



RENDERING CIRCLES

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as a service to customers and members

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Market outlook remains clouded

Wheat and bone meal

Australian exports to the pivotal Japanese market have been under increasing pressure, primarily from the glut in oilseed meals but also from low priced fishmeal stocks and from MBM sourced from the US and New Zealand. Japanese buyers who traditionally lock in supplies two to three months forward are clearly reluctant to hold stocks in the current climate.

Quality has become a prime consideration, with salmonella-free, branded product commanding a clear market preference.

Indonesia has settled down to a relatively regular, though much smaller market in the hands of a few, well organised importers. The Philippines and to a lesser extent Taiwan have also provided some support though the US has a commanding presence in those markets.

In the domestic market demand from the poultry sector is being driven by high bird numbers, but this is offset to some extent by the depressed pork sector which continues to experience declining returns.

Tallow

The tallow market has likewise been in a downward price spiral following a period of strong prices which had been buoyed by high oilseed prices over the last couple of years. The Australian tallow market has followed the US down to current levels and it is difficult to see any improvement in the immediate future.

The record levels of oilseed production is expected to rise further and this has led to the virtual collapse of the palm oil market in recent months.

Africa (especially South Africa and East African countries) Pakistan and China remain Australia's most important markets. However demand from China has been irregular as large stocks of soap and other oil based products have been diverted to this market from weakening economies elsewhere in Asia.

Demand from the massive oleo-chemical sector in Europe has also declined with the virtual collapse of its major market in Russia. This has been a prime market for US tallow producers who are now seeking to place their product elsewhere.

Few exporters expect the A\$ to post any significant change in their favour in the immediate future.

In these depressed market conditions it is difficult to identify any cause for optimism unless the massive oilseed crop now in the ground yields significantly less than anticipated.

Australian renderers will be under increasing pressure to further reduce operating costs and improve the marketability of their products.

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QUALITY FOR THE
PET FOOD MARKET

Did you know ...

The ARA can truly claim to represent the interests in this industry, with our membership responsible for:

- all but one of this country's major export abattoir operators;
- 90 of the total 115 rendering establishments (84 are abattoirs); and
- 56 of the 63 establishments which operate 90% of total Australian rendering capacity.



Fats & Proteins Research Foundation NEWS

The Fats and Proteins Research Foundation is organised to serve the rendering and associated industries which function to recycle the co-products resulting from food animal production. The rendering and its ancillary support industry in the US has ecologically and economically processed the more than 20 million tonnes of inedible animal tissue generated annually into products of value for a variety of useful purposes.

FPRF was convened in 1962 to provide an institution to direct and manage a research process which results in an enhanced current usage and the development of new uses for rendered animal products. This provides added value to all animal production. FPRF is a nonprofit non-lobbying organisation with 110 industry members who voluntarily support and contribute in a cooperative effort to focus research resources to the industry's most important research needs and initiatives. In its 35 year tenure FPRF has completed over 425 individual research projects, many of which are listed on the FPRF website (www.fprf.org).

The Australian rendering industry contributes to FPRF through the MLA.

Biodiesel

Biodiesel is a potential use for animal byproducts which offers new market opportunities for the rendering industry and enormous benefits to the wider community.

The term biodiesel is generally applied to transesterified vegetable or animal derived oils and fats when used in compression-ignition engines, either on their own or blended with petroleum based diesel fuel.

FPRF supported research has demonstrated that biodiesel in a conventional diesel engine produces a substantial reduction in hydrocarbon, carbon monoxide and particulate matter emissions. As such it is far less harmful to human health and has superior biodegradability compared with petroleum based diesel fuel or sugar based alternatives. Biodiesel can be used in all diesel engines without modification and is fully compatible with the new diesel engine exhaust technologies designed to reduce toxic emissions. It can be blended with conventional fuels without loss of performance, in blends from one percent up to 100% by volume.

The biodiesel industry is concentrating on niche applications such as in underground mines, urban buses and marine applications where biodegradability and the particulate and hydrocarbon reductions are especially valuable.

Cost is a major stumbling blocks for oilseed derived biodiesel, especially in a petroleum market where prices are at near all-time lows. But FPRF is spearheading research to utilise animal fats from rendering operations and recycled oils such as restaurant grease. As well as the cost advantage over refined oilseed products, feedstock from these sources gives further environmental benefits.

