

Summary of Meat Processing Issues in Washington State

Over the last thirty years, many USDA-inspected meat slaughtering facilities in Washington and throughout the U.S. have closed, and have not been replaced. From 1980-1999, the number of slaughter plants in the U.S. plunged from more than 600 to about 170 for cattle, and from 500 to about 180 for hogs,¹ and the numbers have remained low since that time.² Over the same time period, the market share captured by the top four firms has increased drastically. The U.S. Department of Justice ranks the beef processing industry as “highly concentrated” (the highest ranking available) and the pork processing industry as “moderately concentrated”.³

Consolidation has contributed to reduced profits for small and mid-size farmers, because with fewer plants to choose from, farmers have little negotiating power and must take the prices offered to them.⁴ Concentration at the slaughter, processing, and retail levels tends to encourage consolidation at the producer level as well, as large meat processors exert considerable economic control over livestock producers in the form of production contracts and animal ownership.⁵ In these types of supply chain arrangements, producers usually contract directly with processing organizations, bypassing more traditional commodity markets.

Even the small number of existing USDA-inspected facilities in the state overstates the availability of USDA-processing for independent farmers. The remaining large USDA-inspected plants will generally not slaughter for small producers, because they can't keep track of small batches, and because they don't make profits on smaller volume orders.⁶ In Washington, many of the few USDA-inspected facilities that remain have minimum head requirements or work only on contract, and many process only beef. These restrictions, combined with the loss in total numbers of slaughtering and processing facilities, have made it difficult for small to mid-size farms to access USDA-inspected slaughtering and processing services.

In the past ten years alone, approximately 10% of small meat processing companies nationwide have ceased operations,⁷ continuing a trend that has been occurring since the 1980s. Figure 1 shows open and recently closed USDA-inspected meat slaughtering facilities in Washington, with green symbols showing which plants are consistently taking new business from independent producers. In a survey of Oregon and Washington livestock producers, Martin and Lawson found that 60% said they needed improved access to a USDA-inspected processing facility. In addition, 29% of producers cited a scarcity of USDA-inspected facilities as a challenge to their business.⁸

¹ Barkema, A., Drabentstott, M., & Novack, N. (2001, Second Quarter). *The New U.S. Meat Industry*. Federal Reserve Bank, Center for the Study of Rural America. Retrieved 28 Jan 2008 <http://www.kansascityfed.org/PUBLICAT/ECONREV/ERbyRReg.htm>.

² Gurion-Sherman, D. (2008, Apr). *CAFOs Uncovered: The Untold Costs of Confined Animal Feeding Operations*. Cambridge, MA: Union of Concerned Scientists. Retrieved 27 Apr 2008 www.ucsusa.org.

³ Barkema et al., op. cit.

⁴ Martin, A., & Lawson, D. S. (2005, Nov). *Solving the Local Meat Conundrum: Meat Production and Processing in Oregon and Washington*. Internal Report. Portland, OR: Ecotrust Food and Farms and Chef's Collaborative.

⁵ Barkema et al., op. cit.

⁶ Fanatico, A. (2003). *Small-Scale Poultry Processing*. Butte, MT: ATTRA, The National Center for Appropriate Technologies. Retrieved 31 Jan 2008 <http://attra.org/attra-pub/PDF/poultryprocess.pdf>.

⁷ “Natural” Animal Products Drive Demand for Small Processors, Mobile Slaughter. (2005, May 11). *Farmed Animal Watch*, 18(5). Retrieved 4 Jun 2008 <http://www.farmedanimal.net/faw/faw5-18.htm>.

⁸ Martin and Lawson, op. cit.

