

difficulty. Now, however, the rendered product derived from a dead stock cow is worth perhaps \$20; to cover collection and processing costs and profit, renderers charge the owner a pickup fee of from \$15 to \$35 for each animal. This causes producers to seek cheaper means of disposal. It has also caused some renderers to stop offering dead stock pickup when they do not find it cost effective; renderer pickup is very difficult to arrange in Ohio and Michigan, among other places.

We have not yet been able to obtain accurate national figures to indicate the fall-off in renderer pickup of dead stock, but we do have illustrative data from one State, California. The California Department of Food and Agriculture recently required renderers to submit annual reports on how much of their raw material came from dead stock. These reports show that between fiscal years 1999–2000 and 2000–2001, the number of dead stock (poultry excluded) that was collected by renderers declined by 20 percent—from 686,434 head to 553,974 head.

To help commenters focus their comments on the role of rendering in dead stock disposal, we are providing certain basic information about how rendering industries are regulated, their business situation, and certain rendering industry initiatives relevant to dead stock disposal. Persons interested in obtaining more information on rendering industries may wish to visit the National Renderers Association website at <http://www.renderers.org>.

Renderers generally must be licensed by each State in which they do business. Licensing and operating requirements for renderers vary from State to State. With regard to Federal regulations, renderers, like any business, must comply with numerous regulations regarding employment, worker safety, environmental quality, and so on. Renderers of livestock species subject to the FMIA are required to register their businesses with the FSIS, in accordance with 21 U.S.C. 643 and 9 CFR 320.5. (Renderers who do business solely at official slaughter, packing, or other establishments inspected by FSIS are exempt from this registration requirement.) Renderers are also subject to FDA regulations at 21 CFR 589.2000—the “feed ban” regulations—that impose requirements on renderers that produce products for use in animal feed. The FDA regulations include requirements for labeling, recordkeeping, separation of raw materials based on species type, and related matters to ensure mammalian protein (with certain exceptions) does not go into ruminant feed.

The rendering industry and individual renderers have taken several actions affecting dead stock disposal and TSE issues. Starting in 1991, most renderers elected not to pick up dead sheep, due to the possible scrapie/BSE link, as a means of keeping sheep dead stock protein out of ruminant feed. That industry-elected action became irrelevant in 1997 with the FDA ruminant feed ban, but dead sheep pickup is still not happening because: (1) Many contracts from product end-users specify that no adult ovine protein is allowed in the product, and (2) the same economic conditions that make it marginal for renderers to pick up any dead stock (cattle, swine, etc.) make it a low priority for renderers to resume picking up sheep. However, renderers have stated that they could reinstitute sheep pickup if it becomes economically viable to do so.

Rendering industry representatives cooperated with FDA in developing the feed ban regulations and have monitored compliance with the ban within the rendering industry. Beginning in April 2001, the Animal Protein Producers Industry (the biosecurity arm of the rendering industry) started an inspection audit of all animal protein producers to ascertain compliance with the FDA feed ban. This was a third-party audit performed by an independent auditing firm, Cook & Thurber of Madison, WI.

Currently, a major concern of renderers is identifying markets for MBM and other rendered protein products that contain ruminant protein. Year 2000 production of MBM was nearly 6.7 billion pounds, of which 5 billion pounds, or 75 percent, contained ruminant protein. All of the ruminant protein MBM production has been diverted from use in ruminant feed, with most going to swine, poultry, and pet feed. Export markets for MBM have also increased more than four-fold in the past 10 years, to 979 million pounds in the year 2000. However, oversupply of MBM compared to the demand for its allowed uses continues to drive MBM prices down. The industry believes it would be physically possible for independent rendering plants to install separate processing lines that would allow them to reduce the amount of MBM containing ruminant protein, and increase the amount of ruminant-free MBM, by roughly 1.5 billion pounds a year. However, the capital expenditure and operating costs to do this would mean that renderers would lose money with each year additional separate processing lines are operated, given prevailing prices for MBM.

Renderers continue to seek new, non-feed markets for their rendered product. However, the market opportunities seem to be much greater for rendered fat and oil product lines than for rendered protein product lines. For example, there is a growing market for biodiesel fuels that can be produced from animal (as well as plant) fats and oils. The USDA's Foreign Agricultural Service has reported that, to address MBM disposal in Europe, “New uses are being pursued, such as burning MBM in power plants to produce electricity or burning it in kilns to produce construction materials such as cement.”¹⁰

We are interested in receiving comments that discuss whether rendering can be an effective means for safely disposing of dead stock in a manner that minimizes risks of spreading BSE and other animal diseases. We hope that commenters will address the full range of technical, economic, regional, environmental, and practical business issues associated with this question. At this time, APHIS believes that the key issues associated with using rendering as a safe means of disposal for dead stock are:

- Should dead stock ruminants be segregated at rendering from material being rendered for animal feed use?
- If so, can the rendering industry successfully implement this degree of raw material and product segregation and labeling? What would the cost implications be?
- If the cost of rendering dead stock exceeds the value of the rendered product, who should pay the excess cost? The producer, State or local government, Federal Government, or someone else?
- What could be done through cooperation between industry and government to decrease the cost of picking up dead stock for rendering (e.g., harmonization of licensing and regulations, creation of regional pickup centers, etc.)?

Compliance, Enforcement, and Incentive Issues

We are also interested in receiving comments on ways to ensure compliance with any dead stock disposal requirements that may eventually be established through rulemaking. Vigorous enforcement, with civil and criminal penalties for violators, is one means to encourage compliance. However, there are obvious limits to APHIS' ability to directly monitor and enforce dead stock disposal

¹⁰ “International Agricultural Trade,” February 5, 2002, p.3. Foreign Agricultural Service, USDA.