

Renderers Bailout Themselves

At PCRA annual convention

By Tina Caparella

Over and over we hear about the tough economic times across the country and the government's monetary attempts at revitalizing falling real estate prices and record high unemployment rates, and rescuing banks and industries on the brink of collapse. While the rendering industry may not be as hard hit as other sectors, it is no less immune to its own struggles. This was apparent at the Pacific Coast Renderers Association (PCRA) 77th Annual Convention in late February as attendance was down and financial aid was being sought.

PCRA President Ken Kage, Darling International, said 2008 was a memorable year, with the Food and Drug Administration (FDA) finalizing its enhanced feed rule in April, record high prices throughout most of the year, followed by a plunge in product values toward the end of 2008. Facing its own financial hurdles, the association this year turned to its members for assistance. Three years ago, PCRA members were assessed a fee to help shore up a depleting bank account that pays for such things as convention speakers, industry studies, and lobbying in California's state capital. This year additional funds were needed once again, so the membership voted to assess each plant \$2,000 and associate member fees were raised slightly.

Despite reduced product prices and increased expenses, PCRA members were unselfish with contributions to activities and organizations that aim to enhance the industry's future, contributing a total of \$20,000 to the National Renderers Association (NRA) International Market Development Committee (IMDC), and \$20,000 to the Fats and Proteins

Research Foundation. In addition, donations towards a proposal from the California Grain and Feed Association (CGFA) for legislative efforts were generous. Members donated a total of \$62,000 toward the \$100,000 proposal, with the balance of the funding coming from renderers who are current members of the grain and feed association and contributions by 10 NRA members that reside outside of the state. The NRA members believe issues that affect California eventually spill over into other states.

The CGFA proposal provides the rendering industry with representation, strategic services, and work towards specific legislative and administrative priority issues in California, which include:

- holding meetings and continuing outreach with allied industries, animal agriculture, the California Department of Food and Agriculture (CDFA), and other government entities on implementing the new FDA feed rule;
- finding solutions to the state's grease theft problem;
- updating California's rendering laws; and
- branding the industry as critical to public health and safety, and as green/sustainable.

The dairy industry is facing its own crisis, with Gary Conover, Western United Dairymen (WUD), explaining that dairy prices were robust until October 2008 when milk prices and demand dropped considerably as consumers continued to feel the effects of a down economy. At the same time, production from other dairy producing regions of the world rebounded, providing additional supply on the world market. Also, the European Union recently reactivated its export subsidies, which, along with the strengthening of the U.S. dollar, greatly hampered the competitive advantage of U.S. products. Because of drastically lower milk prices, dairy farmers are culling their herds quite rapidly: in January 2009, 45,000 more cows were slaughtered in the United States than in January 2008. According to Conover, the U.S. Department of Agriculture estimates the number of cows throughout the United States will be down about 100,000 in 2009. Globally, it is expected that New Zealand may see a reduction in herd numbers of up to 50,000 cows due to a drought. The country exports 80 percent of its production. Analysts expect that South America and Europe will see flat growth in 2009.

California's dairy industry continues to face environmental pressure and escalating costs. Air regulation requirements are becoming stricter for permitted facilities with more than 1,000 cows, and new regulations are beginning to target smaller operations, which Conover predicted could force them to close. He said the dairy industry, along with



Ross Hamilton, Darling International, left, and Chris Zanobini, California Grain and Feed Association, listen to Tad Bell, CGFA, explain the legislative proposal renderers contributed to.

much of agriculture, has been in a defensive mode the past six or seven years.

Regarding the new FDA feed ban, WUD has been encouraging its members to contact renderers early so everyone is prepared when the rule goes into effect. Conover stated the biggest challenge for dairy farmers will be providing renderers with fresher raw material.

Dennis Thompson, CDFA, updated renderers on the state's grease theft program, beginning with new legislation that went into effect January 1, 2009, that lowers fees for those who transport inedible kitchen grease (IKG) for their own personal use (see "Biofuels Bulletin" in the December 2008 *Render*). Thompson reported the following numbers of registrants in the state:

- Traditional rendering plants: 21
- IKG-only rendering facilities: 19
- IKG transporters, commercial: 273
- IKG transporters, personal: 74

There has been a significant increase in individuals/companies applying for IKG transport permits, which means an increased workload for CDFA during the state's financial crisis. The department must examine each applicant's trucks and facility before issuing a permit.

Thompson asked renderers for their input on proposed changes to existing state law that apply to rendering facilities. The current legislation is outdated – inedible kitchen grease isn't included – and CDFA wants to ensure the new law is as efficient and accurate as possible. PCRA members committed to finalizing the proposed legislation by April 30, 2009.

