

State of the North American Rendering Industry

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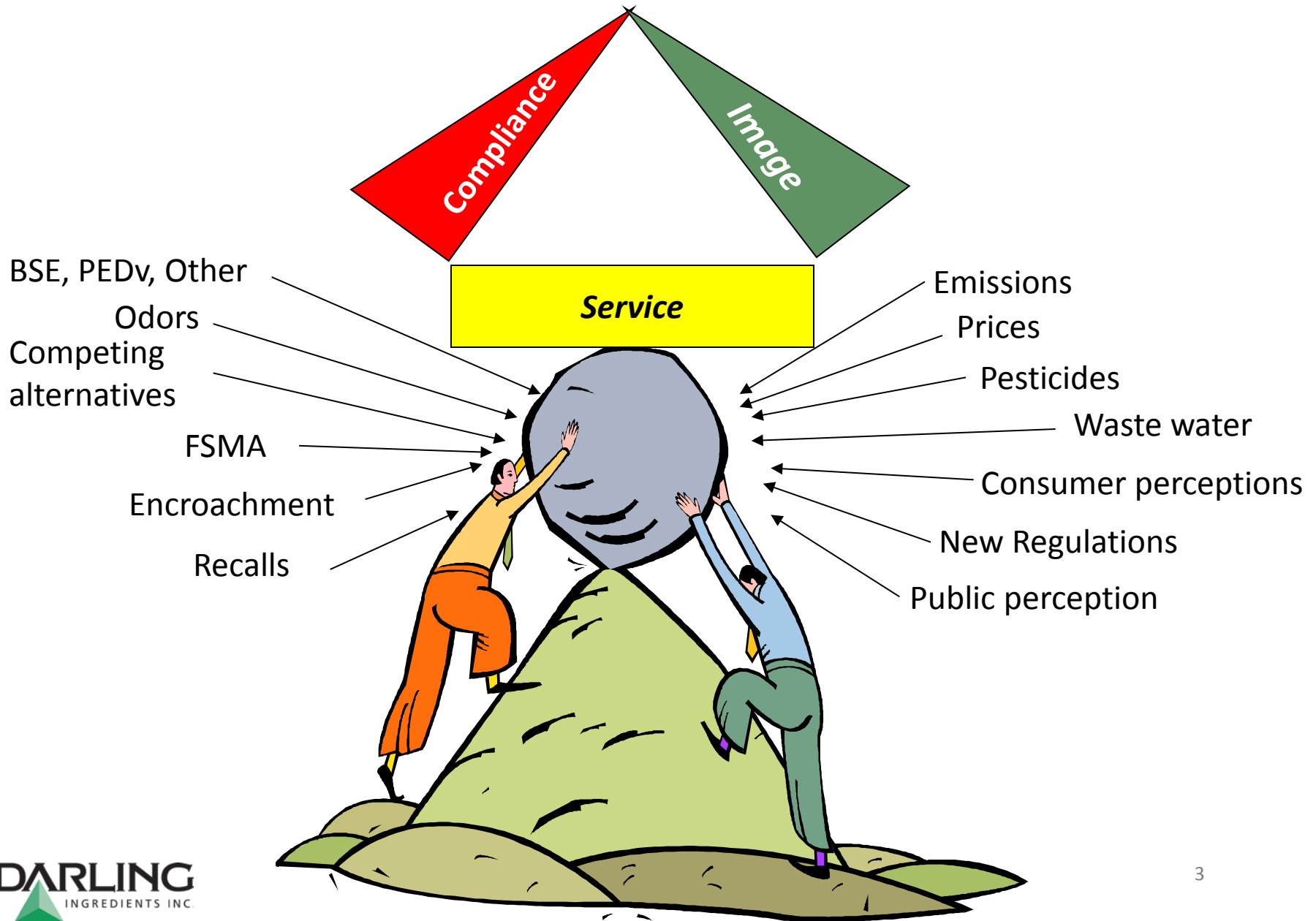
2014 NRA Convention,
October 22, 2014

Challenges to the Industry...

or are they opportunities?

