

The Effects of COVID 19 Pandemic on Oregon Food Supply Chain

Who are we?

The Oregon Cattlemen's Association (OCA) is the voice of the cattle industry in Oregon.

We represent ranchers throughout Oregon and aim to help grow Oregon's beef industry and promote environmentally and socially sound economic practices.





Friday, May 29, 2020

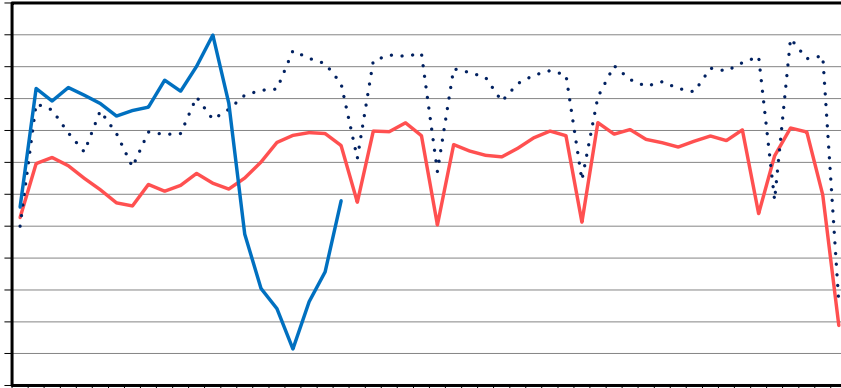
Walmart - Hermiston, OR

- Only 2 packages of steak
- Shelf full of plant-based product

* photo by Jon Levy-OCA Marketing Chair

Meat Prices for Weekly Choice Cutout

- Mid-April: \$225 (\$2.25/lb.)
- First week of May: \$460 (\$4.60/lb.)
- Prices more than doubled for consumers in 3 weeks

