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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Outlook on Challenges and Opportunities Session

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 Couse.
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 opportunites 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.

Pridham

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Australian Tallow Producers

MEAT & LIVESTOCK AUSTRALIA

The Australian Renderers' Association would like to thank the following Symposium supporters.

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Introductory Session

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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 2

Outline (2)

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

Slide 3

Regulation (EC) 1774 / 2002

Concerning animal by products
Not indended for human consumption

Slide 4

Regulation (EC) 1774 / 2002

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

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 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.

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Possible use of the three categories

	Cat 1	Cat 2	Cat 3
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

Risk management

The higher the potential risk, the fewer the possibilities of use!

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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 cetain diseases.

The feed ban is a measure to control TSEs

Slide 9

Current feed ban: principle

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

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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

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Feeding of Animal Proteins

Basic:
Regulation (EC) No. 999/2001

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

Article 7 (1) : (2)

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

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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

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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 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 anmimal origin
  - Feedingstuffs containing such proteins

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Feed ban after 1.9.03: amendments

DG Sanco 25/2003 (adopted 20.06.03)

- Additional derogations
  - tricalcium phosphate to non-ruminants
  - hydrolysed proteins from all tissues to non-runminants
  - 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

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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	– –

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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

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Export

The export to third countries of processed animal proteins derived from ruminants and of products containting 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.

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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

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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 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

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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 EFPRA (Category 1–2)

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

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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

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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

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Alternative methods

I. Alkali hydrolysis

II. High pressure high temperature hydrolysis

III. High pressure hydrolysis biogas

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Alternative methods (2)

IV. Brookes gasification process

V. Biodiesel production

VI. Combustion of tallow

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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

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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’

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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’

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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 cannabilism). 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.

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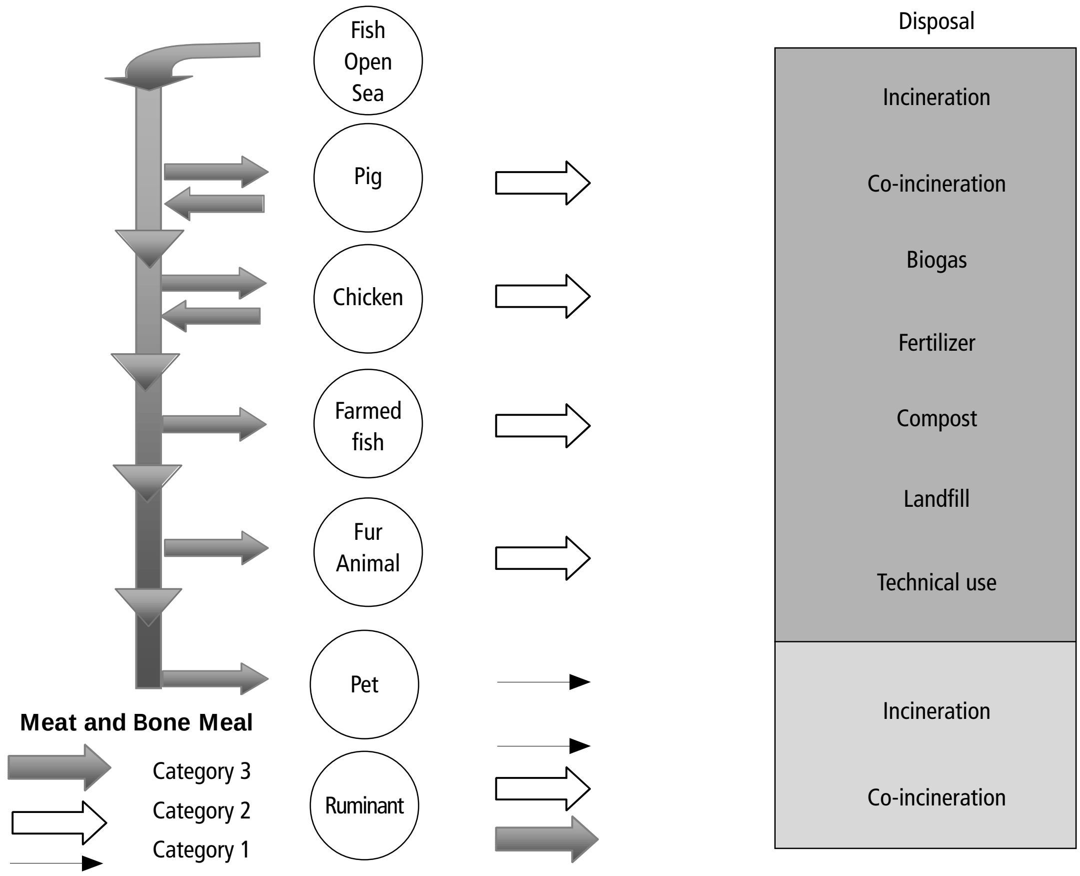
Danish approach for feeding / disposal of ABP in the future