This problem has also been documented anecdotally in several regions of the state. In the 1950s, more people were employed in the meat industry than in any other industry in Spokane. By the late 1970s, however, three of the largest slaughtering facilities, Armor, Highgrade, and Swift, had all ceased operations, and today there are no USDA-inspected meat slaughtering facilities in Spokane.⁹ In Western Washington, over the 35 years that Lee Markholt has been providing locally-produced beef through The Meat Shop on Vickery Avenue East in Summit, he has seen the USDA-inspected slaughtering plants in Lewis County and Sumner close. Currently, he has to make a 326-mile round trip journey to Sandy, Oregon, which adds significant labor and diesel costs to his product.¹⁰

Producers who cannot access USDA-inspected slaughtering and processing services can still sell animals to consumers if the meat is slaughtered by persons licensed by the WSDA. However, this meat can be marketed only to a relatively small subset of customers, because the animals must be sold live to the end consumer, to comply with the WSDA requirement that persons licensed by them can only slaughter or process “un-inspected meat food animals” for “the sole consumption of the owner”.¹¹ After purchase, the end consumer (or sometimes, the producer) contracts with a custom slaughterer to have the animal killed and processed.

The meat from animals slaughtered and processed by WSDA-licensed facilities may not be re-sold, and therefore, producers cannot sell the animals to restaurants or groceries. Nor can they sell cuts at farmers’ markets, or through Community Supported Agriculture (CSA) Programs. WSDA requirements also complicate sales to individuals, as regulations create some difficulty in pricing the product,¹² and require that consumers buy at least a quarter of an animal, more than many families have room for storing.¹³ Because of these limitations, producers using WSDA-licensed slaughtering can only sell to a small portion of the available market for locally-produced meat.¹⁴

Poultry slaughtering is regulated somewhat differently, though the overall issue remains the same; producers cannot produce large numbers of poultry for local markets without USDA inspection, which is hard to obtain. Producers who slaughter and process small numbers of birds (less than 20,000 small birds¹⁵ and 5,000 turkeys) may become licensed as WSDA food processors, and may sell birds directly from their farm, at farmers’ markets, on the internet, to

⁹ Dan Snyders, plant manager, Meat Lab, Washington State University, telephone interview July 7, 2008.

¹⁰ Roberts, C.R. (2008, Mar 9). Local meat locally inspected: Mobilizing the slaughterhouse. *The News Tribune*. Tacoma, WA. Retrieved 13 Apr 2007 <http://www.thenewstribune.com/business/story/304499.html>.

¹¹ Washington State Department of Agriculture, Custom Meat Program page webpage. Retrieved 23 April 2008 <http://agr.wa.gov/FoodAnimal/CustomMeats/default.htm>. “Meat food animals” includes cattle, swine, sheep, and goats. Exotic meat animals such as bison or game animals can be sold within Washington State when slaughtered and processed at a licensed WSDA food processing facility. Meat from exotic animals sold outside Washington State must be processed in a processing facility that has a USDA grant of inspection for the particular exotic species.

¹² For example, cattle must be sold by the head or live weight. Live weight is heavier than “hanging weight,” the weight of the carcass. More importantly from the perspective of pricing for customers, these averages mask wide variations in dress-out percentages between animals. Fanatico, A. (2006). *Beef Marketing Alternatives*. Butte, MT: ATTRA, The National Center for Appropriate Technologies. Retrieved 31 January 2008 <http://www.attra.ncat.org/attrapub/PDF/altbeef.pdf>.

¹³ Martin and Lawson, op. cit.

¹⁴ Fred Berman, Small Farm and Direct Marketing Program Coordinator. Telephone interview January 23, 2008.

¹⁵ Small birds include chicken, pigeons, duck, or other birds.

restaurants, hotels, food service institutions, grocery stores, or through wholesale food distribution. However, producers who slaughter and process larger volumes of birds (20,000 or more small birds per year or 5,000 or more turkeys) must slaughter and process under USDA inspection.¹⁶

Producers who slaughter poultry and livestock in WSDA-licensed facilities are thus prevented from selling to lucrative markets that have the potential to support sustainable farm businesses in Washington. Meanwhile, consumers cannot get the local products they want. In Western Washington, farmers' market representatives, food co-op leaders, and chef groups have each said that they do not have access to adequate amounts of locally-produced meat, and that they are therefore unable to satisfy existing market demand. Nationally, demand also seems to be outpacing supply.¹⁷

