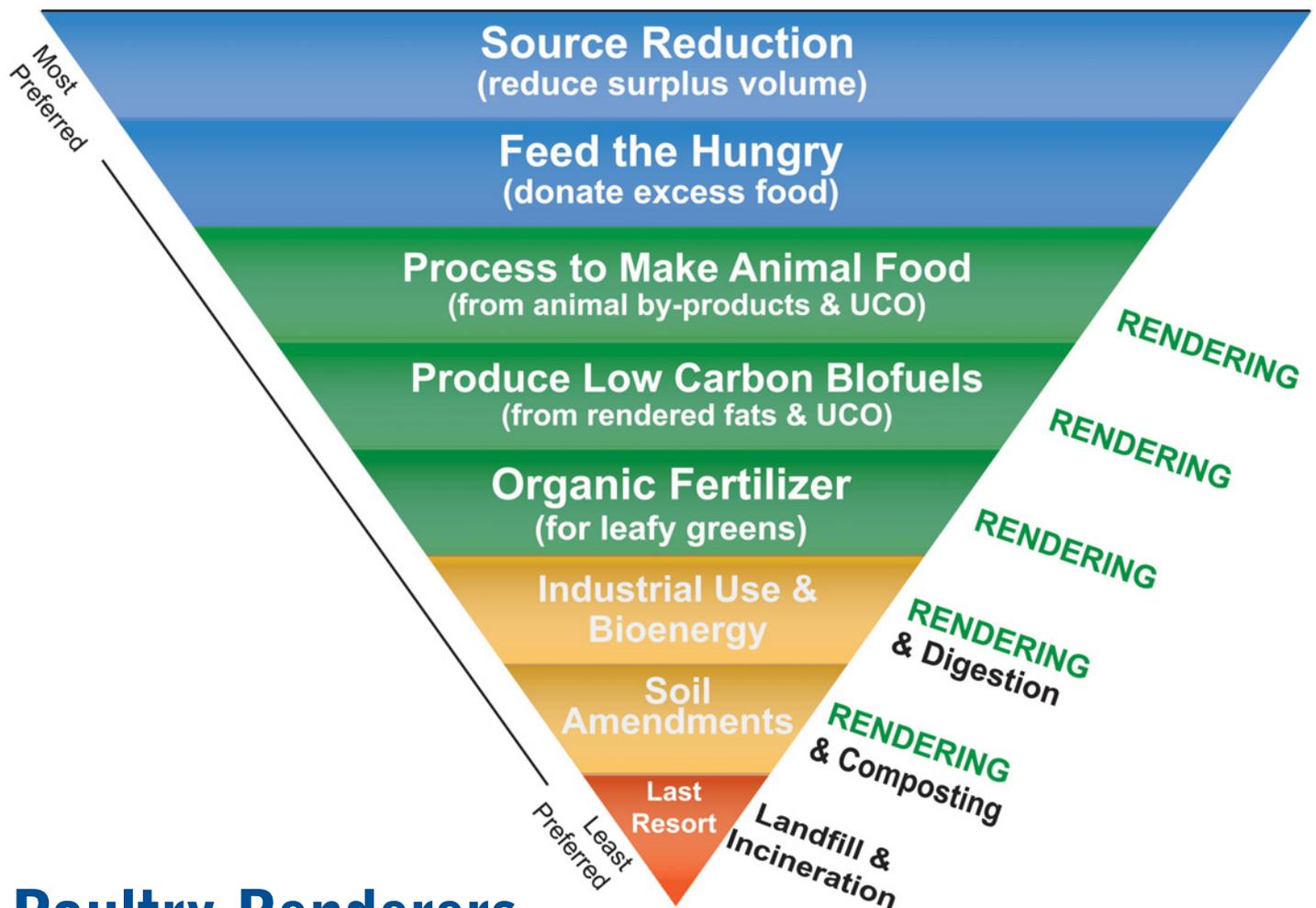


# Render

The International Magazine of Rendering

December 2018

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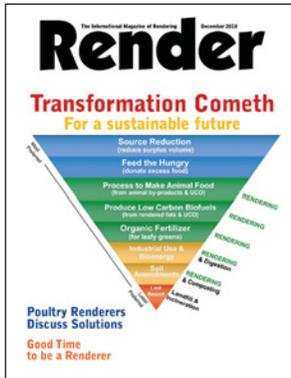
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**On the Cover** p. 10  
*Rendering's bigger story for the future was shared at the NRA annual convention.*  
Image provided by Darling Ingredients

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# Renderitorial

Are you safe?

This question has been asked a lot over the last few months as natural disasters pummeled various regions of the United States. Hurricanes on the East Coast and wildfires in California have individuals, businesses, and livestock owners scurrying to protect people, property, and animals. Unfortunately, Mother Nature has not been very forgiving this year as billions of dollars in damage occurred and too many lives were lost.

In September, Hurricane Florence devastated areas of North Carolina, South Carolina, and Virginia, killing 30 people, 3.4 million chickens and turkeys, and 5,500 hogs. A month later, Hurricane Michael ripped through Florida's panhandle, Georgia, North Carolina, and Virginia, killing at least 36 people and 2 million chickens. Georgia's entire agriculture industry, including timber and cotton, suffered great losses estimated at nearly \$3 billion.

On the opposite coast, strong winds and drought-ridden vegetation fueled wildfires that scarred land and lives in two areas of California in November. *Render's* offices are located in Northern California, not far from the most destructive fire in state history, so the question "Are you safe?" was asked often. Yes, we are safe, but so many were not. As of press time, nearly 14,000 homes and 514 businesses were destroyed in the Camp Fire north of Sacramento, and entire communities exploded off the face of the Earth. Even more devastating is the 85 people who were not able to escape what has been described as Hell on Earth when fire trapped them in their homes and cars or overcame them when trying to flee on foot. A dozen more people remain unaccounted for.

As business owners, plans must be in place for the safe evacuation of employees during times of natural disaster. As individuals, we often overlook this much needed part of life until it's too late, thinking, "It will never happen to me."

So as you gather around family and friends this holiday season, take a moment and think of those whose lives have been forever changed due to these and other natural disasters, and make sure everyone is safe. **R**



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# Midterms, Lame Duck, and a Split Congress, Oh My

There is either a very bright light at the end of the 2018 tunnel that is a dithering 115th Congress, or it is a very fast-moving, oncoming train. As the sitting Congress cranks through its lame duck session agenda this month, bipartisan fingers are crossed, hoping it will clear the slate of the truly heavy issue lifting—fiscal year (FY) 2019 spending, the farm bill, tax code tweaks, and at least one boxcar full of judicial and executive branch nominations—lest the new Congress convenes in January 2019 already behind the curve.

Lame duck sessions are always ugly affairs, but more so when the controlling party loses one or both chambers. The November 6 midterm elections tossed House control to Democrats for the first time in eight years, but also gave the Republicans a firmer majority grip in the Senate.

With three House races uncertified at this writing, the Democrats took at least 37 seats from the Republicans, resulting in 232 seats controlled by the Democrats and 200 seats controlled by the GOP. In the Senate, the Republicans picked up four seats, with a split of 52 Republicans (53 if the Mississippi Senate runoff goes as expected) to 45 Democrats (47 if you count the two Independents who generally caucus with the Democrats.) New Republican Senators will be sworn in from Florida, Indiana, Missouri, and North Dakota, and new Democrat Senators will hail from Arizona and Nevada.

State house control shifted dramatically, with the GOP losing six governorships. At this writing, the split is 27 Republican governors and 23 Democrat governors, with both Georgia and Florida ultimately tipping GOP after very tight races and recounts.

Election spending broke records, with an estimated \$5.2 billion spent during the two-year midterm cycle, reported the Center for Responsive Politics. Democrats outraised and outspent their GOP opponents, particularly in the House. Overall election spending was a whopping 35 percent more than was spent in the 2014 midterm election.

Statistically, voter turnout was up, though not as much as pollsters/pundits predicted. While 113 million voters went to the polls—far outstripping the turnout in the 2014 midterm elections—still less than 50 percent of eligible voters exercised their constitutional right. Of those voting, 38 percent identified as Democrat, 32 percent as Republican, and 30 percent consider themselves independents, according to Edison Research.

Other interesting factoids gleaned from midterm election outcomes include what the media likes to call a “rainbow wave” of victories. The incoming freshmen class of lawmakers is arguably the most diverse in congressional history and the class most representative of the United States (US) population. While still tilting white and male overall, a record 129 women were elected to Congress, including incumbents. Though not the “pink wave” the media predicted—women still comprise only 24 percent of all seats—there are 35 new female House members and three newly elected women in the Senate.

Of the total, including incumbents, at least 98 women will join the House and 12 will join the Senate; 84 of the elected woman are Democrats and 14 are Republican. Of the 98 women joining the House, 42 are non-white, with two Texas winners the state’s first Latinas to serve, while Massachusetts elected its first African-American women to the House. Two states elected the first Muslim women to Congress, who are also the first Somali-American and Palestinian-American women. The first Korean-American woman is also a newly elected member, along with two Native American women, one being the first Native American lesbian to serve in Congress. Come January 3, 2019, Representative-elect Alexandria Ocasio-Cortez (D-NY), at 29, will be the youngest woman ever sworn into Congress.

Technology gets a few new champions as well as nine credentialed scientists—one Senator and eight new House members—were elected November 6. The science-technology-engineering-mathematics (STEM) members include a computer programmer, an industrial engineer, an ocean scientist, a biochemical engineer, a nuclear engineer, a pediatrician, a dentist, a registered nurse, and a former aerospace engineer. Only one of the freshmen nine is a Republican. They join the sitting STEM members, who include a physicist, a microbiologist, and a chemist, as well as eight engineers and one mathematician. The incumbent camp also includes three nurses and 15 doctors, as well as three veterinarians.

Nevertheless, House leadership—both current and prospective—is distracted, trying to train up its freshmen to be stalwart caucus members while simultaneously attempting to complete politically ugly agenda items on the GOP watch so it can move quickly forward with its own priorities come 2019.

When the election dust settled, and the last campaign ad faded mercifully to black, it was not the “historic blue wave” that some predicted, but a win is a win. The number of “flipped” seats totaled pretty much the average midterm election loss for a sitting president, particularly one in his first term. The House will now go through a conventional power shift, the kind of rebalancing done a dozen times since the President Dwight D. Eisenhower years.

The 116th Congress formally convenes January 3, 2019, when the full body is sworn in. Generally, one or both chambers recess until after the president’s State of the Union address, usually scheduled during the third week in January.

Also on January 3, the full House will elect a new Speaker and other majority party leadership positions. The Speaker need not be a Democrat (nor an elected member of Congress, for that matter), but current Minority Leader Nancy Pelosi (D-CA), who served as the first woman Speaker from 2007-2011, has declared her candidacy. While no serious opponent has emerged, some pundits are advising Pelosi to “be careful what you wish for.”

The political complexion of the House Democrat caucus will be radically younger, more progressive, and less bound to the old guard (which Pelosi represents). At least two dozen Democrats—12 freshmen and 12 incumbents—publicly declared during their campaigns opposition to Pelosi retaking the Speaker’s gavel. It is likely others share that view, but are staying silent. A letter signed by 16 Democrats opposing Pelosi as speaker was sent in late November. She needs 218 votes to win, and as of this writing remains a handful of votes shy of the majority. Pelosi is said to be “working the phones” to win over as many incoming freshman members and sitting incumbents she can. She is aggressively arguing that now, in an era of #metoo.org, it is not time to dump a female political leader.

Pelosi says her party’s 116th Congress agenda will be all about the forgotten planks of the 2016 Democrat platform, including infrastructure, healthcare/drug prices, and “corruption in government.” The latter goal Pelosi pledges will be “measured and deliberate checks and balances” on the sitting administration. Some GOP lawmakers, however, fear the Democrats will try to bury the White House under subpoenas and investigations in an effort to undermine President Donald Trump’s 2020 reelection bid.

Further, some Democrats, heretofore silent on the topic, have said Special Prosecutor Robert Mueller’s long-awaited final report after a nearly two-year investigation into alleged collusion between the Trump campaign and 2016 Russian election interference could be the catalyst to begin impeachment proceedings against the president. Axios, an online news service, calculates “at least 85 Trump-related investigations and subpoena targets for the new majority,”

with some conservative analysts saying the potential is for more than 100 separate investigations.

Pelosi confirmed shortly after the election that her caucus will exploit “very strategic” use of committee subpoena power. While some incoming Democrat House committee chairs said they will focus on Trump’s taxes, his business dealings, White House hiring and security clearances, and his firing of Attorney General Jeff Sessions, Pelosi said in one television interview, “We are responsible. We are not scattershot. We are not doing any investigation for a political purpose, but to seek the truth.” She pledged a “more open Congress with accountability to the public, seeking bipartisanship where we can find it. Stand your ground where we can’t.”

On the Republican side and with the retirement of current Speaker Paul Ryan (R-WI), Representative Kevin McCarthy (R-CA), former majority leader, will be Minority Leader, having defeated Representative Jim Jordan (R-OH), co-founder of the ultra-conservative House Freedom Caucus.

In the Senate, Majority Leader Mitch “it’s my dream job” McConnell (R-KY) and Minority Leader Charles Schumer (D-NY) will retain their leadership posts. Senator John Cornyn (R-TX) succumbs to term limit rules and surrenders his majority whip job, most likely to Senator John Thune (R-SD).

