GROWING THE 16%

Addressing the problem of beef market concentration and its impact on independent livestock producers, local meatpacking infrastructure and rural communities.

WORC
Western Organization of Resource Councils
Grassroots Leadership & Action

Western Organization of Resource Councils
www.worc.org

ABOUT WORC

This report is a publication of the Western Organization of Resource Councils (WORC). WORC is a regional network of grassroots community organizations that include 10,000 members and 35 local chapters. WORC's network includes: Dakota Resource Council (North Dakota); Dakota Rural Action (South Dakota); Idaho Organization of Resource Councils; Northern Plains Resource Council (Montana); Oregon Rural Action; Powder River Basin Resource Council (Wyoming); and Western Colorado Congress. WORC's mission is to advance the vision of a democratic, sustainable, and just society through community action. WORC is committed to building sustainable environmental and economic communities that balance economic growth with the health of people and stewardship of their land, air, and water.

All views and opinions expressed in this report are those of WORC and do not necessarily reflect the views of WORC's funders. Any errors are the responsibility of WORC.

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THERE'S MORE THAN ONE WAY TO SHOE A HORSE

SUMMARY

For over two decades, cattle producers across the seven-state WORC region have organized to challenge the unfair, anticompetitive practices of the heavily concentrated meatpacking industry. When there's no competition in the market, prices paid to producers plummet and livestock producers can't make a decent living. It wasn't always like that; beginning in the 80s, the livestock industry became so concentrated that now just four packers monopolize[1] 84% of the market for fed cattle.

Beginning in the 1990's, WORC members faced the challenge of a monopolized market head on. Members organized town meetings and rallies, collected thousands of petition signatures and met with elected and agency officials. We demanded enforcement of the Packers and Stockyards Act. We opposed major agribusiness mergers and acquisitions. We supported legislation to ban packer ownership of cattle. We drafted and proposed federal rules to regulate packing.

In the 2008 Farm Bill, WORC and its allies won a provision in the Farm Bill requiring USDA to write rules that would address the worst anti-competitive practices in the livestock industry. The Obama Administration U.S. Department of Agriculture proposed sweeping new rules in 2010, including a number of critical reforms livestock producers demanded. But after two years of intense pressure from the packing industry and commodity groups, USDA gutted the rules. The most ambitious, far-reaching campaign to reform the agricultural industry in forty years was stopped dead.

Discouraged by our inability to get meaningful reforms through USDA and Congress, WORC members decided to approach the fight for livestock market fairness from another angle. Instead of trying to break up the *four packers* who bought 84% of the cattle raised by America's ranchers, we turned our attention to the ranchers and small packers and processors who buy the rest of the cattle – the 16% of the market

WHAT IS THE 16%?

"THE 16%" – THAT IS, THE PRODUCERS, PACKERS AND PROCESSORS OF THE 16% OF U.S. FED CATTLE NOT CONTROLLED BY THE "BIG FOUR" PACKERs—ARE A SEGMENT OF THE LIVESTOCK MARKET THAT INCLUDES SMALL AND MEDIUM-SIZED MEATPACKERS, PROCESSORS AND FEEDERS, INDEPENDENT LIVESTOCK PRODUCERS, AND THE RETAILERS AND RESTAURANTS WHO MARKET AND SELL THEIR MEAT.

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[1] *In antitrust jargon, the packers enjoy an "oligopoly" by controlling 84% of the fed cattle market in which they buy cattle, and an "oligopoly" in the wholesale beef market into which they sell beef. We use variations on "monopoly" to describe both situations since that term is more widely understood.*

that isn't controlled by major meatpackers -- to expand and enhance that market as a viable alternative for producers and consumers.

Are there ways, members asked, that grassroots, local organizing efforts can expand the 16%? Can we engage in strategies that would increase their market share from 16% to 17, 18 and beyond, to cut into the 84% now controlled by the Big Four?

Turning our energy toward growing the economic and political power of the 16% means engaging processors and producers to identify and create meaningful solutions to the immediate and real challenges they face. And there are no shortages of challenges. Big Four meatpacker concentration has hollowed out small and medium-sized local meatpacking and processing capacity across the country. Those packers and processors that survive face razor thin profit margins, often uncertain supply and unpredictable consumer demand, and must comply with complex, expensive federal regulation. Independent producers who count on local processors to cut their beef also face a host of challenges from retail marketing, to hauling and scheduling with processors.

Growing the 16% is valuable for a variety of reasons: more market options means more opportunities for producers to sell and get a fair price; more locally-processed meat for consumers from small packers; meeting consumer demand for homegrown, family-raised beef, not from a factory farm. Ultimately, expanding the 16% is a strategy to exert pressure on the meatpacking industry to be more open to consumer demand for innovation, product diversity and quality, as well as market transparency and competitiveness.

This report details the problem of beef market concentration by the Big Four meatpackers and its impact on independent livestock producers, local meatpacking infrastructure and the rural communities that rely on both. It describes the landscape of local meat processing across the seven-state WORC region and lays out some of the biggest obstacles to growing the 16%. Finally, it describes our thinking on how grassroots, rural groups like those across our network can organize locally to engage with processors, producers, consumers and retailers to identify effective, locally-based, real solutions that increase access to locally-sourced humanely, sustainably raised beef and contribute to resilient rural communities.

THE PROBLEM OF BEEF MARKET CONCENTRATION

Massive corporate concentration in the meatpacking and retail grocery industries has left independent livestock producers with few options to make a living and driven up livestock production on factory farms and packer-controlled feedlots.

To raise livestock in today's market, farmers and ranchers put in long, relentless hours in rain, snow or shine, with ever-rising feed and fuel prices, haunted by the threat of disease or predators – more often than not, with a second off-farm job to do – in hopes that once-a-year at sale time, their time and work will be rewarded with a paycheck that covers inputs and puts food on their table. In a competitive, fair, transparent market, hard-working, smart and efficient ranchers producing high quality animals can count on earning a decent wage.

Today, though, livestock markets are not competitive, fair or transparent. When only one or two buyers exist to bid on your stock, it's a "take it or leave it" proposition.

The fate of independent livestock producers lies in the hands of meatpackers. Producers need their animals slaughtered and processors to sell to retail. It used to be that small and medium-sized packers nearby would competitively bid on livestock. Producers had options. The best producers were rewarded with fair prices.

In the past 30 years, though, the meatpacking industry has become so concentrated and monopolized that now only four major multinational corporate meatpackers - Tyson, Cargill, JBS USA, and National Beef Packing - control 84 percent of the livestock market, up from 69 percent in 1990[2]. These four firms slaughter four out of every five beef cattle.

The beef-packing industry is more powerful and consolidated now than it was a century ago when Congress enacted the Packers & Stockyards Act to break up beef monopolies. Back then, five companies controlled 75 to 80 percent of all livestock slaughter. Economists say that when four firms control over 40 percent of a market, it's no longer considered competitive.

