



Seventh International Symposium

Incorporating a meeting of the
World Renderers Organisation

'Rendering Today for Tomorrow'

prepared from papers
presented at the
Seventh International Symposium
held at the
Surfers Paradise Marriott Resort Hotel,
Surfers Paradise, Queensland,
Australia
16–18 July 2003

Australian Renderers' Association Inc.

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Seventh International Symposium

Incorporating a meeting of the World Renderers Organisation

'Rendering Today for Tomorrow'

MODERATOR Tracey Chamberlain

Wednesday 16 July

INTRODUCTION

- 8.00 – 9.30 a.m. Registration (Tea and coffee available)
Inspection of trade exhibition
- 9.30 – 9.45 a.m. Opening address and welcome
Paul Stenzel, President, ARA
- 9.45 – 10.30 a.m. Key Note Address
Expectations of the Rendering Industry
N.C. Leth Neilson, daka a.m.b.a.
- 10.30 – 11.00 a.m. Break and inspection of trade exhibits

MARKETING – Chair: Stephen Cooke

- 11.00 – 11.35 a.m. Lessons from the wine industry
Bruce Kemp, Global Wine Advice P/L
– sponsored by Arrow Commodities Pty Ltd
- 11.35 – 12.10 p.m. Experiences of marketing to S.E. Asia
and Japan
Terry Brown, Australian Pork Limited
- 12.10 – 12.45 p.m. Suppliers' presentations
- 12.45 – 2.00 p.m. Lunch. Inspection of trade exhibits.
Sponsored by Keith Engineering

MARKETING (continued) – Chair: Bob Hathaway

- 2.00 – 2.30 p.m. Market opportunities for tallow
Jeffrey Glanz, Unilever Raw
Materials AG, Zug, Switzerland
- 2.30 – 3.00 p.m. Market opportunities for Australian
product in South East Asia
Suchart Thanakiatkai,
Protector Nutrition, Thailand
Sponsored by Craig Mostyn & Co Pty Ltd
- 3.00 – 3.15 p.m. Discussion on marketing rendered
products
- 3.15 – 3.45 p.m. Break and inspection of trade exhibits
- 3.45 – 4.15 p.m. Financing in the rendering industry
Belinda Smith, Rabobank
- 4.15 – 5.00 p.m. Suppliers' presentations
- 5.00 – 6.30 p.m. Happy hour and inspection of trade
exhibits
- 6.30 p.m. Cocktail Party
Sponsored by Peerless Holdings

Thursday 17 July

ENVIRONMENTAL AND TECHNICAL

– Chair: Tim Juzefowicz

- 8.30 – 9.10 a.m. Challenges of rebuilding a rendering plant
David Kassulke,
A.J. Bush (Manufactures)
- 9.10 – 9.35 a.m. Environmental improvement plans - the
Peerless experience
Joe Rossingnuolo, Peerless Holdings
- 9.35 – 10.00 a.m. Working with EPAs
Doug Buchanan, Vic EPA
- 10.00 – 10.30 a.m. Break and inspection of trade exhibits
- 10.30 – 12.00 New technology showcase
- 12.30 – 6.00 p.m. Golf afternoon – Royal Pines Golf Course.
Sponsored by Gardner Smith
- 6.00 – 7.00 p.m. Happy hour and inspection of trade exhibits
Sponsored by Conagra Trade Group
- 7.00 p.m. Symposium dinner and golf presentations
After dinner speaker *Brian Doyle*

Friday 18 July

OUTLOOK ON CHALLENGES AND OPPORTUNITIES – Chair: David Satchell

- 9.00 – 9.35 a.m. Recognising the opportunities for
rendered products
Freddy Ib, Vice-President and Board
Member – International Feed Industry
Federation and International Aquafeed
Association
- 9.35 – 10.10 a.m. Energy from by-products
Klemens Rethmann, Saria, Europe
- 10.10 – 10.40 a.m. Break and inspection of trade exhibits
- 10.40 – 11.15 a.m. Non-feed uses for rendered products
Dr Davis Clements, Renewable
Products Development Laboratories Ltd,
Sponsored by MLA
- 11.15 – 11.45 a.m. Rendered products in cutting-edge
nutrition
Dr Ken Bruerton, Protea Park Enterprises
- 11.45 – 12.10 p.m. Non-feed uses – Bioenergy
Dr Gary Pearl FPRF
- 12.10 – 12.30 p.m. Discussion on marketing rendered products
- 12.30 – 1.30 p.m. Lunch. Inspection of trade exhibits.
Sponsored by Keith Engineering

WORLD RENDERERS ORGANISATION

– **Chair: Doug Ward**

- 1.30 – 2.00 p.m. National Renderers Association
Tom Cook, National Renderers Association
- 2.00 – 2.20 p.m. Dealing with regulators
Ed Klim, AFFA
- 2.00 – 4.00 p.m. Progress reports from
WRO representatives
- 4.00 – 4.30 p.m. ARA Annual General Meeting

The Australian Renderers' Association would like to acknowledge and thank the following Symposium sponsors.