From a housekeeping standpoint, the Senate GOP pickup translates to a recalibration of GOP versus Democrat committee seats to reflect the new percentage split in party membership. Some committee chairs and ranking member slots will change because of retirements. All Senate committee chairs and ranking member slots are allotted based on

*Continued on page 26*

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## Industry Pioneers Receive Highest Awards

Two industry veterans were recently recognized for their leadership and contributions that have benefited the rendering industry for half a century.

The National Renderers Association (NRA) honored John Dupps with its 2018 Don Franco Distinguished Service Award, the association's highest honor that is given in recognition of significant work and outstanding contributions to the United States (US) and Canadian rendering industry.

An avid supporter of NRA, Dupps joined his family business, the Dupps Company, as a teenager. Through hard work and focus, he led the company to increasingly great successes and served in nearly every role until ultimately becoming president in 1982. During that time, Dupps was monumental in the success of the Duke Continuous Rendering System and helped provide solutions to safely handle rendered material during the bovine spongiform encephalopathy (BSE) crisis.

"Under John's leadership, the Dupps Company provided systems for compliance with European standards for a low-temperature process," commented NRA Chairman Ridley Bestwick, West Coast Reduction. "When the BSE crisis hit, John led the Dupps Company to deliver solutions to safely handle rendered material that complied with often unclear and changing regulations worldwide. His dedication, innovation, and, indeed, the future of rendering can be seen in his long-standing commitment to research to solve industry problems and open new markets."



John Dupps (*left*), the Dupps Company, receives the NRA 2018 Don Franco Distinguished Service Award from NRA Chairman Ridley Bestwick, West Coast Reduction Ltd.

Upon receiving the award at NRA's annual convention in October, Dupps thanked the industry for their continued support of the Dupps Company and recalled attending his first NRA convention 50 years ago just after he and his wife, Pat, were married. Although now retired from his role as president, Dupps continues to provide leadership as chairman of the company's board of directors. He is a continuing supporter of NRA and the industry's research organization, the Fats and Proteins Research Foundation (FPRF), where he served as treasurer.

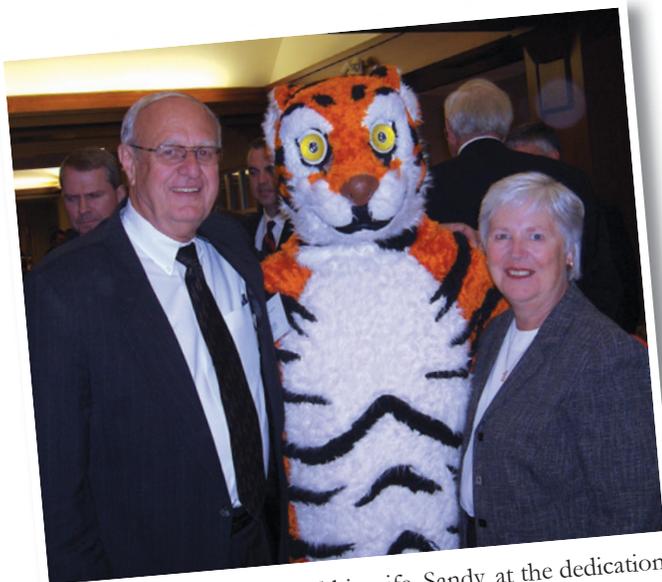
The FPRF Board of Directors also recognized a rendering pioneer by awarding Dr. Gary G. Pearl its 2018 Dr. Fred Bisplinghoff FPRF Innovation Award. The award, previously known as the FPRF Innovation Award, was established in 2015 and is annually awarded to an FPRF grant recipient who provides a substantial research contribution to the North American rendering industry.

Pearl is currently an adjunct professor in the Department of Animal and Veterinary Sciences at Clemson University. Throughout his 42-year career, he became an authoritative voice in livestock feed and animal nutrition, and his work was instrumental in ensuring use of high-quality rendered fats and proteins as feed ingredients.

In addition to his direct research, Pearl exhibited great leadership and creativity in developing the Clemson Animal Co-Products Research and Education Center, which continues to pursue crucial projects that benefit the rendering industry to this day. He also served as FPRF president and technical director from 1993-2006.

Pearl will be presented his award in December.

**R**



Dr. Gary Pearl (*left*) and his wife, Sandy, at the dedication of the Animal Co-Products Research and Education Center with the Clemson University Tiger in March 2006. Pearl was instrumental in developing the center.

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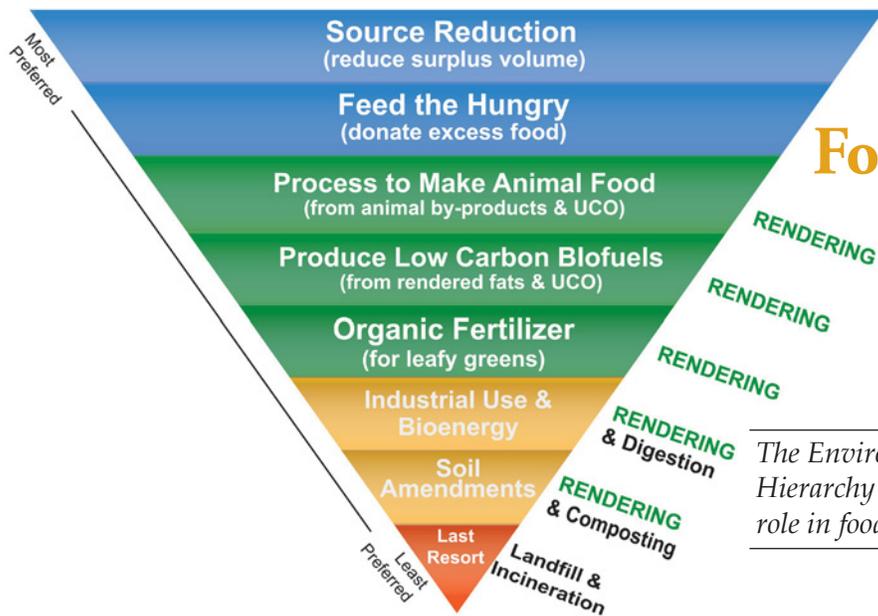
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# Transformation Cometh



For a sustainable future

The Environmental Protection Agency's Food Recovery Hierarchy pyramid is updated to tell rendering's larger role in food waste reduction.

By Tina Caparella

**T**his industry is about to go through another transformation that it hasn't seen in decades," Randy Stuewe, chief executive officer (CEO) of Darling Ingredients Inc., announced at the National Renderers Association (NRA) 85th Annual Convention in Laguna Niguel, California, in October. He was the keynote speaker during a week full of industry updates, networking, and association committee meetings.

Stuewe noted that animal agriculture is under attack by environmental and animal rights groups that are using various forms of messaging—including social media—to further their claim that livestock production is an “environmentally damaging industry [that] has brought us to the verge of catastrophe.” He warned that these groups are lobbying to add an environmental impact statement next to nutrition information on food labels, including meat, and emphasized that renderers must take the lead in representing their sustainable role to the environment, people, and economy.

“People love protein, and people love dining, and we’re going to continue to be a part of that, but let’s think about how we should be telling our story,” Stuewe continued. He showed the Environmental Protection Agency’s (EPA’s) Food Recovery Hierarchy pyramid, where rendering is minimally included, and then shared an updated pyramid that revealed how rendering fills many more roles.

“We actually convert products back into usable ingredients that continue to help the planet prosper, so it’s very important that we let people know what we do, how we do it, why we do it, and that we are proud,” Stuewe remarked. He said that today’s global rendering industry is positioned to benefit from the ongoing sustainability discussion like no other agriculture sector, but renderers need to “hammer that message home” due to various factors, such as raw material streams under assault by others who want the product to meet state- and federally-funded food waste projects.

“We need to tell our story, and it’s pretty simple,” Stuewe stated.

- Rendering sequesters five times the amount of carbon from meat by-products than is emitted.
- Rendering in the United States (US) and Canada is equivalent to removing more than 12 million cars from the road annually.
- Rendering evaporates water from animal by-products during cooking, which is collected as condensate, generating about four billion gallons of recycled water annually.
- By collecting used cooking oil, rendering keeps this material out of drains where it could clog municipal sewer and wastewater systems resulting in millions of dollars in damage

Stuewe shared how Darling Ingredients is telling its story. “We call it a world of commitment: clean air and clean water,” he continued. “Our renewable diesel plant is like taking 750,000 cars off the road annually at its current capacity. This is a great story...it converts animal fats and used cooking oil into the cleanest carbon-sourced fuel in the world today.” He pointed out that Darling’s global rendering operations help prevent 3.5 million tons of carbon emissions, and returns 1.5 billion gallons of clean water back to society, equivalent to 2,363 Olympic size swimming pools. Darling is listed at number two on the Financial Times Stock Exchange Russell Green Revenues Index for US companies.

“We didn’t even know this existed but it shows people are paying attention,” Stuewe commented. Where he gets really excited, though, is rendering’s new and improved story.

“Renderers are the Exxon-Mobil of the renewable fuel industry in the world today,” he told attendees, yet the US Renewable Fuel Standard (RFS) is just part of the story with the key being California’s Low Carbon Fuel Standard (LCFS). The LCFS aims to reduce the carbon intensity of a vehicle’s tailpipe emissions via biofuels that use low carbon feedstocks like rendered fats and greases, or what Stuewe called the rendering industry’s “liquid gold.” He said the LCFS

is complimentary to the RFS and has an “incredible trajectory going forward,” especially for the growth of renewable diesel that uses rendered fats as a feedstock. Globally, biodiesel and renewable diesel use will grow much more rapidly than in the United States, with animal fats and used cooking oil being a choice feedstock (meaning higher prices for renderers), according to Stuewe.

“I’m leaving you with an encouraging message that you are sitting on liquid gold,” he concluded. “This is one of the most exciting things this industry has ever had in front of it, no matter whether you’re in Europe, South America, or Australia. It’s going to have the same impact globally.”

Others echoed Stuewe’s prediction about biofuels. Ryan Lamberg, a National Biodiesel Board (NBB) consultant, told a packed room of attendees at NRA’s Biofuels Committee meeting that biomass-based diesel—biodiesel and renewable diesel—accounted for just 0.4 percent of California’s diesel fuel by volume in 2011, but grew to 15.6 percent in the first quarter of 2018. Kent Swisher, vice president of NRA International Programs, estimates biodiesel is adding 2.5 cents per pound of value to the price of yellow grease.

“For us to grow as an [renewable fuels] industry, we need more feedstocks, so it is important to have a good relationship with the rendering industry,” Lamberg stated. He showed that there is 2.0 billion gallons of production capacity in the United States, 3.5 billion gallons in Europe, 2.0 billion gallons in South America, 1.0 billion gallons in Indonesia/Malaysia, and 1.5 billion gallons in India/Africa/other countries.

NBB CEO Donnell Rehagan updated convention attendees on the US biodiesel market as it related to the RFS, tax credits, and politics. The industry is awaiting EPA’s finalization of RFS volumes for 2019 (the deadline was November 30, after *Render* went to press) and 2020 for biomass-based diesel, which EPA has proposed to increase by 300 million gallons to 2.43 billion gallons. Small refinery exemptions granted by EPA over the last few years, however, have proved challenging for the biodiesel industry and is not accounted for in the proposed volumes.



Randy Stuewe, Darling Ingredients Inc. CEO, passionately talks about the future of the rendering industry.

“Small refinery waivers began in 2015 and have grown substantially,” Rehagan said, from 290,000 gallons in 2015, to 790,000 gallons in 2016, and 1.46 million gallons in 2017. NBB and other trade organizations have filed an administrative petition to EPA and a lawsuit in court for the agency’s failure to account for the exemptions in its RFS volumes. On a positive note, imports of biodiesel from Argentina and Indonesia have stopped after antidumping and countervailing duties were imposed earlier this year following an investigation by the US Department of Commerce.

“This action leveled the playing field,” Rehagan remarked, adding that US biodiesel producers are now selling to customers they haven’t sold to in years. Soybean oil represents just under half of all feedstocks in US biodiesel production with animal fats and recycled used cooking oil accounting for nearly one-third.

Biofuels was not the only topic of discussion at the NRA convention. Renderers also heard a government leader’s appreciation for the rendering industry from California Agriculture Secretary Karen Ross.

“Rendering is such an invisible part of the agriculture sector,” she began. “It’s tied to our food safety and it’s absolutely critical in a state like California. We still have an unbelievable number of livestock in the state and when we have disease problems, or we have heat spells like we’ve had, the most critical element in how we proceed with that is our rendering industry.” She noted that the rendering sector is a big part of California’s goal to divert 75 percent of organic waste out of its landfills and into other useful streams of by-products, and recognized that competing industries are now attempting to take the materials renderers have been collecting and recycling for years.

“All of a sudden we have others trying to elbow their way into what has been a long-standing business model for one sector of our industry,” Ross said. “I have a vested interest in keeping our rendering industry viable because I have to worry about our livestock sector and making sure we have solutions to the mortality in our animals. So we make a good partnership in my view.” She explained that due to a restored working relationship with the California Department of Resources, Recycling, and Recovery, or CalRecycle, scientists from the state’s meat safety branch that oversees the rendering industry are conducting waste stream characterization studies because all of sudden everybody wants what is behind the meat counter at a grocery store.

“There just isn’t the appreciation of how important rendering has been to prevent the spread of animal disease and to keep it out of the public health stream,” Ross stated.

Addressing the growing US livestock industry was Randy Blach, CEO of Cattlefax.

“We’ve had a lot of protein and a lot of animals going through our system combined with five years of low grain prices,” he began. In 2018, three billion more pounds of beef protein were produced, with two billion more pounds estimated for next year. “We’re going to see a continued increase in production, but we don’t have enough capacity to harvest all these cows.” Hog slaughter is also at capacity with four million more pigs expected to be harvested in 2019 than

*Continued on page 12*

this year. Yearly poultry production has averaged 3.6 percent growth since 1980.

