

How the COVID-19 pandemic has exposed some of **the meat industry's vulnerabilities.**

by Peter Thomas Ricci, managing editor

The numbers are stark: As of late April, at least 80 meat processing plants had reported workers who tested positive for the COVID-19 virus; 20 plants had ceased operations, sidelining more than 24,000 workers; millions of chickens had been culled; and closures by Smithfield Foods, Tyson Foods, JBS and others had eliminated roughly 25% of pork and 10% of beef processing capacity, spurring more plant closures and creating crushing bottlenecks on hog and cattle farms. Hog farmers, the National Pork Producers Council (NPPC) said, stood to lose \$5 billion in 2020.

For the cattle industry, the outlook was even worse, with the National Cattlemen's Beef Association

estimating that losses could reach \$13.6 billion. Those groups say the Trump administration's \$19 billion farm bailout will help, but it won't be enough to stop the bleeding.

By the time this issue of *Meating-place* lands on your desk, the situation may well have changed for the better. Ninety-five percent of Americans were under stay-at-home orders, which was contributing to a decline in new COVID-19 cases. Meat processors were implementing preventive measures, such as taking employee temperatures, installing protective partitions between workers, and deep cleaning plants. Additionally, companies were boosting pay and offering bonuses.

But even amidst those varied efforts, the scope of COVID-19 is overwhelming: In the first two weeks of April, there were 1.14 million new diagnoses of the virus, with 37% of them in the United States; as of late April, there were 1.8 million cases worldwide, with 41.7% of those in the U.S.; and since the start of the outbreak, there have been nearly 200,000 deaths, including more than 52,000 in the U.S. According to Virginia Pitzer of the Yale School of Medicine, periodic social distancing measures may have to continue until a COVID-19 vaccine is developed and mass produced, which will happen — at the earliest — in spring 2021.



To view a map of all meat plants affected by COVID-19, click here: meatm.ag/mcovid19

SKIED

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A bus stop sits empty outside of Smithfield's Sioux City, S.D., pork plant after a COVID-19 outbreak forced its closure in April.

“OUR HEALTHCARE SYSTEM IS **NOT PREPARED** FOR COVID-19 BECAUSE OF THE GOVERNANCE STRUCTURE ON PREVENTION.”

Despite the enormity of COVID-19, and its considerable uncertainty, the virus has revealed some certainties. Among them are these: One, the virus has destabilized the nation's meat industry to an unprecedented degree; and two, such a disruption provides the industry with the opportunity to examine its vulnerabilities and work to fix them. This begins with the critical juncture of meat processing and healthcare, and considers the pitfalls of the industry's own structure.

'YOU CAN'T BELIEVE HOW EASY THIS IS'

According to the World Health Organization, COVID-19 is an infectious disease that is primarily transmitted when an infected person coughs, sneezes or speaks. Those actions generate droplets, which are too heavy for the air and fall onto floors or surfaces within one meter of the infected person. Should someone then

touch those surfaces — and then touch their eyes, nose, or mouth before washing their hands — they can then be infected themselves. Furthermore, one can contract the virus if they inhale droplets from a person who coughs or exhales.

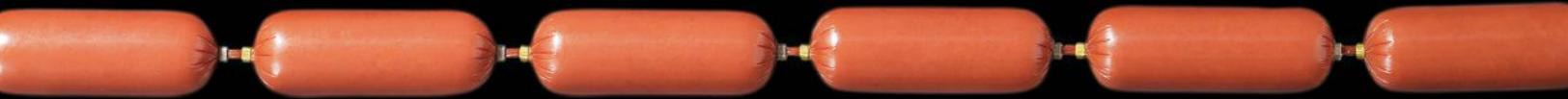
Essentially, COVID-19's transmission is dependent on close proximity and physical contact. Packing industry veterans, like Mike Callicrate, the owner of Callicrate Cattle Co. in St. Francis, Kan., say that makes modern meat plants ideal spaces for the virus' spread.