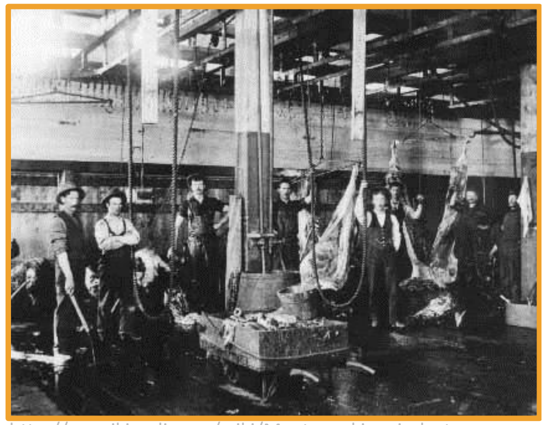
Today, meatpackers do more than just slaughter and process animals. Packing plants used to buy animals from farmers and ranchers in competitive local auctions. In the past few decades, packers have consolidated packing operations, employing strategies to horizontally and then vertically integrate in the name of efficiency and pushing down prices. Vertically integrated firms buy up and own their suppliers and the infrastructure that once supported it.

Packers have used a strategy of horizontal integration to buy competitors and consolidate the industry. Today, just 14 large, USDA-inspected plants slaughter 55 percent of livestock and all of the federally inspected facilities together slaughter 98 percent of U.S. beef (See Figure 4).

2 Hendrickson, Mary and William Heffernan, "Concentration of Agricultural Markets," April 2007.

WHAT IS THE PACKERS AND STOCKYARDS ACT?

In 1918 the federal trade commission found "evidence of two generations of combined effort on the part of the American meat packers, particularly the Armour, Swift and Morris families, to control an ever increasing part of the food of the American people." congress responded with the 1921 Packers and Stockyards Act (P&SA), comprehensive regulation of packers, stockyards, marketing agents and dealers. At the time, just five companies controlled between 75 and 80 percent of all interstate livestock slaughter. The P&SA was considered the strongest anti-trust law ever passed. It is intended to protect farmers, ranchers and consumers from unfair and deceptive practices and prohibited packers from giving undue preferences to persons or localities, manipulating prices or creating a monopoly. The P&S act is administered by the Grain Inspection, Packers and Stockyards Administration (GIPSA, pronounced "jipsa") of the U.S. Department of Agriculture. Over the last few decades, the law has not been effectively enforced.

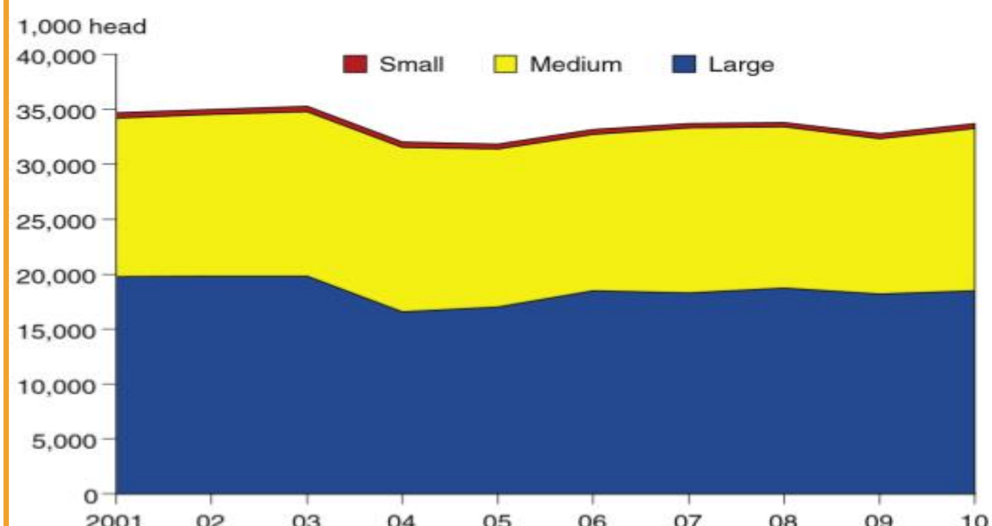


http://en.wikipedia.org/wiki/Meat_packing_industry

Remaining small and medium-sized processors that once dotted the countryside find it impossible to compete with the "Big Four" meatpackers. Most have either been bought up in consolidation or run out of business, unable to compete with the prices of big corporations. The total number of USDA inspected slaughterhouses dropped by 20 percent between 2002 and 2007 and over a decade, from 2000 to 2010, the number of small slaughterhouses declined by 491 (15%).

Figure 4

Number of FI cattle slaughtered by plant size[1]



[1]Small slaughter establishments slaughter 1-9,999 head of cattle a year, medium slaughter establishments—10,000-999,999 head of cattle a year, and large slaughter establishments—1 million or more head a year.

Source: USDA, National Agricultural Statistics Service.

Today a very small number of the biggest federally inspected plants controlled by the Big Four slaughter the vast majority of our beef, and the remaining majority of plants slaughter just 2 percent of U.S. beef. The number of federally inspected facilities is declining as the industry continues to consolidate (Table 1). Fewer and larger packing plants mean fewer options for producers, driving up fuel and transportation costs and limiting their options to market their stock.

Table 1

Number of federally inspected cattle slaughter establishments by plant size[1]

Size	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Small	633	614	597	606	576	558	545	546	551	549
Medium	75	77	77	70	68	64	67	70	68	69
Large	15	15	15	13	13	14	14	14	14	14

[1]In this study, small slaughter establishments are considered to be those that slaughter 1-9,999 head of cattle a year, medium—10,000-999,999 head of cattle a year, and large—1,000,000 or more head a year.

Once nearly all packers and slaughter plants were under control of four companies in horizontal integration, packers looked down the supply chain to vertically integrate. Meatpackers are working to control the supply of cattle through all stages of production. The Big Four packers operate their own feedlots, trucking lines, feed mills, food processing plants, and have a constant upper hand in bargaining forward contracts and purchasing agreements with cattlemen.

Through direct ownership of feedlots or through marketing agreements and forward contracts with farmers, ranchers and feedlot owners, packers now largely own and control their own “captive supply” of cattle. According to Department of Agriculture price reporting information, captive supply levels have increased substantially since 2005. In a concentrated market, packers can – and do – use captive supplies to manipulate markets. For packers, integrating packing and feeding is seen as a vehicle to reduce risk. By calling on captive supplies to fill slaughter needs, packers do not have to bid for cattle in an open market. When prices are high, packers slaughter cattle they already own or control. When the prices are low, they purchase from independent cattle producers.

Beef Supply Chain

- Cow/calf operations (ranches) breed bulls and heifers and sell calves after weaning
- Stock operators feed cattle
- Feedlots buy feeder cattle to finish
- Live cattle are sold to packer/ processers who slaughter and cut
- Cuts are sold to more food processors and retailers for value-added processing
- Retailers sell cuts and processed food to customers

While most beef cattle are born and raised by small and mid-sized independent ranchers, most are finished on large feedlots. Decades ago, most feedlots of were small and medium-sized operations not controlled by the meatpacking corporations, an important piece of local beef infrastructure. Today, the vast majority of cattle are finished in large feedlots plagued with the trappings of confined animal feeding operations (CAFOs). CAFOs house or fence vast numbers of crowded cattle fed a diet of cheaper, subsidized corn and soy that they have trouble digesting rather than grass. CAFOs generate often unmanageable manure mountains and lagoons, high levels of methane, driving air and water pollution and the potential for fast-moving infection and disease among animals. To combat the disease threat, some operators use antibiotics in animals and low amounts in feed and water. Scientists and consumers have expressed concern that increased use of sub-therapeutic antibiotics and growth hormones make their way to the food system or spread in environment through manure and runoff, raising the risk of antibiotic resistance.