Regarding trade, the United States trade balance is in the negative \$46 billion per month for all products; however, agriculture exports add \$146 billion to monthly US trade.

“People need what we have,” Blach commented. “We are the largest exporter of protein on the planet.” Total meat and poultry exports for this year are at 16 billion pounds, about 41 pounds per American per week if US producers did not export.

“Trade is a big deal,” Blach declared, adding that meat consumption in the United States this year is up to a record 218.3 pounds per capita due to a strong economy, with 2019 projections of 221.3 pounds per capita. Hide and offal values are down about \$100 per head since their peak in September 2014, mostly on the hide side due to competition from the synthetic market. Blach advised renderers to keep watch on the African swine fever epidemic spreading through China that could cause disruption in trade for rendered products.

Cameron Bruett, JBS corporate affairs and sustainability, noted that of the 320 million people living in the United States, only one percent is feeding the rest of the population and “they think they know a whole lot more about agriculture than you do.” He added that 9 out of 10 Americans live within 10 miles of a store owned by Walmart, with the primary influence on consumer buying being family, followed by online reviews. Bruett remarked that technology has changed the world. Cell phones, with cameras that provide involuntary transparency, and millennials, who integrate their beliefs and causes into their buying choices, are now driving consumer demand so companies will need to evolve.

“Consumers want to know the various products our industry produces,” he said. “It’s not just us telling our story, but also listening as well. We need to explain to consumers how technology benefits all, including food production, without preaching,” especially in a “free-from” marketplace (genetically modified organism free, cage-free, natural, organic) that often listens to those who are against animal proteins.

“Vegans and animal activists are dictating how we raise protein they don’t want to consume,” Bruett commented. He then shared how JBS is telling its sustainability story and 2020 goals in simple terms:

- decreasing water, electricity, and natural gas use intensity by various percentages;
- reducing severe accidents among team members by 10 percent year over year; and
- achieving milestones set within the company’s animal health/welfare and supplier code of business ethics and conduct standards.

These goals are created and executed at the plant level, owned by the general manager, and shared by all team members.

Shedding light on the pet food industry was Mark Brinkmann, vice president of operations at Diamond Pet Food Company. He revealed that 2,000 people per hour get sick from a foodborne illness, mostly from produce, yet the Food and Drug Administration (FDA) gets more calls about pet illnesses, hence why the pet food industry is so heavily regulated. Not one human death and very few illnesses have been reported from pet food kibble; nonetheless, FDA has zero tolerance for *Salmonella* in pet food, just like cereal for humans.

US pet food growth has been slow the last few years (one to two percent) due to a switch of feeding more small dogs than larger breeds. Brinkmann said there is little to no foreign competition for pet food due to the rendering industry providing quality ingredients, and while the export climate is good, trade barriers are a big threat.

Brinkmann shared food safety solutions renderers can provide to their pet food customers:

- Eliminate moisture contaminants in fats—rotate and clean hoses.
- For integrated renderers, segregate pre-kill from post-kill processes, including tools and break rooms, to avoid cross-contamination; start an environmental, post-kill monitoring system to discover where risks reside.
- Provide consistency in nutritional content, oxidative stability, grind size, and color.

“A dog’s nose is 50 times more sensitive than a human’s,” he stated, and “more meat matters” so higher protein meals

are preferred for pet food ingredients. Brinkmann talked about the new Pet Food Alliance funded by the Fats and Proteins Research Foundation and housed at Colorado State University. The alliance will focus on sustainability, consumer perception, oxidation, and food safety.



California Agriculture Secretary Karen Ross (*center left*) praised the rendering industry’s role in keeping the state’s livestock healthy. With her are (*from left*) Doug Smith, Baker Commodities Inc.; NRA First Vice Chairman Doyle Leefers, National Beef Packing; and NRA Chairman Ridley Bestwick, West Coast Reduction Ltd.

## Business Matters

NRA committees also met during the convention to address sustainability, feed regulations, and environmental challenges. It was decided that current rendering data from 2010 needs to be updated so NRA will accept proposals from universities on gathering

and reporting this information. A working group will develop parameters desired to include raw material volumes, the industry’s economic impact and the amount of water recycled, use of finished products, and the value of rendered products to animal production and meat processing.

During NRA’s Feed Regulation Committee meeting, Dr. David Meeker, vice president of NRA’s Scientific Services, noted that all renderers should now be in compliance with FDA’s Food Safety Modernization Act (FSMA) Current Good

Manufacturing Practices regulation and its Subpart C that just went in effect requiring food safety plans. Rodent control and housekeeping are two areas FDA is focusing on under FSMA.

In the association's environment committee meeting, Ken Ingram, West Coast Reduction, addressed odor management and a recent court ruling affecting the Canadian renderer's Vancouver, British Columbia, facility. He showed that the "voodoo" science currently trending around the world to measure odor "units" used to set limits is highly subjective. That led the British Columbia Environmental Appeal Board to rule that "based on the evidence presented, the panel finds that the use of odour [sic] units in this context is not reasonable and appropriate. The notion that odour units can be used as an indicator of an environmental 'smell' is simply too flawed to be used as a method of determining compliance, and is therefore not suitable for determining whether the environment is adequately protected."

"In other words, odor units don't work," Ingram concluded.

### International Interests

The Canadian Renderers Association held a brief meeting at NRA's convention, first addressing the Canadian Food Inspection Agency's (CFIA's) policy on *Salmonella* contamination. Renderers are concerned over recent decisions that have resulted in the destruction of rendered products and subsequent economic losses for the country's rendering industry. The possibility that upcoming regulatory changes may make this outcome more likely has made this a priority issue for the Canadian rendering industry. The meeting discussion did not produce a resolution, but it is clear the matter will remain front and center for some time to come.

"We will not see a one-size fits all solution," a CFIA official told the group.



Teresa Hon (left), who has worked in the National Renderers Association Hong Kong office for 30 years, is recognized for her service to the rendering industry by NRA Chairman Ridley Bestwick.

Other matters addressed were time-temperature processing calculations, the need for government inspectors to have improved knowledge of the rendering industry, an information request to support the upcoming submission by Canada to the World Organization for Animal Health, or OIE, for negligible risk status for bovine spongiform encephalopathy (BSE), and the work toward the establishment of a based-risk assessment model for the animal feed industry.

Speakers from around the globe informed NRA convention attendees on rendering industry activities in other parts of the world. Sjors Beerendonk, director

of corporate and government affairs for Darling Ingredients International and president of the European Fat Processors and Renderers Association, reiterated that although 95 percent of people are meat eaters, meat and its consumption are increasingly coming under attack. He commented that the new generation does not know what BSE stands for, but the disease is still on the minds of politicians so any regulatory changes to allow animal proteins back into animal feed in Europe will come in small steps. "But they are coming," Beerendonk concluded.

The biggest concern in Europe right now is African swine fever in wild boar, which would be devastating economically to the pork industry. Fences are being built to keep the animals from crossing borders. Beerendonk said the European rendering industry is prepared to assist in the event of any animal disease.

Lucas Cypriano, Brazilian Renderers Association, showed that meat production in Brazil continues to increase, with 60 to 70 percent of all meat consumed domestically while the rest is exported. The country's rendering production is stable at around 3.3 million metric tons of animal proteins and 1.9

*Continued on page 14*

### A Howling Halloween at NRA Convention



million metric tons of fats in 2015. There is strong growth in meal exports, from 2,800 metric tons in 2000 to 180,000 metric tons in 2018. Thirty percent of meal exports, of which 67 percent is poultry and feather meal and 20 percent is meat and bone meal, go to Chile, followed by 24 percent to Vietnam, and nearly 12 percent to the United States. On the fat side, Brazil is a net importer of fats, primarily beef tallow from neighboring Paraguay.

Lucas announced that the good news in Brazil is biodiesel. The country produces 1.3 billion gallons annually, of which 240 million gallons comes from animal fats, accounting for half of the country's fat production. Brazil has a 10 percent mandated biodiesel inclusion rate that is expected to increase one percent annually until 2023 and top out at a mandated 15 percent. He explained Brazil's new carbon credit tool designed to benefit farmers—the federal tax is waived if 15 to 40 percent of feedstock to produce biodiesel is bought from small farms. Brazil's rendering industry expects a higher demand for animal fats and used cooking oil due to the carbon credit.

Rendering Down Under was addressed by Andy Bennett, Australian Renderers Association (ARA), who said the region is having market access issues for its meals with Indonesia, its largest market, primarily over traceability of container shipments and false positives after testing for porcine material in proteins from an all-beef plant.

"Two parcels tested positive out of 4,000 containers," Bennett noted. China is also a challenge regarding poultry

meal and avian influenza, and in Australia, a news media investigation over sick dogs prompted a federal investigation into plastic and metal contamination in pet food. After visiting a rendering facility, Australia's Senate recommended setting pet food standards and labeling requirements, establishing a national pet food manufacturing and safety policy framework, assembling a working group to improve standards specifically for product inspection and testing, and improving existing complaints and recall systems. ARA is funding a foreign matter contamination awareness program to educate meat processors on keeping raw material clean.

Australia's tallow export market is strong at 481,000 metric tons, with over 80 percent going to Singapore, China, Taiwan, Korea, and the United States. The country's cattle, sheep/lamb, and pig slaughter numbers are up for 2018 due to drought conditions, albeit poultry numbers are down.

Bennett also presented New Zealand industry data, which exports more than 95 percent of its rendered products. Nearly half of all meals go to Indonesia and 60 percent of its tallow is exported to Singapore.

NRA's Swisher returned to brief attendees on the US market, reiterating that meat production is rising. While trade with China is challenging at the moment, the new US-Mexico-Canada Agreement opens the door for US bovine meat and bone meal exports to Mexico. The US small ruminant regulatory rule, however, was not finalized that would allow imports of mixed species fat from Canada and other countries.

The association's next convention is October 28-November 1, 2019, in Carlsbad, California. **R**

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# Poultry Renderers ←

## → Discuss Solutions

By Tina Caparella

Keeping foreign material out of rendered products, increased federal inspections, and new logging devices for truck fleets were just a few of the discussions held at the Poultry Protein and Fat Council seminar in early October. A large number of rendering plant workers from companies such as 3D Corporate Solutions, Fieldale Farms Corporation, Mountaire Corporation, Pilgrim's, Simmons Foods Inc., and Tyson Foods Inc., traveled to Nashville, Tennessee, to address and learn about solutions to these and other issues faced by poultry renderers.

Various techniques for removing foreign matter from raw materials that could eventually end up in finished rendered products were shared amongst attendees. Hal Davis, a plant manager at Pilgrim's, provided steps taken at his company's facilities, beginning with physically inspecting raw material before it goes through lamella pumps.

"We found these pumps are great metal detectors, especially for larger pieces," Davis stated. "But nothing is fool proof. Some larger pieces have made it past the lamella pumps and stuck to cookers or presses." Further down the processing line, Pilgrim's also utilizes press magnets along with shaker screens that catch a lot of plastic pieces, while silo and load-out magnets aid in pulling out any fine metals that might be in the finished products. Still, no matter how many steps are put in place to catch foreign materials, small fragments of metal and plastic still end up in rendered proteins (as evidenced by several protein meal samples passed around the room), often leading to rejected product loads and unhappy customers.

Since pet food manufacturers have metal detection in their hazard analysis and critical control point programs, Dr. Ansen Pond, director of quality assurance at Pilgrim's, recommended working with these customers to develop additional ideas on how best to detect and remove foreign material. Barry Frank, president of National Proteins and Oils Inc., advocated for closer working relationships with meat processors, including inviting them to the rendering plants to show them where one-third of the bird ends up.

"Watching over the offal room is very important," Frank commented.

Brian Schoeberl, director of rendering operations at Mountaire, agreed that lamella pumps are the best metal detectors for raw material, but can be costly to repair and rebuild so visually inspecting raw material to catch any foreign matter before it reaches the pump is imperative.

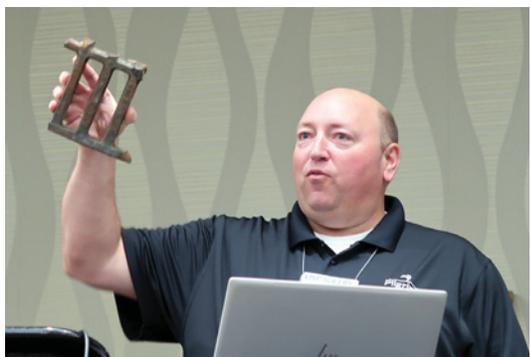
Pond also discussed how to handle additional inspections renderers will soon be experiencing under a second Food Safety Modernization Act (FSMA) regulation coming into effect that focuses on food safety plans. While the Food and Drug

Administration is responsible for the inspections, most will be conducted by state inspectors under contract.

"These can be challenging because state inspectors interpret the law differently than federal inspectors," Pond noted. He offered these tips for a successful inspection:

- Escort the inspector through the plant on a planned path from finished product back to raw material to avoid contamination.
- Alert all employees that an inspector is onsite.
- Give short and direct answers to questions.
- Be confident and demonstrate you know the food safety plan.
- Only provide required records and documentation to minimize what the inspector sees.
- Be polite and address any issues identified.

Education of employees, from operators to management, on what to say/do during an inspection is extremely important, Pond added.



Hal Davis, Pilgrim's, shows the type of foreign matter that ends up in rendering raw material.

