

Damian Evans, Colyer Fehr Tallow Pty Limited

Australian Tallow:  
Back to the future for  
prices and destinations?



# Bulk Parcel Tankers



# Australian Rendering Figures

ITEM	2013 SURVEY	2011 SURVEY	2001 SURVEY
RENDERING ESTABLISHMENTS	78	81	120
TALLOW PRODUCTION (M/T)	532,110	487,000	567,200
POULTRY OIL PRODUCTION (M/T)	66,220	59,700	25,700
TOTAL TALLOW & POULTRY OIL (M/T)	598,330	546,700	592,900
EXPORTS ( <u>BASICALLY ALL TALLOW</u> )	428,700	362,200	
DOMESTIC USE (TALLOW & POULTRY OIL)	169,630	184,500	
TOTAL (M/T)	598,330	546,700	
<b>TALLOW'S EXPORT %</b>	<b>80.57%</b>	<b>66.25%</b>	

SOURCE : AUSTRALIAN RENDERERS ASSOCIATION INC.

# Domestic Consumption of Australia Tallow

DOMESTIC USE	2013	2011
DOMESTIC OLEOCHEMICAL & INDUSTRIAL	10,000	50,000
DOMESTIC EDIBLE APPLICATIONS	35,000	35,000
DOMESTIC INTENSIVE ANIMAL PRODUCTION	45,000	40,000
DOMESTIC AQUACULTURE FEEDS	20,000	18,000
DOMESTIC PETFOOD	28,000	25,000
DOMESTIC BIODIESEL AND FUEL	30,000	15,000
OTHER	1,630	1,500
<b>TOTAL</b>	<b>169,630</b>	<b>184,500</b>

SOURCE : AUSTRALIAN RENDERERS ASSOCIATION INC.

# Tallow Exports by Major Suppliers (2000-2005)

<b>TALLOW EXPORTS BY MAJOR SUPPLIERS 2000 - 2005</b>						
<b>COUNTRY</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
<b>UNITED STATES</b>	915,879	781,383	1,034,398	904,673	853,015	790,204
<b>AUSTRALIA</b>	384,099	414,962	340,901	384,758	396,129	376,064
<b>CANADA</b>	227,099	252,480	245,243	173,433	289,432	227,654
<b>NEW ZEALAND</b>	117,421	125,045	114,180	136,337	143,760	142,493
<b>BRAZIL</b>	146	22,974	13,352	4,259	46,347	44,491
<b>TOTAL OF THE FIVE</b>	1,644,644	1,596,844	1,748,074	1,603,460	1,728,683	1,580,906
<b>AUSTRALIA'S % OF THE BIG FIVE</b>	23.35%	25.99%	19.50%	24.00%	22.92%	23.79%

SOURCE : SWISHER K.J. , THE GLOBAL MARKET FOR RENDERED PRODUCTS

# Tallow & Grease Exports by Five Key Countries (2011-2013)

<b>TALLOW &amp; GREASE EXPORTS BY FIVE KEY COUNTRIES</b>			
<b>COUNTRY</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>UNITED STATES</b>	1,018,000	706,000	605,000
<b>AUSTRALIA</b>	369,000	364,000	435,000
<b>CANADA</b>	145,000	166,000	139,000
<b>NEW ZEALAND</b>	125,000	141,000	128,000
<b>PARAGUAY</b>	11,000	14,000	29,000
<b>TOTAL OF THE FIVE</b>	1,668,000	1,391,000	1,336,000
<b>AUSTRALIA'S % OF THE BIG FIVE</b>	22.12%	26.17%	32.56%

SOURCE : OILWORLD

# USA & Australian Tallow Exports (2012-2014)

<u>US FAT EXPORTS</u>				
ITEM		2012	2013	2014
USA - EDIBLE TALLOW EXPORTS		75,310	71,396	40,988
USA - INEDIBLE TALLOW EXPORTS		486,223	384,180	402,799
<b>TOAL USA TALLOW EXPORTS</b>		561,533	455,576	443,787
<b>AUSTRALIA</b>		364,000	435,000	NOT LESS THAN 2013