Studies are continuing in the US and Europe on a range of biodiesel issues with the rendering industry supporting a broad range of needed exhaust emissions and other investigations of non-soybean oil-derived biodiesel.

Biodiesel update: Griffin Industries has dedicated a production facility for methyl esters at its Butler, Kentucky, plant.

Swine Pseudorabies (PVR) eradication program

A US\$80 million voluntary program will seek to accelerate the PVR status within the US by encouraging farmers to sell for rendering the 1.8 million hogs now held on PVR quarantined farms. The program is backed by the National Council of Pork Producers which hopes to stimulate pork prices by removing this tonnage from the market.

FPRF has completed a project which demonstrates the effectiveness of rendering in inactivating the PVR. A series of six experiments brought the following conclusion: "From the results obtained from a worst-case scenario through the monitoring of the final MBM product it is concluded that there is little or no possibility that PVR can survive the rigorous processing steps leading to the production of MBM."

(Full copy of this paper is available through Graeme Banks).

Mammalian to ruminant feeding ban

An audit has recently been undertaken by Mr Jim Murray from AQIS and many members will have been visited during that process.

At the recent ARA General Meeting it was stressed that it is important for Members to be fully aware of the specific State legislation applying to their rendering activities. Any doubts should be referred to the Association office. It was indicated that invoices and delivery dockets must record the information called for in the legislation.

Ron Lyon

1943 – 1998

THE AUSTRALIAN TALLOW INDUSTRY is mourning the loss of one of its senior and most respected tallow traders in Ron Lyon who died suddenly on 11 November (Remembrance Day).

Born in 1943 at Burnie, Tasmania, Ron left school at age 16 and travelled to Europe where he worked in the travel industry as a coach driver. He returned to Australia via Africa where he worked for a period in the building industry.

In 1966 he joined C Piesse & Co (a subsidiary of the Craig Moston Group) where he was responsible for logistics and meat and bone meal, later transferring to run their feed mill in the Atherton Tablelands in North Queensland.

During the 70s Ron transferred to Sydney where he learned tallow trading under Bert Lawson and Bob Mostyn, ultimately becoming senior tallow trader. Following the Mostyn Group's sale to Colyer Watson (NZ) Ron transferred to Colyer Fehr, Sydney, under Reg Evans.

In January 1992 Ron joined Gardiner Smith following that company's purchase of the Colyer Terminal business and was appointed senior Tallow Trader in Sydney under John Coras and Don Seaton.

In late 1995/early 1996 Ron was promoted to

Queensland State Manager based in Brisbane, a position he held up until his death.

Ron was highly respected throughout the Industry and it is this respect and his understanding of terminals and tallow logistics that lead to a terminal in Taichung, Taiwan being named in his honour.

Ron leaves a wife, Lyn, three daughters, Kelly, Jacqui and Rebecca and two grandchildren Jake and Chloe.

RON LYON AWARD

At the December ARA meeting the Executive decided to introduce a Young Achievers Award, to be named in honour of Ron Lyon.

Candidates for this Award will be selected from participants in various Accreditation workshops.

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International Renderers Forum – Positive Agenda Planned

Report from the NRA Meeting, (Palm Beach, Florida) 20 November, 1998.

The following countries were represented at this meeting:

- | | |
|-----------|-------------|
| Argentina | Australia |
| Brasil | Canada |
| Denmark | Germany |
| Italy | Netherlands |
| UK | USA |

The meeting, chaired by Mike Langhorst from the NRA, resolved to form a new organisation known as the **World Renderers Forum**. This new body will address issues of common interest and serve as a vehicle for education and information exchange on issues of mutual concern affecting the rendering industry. Where appropriate it will express its views to world organisations such as OIE and WHO.

Representation will be sought from all countries (1 representative from each) and decisions made by a consensus with a 2/3 majority.

Initial co-ordination support has been offered and accepted from NRA. The initial group (as represented at the Palm Beach meeting) is to co-ordinate widespread membership with an initial meeting to be held in conjunction with the EURA meeting, in Berlin, in May 1999. Further details including election of Chair etc are to be decided at that meeting.