“How do we social distance in a plant designed to have 4,000 workers shoulder-to-shoulder, producing 400 animals per hour? It doesn't work,” Callicrate says. “COVID is here saying, ‘I've got people who love to get together in close proximity. I've got big slaughterhouses. I've got big processing plants.’ COVID is saying, ‘You can't believe how easy this is.’”

Meat and poultry processors, however,

are not powerless in the face of COVID-19. Explains Dr. Thomas E. Elam, the president of industry consultancy FarmEcon LLC, processors have numerous options for combatting the virus' spread. Some, like checking temperatures and using masks, already are used in many plants. Elam says, however, that those measures are inadequate by themselves. To fully protect workers and maintain plant productivity, weekly testing for both the virus and antibodies is necessary, but that is where processors run headfirst into a wall: the U.S. healthcare system.

“We don't really have the capacity to do that right now,” Elam says. “You have to be exhibiting symptoms today before a public health agency will test you ... routine testing of people who are otherwise well is not happening, because we don't have the capacity to process that many samples. There are hundreds of thousands of workers in all these meat



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production plants. Trying to do that on a weekly basis would swamp the system.”

That shortcoming comes as no surprise to William Hsiao, the K.T. Li Research Professor of Economics at Harvard's T.H. Chan School of Public Health, who has played key roles in designing healthcare systems from Taiwan to South Africa. The U.S. system, he says, is especially ill-prepared for the COVID-19 pandemic.

“The United States has a fragmented healthcare system with many parts that don't work together — that particularly shows in prevention as well as continuity of healthcare,” Hsiao says. “Our healthcare system is not prepared for COVID-19 because of the governance structure on prevention. We have a decentralized system in which each state, city and even down to the



Employees at Tyson's Camilla, Ga., plant work between plastic partitions to prevent the spread of COVID-19.

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town may have some function on prevention. [The Centers for Disease Control and Prevention] is a central government function, but they don't have offices [in] every city and town. They have to get the cooperation of the local governments."

So the kind of weekly testing for which Elam advocates is, by Hsiao's diagnosis, not possible in the U.S.' patchwork of healthcare systems. Hsiao believes the situation would be different if the U.S. had a functioning universal healthcare system.

'WE'VE NEVER HAD A SITUATION LIKE THIS'

The plant closures and labor shortages that have resulted from COVID-19 have, for economist Derrell Peel, created historic challenges for the U.S. meat industry.

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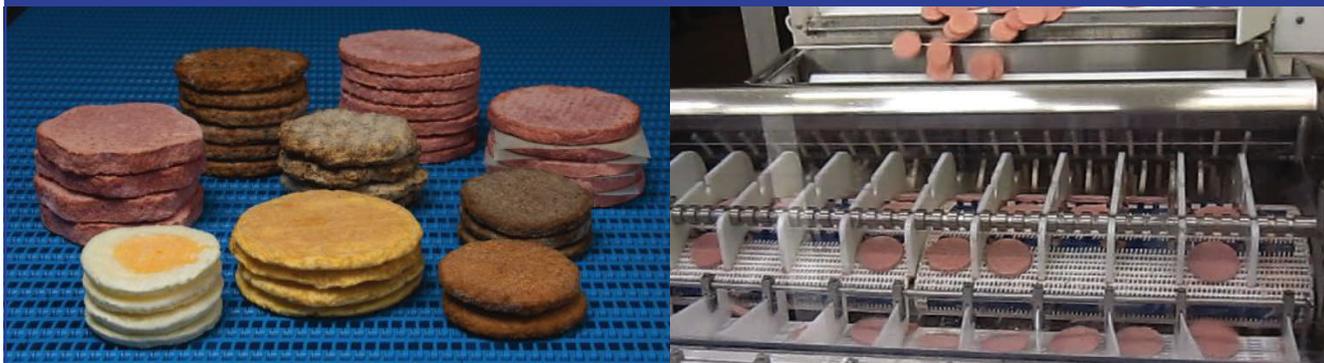
where the vulnerable link is the labor side, which could affect multiple plants simultaneously," says Peel, who teaches agricultural economics at Oklahoma State University. "Most of these kinds of things that have happened have been things like plant fires, and that's pretty targeted."