SOURCE : JACOBSEN REPORT

# China's Tallow Imports by Origin (2003-2010)

<b><u>CHINA'S TALLOW IMPORTS BY ORIGIN</u></b>								
<b>COUNTRY</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>AUSTRALIA</b>	141,963	217,636	189,786	207,424	255,000	262,468	231,896	222,625
<b>NEW ZEALAND</b>	78,961	90,906	96,980	110,762	107,600	109,503	105,199	97,269
<b>OTHERS</b>	80,897	2,345	290	0	0	0	220	7,071
<b>TOTAL</b>	301,821	310,887	287,056	318,186	362,600	371,971	337,315	326,965
<b>AUST'S % SHARE OF CHINA IMPORTS</b>	<b>47.04%</b>	<b>70.00%</b>	<b>66.11%</b>	<b>65.19%</b>	<b>70.33%</b>	<b>70.56%</b>	<b>68.75%</b>	<b>68.09%</b>

SOURCE : JI, F., CHINA DEMAND FOR RENDERED PRODUCTS



# BIOFUELS IN THE USA

(RFS = RENEWABLE FUEL STANDARD)

RFS 1: ENERGY POLICY ACT OF 2005

RFS 2: ENERGY INDEPENDENCE & SECURITY ACT (EISA) OF 2007

RFS 2: RELEASED 3 FEBRUARY 2010

RFS 2: SEGMENTED BIOFUELS INTO FOUR CLASSES:

- \* CELLULOSE BIOFUELS

- \* BIO BASED DIESEL

- \* ADVANCED FUELS

- \* RENEWABLE FUELS

BIODIESEL BLENDEES TAX CREDIT 2005: \$1.00 PER GALLON

RINS = RENEWABLE IDENTIFICATION NUMBER

USA EPA ARE IN CHARGE OF RFS 2

MANDATES WERE SET AGAINST FUTURE YEARS FORECASTS

MANDATE ANNUAL REVIEW PROCESS: NOT OVERLY ACTIVE

GFC / CASH FOR CLUNKERS

2013 ETHANOL BLEND WALL FEARS

# Australian Tallow Export Destinations (2011-2013)

<b>AUSTRALIAN TALLOW EXPORT DESTINATIONS</b>			
<b>COUNTRY</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>CHINA</b>	183,000	109,000	58,000
<b>SINGAPORE</b>	97,000	123,000	309,000
<b>TAIWAN</b>	39,000	46,000	23,000
<b>PAKISTAN</b>	20,000	23,000	13,000
<b>SOUTH KOREA</b>	12,000	21,000	14,000
<b>SOUTH AFRICA</b>	3,000	3,000	0
<b>JAPAN</b>	1,000	4,000	1,000
<b>NEPAL</b>	3,000	3,000	2,000
<b>TURKEY</b>	0	14,000	7,000
<b>NIGERIA</b>	0	8,000	0
<b>OTHER COUNTRIES</b>	11,000	10,000	8,000
<b>TOTAL</b>	<b>369,000</b>	<b>364,000</b>	<b>435,000</b>