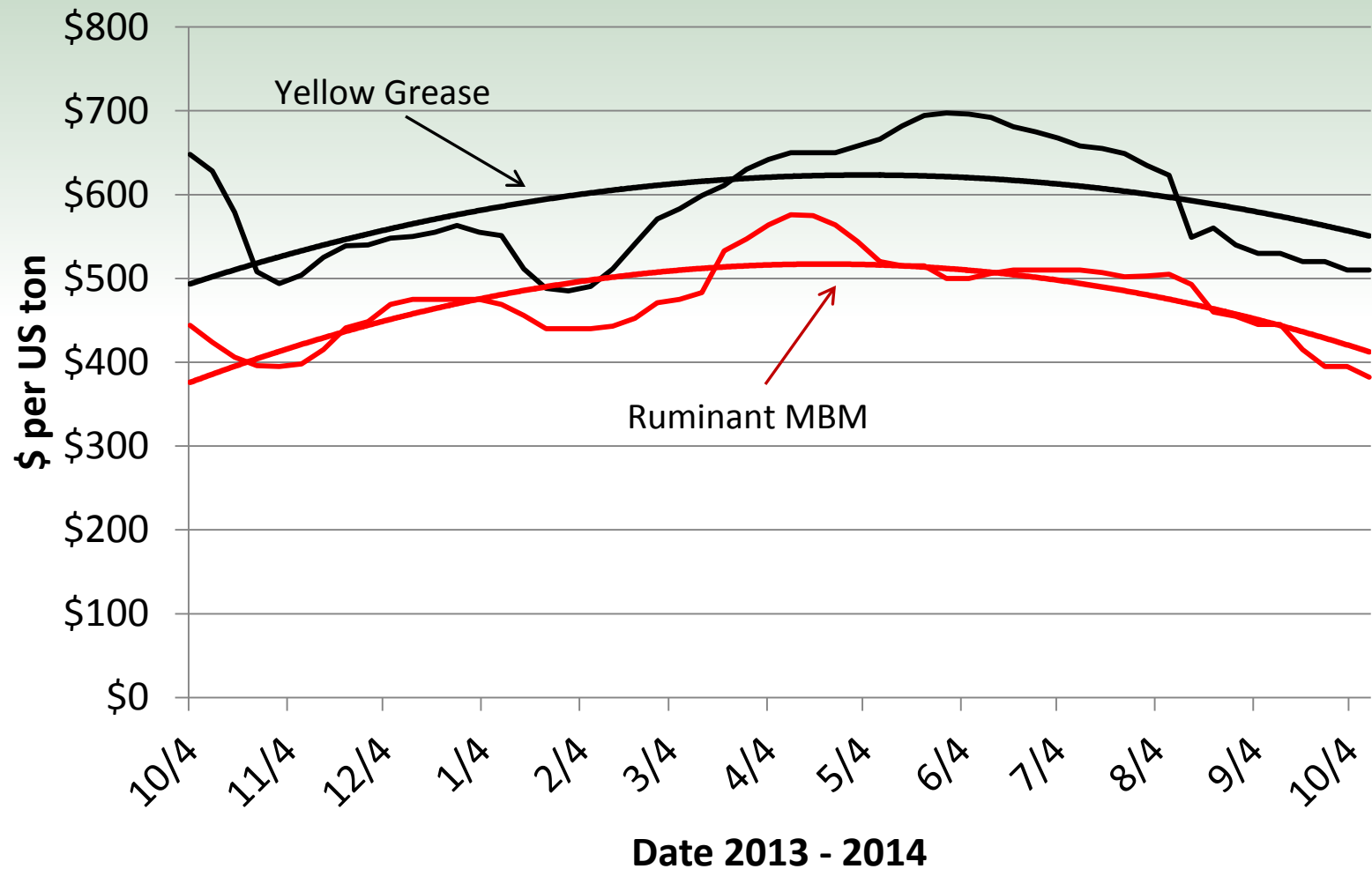
- Prices
- The Alphabet apparitions
 - BSE
 - FSMA
 - PEDv
 - SPCC
 - RFS
- Industry consolidation
- Image – role- “essential to society”

Rendering industry needs to balance:



Changes in Commodity Prices in Past Year

Challenge or opportunity to reduce theft/expand exports?

