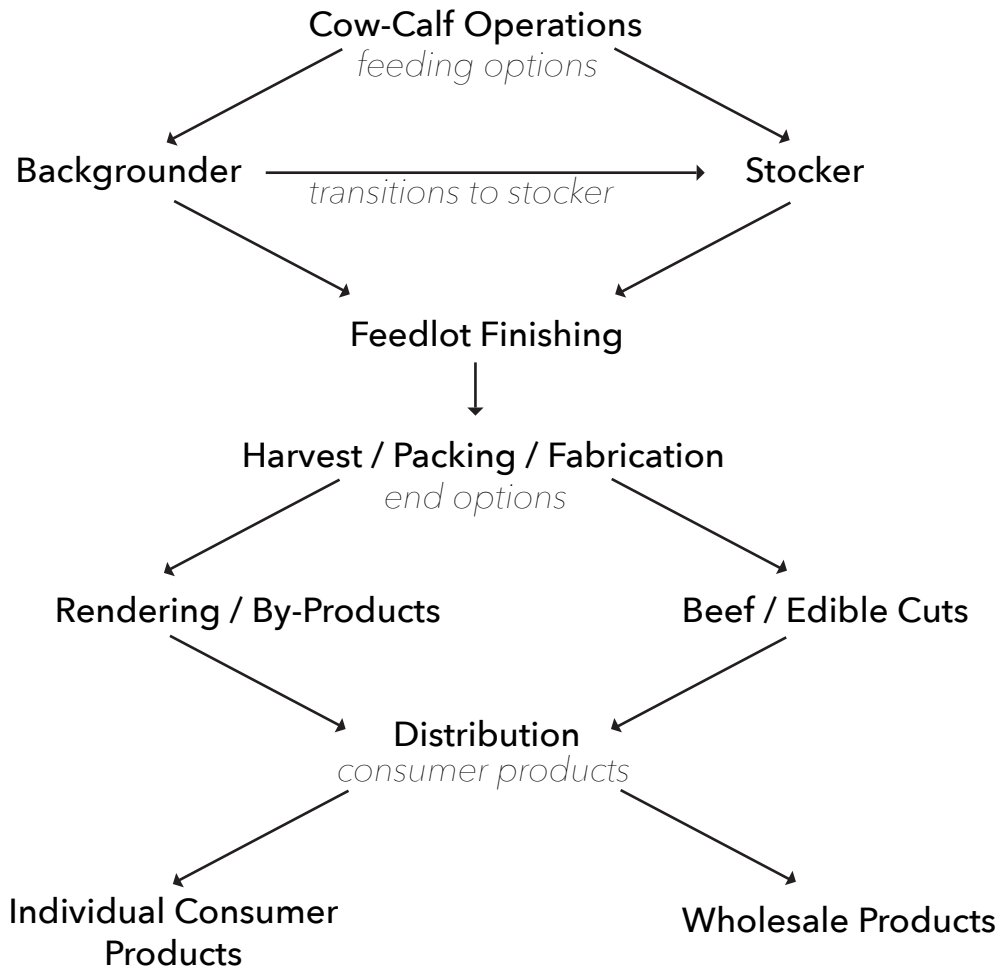


Beef Value Chain

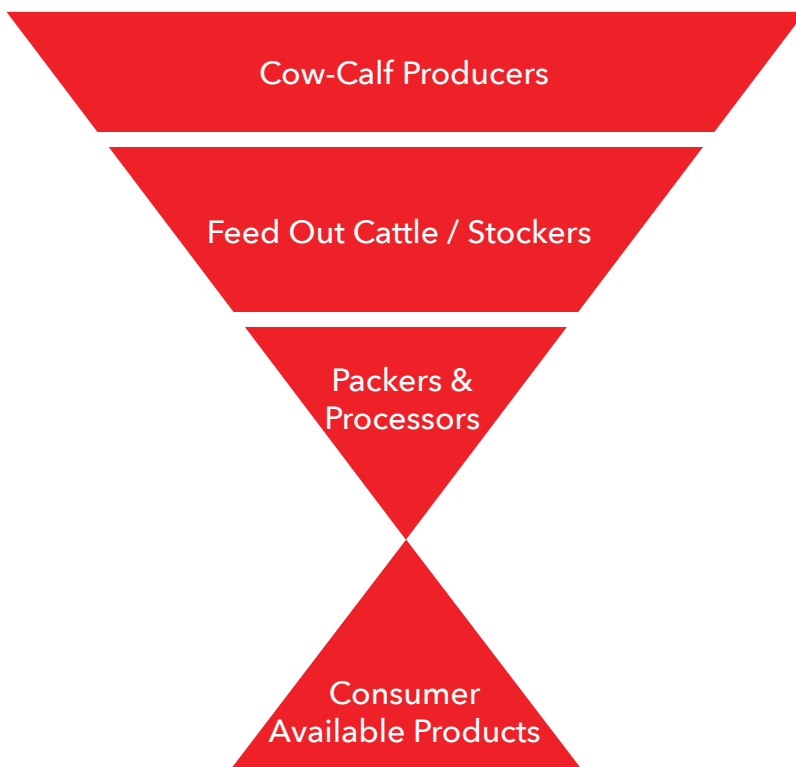


Key Concepts

- The beef supply chain is one of the most complex in the world.
- The current U.S. food marketing system revolves around efficiency, not resilience.
- The Holcomb fire in 2019 accounted for a 6% lapse in weekly processing. COVID-19 at its height caused a 35% lapse in weekly processing.
- Hanging capacity in Oklahoma is currently less than 800 head a week (796).



The Beef Bottleneck



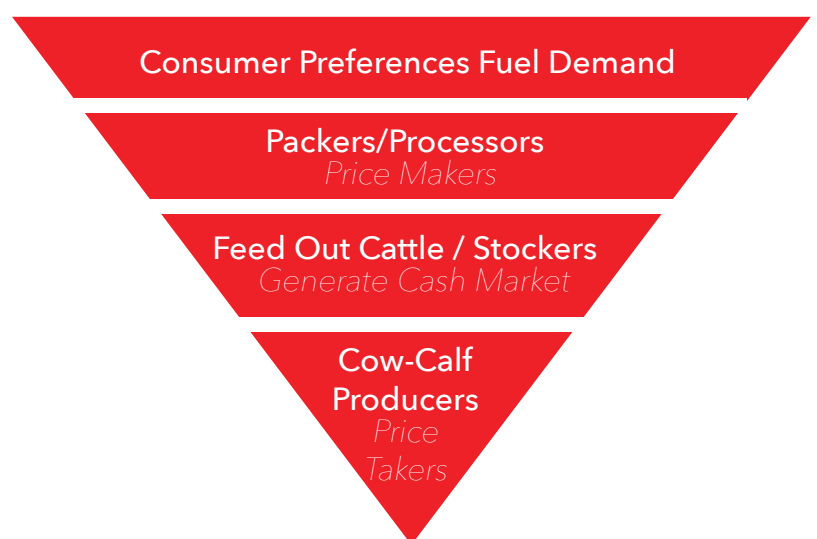
Key Concepts

- Commodity marketing is dependent upon two areas: volume and/or differentiated products.
- Beef packers have consolidated into four major players: Cargill, Tyson, JBS, and National Beef. Two of these four are majority foreign-owned.
- On average, it takes more than \$200 million in capital to build a 1,500 head-a-day slaughter facility. It also takes an additional \$150 million in capital for annual operating costs.

Key Concepts

- Obstacles within beef processing include the following: labor, water, location, inspection, ownership, rendering and storage, and competitive barriers to entry.
- Key areas of progress since May 2020 include the following: \$10 million in CARES funding available in OK for new or existing processors, new legislative priorities centered around increasing the number of state inspectors in OK, and more conversations and public interest in beef marketing and the value chain.

Power and Leverage Structure



- How involved should the government be in this power structure?

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