



We Feed You

**TESTIMONY OF FOOD NORTHWEST
on the
COVID-19 and the Oregon Food Supply Chain**

**Senate Environment and Natural Resources Committee
June 4, 2020**

Chair Dembrow and members of the committee, thank you for the invitation to speak to the committee today on the impacts of COVID-19 on Oregon's food supply chain.

I am Craig Smith, Director Government Affairs for Food Northwest, an association of companies and people who prepare and market the amazing diversity of food products you consume each day. We are the people who feed you.

As you know, Oregon's food processing industry is extremely diverse. Our companies range from very small niche companies to large international traded sector companies. We make school lunches, egg products, freeze dried specialty products, french fries, yogurt, ice cream, hazelnuts, frozen fruits and vegetables, flavor bases and flavorings, apple juice and hundreds of other products for the retail and foodservice markets.

Every one of these companies has been dramatically impacted by COVID-19. Early data suggests that food production has been the hardest hit manufacturing sector. Yet, there are two distinct food production sectors here and the impact is very different in each:

1. Companies who supply the food service sector, whether restaurants, fast food, cafeterias or schools, have experienced a significant or total collapse of their markets. This collapse occurred overnight and has been devastating. Many of our members lost as much as 90% of their sales within the span of one week. Those markets have not yet recovered. Recovery in the food service sector is dependent on how soon the economy can reopen and is also very dependent on consumer behavior in the new, emerging marketplace. We have no idea how long it will take to get the foodservice market reopened. One thing we do know is that it will look different when it does. There will be fewer restaurants and fewer food service customers. Many companies who previously served food service are trying to pivot to the retail sector but that requires new packaging equipment and major production changes. Not all will be successful.

2. Companies who primarily supply the retail sector, grocery stores and big box stores, have had a very different but no less challenging experience. Demand for shelf stable products like canned vegetables, soup, and pancake mix is off the charts. Consumers have shifted their consumption patterns overnight and the industry is struggling to meet the demand and keep the expectation of supply met. This has required additional shifts, major amounts of overtime, hazard pay and extreme changes in plant operations to make sure our employees are safe and healthy. In some cases the increased demand has strained the company's ability to adequately supply their long term customers and made it nearly impossible to ramp up and meet demand from potential new customers.

Today, I would say that the food manufacturers in Oregon have done a remarkable job of adapting to COVID impacts. But there are evolving systemic changes in the economy and the long-term impact to our industry is still a huge uncertainty.

That brings me to what we really need from the legislature right now. I see three key issues of immediate and critical concern:

1. Guidance and Consistency. While the state's response to COVID has been very successful, the reopening process has less so. Our industry, and all of business, need stable and consistent guidance from our state agencies. Emergency rules that are enacted without adequate thought or input, state rules that differ from federal rules, and rulemaking that is not essential all hurt our efforts to reopen by creating a general sense of instability and uncertainty. Companies need to know what is required of them, they need to know it in advance and they need to be involved in helping to craft these rules so they are equitable and workable. Moreover, they need the tools to comply with rules and remain in production – an example would be testing supplies and personal protective equipment.
2. No Patchwork Quilts. Related to the need for certainty is the need for consistency. We need guidance that spans county boundaries. Our industry needs clear guidance from the state level as to how to deal with COVID outbreaks in our plants, what measures are required, how we are to access PPE and how to work with local health authorities. We need to have one standard that applies statewide that will keep our plants safe and running. A county by county process that leaves decisions up to the discretion of a local health authority that knows little about our operations does not work.
3. Liability Protection. Food manufacturers are critical and essential. The well being of our society depends on our plants continued operation. We must be held to a high standard of safety. But, we also must be protected from those who would seek to profit at our expense. Our industry needs comprehensive liability protection. This includes avoiding the presumption of exposure in the workplace for employees who test positive. I realize this topic is being addressed by the Judiciary Committee, but your support for liability protection will be incredibly important.

Finally, I want to say something about the interconnected nature of the food business. Oregon's food companies and our agricultural partners are all closely interrelated. The success of individual food companies is dependent on the success of the whole. It is natural to focus on smaller companies and look to see what can be done to help them. However, in the food business, many of our small companies are very dependent on the success of the large companies. Availability of storage facilities, ingredients, trucks, rail cars, research, and process development... all of these are critical to our long-term survival and are highly dependent on large company investment. We are very interconnected and the whole industry needs help in this recovery.

Thank you for the opportunity to speak to you today and we look forward to working together to see our great state remain a bright spot in the national discussion.