SOURCE : OILWORLD

# Tallow – China/Singapore

## AUSTRALIAN TALLOW EXPORT (CHINA / SINGAPORE)

COUNTRY	2011	2012	2013
CHINA	183,000	109,000	58,000
SINGAPORE	97,000	123,000	309,000

## TOTAL TALLOW IMPORTS OF CHINA AND SINGAPORE

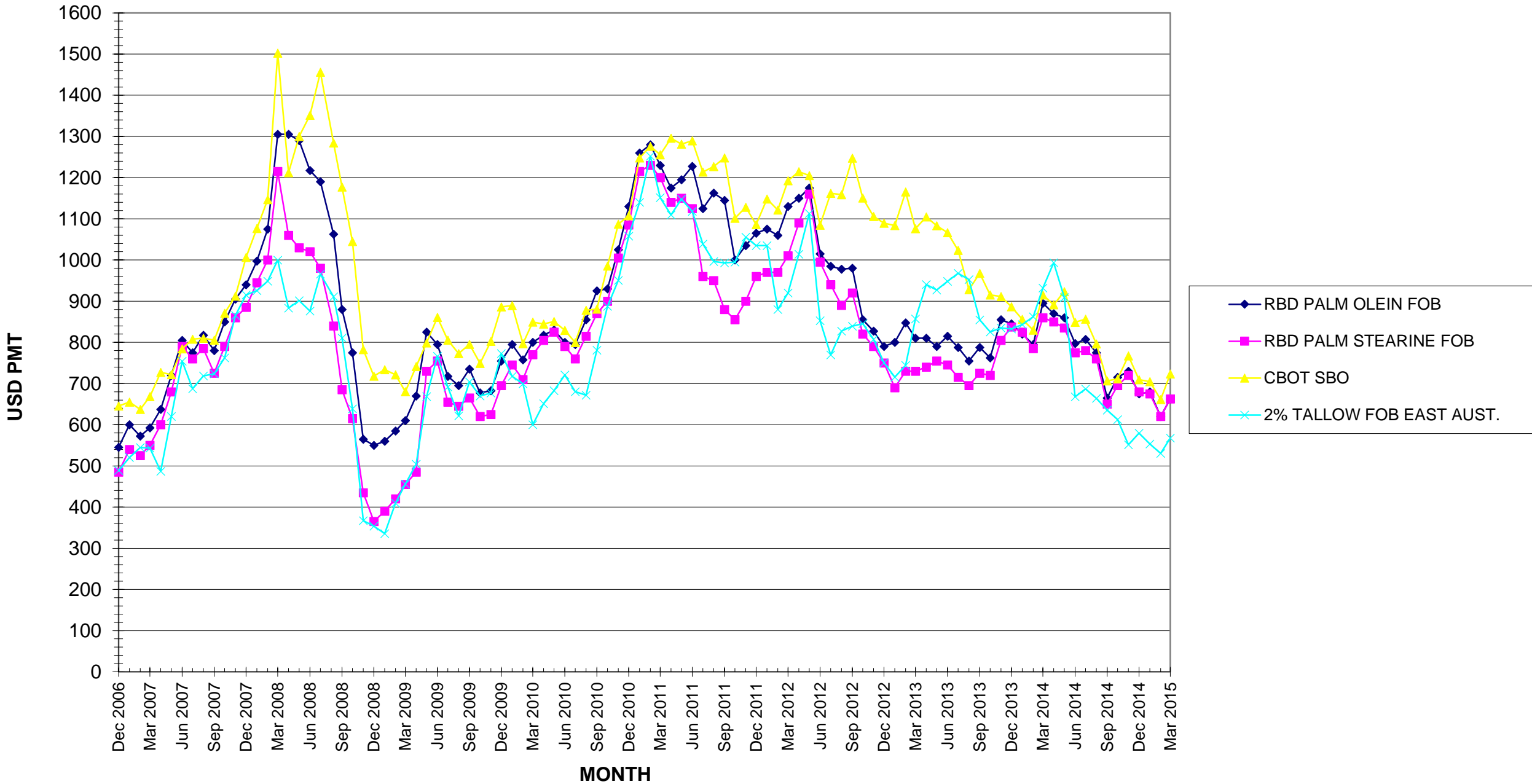
COUNTRY	2011	2012	2013
CHINA	273,000	205,000	133,000
SINGAPORE	124,000	168,000	397,000

