

Meat Processing Facilities

Executive Summary

Meat slaughter and processing facilities are an important part of the meat production chain. The number of available meat processing facilities can affect the prices of meat for both producers and consumers. There are currently 217 meat processing facilities in Missouri that are inspected under federal or state jurisdiction. Several bills in 2022 ([SB 644](#), [HB 2126](#)) would extend tax credits that would be used for the expansion or modernization of meat processing facilities in Missouri until December 31, 2028.

Highlights

- Livestock processing facilities, which handle animals such as cattle, sheep, swine, and goats, are inspected by the Food Safety and Inspection Service (FSIS).
 - In states like Missouri, the authority that FSIS has may be designated to a state agency, as long as the state requirements are “at least equal to” those enforced by FSIS.
- The Missouri Meat and Poultry Inspection Program (MMPIP) offers equal inspection authority and service within the state of Missouri as FSIS. Any meat processed under MMPIP inspection and sold within the state of Missouri is offered the same privileges and exemptions as USDA-inspected meat products.
- Market concentration, geography and transportation costs, alternative marketing arrangements (AMAs), cattle cycles, and packing capacity impact the price that beef producers receive at the meat processing facilities.
- The number of local, spread-out across different areas, beef processing plants may impact beef prices and the competitiveness of fed cattle pricing in aggregate.

Research Background

Meat Processing

[Meat processing facilities](#) are locations where all the steps of transforming an animal into meat for sale occur. This includes slaughter, cut and wrap, and often value-added processing (e.g., making patties or bacon). Meat that is transferred to a meat slaughtering (also called meatpacking) facility and is inspected regularly by either state or federal inspecting agencies, depending on the agreements that each state has with the Food Safety and Inspection Service (FSIS).¹

Farmers who do not intend the meat they produce to be consumed by individuals other than

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their household, guests, and employees are exempt from typical inspection requirements. These products cannot be sold or donated and will not enter into the stream of commerce, so the continuous inspection requirements are not applied, and rather are subject only to periodic inspection.¹

Meatpacking Industry

In 2020, the United States ranked first internationally in beef and veal production with nearly 12.4 million metric tons produced. U.S. cattle marketed for slaughter generated \$63.1 billion of receipts in revenue in 2020. During the COVID-19 outbreak, meatpacking companies increased their profitability.²

Since the outbreak of COVID-19, meat prices are the single largest contributor to the rising cost of food people consume at home; beef, pork, and poultry price increases make up a quarter of the overall increase in food-at-home prices last month.³ According to the four biggest meat-processing companies' latest quarterly earnings statements, their gross profits have collectively increased by more than 120% since before the pandemic, and their net income has increased by 500%.³

Over the past five decades, consolidation in the meatpacking industry has made slaughter plants much larger. As concentration has increased, smaller firms have left the industry. As a result, large plants have realized growing cost advantages over smaller plants, and production has further shifted to larger plants.⁴ There are currently four major meat companies in the U.S. (Cargill, Tyson Foods, JBS, and National Beef Packing) who control 55% to 85% of the hog, cattle, and chicken markets.

While there are advantages to having centralized control of the meat industry, such as increased efficiency, having a small number of slaughtering facilities to bring cattle to be processed means that farmers may have difficulty finding a market for their products (e.g., live cattle). When finding a slaughtering facility and negotiating a price becomes harder and more expensive for the cattle producers, it results in thinner profit margins for the cattle producers and higher consumer prices. In addition to market concentration, a combination of characteristics of the U.S. beef supply chain impact the price that the beef producers receive at the meat processing facilities, including geography and transportation costs, alternative marketing arrangements (AMAs; any arrangements that are not cash-based, such as forward contracts), cattle cycles, and packing capacity.

On the other end, adding strategically-located processing facilities that are owned by different firms can narrow the price capture by the biggest meat packing companies and increase livestock producers' control over their end products, which in the end impact beef prices and the competitiveness of fed cattle pricing in aggregate.⁵

Meat Processing Facilities in Missouri

Across the state of Missouri, there are 217 facilities that either slaughter or process livestock, meat or poultry (Figure 1). Of these, 161 are federally inspected and 56 operate under state inspection.⁶