Schoeberl, who was responsible for developing Mountaire's food safety plan, said the plan is a good tool to help answer questions from customers. The plan is required to contain items such as a company's food safety and quality statement signed by the chief executive officer, hazard analysis and critical control point plans for each system (along with a written

explanation/justification as to why the critical control points are required), and material safety data sheets for each product produced. Schoeberl noted that companies should require new employees to review the food safety plan.

During a presentation by Fred Wellons, president of Chemol Company Inc., on peracetic acid, it was revealed that the trend of feeding all vegetable diets to poultry is leading to a reduction in fat yield for renderers. The effect is troublesome to both renderers and customers as less fat available reduces revenue for the rendering company and means less product for companies such as Chemol, which uses poultry fat as a sustainable wax coating (biowax) for corrugated boxes. Wellons shared that the triple benefit of using biowax coated boxes over paraffin (petroleum-based) is that they are sustainable (renewable resource versus non-renewable), compostable, and recyclable.

"It looks good from a sustainability point of view and it helps create demand for one of your products," he remarked.

Gail Albertson, transportation manager for Mountaire, explained the new electronic logging device (ELD) regulations for trucks. He recommended putting a dash camera on every rendering truck as these tools have helped his company avoid

litigation by providing solid evidence of an incident. Minus a few exemptions, most rendering companies will need to install ELD devices on their trucks, if they have not done so already. ELD replaces paper log books and is expected to save lives and billions of dollars. While Albertson referred to the new ELDs as “micromanaging a driver in a truck,” he believes the new law will lead to fewer lives lost and reduced injuries due to less fatigue, and thus safer, drivers on the road.

Providing a customer’s expectation for traceability and sustainability was Jack Scott, vice president of sustainability and responsible sourcing at Nestle USA and Nestle Purina PetCare, which sources 16 percent of its feed ingredients from rendered proteins (10 percent of that from poultry products). As one of the largest food and feed manufacturers in the world, Nestle recognizes it has a tremendous impact on the environment so it is developing long-term sustainability goals. This includes “nose to tail,” which advocates for whole animal utilization to prevent food waste and potential negative impacts on the environment. At the end of the day, however, Nestle is trying to appeal to the consumer, who often thinks the use of animal by-products is a bad thing.

“Nestle wants to advocate the nutritional value and sustainability of using the whole animal,” Scott stated. The company has also developed a “responsible sourcing model” that entails a supplier code, an audit, traceability, industry and conservation group partnerships, and transparency. As for the future of animal by-products at Nestle, the challenges are

- a changing supply landscape—key relationships, processing efficiency improvements, freezing and storage capacity, growth of aquaculture, and human/export demand;
- changing consumer preferences—natural, alternative sources of protein, and region/origin specific sources;
- sustainability and responsible sourcing—animal welfare, environmental impacts, and a growing world population; and

- regulatory/quality—FSMA, certifications, foreign bodies, and tariffs/trade wars.

On the subject of foreign material in rendered products, Scott suggested the rendering industry deal collectively instead of competitively with what many consider a food safety issue. He noted that metal detection is prevalent as a critical control point for systems in other countries.

Providing insight into the millennial generation was DeShawn Blanding, a former National FFA Organization director, who explained how our perspective changes our perception, with many people seeing millennials as lazy, entitled, and requiring instant gratification. Blanding shared that millennials want their work to have meaning and purpose; they want to learn and develop, feel inclusive, have open communication, and fit their job into their life.

“Millennials tend to stay at a company longer where a strong sense of purpose, inclusion, and open communication are higher,” Blanding commented. Younger workers also want to experience consistent growth so companies should offer training and development to ensure these employees stay committed. In addition, millennials desire to use their creativity in their work.

As for agriculture, the younger generation is very disconnected, thinking food just pops up at the store. This group also gets their information online, which often is not accurate. By 2050, 70 percent of society will live in urban areas so educating on agriculture, and its vast number of employment opportunities, is paramount.

When it comes to rendering jobs, Blanding suggested showing millennials how their work affects the overall rendering production.

“Connect their job to the end goal,” he advised.

Other educational topics at the seminar focused on emerging secondary protein nutrient processing technology, oxidation, and odor abatement using a regenerative thermal oxidizer and wet scrubbers put in place at two different rendering companies. **R**

## Haid Honored for Lifetime Dedication

At its October seminar, the Poultry Protein and Fat Council (PPFC) honored and conferred the position of PPFC Chairman Emeritus to John Haid in recognition of his dedication of more than 50 years service to the rendering and animal protein industry.

“Haid’s accomplishments and career are truly remarkable,” said current PPFC Chairman Jonathan Green, Tyson Foods-River Valley. “His commitment, leadership, and efforts to support the rendering and animal protein industry are unmistakable.”

Haid’s leadership began in the mid-1950s when he was named National FFA Organization president, giving him the opportunity to meet and shake hands with then President Harry Truman during the 1957 FFA convention in Kansas City, Missouri. Over a span of 57 years, Haid worked in various positions at Simmons Foods, Pilgrim’s Pride, Georgia Proteins Company, Hudson Foods, Animal Nutritional Compounds LLC, and Synergy BP LLC. He also served as an officer and director of various chambers of commerce and civic organizations, as president of USPOULTRY’s Poultry By-Product Council, and as a member of USPOULTRY’s Board of Directors.

An accomplished horseman who has been breeding horses since 1972, Haid was inducted into the Appaloosa Horse Club Hall of Fame in 2004 and won three reserve world championships at the Appaloosa horse show in 2014. He graduated from the University of Arkansas with a bachelor of science degree in agriculture and served as a first lieutenant in the United States Army. **R**



PPFC Chairman Jonathan Green (left), Tyson Foods-River Valley, presents a long-time service award to John Haid.

## Changing of Guard at Haarslev US

Troels Svendsen has been named president of Haarslev Inc. in North America, succeeding Hans Nissen who served in the position for 15 years. Haarslev's North American organization is spread across four sites in the United States, including offices in Perham, Michigan; Belleville, Kansas; Greensburg, North Carolina; as well as the company's operations in Kansas City, Missouri. Activities include service, repair, refurbishment, sales, and application technology.

Due to its successful progression, Haarslev has outgrown its existing plant in Kansas City and is planning a new facility at the same location to strengthen its operations further. Service, manufacturing, and sales will also be further strengthened in the near future.

Haarslev's operations in North America are part of its global group consisting of 1,150 employees with manufacturing in Denmark, Brazil, Germany, Poland, China, and the United States.



Troels Svendsen

## Darling Ingredients Makes Two Acquisitions

In October, Darling Ingredients Inc. acquired the assets of Triple-T Foods Arkansas Inc., including a wet pet food ingredient operation in Springdale, Arkansas, and a cold storage operation in Rogers, Arkansas. The acquisition further expands Darling's premium protein business for the growing pet food industry and will be an addition to the company's other wet pet food operations in Nebraska and Kentucky.

In November, Darling purchased the stock of PPH Conto Ltd., a food-grade animal fat processing facility in Lubien Kujawski, Poland, one of the fastest growing meat production areas in Europe.

## International Rendering Symposium to Examine Innovation at IPPE

New innovations are shaping the future of the rendering industry. These and other topics will be discussed at the International Rendering Symposium: Innovation in Rendering program held February 14-15, 2019, in conjunction with the International Production and Processing Expo (IPPE) in Atlanta, Georgia.

Sponsored by the National Renderers Association and U.S. Poultry & Egg Association (USPOULTRY), the symposium will cover a variety of topics, including the following: Today's Political Climate and How It Affects Rendering; The Basics of the Rendering Industry and Processes; Being a Voice to Consumers; Overview of Research Being Performed by the Animal Co-Products Research and Education Center; Research and Development Efforts by the Rendering and Pet Food Industries and Scientists, including the New Pet Food Alliance; Rendered Products for Poultry Nutrition; Equipment Used in Modern Rendering; Federal Regulation of Feed, Pet Food, and Ingredients; The Food Safety Modernization Act's Impact on Rendering; Sustainability, Rendering and Pet Food; and Examination of International Markets, Trade Agreements, and Trends for the Rendering Industry.

The International Rendering Symposium is scheduled from 12 to 5 p.m., Thursday, February 14, and from 9 a.m. to 12 p.m., Friday, February 15. The 2019 IPPE will be held February 12-14 and is a collaboration of three trade shows—the International Feed Expo, International Poultry Expo, and International Meat Expo—representing the entire chain of protein production and processing. The event is sponsored by USPOULTRY, the American Feed Industry Association, and the North American Meat Institute. For more information and to register to attend IPPE, visit [www.ippeexpo.org](http://www.ippeexpo.org).

## Wilbur-Ellis Feed Acquires Ameri-Pac

Wilbur-Ellis Feed LLC, an international marketer and distributor of nutrients for the livestock, pet food, and aquaculture industries, has acquired the assets of Ameri-Pac Inc., a family-owned manufacturing business focused on animal health and nutrition specialty products for pet food, companion animals, livestock, and aquaculture. The purchase is one of the largest in Wilbur-Ellis' 97-year history and provides the feed division with premix capacity utilization for new business opportunities, further technical expertise in processing, and two premier antioxidant products, Oxygen and Oxyblock, to add to its consumer offerings.

Ameri-Pac employs 40 people at two separate facilities in the St. Joseph, Missouri, metro area, each specializing in value-added products and services. Wilbur-Ellis Feed plans to keep Ameri-Pac's business facilities and existing employees in the St. Joseph area, and will make Ameri-Pac a brand within Wilbur-Ellis Feed.

Founded in 1921, the Wilbur-Ellis companies have continued to grow the business with sales now over \$3 billion. Wilbur-Ellis Feed generates over \$475 million in sales revenue annually and has over 30 locations across the United States, Canada, New Zealand, and Japan. **R**

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## The Industry is Ready for the Future

*Editor's note—The following is a speech, in part, given by Ridley Bestwick, West Coast Reduction Ltd., at the National Renderers Association 85th Annual Convention in October in Laguna Niguel, California.*

We can all be proud of our rendering heritage. The company I work for, West Coast Reduction Ltd., was founded in 1964 in Vancouver, British Columbia, Canada, by Jack Diamond and his sons Gordon and Charles. Beginning with one plant and 15 employees, West Coast has since grown to six plants and 418 employees servicing Western Canada. Today, West Coast Reduction is a fourth-generation, family-owned business with a history rich in family values. Many employees spend their entire working career at West Coast.

Many other rendering companies share a similar history and values. Others are part of the integrated meat packing and processing industry, where rendering is essential and contributes positively to the overall sustainability footprint.

Whether through innovation, product, service, or problem-solving, renderers help make it possible for the industry to do what it does best: upcycle animal by-products into safe and healthy ingredients for hundreds of value-added products, with nothing left behind.

To operate effectively and profitably in the long term:

- Renderers must have sufficient raw material supply and strong commodity markets.
- Renderers need to be trusted by their suppliers, customers, government, the public, and their employees.
- Renderers must earn and safeguard their license and freedom to operate.

An important part of doing this—in the words of millennials (which, by the way, include my three children)—is to let others know that rendering is authentic, sustainable, and straightforward. Rendering is (generally) grinding, cooking, and drying, without the use of chemicals or additives. Rendered products are biodegradable, natural, and safe.

The industry's contribution to sustainability, of not wasting any part of the animal and performing a valuable service to society, resonates with both millennials and those who come after, generation Z. These generations are concerned about the environment and prefer using products that are both good for the planet and safe for people.

Millennials want companies to do more for society. Renderers give back in the truest sense, are positioned to play a major role in the transition to a low carbon economy, and contribute to their communities in many ways. Rendering is a \$12 billion dollar industry supporting local communities with tens of thousands of well-paid jobs with employee benefits. Many members of the National Renderers Association (NRA) are generous with philanthropic donations. Individual companies support local education, sports, healthcare, the arts, and other causes.

Why so much focus on millennials, the age group roughly in their 20s and 30s? They are a huge demographic in North America and will drive consumer trends for decades to come due to sheer numbers, influence, and buying power. Just look at Canada, where a liberal government was elected through a very successful social media campaign run by millennials that targeted millennials. This group wanted legalization of marijuana and in mid-October, they got what they wanted.

At over 84-million strong, millennials are America's and Canada's largest generation, eclipsing the current size of the postwar baby boomers. Millennials make up nearly a quarter of the total United States (US) population, 30 percent of potential voters, and almost 40 percent of the workforce. They are defining the market. Just consider raw pet food, where prices can exceed consumer meat prices. Millennials will continue to define markets for years to come.

Millennials offer challenges to the rendering industry that need to be kept in mind. They demand

- transparency and traceability of where and how their food, including pet food, is sourced;
- simple and understandable ingredients;
- products that do not contain chemicals or foreign material; and
- fair treatment of workers.

Many millennials distrust corporate technology and science that develops new products and changes food production. Consider the drive for package labeling that indicates minimally processed ingredients without additives. This is seen in pet food labeling so expect this trend to extend to the ingredients renderers provide to other consumer and industrial products.

The rendering industry is proud to have its own "next generation." Their grandparents or parents may have started their rendering company while others have been successfully recruited to join the industry. The industry welcomes the next generation.

Rendering companies are publicly and privately owned, large and small, and can be regional, national, and international. NRA members compete fiercely in the marketplace, yet despite these differences, members are committed to improving their companies and the industry.

NRA values its associate and allied members who contribute significantly to rendering operations. NRA is a member-driven, proactive association working hard to protect and promote the industry's interests. United, we make for a better solution to individual challenges. To quote a government regulator: "We know what you think, but we don't make decisions based on one company. What's the position of your whole industry?" All rendering companies are encouraged to fully participate in NRA to help drive decisions and programs that improve business and the industry.

