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# The U.S. Animal Food Industry – Current Drivers

**DGTC Annual Symposium**  
**August 8, 2023**



**VOICE**



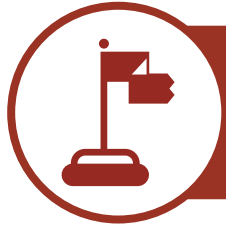
**REPRESENTATION**



**EXPERTISE**

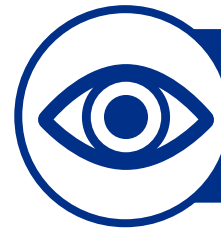


**ENGAGEMENT**



## OUR MISSION

*To be the voice of the U.S.  
animal food industry, influencing  
policy and connecting people.*



## OUR VISION

*A healthier world through  
advanced animal nutrition.*

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# ***Policy Issues Driving the Animal Food Industry***

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# Regulatory Modernization

- Requirements for the Food Additive Petition, Generally Recognized as Safe notification process and AAFCO ingredient review process
- FDA-CVM regulatory processes to expand available label claims for feed & feed ingredients
- Additional funding for CVM implementation of feed ingredient reviews for label claims.

Availability &  
Cost Effectiveness  
of Ingredients



## AMEND SEC. 201 OF THE FD + C ACT

Creates ZooTechnical  
Animal Food Substances

Production Claims  
Through Guidance

Emissions  
Food Borne Pathogens  
Alter the animal's GI microbiome  
Affect the structure or function  
of the animal in any other way

# Improvement of the Business Climate

- **Harmonized, science-based state feed laws & regulations and appropriate state fee levels**
- **Improve and strengthen the supply chain**
- **Adoption of the revised AAFCO model regulations that modernize the requirements for pet food labels**



# Feed & Food Safety

- **FDA's comprehensive inspection model compliance.**
- **Regulatory strategies, technologies & feed ingredients that reduce the risk of disease transmission.**
- **Industry driven global biosecurity guidelines to preempt unnecessary regulations.**

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# Health, Safety & the Environment

- **Maintained access to feed safety technologies - EPA reviews of formaldehyde**
- **Emerging contamination issues such as PFAS/PFOS**
- **OSHA heat illness prevention regulations**

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# Global Market Access, Competitiveness & Multilateral Affairs

- **U.S. Trade Policy**
- **Trade Resiliency**
- **Market Development  
Regulatory Support**

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# Sustainability & Climate Policy