A tiny handful of giant meatpackers and processors have been underpaying and unfairly treating livestock producers for decades. Their market power harms independent producers and the prosperity of rural communities.

Over half of cattle sold to the 25 largest feeders are bought through forward contracts and marketing agreements with producers.[3] Contracting cattle for future delivery itself benefits producers, guaranteeing a buyer and increasing access to capital. But the balance of power in bargaining is weighted well in favor of big feeders and packers. Producers are forced to accept contract terms with little public information about current prices if they want to unload their cattle.

Packers use a contract method known as "formula pricing" in which feeders are enticed to contract their cattle when the packer bases the contract price on the cash market on a certain date, rather than a firm bid price. For example, a packer might offer the feeder .50 cwt per hundredweight over the cash market price on the day of delivery. Meanwhile, packers have forward contracted enough cattle so they do not need to buy on the cash market that day, driving down the cash price more than the premium offered the seller. Meatpackers already have a lot of cattle locked up through these advance contracts; the cash market now makes up less than 40 percent of the total market.

Economic studies consistently show that captive supplies lower cash market prices.[4] The level of decrease in cash market prices related varies from small to significant, from state-to-state, and by region. But because profit margins in feeding cattle are very narrow, even small dips in fed cattle prices hit cattle feeders and producers hard. Because the cash market is often used to determine base price in formula pricing, price drops ripple through the whole contract market.

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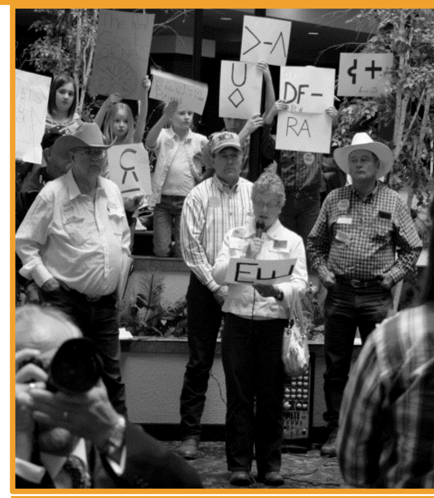
[3] *RTI International, GIPSA Livestock and Meat Marketing Study, Vol. 3, "Fed Cattle and Beef Industries," Final Report, January 2007, at p. 2-2.*

[4] *Ward, Clement E., "Economies of Competition in the U.S. Livestock Industry," submitted as comments to the USDA/DOJ Competition Workshops in January 2010, at 14-18. See also¸ RTI International, GIPSA Livestock and Meat Marketing Study, Vol. 3, "Fed Cattle and Beef Industries," Final Report, January 2007, at p. 7-10 and Vol. 1, "Executive Summary and Overview," Final Report, January 2007, at p. ES-6.*

The Big Gamble

How market concentration impacts a Wyoming rancher



Powder River Basin Resource Council member Judy McCulloch raises cattle near Moorcroft, Wyoming, a few miles south of Devils Tower National Monument.

I run approximately 400 cow calf pairs at my ranch near Moorcroft. I sell my calves in the fall when they are five to six months old at a cattle auction. I consistently raise high quality calves: my steer calves are regularly purchased by the same feeder that places them into a certified Hereford program, and my heifer calves are purchased by a seed stockman to be raised, and sold as bred heifers.

Last fall, I called my buyers to advertise my calves. The stable market we had years ago is gone, replaced now by the whims and manipulation of just a few packers to the point that nobody but the packers know what they are actually paying for fed cattle. My buyers were afraid and unsure of the volatile market. They did not have a clue what range the calf prices might be in and even less of a clue what the prices would be on my calves months down the road after they had fed my calves, at which time they would be ready to sell to the packers.

It is a gamble beyond belief to lay down hundreds of thousands of dollars, put the time and feed into the cattle, and then end up taking a beating in the calf market because the packers control the fed cattle market, which ultimately dictates what feeders are willing to pay for my calves. That very situation caused the market to be soft when I sold, which made calf prices lower, and reduced my profits and opportunities. In our industry, when one segment gets control, and the packers are the controlling segment in our industry, true open markets disappear.

Concentration and market monopolization gives large packers tremendous leverage over independent cattle producers. When there is no open, competitive cash market and when packers manipulate prices in forward contracts, producers have little bargaining power against packers and no guarantee they are getting a fair price. Big players rig the game, taking advantage of honest, hardworking family farmers and ranchers and unsuspecting consumers.

Many feeders, processors and ranches have buckled under the pressure. Since 1980, over half a million ranching operations have been eliminated from the U.S. Those remaining producers truck cattle far distances to remaining feedlots and processors, absorbing transportation and fuel costs and subjecting animals to increased stress.

Pressures on producers continue to mount. The U.S. remains a net beef importer, driving up packer bargaining power and further driving down prices. International free trade deals like the North American Free Trade Agreement (NAFTA) and the Korea Free Trade Agreement pave the way for multi-national meatpackers to source from a pool of producers that includes foreign producers who operate under different circumstances and regulation.

Concentration in meatpacking has transformed life and production for our nation's livestock producers, rural communities, and the type and quality of beef we eat. Livestock production has moved from grass to industrial feedlots and factories in the name of efficiency and volume. It shifted the goal of raising animals for quality food and a living wage, toward lining the pocket of Wall Street investors, at any cost.

30 YEARS OF RESISTANCE

For over twenty years, WORC members have faced head-on the unfair, anticompetitive practices of the powerful major meatpackers, organizing to restore fairness in the meat industry for independent producers. About a third of our members throughout the West are family farmers and ranchers in rural communities who experience the frustrations and market pressure every day, hanging on in increasingly concentrated markets when the odds are stacked against them. They are the first to admit no one expects to get rich raising cattle. Cattlemen and women and their families value a lifestyle, raising a family and making a living on the land, carrying on the tradition and culture of cattle ranching. When farmers and ranchers began to feel the pinch of a concentrated livestock industry and saw neighbors selling the farm, members went on the offensive, organizing ranchers and allies in rural communities dealing with the fallout of market concentration.

In the 1990s, WORC members organized town meetings, collected thousands of petition signatures, and met with Department of Justice and Packers and Stockyards Administration officials in Washington, DC, to demand regulators launch anti-trust investigations into the effects of livestock market concentration. They recruited statements of support from attorneys general in five states calling for anti-trust investigations and helped pass state legislative resolutions calling for action on monopolization. In 1991, WORC published a report, "*Where's the Meat?*" documenting meat industry and its effects on livestock markets and rural communities. WORC began publishing quarterly reports on meatpacking monopolization, raising the alarm and serving as a watchdog.

In 1995, WORC formally petitioned the U.S. Department of Agriculture to intervene against the use of captive supplies by prohibiting direct packer feeding of cattle and formula pricing and require open and public bidding on contracts. This became known as the “WORC Rule” and members turned out hundreds of producers to public meetings at auction yards to demand rules to control captive supplies. Over 100 state and national organizations endorsed the WORC Rule and in a federal public comment process in 1997, WORC and allies generated over 18,000 comments in support.

In April 1998, over 1,600 farmers and ranchers including WORC leaders from South Dakota, North Dakota, Montana and Wyoming gathered in Aberdeen, South Dakota for a public forum with USDA Secretary Dan Glickman. Nearly everyone in the crowd and several of the Senators on stage wore bright yellow stickers declaring “IT’S TIME TO ACT—ADOPT THE WORC RULE.” Another 2,500 people came out in support of the rule at a farm forum in Grand Forks, North Dakota. After years of deliberation, the Clinton Administration’s USDA ultimately failed to propose or finalize the WORC captive supply rule.