## CHINA'S TALLOW IMPORTS (FROM JI, F.)

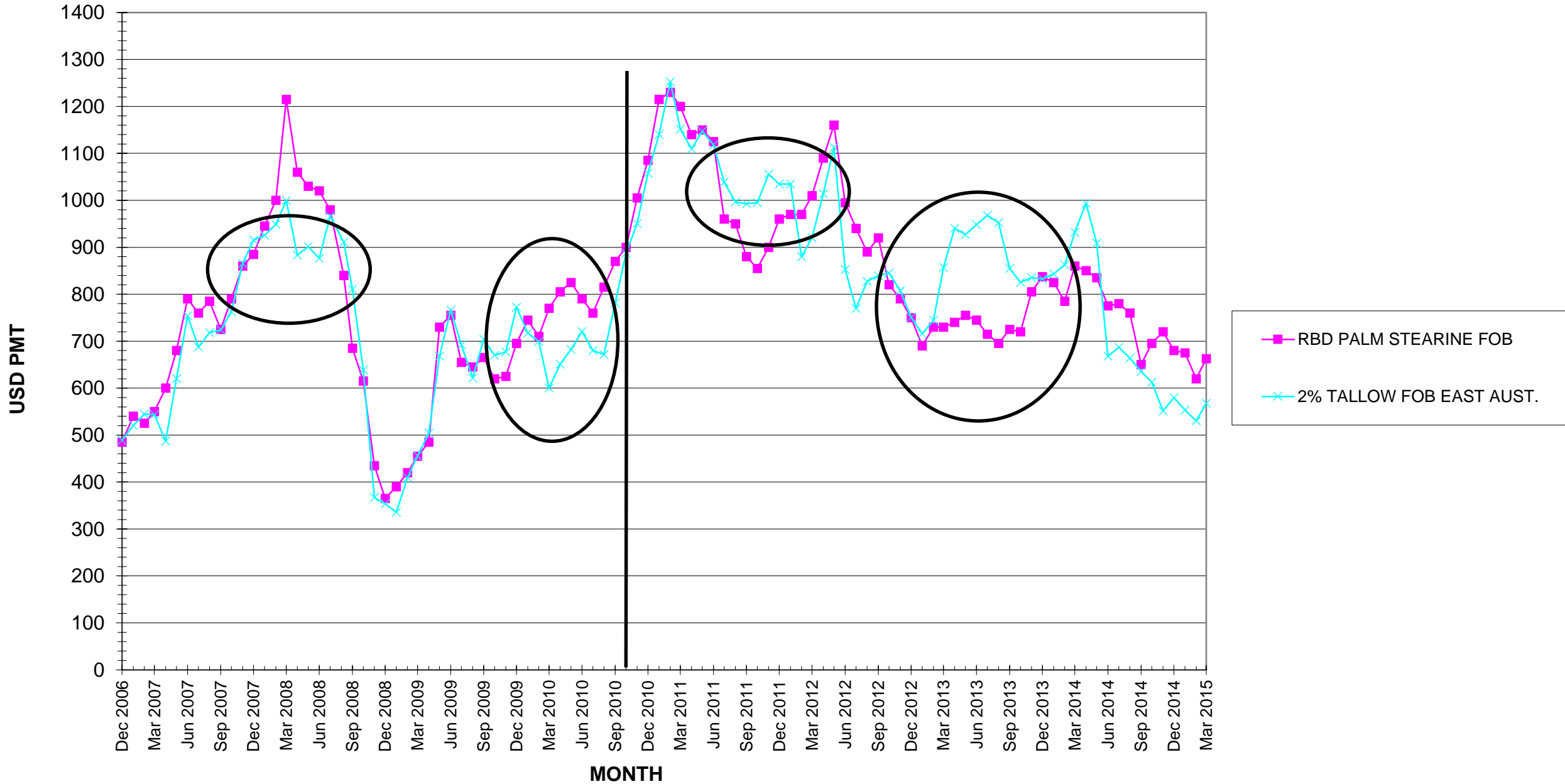
ITEM	2003	2004	2005	2006	2007	2008	2009	2010
AUSTRALIA	141,963	217,636	189,786	207,424	255,000	262,468	231,896	222,625
ALL COUNTRIES	301,821	310,887	287,056	318,186	362,600	371,971	337,315	326,965