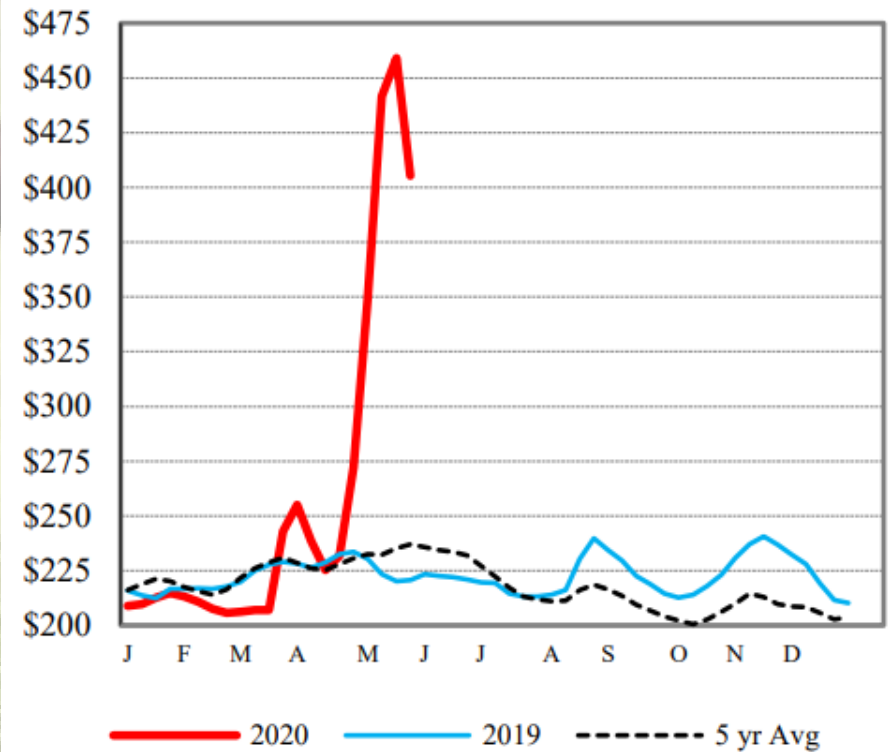


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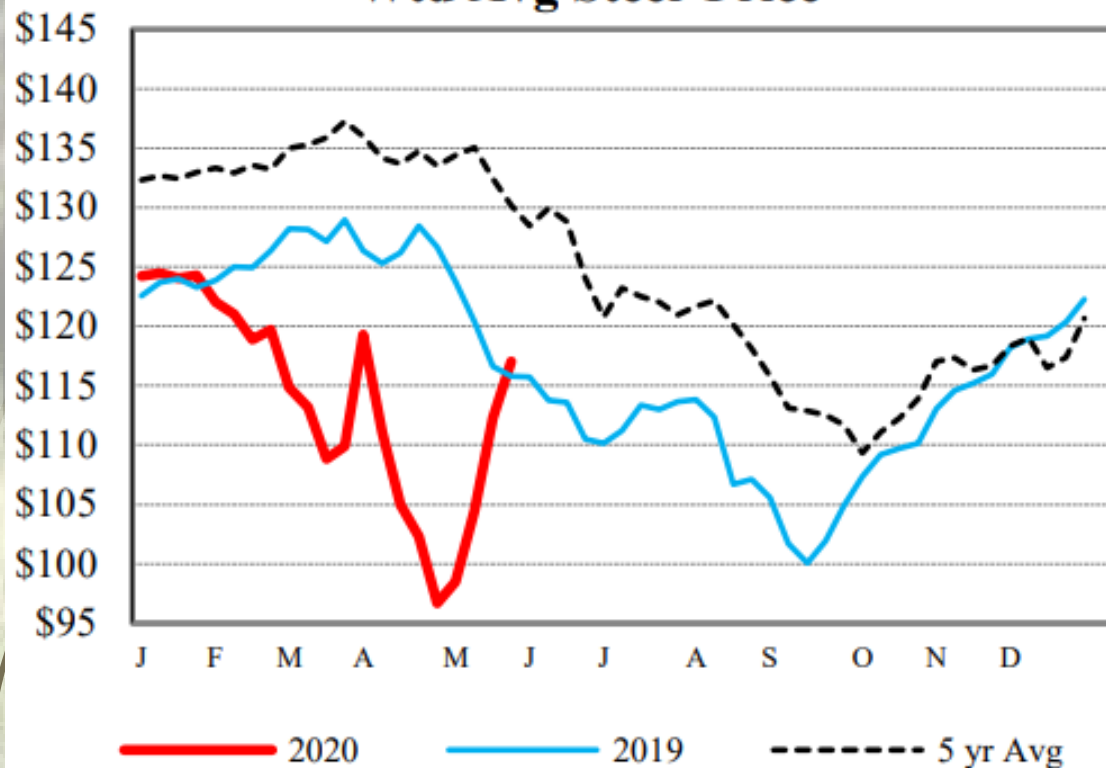
First Week of April 2020: 685,000

Third Week of April 2020: 435,000

Weekly Choice Cutout



5 Area Weekly Wtd Avg Steer Price



Cattle Pricing Paid to Ranchers

- Beginning February 2020: \$125 (\$1.25/lb)
- End of April 2020: \$95 (\$.95/lb)
 - Drop of \$30



March 17, 2020

The Honorable Sonny Perdue
Secretary of Agriculture
U.S. Department of Agriculture
1400 Independence Avenue SW.
Washington, DC 20250

Dear Secretary Purdue,

The **Oregon and Washington Cattlemen Associations** represent ranchers, business owners and all citizens working in the beef production industry within each respective state. As you are aware, there are commodity crashes occurring across the board as the market reacts to the coronavirus (COVID-19) and the emergency measures impacting everyday life. The cattle market is no exception.

On behalf of beef producers, we urge you and your staff to take immediate action to **stabilize the markets** through your authorities. In addition, action beyond market stabilization may be needed to ensure that cattle producers and feeders that are experiencing excessive price losses are **provided immediate relief**. This is a unique market disruption and we trust that you and your staff will present a customized, timely and effective program for the U.S. cattle industry.

Throughout the past few years, cattle producers have faced many challenges including trade disruption and market volatility. The cattle market was on track to recover following the fire at the Tyson Foods meatpacking plant in Holcomb, Kansas in late summer of 2019. However, since January of this year, the live cattle futures have lost nearly a quarter of their value. Cattle producers and agriculture lenders are feeling the pressure and OCA and WCA fear additional fallout as the U.S. takes the proper risk management protocols to control the current pandemic.

On behalf of all who rely on the cattle market, we urge you to ensure certainty of **federal inspection in meat packing facilities, implement protocols if facility employees test positive for COVID-19 and ensure on an emergency basis that plants will continue operating in the days ahead.**

We are dedicated to working with you, the Trump Administration and Congress to ensure the long-term success and viability of the U.S. cattle industry. Immediate action is needed now to address the dramatic market decline facing this industry.