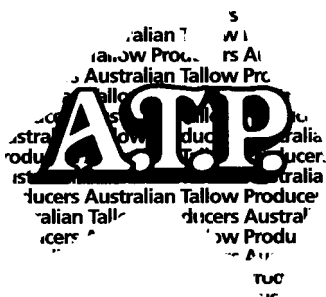
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Expectations of the rendering industry

N. C. Leth Nielsen, daka a.m.b.a., Denmark

Slide 1

Outline

1. Current EU Legislation
2. EU Legislation in future
3. Feed ban
 - Future regarding feed ban

Slide 4

Regulation (EC) 1774 / 2002

laying down rules for the prevention, control and eradication of certain transmissible spongiform encephalopathies

Slide 2

Outline (2)

4. Rendering in EU
 - Today
 - Tomorrow
 - Global Impact
5. Expectation of the rendering industry
 - Regulators
 - Suppliers / Customers
 - General Public / Consumers (retailers)
6. Conclusion

Slide 5

Key points of the regulation (EC) 1774 / 2002

- Categorisation of every animal tissue according to its potential in three categories
- Clear definition of possible uses for every category according to its risk
- Clear specifications for every process
- Open to new developments (new markets, new processes, new products)

Main idea
A clearly defined set of solutions for every category
The use of animal by-products depends on their potential risk!

Slide 3

Regulation (EC) 1774 / 2002

Concerning animal by products
Not intended for human consumption

Slide 6

Categories (1774 / 2002)

Category 1: SRM, – Animals under TSE suspicion, pet-zoo and circus animals

Category 2: Fallen stock (except Category 1 animals)
By products which are not category 1 or 3

Category 3: Parts of slaughtered animals, fit for human consumption, free of transmissible diseases.

Slide 7

Possible use of the three categories

	Cat 1	Cat 2	Cat 3	Risk management The higher the potential risk, the fewer the possibilities of use!
Incineration	x	x	x	
Landfill	x	x	x	
Chemical Industry		x	x	
Biogas / Compost		x	x	
Fertiliser		x	x	
Petfood			x	
Technical Products			x	
Feed			x	

Slide 11

Feeding of Animal Proteins

Basic:

Regulation (EC) No. 999/2001

Laying down rules for the prevention, control and eradication of certain transmissible spongiform encephalopathies

Article 7 (1) : (2)

1. The feeding to ruminants of protein derived from mammals is prohibited

Slide 8

Feed ban

The ABP-R lays down rules for ABP that could be used in feedstuffs (Annex VII products) without affecting veterinary legislation for the eradication and control of certain diseases.

The feed ban is a measure to control TSEs

Slide 12

Feeding of Animal Proteins

2. Furthermore, the prohibition referred to in paragraph 1, shall be extended to animals and products of animal origin in accordance with point 1 of Annex IV

Slide 9

Current feed ban: principle

		Feed intended for				
		Rum.	Pigs	Poultry	Fish	Pets
Proteins of	Rum.					
	Pigs					
	Poultry					
	Fish					

Slide 13

Regulation (EC) No. 999/2001

Annex IV:

Conditions on the production and export of certain processed animal proteins and on the production, transport, storage and use of feeding stuffs containing such proteins.

Slide 10

Current feed ban: derogations

- for all species:
 - gelatine of non-ruminants for coating additives
 - milk and milk products
 - eggs and egg products
- for non-ruminants under strict conditions:
 - fishmeal
 - dicalcium phosphate
 - hydrolysed proteins derived from fish, feather, hides and skins
- for pet food and fur animals:
 - processed animal proteins

Slide 14

Regulation (EC) No. 999/2001

DG Sanco 25/2003 (adopted 20.06.03)

- The prohibition referred to in Article 7 (1) shall be extended to the feeding to farmed animals with the exception of carnivorous fur producing animals, of:
 - processed animal protein
 - gelatine of ruminant origin
 - blood products
 - hydrolysed protein
 - dicalcium phosphate and tricalcium phosphate of animal origin
 - Feedingstuffs containing such proteins

Slide 15

Feed ban after 1.9.03: amendmentsDG Sanco 25/2003 (adopted 20.06.03)

- Additional derogations
 - tricalcium phosphate to non-ruminants
 - hydrolysed proteins from all tissues to non-ruminants
 - blood meal and blood products from non-ruminants to fish
- Dedicated storage and transport of processed animal proteins
- Prohibition to export processed animal proteins derived from ruminants

Slide 19

Legislation in future

Changes (EC) 999/2001
(further derogations feed ban)

SCoFCAH

(Standing Committee on the Food Chain and Animal Health)

Not:

EU – Parliament and Council

Result:

Scientific, not political decisions

Slide 16

Key points**Dedicated storage and transport:****Trace ability – single species handling**

(example blood meal)

- | | | | |
|----|--------------------------------|---|--------------|
| a. | Category 3 raw material | | non-ruminant |
| b. | Single species slaughterhouses | – | – |
| c. | – transport raw blood | – | – |
| d. | – production | – | – |
| e. | – transport finished products | – | – |
| f. | – fish feed manufacturers | – | – |

Slide 20

Legislation in future

1. Marking of animal by-products
2. Approval of alternative disposal methods
3. Importation and transit rules
4. Derogation for milk/milk products and for former foodstuffs
5. Organic fertilizers/soil improvers

Slide 17

Key points (continued)**Trace ability – single species handling (2)**

(example blood meal)

- | | | |
|----|---------------------------------|-------------------------------------|
| g. | Labelling = contains blood meal | only fish feed |
| h. | Transport bulk fish feed | separate from other feeding stuffs |
| i. | Single species usage | not other farmed animals being kept |

Slide 21

Legislation in future

1. Marking of animal by-products
 - C1, 2 & 3 ABP identifiable / kept separate & identifiable during collection & transportation
 - Visual marking
 - Marking with smell
 - Special marking of certain ABP

Slide 18

Export

The export to third countries of processed animal proteins derived from ruminants and of products containing such processed animal proteins shall be prohibited.