SOURCE : OILWORLD

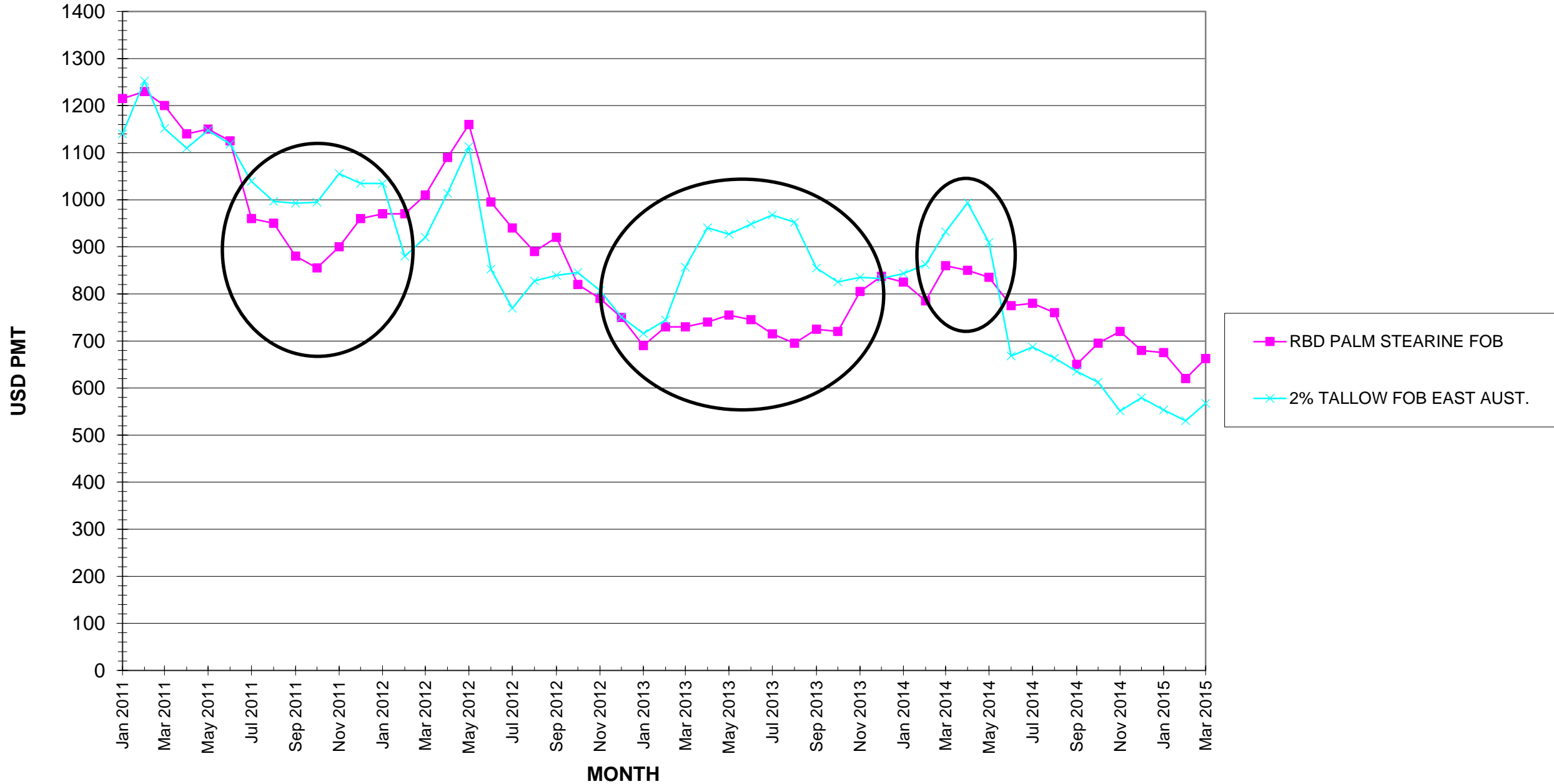
# PRICE COMPARISON - ALL PRICES IN USD (2006-2015)