Individual countries will receive a summary of the meeting notes and be requested to nominate a representative. Also any further ideas and issues for input should be returned to the co-ordinators a.s.a.p.

It was suggested that an initial, achievable target should be identified and Canada suggested this could be to establish a regular exchange of information via internet, say on a monthly basis.

Those present at the meeting indicated a strong desire to make this work and to drive a positive rendering agenda rather than continue to allow it to be set by others.

DIARY DATES

- | | |
|--------------------|--|
| 11-12 March | ARA
GENERAL MEETING
Perth WA |
| 21-23 July | ARA 5TH
INTERNATIONAL
SYMPOSIUM
Marriott
Surfers Paradise |

Welcome to New Members

At the ARA General Meeting in December the following new members were accepted:

- Warwick Bacon Pty Ltd (Full Member)
- Keays Trading International Pty Ltd (Associate Member)
- Novus International Pty Ltd (Associate Member)
- AP (AG Products) Pty Ltd (Associate Member)

The ARA now has 59 Full Members and 27 Associate Members and represents the vast majority of interests associated with this industry.



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World News

CODEX

Australia is an active participant in the important work of Codex and its committees which are working to establishing international standards to ensure food safety and facilitate international trade. It is difficult to overestimate the long term contribution this will make to World Trade Organisation agreements on Sanitary and Phytosanitary Standards and Technical Barriers to international trade, with the continuing emphasis on science as the basis for decision making.

The Codex Committee on Residues in Veterinary Drugs in Food (Washington, DC, 15-18 Sept., 1998) referred discussions and suggestions on the Draft Codex Code of Practice on Good Animal Feeding for consideration by the Codex Alimentarius Commission;

The 5th session of the Codex Co-ordinating Committee for North America and the Southwest Pacific (Seattle, Washington, October 6-9, 1998) strongly supported the establishment of a scientific advisory body on microbiological aspects of food safety, particularly on microbiological risk assessments;

At the 31st session of the Codex Committee for Food Hygiene (Orlando, Florida, 26-30 Oct) the Draft Principles and Guidelines for the Conduct of Microbiological Risk Assessment advanced to Step 8. This document is crucial to establishing the use of sound science as the basis for standards and guidelines for consumer protection and international trade.

The 11 principles and guidelines adopted included the requirements for Microbiological Risk Assessment to be scientifically based; functionally separated from Risk Management; transparent in application; structured to include hazard identification, assessment of exposure and risk characterisation; identification of constraints of cost, resource and time; the requirement for data collection systems of precision and quality to minimise uncertainty; and explicitly consider the dynamics of microbiological growth, survival and death in foods.

BSE in Portugal leads to beef export ban

A BSE outbreak in Portugal has seen beef exports from that country to the EU banned for nine months from 4 November 1998. Portugal has not complied with the EU ban on using meat meal in ruminant feeds and has a poor record in managing its BSE problem.

EU postpones SRM rules

The EU Agricultural Council has postponed till 1 January 2000 the 1997 rules on Specified Risk Material (SRM) and will work in the interim to establish alternative proposals.

The postponement was introduced after EU Member States rejected a draft decision repealing the 1997 rule following agreement that it would not work. The 1997 rule defines SRM as skulls, eyes, brains, tonsils and spinal cords of cattle, sheep and goats over 12 months of age and the spleens of all sheep and goats. It required the removal of all SRM without regard to country of origin and applied equally to food, drugs, cosmetics and many other industrial products. The US threatened trade retaliation for its US\$4

billion drug export trade that was under threat from the 1997 rule. It now seems likely that the EU will be prepared to classify countries according to their risk profile.

Quebec farmers frustrate scrapie outbreak measures

An outbreak of scrapie in the Canadian province of Quebec late last year saw more than 10,000 sheep destroyed and monitoring extended over a wide area.

Efforts to contain the problem have been frustrated by the reaction of Quebec farmers who believe the compensation levels being offered are inadequate (between US \$150 and \$300!). Many have apparently chosen to bury dead stock rather than risk having entire flocks destroyed.