Other processed animal protein is allowed for export, if:

- they are destined for uses not prohibited by points 1 or 2 of Article 7
- a written agreement with the third country is made prior to exportation which includes an undertaking from the third country to respect the final use and not to re-export the processed animal protein.
- the measures in this point shall not apply to fish meal, products containing fish meal and pet food.

Slide 22

Markers**Ideal marker:**

1. Stable at temperatures up to app. 160° degrees.
2. Non-toxic
3. Not reactive with the products to be marked
4. Easy to detect in the products
5. Difficult to remove from the product
6. Possible to detect even after heavy dilution
7. Not related to components normal in PAP for feedstuffs
8. Relatively cheap
9. Having a characteristic smell
10. Able to 'doublemark' the products

Proposals EFPPA (Category 1–2)

- | | |
|--------------------------|--------------------------------|
| C7 Triglyceride | – Raw material / meal / tallow |
| Magnetic plastic markers | – Meal (+C7) |

Slide 23

Species specific tests

(EC) 1774/2002 – article 22: Species to Species ban

- Microscopy – No differentiation mammalian species
- PCR – Not reliable - Not heat resistant
- NIR – Promising - more work
- ELIZA – Promising - further development

Must:

- Work with formula feed
- Ruminant test important (risk)
- Sensitivity

Slide 27

Legislation in future

3. Importation and transit rules
 - Amendment of import conditions
 - Amendment of certificates and adding of new certificates (Annex X)
 - Third country lists (Annex XI)
 - Repealing of old decisions

Slide 24

Legislation in future

2. Approval of alternative disposal methods
 - Seven methods evaluated by the SSC
 - One of them in no method to use or to dispose of ABP
 - The other six are considered as safe for Category 2 and 3 ABP

Slide 28

Legislation in future

4. Derogation for milk/milk products and for former foodstuffs
 - Direct transportation to farms or feedmills of ABP from milk processing plants and of dairy former foodstuffs
 - Direct use of these products as feed
 - New definition of 'former foodstuffs'

Slide 25

Alternative methods

- I. Alkali hydrolysis
- II. High pressure high temperature hydrolysis
- III. High pressure hydrolysis biogas

Slide 29

Legislation in future

5. Organic fertilizers/soil improvers
 - Spreading on pasture land of residues from biogas production and of compost
 - Requirements for organic fertilizers and soil improvers
 - New definition of 'pasture land'

Slide 26

Alternative methods (2)

- IV. Brookes gasification process
- V. Biodiesel production
- VI. Combustion of tallow

Slide 30

Future developments of the feed ban

- Lifting/relaxation of ban on fishmeal (discussions 2nd half 2003)
- Dicalcium phosphate, tricalcium phosphate and hydrolysed proteins to ruminants (discussion 1st half 2004)
- Porcine and avian processed proteins to non-ruminants (+ prohibition on cannibalism). Conditions: species specific detection methods, proper implementation feed ban and ABP Regulation

