk Producers Federation found that removing immigrant labor would reduce dairy sales by $11.6 billion per year and nearly double the price of milk.

Finding a Practical Solution

Agribusinesses must adapt with the changing political environment, or risk being left behind. Labor is a key issue in agriculture and food production, and businesses must take a holistic view of the problem to address it.

Agribusinesses can take proactive steps to improve labor management, compliance, and efficiency, including:

- Reducing administrative burdens and legal risks through HR software for I-9 and E-Verify. Automated HR workflows and AI powered tools can help speed up hiring processes and verify applicants to ensure compliance with legal requirements.

- Broadening recruitment pipelines to attract workers from under-hired labor pools, such as former offenders reentering the workforce or partnerships with local trade schools.

- Expanding worker support services, beyond legal assistance, to include housing, transportation, and healthcare. These benefits serve as key differentiators for workplaces looking to retain labor in physically-demanding industries.

The labor crisis in agribusiness is an economic reality. Without a stable workforce, food production will decline, costs will rise, and businesses will struggle to survive. It is indisputable that undocumented workers play an important role in sustaining the U.S. food supply as Americans rely on a complex system of production and distribution to get the food they eat every day. Agribusinesses will have to stay agile and adaptive over the coming months to stay on top of potential challenges caused by changing policies.