In 1999, WORC members joined 1,000 protesters to block trucks carrying agricultural products across the Canadian border in Sweetgrass, Montana, Boise, Idaho and Portal, North Dakota to send a message to Congress about the economic depression gripping rural communities and calling for a stop to the cartel of giant agri-business corporations manipulating commodity markets. In 2000, Dakota Rural Action member Bob Mack joined a delegation that met with President Clinton in the White House to address problems in the cattle industry. Throughout the early 2000s, members of Congress introduced pieces of legislation that would ban packer ownership, reform captive supply and restore rights for contract farmers.

In 2006, a USDA Office of Inspector General’s report found that the Grain Inspection, Packers and Stockyards Administration failed to investigate anti-competitive behavior by the meatpackers. WORC’s Livestock Committee Chair and Idaho rancher Mabel Dobbs responded to the report, saying, “Passage of the Captive Supply Reform Act would address these problems and give USDA the direction it needs to implement a low-cost program that allows livestock producers to compete in an open public market system.”

Grant and Mabel Dobbs, Weiser, Idaho

WORC members saw the 2008 Farm Bill as an opportunity to pass necessary reforms in the livestock industry. Members lobbied for a new livestock competition title to address market issues. Congress eventually included it in the Farm Bill, although the livestock title fell short in addressing the worst packer practices. It enacted mandatory country-of-origin labeling, preventing multi-national meatpackers from sourcing cattle from foreign buyers but labeling the beef "made in the USA." And it included some protections for producers in contract negotiations.

Dakota Rural Action member and South Dakota livestock producer Holly Waddell at Fort Collins antitrust workshop

Notably, the 2008 Farm Bill livestock title also directed USDA write federal rules defining "undue and unreasonable preferences" which are illegal under the Packers and Stockyards Act. The rules would have made it easier for livestock producers to prove harm by captive supply and market concentration.

Then in 2010, after relentless organizing and calls for action, President Barack Obama and his administration publicly recognized the importance of enforcing the Packers & Stockyards Act of 1921 and enhancing it to address the problems of the markets today.

USDA and the Dept. of Justice teamed up to hold the first ever Agriculture Antitrust Workshops to hear from rank-and-file producers about the troubles in the livestock industry. Attorney General Eric Holder and USDA Secretary Tom Vilsack faced thousands of ranchers, consumers, food industry lobbyists and politicians who descended on Fort Collins, Colorado, on August 27th for a workshop to specifically address livestock issues.

The evening before the workshop, WORC hosted a public forum with livestock producer members and allies to highlight to the public and in the media how corporate consolidation has led to an imbalance of power in the food system, with unfair practices putting farmers and ranchers, workers, and consumers at a disadvantage, and why government action, like the proposed GIPSA rule, is overdue.

WORC and allies turned out 2,000 people to the Fort Collins workshop who stood in long lines to make a public statement. WORC members hand delivered a letter to USDA and the Justice Department calling for new GIPSA rules. The letter read, "By requiring packers to trade forward contracts, marketing agreements, and packer-owned livestock in an open, public market and eliminating cash market based formula pricing, GIPSA can ensure open, competitive markets for slaughter livestock and end packers' manipulation of prices and unduly preferential treatment of a favored few feeders in violation of the P&SA."

WORC member and Montana rancher Gilles Stockton told the audience gathered in Fort Collins in 2010 that independent cattle producers want just three things: "to stay independent, pass their ranch on to the next generation and sell in fair and competitive markets."

Then in June 2010, USDA proposed the first new rules in 89 years to put teeth in the P&SA for public comment. The rules defined the terms "undue and unreasonable preferences" and laid out criteria to ensure fair contracts for poultry growers and livestock producers. The new rule clarified which unfair, discriminatory or deceptive practices meatpackers and their partners would be prohibited from using in buying livestock under the P&SA. It required meatpackers to post sample contracts and pricing information, so that producers would know the going rate for livestock of a certain quality -- removing the veil of secrecy that encourages unfair manipulations. It included a number of vital reforms – prohibiting packers from selling livestock to each other, ending discrimination against producers based on size alone, restricting livestock buyers from buying for more than one packer and making it easier for ranchers to sue companies for deceptive practices or offering unfairly low prices.

USDA's proposed rules represented a step toward addressing the problems in vertical integration in the livestock markets and set the stage for future rules to address market manipulation.

MEATPACKERS FLEX THEIR MUSCLE

The meatpacking industry saw USDA's new GIPSA rules under the Packers' & Stockyards Act as a direct threat to their bottom lines and shared interests. Trade groups spared no expense to convince members of Congress that in an economic downtown, GIPSA rules would cost jobs and meat prices would rise. Joining the Big Four meatpackers in opposition to the rules was the National Cattlemen's Beef Association, a check-off funded association that professes to represent livestock producer interests.

In 2011, the packer lobby persuaded 115 members of the House of Representatives to denounce GIPSA's rules as USDA overreach. After over a year of intense pressure from industry and commodity groups, USDA caved. Instead of the transformative, industry-changing regulation producers and consumers wanted and expected, USDA's rules issued in late 2011 gutted the most important provisions to reform the livestock industry. To make matters worse, Congress passed a provision in an annual appropriations bill that prevented USDA from finalizing what was left of the proposed rule, limiting the final rule to watered-down improvements, mostly for contract poultry growers.

In the face of necessary reform, meatpackers and the broader food industry closed ranks, cashed in on their enormous economic power, and flexed their muscle to defeat measures that would have leveled the playing field for livestock producers throughout the nation. In less than two years, the most ambitious, far-reaching campaign to reform the agricultural industry in forty years was stopped dead.

The loss dealt a blow to cattlemen and women across the countryside. Farmers and ranchers had the audacity to hope that the Obama Administration had the will, if not the capacity, to take on the meatpacking industry's monopoly power and win.

Despite our best organizing efforts, public outrage, and the voices of thousands of Americans demanding action, meat industry money and entrenched political power saw to it that there would be no meaningful reform. Ranchers were already familiar with meatpackers' economic power. What they confronted now was their heavy-handed political power.

NEW STRATEGY: GROW THE 16%

After witnessing the defeat of vital livestock market reform measures, in 2012, WORC members had to regroup, rethink our strategy, and approach the fight for livestock market fairness from another angle. As farmers and ranchers know, there's more than way to shoe a horse.

For decades our focus was squarely on breaking up the 84% concentrated livestock market. Now members turned their attention to the 16% of the market not controlled by major meatpackers. "The 16%" are a segment of the livestock market that includes small and medium-sized meatpackers, processors and feeders, independent livestock producers, and the retailers and restaurants that market and sell their meat.

"The 16%" are small and medium-sized meatpackers, processors and feeders, independent livestock producers, and the retailers and restaurants who market and sell their meat.

Are there ways, members asked, that grassroots, local organizing efforts can expand the 16%? Can we engage in strategies that would increase their market share from 16% to 17, 18 and beyond?

Turning our energy toward growing the economic and political power of the 16% means engaging processors and producers to identify and create meaningful solutions to the immediate and real challenges they face. And there are no shortages of challenges. Big Four meatpacker concentration has hollowed out small and medium-sized local meatpacking and processing capacity across the country. Those that survive face razor thin profit margins, often uncertain supply and unpredictable consumer demand, and must comply with complex, expensive federal regulation. Independent producers who count on local processors to cut their beef also face a host of challenges from retail marketing, to hauling and scheduling with processors.