Slide 31 **Animal feeding – future**

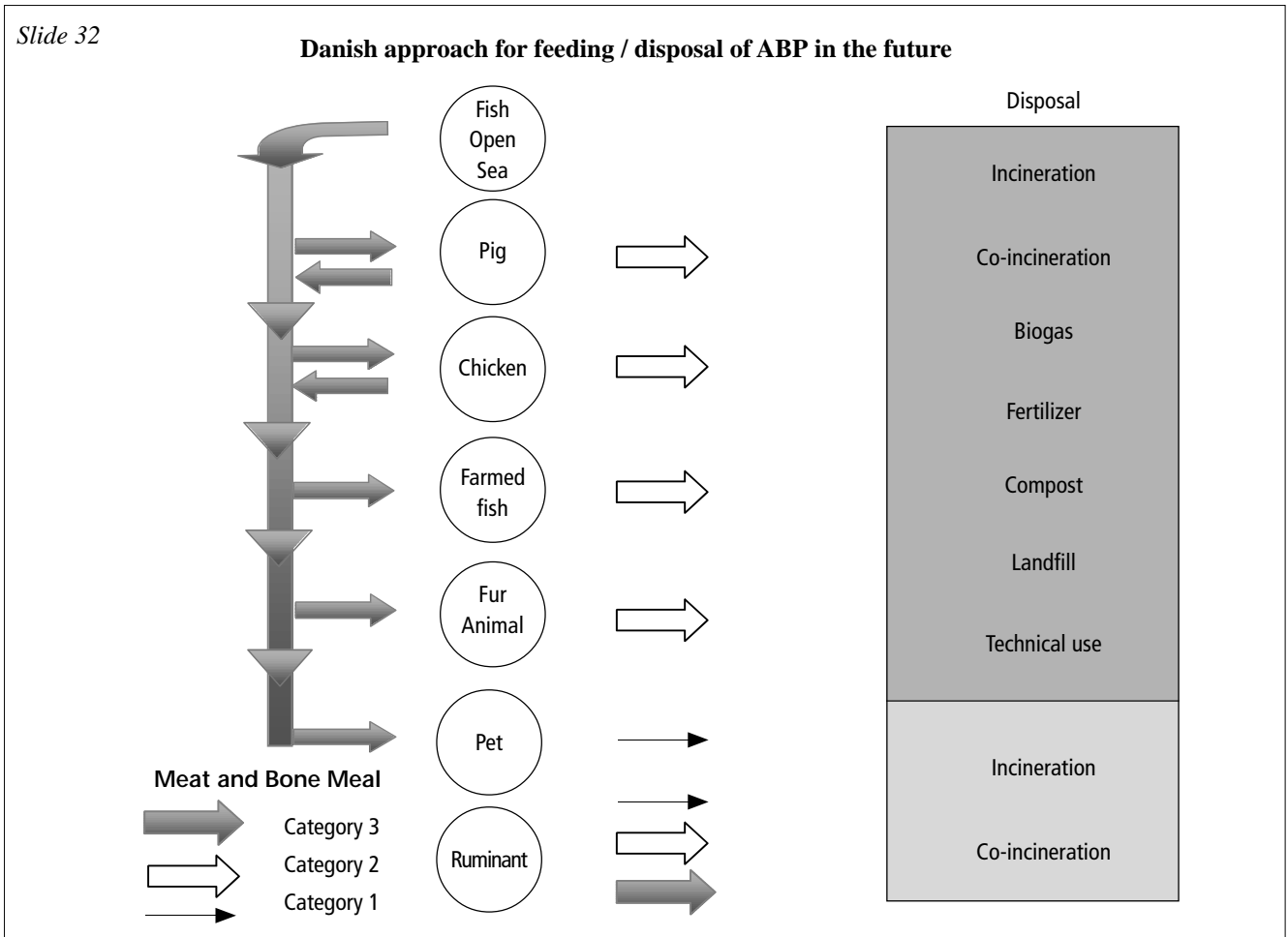
Possible future road map

Danish approach – supported by daka:

Goes further than Regulation (EC) 1774/2002 which indicates:

1. Usages of all kind of animal protein for feeding of all species, except ruminants
2. Species to species ban must be fulfilled

daka Road map secures high trace ability and avoidance of cross contamination due to single species handling.



Slide 33 **Rendering in EU**

Today:

• ABPR (1774 / 2002) in place	·	·	01.05.2003
• ABP in Category 1 – 2 – 3	·	·	
• Registration of rendering plants / slaughterhouses etc.	·	·	
• Feed ban in place	·	·	
• PAP allowed for only:	·	·	
	·	Pet Food	·
	·	Fur Animals	·
• Blood Meal – Avian/Porcine origin:	·	Fish/	·
	·	Aquafeed	·
	·		01.09.2003

Slide 34 **Rendering in EU**

Tomorrow:

Diversification rendering:

Feed Production	Category 3
Energy Production	Category 1 – 2
Alternative Production	Category 2
(New developments)	

Slide 35

Rendering in EU

Global impact:

Important issues:

- GBR – Status (OIE)
- BSE – cases (Development)
- Nv CJD (New statistics)
- Consumers / retailers (Perception / reaction)
- World Trade (WTO)

Slide 39

Expectation of the rendering industry

Suppliers / Customers (2):

- Customers: Safety = Safe products = category 3 ABP
- Trace ability = Single species/tests
- Code of Practice (Fefac – Codex alimentarius)
- HACCP
- Acceptance retailers / consumers

Slide 36

Expectation of the rendering industry

Regulators:

A must:

Food and Feed safety – from farm to fork

Tools (European perspective):

ABPR (EC) 1774/2002 – TSE regulation (EC) 999/2001

Slide 40

Expectation of the rendering industry

General Public / consumers (retailers)

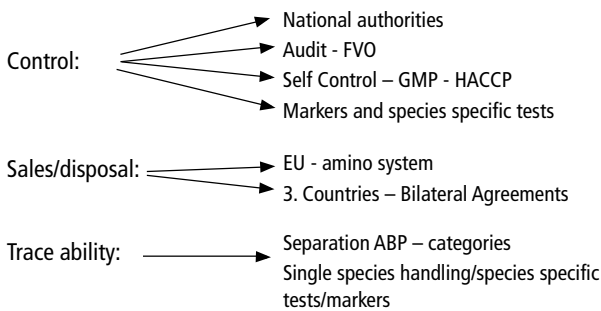
Demands:

- Food – and Feed safety
- No species to species feeding
- Control / trace ability

Slide 37 **Expectation of the rendering industry**

Regulators (2)

Control and trace ability



Slide 41

Expectation of the rendering industry

Renderers

Reliability (no more scandals)
 If not = consequences: Only waste disposal industry

Future activities:

- Feed production – Category 3
- Energy production – Category 1 – 2
- Alternative production – Category 2

Future demands:

- Research / development
- New ways – as example = energy green/renewable

Slide 38

Expectation of the rendering industry

Suppliers / Customers:

Demand to the rendering industry:

- Suppliers: Reliability / Registration system
- Competitiveness / alternatives
 - Compost
 - Biogas

Slide 42

Conclusion (1)

Old times will never come back
 Changes will be dramatic
 and
 we are for sure facing great challenges
 But
 Renderers will still have great opportunities in the future
 If
 we are aware, that ...