During the past year, NRA has moved ahead on a clear path, guided by strong industry leadership, staff, and its

2020 Strategic Plan. NRA's mission is clear: *To advocate for a sustainable food chain, public health, and the environment through the production and marketing of rendered products and services.*

NRA does this by

- promoting effective public policy, regulation, and technology;
- encouraging responsible business practices;
- supporting the free movement of rendered products in domestic and international markets; and
- improving stakeholder awareness and understanding of the value rendering brings to society.

During the past year, NRA staff provided scientific answers to regulators to help protect and open new markets for rendered products, and explain rendering on Capitol Hill. They educated media on rendering and enhanced membership engagement. The association welcomed new staff member Heather Davis, coordinator of member relations, and will soon hire a new director of communications. NRA meetings offered opportunities for members to come together for exchanging information and networking, and the association continued to strengthen its relationships with partner organizations.

This past year has been rewarding but not without challenges, as reported in this column in the October 2018 *Render*, "NRA—The Year In Review." To mention a few:

- Industry consolidation continued.
- Processing volume remained strong, but commodity prices declined.
- US trade battles with foreign customers caused export uncertainty and lost markets for rendering customers.

- The American rendering industry was drawn into the US/China trade battle and now faces increased Chinese import tariffs. What this means in the long-term is unknown.
- Progress was made to open the Mexican market for US bovine meat and bone meal.
- The new US/Mexico/Canada Agreement (USMCA), replacing the North America Free Trade Agreement, will keep markets open and expand them for rendered products between these three countries.

Strong demand from the renewable fuel industry for rendered fats and oils continues to be a bright spot for the rendering industry. Today, production of biodiesel and renewable diesel together consume almost 30 percent of rendered fats and oils. NRA collaborates with the National Biodiesel Board to support a stronger US Renewable Fuel Standard and federal tax credits to drive production growth.

During the past year, NRA's scientific services program, led by Dr. David Meeker, continued to assist renderers in complying with the important Food Safety Modernization Act (FSMA). A Rendering Code of Practice workshop certified more employees in FMSA compliance so there are now almost 250 people from rendering companies across the United States who are trained to comply with new federal regulations.

Sustainability continues to be a priority. NRA's science and communications staff developed sustainability messages, such as:

- Rendering keeps 62 billion pounds of meat by-products and restaurant leftovers out of landfills.

*Continued on page 22*

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**Association** *Continued from page 21*

- Rendering evaporates four billion gallons of water from animal by-products and returns 16 gallons of clean fresh water per person to the environment.
- Rendering's carbon emission reduction in the United States and Canada equates to removing 12 million vehicles from roadways.

In the coming year, NRA plans to expand its social media presence, develop a new website with more emphasis on sustainability, and provide updated communications tools for members. Synergies will also continue with the industry's Fats and Proteins Research Foundation, which provides research to improve the reputation of rendering with customers and government regulators.

Gaining new market access is key to growing overseas sales for rendered products. Some highlights from NRA's international market development program include:

- the foreign trade dispute with China,
- working in Asian and Latin American markets to expand exports,
- increasing the number of rendering plants eligible to export to Indonesia,
- advocating to sell non-ruminant proteins into Taiwan and Japan,
- promoting market access for bovine meat and bone meal in Central and South America,
- planning for entry into Mexico driven by the new USMCA agreement,
- continuing to influence European Union officials and biofuel producers to keep the market open for imported used cooking oil, and

- assisting members with export issues involving government decisions.

Rendering interests were promoted to Congress as NRA teamed with its lobbyist, Steve Kopperud, at the annual Washington, DC, fly-in. Important political issues addressed were the farm bill, food waste, biomass-based diesel, and international trade agreements. During the fly-in, renderers also explained the industry's sustainability benefits to their respective members of Congress.

The farm bill includes funding for two NRA-supported grant programs to expand exports of rendered products. The bill also contains food waste provisions opposed by NRA that would provide federal money to composters who produce "healthy soil" in urban areas by recycling wasted food. Congress is still working to complete and approve the farm bill.

In August, the Canadian Rendering Association held a "mini" fly-in, where Canadian NRA renderers visited Ottawa and met with officials from the Canadian Food Inspection Agency and Agriculture Canada. Matters discussed included market access and trade issues, the rendering process and biosecurity, and the vital role rendering plays in the sustainability of agriculture and agri-food.

Next November, Canada will be applying to the World Organization for Animal Health, or OIE, for negligible bovine spongiform encephalopathy (BSE) risk status effective March 2020, having passed the 11-year requirement following their last BSE case, a cow born in March 2009.

In conclusion, I am happy to report that NRA is strong and well positioned to meet the needs of the North American rendering industry in the coming year. The association is ready for the future, especially with the help from millennials and the next generation of leaders. **R**



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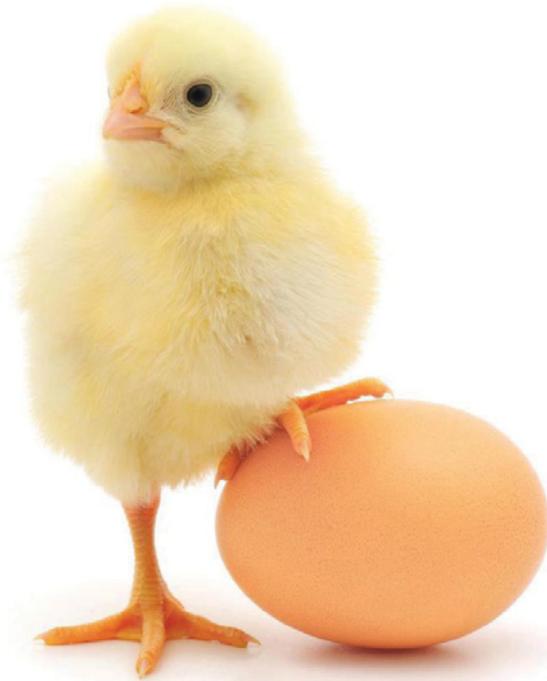
It is with tremendous gratitude that Canine Companions for Independence congratulates the National Renderers Association and salutes the generosity of its membership for the success of the 2018 Annual Convention's "Rendering for Good Silent & Live Auction." Thanks to NRA's efforts, the auction raised a total of \$21,960 to support CCI's Wounded Veterans Initiative.

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## Good Time to be a Renderer

Over the past several months, there has been a notable increase in announcements about renewable diesel production projects.

At the National Renderers Association annual conference in Laguna Niguel, California, in late October, Darling Ingredients Chief Executive Officer (CEO) Randy Stuewe gave an impassioned keynote address about rendered materials being used for biofuels feedstocks. He referenced that Darling's Diamond Green Diesel facility, a joint venture with Valero, had been approved for phase III expansion to 675 million gallons per year (mgpy) at a cost of just over \$1 billion. The project is a second, independent parallel 400 mgpy plant located next to the existing 275 mgpy facility. It will include a renewable naphtha finishing plant to produce approximately 50 to 60 million gallons of renewable naphtha (a co-product of the refining process often further refined into gasoline or a variety of petro-chemicals) adding incremental low carbon credit opportunities to the entire Diamond Green Diesel operation.

A few days later, World Energy announced a \$350 million investment over the next two years to complete the conversion of its AltAir renewable jet, diesel, gasoline, and propane plant in Paramount, California, to 306 mgpy, reducing both refinery and fuel emissions while supporting more than 100 "green" jobs.

On November 1, Phillips 66 and Renewable Energy Group (REG) stated the two companies plan to build a large-scale renewable diesel plant adjacent to the Phillips 66 Ferndale refinery in Washington State using REG's BioSynfining technology. Feedstock will include a mix of waste fats, oils, and greases, including regionally-sourced vegetable oils, animal fats, and used cooking oil. The companies have been collaborating on-site selection and preliminary engineering, and expect to make a final investment decision in 2019. If approved, production at the new facility is currently slated to begin in 2021.

These recently announced new and expansion projects are in addition to other renewable diesel startups and projects revealed by Neste in Singapore, Sinclair in Wyoming, Marathon in North Dakota, and Phillips 66 and Ryze Renewables in Nevada. All add incremental production capacity increases along with feedstock demand to existing renewable diesel facilities around the world operated by Neste, REG, Total, ENI, UPM, and others, not to mention current biodiesel and petroleum refinery co-processing projects. All of these will utilize the lowest carbon intensity feedstocks available, and that means rendered fats, oils, and greases. As Stuewe proclaimed in his presentation, "It's a good time to be a renderer!"

Meanwhile, Colorado-based Crimson Renewable Energy has acquired SeSequential, a vertically integrated producer of biodiesel made from used cooking oil headquartered in Portland, Oregon. The purchase will enable Crimson to gain increased feedstock supply options for its biodiesel production facility in Bakersfield, California, and expand its ability to

provide biodiesel to customers up and down the West Coast. The two companies will continue operating under their existing brands, with Harry Simpson serving as CEO for both Crimson and SeSequential and Tyson Kever assuming the role of chief operating officer for the combined companies. Additionally, the SeSequential management team will remain in their current roles and focus on expanding SeSequential's regional used cooking oil and restaurant service operations and its Oregon biodiesel production and marketing efforts.

In other industry consolidation news, the former Tenaska Commodities biodiesel facility in Clinton County, Iowa, was acquired in September by Lake Erie Biofuels, doing business as HERO BX. The plant is being upgraded to increase efficiencies and is expected to begin producing once again in the mid-fourth quarter of 2018. This acquisition brings the production complement of HERO BX to Erie, Pennsylvania; Moundville, Alabama; South Roxana, Illinois; tolling at the Iowa Renewable Energy facility in Washington, Iowa; as well as blending and distribution in North Hampton, New Hampshire.

Green Energy Biofuel, based in Winnsboro, South Carolina (formerly known as Midlands Biofuels), has acquired an idle 40 mgpy biodiesel plant in Warrenton, South Carolina. After significant investment to rework the former Green Valley Biofuel plant in Warrenton, Green Energy Biofuel founder and co-owner Joe Renwick is preparing to begin operations at the facility, which has been renamed GEB3. The company's flagship plant is a 300,000 gallon biodiesel production facility in Winnsboro that Renwick and his partners built 10 years ago. The feedstock collection services were subsequently expanded and the company began focusing on selling feedstock to other biodiesel producers. Almost four years ago, Renwick expanded his feedstock operations to a site in Knoxville on the University of Tennessee campus.

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## Antidumping Duties to be Re-evaluated

On November 5, the United States (US) Department of Commerce (DOC) granted a request from the government of Argentina to initiate a "changed circumstances" review of US trade duties imposed on Argentine biodiesel companies. The DOC imposed antidumping and countervailing duty orders earlier this year following investigations in which the government found that biodiesel imports from Argentina were massively subsidized and dumped, injuring US biodiesel producers. The National Biodiesel Board's Fair Trade Coalition urged DOC to reject Argentina's request and opposes its initiation of the review, which could result in resetting the duty rates calculated only months ago.

DOC's initiation of this review just months after determining that Argentina had engaged in unfair trade practices creates a great deal of uncertainty for the US biodiesel industry at a

time when the positive results of the original cases are just beginning to be realized. Once DOC leveled the playing field, domestic biodiesel producers stepped up their efforts, put substantial under-utilized production capacity back to work, and boosted domestic biodiesel production. It is unclear why DOC has agreed to review the tariffs and possibly open a path to a resumption of the imports, but the decision comes a few months after Argentina increased duties on biodiesel exports and cut tariffs on grains and soybean oil shipments, a key ingredient for biodiesel production in Argentina. The changed circumstances review process typically takes 270 days, meaning a final determination should be made by August 2019.

The orders on biodiesel imports from Argentina imposed by DOC earlier this year established final countervailing duty rates ranging from 71.45 to 72.28 percent and antidumping duty rates ranging from 60.44 to 86.41 percent. The Fair Trade Coalition filed petitions for relief to address a flood of subsidized and dumped imports from Argentina and Indonesia that resulted in market share losses and depressed prices for domestic producers. Biodiesel imports from Argentina and Indonesia surged by 464 percent from 2014 to 2016, displacing 18 percent of market share from US manufacturers. The artificially low-priced imports prevented US producers from earning adequate returns on their substantial investments and stifled the ability of US producers to make further investments to serve a growing market.

Argentina is one of the world's top producers of biodiesel, exporting 1.6 million tons worth \$1.2 billion in 2017. This year, biodiesel producers in Argentina exported almost 1.1 million tons of the fuel between January and August, of which 85 percent went to the European Union (EU), according to official data from Argentina state statistics agency INDEC. In September and October, however, the volume of biodiesel shipped abroad was zero. The halt in exports coincided with the EU's expected decision on whether to sanction Argentina's biodiesel industry over suspicions of receiving subsidies. The EU postponed its ruling in late September, saying it would continue its investigation.

## More Opportunity for Biofuels

The Oil Price Information Service, or OPIS, 10th Anniversary RFS2, RINs, and Biodiesel Forum held in Chicago, Illinois, in October was well attended by industry stakeholders interested in learning more about the direction the US Environmental

Protection Agency (EPA) Renewable Fuel Standard (RFS) program will be taking. As is usually the case at these industry events, the presentations were mostly attended by compliance and policy professionals from major refining companies and other obligated parties, while the hotel lobby was crowded with fuel and energy traders, brokers, and marketers.

Weaver energy consultant Sandra Dunphy, affectionately known as "RIN-derella," offered a comprehensive review of the RFS and outlined important developments, including ethanol-15, small refinery exemptions, the reset and set provisions, and the impact these might have on attendees' businesses. Other notable presentations were given by former EPA regulators Paul Agyropoulos and Andy Lipow. Agyropoulos discussed the current state of the RFS from his perspective as the former senior policy advisor at EPA's Office of Transportation and Air Quality. He played a key role in shaping the second RFS, known as RFS2.

