Pandemic sees pork plummet

By EDWIN LENTZ

COVID-19 disrupting the availability of meat has been a common news story this past week. Most of the disruption has occurred from the closure of meat packing facilities. Each livestock industry has been affected differently depending on packing houses.

Recently, several pork packing facilities have been closed because of the COVID-19 pandemic. This may affect Hancock County since pork is the largest livestock industry in the county.

Most of the local industry is by contract. The farmer does not own the pigs but is under contract to raise the piglets to market size (called finishing hogs). Besides raising the piglets, the farmer provides the confinement barns and disposes of manure. A disruption in processing may cause a backup in these barns.

Ohio ships about 89,000 hogs to market each week. Most of the hogs in northwestern Ohio are shipped to Michigan and some to Indiana. Other available processing plants are located in Sandusky and Pennsylvania.

Recently, several plants have closed in Indiana, which has affected the processing system. Dr. Steve Moeller, Extension swine specialist for Ohio State University, states that plant closures will impact the industry in three major ways:

- Packing capacity. The U.S. production is matching packing plant capacity, and both are at record levels. Thus, a regional lack of shackel space may occur. Shackel space is the area that carcasses hang waiting to be processed, like the meat locker scenes from the movie "Rocky."

- Inventory. Swine production is now nearly constant, dependent on weekly flow of hogs to market and optimization of space utilization. Thus, spaces are full and need to be continually emptied to make room for incoming pigs.

- Distribution channels. Efficiency of getting meat from packing plants to consumers is diminished with

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plant closures across the country. This loss of efficiency makes it a greater challenge of meeting consumer demands for pork products in a timely manner.

Before the closure of pork packing plants, COVID-19 had directly affected the pork industry by the shutdown of restaurants and stay home policies of states. These policies affected the price farmers received for their pigs and the cost of feed.

In January 2019, pork producers received $1.72 per pound for bellies (a commodity term for bacon). First of this year, pork bellies were getting about $1.19 per pound; however, after COVID-19, belly prices dropped to $0.46 per pound by April 10.

Demand for bellies has dropped because of restaurant and food service closures. In addition, bacon is packaged as 5- to 15-pound slabs to restaurants, which could not be economically repackage into the 16-ounce packages that consumers purchase at the grocery store, leading to a temporary surplus of an unmarketable product.

Besides bellies, farmers also received less for carcasses. First of the year, pork producers received about 56 cents per pound, but by April the price had fallen to 36 cents per pound, which is a $40 reduction for each pig being shipped to market.

COVID-19 has affected the ethanol industry, which caused increased feed costs for pork producers. Since people are traveling less because of stay-at-home directives, they are not buying gasoline — since ethanol is blended with gasoline, less gas, less ethanol.

Ethanol plants have closed or decreased production because of the reduction in demand. A byproduct of the ethanol industry is soluble distilled dry grain, a low-cost protein and energy source for livestock. Hog producers have had to shift to a more expensive sources such as corn-soybean meal.

Besides ethanol protein meal, COVID-19 has disrupted the availability of key amino acids and vitamins. Many of these products were imported, which COVID-19 has affected the production or shipping of these products from other countries.

To offset plant closures, price drop and more expensive feed, pork producers know they need to reduce the number of pigs going to market. They cannot economically hold pigs indefinitely in barns.

In the short-term, pork producers may adjust diets by feeding more fiber or reduce quantity of feed to slow growth to allow time for packing houses to get back to full capacity. They may also have to consider means to reduce the number of piglets being raised. One method is to reduce the number of sows in an operation. A sow is a female pig that has had baby pigs. Sows going to market have increased the past several weeks.

Availability of pork products at the meat counter should not be an issue for consumers. Pork producers have adequate supply. However, the consumer may see price fluctuations as supply and demand changes with closure and opening of meat packing facilities.

Consumers may also see an increase in pork prices at the retail counter in the future. If pork producers reduce the number of pigs going to market now because of plant closures, then they may not have enough market hogs for the plants when they get back to full capacity. It takes about six months to raise a pig from birth to market size.

In summary, COVID-19 has closed or reduced the operation of pork packing facilities, which in turn has created a backlog of hogs waiting to be processed. This backlog has affected the profitability of the pork producer — more than it has the availability of pork for the consumer. The pork producer would still say to the consumer, "Eat more bacon."

The National Pork Board has provided information on their response to COVID-19 pandemic at https://www.pork.org/

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