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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

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Rendering in EU

Tomorrow:

Diversification rendering:

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

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Rendering in EU

Global impact:

Important issues:

GBR – Status (OIE)

BSE – cases (Development)

Nv CJD (New statistics)

Consumers / retailers (Perception / reaction)

World Trade (WTO)

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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

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Expectation of the rendering industry

Regulators (2)

Control and trace ability

Control: → National authorities → Audit - FVO → Self Control – GMP - HACCP → Markers and species specific tests

Sales/disposal: → EU - amino system → 3. Countries – Bilateral Agreements

Trace ability: → Separation ABP – categories; Single species handling/species specific tests/markers

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Expectation of the rendering industry

Suppliers / Customers:

Demand to the rendering industry:

Suppliers: Reliability / Registration system

Competitiveness / alternatives

– Compost

– Biogas

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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 40

Expectation of the rendering industry

General Public / consumers (retailers)

Demands:

Food – and Feed safety

No species to species feeding
Control / trace ability

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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

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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 …

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Conclusion (2)

The demands will be:

Renderers must be pro active

Open and honest information

(The invisible industry is forever dead)

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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

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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 = bureacratic

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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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Sources

Thanks to:

European Commission: Mrs Kirsten Sander – Vornhagen
DG Sanco

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

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Marketing Session

HIGH QUALITY COMMODITY
EXPORT AND IMPORT

Commodities traded include:

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

CUSTOMER FOCUSED
WITH INDUSTRY KNOWLEDGE AND EXPERIENCE
FOR TODAY AND TOMORROW

ARROW COMMODITIES

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Lessons from the wine industry

Bruce Kemp, Global Wine Advice Pty Ltd

Slide 1

Agenda

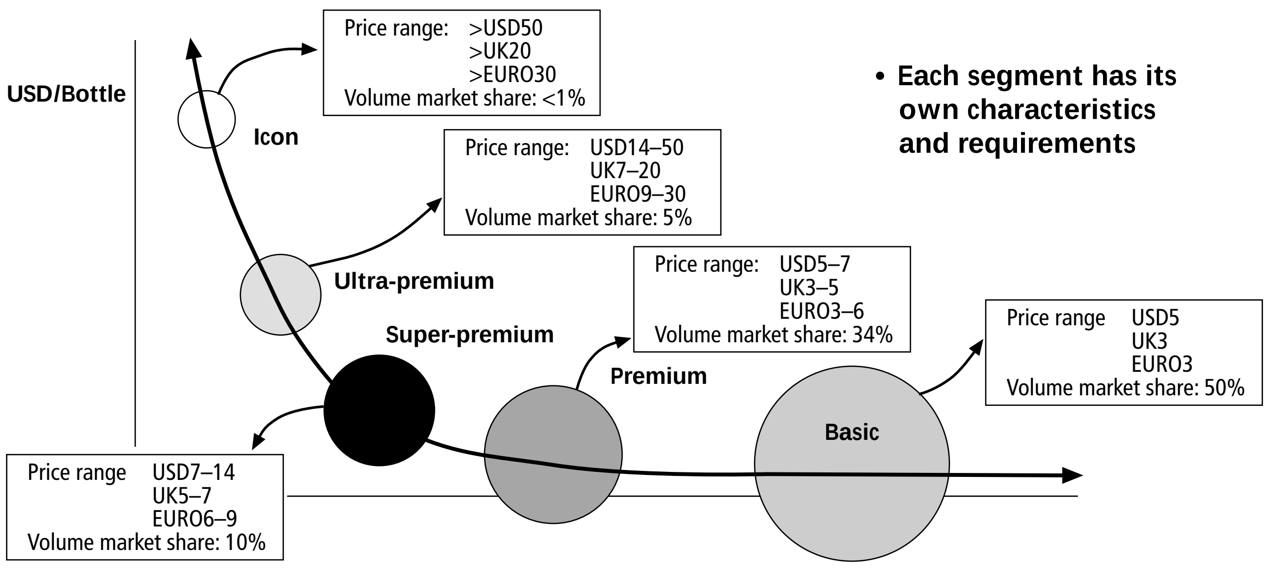
- Industry Structure
- From Export to International - the learnings
- Industry Institutions
- The growth story
- Implications