Lipow offered an overview of the impacts of the fast-approaching International Maritime Organization 2020 standards on renewable fuels. The new specification will significantly reduce the maximum allowable sulfur content of marine fuel consumed on open oceans from 3.5 percent to 0.5 percent (by weight) beginning January 1, 2020. Vessels that have scrubbers installed will be exempt from this rule, but effectively all others will need to begin using low sulfur diesel, creating new diesel demand of up to about 60 billion gallons per year. As the on-road market diverts low sulfur diesel into the marine fuel market, demand for biodiesel and renewable diesel will increase to fill the gap.

## EU Confirms REDII

The European Parliament has confirmed a provisional agreement previously reached with the European Council on a revised Renewable Energy Directive (REDII). REDII will require, by 2030, that renewables account for at least 32 percent of the European Union's (EU's) gross final energy consumption, along with a mandated 32.5 percent increase in energy efficiency.

The directive also obligates each member state to present a 10-year integrated national energy and climate plan with national targets, policies, and measures by the end of 2019 and every 10 years thereafter. In addition, beginning in 2030, second-generation biofuels must provide at least 14 percent of transportation fuel, first generation biofuels will be phased out, and biofuels at high-risk for indirect land use change will no longer count toward the EU's renewable energy goals. **R**



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chamber—not committee—seniority. For example, Senator Orrin Hatch (R-UT) is retiring and giving up his chairmanship of the tax-writing Finance Committee. Senator Charles Grassley (R-IA), the next most senior senator, announced he will give up his Judiciary Committee gavel to take over the Finance Committee, and Senator Lindsay Graham (R-SC) has opted to take the chair of the judiciary panel. The dominos are falling and it remains to be seen which Democrats covet which ranking member slots on which committees.

### What is Happening in Lame Duck?

Republicans are running full speed to get as many priority issues resolved as possible while they still control the House, and the lame duck session of the 115th Congress at least appears to be more productive than many would have bet on pre-election. Issues being dealt with include completing the remaining FY 2019 appropriations bills, such as agriculture/Food and Drug Administration spending, finalizing and approving a farm bill conference report, federal tax reform/tax extenders fixes, Senate judicial and executive branch nominations, on-going congressional review of the US-Mexico-Canada Agreement, and a host of lesser issues deemed noncontroversial, including criminal justice reform legislation.

The big-ticket legislative item for agriculture is completing the 2018 farm bill. Each chamber has approved its version of the omnibus farm program legislation and conference committee action has been constant since August. Farm groups have made clear they want a farm bill and they want it this year, if only to offset the pain of ongoing tariff tit-for-tats and to give them some business certainty going into 2019.

Representative Collin Peterson (D-MN), the likely incoming chair of the House Agriculture Committee in the 116th Congress, has personally vowed to get the 2018 farm bill done and on Trump's desk before the end of this year. This is a telling bipartisan move by Peterson, who could easily block the bill and punt it into 2019 and the new Congress, rewriting the package in his own image.

"We can work this out and get this done before Congress adjourns [in December]," he said. "That is my number one priority, to get that accomplished." Without a final bill, Congress must approve a one-year extension of current law, a process that would prove politically painful at best. Agriculture stakeholders definitely want a farm bill finished before the end of the year, if only to get it off the Democrat agenda in the next Congress. The Illinois Farm Bureau, for instance, called restarting the process in 2019 a "nightmare scenario."

To that end, on November 16, Peterson and Agriculture Committee Chairman Mike Conaway (R-TX) sent the Senate its first bipartisan "House deal" to finalize the conference action on the omnibus farm legislation. While refusing to get into details, Conaway said, "This is now a House offer, not just a Conaway offer." The breakthrough reportedly came when Conaway surrendered on the politically explosive House bill requirements for broader work/training mandates on Supplemental Nutrition Assistance Program (SNAP) recipients.

Acknowledging the midterm Democrat recapture of House control "changed the dynamic" of negotiations, Conaway said he and Peterson agree the farm bill must be on Trump's desk by

December 31. The tough job is selling the bipartisan offer to the House GOP, including the ultra-conservative wing of the caucus.

"I'm going to do the best sales job to make sure my guys know the binary choice we face, and that a farm bill done by a Pelosi-led House will not be as good as the one we'll have an opportunity to vote on," Conaway commented. Peterson, with the easier job, met with both House and Senate Democrat lawmakers to pitch the deal.

Bipartisan House and Senate leadership agree enacting a 2018 farm bill is a top priority. McConnell talked with Trump just before Thanksgiving about lame duck session priorities, and came out of that meeting vowing that "we will finish the farm bill before the end of the year." Peterson's strong commitment to finalize the bill in 2018 also strongly signals neither he nor House Democrat leadership want to restart the process next year, good news to crop and livestock producers who want to hang on to the program goodies hard won in the process so far. Peterson speculates Conaway recognized he has no incentive to block a solid compromise bill. Conaway released a statement saying, "This week's election results don't change the circumstances in farm country. I remain 100 percent committed to complete the farm bill this year."

The biggest political issue stalling the bill is House language in its nutrition title that would require more federal food stamp recipients to prove they work or are in work training 20 hours per week to be eligible for their food stamps. At the same time, the House wanted to send billions of federal dollars to the states to pay for the creation or modernization of in-state training programs. The Senate farm bill does not address the work/training issue, but targets fraud and abuse weaknesses in the federal program. The Senate rejected up-front the House language, saying it would never garner the 60 votes needed to pass the Senate.

The Conaway-Peterson House offer makes it tougher for states to get waivers from the US Department of Agriculture (USDA) on SNAP work requirements, instructing the department to write new rules on state food stamp work waivers. A draft USDA waiver rewrite independent of the farm bill is ready, but Trump, who supports the tougher House work/training language, held up publishing the new rule while Hill negotiations continue.

Disputes remain over capping the Conservation Reserve Program, the future of the Conservation Stewardship Program, the forestry title, and a push by Grassley to tighten eligibility rules for farm program payment recipients. Conaway said there are also a handful of "regulatory things" to be ironed out.

As to Trump's take on the final product, it is highly unlikely he would quash the effort. Despite media speculation and industry fears, Trump would not veto the entire farm bill over the nutrition/food stamp compromise and risk angering a rural/agricultural base already on the ropes over his trade/tariff actions.

Of the eleventh hour issue disputes, Roberts said, "These are not things we can't work out." Conaway concurs. "We're going to get a deal done," he said.

On FY 2019 spending, seven of the 12 spending bills have moved forward—the president has signed five bills representing about 75 percent of the government's discretionary spending—and Congress set itself a December 7 deadline to fund the government for the rest of FY 2019.

While it is hoped each of the remaining bills can be enacted on their own, absent such luck a “minibus” spending bill (rolling the remaining appropriations bill into a single vehicle) will need to be approved to keep the government operating. Without a minibus, a partial government shutdown is possible (never a good thing right before the holidays), but Trump continues to publicly harrumph over fully funding his \$5 billion US-Mexico border wall. One reporter put it this way: “The biggest fight looming for lawmakers in the lame-duck session is over President Trump’s request to fully fund his proposed border wall... staunchly opposed by Democrats.”

Related to how the remaining appropriations bills are handled, there may be a window for both chambers to approve a bill funding extension of expired federal tax breaks and deductions, as well as correcting errors in last December’s tax reform law signed by Trump. While Congress “renewed” several tax breaks retroactive to January 2017, they did not extend them through 2019 or beyond, an action desperately sought by those groups that benefit from the tax break generosity. The fate of a tax extenders bill, which includes a \$1 per gallon blender’s tax credit for biodiesel/renewable diesel and 50 cents per gallon as part of the alternative fuel mixture tax credit, hinges on successful completion of all 12 spending bills and no government shutdown.

Also part of the spending battles will be garnering bipartisan support for a multi-billion-dollar disaster aid package for states hit hard by Hurricane Michael. Farm groups, particularly those in the Southeast still totaling losses, are pushing hard for action during the lame duck session given the money won’t be available until well into 2019. How much money will be targeted to agriculture is unknown as negotiations continue, but stakeholders are hoping for at least a “down payment.”

On trade, the US-Mexico-Canada Agreement is wending its way through the International Trade Commission benefits analysis and is in the midst of its 90-day public comment and congressional oversight period as mandated by the trade promotion authority law. The House wants to clear the treaty before the GOP turns the reins over to the Democrats, but McConnell says there is not enough time for the treaty vote in the Senate. Given that means the proposed treaty remains indefinite into 2019, Democrats may push for tougher language on labor and environmental protections, and will face major pushback from rural colleagues if such action is seen as a delaying tactic.

Over in the Senate, McConnell is expected to let the House do the heavy lifting on most major issues. Though President Trump is pushing for a generally bipartisan criminal justice reform bill before the end of the year, McConnell is blocking the effort. The Kentucky lawmaker would rather focus his chamber on clearing as many long-pending executive and judicial nominations as possible.

### **What’s Up in the New 116th Congress?**

Does a split Congress automatically translate to 100 percent stalemate when it comes to lawmaking, at least for the next two years? With a good chunk of the younger, more diverse, and, arguably, more progressive House Democrat incoming class having run campaigns predicated on returning some bipartisanship to the legislative process, speculation on

which issues enjoy comity abounds. From a purely political standpoint, the Democrats are faced with a somewhat schizophrenic challenge. The party has two years to prove it can govern better than the Republicans, and the party also has its eye on ensuring Trump does not enjoy four more years in the White House come 2020. Significant GOP “wins,” particularly economic victories, are unlikely.

Democrat threats to repeal or rewrite federal tax reform won’t materialize, though there will be a lot of noise. Republican fantasies about repealing the Affordable Care Act (“Obamacare”) are equally unlikely. Whether there is the political will to tackle broad federal immigration reform, even just a permanent solution to the Deferred Action for Childhood Arrivals conundrum, has yet to be seen. Another non-starter will be any action to reign in presidential authority to impose trade tariffs for national security reasons, as Trump did when he slapped heavy steel/aluminum import tariffs on most of this country’s trading partners.

The shifting political complexion of the House, however, also argues for a greater voice among centrists in both parties. Various caucuses (e.g., the House Problem Solvers Caucus, the Blue Dogs) report increased membership interest from both incoming freshmen and sitting incumbents.

So, where is the middle ground of issues on which Republicans and Democrats can give meaning to bipartisanship? Analysts say the following are areas of general agreement between the two parties, and as noted, Pelosi has said they are Democrat “priorities.”

*Infrastructure investment:* The need to repair/replace highways, bridges, waterways, airports, and other bits of this country’s infrastructure has always been an area of general agreement, not only between the two parties, but among the general population. On this issue, it is expected Trump and the Republicans will seize the moment and put forward a major infrastructure investment package, given they have talked about it for two years and proposed little. The key to any infrastructure legislation will be how to pay for it. Will Congress bite the bullet and vote to increase the federal gasoline tax for the first time in about 25 years? Trump says he would support a fuel tax increase, as do several key Democrats on both sides of the Hill. The challenge will be dragging reluctant anti-tax Republicans to the table while convincing Democrats to aid and abet Trump in securing a major policy win going into the 2020 general election.

*Drug prices:* With the cost of prescription drugs having doubled on average between 2006-2016, both Democrats and Republicans, and particularly the president, all target drug prices for control, particularly when it comes to the Medicare program (which reports a 10 percent annual price increase over the same period). The Democrats will have less of a problem mustering support than the Republican free-traders, but Senator Grassley is firmly in Trump’s corner when it comes to drug pricing. For Trump, a victory on drug pricing going into 2020 has nearly incalculable political benefit, and early action in this arena is likely.

*Taxes:* Trump tried and failed to get either media or congressional attention for his targeted middle class-only tax break proposal, rolled out just before the midterm elections.

*Continued on page 29*

## Global Cooperation for Feed Safety

During the National Renderers Association (NRA) annual convention held in October in Laguna Niguel, California, time was allotted to present an update on World Renderers Organization (WRO) activities over the last year. The organization expresses its gratitude for this opportunity to share its work, and to inform NRA members about what WRO is seeing on the global scene that might impact the rendering industry in the near future and long term.

At the time of the convention, WRO was awaiting an update from the World Organization for Animal Health (OIE) on WRO's proposal in June to modify the *Terrestrial Animal Health Code* Chapter 10.4, "Infection with avian influenza viruses." OIE had requested that WRO report the process conditions under which poultry raw materials were rendered and to complement the report with science-based documentation proving that those conditions are sufficient to kill the avian influenza virus.

Shortly after NRA's convention, a letter from OIE General Director Dr. Monique Eloit confirmed that the OIE ad-hoc group working on the avian influenza chapter received the information WRO provided. After assessing the facts, the group reported that "rendered meat and bone meal and blood meal were safe because the industry association's standard processing practice was well above the requirements to inactivate the virus." The OIE Commission agreed with the ad-hoc group assessment and will add rendered meat and bone meal, blood meal, and poultry "oil" to the list of safe commodities in the *Terrestrial Animal Health Code* Chapter 10.4.

WRO is excited to share this news, not only because it confirms poultry rendered products are safe, but because in order to provide the requested information to OIE a great deal of teamwork took place between the WRO leadership and scientific advisory panel. Many thanks to Dr. David Meeker (United States), Dr. Martin Alm (Europe), Lucas Cypriano (Brazil), Shane Leath (New Zealand), and John Brennan (Canada) for their helpful work.

