COVID-19 likely to affect meat supply for weeks

It is critical that a country has the capacity to feed its people during a crisis. Thus, agriculture was declared an essential industry during the COVID-19 pandemic.

Locally, we saw the effects of individuals concerned about getting food or certain foods. As people prepared for the stay-at-home edict, they cleared the shelves of almost any popular meat item that could be frozen. For example, it was a challenge to find hamburger or chicken breasts during the first weeks of the shutdown.

Fortunately, we have ample production of meat and other staples on the farm. The concern is the distribution system — keeping each component functioning such as processing, packaging and transportation.

The following is an adaptation of an article written by Stan Smith from the Ohio State University Extension Beef Team that discusses how the COVID-19 pandemic has affected the supply and demand for meat.

The country has more than adequate supplies of market-ready livestock on the farm to accommodate the consumer's demand for meat. However, the pandemic has disrupted the meat supply chain, which caused short-term shortages in the meat case, resulting in fluctuations in price paid by consumers and the price received by farmers.

This disruption is expected to continue for weeks or possibly months to come. The solution to the chain of events that have caused the problems in the supply chain all revolve around how quickly COVID-19 is arrested and the lives of consumers and workers in the meat supply chain can return to normal.

First, to understand the solution, one must understand the interrelated actions and reactions that caused the meat case shortages and livestock price fluctuations experienced in recent weeks and perhaps, into the foreseeable future.

The story begins early in 2020 when the livestock markets were reacting negatively to the concerns of the potential impact COVID-19 could have on exports when it hit the U.S. When it became obvious COVID-19 had arrived in the U.S. in mid-March, markets shifted their attention from exports to domestic meat supplies.

When Ohio's schools closed on March 16, they were no longer offering lunch to 1.7 million schoolchildren. Families were suddenly needing to shop for food — including meat — to prepare at home. Ohio's stay-at-home order was issued a week later.

This order caused restaurants to close or only offer drive-thru services. With limited meals and food available from restaurants, families were once again headed back to the grocery store to stock up food for home meals.

As Americans were now suddenly spending less of their food budget on eating out, the markets reacted with a short-lived spike in livestock prices as supply scrambled to keep up with the increased demand for fresh meat.

Currently the meat market is concerned about the packing industry. Packing or processing facilities are operating below capacity or closed because of the COVID-19 virus infecting plant workers.

This loss of packing capacity has caused a backlog of market-ready livestock at the farm. The net result is strong prices in the meat case at a time when farmgate livestock prices are depressed waiting for market outlets.

Today, consumers are again facing the potential for temporary disruptions to the fresh meat supply chain until packing plants can get back to full production. At first glance this may seem to be a short-term problem the consumer can simply manage around. Unfortunately, the same is not necessarily true for the livestock owner.

If a consumer must prepare a meal without fresh meat because of an empty meat case, it is a meat sale that is lost forever. At the same time, along with lost packing house capacity, market-ready livestock inventory continues to grow — and it creates more meat that does not enter the market.

Even when restaurants can reopen, the question remains: “How quickly will consumers return to restaurants, and can the supply chain quickly shift again from meat counter to food service and provide the meat they will demand in a timely fashion?”

Until COVID-19 subsides and the availability of a healthy workforce is large enough to restore the U.S. packing house capacity and distribution system, consumers may experience temporary meat case shortages while livestock producers will be faced with marketing challenges, depressed prices and the need to remain flexible in their future livestock operations.

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