Grease theft enforcement activities in 2008 were numerous, primarily against non-permitted IKG transporters. There were 20 notices of violation issued, with most of the violators proceeding to register and the rest getting out of the business altogether. Thompson recapped one case against a

Folsom city police officer accused of stealing IKG from a renderer worth \$350. Although no documents are currently available, Thompson has learned that the officer has been dismissed from his job, lost his pension, and is barred from serving on any law enforcement agency. The officer is appealing the administrative action.

Representatives from the CGFA highlighted the actions they and the rendering industry need to take in California, which includes promoting the fact that rendering is a critical health and safety element. Chris Zanobini informed attendees that opportunities they've never seen before might be available, such as carbon credits because rendering is a

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Michael Koewler, Sacramento Rendering, left, and James Andreoli, Baker Commodities, examine a list of association directors.

Incoming Raw Materials Handled by Rendering and Grease Processing Plants in California, July 2004-June 2008

Raw Material	Jul 04-Jun 05	Jul 05-Jun 06	Jul 06-Jun 07	Jul 07-Jun 08
Fat and bone	320,873,523	334,059,573	351,426,382	391,306,633
Slaughterhouse/Custom kill offal	432,788,738	614,135,282	647,877,408	544,310,914
Restaurant grease	261,891,139	320,613,875	315,286,835	321,719,901
Dead animals	231,728,123	229,253,792	212,892,817	252,456,923
Poultry/Dead birds and offal	663,111,746	682,436,784	683,390,070	725,624,860
Fish/Seafood waste	8,681,965	8,416,115	8,842,440	14,925,924
Trap/Interceptor grease	89,699,010	117,797,658	66,977,124	87,147,531
All other	36,413,550	41,668,362	59,640,852	98,768,885
Total pounds	2,045,187,794	2,280,381,441	2,206,336,928	2,436,261,571

Additional Information

No. of dead animals processed (ovine, bovine, porcine)	417,644	439,822	414,029	534,657
No. of cows (dairy) collected	192,767	199,474	173,251	187,090
No. of steers (feed lot) collected	7,136	8,144	3,283	7,152
No. of calves collected	205,159	240,833	229,243	329,438
No. of therms used	20,944,912	22,795,660	22,196,609	24,937,934
Pounds of rendered product used as boiler fuel	895,613	10,667,867	7,716,220	1,036
Pounds of rendered product used as biodiesel	n/a	142,500	804,820	1,217,555

Note: In 04-05, 13 plants reported; 05-06, 16 plants reported; 06-07, 18 plants reported; and 07-08, 17 plants reported.

diversion to landfilling.

Tad Bell encouraged renderers to remain involved in California's emergency carcass disposal working group that includes all state regulatory agencies and animal agriculture groups. He recommended PCRA be a part of the state's emergency response structure to include rendering for animal/food waste disposal in the event of a disease emergency or food recall, and alerted everyone that the humane treatment of animals issue may spill over into rendering with groups opposing the pick-up of dead animals that have been inhumanely treated.

Dennis Albani, California Advocates, affirmed Conover's announcement that the dairy industry is in a crisis; the industry is losing \$2 billion per month and right now looks at renderers as an expense. He warned the group that the new California budget that passed in February raises vehicle licensing fees, income and sales taxes, and workers' compensation rates.

Ross Hamilton, Darling International, said rendering is "mission critical" to the food supply chain and out of the 54 billion pounds of inedible by-products generated annually by meat packers, poultry processors, and retail food stores, cattle material accounts for 50 percent, poultry 28 percent, and swine 22 percent. On a national level, USDA estimates there are 3.3 billion pounds of animal mortalities per year, which Hamilton believes is probably low based on rendering industry figures.

One message Hamilton addressed that was agreed on by all presenters and PCRA members is that renderers need

to do a better job of educating regulators and environmental agencies on the benefits of the industry, including protecting animal and human health by not only recycling what would otherwise be a waste product, but that the high temperatures used in the rendering process kills any pathogens. Hamilton also encouraged the industry to promote how rendering is sustainable, even providing a "cycle of sustainable" chart that shows how various entities are supported by rendering.

Tom Cook, NRA president, discussed the association's activities including its efforts on getting the feed rule implementation date extended. He said livestock groups that will be affected by this new rule have finally "woken up" to the disposal issue it will create. Cook agreed that now more than ever the industry needs to educate legislators, especially with this new administration, and advocated all to attend the NRA Congressional Fly-in June 15-17, 2009. He touched on the industry's Code of Practice, which is like a Good Housekeeping seal of approval for rendered products, and said the American Feed Industry Association recommends to its members that they only purchase feed ingredients from renderers who are certified.

Cook relayed that IMDC received \$1.8 million in government funding last year to promote rendered products in international markets and staff overseas offices, but that these are matching funds based on industry contributions. The loss of some larger NRA members this year means funding will be reduced. He pointed out that even if a company does not export they still reap the benefits because it means disappearance of product.

PCRA's next convention will be in February 2010. **R**