To renderers worldwide, please take care with this recognition. Maintain safe processes and be proud to be suppliers of safe products to the feed industry.

### IFIF/FAO Meeting

Dr. Martin Alm, WRO first vice president, attended the joint International Feed Industry Federation (IFIF)/Food and Agriculture Organization (FAO) 17th annual meeting and the 31st IFIF Annual General Assembly at the FAO headquarters in Rome, Italy, in early November. For many years, IFIF has established this very fruitful exchange with the FAO of the United Nations (UN).

Dr. Bukar Tijani, FAO assistant director general, opened the meeting, emphasizing that "good food" is the key for a hunger-free world and that good food requires feed in the right quality and quantity. The UN world food program does not distinguish between food and feed.



(From left) Alexander Doering, European Feed Manufacturers Association; Joel Newman and Bruce Crutcher, American Feed Industry Association; Aidan Connolly, Alltech; Dr. Martin Alm, WRO; Delanie Kellon, GFLI; Sebastian Csaki, IFIF; and Greg Downing, Cargill.

Berhe Tekola, director of FAO's Animal Production and Health Division, noted the success in livestock sustainability. In FAO's 2006 report titled *Livestock's Long Shadow*, the greenhouse gas (GHG) emissions of livestock was estimated to be 18 percent worldwide. Recalculations and ongoing optimization within the industry, however, has reduced that number today to 14.5 percent. The UN Framework Convention on Climate Change calculates livestock's GHG emissions even lower at 8 percent. Following on Tijani's request for the need for more food, Tekola emphasized that the world must produce more with less. In industrialized countries, that means a high efficiency in feed and breeding using genetic methods. For developing countries, education and training will be the first steps to success.

In this context, the production of alternative foods like insects was also mentioned. IFIF noted that this is intensely discussed in the European Union where many start-ups are researching and even already producing insects.

Another challenge will be the ongoing spread of antimicrobial resistance (AMR). The health consequences and economic costs of AMR are estimated at 10 million human fatalities annually and a 2.0 to 3.5 percent decrease in global gross domestic product (about \$100 trillion USD) by 2050. Yet, the true cost of AMR is hard to predict. It is not only linked to the use of antibiotics, but also refers to all harmful micro-organisms (e.g., bacteria, fungi, viruses, and parasites) that have acquired resistance. Twenty-seven different classes of antimicrobial classes are used in animal feed. In several discussions, it was noted that antimicrobial substances will still play a key role in maintaining animal health, but the non-curative use (i.e., the use as growth promoters) will be reduced. This should also include the carry-over from other feed ingredients.

Daniela Battaglia, livestock production officer in the FAO Animal Production and Health Division, presented the joint FAO/OIE/World Health Organization activity called the Tripartite Integrated Surveillance System for AMR/antimicrobial use (AMU), or TISSA. It is a coordinated system

for surveillance of AMR and AMU across humans, animals, food, and plants at the global level to help monitor AMR and AMU (antimicrobial consumption), follow trends, develop new tools, and measure impacts of regulation over time at national, regional, and global levels. Two examples are FAOLEX, which is developing a methodology to analyze national AMR-related legislation across all areas with an impact on AMR, including feed legislation, and the UN Interagency Coordination Group on AMR focusing on public awareness, behavior change and communication, national action plans, optimization of AMU, and innovation, research, and development.

Sebastian Csaki, senior advisor at IFIF, presented the key points of the 6th Global Feed and Food Congress scheduled for March 11–13, 2019, in Bangkok, Thailand. The plenary topics will be sustainability, digital revolution in agriculture, feed and food safety along the value chain, nutritional innovation, global regulations and policy, markets and trade, and a global leaders panel on the future of feed and food. Program details can be found at [www.gffc2019.com](http://www.gffc2019.com).

Ruud Tijssens, chairman of IFIF's Sustainability Committee, and Greg Downing, chair of the Global Feed LCA (Lifecycle Analysis) Institute (GFLI), stressed the importance of FAO's Livestock Environmental Assessment and Performance (LEAP) Partnership. For a long time, feed and livestock production has been under increasing pressure with regard to climate change; thus, there is a need to communicate reliable data that is in line with the sustainable goals of FAO. The harmonization of environmental foot printing methodology is the key to successfully strengthening credibility. GFLI will coordinate the calculation and development of an LCA database to enable transparent monitoring and demonstrate continuous improvement.

Downing reported on regional GFLI initiatives. European Union initial data is nearly complete and awaits publication, while United States/Canada crop data is under review and Brazil is in the start-up phase. In addition, feed ingredient data collection is underway. Next steps are to formalize the GFLI status, implement the new operating and membership model, establish GFLI as a legal entity, and develop a three-year plan. Future

developments are formalization of the Brazil initiative, including to recruit participants, and to identify other key regions like China, India, Thailand, and Vietnam. Delanie Kellon was introduced as the new coordinator of GFLI.

Camillo de Camillis, LEAP manager at FAO, reported on the status and work program for LEAP3 for 2019–2021. The title already reveals that LEAP2, which concludes at the end of this year, will be continued. The draft LEAP3 project focuses on communication and outreach. This comprises raising awareness and practice improvement, road testing as well as revision, and development of LEAP guidelines. The submission of LEAP guidelines to the UN Framework Convention on Climate Change is underway. An acknowledgement of the guidelines by the UN body for climate change would be of great importance with regard to the worldwide harmonization.

Both FAO and IFIF emphasized the excellent cooperation in this feed safety, multi-stakeholder partnership, the future goals, and the promising steps achieved thus far. **R**

**Washington** Continued from page 27

In a post-election press scrum, however, Trump allowed that he is willing to “adjust” corporate tax rates a bit in order to secure a middle class-only tax reduction. The president’s willingness does not necessarily translate into broad GOP support or a cheerleading by the business community, so the biggest battle, should such an effort be successful, will be who gets credit for the voter-friendly action.

Finally, because “Congress is out of step with American people and the states on cannabis,” Representative Earl Blumenauer (D-OR), a bike-riding, uber-liberal House veteran, sent Pelosi et al. an eight-page memo outlining how to take advantage of the November election win in order for Democrats to achieve national marijuana legalization.

“There’s no question: cannabis prohibition will end; Democrats should lead the way,” Blumenauer said, believing this will be achieved in the 116th Congress. Pelosi told reporters she could not comment because, “I don’t know where the president is on any of this.” **R**

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# Research is the Foundation for Renderers

*Editor's note—The following is a speech, in part, given by Doug Smith, Baker Commodities Inc., at the National Renderers Association 85th Annual Convention in October in Laguna Niguel, California.*

The Fats and Proteins Research Foundation (FPRF) is doing some of the most progressive and potentially impactful research ever to advance the rendering industry. As the industry's research organization, FPRF works hard to ensure the research funded is relevant and valuable for renderers. This is vital to help ensure a healthy future for the industry.

FPRF has three important goals: to enhance the use of rendered animal products, to improve the technologies that process these products, and to develop new markets and products. FPRF supports research in animal nutrition, novel uses, biosecurity, food safety, environment, and sustainability. This generates new knowledge to help the industry meet increased regulatory scrutiny and customer expectations.

The foundation continues to partner with other funding entities when there are common goals. Current partnerships include the Poultry Protein and Fat Council, the Pet Food Institute, and the National Pork Board. FPRF is currently funding 13 research projects at a number of laboratories, mostly at universities across the country, involving various scientific disciplines. With this tremendous traction, the foundation hopes to increase participation in funding in an effort to keep up with opportunities.

Presently, there are eight projects being conducted at Clemson University, South Carolina, that began in 2017 and 2018 after having completed 128 projects at the facility over the past 15 years. There are also five projects underway at other universities, such as Colorado State, Iowa State, and Kentucky, and one at a private innovation firm. Three new proposals from universities were recently reviewed, with one chosen for funding in this competitive process.

The Animal Co-Products Research and Education Center (ACREC) was developed with Clemson University to advance the science and technology of animal by-products and the rendering process. ACREC has been successful in getting the attention of eminent scientists in fields far from traditional animal sciences.

The unique thing about Clemson is that the research conducted there for the past 15 years (since before ACREC was founded) has developed a critical mass of faculty familiar with rendering who are engaged in solving some of the industry's toughest challenges. These include wastewater clean-up, odor control, environmental remediation, oxidation prevention, and new products. ACREC's director, Dr. Annel Greene, was the 2017 recipient of the FPRF Dr. Fred Bisplinghoff Research Innovation Award for her tireless work and leadership in developing the center. This year's recipient is Dr. Gary Pearl, former FPRF president, who was instrumental in the founding and success of ACREC (see Newsline on page 8).

Last year, FPRF began an exciting project with the potential to create a new market for large volumes of meat and bone meal, feather meal, and lower quality fats. Promising early results demonstrate that rendered products are very effective as electron donors for cleaning up contaminated environmental locations. Many of these are US Superfund sites requiring decontamination. Essentially, all-natural rendered products could be used as food for beneficial bacteria that convert contaminants into harmless benign molecules. This microbial activity was stimulated using various rendered products to reduce a principal hazardous pollutant, trichloroethylene, to harmless ethylene gas. Ethylene occurs naturally and is given off by ripening fruit.

Another project at Clemson is the conversion of rendered fats into high value omega-3 oils. This year, the team continues to scale up the previously successful lab-sized experiment using engineered bacteria to convert saturated and monounsaturated animal fats into two principle omega-3 fatty acids commonly found in fish oil. The obstacles and challenges overcome by this team have added considerably to the knowledge in the field, even though it has taken longer than intended to complete the project. The expected outcomes of this proposal include a non-pathogenic yeast strain capable of converting rendered fats into polyunsaturated fatty acids and other oleochemicals in large fermentation vessels at profitable yields.

Clemson researchers Vladimir Reukov and Alexey Vertegel were honored with FPRF's Dr. Fred Bisplinghoff Research Innovation Award two years ago for their work extracting a natural antioxidant from animal blood. They continue to make good progress on commercialization through their company, VRM Labs. Reukov and Vertegel are also using a by-product from that project, red blood cells, to develop renderable flocculants for wastewater treatment. They have partnered with Dr. Rafael Garcia of the United States Department of Agriculture on that project.

Dr. Dan Whitehead continues his seven-year quest at Clemson to solve odor problems. He researched synthesized modified lactide nanoparticles that bear functional reactive sites capable of capturing odor constituents associated with rendering. Using what he learned, Whitehead is now working to generate lower-cost, effective odor control materials from natural products, including clays and cellulose. He is a very solid and respected scientist who has published several impressive scientific papers on this work. As this develops, it could be a huge breakthrough for community relations and regulatory compliance.

FPRF has funded a number of projects that may lead to better ways to extract proteins and fats from slaughterhouse and rendering wastewater. Other projects are looking to generate electricity and peroxide from wastewater. Not all research pans out as hoped, but a steady flow of successes eventually turn up some big home runs.

Clemson scientists have worked to squeeze more fat out of crax, characterize meat and bone meal as a natural fertilizer, and use animal proteins in car parts and nursery pots. Researcher's collected data has been used effectively by the National Renderers Association (NRA) to support rendering's sustainability claims and help refute false claims that feather meal is highly contaminated.

Research and development in all fields suffer from a "valley of death"—a lack of funding and attention between laboratory discoveries and the availability of getting new products and processes into the marketplace. Clemson itself is stepping up to bridge this gap with development funding and personnel to assist researchers in the important next steps for their discoveries.

FPRF is engaging researchers and industries in new ways to make research results more impactful. Last year, the foundation began an exciting new research endeavor to engage customers and other stakeholders with pet food interests in an alliance to discuss opportunities for improving markets for rendered products in pet food. Pet food manufacturing is now the largest, most lucrative market for rendered products, but continued research and enhanced relationships will be necessary to continue this strength into the future. FPRF's new Pet Food Alliance, coordinated by Colorado State University, is building better research by working with all pet food industry participants and attracting new funding. The alliance has work groups on rendered product safety, quality, sustainability, and consumer perceptions.

FPRF has a solid track record of success. It has laid the foundation to use animal fat and used cooking oil as feedstocks for biodiesel, and also validated rendering cooker temperatures to satisfy animal food safety regulations under the Food Safety Modernization Act. FPRF research developed information published in a scientific journal to refute composting and anaerobic digestion as green rendering alternatives and established rendered proteins as legitimate ingredients for poultry, livestock, fish, shrimp, and pet foods.

There is good synergy between FPRF and NRA. NRA uses FPRF research results to promote and defend the

rendering industry to the public, media, regulators, and other stakeholders. Thermal validation work, sustainability data, and lifecycle analysis for rendering are examples of FPRF findings used to enhance rendering's reputation and ability to operate. NRA also provides management support for the foundation that makes for good efficiency, benefitting both organizations.

A number of projects have been conducted at a series of universities on controlling *Salmonella* and other contaminants with the goal of continuous improvement of rendered products while offering recycling services and enhancing the sustainability of agriculture.

More can be accomplished to enhance the future for rendering if more companies join FPRF. Funding good research efforts continues to be challenging given consolidations and buy-outs involving several long-time members. I invite you as renderers and

partners in this wonderful industry to support FPRF with financial contributions that will help improve rendering operations and long-term strength for the future. Yes, renderers are fierce competitors in the market; however, together renderers can keep building FPRF to fund major research that would be hard—if not impossible—for each company to do alone.

