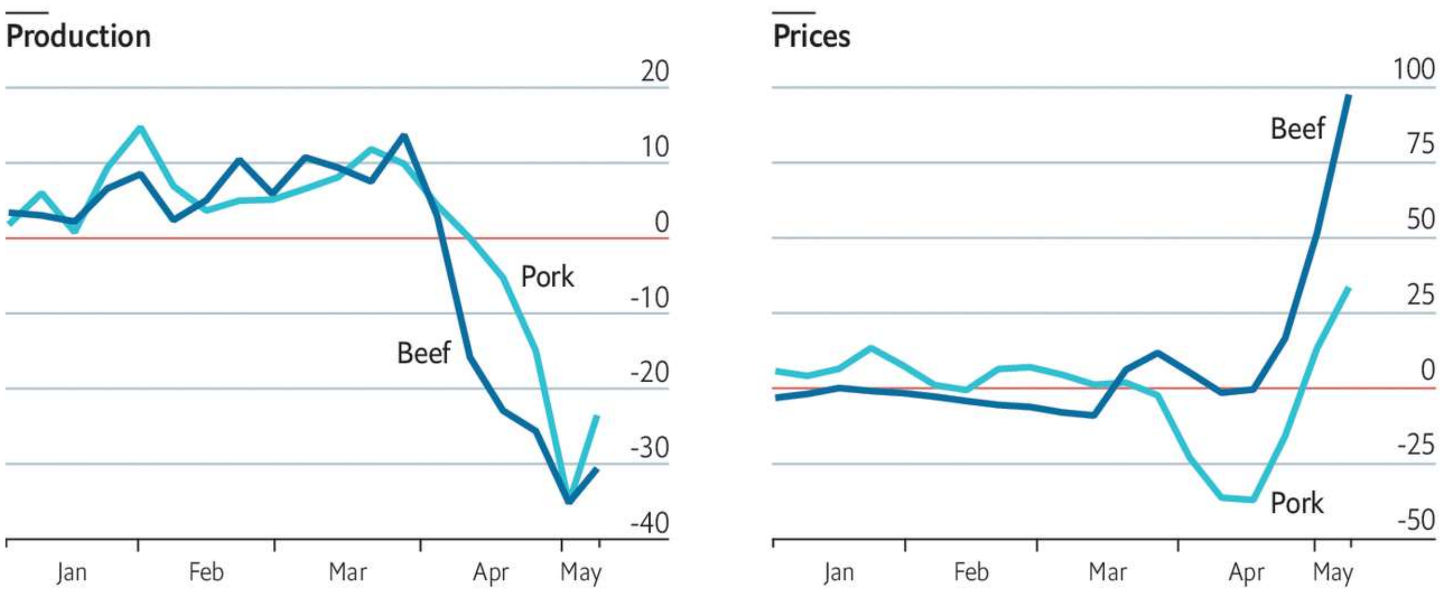
Graphic detail

Prime cuts

United States, meat industry, 2020, % change on a year earlier



Sources: USDA; CoBank

The Economist

Daily chart

The spread of covid has caused a surge in American meat prices

With a high incidence of affected workers, several meat-processing plants had to close

May 13th 2020

LAST WEEK American meat-processors slaughtered 452,000 head of cattle and 1,768,000 pigs. That may sound impressive. But the figures are 32% and 24% lower, respectively, than a year ago. Many of America's meat-packing plants have slowed respectively, than a year ago. Many of America's meat-packing plants have slowed down or closed in response to the spread of coronavirus among workers. More than 20 shut their doors in April alone. Although several have reopened,

absenteeism remains a problem. Staff may be sick or simply afraid to come to work. The disruption to supply has sent prices soaring.

Workers in the industry, who often stand shoulder-to-shoulder on production lines, are at high risk of infection. In America the coronavirus outbreak started in cities, away from the rural areas where most plants are located. But by the end of April at least 115 meat and poultry plants in 19 states had reported infections, resulting in 4,913 covid-19 cases and 20 deaths, according to a report by the Centres for Disease Control and Prevention (CDC). Some plants were hit particularly hard. The Smithfield Foods pork-processing plant in Sioux Falls, South Dakota reported 783 cases.

Concentration in the meat industry is not helping matters. The market is dominated by a small number of firms operating large facilities. This can create bottlenecks between farmers and ranchers on one side, and supermarket shoppers on the other. The closure of a big pork-processing plant, for example, can wipe out as much as 5% of national pork production. On April 26th John Tyson, chairman of Tyson Foods, a meat-processing giant, took out a full-page ad in several newspapers to warn of shortages amid the coronavirus pandemic. "The food supply chain is breaking," he wrote.

Last month, with prices soaring, President Donald Trump signed an executive order under the Defence Production Act of 1950 to order plants to stay open. He delegated authority to Sonny Perdue, the agriculture secretary, to ensure that meat-and poultry-producers operate according to CDC guidance. (According to the order, some plant closures did not comply with this guidance.) The situation is beginning to improve as plants reopen, but things are "definitely not back to normal", says Jackson Takach, the chief economist of the Federal Agricultural Mortgage Corporation (Farmer Mac), which buys farm mortgages. New safety protocols—

workers spread along the production line, even partitions between workstations—will reduce efficiency.