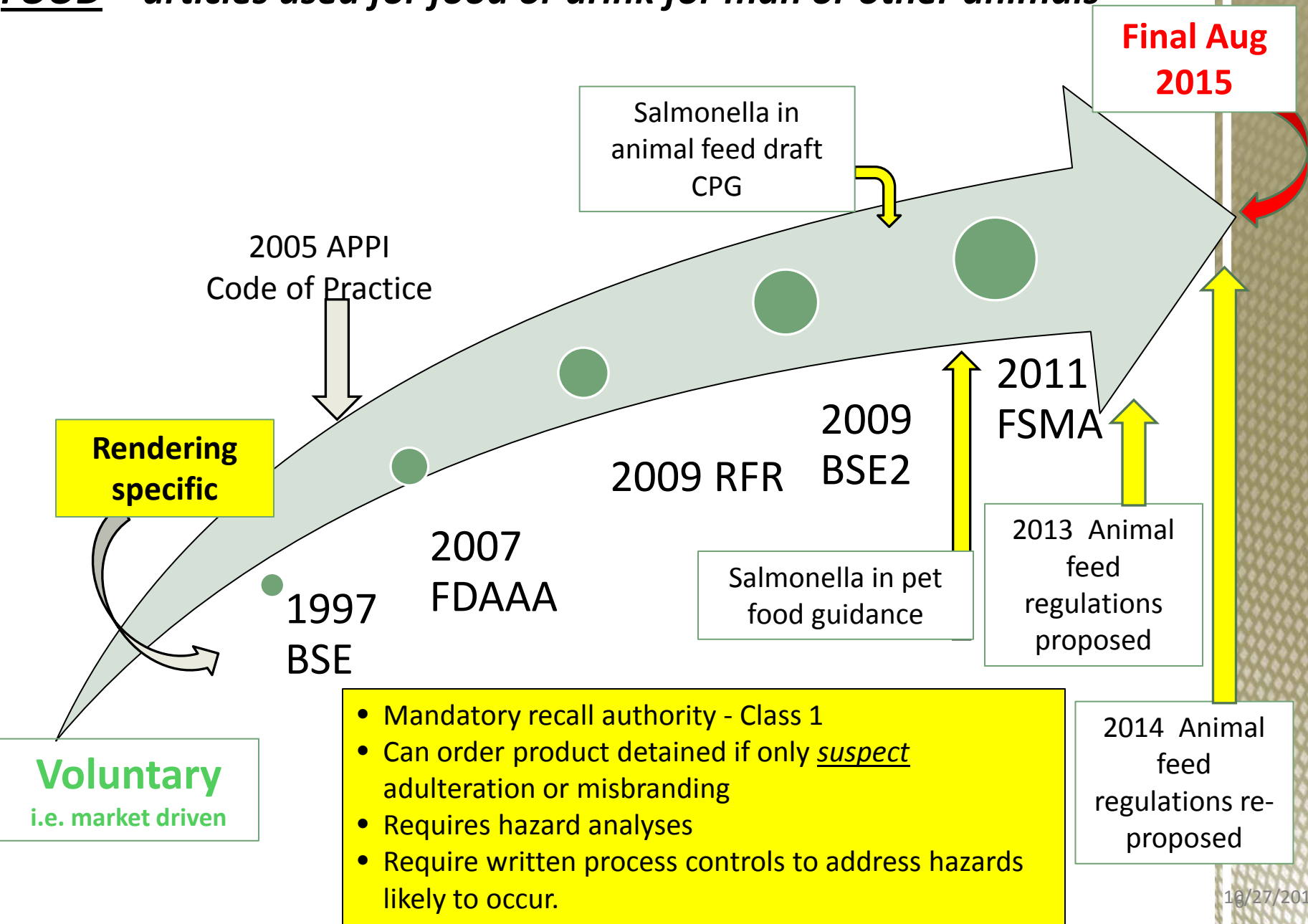


BSE

- **BSE safeguards still in force**
- FDA verifies compliance of locker plants and packers from rendering documentation.
- Per Guidance: Must have records showing CMPAF removed at slaughter and disposed of outside rendering.