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**

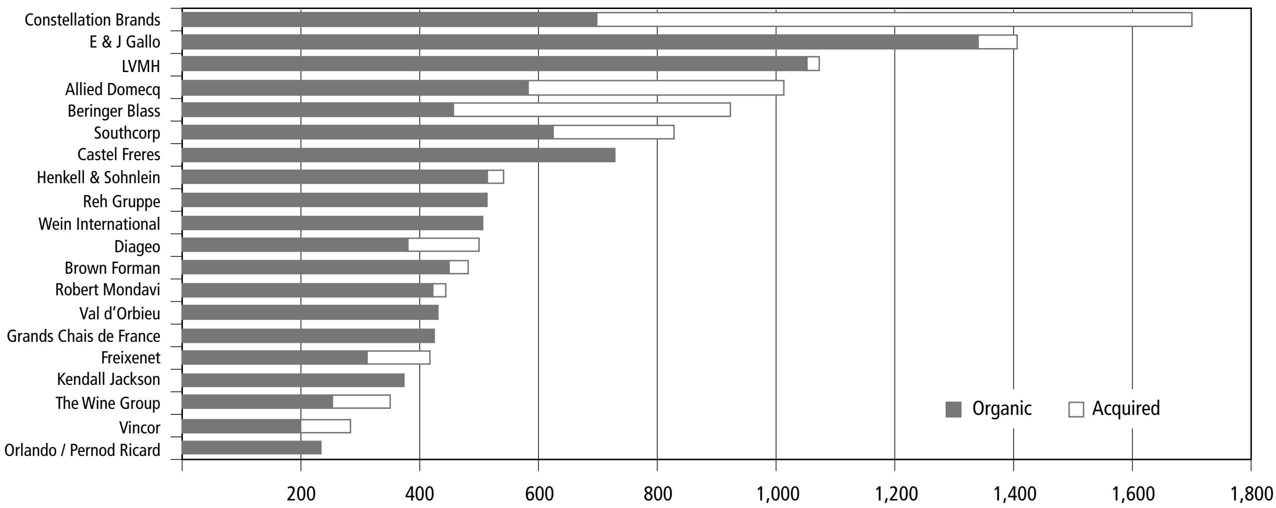


Slide 4

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**

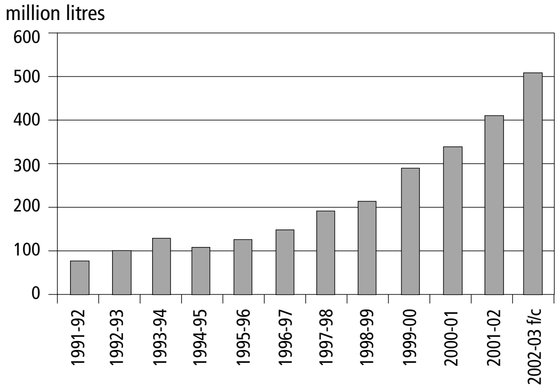
Channels		Market Share
Chains (2)	Liquorland 724 outlets Woolworths 535 outlets	44% (50% in 18 months)
Major Independents	Kemmeny	7%
Independent Groups	Multiple independents 1 banner	19%
On Premise	Restaurants, Clubs, Airlines, Duty Free	20%
Other	Mail Order Cellar Door	10%

Slide 6

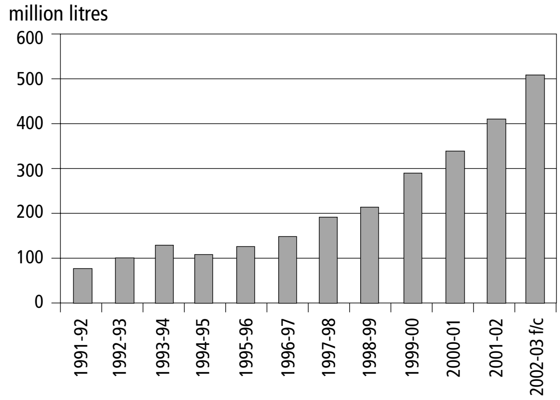
International retailers slowly extend global reach

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 7 **International export shipments by value**