Plant shutdowns have affected both ends of the food-supply chain. Some shops have started imposing restrictions on meat purchases. Costco, a bulk-discount retailer, has limited customers to three items of fresh meat. And America's farmers, with nowhere to send their animals, have had to cull pigs and chickens for which they no longer have space in their barns. Kim Reynolds, Iowa's governor, told the Trump administration: "There are 700,000 pigs across the nation that cannot be processed each week and must be humanely euthanised." For farmers, then, the waste imposes a double burden: part financial, part emotional.

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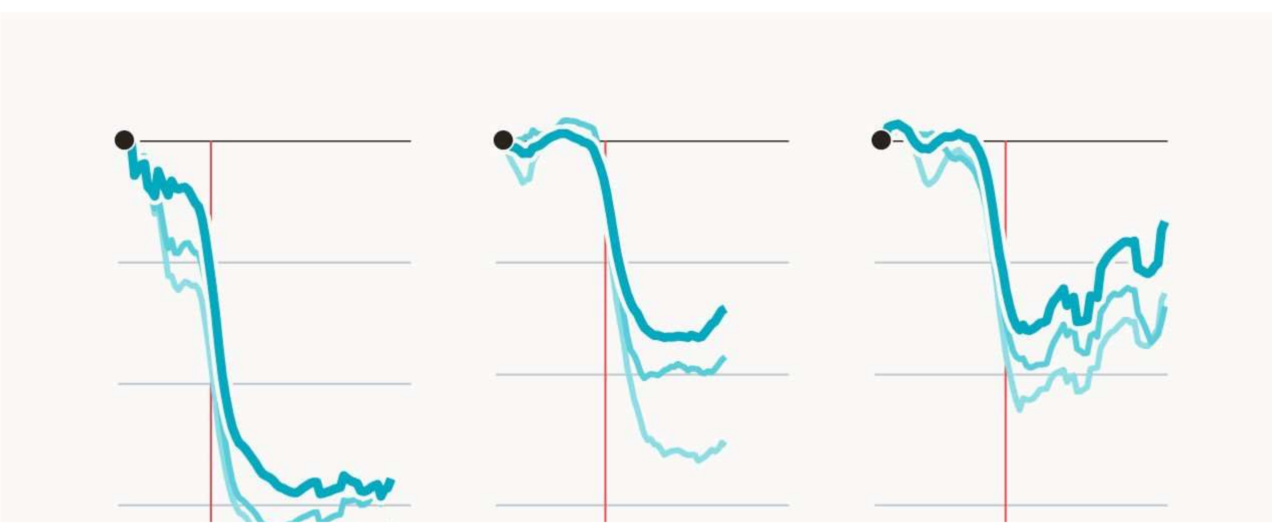

The covid network

Phone data identify travel hubs at risk of a second wave of infections

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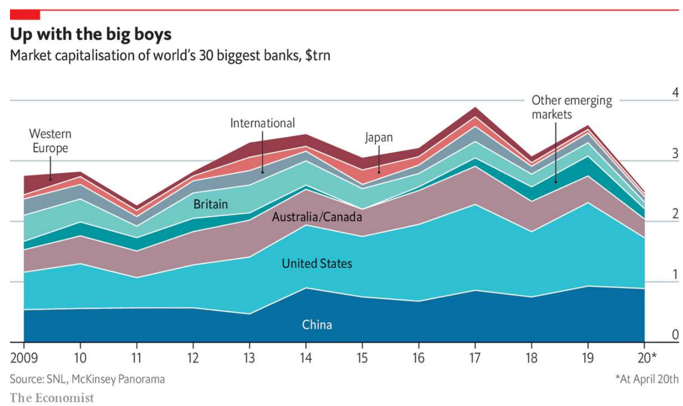

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Daily chart

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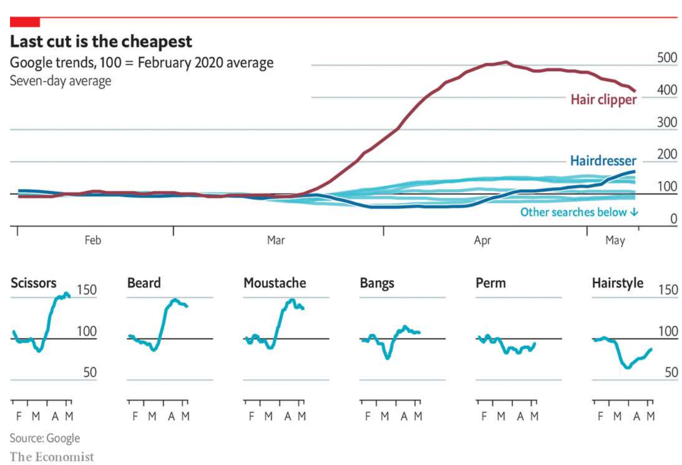

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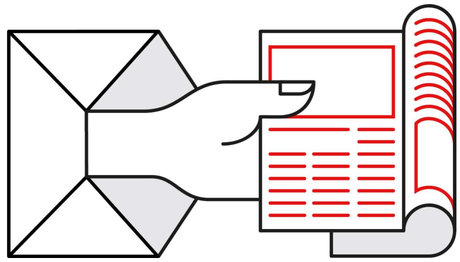

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