- FDA has issued form 483 - finding of objectionable conditions for incomplete CMPAF documentation – a precursor to official warning letter and recall.
- NRA developed CMPAF forms

Evolution of Feed Safety Programs

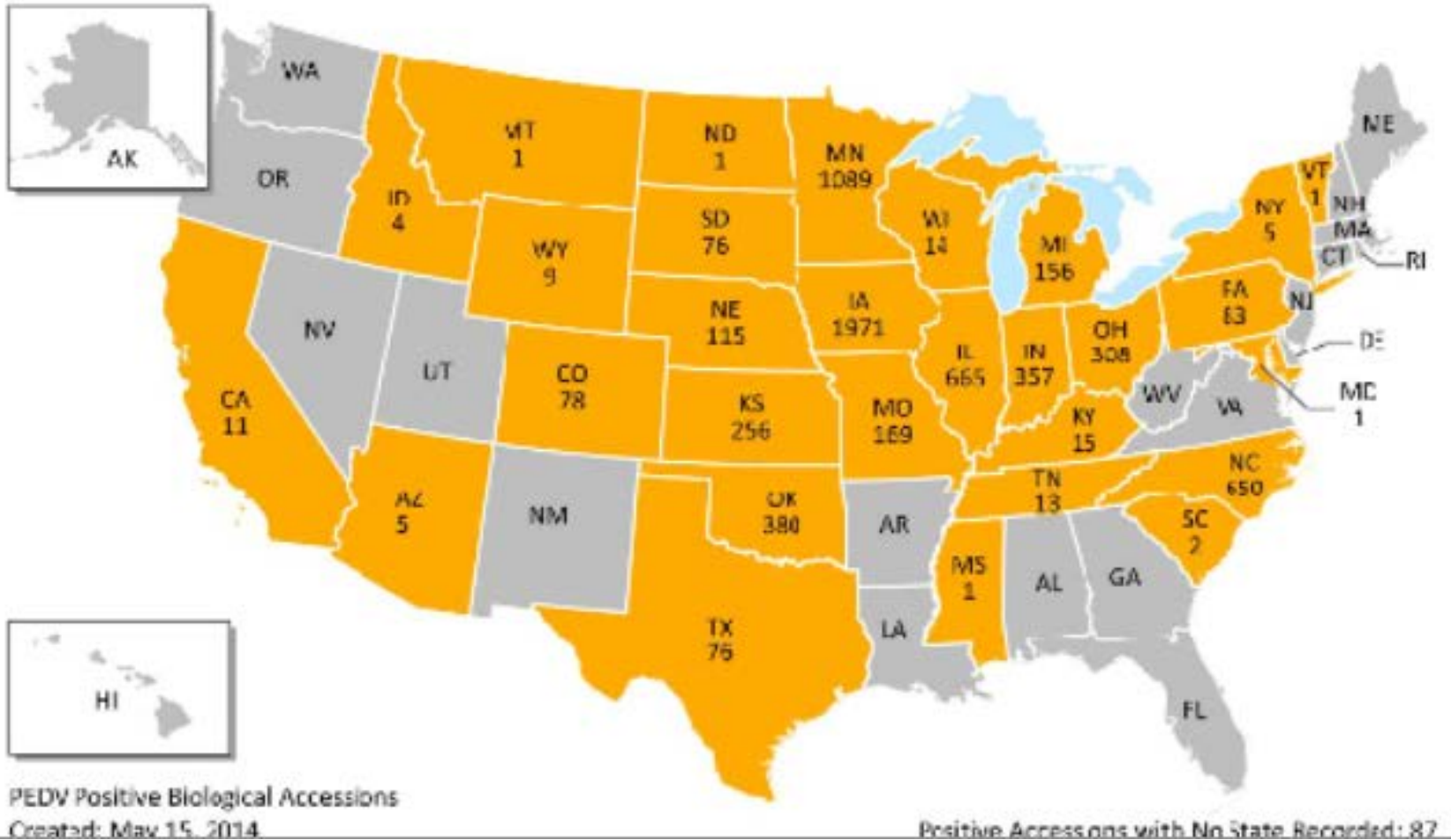
FOOD = articles used for food or drink for man or other animals