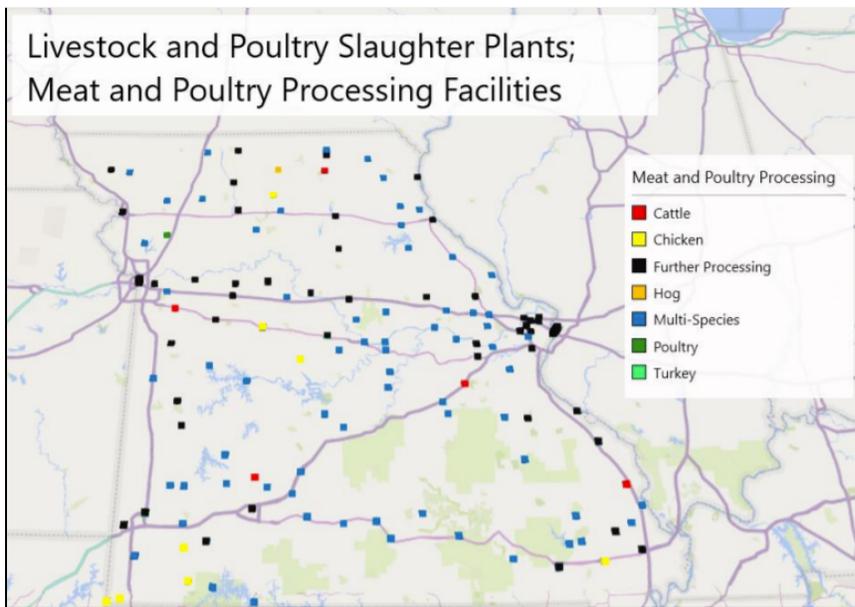


Figure 1. Map of the Livestock and Poultry Slaughter and Meat Processing Facilities (by species).⁶

The Missouri Meat Processing Facility Investment Tax Credit Act became a law in 2017 ([RSMo 135.686](#)). [The program](#), which was administered by the Missouri Department of Agriculture, made tax credits available for procedures including constructing, improving, or acquiring buildings or facilities, or acquiring equipment for meat processing if used exclusively in the state, but the law expired in December 2021. Several bills in 2022 ([SB 644](#), [HB 2126](#)) would extend these tax credits to be used for the expansion or modernization of meat processing facilities in Missouri until December 31, 2028.

Other states in the Midwest have similar programs in place. For example [Iowa](#) and [Wisconsin](#) offer tax credits to cover meat processing facilities modernizations, or other tax incentives for local meat plants to boost locally sourced beef and pork and to strengthen local overall food processing supply chain and rural development.

Meat Processing Laws in the United States

The processing of livestock, which includes animals such as cattle, sheep, swine, and goats, is governed nationally by the Federal Meat Inspection Act, and implemented through USDA regulations. Similarly, the processing of poultry, including chickens, turkeys, ducks, geese, ratites, and squab is governed by the Poultry Products Inspection Act.⁷

Generally, the Food Safety and Inspection Service (USDA-FSIS) works with the appropriate state authorities on a state-by-state basis. The requirements for meat inspection may differ significantly depending on what services the meatpacking facility intends to provide, who the customers are, and in what state they operate FSIS has the authority to ensure that the meat products that are offered for sale meet the national standards and are done according to the laws (including various labeling, sanitation, and building requirements).⁷ State inspection programs operate under a cooperative agreement with FSIS, and facilities in states with state inspection can choose between FSIS or state inspection.¹ In the states that choose to do so, the authority that FSIS has may be designated to a state agency, as long as the state requirements are “at least equal to” those enforced by FSIS (e.g., Missouri). Currently, 27 states have their own meat state inspection programs, while 25 states have their own poultry state inspection programs.⁷

The Missouri Meat and Poultry Inspection Program (MMPIP), in cooperation with FSIS, is administered by the Missouri Department of Agriculture, Division of Animal Health. The MMPIP ensures that the commercial supply of meat and poultry products within the state are safe, wholesome, accurately labeled and secured. It has equal inspection authority and service within the state of Missouri as FSIS. As a result, any meat processed under MMPIP inspection and sold within the state of Missouri is offered the same privileges and exemptions as USDA-inspected meat products.⁸

Additional Safety Considerations

The trends of consolidation of the four biggest meatpacking companies have had an impact on the vulnerabilities that the food chain workers in the industry face, including poverty wages and dangerous working conditions that disproportionately affect minority workers.² While injury and illness rates in the meat and poultry slaughtering and processing facilities declined from 2004 through 2013, hazardous conditions have persisted within the industry,⁹ and were exacerbated during the pandemic. In the U.S., meatpacking plants were among the earliest workplaces involving high rates of transmission of COVID-19 and as the pandemic progressed, rates of COVID-19 infections for meatpacking workers became higher than those of any other workers; rural counties with meat processing plants had five times as many infections than the national average.¹⁰

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