Slide 43

Conclusion (2)

The demands will be:

Renderers must be pro active

Open and honest information

(The invisible industry is forever dead)

Slide 47

Sources

Thanks to:

European Commission: Mrs Kirsten Sander – Vornhagen
DG Sanco

EFPPA – S.T.G.: Dr Martin Alm – Saria Bio-Industries

Slide 44

Conclusion (3)

Renderers need to establish / continue:

Dialogues / Partnership with:

- Regulators – active lobby
- Suppliers – farmers organisations
- Customers – IFIF – Fefac – Fediaf ect.
- General public – Good information - open door
- Consumers – Consumer organisations
- Retailers – Cooperation other stakeholders
- Press – Open reliable communication

Slide 45

Conclusion (4)

Time is workin for us / positive trends:

- Less BSE cases – BSE worldwide!
- Less Nv CJD cases
- Basic legislative in place (EU)

Consequences:

- Less politics – more sound science
- but
- More regulation = bureacratc

Slide 46

Conclusion (5)

Separation: Transport - Production – Sales / disposal

Control: More intensive / expensive
Audits: National Authorities / FVO
GMP / HACCP
ISO

Results: Renderers will be reliable partners –
but a united, proactive reaction is needed
and time in now...



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Marketing Session

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- meat and bone meal
- blood meal
- poultry meal
- feather meal
- FishMate65
- tallow
- milk powders
- vegetable proteins
- fish meal

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Lessons from the wine industry

Bruce Kemp, Global Wine Advice Pty Ltd

Slide 1

Agenda

- Industry Structure
- From Export to International - the learnings
- Industry Institutions
- The growth story
- Implications

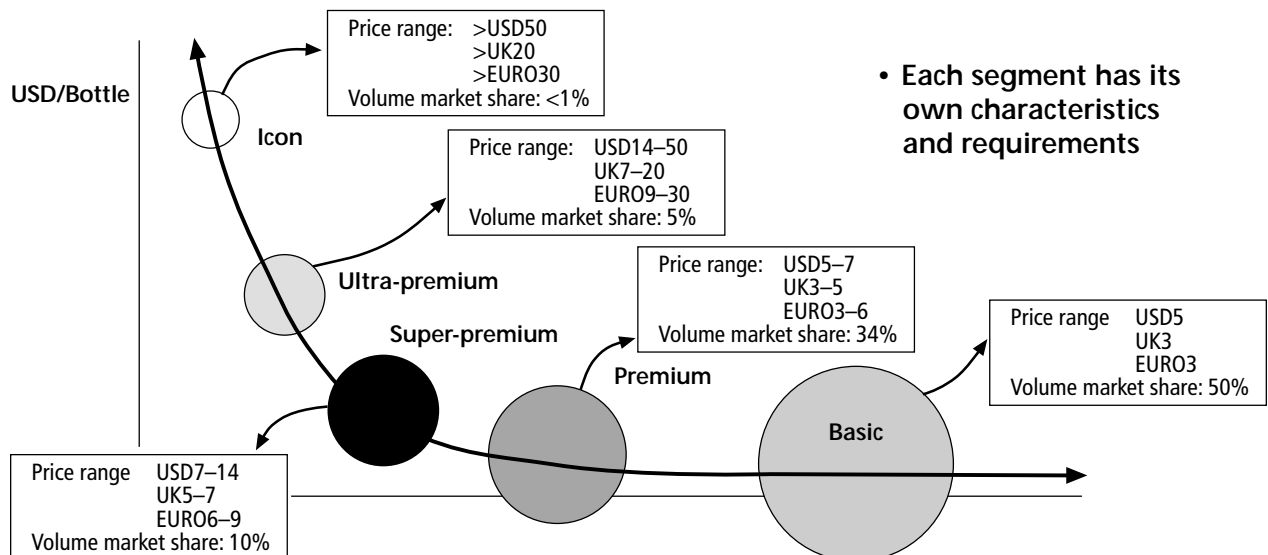
Slide 2

Industry Structure

- Wineries 1600
- Top 4 72% Volume
- Top 20 85%
- Australia 2.5% of Global Production
- Australia 5% of World Exports