# PRICE COMPARISON - ALL PRICES IN USD - RBD PALM STEARINE AND 2% TALLOW FOB (2007-2015)



# PRICE COMPARISON - ALL PRICES IN USD - RBD PALM TEARINE AND 2% TALLOW (2011-2015)



# Biofuel Report – 2 April 2014

Brazil's recent ethanol exports have been mainly targeted at meeting advanced biofuels requirements in the US state of California or taking advantage of high logistics costs involved in shipping US ethanol to some US coastal regions.

Brazilian ethanol producers are concerned that exports could decline further this year if the US Environmental Protection Agency (EPA) reduces an advanced biofuels mandate stipulated in the US Renewable Fuel Standard (RFS-2) pro-

## Announcement:

Argus is proposing to discontinue the following non-RED quotations from its report. On biodiesel: PME, RME, SME, Fame zero, Fame -10, Fame cif ARA. On Ethanol: T2 fob Rotterdam inc duty €/t, T2 fob Rotterdam inc duty diff to Eurobob oxy, T1 fob and cif quotations. This will also affect the following swaps and forward prices on biodiesel: Fame zero swap, RME swap and Fame -10 forward physical price.

Argus will be accepting comments on this change up to 1 April 2014. To discuss comments on this proposal, please contact Chris Judge or Christine Ancker at biofuels@argusmedia.com or +44 207 780 4200. Formal

The committee will hold a mark-up of the legislation on 3 April.

The "chairman's mark" released by committee chairman Ron Wyden (D-Oregon) and ranking member Orrin Hatch (R-Utah) includes extensions for 45 different federal tax incentives, including nine related to energy production or use.

Nearly all of the energy provisions deal with production of alternative fuels such as cellulosic ethanol and biodiesel or related infrastructure, including a two-year extension of the \$1.01/USG production credit for cellulosic biofuels and the \$1/USG credit for biodiesel and renewable diesel.

The biodiesel blender's credit was allowed to expire at the end of 2013.

In February of this year, senators Maria Cantwell (D-Washington) and Chuck Grassley (R-Iowa) introduced legislation that would restore the \$1/USG tax credit for biodiesel and renewable diesel for producers. The bill was referred to the Senate Finance Committee.