**Update USDA Natural  
Resource  
Conservation Service  
feed management  
standard**

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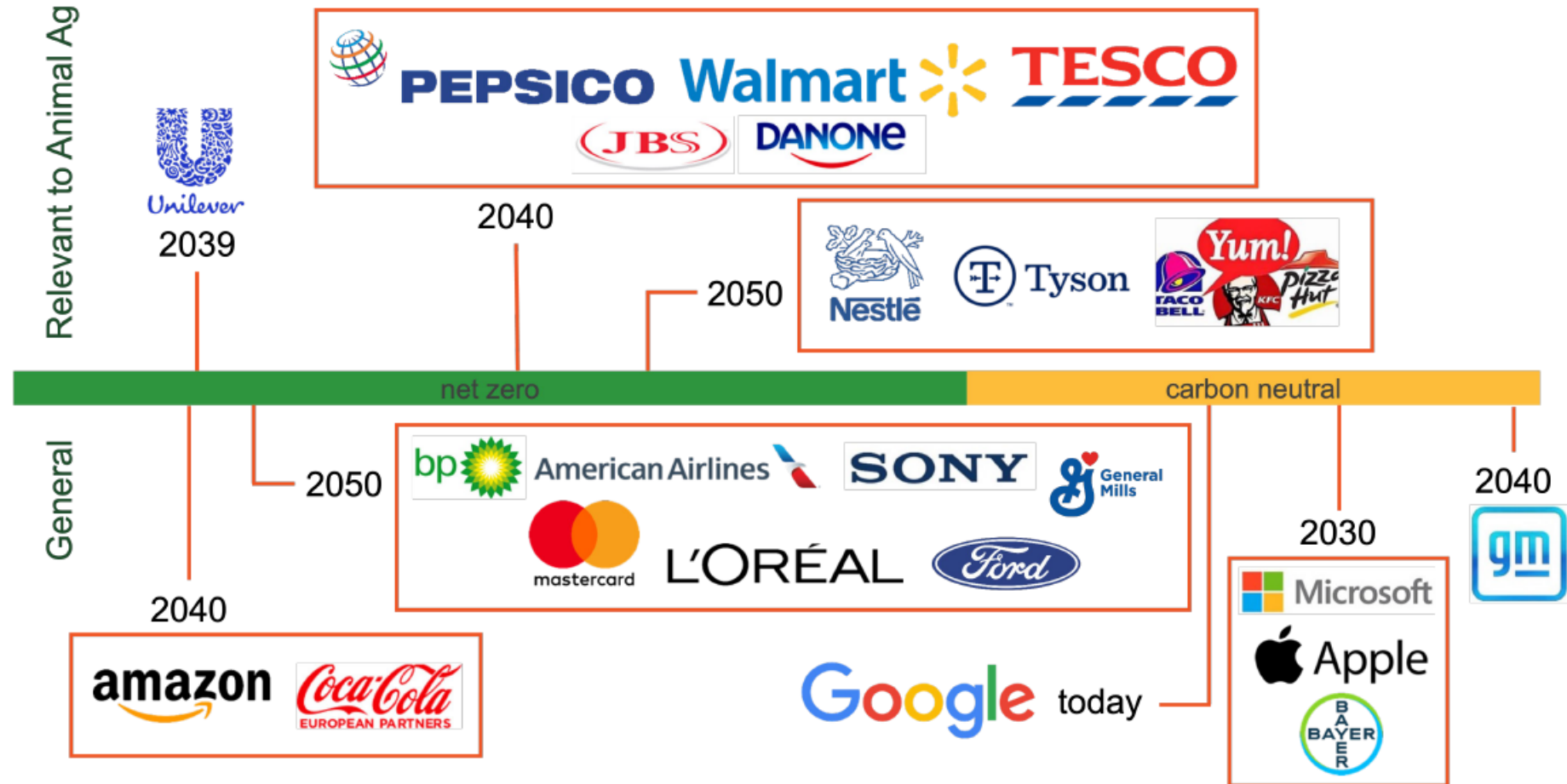