Sincerely,

Jerome Rosa

Executive Director
Oregon Cattlemen's Association

Danny DeFranco

Executive Vice President
Washington Cattlemen's Association

OCA and WCA Joint Letter

-Stabilize Markets

-Immediate monetary relief
(change NCBA direction)

-NCBA determined COVID 19 a
natural disaster, similar to fires and
floods

-Meat processing continuity



**Oregon
Cattlemen's
Association**

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March 27, 2020

The Honorable Sonny Perdue
Secretary of Agriculture
U.S. Department of Agriculture
1400 Independence Avenue, SW
Washington, DC 20250

Dear Secretary Perdue,

We write to request swift assistance for cattle producers with the resources provided in the recently enacted **Coronavirus Aid, Relief, and Economic Stabilization (CARES) Act** to facilitate the stabilization of farm and ranch income to producers who are facing market volatility in the wake of the COVID-19 pandemic and economic fallout.

Recognizing the market volatility and financial hardships producers are facing because of COVID-19, the CARES Act provides \$14 billion toward replenishment of the Commodity Credit Corporation and an additional \$9.5 billion for the U.S. Department of Agriculture (USDA) to assist farmers and ranchers in response to COVID-19. While we do not know what the full market impact will be for the various commodities produced in our states, we recognize that there is an immediate need for assistance for our cattle producers.

We request that USDA consider data and estimates available from the Office of the Chief Economist and implement a program that would directly respond to the negative effect on producers caused by COVID-19. This program should deliver targeted, temporary equitable relief to cattle producers in a manner that limits market distortions and negative effects on price discovery.

The COVID-19 outbreak has demonstrated the need for domestic food security. All farmers and ranchers are vital to our country's ability to keep food on the table in a future pandemic or related crisis, and many producers, including young producers, are often highly leveraged and cannot fall back on years of equity in a time of crisis. As such, we urge you to quickly deliver relief to producers as we work to lessen the economic impact of this pandemic.

Sincerely,

Letter to Sec. Perdue

-Support for CARES

-\$14 billion to
replenish the CCC

-\$9.5 billion USDA



DEPARTMENT OF JUSTICE
Antitrust Division

MAKAN DELRAHIM
Assistant Attorney General

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950 Pennsylvania Avenue, NW
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(202) 514-2401 / (202) 616-2645 (Fax)

05/19/20

Oregon Cattlemen's Association
1320 Capitol St. NE, Suite 150
Salem, OR 97301

Oregon Cattlemen's Association:

This responds to your letter to the Attorney General, dated April 17, 2020, expressing the need for the Department of Justice (Department) to work with the United States Department of Agriculture (USDA) Packers and Stockyards Division regarding an investigation of beef pricing margins. The Department appreciates having the benefit of your perspective. We are sending an identical response to the others who joined in your letter.

As a matter of long-standing policy, the Department does not confirm or deny the existence of investigations relating to law enforcement matters. As a result, the Department cannot specifically comment on the matters raised in your letter. We can assure you, however, that we take very seriously any potential violations of the antitrust laws by the beef meatpacking industry. The Department criminally prosecutes conspiracies to fix prices. Rooting out collusion affecting household staples, especially food products, is a top priority for the Antitrust Division. Indeed, in December 2019, the Department obtained the conviction at trial of the former Chief Executive Officer and President of Bumble Bee Foods for participating in a conspiracy to fix prices of canned tuna. Additionally, three other executives and two companies pleaded guilty in the investigation, including StarKist Co., which was sentenced to pay a \$100 million criminal fine, the statutory maximum, for its role in a conspiracy. Further, to the extent that price fixing, bid rigging, and market allocation relate to the ongoing COVID-19 pandemic, the Department is committed to safeguarding the free market and protecting American consumers during this crucial time.

We hope this information is helpful. Please do not hesitate to contact this office if we may provide additional assistance regarding this or any other matter.