Slide 3

Response depends on company positioning

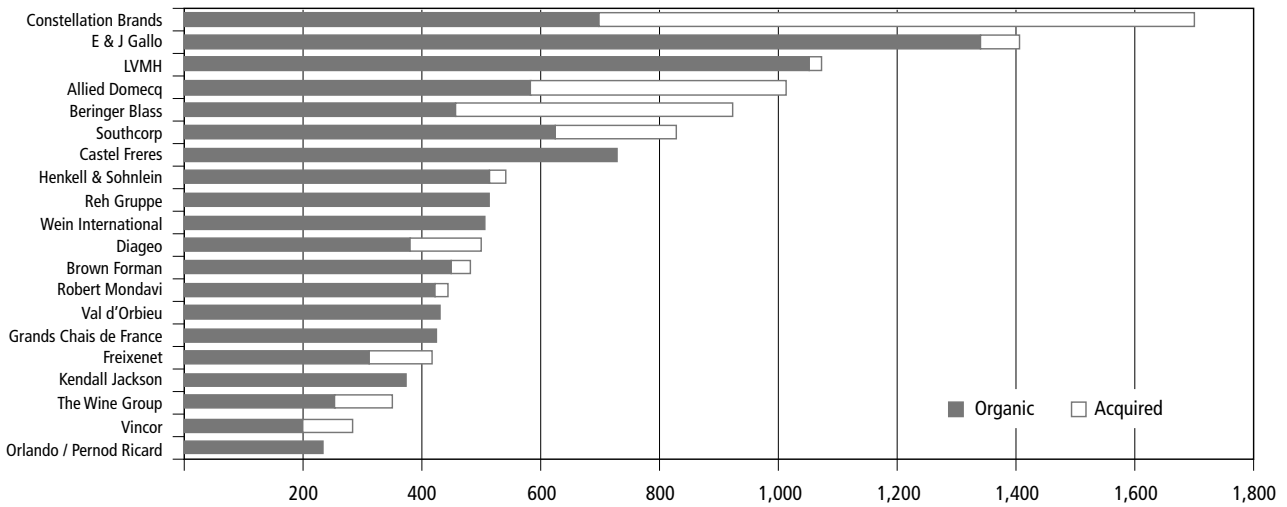


Slide 4

Top 20 Global Wine Companies

- 4 Australian companies in Top 20
- Big are getting bigger

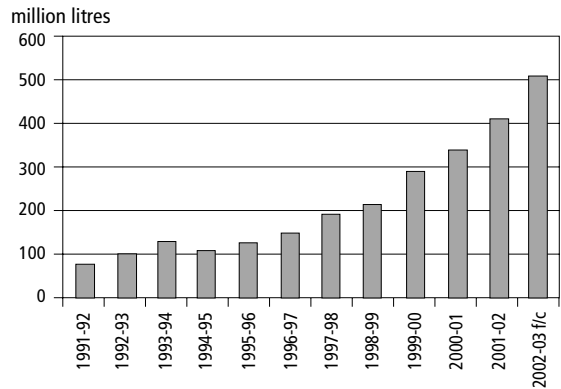
Largest Wine Companies – Source of Revenue



Slide 5 **Retailer Consolidation Australia**

Channels		Market Share
Chains (2)	Liquorland	44% (50% in 18 months)
	Woolworths	535 outlets
Major Independents	Kemmeny	7%
Independent Groups	Multiple independents	19%
	1 banner	
On Premise	Restaurants, Clubs, Airlines, Duty Free	20%
Other	Mail Order Cellar Door	10%

Slide 7 **International export shipments by value**

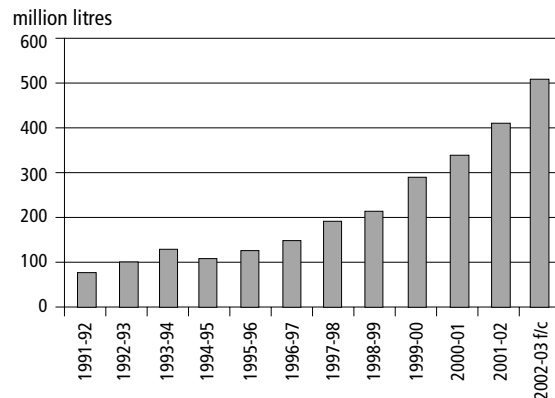


Slide 6

International retailers slowly extend global reach

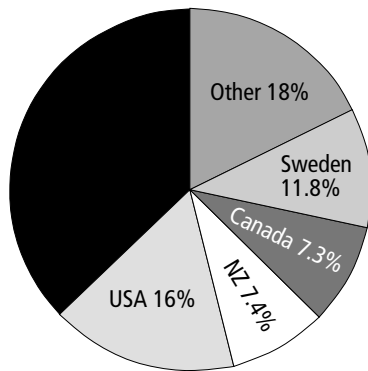
Top 10 International grocery chains	Countries of presence	Share of turnover outside home country %
1. Wal-Mart	9	5
2. Metro	16	5
3. Rewe Zentrale	8	12
4. Tengelmann	10	48
5. Aldi	10	33
6. Carrefour	11	23
7. Ito-Yokado	2	25
8. LaClerc	3	n/a
9. Intermarche	n/a	60
10. Kroger	1	0

Slide 8 **International export shipments by volume**

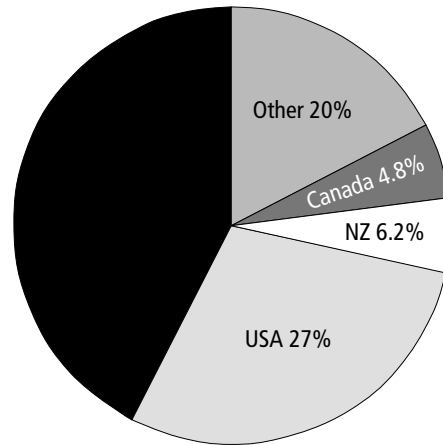


Slide 9

Major international markets



91/92 – 77.5 ml. litres
 AU\$234 million
 \$3.03/litre



2002/03 Actual – 503 ml. litres
 AU\$2.4 billion
 \$4.75/litre

Slide 10

Industry institutions

Australian Wine & Brandy Corporation
 (Statutory Body) responsible for:

- Export marketing
- Export approvals
- Wine practices & compliance
- Industry levies
 - R & D
 - Export
- Country to country negotiations

Slide 12

Industry plan – strategy 2025



Positioning

Australia not the biggest, but most influential and profitable seller of branded wines

