

COVID Pork Shortage: How Policy Makers Can Make the Pork Processing Industry More Resilient

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More needs to be done to make the pork processing industry more resilient to avoid future shortages.

Reform is needed in meat markets to allow smaller processors to compete and continue to operate in times of emergency and disruption.

Stronger action at the policy level can create more opportunities for small- and mid- sized processing plants to open and thrive in the heavily centralized market.

Investment and other policy approaches need to be done with the current infrastructure of meat packing plant facilities, such as providing grants to smaller processors and creating a safe and healthy environment for employees to work in even during a pandemic.

Executive Summary

We propose an expansion of the Agri Value-Added program from a total award amount of 1 million dollars to 2 million dollars and an increase the maximum individual grant amount from \$1,500 to \$2,000. This would be done with the purpose of empowering, encouraging, and supporting smaller and medium processors in bettering their operations. Processors would also be encouraged to form plans for processing in times of emergency or disruption. The proposed solutions work towards diffusing pork processing from large plants by increasing market capacity and competitiveness. This is part of the process to reverse the decades-old consolidation within the industry and make the market more resilient to prevent meat shortages, price issues, and wasted animals and animal products. By encouraging a more decentralized industry, lost production can be minimized should one/multiple plants close down, such as in the COVID-19 shortage.

History

The United States faced a severe meat shortage at the beginning of the pandemic where mass worker infection shut several key pork processors down. Without a place to process their livestock, hog farmers were forced to euthanize thousands of hogs to reduce costs and make room for incoming livestock.

Experts believe that this instability of the pork supply chain is a consequence of the consolidation of the industry that has been happening for decades, a consequence that was then catalyzed by the pandemic to create a food shortage.

As of 2015, 66% of pork processing is done by the four largest companies, and nearly 90% is done in large mega-complexes. Consolidation within the hog packing industry is due to many factors, such as changes in labor relations, regulations, technology and more. With the industry being so centralized, disruptions in centers of production, such as mass worker infections, have large down- and upstream consequences. This has caused many to call for decentralization of the industry due to the pandemic showing weaknesses in the food supply chain that could cause thousands to face food insecurity if disruptions were to happen again.

Policy Critique

Existing Policy Actions. The CDC released guidelines to combat COVID and have meat plants operate safely. The guidelines include basic hygiene, providing workers with sanitizers and acceptable masks, and physical distancing.

Due to the nature of these facilities, these guidelines have been difficult to integrate and enforce, leading to meat plants becoming a hotspot for the spread of COVID-19. This caused the eventual shutdown of several key pork processing plants, causing the meat shortage.

To counteract shut downs and shortages, the Minnesota Department of Agriculture provided over \$208k in grants to livestock processing plants to increase production. The state also provided mini grants to processors up to \$5000 which was used towards coolers and ventilation. MN utilized small- and mid-sized processors to help with demand, however these processors faced some key barriers that prevented them from adequately stabilizing the market. Most importantly, these small-mid sized processors are not able to handle a large enough market load to effectively offset lost production from large processors. The Agri-Value Added grant program attempts to offset this, but not enough total money is given to efficaciously develop this sector, and the current maximum grant size is not large enough to significantly increase production at individual plants.

Policy Recommendations

We recommend an expansion of the Agri Value-Added program from a total award amount of 1 million dollars to 2 million dollars and an increase in the maximum individual grant amount from \$1,500 to \$2,000. We also recommend encouraging hog processors to form plans for times of emergency or disruption with part of the grant money.

Better small and medium meat processing operations. Greater investments into small to medium sized pork processors would allow them to expand their operations and/or expand their workforce in times of need or emergency.

Less Waste. Aiding the betterment of small and medium processors would allow for excess animals and animal products to be processed at facilities that may be able to maintain safer working conditions.

Safer Working Conditions. Processors with less employees and larger spaces between workers may more effectively abide by restrictions, such as those seen with COVID-19, with less workers getting sick.

Better Plans. Planning for emergencies and disruptions should be heavily encouraged for small- and medium-sized hog processors. These plans would be encouraged through the Agri Value-Added grant, and would be guided to have details for safe operation during illness-related emergencies, plans of action in the event of shutdowns or disruptions, etc. This would increase preparedness and adaptability in the face of the unexpected.

Further Reading

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