Growing the 16% could have enormous benefits for consumers, livestock producers and the rural communities that rely on them. Consumers are increasingly concerned about industrial meat production thanks to popular authors Michael Pollan and Wenonah Hauter and films like *Food, Inc*. Many search out humanely and sustainably raised meat from local, independent producers. Farmers markets, farm-to-school programs, and co-ops are growing in popularity, offering consumers a closer connection to where food comes from and higher quality, better tasting options.

> Ultimately, expanding the 16% is a strategy to exert pressure on the meatpacking industry to be more open to consumer demand for innovation, product diversity and quality, as well as market transparency and competitiveness.

Independent producers of all sizes could find a significant alternative market offering fair compensation for the work and inputs that go into producing high quality meat. Fuel and transportation costs are constantly rising and there is awareness of the inefficiencies of sending beef off to be fed and slaughtered then brought back to communities to be sold. Stronger earning potential for medium and small family farms and ranches would have ripple effects throughout rural communities. More families could hold on to ranches and a new generation of ranchers could begin to see a future in ranching. These farmers are more likely to buy supplies locally, benefiting the rural economy, and they are powerful stewards of the land, mitigating the impacts of climate change.

Growing the 16% is not just about increasing local meat sales, though that is a key motivator.

To be sure, WORC is not giving up work to address the anticompetitive practices of the major meatpackers. Until the political landscape changes so that anti-trust enforcement and livestock market fairness, taking on the packers head-on, is a priority for decision makers in Washington, DC, however, we can put organizing energy toward keeping and growing the remaining 16% of the meatpacking industry – attacking the Big Four from the bottom up.

The time is right. Consumer demand for local products creates an opportunity to draw independent producers interested in or considering local market alternatives. For some, current high cattle prices provide the economic flexibility to explore new options. Others still may consider growing local processing capacity as an act of rejecting the economic and political power of the 84% monopolized market.

Robert Peterson, CEO of IBP, Inc, famously ridiculed those who sought reform of the meatpacking monopoly he created. “You want to go back to the nineteenth century?,” he asked. You want to have a packing house in every little town and deal with twenty-first century marketing? There’s no way!” Working to grow the 16% is our answer to Peterson. Yes, we do want a packing house in more and more little towns as a meaningful alternative to twenty-first century industrial agriculture. A vibrant independent processing sector is critical to local, sustainable food, thriving independent livestock production and resilient rural communities.

We can organize at the grassroots, bringing together producers, processors, retailers and consumers, with a shared goal to grow the 16%, cut into major meatpackers’ market stranglehold, build economic and political power, increase consumer access to sustainable local meat, and fan the flames against the 84%. Growing the 16% is a grassroots, bottom-up strategy to generate momentum and political power for market fairness reform in the long run.

MEAT PROCESSING LANDSCAPE: ROOM TO GROW

Across the countryside there are fewer and fewer small and medium, local meatpacking and processing operations every year. In the last decade alone, the number of small slaughterhouses declined by 15%. Though there are over 6,800 meat slaughtering and processing facilities in U.S., a very small number of federally inspected plants slaughter the majority of our beef and the majority of plants (state inspected and custom exempt) slaughter just 2% of U.S. beef.

TYPES OF MEAT PROCESSING FACILITIES

FEDERALLY INSPECTED facilities can sell their products across state lines.

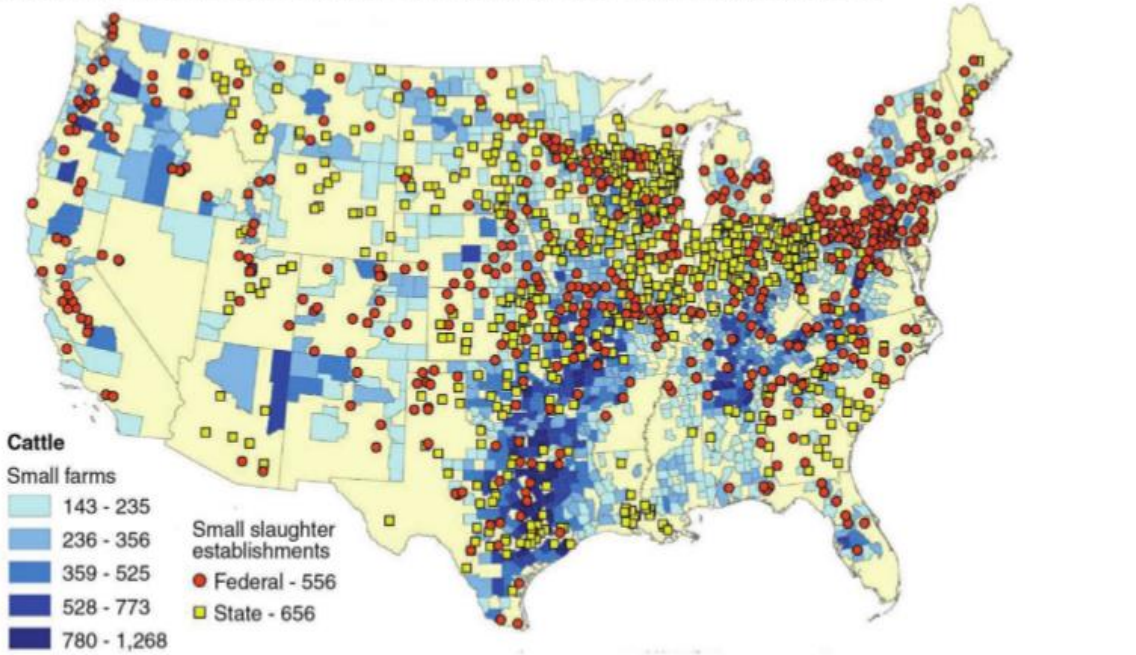
STATE INSPECTED FACILITIES can only sell their products within their state’s boundaries

CUSTOM EXEMPT FACILITIES may slaughter cattle only for the owner of the cattle and the products must be labeled “not for resale”.

Today, there are big gaps in the small slaughtering and processing facility infrastructure. The map in Figure 6 shows that many counties with a large number of small livestock producers do not have access to slaughtering facilities within a reasonable distance.

Figure 6

Counties with no small cattle slaughter facilities and 143 or more small cattle farms[1]



[1]143 is the median number of U.S. cattle farms per U.S. county. Small slaughter establishments are defined as having less than 500 employees. Small livestock/poultry farms are defined as having $250,000 or less in annual income from livestock sales.

Note: Alaska and Hawaii are not shown as they have no counties with 143 or more small cattle farms and no small cattle slaughter facilities.

Source: USDA, Food Safety and Inspection Service (FSIS). Farm size is based on the 2007 Census of Agriculture, conducted by USDA, National Agricultural Statistics Service. Slaughter establishment data are for 2010 from USDA/FSIS.