# ***What is driving the sustainability conversation in the United States?***

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# Market Forces

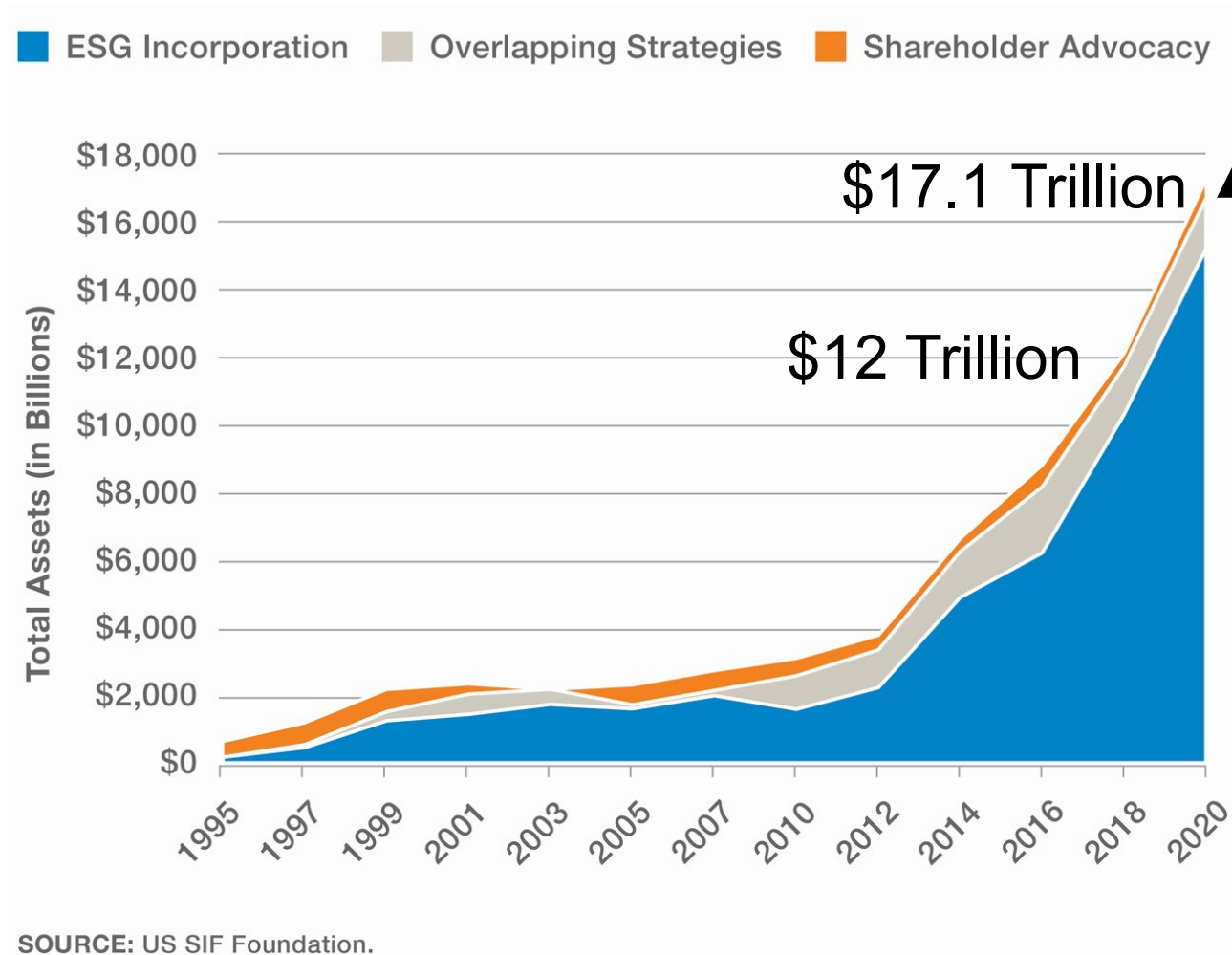


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From Kim Stackhouse Lawson, ppt. at LFS



# Sustainable Investing in the United States 1995-2020



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# “Customers Care about Sustainability and Back it up with Their Wallets”

Environmental, social, and governance-related claims can help boost growth for a variety of brand types.

Share of categories with outsize growth for products with ESG<sup>1</sup>-related claims by brand type, US,<sup>2</sup> %



Note: Among national brands, large brands comprise the top 60% of sales, medium brands are the next 20%, small brands are the next 15%, and smallest brands are the bottom 5%.

<sup>1</sup>Environmental, social, and governance.

<sup>2</sup>Outsize growth indicates categories in which the growth rate of products with sustainable claims exceeds that of products without sustainable claims.

Source: NielsenIQ

# Zeroing in on GHG Emissions

- Scope 3 emissions can account for 90-95% of a food manufacturer's emissions
- To assess and impact Scope 3, a food manufacturer must turn to its suppliers and work with the numerous ingredients, packaging, & distribution businesses in their value chains.

**Scope 1**: direct emissions from owned or controlled sources.

**Scope 2**: indirect emissions from the generation of the electricity, steam, heating and cooling bought and consumed by a reporting organization.

