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Our View

Biden beef price solution depends on magical thinking

President Biden wants to help beef producers get better prices for their cattle, while at the same time he wants to help consumers get a break on high beef prices at the grocery store.

The culprits on both ends of the transaction, according to Biden, are the four big meatpackers that control 80% of the market.

Beef producers, pressed by drought to reduce herds, pushed up supply, pushing down live cattle prices. At the same time, processors say they are struggling to keep plants operating at capacity because of COVID regulations and worker illness. Additionally, distributors are having difficulty getting product to retailers because of a shortage of warehousing and trucking. As a result, the price of retail beef has gone up because supply is below demand.

Their troubles aside, processors are in a bit of an economic sweet spot

Tom Fox/The Dallas Morning News via AP

President Biden wants to spend $1 billion in an effort to raise cattle prices and reduce beef prices.

at the moment, and in the president's sights.

"In too many industries, a handful of giant companies dominate the market," President Joe Biden said in a virtual press conference last week.

"And too often they use their power to squeeze out smaller competitors and stifle new entrepreneurs, making our economy less dynamic and giving themselves free rein to raise prices, reduce options for consumers or exploit workers," he said.

The meat industry is a "textbook example," he said.

Biden's solution is to put up $1 billion to expand independent processing capacity, strengthen rules that protect producers and consumers, promote vigorous and fair enforcement of existing competition laws and increase transparency in cattle markets.

Problem solved. Probably not. Certainly not in the immediate future.

We support expanding processing capacity that caters to smaller producers, but the economics of the meatpacking business don't favor a dozen or so new large, independent packing plants competing for the big retail markets.

Getting these plants sited, permitted and built will take years. Assuming that happens, any positive impact they could conceivably have on increasing producer prices and reducing consumer prices would be far in the future.

Economists who have commented on the plan are skeptical. It is unclear if the capacity of these yet-to-be-built plants will be significant enough to sway the markets on either side of the packinghouse door to increase producer prices and lower retail prices.

And consumers have to ask if it's possible for meatpackers to pay more for cattle and at the same time drop the price on the retail side. That sounds like something the established players could weather longer than the startups.

We agree that there should be more competition, and that existing antitrust rules should be enforced. We also think producers need more price transparency.

Nothing that the president suggested will cause retail prices to fall anytime soon, if ever. Nor will they help livestock producers in the short run. But the president's announcement did help shift focus from other uncomfortable headlines.

Easy answers depend on a lot of magical thinking, and short memories.

Our View

Picasa

Oregonians will pay no matter the outcome of a $1 billion lawsuit in which 14 counties have sued the state.

State needs to find equitable way out of timber lawsuit

The courts are full of cases in which one party agrees to do something in return for money or other assets and, for one reason or the other, welches on the deal.

That, in short, is the case the state of Oregon recently lost. It took possession of 700,000 acres of timber land from 14 counties in the 1930s and 1940s. In return, the state said it would generate income from that timber and split it with the counties.

When the state reneged on the deal and decided it would manage most of the land as wildlife habitat and for recreation instead of timber production, the counties were out their land and the income the state promised to generate from it.

It's really a fairly straightforward case of one party, the state, unilaterally changing the conditions of a contract. In turn, the other party, the counties, want their money.

At least that was the assessment of a Linn County jury when it agreed with the counties and several tax districts that the state had massively shortchanged them. The jury set the amount at $1 billion.

This has the lawyers at the state Department of Justice scrambling in a quest for loopholes to get the state out of its jam. They have appealed to the state Court of Appeals, which will take up the dispute on Feb. 22.

This makes us wonder what the state is trying to do, and why. It is arguing that one part of the state government, counties, cannot sue another part.

We're not lawyers, but the fact that the state has taken the position of trying to wiggle out of a mess it created is unsettling.

The basics of the case are that the state shortchanged the counties. We have seen no evidence otherwise. When the state says it will manage land to generate income and then doesn't do that, there is no other way to interpret it.

So the state will go to the appeals court. Ultimately, the case could end up in the Oregon Supreme Court.

How it will turn out, we cannot say. But we can say the state is the irresponsible party and owes the counties their money, their timber land, or both.

These are not rich counties. They have been victimized by the state and by federal environmental laws, which have reduced the timber industry upon which they depended to a shadow of its former self.

The result: the counties are on financial life support. Congress provides some money to help keep the lights on, but the state, at least in this case, has taken a hard line.

The sad irony is Oregon's taxpayers will pay for the state's poor judgment no matter the outcome of the legal case.

If the state loses, taxpayers will be on the hook for $1 billion.