UK beef export ban lifted

The ban on UK beef exports has been partially lifted by the EU Commission which has ruled to allow sales in other EU countries of deboned product sourced from animals born after 1 August 1996. Only meat from animals between six and 30 months of age will be eligible and both the animals concerned and their dams must be traceable. The dams must also have lived for at least six months after the birth of these calves and not developed BSE in that time.

EU members failing to enforce anti-BSE measures

The EU Commission has started legal action against 13 of the 15 EU member states for noncompliance with various measures designed to counter the threats from BSE. Austria and Ireland are the only states not facing legal action at this stage but Ireland is expected to be added to this list because of its failure to enforce the MBM feeding ban.

A joint European Commission/Parliament conference on food safety in November/December 1998 agreed that the necessary legal framework to protect against BSE was in place but member states were failing to enforce these rules. A series of inspections since 1996 found varying levels of non-compliance involving plant approvals and registration and deficiencies in official controls over processing rendering plant requirements in most states. Improperly treated mammalian protein had entered the food chain in some instances and while some deficiencies had since been corrected this was not so in all cases. Preliminary results from the most recent inspections had shown some improvement in the situation.

Sanitary & Phytosanitary (SPS) Committee to Report

The World Health Organisation (WHO) has been unable to complete a major review of its Sanitary & Phytosanitary Committee but will issue a report in March 1999 outlining progress to date.

The report will cover progress so far and it appears the EU will win the fight to continue with the review until the process is complete and every aspect of SPS work has been examined.

Animal By-Products – Insuring Quality

by Gary G Pearl, D.V.M., President and Technical Director, FPRF Inc.

Following is a summary of Gary Pearl's paper to the US Pet Food Forum in mid March 1999. The full paper is available through Graeme Banks.

THE economic importance of companion animals to livestock, poultry and rendering industries is well established in the US where renderers market 30% of their protein products and 20% of their animal fat into companion animal diets.

Animal proteins have traditionally been criticised for nutrient variability and FPRF research has confirmed that nutritionists and veterinarians are highly concerned about issues involving product variability, inconsistency of animal protein ingredients and biosecurity.

One difficulty is the lack of uniform views about quality and the confusion which often reigns supreme in matching definitions to expectations.

Though extremely important, nutrient availability and utilisation of protein, amino acids, fatty acids and other components by a dog or cat are not the exclusive determinants of pet food specifications. Also important are colour, odour, palatability, fecal volume and consistency, and characteristics for marketing and promotion. As in human nutrition opinion, bias, myths and misconceptions abound in influencing 'nutritional science' decisions for domestic pet. An understanding of the specifications is important but an understanding of expectations is paramount in servicing the highly competitive pet food industry.

FPRF has functioned since 1962, providing an industry forum for quality, peer reviewed research for all species. It is active in pursuing reliable, economic, easily conducted predictors of nutritional quality of rendered animal protein and fats.

Historically, the biosecurity of animal proteins have been stigmatised and the rendering industry has

now addressed this through adoption of HACCP based controls over raw materials, process, environment, distribution and storage, monitoring and traceability. This systematic approach assures a safe, quality finished product and the long held understanding that the rendering process is lethal to traditional disease causing organisms. That notion has been challenged with the advent of BSE in the UK and has had serious global implications even though 99.7% of all BSE cases have been reported in the UK. The US rendering industry has been subjected to interference and analogies even though it remains BSE free.

Developing a specific plan or program to insure quality is rather simplistic but requires knowledge and active agreement from raw material suppliers through to the ultimate customer. This is an interactive process in which sampling and testing procedures are only validations that quality audits are meeting expectations.

Likewise it is imperative that the animal protein and fat industry continue to supply newly generated research to the users of their product. This constant focus on quality will insure the true value of rendered animal ingredients for use in pet food formulations.

WORLD RENDERING BEYOND 2000

*Tools, Techniques and
the Environment*

WEDNESDAY 21 JULY – FRIDAY 23 JULY 1999

Marriott Resort, Surfers Paradise

- Trade Show
- Marketing
- Product Innovation
- Conference Sessions
- Environment
- Equipment Innovation

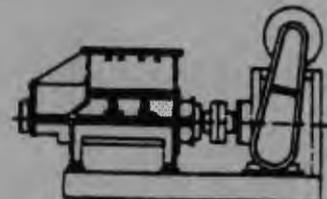
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