**Scope 3**: all other indirect emissions that occur in a company's value chain.



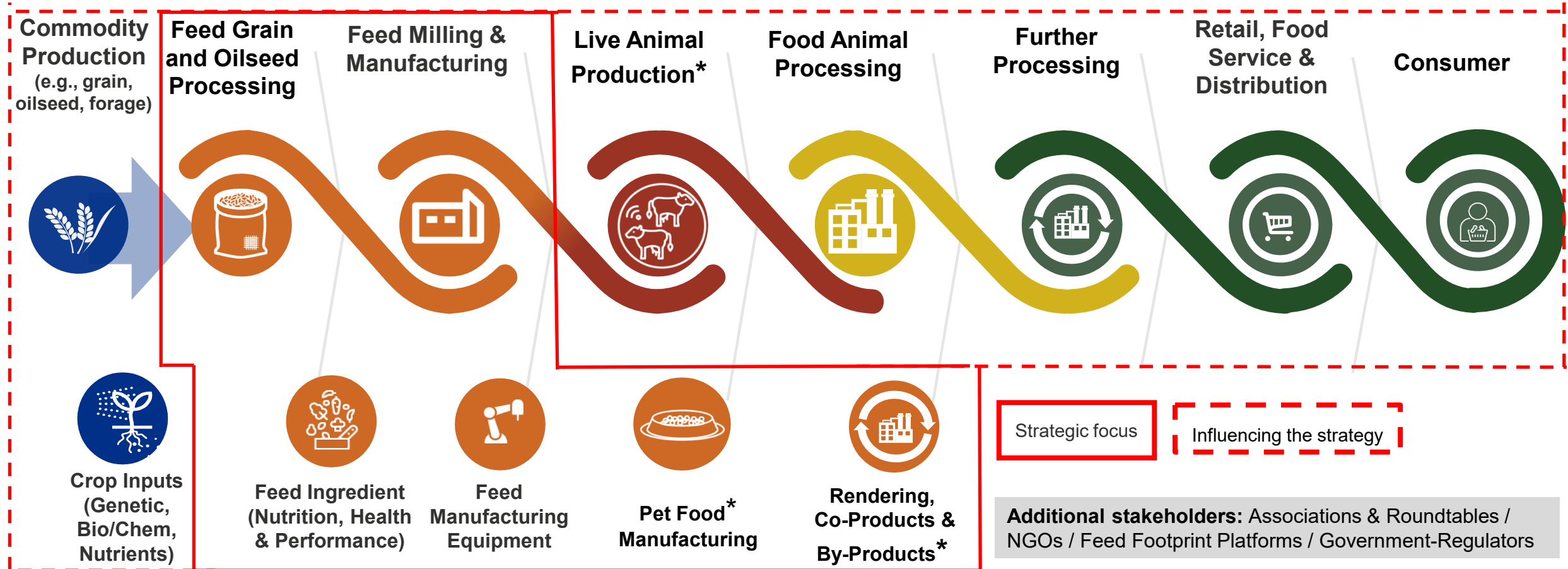
# Why Focus on Feed?