2025
 \$4.5 Billion
 International Sales



Slide 11

Industry institutions

Wine Grape Grower Council
 Grape & Wine Research and Development Corporation

Slide 13

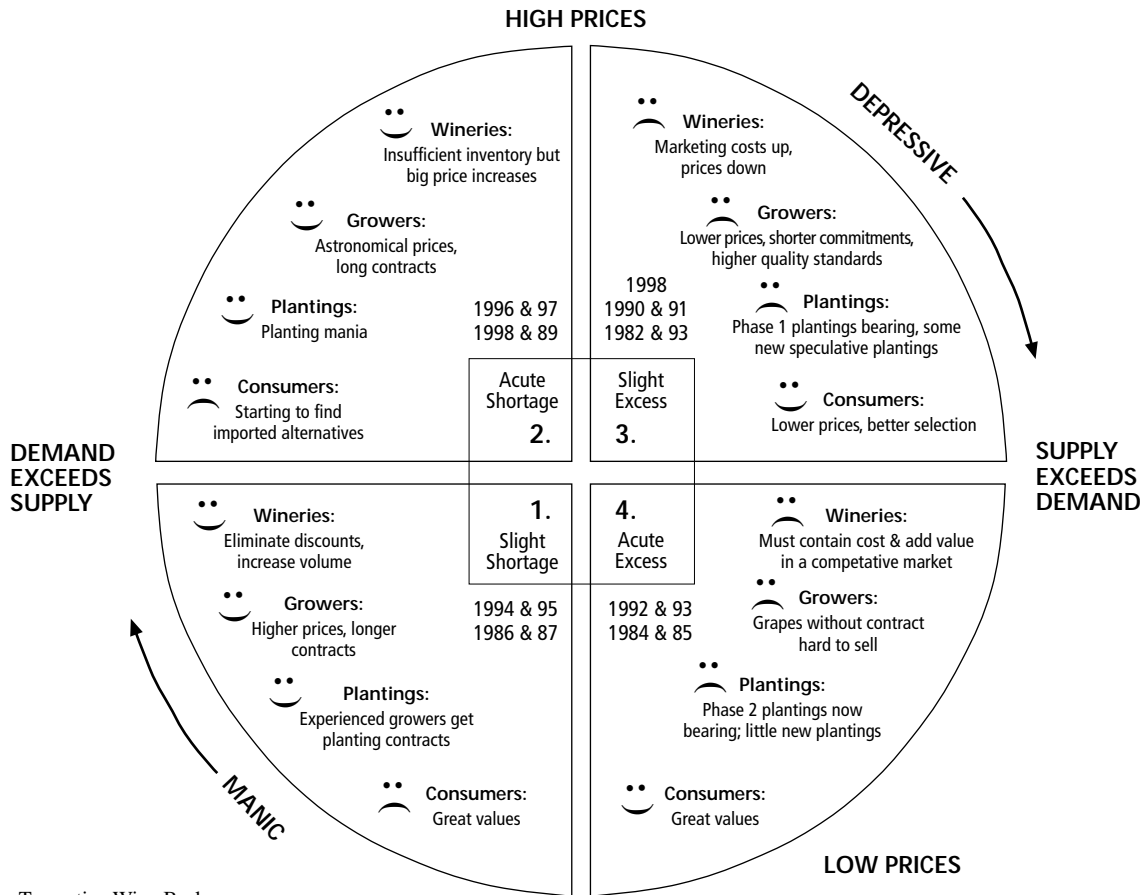
Industry plan – strategy 2025

Strategies (30 in total)

- Image & influence
- Competitive Advantage
- Markets
- Wine tourism
- Resource capacity
- Profitability
- Government partnerships
- Industry institutions

Slide 14

The manic-depressive business wheel of fortune



Source: Turrentine Wine Brokerage

Slide 15

From export to international (a mind set change)

Key Drivers

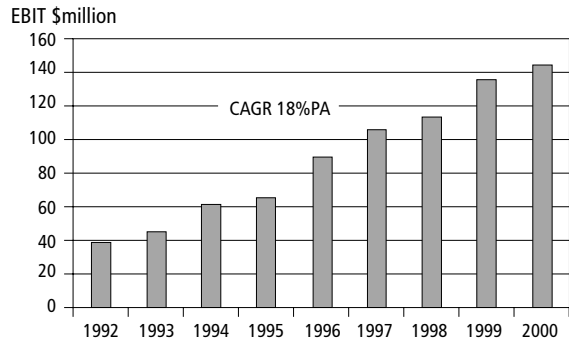
- As close to end use customers as possible
- Maximise value capture in value chain

Actions in 1992

- Establishes company owned sales offices in USA, U.K. Asia (Singapore), New Zealand, Canada (1997)
- Hired best people in key markets not Australia transplants
- Was prepared to short Australian market to support International growth

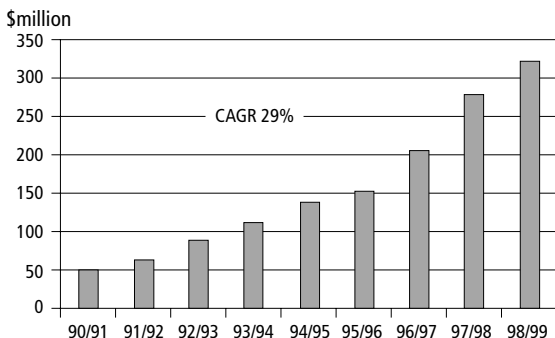
Slide 17

Southcorp long term profit growth



Slide 16

Southcorp International sales growth



Slide 18

Options for Australian Renderers

- Consolidation of producers to create two or three major players
- Vertical integration between producers and distributors/agents
- Develop international market after 1 and 2 above