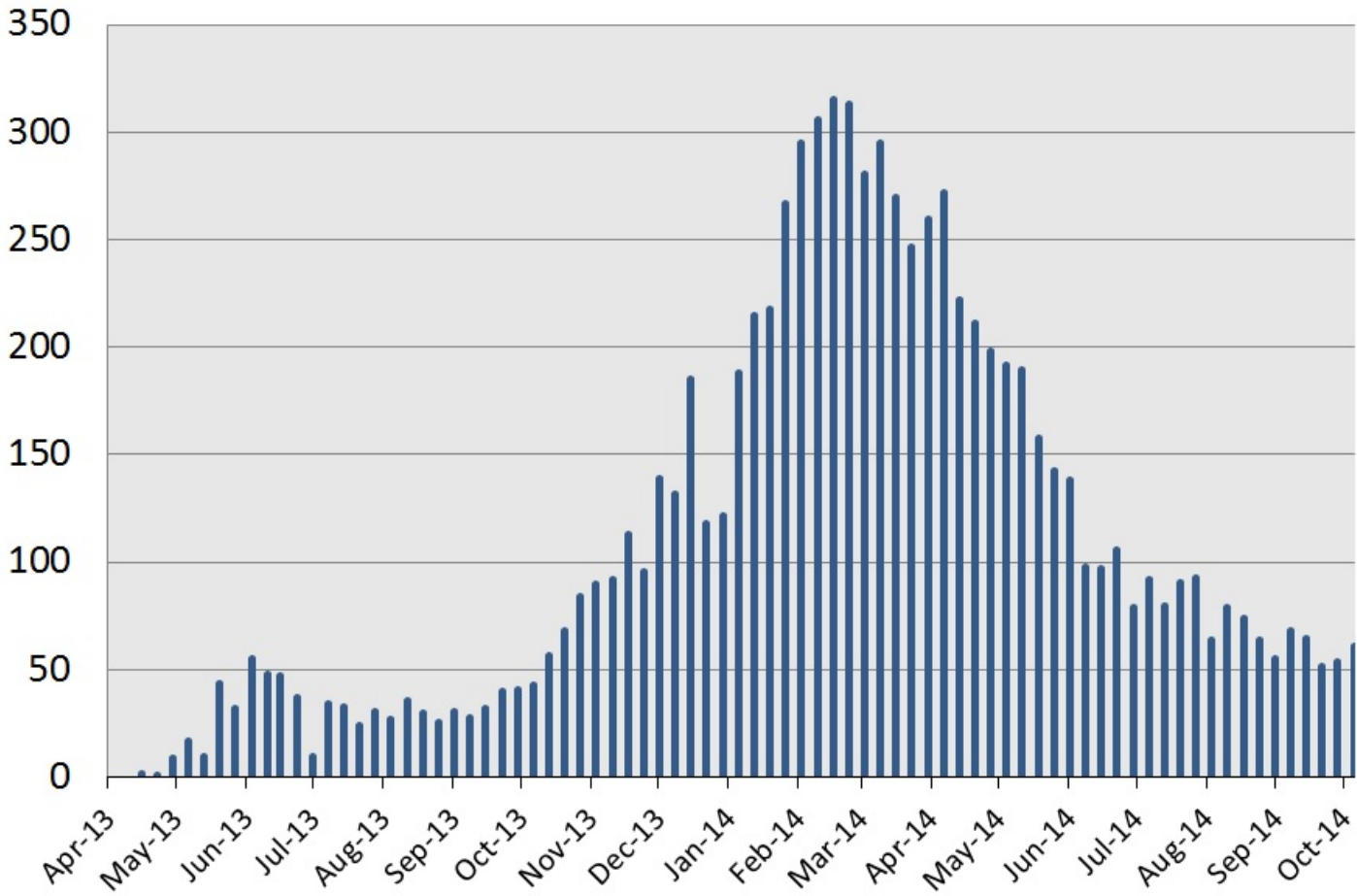
Food Safety Modernization Act

- Law since January 2011
- First proposal was closer to human standards than expected
- Strong allied industry coordinated response
 - NRA engaged in developing comments, as member of coalition and working group to develop guidance
- “Animal-side of FDA house” drafted second proposal published September 2014
 - Comments due December 15.
- Import proposed rule re-proposed.
 - Comments due December 15
- Transportation proposed rule
- Not accountable for only BSE once implemented
- Opportunity if controls in place?

PEDV Positive Herds in 31 States as of October 15, 2014 (USDA/APHIS/VS)



New PEDv Case Reports by Week



General

- New only to North America
- Now endemic to North America
- After reported in Canada, BSE-like response
- NRA engaged in Canada and USA
- PCR test detect genetic material only
- cT > 35 negative in feed/manure
- Bioassays test if infectious
- 1 lot of plasma (APC) in Canada infective
- Most material in US PCR+
- Temperature kills
 - 160° F for 10 minutes/68° F for 7 days
- Feeds contaminated post processing
- Opportunity – risk assessment and validation of controls?



Response

- **USDA/APHIS will require reporting (not OIE)**
 - Placed on herd management (not eradication) plans
 - Assistance in capital improvements/testing
 - Purpose to find pathways for spread
 - Goal: prevent FMD/other diseases that affect trade.