# Feed's Place in the U.S. Animal Food Industry

**Key:** ● Suppliers ● Feed industry ● Downstream customers

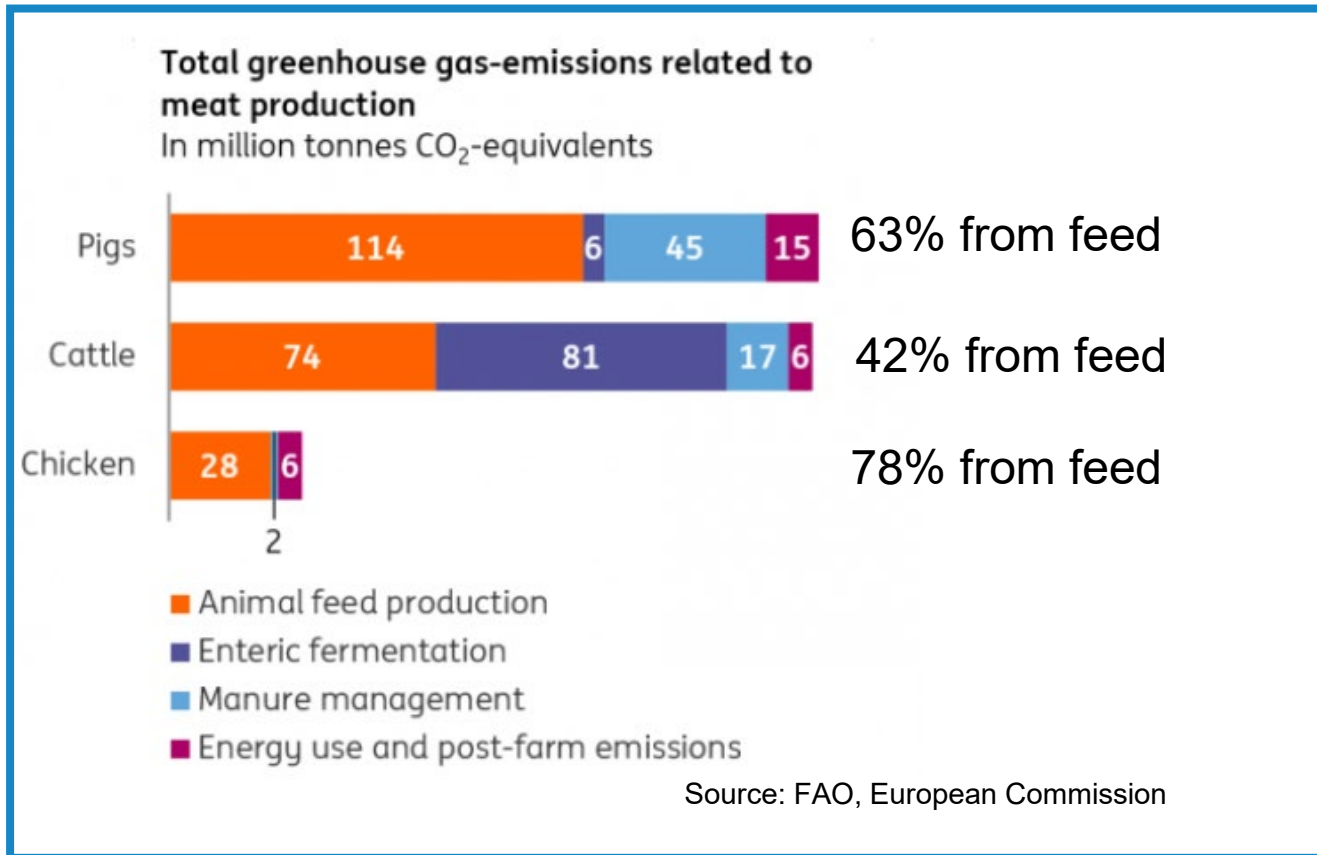


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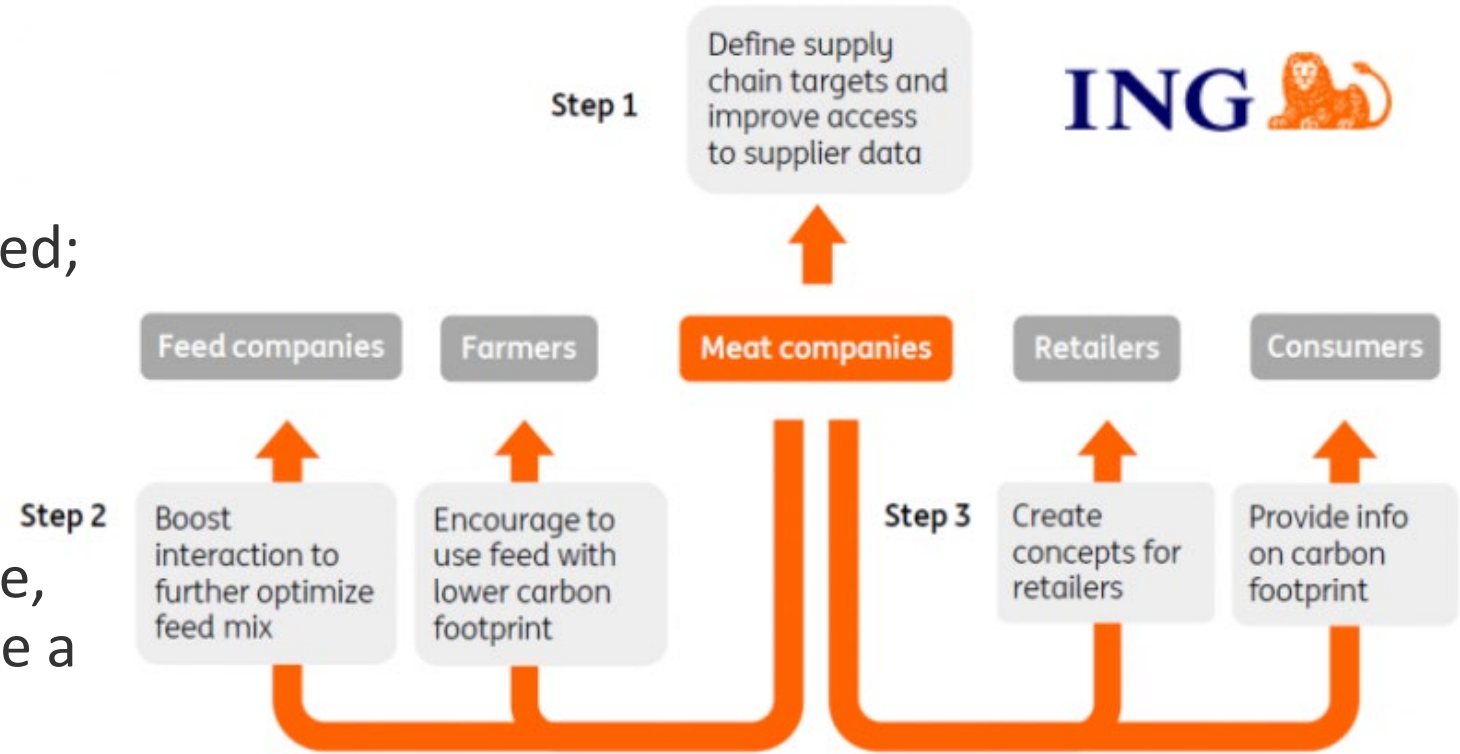
# Feed Relative to the Food Supply Chain



Consumer demand for more sustainable products & focus on Scope 3 emissions reporting means sustainability is becoming an operational issue for all parts of the feed sector.

# “The Feed Factor: Why meat companies are looking at feed to reduce emissions” by Thijs Geijer

1. Increase the share of more sustainable sources of animal feed;
2. Make use of additives to reduce methane and manure related emissions;