WESTERN STATES MEAT PROCESSING LANDSCAPE

Table 3: A Comparison of the Different Types of Slaughtering Facilities

State	USDA Certified	State Inspected	Custom Exempt	Mobile Slaughter Units
South Dakota	19	48	35	0
North Dakota	18	13	85-90	0
Oregon	12	n/a	14	59
Idaho	38	n/a	149	1
Montana	7	18	133	0
Wyoming	0	19	25	0
Colorado	18	n/a	90	0

COMMON CHALLENGES FACING THE 16%

A variety of factors limit the growth of smaller slaughtering and packing facilities. Small packing has not been immune to the market pressure of the Big Four. Competition from higher volume packers with economies of scale and captive supply drops prices across the market. Small packers struggle to comply with costly one-size-fits-all federal inspection regulation. Generally low wages in the industry make it difficult to find and train meat cutters and maintain skilled labor. Small packers suffer from the same generational challenges plaguing ranchers: the next generation isn't motivated to take over a family business riddled with low profits, hard work, and marginal returns.

There is no simple one-size-fits-all solution to increase the market share of the 16% to 17% and beyond. In some cases, an increase in local processing capacity could come from as simple a fix as a calendar system that accurately coordinates producers and processors. In other areas, there are no interstate shipment or USDA inspected meat options at all; there, the solutions are greater in building new infrastructure, finding investors or buyers, developing skilled labor or mobile processing capacity.

It's important to understand the kinds of real challenges that exist. Not all obstacles exist in all communities; expanding the 16% demands identifying the challenges facing individual producers, processors, retailers and consumers in a distinct community or region to craft meaningful solutions.

COMPLEX AND COSTLY FEDERAL FOOD SAFETY REGULATION

Operators of smaller slaughter facilities face an uphill battle complying with USDA's Hazard Analysis and Critical Control Points (HACCP) meat safety regulations and various other environmental laws regulating the industry. These regulations are targeted toward larger operations and are cumbersome, costly, and oftentimes impractical for small packers. These existing laws often burden small operations and also fail to adequately protect food safety in the largest operations, where line speed and the sheer number of animals processed make contamination a much greater risk.

Processors can opt out of these federal regulations and have custom-exempt status. Meat processed in custom-processing facilities is subject to a different set of standards, but cannot be sold to restaurants, retail outlets, or directly to consumers except under a very limited set of circumstances. These operations are the easiest for producers to access, but offer them virtually no opportunity for economic gain because they cannot sell the butchered meat by the pound, only by the whole or half animal.

WHAT IS HACCP?

USDA requires food processors to draft Hazard Analysis and Critical Control Points (HACCP) plans that identify likely biological, chemical, and physical hazards in the production process and detail preventative measures in handling, to manufacturing, distribution the processor will take to protect food safety.

TIMING AND SEASONALITY OF SLAUGHTER

Producers generally calve in the spring and slaughter in the fall (18 months later) to avoid feeding in the winter. This cycle creates seasonal demand for slaughter, with a peak in the late summer and early fall, and underutilization for the rest of the year. Packers are forced to keep staff on even during the slow season, driving up operating expenses.

AVAILABILITY OF SKILLED LABOR

Inconsistent demand creates a problem for smaller slaughter facilities because skilled labor is needed and smaller facilities cannot simply hire up extra hands during the peak. A shortage of skilled labor – especially in rural, Western communities with higher paying energy jobs – compounds the problem. Across the industry, profit margins are low keeping wages low for long hours with physical labor.

DISPOSAL OF OFFAL LEFTOVER FROM SLAUGHTERING AND PROCESSING

Processing facilities are required to dispose of offal, the organs and entrails left over from the slaughtering and processing. Traditionally, facilities sold offal, but now only facilities that can achieve economies of scale can do so and are able to create value-added products from it. Smaller facilities have to pay for a renderer or a digester to dispose of and must refrigerate it until pick up. The cost of offal disposal can be significant.

RETAIL TIMING ISSUES/DIFFICULTY PREDICTING CONSUMER DEMAND

Retailers face economic pressure to provide the customer with a variety of choices, but must also sell most of the product to avoid having to freeze the meat and losing money. It is difficult to predict consumer demand and successfully market, and make a profit on, locally sourced meat.

SOME CUSTOMERS DON'T KNOW HOW TO COOK CERTAIN TYPES OF CUTS

This makes it difficult for small producers to sell all parts of their product and turn a profit, as there is only demand for certain cuts of the cattle and the producer is forced to look elsewhere to try and sell the other cuts.

MARKET MANIPULATION BY THE BIG FOUR

All practical challenges in operating a small packing facility are compounded by relentless market pressure in concentrated market. Small processors are at a significant disadvantage competing against the economies of scale and captive livestock supply employed by high volume packers.

A VARIETY OF SOLUTIONS TO GROW THE 16%

Not all challenges exist in all areas and not all solutions may be the right solutions in an area to grow the 16% meat processing capacity. The following are some potential solutions and some case studies where processors and producers have taken action. These solutions can offer a menu of choices for local organizing efforts to grow the 16%.

UPGRADE OR EXPAND CURRENT PROCESSING CAPACITY

Many small and medium-sized processors are custom-exempt facilities that, because of federal and state regulation, prevent producers from selling butchered meat to retail or restaurants. Some state-inspected facilities also limit sales within the state and direct marketing to customers. One solution is to support upgrade and expansion of existing facilities to state or federally-inspected. Colorado, Idaho and Oregon do not currently have state inspection programs.

UPGRADE EXISTING PROCESSORS TO INTERSTATE SHIPMENT

In states where producers are interested in interstate sales of meat and don't have access to a federally inspected plant, one option is to upgrade existing state meat inspection programs (applies only to Montana, North Dakota, South Dakota and/or Wyoming) certified for interstate shipment. Ohio was the first state to complete this process this year. North Dakota initiated the process in 2012.

MOBILE SLAUGHTER UNITS (MSU)

These small, mobile slaughter facilities can be federally-inspected, state-inspected or custom exempt. They can slaughter approximately 5-10 cattle a day. They have limited freezer capacity and must return to a larger processing facility every couple of days to free up freezer space. They also have a problem with offal (parts of the animal that cannot be eaten), and cannot turn a profit from it.

Image from http://mobileslaughter.com

PRODUCERS ADDRESS INCONSISTENT DEMAND AND SEASONALITY

Small and medium-sized slaughter and processors experience a few rush times a year and then production drops. In some situations, a simple fix to increase capacity and efficiency could be a calendar system to coordinate delivery and processing. Producers could also consider alternative calving times and seasons to accommodate processing. These kinds of solutions demand producers and processors build relationships and better understand the other's needs and demands.

ENGAGE LOCAL ECONOMIC DEVELOPERS TO SUPPORT LOCAL MEAT PROCESSING

Local economic development professionals could help identify skilled labor for processors, address marketing and retailing challenges and provide other technical assistance. Economic developers could help study and determine consumer market capacity and interest in local meat. For some, access to grants and loans for new and upgraded processing facilities may open opportunities for processors and producers. Small meat plants can be included in tax breaks for job creation and economic development and regional or state agriculture marketing programs.

Stafford's Upgrade From Custom Exempt to USDA-Certified

Eastern Oregon livestock producers faced a severe lack of local meat processing. In 2010, Oregon Rural Action (ORA) worked with Jeff Stafford of Stafford's Custom Meats to upgrade from custom-exempt to USDA certified so producers could market and retail their products. Jeff Stafford is a 4th generation butcher and has been cutting meat for 36 years. Jeff's primary concern was whether there would be enough producer demand to support a USDA processing plant. In response, ORA conducted a survey of producers already selling directly to customers and documented several thousand cattle and sheep leaving Baker, Union and Wallowa counties each year for processing in Nampa, Idaho and elsewhere. Producers expressed interest in access to a local USDA facility. The numbers were convincing. "It just made sense. They are driving their cows right past my door. I can save them money, it will be better for the animals, and it will help my business, too."