Marketing in South East Asia

The Cape Experience 1997–2003

Terry Brown, General Manager – Marketing, Australian Pork Limited

Slide 1

Content

- Australia as a Pork Producer
- The Australian Pork Industry 1997 & 2003
- Singapore Market Example
- Singapore Market 1998
- The CAPE Program
- Singapore Market 2003

Slide 4

Australian Pork Industry 1997

- In 1997 Australia's pigmeat exports were around 11,343 tonnes
- Australia's major export markets were:
 - Germany
 - New Zealand
 - Russia
 - France

Slide 2

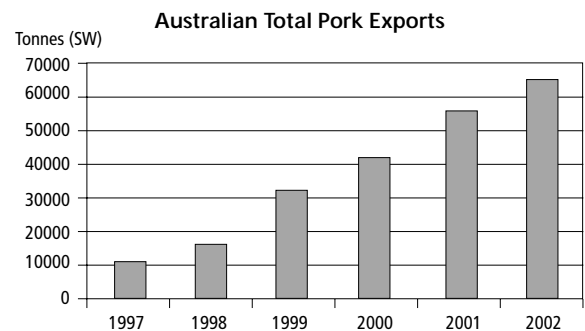
Australia as Pork Producer

	Prod'n 2000	Prod'n 2001	Export 2001
China	40,314	42,400	139
EU	17,585	17,600	1,235
USA	8,596	8,691	709
Brazil	2,010	2,216	337
Canada	1,638	1,720	727
Poland	1,620	1,550	102
Russia	1,500	1,530	NA
Australia	364	379	56

(Tonnes 000's)

Slide 5

Australian Pork Industry 2003



Source: ABS (CaY)

Slide 3

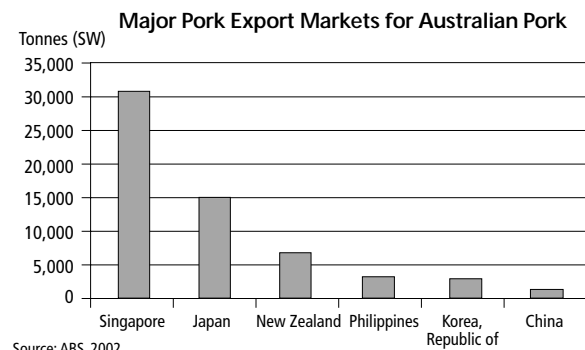
Australian Pork Industry 1997

Pork Industry 1997/1998

- 1997 Industry in crisis - high levels of domestic production coupled with high feed costs
 - Many farmers left the industry
 - Government assistance package
- The industry looked towards exports as a way of improving profitability - formed Confederation of Australian Pork Exporters (CAPE)

Slide 6

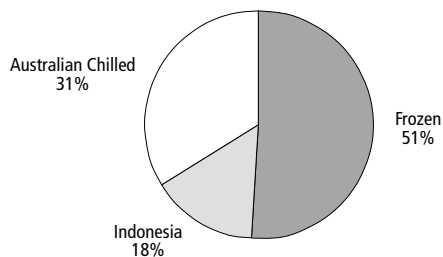
Australian Pork Industry 2003



Source: ABS, 2002

Slide 7 Australian Pork Industry 2003

Australia's Share of Singapore Pork Market (tonnes)



Source: AVA and IE, 2002

Slide 11 Singapore - 1998

PRODUCT

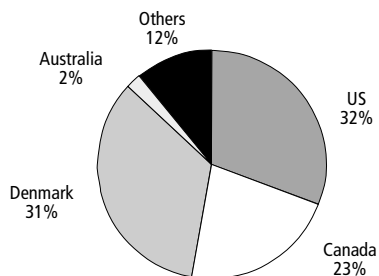
- Singaporeans only used to 'warm' Malaysian pork
- Consumers perceptions of Australian pork were negative: smells, milky & beefy taste, not fresh
- Trade attitudes to the product were also negative

PRICE

- Singaporeans used to cheap pork
- Malaysian pork sold at \$3-\$4/kg

Slide 8 Australian Pork Industry 2003

Australia's Share of Japan Pork Market (tonnes)



Source: ALIC

Slide 12 Singapore - 1998

PLACE

- All pork sold in wet markets, no cold chain or refrigeration. Very limited pork sales in up-market supermarkets, often imported from USA.
- Numerous small wholesalers and distributors supplying wet market butchers.



Slide 9 Singapore market example



Product
Price
Place
Promotion

Slide 13 Singapore - 1998

PROMOTION

- Non-existent
- Pork is a staple food for Chinese Singaporeans
- Basic commodity with no differentiation



Slide 10 Singapore Pork Market

The Nipah Virus

- Late 1998 – Nipah virus discovered in Malaysia
- Singapore received almost all of its fresh pork from Malaysia, around 3000 live pigs per day
- Pork trade with Malaysia terminated indefinitely

Australia's export opportunity

- Singapore's requirement for carcass meat
- Australia's close proximity and ability to supply fresh chilled carcasses on a daily basis
- Reasonable exchange rates and relatively cheap airfreight costs

Slide 14 The Challenge...

To secure a long-term future for Australian chilled pork in Singapore, where it is not just a substitute product, but a desired brand-on that-

- Consumers actively ask for/desire
- Can demand the full market price
- The consumer trusts in terms of quality and product integrity
- Demand a long-term commitment to the Singaporean market by Australian producers