3. Improve the feed conversion rate, so less feed is needed to produce a kilogram of meat.



# Sustainability

**Nearly 115M tons** of feed ingredients – roughly **40%** – come from other industries

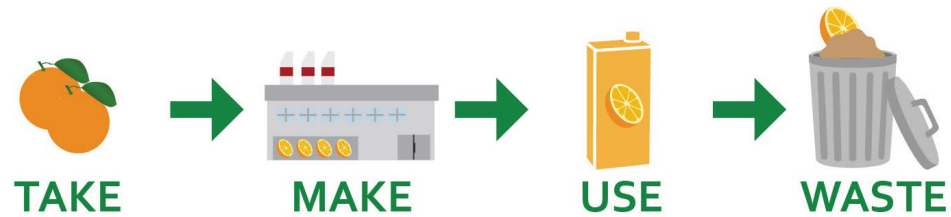


Data from:  **IFEEDER**<sup>®</sup>  
Institute for Feed Education & Research

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# Circularity



Animals are instrumental to circularity in the food supply chain



# Kipster Farms



## Netherlands Operations

- 4 barns house 24,000 hens each
- Carbon footprint of feed 50% less than standard
- 50% by-products and surplus food from commercial bakeries & other food producers
- 25 - 30% of the feed ingredients farm residues and supplements
- 10% conventional feed.