Sincerely,

Makan Delrahim

Makan Delrahim
Assistant Attorney General

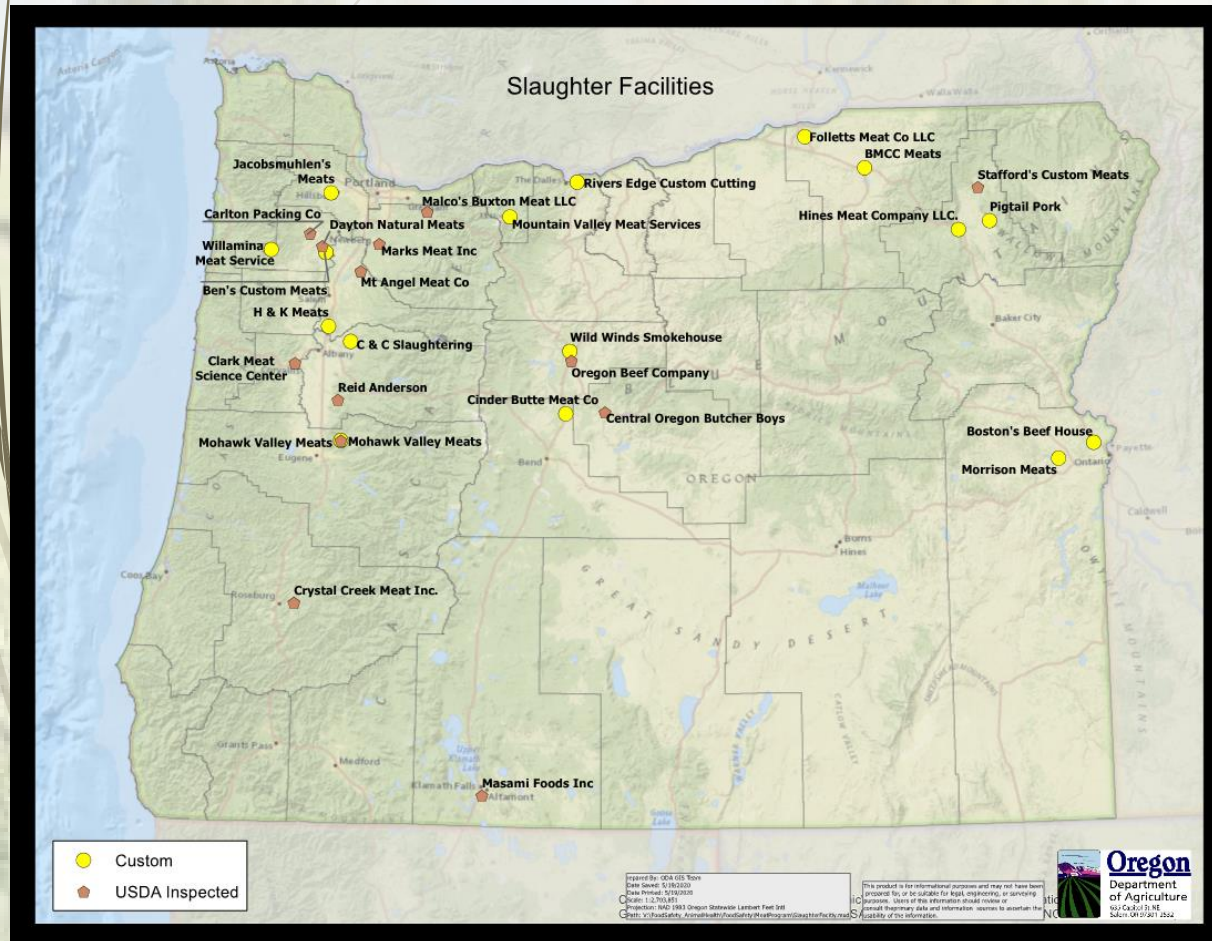
Recent response from
DOJ, Washington DC

-OCA initiated DOJ
involvement in
processing after the
Holcomb, Kansas fire

-Became a national
effort after COVID 19
price crash

Oregon has no large meat processing facilities

- Cattle go to WA, ID, CA to be processed
- Oregon consumers want access to local beef



Reviving ODA State Meat Inspection Program

- ODA has created a plan describing the steps that the state would need to take to gain authority to start up and maintain a state meat inspection program.
- If Oregon set up a program and got USDA approval, any meat establishment who wanted to be inspected under this program could sell meat inside of Oregon at retail and wholesale.
- There is also a cooperative agreement option for states with approved meat programs to allow meat to be sold interstate.
- If Oregon set up a meat program, establishments that currently USDA inspected could stay that way.
- Why set up a state program when establishments could already become USDA inspected? Because creating a state program and building the in-house expertise could help ODA provide greater technical assistance to meat facilities that want to sell retail or wholesale. It could help our state provide valuable additional options for livestock producers to direct market their products and support rural economies.
- We have reached out to the NW meat processing association to gauge what the interest is, and they are reaching out to custom establishments in Oregon for us to gauge interest.
- Our estimate for a program is \$720K startup costs and \$1.6M biennial operating costs. There is an extensive amount of USDA training involved to get a program started.

Current Oregon Statistics

- 13 USDA inspected facilities
- 16 custom stationary processing facilities



Recent story covered by the Capital Press...

Business booming at small meat plants, but some producers are in trouble

"I've never seen anything like this. In two days, we booked all of 2020. said Denise Pohrman, the plant manager of Mohawk Meats in Springfield, OR.



QUESTIONS?