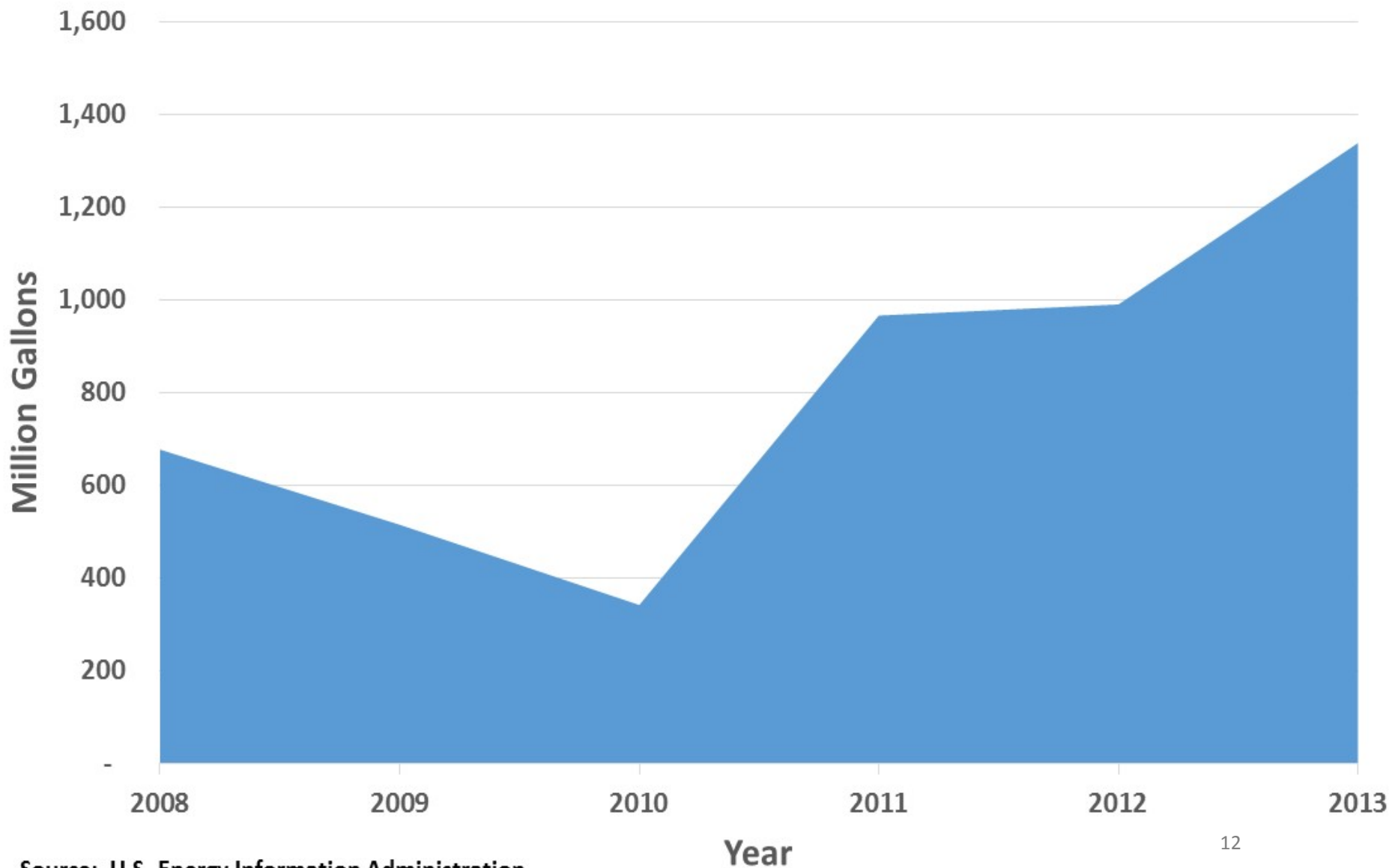
- **University of Minnesota Risk Assessment**
 - Focus on porcine blood/rendered products
 - Funded by NRA, NASDBPP, AFIA, Pork Board
 - Draft report due soon

- **Plasma – strict process controls/14 day hold at 70° F**

- **Rendering – process controls/biosecurity**

- **OIE – blood products not likely source of disease**

U.S. Biodiesel/Renewable Diesel Production (2008-2013)



Source: U.S. Energy Information Administration

Production/Capacity of the U.S. Biodiesel/Renewable Diesel Market¹

	Billion gallons/yr
2013 Biodiesel Production	1.339
2013 Biodiesel Capacity	2.1 – 2.3
<u>Industry operating at 60% capacity</u>	Million gallons/yr
<u>Renewable diesel:</u>	
Diamond Green	135

- Limiting Factors – RFS2, Raw Materials

¹ Swisher 2014

What did EPA do?

	Mandated biofuel, gallons	
	Proposed 2014	Clean Air Act
Cellulosic	1.7 million	1.75
Biomass Based Diesel	1.28 billion	1.5
Advanced Biofuel RINs	2.00 – 2.51 billion	3.75 billion
Total Renewable Fuel RIN's	15 – 15.52 billion	18.15

2014 BBD proposed levels are same as for 2013
NRA supports use of rendered fats for biomass based.

Opportunity – Add value

BBD may have added 10¢ to 17¢/lb. to value of yellow grease, poultry fat and tallow in 2012-13

Industry Consolidation

- Affects:
 - dues structure
 - member resources
- NRA must provide value to members

Value NRA staff has contributed this year

- In past year, NRA staff have addressed challenges through:
 - Research
 - Participation in coalitions
 - Directing fact based comments to regulatory agencies
 - Lobbying agencies and Congress
 - Working to develop/expand export markets
 - Communicating essential services, sustainability role the industry provides
 - Video
 - Social media
- Rendering is a Provider of solutions



Individual
companies
would blend in
with the masses.

Through NRA,
we are
recognized.