

How That Pig Got to the Market and the Roadblocks Caused by COVID-19

[Music]

Some of us have had trouble getting the cuts of pork we'd like at the grocery store. We've also heard that pigs are being euthanized, even as food banks face surging demand from people who've lost jobs.

How can this be?

That's the question we explore in this episode of Farms, Food and You, a podcast from NC State University's College of Agriculture and Life Sciences. In each episode, we'll talk with our experts in agriculture, food and nutrition on topics that affect both producers and consumers.

I'm Dee Shore, and I'm glad you're listening. This week, we'll hear from an NC State economist, an Extension animal scientist and a farmer who's been raising pigs since he was a young boy.

They all say that disruptions taking place today in the pork supply chain could affect farmers and consumers for months to come.

[Music]

James Lamb is worried.

Shortly after North Carolina Governor Roy Cooper issued stay-at-home orders in late March, the Sampson County pig farmer received a batch of newly weaned piglets.

Last week, his piglets had reached 40 to 50 pounds and were ready to move on to a new farm where they'll be raised to market weight. But for the first time in his 22 years as a pig farmer, Lamb didn't have a good grasp on what would happen next.

[James Lamb]

It's in limbo at this point, if the pigs I sell next week will have a place to go. I will find that out Friday. I anticipate my placement-back numbers will be lower until prices go back up – or obviously, if – we can get a handle on COVID-19.

Why is this happening here? Closures at processing plants in other states, as well as slowdowns that are happening right in North Carolina and around the country, have in the words of NC State economist Kelly Zering, "shocked" the pork supply chain. The slowdowns haven't been as widespread in our state, and our pork processing plants haven't had to close. Still, because the industry is such a big part of North Carolina's economy, the situation is taking a toll.

[Kelly Zering]

Pig production and pork processing are an important part of the economy of rural North Carolina and are an important part of the U.S. supply of pigs and pork. The inventory of pigs in North Carolina was estimated at 9.2 million pigs recently, and that's despite having a legislative cap in place that has resulted in no new pig farms or expanded pig farms since 1997. That inventory was second largest in the U.S. up until March 1, at which time Minnesota passed North Carolina. So North Carolina has the third-largest inventory of pigs in the United States.

Roughly 17.5 million pigs are marketed each year from North Carolina, and of those, about 11.5 to 12 million are slaughtered and processed into pork in North Carolina. That slaughter and processing number is just under 10% of the U.S. supply of pork. So North Carolina is extremely important as a supplier of pork in the country.

The COVID-19 pandemic has had a pretty severe impact, Zering says.

[Kelly Zering]

There've been two main effects. One is in the supply chain: illness among workers in pork processing plants has disrupted pork processing.

Many plants had closed, particularly in the Midwest, for a few days or a few weeks to try and clean up the plant and reduce the presence of the virus in the plant. Workers were staying home sick. And so the plants were operating at less than capacity, maybe reducing shifts, or just reducing the speed at which they operated.

With processing plants closed or slowed down, they couldn't produce as much pork. In fact, Zering says, production has been down about 20% from a year ago.

[Kelly Zering]

This is compared to a situation where they were expecting to be processing somewhat more than what they did last year in response to global demand. So all of a sudden, there's no place for pigs to go to be slaughtered — or at least less space for them to go to be slaughtered. So there's a backup occurring at the farm and a shortage of these through reduced supply at the retail level.

One other shock that the pandemic brought to the pork industry was the shutdown of all of the meals eaten away from home. These would be restaurants and institutions that made up a large part of pork demand: Perhaps half or more than half of the money spent on pork was spent on meals away from home. So the loss of that or severe reduction in that market has had a big impact on the pork industry as well.

James Lamb puts this supply-chain disruption into perspective. Noting that the meat processing plants in his area were operating with reduced capacity, he thinks that he and other pig farmers could see impacts for months.

[James Lamb]

How COVID-19 affects my operation is if the finishing-operations lag in shipping their pigs off to be processed, then when my pigs need to go to a finishing operation at the end of two months, then they will have nowhere to go, so it backs everything up. And then when my pigs have nowhere to go, that also backs the sow farm up. These sows are bred, or some would say they're pregnant and they have a due date, and they're going to have pigs. Then if they have nowhere to go in two to three weeks, it's not like he can just hit a light switch, and just turn it off. ...

Lamb trails off for a moment.

[James Lamb]

I'm anticipating low numbers the remainder of the year.

By low numbers, James is referring both to the numbers of pigs he'll receive and to the amount of money he'll make as a farmer.

[James Lamb]

If everything goes well, and the pigs that I sell next week have a place to go, I'm anticipating that I'm going to get more than 18% less pigs the following time, due to the lower numbers in sows, pigs coming out of the sow farm.

If you look at a turn as two months, basically a thousand dollars a month less, off the top. And then if the next time I have more than 18%, obviously that would be even more a cut in income.

I could feel the effects of this until early to mid 2021 – even if today things were to miraculously turn back around.

Jon Holt, an NC State Extension swine specialist, says Lamb's projections make sense.

[Jon Holt]

Yeah, it's really a situation where we might see some short-term ramifications right now because pork may not be getting to the grocery stores or the normal supply channels, but when we actually see pigs that are marketed, that effect is probably coming three to four months. And then as you look at the effect of not adding sows or not breeding sows,

now you're looking at that more six to eight months, 10-month timeframe. We really don't know today what the long-term ramifications look like, but it could last a while.

We're fortunate we have not had the major plant closings that other states have had to deal with, but we're certainly seeing the trickle-down effect of the rest of the industry.

We have pigs that are maybe weaned in North Carolina, that would be sent to Iowa for finishing. But Iowa right now is experiencing some plant closures and therefore growers are either not wanting to place those pigs into barns or even have the room in their barns for those new weaned pigs that would be coming. So it's creating an abundance of weaned pigs in North Carolina with no room in finishing barns.

Why can't farmers keep the pigs on their farm until the market can take them? Holt says it comes down to animal welfare.

Allowing pigs to grow beyond the market weight of 280 to 300 pounds can cause overcrowding in barns, which can lead to injuries — and putting pigs out to pasture can be problematic, as well. Overexposure to the sun and to cold temperatures can cause health problems.

Holt says that North Carolina farmers haven't faced the scale of euthanasia that's taken place in the Midwest. Farmers there have found the process draining.

As some people question whether the food supply system is broken, Zering focuses on the months and years ahead.

[Kelly Zering]

As we think about the future impacts and the implications of the COVID-19 pandemic, we can imagine that many processes and every aspect of human activity will be redesigned to make them more resilient to disease outbreaks, like this one, pig production and pork production are no exception to that general rule. Some redesign of infrastructure and standard practices (are) already occurring in pork processing plants and in pig production systems, and longer-term changes will certainly occur.

James Lamb, who became a farmer at age 16 when his father died suddenly, is focused on the near term.

[James Lamb]

My main concerns are obviously for my family, personal health and everything. So far, we had no cases within my family. My mother, obviously being 89, she's a high risk. My kids and all, everybody's healthy. For myself since I'm the major workforce of the farm, if I was to go down for two weeks or something like that, the concern is if I have things in place that things could run without me being there or being incapacitated.

And for my community, my concern is our local economy here in Sampson County. My hopes for the future is for a speedy recovery of our local and state and the country's economy, and that we can get back to what we would call a normal life.

[Music]

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