Producers can earn more, generally up to 50% more, by selling direct to consumers and cutting out the middlemen.¹⁸ They can also earn more by selling to the significant, and growing, group of consumers who are willing to pay a premium for products that are antibiotic- and hormone-free, humanely produced, grass-fed, natural, sustainable, organic or locally produced. Researchers at Washington State University found that consumers in Spokane, WA, were willing to pay \$5.65 more per lb for beef which contained "a low level of fat and calories," and \$3.42 more per lb for beef that had "high levels of omega-3 fatty acids," attributes that apply to grass-fed beef.¹⁹ In King County, 60% of consumers were willing to pay up to 10% extra for locally grown foods, and 20% were willing to pay 25% more.²⁰ National research has also documented higher prices for natural, organic, and humanely-raised meats.²¹

Taken together, available evidence suggests that a lack of USDA-inspected slaughtering facilities may be limiting farm businesses in at least some areas of the state. In addition to the lack of USDA-inspected slaughtering facilities, a lack of USDA-inspected processing is an issue for some farmers, particularly those who are seeking specific processing services to fabricate specialized products. New or expanding USDA slaughtering facilities, whether mobile or fixed, would have to overcome many challenges, including a policy environment that favors larger

¹⁶ Zenz, L., Sanger, K., & Wides, D. (2006). *The Green Book: The Handbook of Regulations for Direct Farm Marketing, Fifth Edition*. Olympia, WA: Washington State Department of Agriculture. Retrieved 1 Feb 2008 <http://agr.wa.gov/Marketing/SmallFarm/greenbook.htm>.

¹⁷ Kirchenmann, 2006; Yee, 2006; as cited by Painter, Kathleen. Organic and Beyond: Consumer Demand Growing for Differentiated Farm Products. Spr 2008. *Sustaining the Pacific Northwest: Food, Farm, & Natural Resource Systems*. 6(1), 7-9.

¹⁸ Fanatico, 2006, op. cit.

¹⁹ McCluskey, J. J., Wahl, T. I., Li, Q., & Wandschneider, P. R. (2005, Nov). U.S. Grass-Fed Beef: Marketing Health Benefits. *Journal of Food Distribution Research*, 36(3), 1-8.

²⁰ Jussaume, R., Ostrom, M., & Jarosz, L. (2004). *Food Consumption Attitudes and Behaviors in Four Washington Counties: Results of a Consumer Survey conducted in 2002*. Washington State University and University of Washington. Retrieved 13 May 2008 <http://www.crs.wsu.edu/outreach/rj/ag-consumer/index.html>.

²¹ Fresh Research Exposes Rapid Growth of Natural/Organic Meat: Small Niche Growing Rapidly. (2008). Centennial, CO: Beef Retail Marketing. Retrieved 21 May 2008

<http://www.beefretail.org/reseNaturalOrganicNicheContinuestoGrow.aspx>; Rauch, A., & Sharp, J. S. (2005, Jan). Ohioans' Attitudes About Animal Welfare: A Topical Report from the 2004 Ohio Survey of Food, Agricultural and Environmental Issues. Social Responsibility Initiative, Department of Human and Community Resource Development, The Ohio State University. Retrieved 4 Jun 2008 http://ohiosurvey.osu.edu/pdf/2004_Animal_report.pdf.

facilities, a maze of complex regulations and ongoing documentation requirements, high capital costs, potential backlash from neighbors, and high ongoing costs. However, if successful, new businesses would fill in a “missing link” between livestock farmers and consumers, and would thus help keep farming viable in Washington.

Facilities that no longer offer USDA inspected slaughtering services

Facility Name	Address/ Phone	Notes
Crescent Custom Slaughter	5221 160 th Ave E. Sumner, WA 98390	Now closed.
Double H Slaughter	1721 Airport Rd Centralia, WA 98531 (360) 736-5257	Don't currently offer USDA inspected slaughter (only custom).
Midway Meats	1721 Airport Rd. Centralia, WA 98531	Became The Beef Shop. Store was sold without USDA inspection. (They hope to upgrade).
Starkel Poultry, Inc	10524 128th St E Puyallup, WA 98373 253-845-2876	Number disconnected. No longer USDA inspected. Out of business