Furthermore, Peel says the pandemic is placing a spotlight on the sprawling geography of farms and processing plants.

"We're spread all over the country," Peel says of the cattle sector. "So, in some of those areas ... there may or may not be a feasible way to shift that production somewhere else. So, it can be devastating, in that there is simply no place [for a producer] to go."

Past disruptions, Peel says, have been handled internally. For instance, in August 2019, when Tyson Foods' Holcomb,

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A drive-up
COVID-19
testing station
in Worthington,
Minn., near JBS
and Smithfield
plants.

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Kan., beef plant sustained severe damage, Tyson was able to shift that production to its other plants, among the density of beef packing plants in Kansas. That luxury, though, may not be available to plants in less clustered areas, and if beef and pork farmers are unable to shift their animals to other plants, that can cause considerable problems for their bottom lines. Market analyst John Nalivka, the president/owner of Sterling Marketing Inc., says those issues are particularly apparent in feedlots.

“The closer you are to when that steer is ready to be marketed, the higher the cost is to be feeding him,” Nalivka says, noting in mid-April that feeders were caught having to shell out more money while holding cattle at a time when the market

had declined to well under breakeven prices. “You can keep feeding them, obviously. You can change the ration and you can feed them for a long time. The trouble is, economically, can you afford to do that?”

That would be a resounding “no” for hog farmers. According to NPPC, the multiple pork plants closures in the Midwest created such a backup in pork supply chains that farmers were considering euthanizing their pigs to control costs. In the short term, poultry processors have even less wiggle room. As market expert Elam notes, broilers are genetically bred to have short lifespans, providing a tight window between maturation and slaughter. If plants are unable to process birds, then they will be forced to cull and compost the birds. Such was the case in April for Allen

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Harim Foods at its Millsboro, Del. plant, where the workforce was down 50%. The company's culling was estimated to involve as many as 2 million birds.

And shifting birds to other plants, Elam says, is neither a long-term solution, nor is it an option for all processors.

"You can do that sporadically, but you can't depend on it," he says. "It depends on how many plants are affected, how fast, and whether or not they have neighbors that are willing to pick up slack. If it happens in California, where you've got basically one producer [in Foster Farms], you've got a bigger problem than in Georgia, Alabama or Mississippi."

'THE SOCIAL COSTS OF CONSOLIDATION'

For Azzeddine Azzam, the Roy Frederick

professor of agricultural economics at the University of Nebraska-Lincoln, the COVID-19 crisis provides a necessary lens for examining how the U.S. food system operates.

An expert on local food economies and industrial organization, Azzam has studied the mass consolidation that occurred in the meat industry in the '70s, '80s and '90s. He says that although his earlier concerns on consolidation focused on food safety, he is now considering worker safety, and how safe workers can truly be in large, modern processing plants.

Consolidation and massive plants, Azzam says, did lead to greater production efficiencies and, by extension, lower costs for con-

sumers; however, they have now created uniquely dangerous spaces for workers. Azzam believes the situation demands a reevaluation of how "cost" is understood in the meat industry.

"We're going to have to think about the social costs of consolidation, particularly when it comes to issues of food safety and worker safety," he says.



To read more of Meatingplace's COVID-19 coverage, click here: meatm.ag/covid19news

Because ultimately, Azzam adds, the pandemic has brought about market conditions he has never seen before in the U.S.: "I have never seen empty shelves until this time, this period," he explains. "And I really have never thought about the essentiality of food. You take it for granted. Now, we are getting into a situation where it's unsettling."

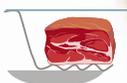
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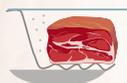


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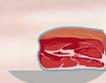
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