



"Working for Nebraska beef producers - pasture to plate."

August 30, 2021

Sarah J. Helming
U.S. Department of Agriculture
Whitten Building – Suite 312-E
1400 Independence Ave SW
Washington, DC 20250

RE: Docket ID No. AMS-TM-21-0058 (86 Fed. Reg. 37728) Comments on Investments and Opportunities for Meat and Poultry Processing Infrastructure

Dear Ms. Helming,

The Nebraska Cattlemen appreciates the opportunity to submit comments on behalf of our members regarding the Office of the Secretary's Request for Information (RFI) on Investments and Opportunities for Meat and Poultry Processing Infrastructure. Members of Nebraska Cattlemen have long expressed concerns regarding the need to increase and diversify capacity for beef cattle processing in the United States. Nebraska Cattlemen leadership and staff look forward to working with local, state, and federal leadership in accomplishing this goal.

Adequate beef processing capacity is critical to maintaining profitability in the cattle industry by ensuring a steady supply of beef and beef products to consumers. Currently, not only is there a shortage of adequate processing capacity, but there is also a reduction of processing throughput across the country. A recent study by Rabobank found that excess operational beef processing capacity fell to zero in late 2016 and turned negative in early 2017, resulting in a negative effect on cattle producer leverage in fed cattle price negotiations because of lack of competition.

Nebraska Cattlemen members believe that funding allocations through USDA and other federal agencies should be invested systematically to ensure an expedited and meaningful impact is accomplished. With domestic and foreign beef demand at an all-time high, the obvious solution to meet this growing demand without shrinking the US beef herd is to expand beef processing capacity and diversity.

In consideration of how to develop guidelines to distribute the \$500 million allocated toward the meat and poultry processing sector, Nebraska Cattlemen asks USDA to consider the following:

- Due to the historically high-risk nature of the meat processing industry, we believe allowing small, medium, and independent facilities that have already begun the process of building or expansion should qualify for grants, low or no interest guaranteed loans, or other available funding retroactively. These facilities responded to an immediate need and should benefit from funding allocated to supply chain infrastructure and resilience.
- We ask USDA to be especially vigilant of high levels of consolidation and concentration within the meat packing and processing industry when considering where to allocate funding. Small, medium, and



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independent processors contribute not only to supply chain resilience, but also improve producer leverage in fed cattle price negotiations by increasing competition in the marketplace.

- In addition to investing in physical processing infrastructure, we believe it is equally important to invest in the business and workforce development components of the beef cattle processing industry. This includes providing resources for small, medium, and independent beef cattle processors to develop robust business and workforce training plans. This type of planning aids companies by ensuring they are managing both financial and business continuity risks. We believe this can be accomplished through strategic partnerships with other federal agencies and by ensuring new and independent entrants in the meat processing industry have access to adequate lines of credit to safeguard both long and short-term financial viability. USDA can assist in this effort by distributing some of the funds available to qualified business entities via federally guaranteed, low-interest loans and, in some cases, grants.
- Beef packing plants, transporters and our member farms and ranches are all currently experiencing challenges with labor recruitment and retention. Congressional action to reform immigration policy to advance needed H2A visa restructuring and ensuring state and federal resources are available for immigrants to be offered employment opportunities and to successfully thrive in our communities is critical to helping current packing plant infrastructure reach with workforce needs and maintain 100% capacity throughput. While farmers, ranchers, and feeders are constantly confronted with labor shortages, the lack of a workable, year-round, no cap, H-2A program is also worsening existing bottlenecks at meat processing plants. As packing plants return to full operations, many jobs remain vacant simply due to a lack of available workforce. H-2A workers can fill this need and help bring some stability back to the cattle supply chain, but it needs to be a year-round program with no cap. It must be accessible and workable for livestock producers and processors alike.
- We highly encourage USDA to invest in the research and development of technology to increase automation throughout the processing process. The development of automated processes will allow processors to maintain certain levels of throughput, even when workforce challenges persist.
- Nebraska is the epicenter of U.S. red meat production and processing as evidenced by the nickname "the Beef State." The University of Nebraska Lincoln referenced in their comments that USDA should consider investing in a multi-year cooperative agreement to advance a demonstration site and training blueprint in collaboration with a land-grant university system with established state-wide and regional expertise and extension entrepreneurial services to small and very small meat packers and processors that could be replicated on a national scale. This *Small Processing Plant of the Future* would incorporate the newest innovations and consumer-driven management practices inherent in modern U.S. food production. Nebraska Cattlemen supports this proposed idea.
- Finally, all potential investment strategies must be developed in a way to ensure that highest standards of food safety and animal welfare are not jeopardized. While the need to expand beef cattle processing is dire and immediate, we cannot afford to threaten consumer confidence in beef and beef products.



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Again, we appreciate this opportunity to provide our members' perspective to USDA regarding their goal to increase and diversify capacity for beef cattle processing in Nebraska and across the United States. We have members in all sectors and scopes of the cattle and beef industry ready and willing to serve as a resource to USDA in the development of these guidelines. Please do not hesitate to reach out to Nebraska Cattlemen leadership and staff with any questions, concerns, or requests for additional information.

Best,

A handwritten signature in black ink that reads "William H. Rhea III". The signature is fluid and cursive, with the last name "Rhea" being particularly prominent.

William H. Rhea III
President - Nebraska Cattlemen

CC:

Senator Deb Fischer

Senator Ben Sasse

Congressman Jeff Fortenberry

Congressman Don Bacon

Congressman Adrian Smith