Facilities that have USDA-inspected slaughter, but that aren't open to independent producers

Draper Valley Holdings	1000 Jason Lane Mount Vernon, WA 98273-0838	Poultry. Only slaughter their own meat.
Foster Poultry Farms	1700 South 13 th Ave. Kelso, WA 98626 (360)575-4900	Poultry. Only slaughter their own meat.
Schenck Packing Company	8204 288th St. NW Stanwood, WA 98292 360-629-3939	Beef- dairy cows and bulls. Wholesale operation- buy live animals outright and do not provide slaughtering services to those who want to market their own meat.
Sunleaf	861 Sheffield Rd. Mesa, WA 99343 509-265-4483 or 4488	Squabs (pigeon). Only slaughter their own birds.
Thundering Hooves	10702 State Line Rd. Touchet, WA 99360 (also licensed for processing in Walla Walla, WA)	All species. Only slaughter their own meat.
Tyson Fresh Meats, Inc.	13983 Dodd Rd. Walla Walla, WA 99363	Cattle. Only slaughter their own meat.
Walt's Wholesale Meats	350 S Pekin Rd Woodland, WA 98674 360-225-8203	USDA inspected. This facility is set up to process large volumes of commercial boxed beef, and staff say that Walt's does not normally provide slaughtering for small producers who want meat returned to them. Normally purchase animals live and process. Producers say slaughtering for independent producers is “only available on a special favor arrangement.” Meat is fabricated immediately after slaughter, with no hanging or aging. Two producers noted that Walt's has very high prices because of the lack of competition.
Washington Beef, LLC (Abey Foods)	201 Elmwood Rd. Toppenish, WA 98948 (509) 865-2121	Only slaughter own cattle.

Facilities that offer USDA-inspected slaughter to independent producers, but have significant limitations on their ability to serve independent producers.

Island Grown Farmers' Cooperative	13400 D'arcy Rd. Bow, WA 98232	Beef, Pork, Sheep, Goats. Serves producers in San Juan, Island, Skagit, and Whatcom Counties. Cooperative members get priority. At maximum capacity.
Kapowsin Meats	29401 118th Ave E Graham, WA 98338 253-847-1777	USDA-inspected pork slaughtering only. For sale. ²²
Lampaert Meats, Inc	17658 W Snoqualmie River Rd NE, Duvall, WA 98019 425-788-1128	USDA-inspected. They say their business is cyclical (2-3 yr cycles). When they are slow, they serve new small independent producers, but when they are busy, they don't accept new business. Multiple producers say they are not currently seeking new customers. Mostly beef.
Wood's Meat Processing	482169 Hwy 95 Sandpoint, ID	Beef, Pork, Lamb, other large animals. Currently operating at capacity (booking five months out as of July 08)
Washington State University	Meat Science Lab Washington State University, Pullman WA 99163 509-335-4353	Research and educational purposes only.

Facilities that are currently providing USDA-inspected slaughtering to independent producers.

Facility Name	Address/ Phone	Notes
Commercial Ag Development Ctr/ Smokey Ridge	Smokey Ridge 2450 Heine Road Chewelah, WA 99109 (509) 935-6213 (877) 905-3759 Toll Free	Currently operating. Say that they have difficulty with having enough inspectors- can't flexibly increase and decrease. Slaughter cattle, swine, sheep, goats. Scheduling about 3 weeks out during the summer and fall.
McCary's Country Meats	6880 Route-170 Mesa, WA 99343 509-269-4488	USDA inspected. 400 miles round trip. Mostly beef and pork, but will take lamb and goat. No USDA smoking.
Vern's Moses Lake	2721 W Peninsula Dr. Moses Lake, WA 98837	Will still slaughter for independent producers. All species. No minimum. However, operating near full capacity- booking far in the future necessary.
Emmert Buxton Meat Co.	37101 SE Dunn Rd Sandy, OR 503-668-4838	USDA-inspected. 325 miles round trip. ²³ Also able to process organically certified meats.

²² According to multiple producers.

²³ Distances are calculated from the Pierce Conservation District Building, Puyallup, WA.