ORA organized support from US Senator Ron Wyden and the Governor to find information and technical assistance necessary to help Jeff through the certification process. In summer of 2012, permits were approved and Stafford's Custom Meats began offering USDA certified slaughter and processing.

Liza Jane Nichols, the owner of 6 Ranch, was one of the first to bring cattle for USDA processing. With Stafford's' upgrade, she can now sell beef by the piece to local restaurants and direct to consumers through her farm stand.

Among Staffords' continuing challenges as USDA-inspected processor are one-size-fits-all federal regulation and finding and trained meat cutters and maintaining skilled labor.

ALTERNATIVE OFFAL DISPOSAL SYSTEMS

Composting offal waste has been demonstrated as a viable, safe alternative. According to the Cornell Waste Management Institute, composting provides an inexpensive alternative for disposal of butcher waste. The heat in composting is enough to kill most pathogens. It takes two to six months for animal waste to decompose and the material created is an environmentally safe and value soil amendment for certain crops. It does, however, require land space and must be a safe distance from water sources.

ORGANIZE PRODUCERS INTO AGGREGATED MARKETS TO SELL DIRECTLY

Even if slaughter and processing capacity are available in an area, a significant hurdle for producers is marketing their cut product directly to local retail markets or institutions. Pooling resources and capacity among producers can expand access to markets and direct-to-consumer sales, including sharing transportation and logistics costs from slaughter to retail.

Producers Cooperate with Indiana Farm Fresh Beef

Indiana and the surrounding four states received federal funding for the Five State Beef Initiative. Some of the funds were directed to the Indiana Farm Fresh Beef program, which promotes the marketing of beef from small ranchers direct to the consumers.

Indiana Farm Fresh Beef's website (http://www.farmfreshbeef.org) connects producers with interested consumers. Producers pay a flat rate of $50 year to be listed with a description of how their cattle are raised and their available products. Consumers click through a map of Indiana counties to find locally raised meat.

The program also offers affordable courses ($10 a course) that certify small producers in freezer beef training, how to market for direct sales to customers and how to effectively work with processors. Midsized producers can benefit from the sale of cattle that are finished too early or too late to be shipped with the rest of the herd to the slaughtering facility.

BUILD OR RENT ACCESS TO A "MEAT LOCKER"

Model developed by Cornell for "community freezer space" which consumers pay rent ($5/month in Ithaca) to store their local bulk meat purchases of animals bought by the whole, half, and quarter.

Ithaca, NY, community meat locker. Image from www.facebook.com/MeatLockerPilotProject

INCREASE FUNDING FOR STATE INSPECTORS TO INCREASE CAPACITY

A first priority is to adequately fund USDA meat inspection so that lack of inspectors cannot serve as an obstacle to new firms entering the market or the growth of innovative ideas like mobile slaughter operations. The Obama Administration should propose and Congress should appropriate the amount of funding needed to fully fund USDA's meat-inspection program to the level needed to fulfill the agency's legal obligations at all size plants.

INCREASE STATE PURCHASING OF LOCALLY PRODUCED MEAT

Utilize the full purchasing power of government to drive demand for regional food systems: The public sector is a considerable purchaser of food – for schools, universities, hospitals, government building cafeterias, or prisons – and governments at all levels can leverage purchasing power to support viable enterprises.

REFORM MEAT INSPECTION AND HACCP REGULATIONS TO FIT DIFFERENT SIZES AND SCALES OF PROCESSORS AND PRODUCERS WHILE ENSURING MEAT SAFETY.

Federal meat processing regulations are cumbersome, costly, and oftentimes impractical for small packers. Food safety laws are unquestionably important but existing laws often burden small operations. HAACP requires training, equipment, plans and monitoring that add up to significant investment in staff time for processors.

INCREASE FUNDING FOR RESEARCH INTO CHANGING OUR FOOD SYSTEM

The national network of land-grant universities and extension services has the potential to be mobilized in support of a fairer and more diversified food system, but not without significant reinvestment in their work and clarification of their mission. The agricultural knowledge base in the United States is now controlled largely by the companies that fund agriculture research and do so in the service of their bottom line. Research to improve productivity and environmental stewardship on small and midsized farms, to facilitate value-added processing and the construction of regional distribution networks, and explore other regional market-building opportunities is a public good.

LONG TERM SOLUTION: BUST THE TRUSTS

Ultimately, a more vibrant marketplace with more choices for farmers and consumers will not happen nationally until the Big Four are broken. USDA should institute long-overdue rule changes to reform livestock markets to address captive supply and undue preferences. USDA should enforce the Packers and Stockyards Act to prevent anti-competitive practices. The Department of Justice must enforce anti-trust laws and prevent more destructive mergers in meatpacking.

MOVING FORWARD TO GROW THE 16%: WHERE TO START

The key to expanding the 16% is to work with producers, processors, retailers and consumers to identify solutions that aim to solve a *real* problem or overcome a real obstacle to increased local meat production that they acknowledge exist and are willing to change. There are no shortages of challenges and obstacles; but different solutions will work better in certain regions and not as well in others.

The first step is to identify who in your area is already in the 16%. That includes producers, slaughter, processors, retailers and even consumers who buy and sell livestock and meat in your area. This is important for a variety of reasons: 1) we need to set a baseline for increasing from 16% to 17%, which happens locally, and 2) these folks are already doing it. We want to know what are they doing well, how we can add to what they're already doing, how we can get more producers into their network, are the producers making money, is it a reasonable alternative? Finally, the 16% in your area will help craft the real, lasting, meaningful solutions to move from 16% to 17% and beyond. It's also critical to engage producers who aren't in "the 16%" – that is, who are selling, as most producers in our states do, to the Big Four and the feeders who supply them -- to discuss their success and challenges and invite them to the conversation.

HERE ARE SOME IDEAS TO ESTABLISH A LOCAL 16% CAMPAIGN:

- Invite WORC, livestock leaders from your member group, or an expert to your chapter to present and discuss *Growing the 16%* and invite area members, producers, local foodies and processors.
- Conduct interviews with area processors and producer-members in the area (see Interview Questions below)
- Hold a local meeting among those interested and interviewees. Discuss 16% premise, impacts producers experience and dig to identify: what are our obstacles to growth of 16% *here* (what's the real issue – i.e. producers just need more access to direct markets, processing capacity is issue, prices/ risk are concerns), how could things be different if we were successful (in economic and political power).
- Expand the base: identify and organize more producers and others who are impacted and are willing to act on solutions
- Develop a list of the issues limiting growth and begin to develop a campaign plan to address one or more of the issues
- Execute campaign plans based on these solutions

We may not be able to transform the global industrial agriculture system overnight; but we can begin to transform our local and regional meat systems. It starts with people taking responsibility for what they consume, looking for alternatives, bringing the players together, identifying the options, building trust and understanding, and moving forward together.

