

REPORT RECAP:

WHY LOCAL MEATPACKING MATTERS AND HOW TO SUPPORT IT IN NEBRASKA

MEATPACKING AND COVID-19

In the spring of 2020, packing plant closures revealed a gap in the meatpacking industry.

In the U.S., **98 percent of meat processed is handled in just 50 facilities.**¹ These facilities operate at capacity on a regular basis and if one or several of them shut down, there is not enough infrastructure for other facilities to pick up the excess product.

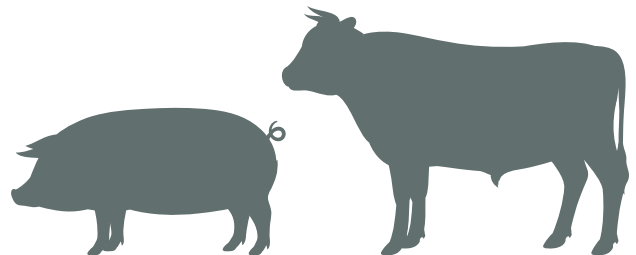
This leads to wasted animals and lost revenue for processors and farmers alike.



Just five companies process 85 percent of the country's meat products.²

Major plant closures during the COVID-19 pandemic caused record losses of animals and revenue for farmers. The beef industry **lost \$13.6 billion and more than 10 million hogs were euthanized** by the end of summer 2020.^{3,4} **Meat prices were up an average of 20 percent** from last year, and 30 percent less meat was available to consumers.⁵

These massive losses, shortages, and price hikes pointed to an industry that is too concentrated, and to the need to support independent butchers to diversify the sector. Doing so will provide more competition and more options for consumers, provide farmers with a much-needed additional route for processing their animals, and strengthen local economies.



BENEFITS OF LOCAL PROCESSING

Now, many small meat lockers are booked up to two years in advance. **If livestock farmers cannot get their animals processed in a timely manner, they may get out of the business.** A stronger local meat sector means a more resilient supply chain, more options for local farmers, and better access to local products. Small meat lockers are an important part of a small-town economy, providing good-paying jobs and markets for farmers. Small meat processors have a positive multiplier effect on the local economy.



On average, a local locker employs about 14 people, and every three jobs at a meat facility produces one new job elsewhere in the regional economy.⁶ These are significant impacts for small towns.



GRANT FUNDING

In addition to these strategies for making inspection requirements more efficient and less burdensome, many states have dedicated grant funding to allow small meat lockers to expand their businesses.



Many processors point to a lack of shackle or cooler space as a chief obstacle to business expansion.

In Montana, small- and medium-sized meat processors have access to funds to support and expand their operations through a Montana Meat Processing Infrastructure Grant. This program is using federal relief funds to help small businesses recover from the detrimental effects of COVID-19 and to invest in state meat processing. A total of \$150,000 is available for each processor to stabilize local food systems, become state or federally inspected, and respond to a national demand.

Missouri offers three funding levels for different types of small plants, at \$20,000, \$100,000, and \$200,000, for expenses including building expansion, equipment purchases, business diversification and, for inspected plants, compliance costs.⁷ Many other states, including Pennsylvania, Washington, Arkansas, Iowa, and Kansas, have created grant programs to help small processors expand their capacity. These play a crucial role in supporting small processors and strengthening the sector.

VIEW THE ENTIRE PUBLICATION:

“A Strong Meat Sector for the Beef State: Examining State Meat Inspection and Other State-Level Policies for Supporting Small Meat Processing,” a white paper published in 2021 by Henry Miller, Ph.D. Candidate at the University of Georgia with support from Nathan Beacom, Center for Rural Affairs, can be found at cfra.org/publications.

SOURCES

1 Boyanton, Megan U. “Pandemic Meat Shortage Spurs Calls to Shift Slaughterhouse Rules.” Bloomberg Government, Bloomberg, Oct. 19, 2020, about.bgov.com/news/pandemic-meat-shortage-spurs-calls-to-shift-slaughterhouse-rules. Accessed November 2020.

2 McCrimmon, Ryan. “Price Check on Big Beef.” Politico, May 26, 2020, politico.com/newsletters/morning-agriculture/2020/05/26/price-check-on-big-beef. Accessed November 2020.

3 Peel, Derrell S., et al. “Economic Damages to the U.S. Beef Cattle Industry Due to COVID-19.” Oklahoma State University Extension, April 2020, extension.okstate.edu/fact-sheets/economic-damages-to-the-u-s-beef-cattle-industry-due-to-covid-19.html. Accessed November 2020.

4 Sawyer, Will. “Closed Meat Plants Today Mean Empty Meat Cases This Summer.” CoBank, May 2020, cobank.com/knowledge-exchange/animal-protein/closed-meat-plants-today-mean-empty-meat-cases-this-summer. Accessed November 2020.

5 Ibid.

6 Swenson, Dave. “Exploring Small-Scale Meat Processing Expansions in Iowa.” Leopold Center Publications and Papers, Iowa State University, April 2011, lib.dr.iastate.edu/leopold_pubspapers/78/. Accessed December 2020.

7 “Missouri Meat and Poultry Processing Grant Program.” Missouri Department of Agriculture, agriculture.mo.gov/abd/financial/meat-poultrygrant.php. Accessed December 2020.