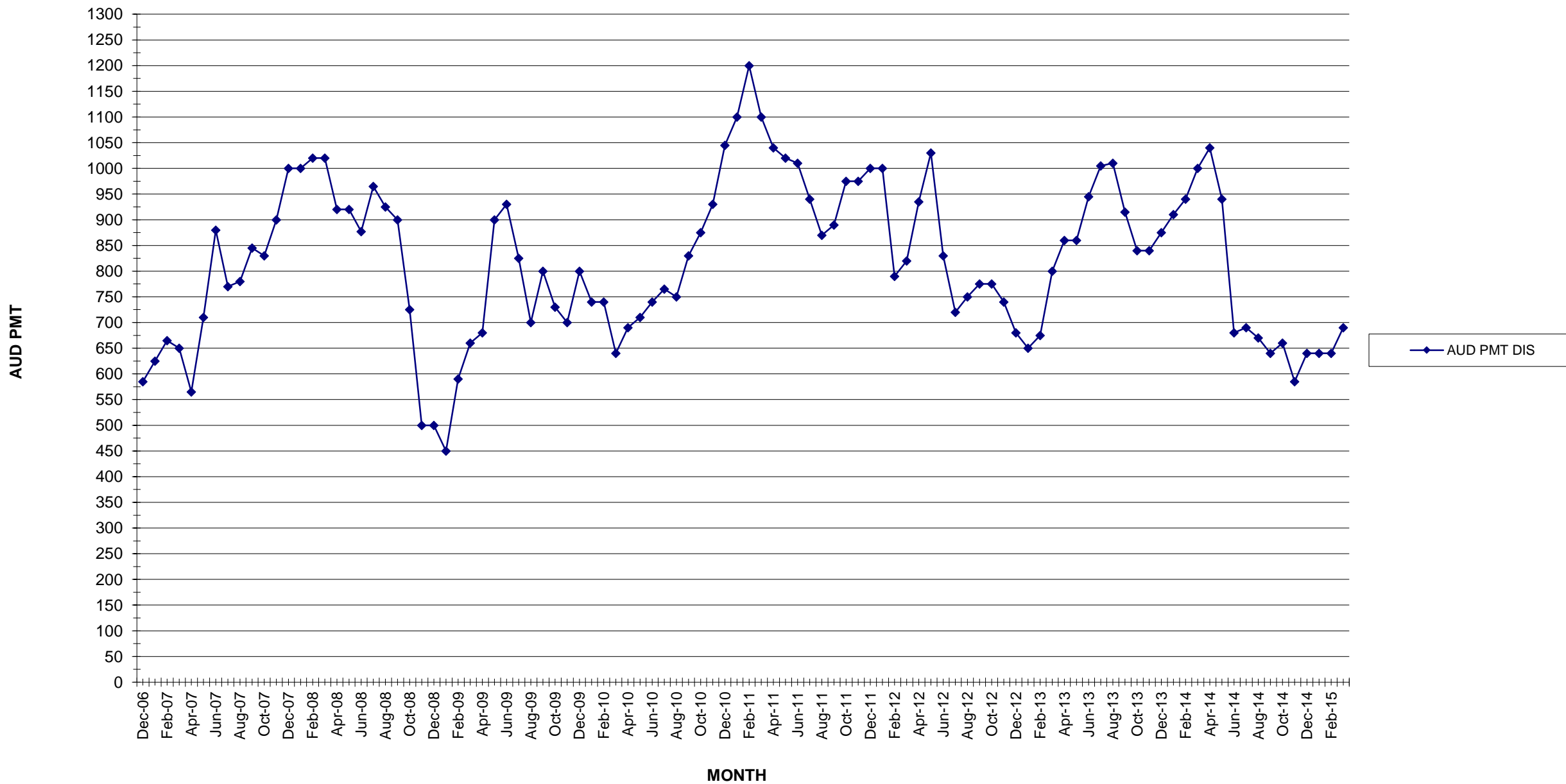
Under the Biodiesel Tax Incentive Reform and Extension Act of 2014 as it is known, the credit will only be available to biodiesel produced within the US, ruling out imports of foreign-produced fuel.

RE. USA BLENDERS CREDIT.

" ONLY AVAILABLE TO BIODIESEL  
PRODUCED WITHIN THE US, RULING OUT  
IMPORTS OF FOREIGN PRODUCED FUEL. "

2 APRIL 2014

**EAST COAST AUST. - 2% TALLOW PRICES - IN AUD - DELIVERED IN STORE - DEC. 2006 TO MAR 2015**





# Free Trade Agreement – China & Australia

<u>AUSTRALIA - CHINA FREE TRADE AGREEMENT</u>				
CURRENT CHINESE IMPORT DUTY ON AUSTRALIAN TALLOW IS LEVIED AT 4%				
EVEN THOUGH WE PAY A 4% TARIFF, THE OFFICIAL RATE IS 8%				
<u>REDUCTIONS AS FOLLOWS :</u>				
ON SIGNING : DROP FROM 8% TO 6% BUT WE STILL INCUR 4%				
YEAR 2 : DROP FROM 6% TO 4% BUT WE STILL INCUR 4%				
YEAR 3 : DROP FROM 4% TO 2%				
YEAR 4 : 0%				

SOURCE : ARA/DFAT

# References:

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- SWISHER K.J., *THE GLOBAL MARKET FOR RENDERED PRODUCTS*
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