Slide 8 **International export shipments by volume**



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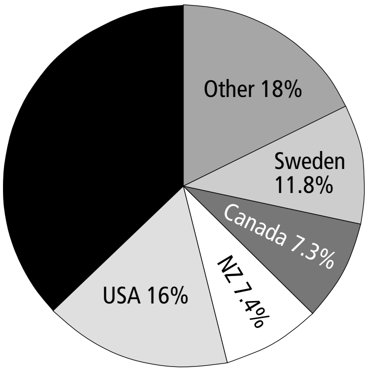
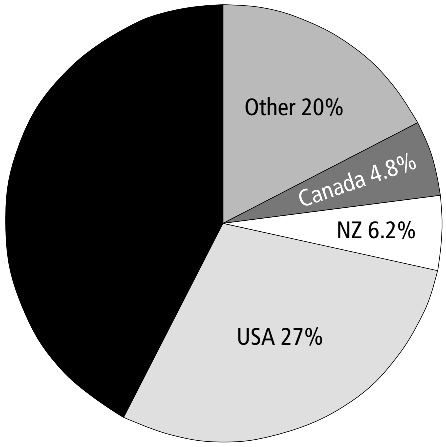
Major international markets



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

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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 11

Industry institutions

Wine Grape Grower Council

Grape & Wine Research and Development Corporation

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 13

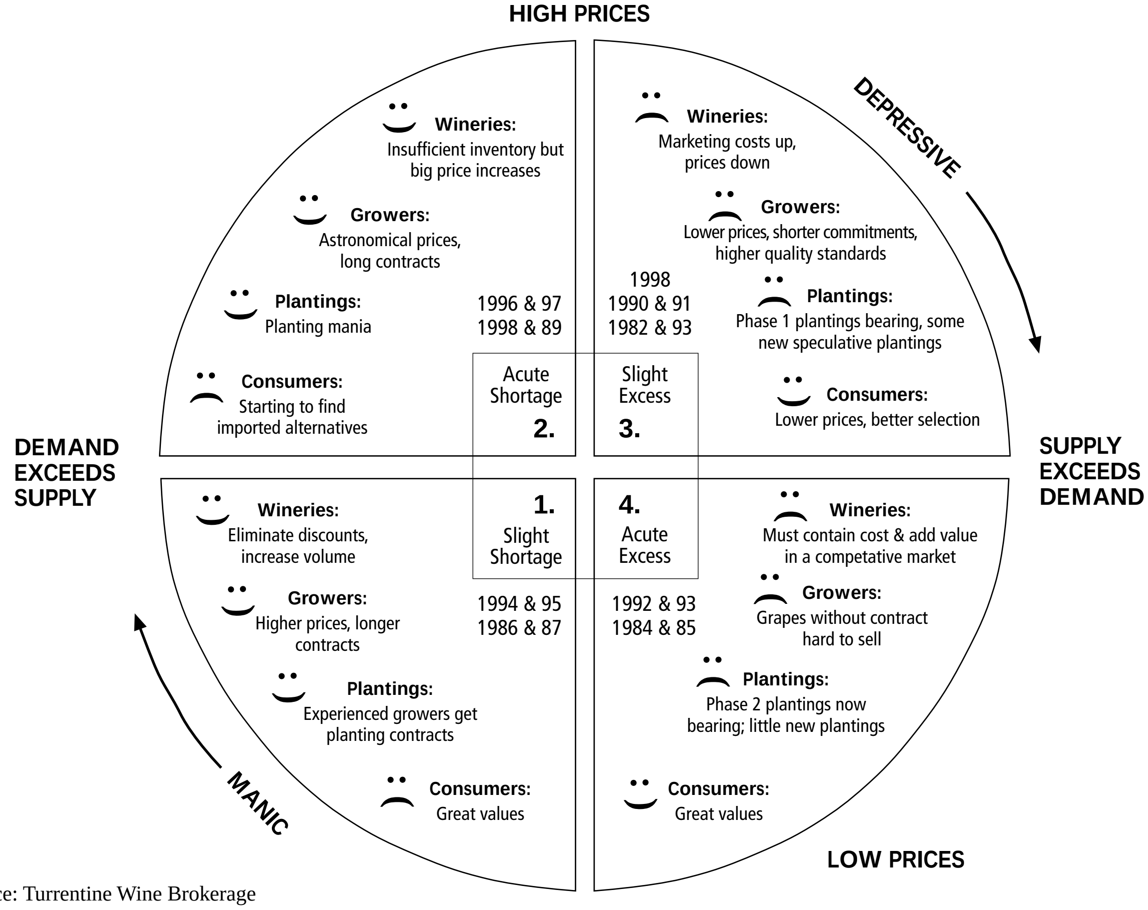
Industry plan – strategy 2025

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)**

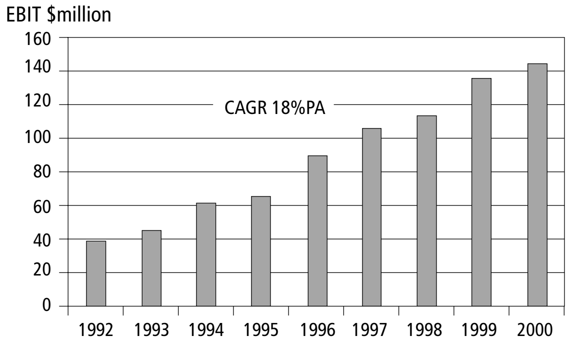
Key Drivers

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

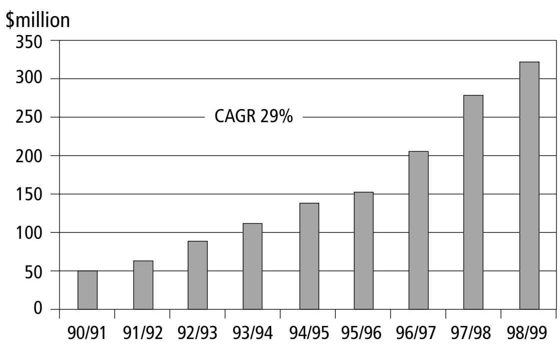
Actions in 1992

- 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 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 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)

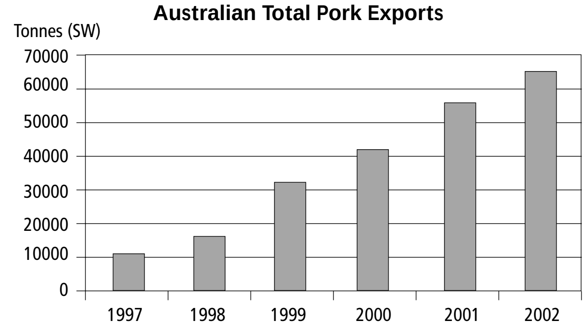
Slide 4