FPRF regularly has to turn down promising research proposals that could be funded if more resources were available. With additional financial support, the foundation could do more to benefit rendering companies and the industry. Renderers have incredible products, but also some major hurdles, and FPRF is an important part of solving these issues, whether it is odor, water quality, better animal diets, or developing new products. Research is key to enhance demand and create new markets. Join us on this journey. **R**



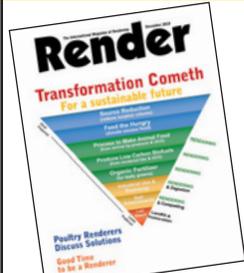
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# The Unwinding Continues at EPA

*Editor's note—Robert T. Vogler is director of environmental affairs at Valley Proteins Inc. and chairman of the National Renderers Association's Environment Committee. He holds a juris doctor degree from Duquesne University and bachelor of science degrees in agricultural engineering and agricultural science from Rutgers University.*

There continues to be little in the way of new environmental regulatory developments adverse to the rendering industry from the United States (US) Environmental Protection Agency (EPA) under President Donald Trump's administration. With the departure of EPA Administrator Scott Pruitt in early July, Deputy Administrator Andrew Wheeler has largely continued the Pruitt initiatives to pull back the agency from what was seen as overreach of President Barack Obama's administration.

## Waters of the US

In 2015, EPA finalized its rule revising the definition of "waters of the US" (WOTUS), greatly expanding the agency's jurisdiction over activities in wetlands, intermittent streams, drainage ditches, and upland areas. The purported purpose was to clarify the scope of federal jurisdiction over upland and isolated waterways, but the expansion is widely seen by outsiders as a power grab by EPA and the US Army Corps of Engineers.

In July 2017, EPA commenced a rulemaking to repeal the 2015 WOTUS rule and replace it with a rule that would be more aligned with the current legal status quo, keeping federal regulation of water consistent with US federal court decisions defining the scope of federal jurisdictional WOTUS. In January 2018, EPA delayed the implementation date of the 2015 WOTUS rule while it continues to work on the replacement proposal.

The case in the US District Court for the District of North Dakota challenging this rule continues to move forward. Various US district courts have issued injunctions formally preventing the rule from going into effect in over half of the states and a request is pending to extend this injunction to the remaining states. Meanwhile, another district court ruled that EPA could not delay the implementation of the 2015 rule in a decision that would apply in those states where stays are not in place.

As a practical matter, little will be done to implement the 2015 rule as EPA moves forward to repeal and replace it, which is expected by September 2019.

## Applicability of Clean Water Act to Groundwater

Both the Fourth and Ninth US Circuit Courts of Appeals have upheld decisions that extend federal jurisdiction under the Clean Water Act over pollution that travels through groundwater to jurisdictional waters. Many of the cases pending on this question involve groundwater pollution from coal ash disposal sites at power plants. On September 24, 2018,

the Sixth Circuit ruled the other way, finding that the Clean Water Act does not apply to pollution of this nature, creating a split in the federal appellate courts on this subject. A petition for review has been filed with the US Supreme Court to finally resolve this question.

On February 20, 2018, EPA formally requested comments on whether the discharge of pollutants to groundwater that then ultimately finds its way to surface waters should be regulated under the Clean Water Act. The concern is that if federal jurisdiction is extended to include pollution of groundwater, this will open the door for federal regulation of groundwater withdrawals and any activities or development on the surface that could potentially affect groundwater quality.

## Ozone Standard

On May 9, 2018, Pruitt issued a memorandum reforming EPA's process for reviewing National Ambient Air Quality Standards (NAAQS). The reforms include consideration of background concentrations and pollution from upwind sources. In addition, the memo directs EPA to begin reviewing the 2015 ozone standard so the review can be completed on time to meet the 2020 five-year statutory deadline.

The NAAQS for ground-level ozone adopted by EPA in 2015 lowered the standard from 75 parts per billion to 70 parts per billion. A lower ozone standard is likely to lead to further restrictions on volatile organic compounds and nitrous oxides, both of which are precursors to ground-level ozone, or smog, and are found in boiler stack emissions from the combustion of fuel.

## Hazardous Substance Spill Prevention

In response to a lawsuit involving a chemical leak into the Elk River in 2014 that shut down the water supply to 300,000 residents around Charleston, West Virginia, the Obama administration's EPA entered into a consent decree that required EPA to undertake a rulemaking on additional regulations to prevent hazardous substance discharges. This would, in effect, extend the federal spill prevention, control, and countermeasure (SPCC) requirements currently applicable to oil tanks to also cover tanks containing other chemicals. SPCC plans set forth requirements for containment and proper storage of regulated materials, as well as preventive maintenance, security, and training. On June 20, 2018, the Trump administration EPA issued a proposed rule stating that no new requirements are needed for hazardous substance spill prevention.

## Clean Power Plan

On August 2, 2018, EPA proposed the Affordable Clean Energy rule to replace the Clean Power Plan that regulates greenhouse gas (carbon dioxide) emissions from power plants. The Clean Power Plan was halted by the US Supreme Court in 2016 after questions were raised as to whether

EPA exceeded its authority in adopting the rule (it was said to be the nail in the coffin for coal-fired electricity generation). The new plan seeks to enlist the states to formulate plans that target improvements in efficiencies and standards of performance.

### Endangered Species

The Department of the Interior is proposing to clarify and update the 25-year-old regulations on endangered species. The proposal includes

- harmonizing the way of listing and delisting to address the current process that makes it easy to list species but nearly impossible to remove,
- addressing the classification of areas as “critical habitat” that currently could include areas where the species does not live and has not lived for decades, and
- tightening the language for classifying when a species is “threatened” to exclude from threatened status cases where there is only a remote risk over some long time frame that the species may become at risk.

Under current regulations, the presence of endangered species or critical habitat can quickly foreclose the productive use of private lands.

In another initiative, the Department of the Interior has signaled in a recent memo its intention to change its policy so as to defer to the states for fish and wildlife management to the maximum extent allowed under the law. On September 27, 2018, the US House of Representatives Natural Resources Committee approved four bills addressing certain procedural reforms for the listing process. **R**

## California Renderers Push On

By Tina Caparella

After last meeting in September, California renderers met again in early November to continue the discussion on issues affecting how they do business in the state, including livestock that has been euthanized and sent to rendering. Paula Batarseh, chief of the Meat, Poultry, and Egg Safety Branch of the California Department of Food and Agriculture (CDFA), updated Rendering Industry Advisory Board (RIAB) members that several animal health and welfare groups recently took action encouraging the Food and Drug Administration (FDA) to develop tolerance levels for sodium pentobarbital in rendered products. After being an allowable substance in trace amounts, earlier this year FDA prohibited any trace of sodium pentobarbital in rendered products. This change makes it impossible for renderers to accept euthanized livestock despite rendering being the preferred method of disposal for these animals. Batarseh noted that one animal welfare group is examining a revision of its equine euthanasia guidelines to include other alternatives.

“There has been some movement, but it is not going to be simple or quick,” she commented. “This will be an ongoing effort.”

A presentation by Chris Snook of the California Highway Patrol explained how the new federal electronic logging device (ELD) regulation will affect California renderers and their trucks. Due to its size, California must do its own economic impact study on the regulation before it develops its own law, which isn’t expected before the end of 2020 at the earliest, that will most likely mirror federal regulation. Until then, ELDs are permissible but not required on trucks that do not leave the state, so paper logs can still be utilized. There are also other ELD exemptions for intrastate trucks, including vehicles manufactured before model year 2000.

RIAB Chairman Michael Koewler, Sacramento Rendering, mentioned that following California’s election that resulted in a new governor, leaders at CDFA and other state agencies renderers have been working with over the years will change.

“Rendering is playing a critical role in California’s climate and food waste reduction movements,” he stated. “We want to continue the momentum this board has developed with the California Air Resources Board and Environmental Protection Agency.”

RIAB members were advised that CDFA is proposing a new penalty matrix for the inedible kitchen grease program as previous penalties for violators were not consistent. New program special investigators were also introduced, many of whom have a law enforcement background. Two investigators will be working in Southern California, while another handles the central valley and coastal range, and a fourth investigator covers the Northern California area. Beginning in 2019, California rendering plant and collection center inspections will now be performed by the program’s special investigators, allowing them to assess each facility in totality. **R**

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## OSHA Clarifies Lawful Post-incident Drug Testing

*Editor's note—Mark A. Lies II is an attorney and partner in the Workplace Safety and Environmental Group in the Chicago, Illinois, office of Seyfarth Shaw LLP. He focuses his practice in the areas of product liability, occupational safety and health, workplace violence, construction litigation, and related employment litigation.*

*Adam R. Young is an associate attorney in the Workplace Safety and Environmental Group at Seyfarth Shaw who focuses his practice in the areas of occupational safety and health, employment law, and associated commercial litigation. Individual circumstances may limit or modify this information.*

The Occupational Safety and Health Administration's (OSHA's) 2016 retaliation regulation, 29 *Code of Federal Regulations* 1904.35(b)(1)(iv), and associated guidance, which explained examples of post-accident drug testing and safety incentives as instances of unlawful retaliation, has been closely monitored. This rule left employers uncertain about what programs were permissible and whether they would face citations for long-standing safety programs aimed at encouraging safe behaviors and reducing injury rates. On October 11, 2018, OSHA issued a Standard Interpretation Memorandum that clarifies the agency's position.

### Revised Perspective is Apparent

OSHA's memorandum intends "to clarify the Department's position that [the rule] does not prohibit workplace safety incentive programs or post-incident drug testing. The Department believes that many employers who implement safety incentive programs and/or conduct post-incident drug testing do so to promote workplace safety and health." The memorandum explains that "evidence that the employer consistently enforces legitimate work rules (whether or not an injury or illness is reported) would demonstrate that the employer is serious about creating a culture of safety, not just the appearance of reducing rates."

Post-incident drug testing policies and safety incentive programs will be considered retaliatory and unlawful only where they seek "to penalize an employee for reporting a work-related injury or illness rather than for the legitimate purpose of promoting workplace safety and health." Properly formulated and lawful post-incident drug testing policies and safety incentive programs will be permitted and will not result in OSHA citations.

### Consistent Post-incident Drug Testing Policies Permitted

For years, OSHA's position on post-incident drug testing confounded employers, and employers faced complicated questions in the hours following workplace safety incidents. The October Standard Interpretation Memorandum clarifies that "most instances of workplace drug testing are permissible," including

- random drug testing,
- drug testing unrelated to the reporting of a work-related injury or illness,
- drug testing under a state worker's compensation law,
- drug testing under other federal law, such as a Department of Transportation (DOT) rule, and
- drug testing to evaluate the root cause of a workplace incident that harmed or could have harmed employees.

If the employer chooses to use drug testing to investigate the incident, the employer should test all employees whose conduct could have contributed to the incident, not just employees who reported injuries.

Accordingly, employers may lawfully implement random drug testing programs, DOT drug testing programs, drug testing programs under a collective bargaining agreement, and post-incident (also post-accident) drug testing programs. Post-incident drug testing should be conducted consistently on any employee whose conduct may have contributed to the accident, and not merely the employee who was injured. OSHA reiterates that employers may not use a post-injury drug testing program, which the agency views as retaliatory and also exposes employers to worker's compensation retaliation tort claims.

For example, if a forklift operator collides a forklift with a pedestrian, and the operator is injured as well as the pedestrian, the accident may have been the result of either employees' conduct and potential drug impairment. Both the operator and pedestrian should probably be drug tested. Of course, the employer may choose to drug test the operator even if he does not suffer an injury. In another example, an employee bypasses a machine guard and puts his hand into a machine that has not been locked out, and suffers a finger laceration. That employee's misconduct may have been consistent with drug impairment, and the employee should also be drug tested.

### OSHA Permits Safety Incentive Programs

The Standard Interpretation Memorandum reverses course on the 2016 retaliation regulation's prohibition of safety incentive programs. With limited adjustments, OSHA now permits employers to bring back injury and illness reporting-based safety programs, which the memorandum lauds as an "important tool to promote workplace safety and health." OSHA's new position thus permits employers to bring back programs that offer such incentives as cash bonuses or the much-maligned pizza party at the end of an injury-free month. The memorandum also permits programs that evaluate managers based on their work unit's lack of injuries or illnesses.

To lawfully implement such a safety program, the employer must put in place "adequate precautions" to ensure that employees feel free to report an injury or illness and are not

discouraged from reporting. According to OSHA, a mere statement that employees are encouraged to report and will not face retaliation is insufficient. Employers need to undertake their choice of additional adequate precautions, such as

- an incentive program that rewards employees for identifying unsafe conditions in the workplace,
- a training program for all employees to reinforce reporting rights and responsibilities and emphasizes the employer's non-retaliation policy, and
- a mechanism for accurately evaluating employees' willingness to report injuries and illnesses.

The Standard Interpretation Memorandum thus permits and encourages safety incentive programs that reward employees for identifying unsafe conditions in the workplace. A second precaution—a brief training on reporting illnesses and injuries—would be simple for employers to conduct and add to onboarding for new hires. The “mechanism for accurately evaluating employees' willingness to report” could be a regularly scheduled, random questionnaire on employee willingness to report injuries and illnesses.

Accordingly, if employers adopt these low-burden precautionary measures, they may bring back or now adopt safety programs that are popular and effective at reducing workplace injury rates.

## Conclusion

OSHA's October Standard Interpretation Memorandum appears to return the processes for post-accident drug testing and safety incentive programs to a more common sense approach that is in the best interest of employee safety and health. Employers should carefully review their existing post-accident drug testing programs, as well as safety incentive programs, to ensure that they are consistent with this new memorandum. **R**

*To receive complimentary copies of this article and future articles on OSHA and employment law related topics, please contact Mark A. Lies II at [mlies@seayfarth.com](mailto:mlies@seayfarth.com) to be added to the list.*

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