SAMPLE INTERVIEW QUESTIONS TO ASK "THE 16%"

INTERVIEW QUESTIONS *FOR* PRODUCERS

1. What types of livestock do you raise?
2. What sorts of cuts and meat products do you sell?
3. How many animals do you raise each year? (What are the seasonal harvest peaks for each species?)
4. Could you please walk me through the process of getting one of your animals onto a person's plate?
5. Through what channels do you sell your meat?
6. What works well about this system?
7. What does not work well in this system? (If you are dissatisfied with current meat cutting services, what would be the impact of waiting 1, 2, or 3 years for solutions, given the time it takes for such facilities to be apply for and receive the appropriate certifications and permits?)
8. Have you heard about solutions to any of these problems that exist in other areas?
9. What are the qualities that you look for in your slaughter and processing partners? (What makes a good slaughterer/cutter/processor? What's on your wish list?)
10. Would you like to be able to offer other products to your customers?
11. What differentiates the meat you raise from others in the area?
12. Would you be interested in expanding to wholesale accounts if you don't do those already? Why or why not?
13. How is your meat branded? (i.e. is your label on the package at the grocery store? Is this your ideal situation?)
14. Can you think of anyone else we should talk to?

INTERVIEW QUESTIONS *FOR* PROCESSORS

1. What percentage of your revenue is from services you provide to producers?
2. What percentage is from your wholesale business?
3. Who are your customers? (Where do they come from?)
4. What percentage of your customers are small farmers?
5. What is your slaughter capacity? (If you only process, what is your processing capacity? What are your minimum, maximum, and optimal batch sizes? Do you require a minimum batch size from customers? How much of that capacity do you use at different points of the year?)
6. How much notice is required to schedule an appointment? (How do farmers make appointments with you [i.e. phone call? online?])
7. What sorts of cuts and value-added products do you provide? (What limits you to providing these services? Do you provide value added pork processing [sausages, bacon, etc.?])

8. Do you have a retail business? (If so, do you sell meat under your own brand? Do you sell other brands of meat as well?)
9. Are there any segments of your business that you would prefer to eliminate?
10. What about adding services? (Would you ever consider adding a delivery service? What about further processing services?)
11. What are the roles within your company? (How often do your employees turnover in each role? Are there any staffing challenges? Why do employees typically move on from your business?)
12. How much training are you able to invest in your employees? (What kind of previous work experience do your employees have? What are the challenges to talent retention in your business?)

INTERVIEW QUESTIONS *FOR* RETAILERS

1. How do you source the meat you sell? (Do you make arrangements directly with the growers or do you operate through a wholesaler? How often do you order meat products and how often are they delivered? How far in advance do you need to order food from your various suppliers?)
2. What about your sourcing system works well?
3. Which parts of your sourcing system would you like to improve?
4. How much of the meat that you sell is produced locally? (How should we ask them to quantify? By weight, items, types of meat, sales, percentage of total meat served? What are the most popular locally produced items that you sell?)
5. What are the most important factors that influence your customers' meat purchasing decisions? (Is it production practice [e.g. organic, grass-fed, etc.]? Or whether or not it's locally produced? Are these attributes more important for some meat products than others?)
6. Would you be interested in stocking more? (If so, what is preventing you from doing so? (i.e. volume, availability, delivery/distribution, price, margin, etc.?])
7. Are there any local meat products that your customers have asked you to stock? (Have you decided to stock these items? Why or why not?)
8. Do you currently make any raw meat products in-house (e.g. sausages, ground beef, etc.? Would you consider outsourcing this production if the service was available?)
9. Do you stock other local products (e.g. fruit and vegetables, processed foods, soap)? Do you arrange these sales directly with the producer or through a wholesaler? How does the distribution work?
10. What kind of margin would you need to be able to sell a product?

INTERVIEW QUESTIONS *FOR* RESTAURANTS

1. How do you source the meat you serve (i.e. e Do you make arrangements directly with the growers or do you operate through a wholesaler? How often do you order meat products and how often are they delivered? How far in advance do you need to order food from your various suppliers?)
2. What about your sourcing system works well?
3. Which parts of your sourcing system would you like to improve?
4. How much of the meat that you serve is produced locally? (How should we ask them to quantify? By weight, items, types of meat, sales, percentage of total meat served? What are the most popular locally produced items on your menu?)
5. Are you interested in serving more (either percentage of total meat or varieties of meat)? (If so, what is preventing you from doing so? (i.e. volume, availability, delivery/distribution, price, etc.?)
6. Do you currently make any raw meat products in-house (e.g. sausages, ground beef, etc.? Would you consider outsourcing this production if the service was available?
7. Do you serve other locally grown/made products (e.g. fruit and vegetables, processed foods, beer and wine, etc.? Do you arrange these sales directly with the producer or through a wholesaler? How does the distribution work?)
8. Do you like to co-brand items on your menu by calling out the source of the product by name? (e.g. Simple Gifts Smoked Andouille Sausage)
9. Can you think of anyone else we should talk to? (Do you know of anyone who might consider adding meat cutting or processing to his or her business? Can you provide contact information or an introduction?)

ADDITIONAL RESOURCES

WHERE'S THE LOCAL BEEF? REBUILDING SMALL-SCALE MEAT PROCESSING INFRASTRUCTURE

Food and Water Watch (2009)

This report documents changes in the slaughter and processing industry across the country, identifies the reasons for the disappearance of the small plants, presents examples of next generation processors and suggests policy changes necessary for rebuilding this sector of the meat industry. Available online at http://www.foodandwaterwatch.org/reports/wheres-the-local-beef/

FROM CONVENIENCE TO COMMITMENT: SECURING THE LONG-TERM VIABILITY OF LOCAL MEAT AND POULTRY PROCESSING

Lauren Gwin and Arion Thiboumerym, Niche Meat Processor Assistance Network (NMPAN), Oregon State University (2013)

Consumer demand for local food, including local meat and poultry, has risen in recent years. Meat and poultry processors are essential links in local meat supply chains. To sell meat, farmers need access to appropriately scaled processing facilities with the skills, inspection status, and other attributes to prepare these products safely, legally, and to customer specifications. Farmers and others suggest that limited processing infrastructure restricts the supply of local meat and poultry. At the same time, existing small processors often lack the steady, consistent business required for profitability. We analyze this multi-faceted problem and identify fundamental causes, drawing on a cost analysis of local processing at three scales. We use case studies of seven successful local and regional processors to illustrate strategies and solutions that may be adopted by others. We conclude that business commitments between processors and farmers are critical to mutual success: farmers commit to providing consistent throughput of livestock to process, and processors commit to providing consistent, high-quality processing services. This commitment, supported by coordination and communication between processors and their customers as well as along the entire supply chain, is essential to the persistence and expansion of local meats. We also describe five collaborative efforts around the country involving public and private sector partners who aim to expand opportunities for local meat marketing by providing support and technical assistance to meat processors and their farmer customers. Available online at: http://www.nichemeatprocessing.org/nmpan-research

CONFRONTING CHALLENGES IN THE LOCAL MEAT INDUSTRY: FOCUS ON THE PIONEER VALLEY OF WESTERN MASSACHUSETTS (2013)

Community Involved in Sustaining Agriculture (CISA)

This report, prepared by consultants to CISA, assesses challenges in commercial meat processing in the Pioneer Valley and provides recommendations for improving producer education and coordination, reducing costs, and expanding options for meat processing such as cutting and curing. The report includes detailed feasibility analysis of a stand-alone meat processing facility, the addition of meat processing services to an existing shared-use commercial kitchen, and the costs and benefits of two associations designed to improve services for producers. The report also includes an appendix that provides an overview of USDA regulations and how they are applied in Massachusetts. Available online at: http://www.buylocalfood.org/resources-for-farmers/ag-infrastructure/slaughter-and-meat-processing