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 5

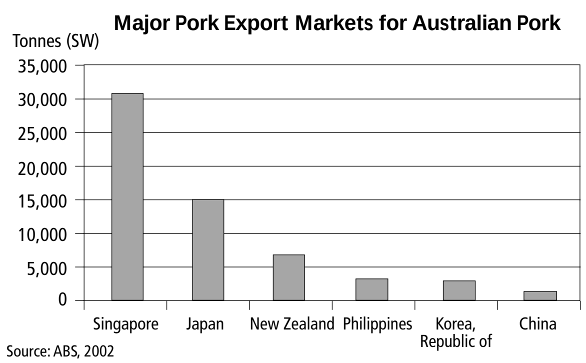
Australian Pork Industry 2003



Source: ABS (CalY)

Slide 6

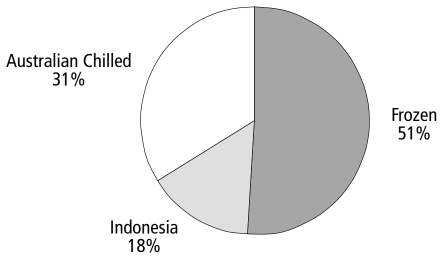
Australian Pork Industry 2003



Source: ABS, 2002

Slide 7 **Australian Pork Industry 2003**

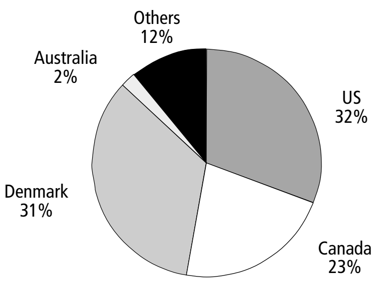
Australia's Share of Singapore Pork Market (tonnes)



Source: AVA and IE, 2002

Slide 8 **Australian Pork Industry 2003**

Australia's Share of Japan Pork Market (tonnes)



Source: ALIC

Slide 9 **Singapore market example**

Product
Price
Place
Promotion

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 carcase meat
- Australia's close proximity and ability to supply fresh chilled carcases on a daily basis
- Reasonable exchange rates and relatively cheap airfreight costs

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 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 13 **Singapore - 1998**

PROMOTION

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

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