



COVID-19 Reduces North American Beef Processing Capacity

April 13, 2020

Calgary, AB

Situation Snapshot:

North American beef processing capacity has been reduced at a number of facilities due to challenges brought forth by the COVID-19 pandemic. For Canada, this includes the Cargill processing facility in High River, Alberta, temporarily reducing shifts starting the week of April 13th. This Cargill facility represents 36 per cent of total Canadian processing capacity. Other plants within Canada have also marginally reduced packing capacity to be able to implement COVID-19 protocols such as spacing of workers within the plant.

These reductions in packing capacity will create challenges for Canadian beef farmers and ranchers, and additionally may have impacts at the consumer level depending on the length of interruptions.

At the onset of the COVID-19 pandemic, the Canadian Cattlemen's Association (CCA) submitted a set of [recommendations](#) to the Federal Government including changes to the Business Risk Management (BRM) programs. Additionally, within the submission was the recommendation to re-build the BSE era set-aside framework to be implemented should a critical situation, such as a significant reduction in packing capacity, arise. The CCA recognizes that we are now in the critical situation and recommends that this program be reinstated and implemented immediately to best address the array of challenges brought forward by packing capacity shortages.

"We learned many lessons during the hard years of BSE, and it is time to implement the policies that previously helped us weather the storm," says Bob Lowe, President of the CCA. The set-aside program assisted with market stability as well as managing the flow of cattle through the supply chain.

"We also must look at and support all actions that can assist in our current situation. This could include increases in processing capacity at provincial packing plants and holding back cows so that we can focus slaughter on fed cattle - everything is on the table," states Lowe.

Canadian processing facilities have developed and implemented measures in consultation with public health agencies including: taking temperatures of employees before the start of work each day, additional cleaning and disinfection for high touch surfaces, monitoring of hand washing with soap and water by quality assurance personnel, use of a sanitizer to disinfect hands, and the requirement for employees to self-monitor and not to come to work if observable symptoms are present.

Health and food safety is paramount in all agriculture and food production operations in Canada. The above protocols are in addition to regular cleaning and sanitation.

The Canadian Food Inspection Agency (CFIA) continues to indicate that they do not anticipate any food product recalls or withdrawals from the market due to COVID-19 contamination. Currently, there have been no reported cases of food or food packaging being associated with the transmission of COVID-19.

Overview

- Canada is experiencing a significant reduction in beef processing capacity due to COVID-19; the Cargill facility in High River, Alberta has temporarily reduced shifts and other plants have also marginally reduced slaughter capacity
- Cargill's High River, Alberta plant represents 43 per cent of capacity in Western Canada and 36 per cent of total Canadian processing capacity.
- This is a continually evolving situation.
- The CCA has recommended to the Government of Canada to immediately implement a set-aside program to assist with the current critical situation being faced by Canadian beef farmers and ranchers.
- CCA additionally recommends making adjustments to the BRM programs to help Canadian cattle producers manage through the challenging circumstances brought forward by COVID-19.
- There may be implications for consumers depending on the length of currently implemented actions to address COVID-19. Consumers are recommended to buy what they need but not more than they require.
- The Canadian beef industry has been working with federal and provincial stakeholders to develop and implement COVID-19 protocols to protect the health and safety of the plant's employees while maintaining plant operational continuity.
- The Canadian Food Inspection Agency (CFIA) has indicated that there are no food safety concerns.

Please refer any media requests to CCA's Communications Manager Michelle McMullen at mcmullenm@cattle.ca. Cargill also has a spokesperson available.

Q&A

Are you expecting further reductions in processing capacity?

This is an evolving situation. Processing facilities are implementing best practices and the full Canadian community is practicing physical distancing, so we are doing what we can today and will adapt as necessary.

Will this create reductions in food supply in Canada?

This may create short-term challenges in beef supply. We recommend mindful buying where consumers buy only what they need but not more than they require.

Will there be food recalls?

The CFIA continues to indicate that they do not anticipate any food product recalls or withdrawals from the market due to COVID-19 contamination. Currently, there have been no reported cases of food or food packaging being associated with the transmission of COVID-19.

Have plants been taking extra precautions for COVID-19? If so, how?

Yes. Employers of packing facilities have developed robust protocols in consultation with CFIA and the Public Health Agency of Canada (PHAC) to reduce the spread of COVID-19 in the workplace.

Facilities have undertaken measures to reduce the potential of illness in their workers including: taking temperatures of employees before the start of work each day, additional cleaning and disinfection for high touch surfaces, monitoring of hand washing with soap and water by quality assurance personnel, use of a sanitizer to disinfect hands, and the requirement for employees to self-monitor and not to come to work if observable symptoms are present.

Health and food safety is paramount in all agriculture and food production operations in Canada. The above protocols are in addition to regular cleaning and sanitation.

How does a set-aside program work?

The objective of a set-aside program is to delay the marketing of cattle. The program would be designed to encourage farmers to hold cattle on maintenance rations (i.e. removed from the value chain for at least eight weeks). This would allow cattle marketings to stretch out over a longer period of time and be managed by existing packing capacity, **until slaughter capacity can be regained**. The program was originally developed in concert between governments and the Canadian beef industry during the BSE era and considered successful.

The mechanics of the BSE era program were relatively simple. A committee of beef industry and government representatives monitored the beef market and the cattle supply situation. Periodically, when the committee determined that holding back some cattle was required, the program was opened for bids from producers who specified the dollar amount they would be willing to accept to hold back feeder cattle on a maintenance ration. The dollar amount reflected the additional cost being taken on by the producer. The committee established a ceiling on both the number of cattle that would be held back in any single period and a cap on the compensation producers would receive. Should the market improve materially, the committee could release enrolled cattle from the program early.

There were qualification restrictions, cattle identification requirements, on farm audits and measures to ensure compliance and eliminate slippage. The program evaluation stated that the random audits conducted during the program failed to uncover a single incident of program abuse. The evaluation concluded that the program was a success as fed cattle prices increased during the term of the program.

For further information, contact:

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