If the state wins, it will have stuck it to the 14 counties and tax districts that it shortchanged.

Either way, the state will have done real damage to Oregonians.

We urge the attorney general and governor to sit down with the counties and negotiate an equitable resolution to this dispute. That's the only reasonable way to settle the mess the state created.

How pandemic has shaped global fruit production

GUEST VIEW

Pablo Gomez

Global fruit production has not only persevered in the face of a worldwide health crisis, but it has also continued to adapt in response to the evolving landscape.

A fast-paced industry already familiar with navigating unpredictable conditions and forecasting market demand, the agricultural sector never slowed down, even in the worst times of the pandemic.

However, that's not to say the journey was without any roadblocks: COVID-19 brought a wave of challenges with everything from labor to logistics. Yet, as consumer interest in fresh produce increased by more than 10% in 2020, fruit suppliers, scientists, horticulturists and growers are overcoming these setbacks to usher in a new period of efficiency and innovation.

Staffing and safety

Like countless other business sectors, fruit-focused agriculture struggled with staffing at the outset of the pandemic. But while many companies turned to remote work options, the nature of agricultural operations needs employees to remain primarily in the fields.

The produce industry requires a significant amount of hand labor, particularly for table grapes and cherries. Managing thousands of employees who work simultaneous in-person shifts became an immediate area of focus.

The main issue was the prevention of outbreaks in both the packhouse facilities and in the fields. Growers had to react quickly, forming small and segregated groups of workers adhering to organized schedules. In addition, the implementation of regular testing enhanced other standard safety protocols that helped protect workers. While the actions were a costly investment, growers kept operations safe and healthy while maintaining productivity.

Nearly two years into the pandemic, though, staffing challenges persist. Due to new procedures and safety limitations, a scarcity of workers and higher costs still impact day-to-day operations worldwide. But while the problems are exacerbated given current conditions, this is nothing new for produce growers, especially in the United States where employment of agricultural workers is essentially at a standstill — it's expected to increase only 2% from 2020 to 2030, slower than the average for all occupations.

Logistical burdens

The economic downturn has increased costs across the entire fruit supply chain, from growing and harvesting to delivering the product to market. As the pandemic continued into and throughout 2021, it became apparent that one of its most pronounced effects on the global fruit industry was on logistical operations.

The early days of lockdown restrictions and a slowdown in the production of goods created a ripple effect, sending refrigerated containers into a backlog of storage at cargo ports and inland depots. By mid-2021, wait times to procure a container stretched anywhere from weeks to months depending on departure port and arrival destination.

The supply chain has faced a global shortage of containers projected to last into 2022, resulting in severe inflation in materials and transport costs. McKinsey & Co. reported it now costs up to six times more to ship a container from China to Europe than it did at the start of 2019.

Future of fruit production

Despite these challenges, the pandemic has shown how well prepared the agriculture industry is to adapt its systems in response to both adversity and increased demand.

The trend of healthy living and a desire for nutritious food that emerged over the last two years is a worldwide movement with evident staying power. The United Nations even designated 2021 as the International Year of Fruits and Vegetables. Manifested through behaviors such as at-home cooking and greater consciousness about food brought into the homes, the health and wellness trends have directly impacted the consumption of fruits and vegetables.

Fruit scientists, horticulturalists and growers alike are looking to long-term solutions for meeting this need. For worldwide fruit-breeding company IFG, the answer could lie in a recent focus on breeding as much year-round fruit as possible as part of an overall quality and support strategy. IFG is known for inventing flavor-forward table grapes, including the Cotton Candy variety, which hold numerous health benefits in line with current consumer interests.

By creating a 52-week table grape supply in partnership with growers worldwide, IFG aims to transform the fruit industry and contribute to a more sustainable production of premium table grapes and cherries.

In a sector where food and safety standards are already incredibly high, another key area that can influence growth and opportunity is leveraging technology to increase the simplicity and efficiency of production. The agritech tools that a reported 56% of U.S. farms have now adopted can help strengthen global fruit production with automation that eases the burden of labor shortages, conserves resources and mitigates crop losses.

As technology and scientific strategy rapidly advance, the industry is poised to thrive in a post-pandemic world. These professional improvements will affect every part of the supply chain, from the fields where the fruit is grown and harvested to the carts where consumers add their nature's bounty.

Looking into 2022 and beyond, industry leaders will keep one eye on innovation while maintaining a stable production to ensure the world remains healthy and fed.

Pablo Gomez joined IFG, the world's largest fruit-breeding company, in 2018 and is the international quality assurance manager for table grapes. In this role, he works to develop IFG's international table grape and cherry quality assurance program.