## US Operations

- Initially, 4 barns with 24,000 hens each
- 50% by-products from commercial pasta makers, distillers' grains, meat, and bone meal
- Eggs will be carbon neutral certified

# Circularity of Biologic Systems

- It's not like looking at the circularity of plastic
- Food & ag systems are challenging, material and energy flows must be coupled with production, processing, distribution and consumption
- Must consider 'material loss' when typical downstream product recovery is not possible in agricultural systems
- Complexity inherent to food and agricultural systems deserves additional focus and standardization to accurately assess their value and benefits

# Opportunities Unique to Feed

- **Land Use Change:** feed produced on land not newly converted from native habitat
- **Production Practices for Feed:** feed produced using climate smart practices
- **Feed Additives:** reduce enteric emission losses from cattle, both feedlot and grazing
- **Crop Varieties:** when grown require fewer inputs for production & nutritional components
- **Data Flow:** ability to track practice outcomes through the supply chain

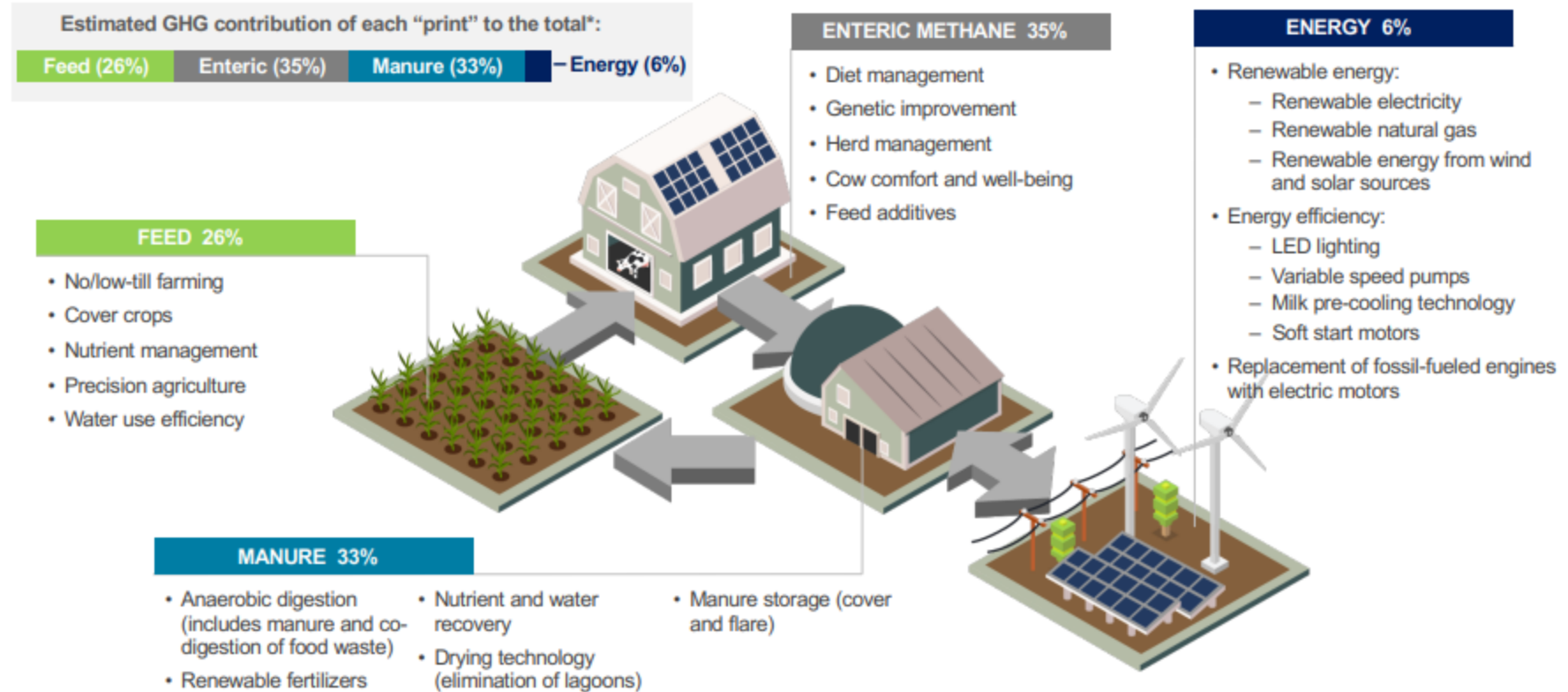


# U.S. Dairy Net Zero Initiative

## Mitigating Dairy's Environmental Footprint

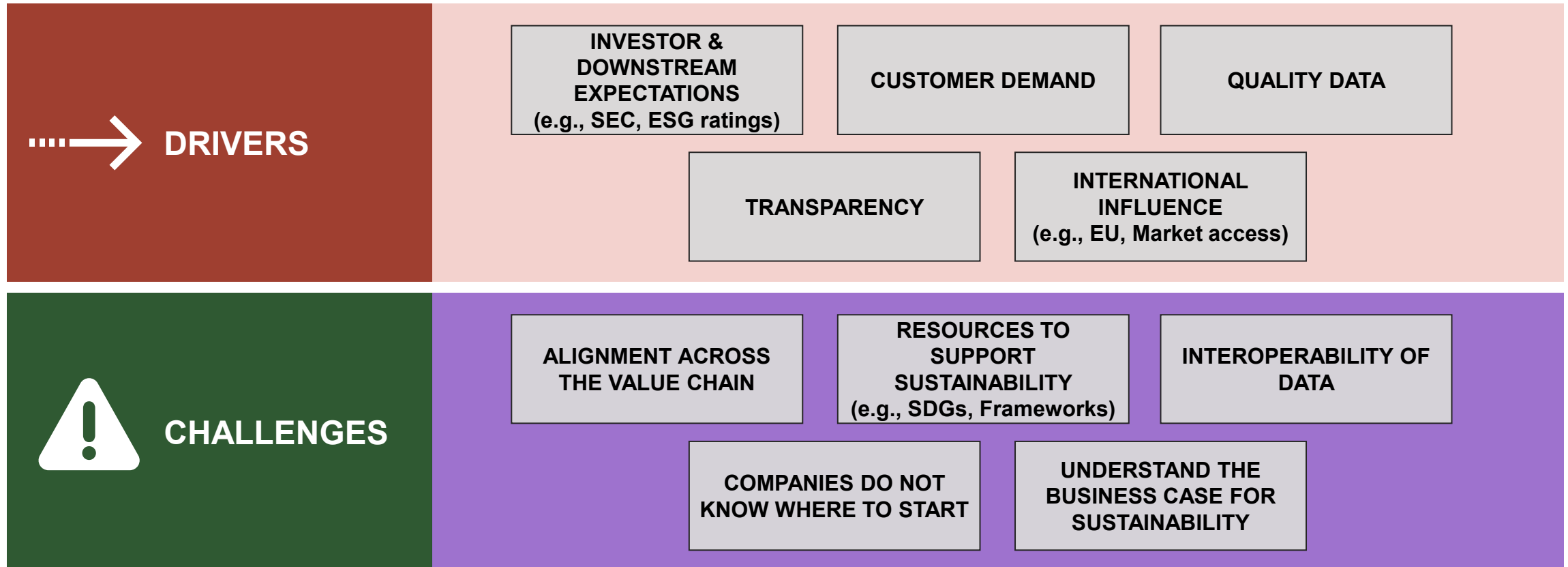
By 2050, U.S. dairy collectively commits to become carbon neutral or better, optimize water use while maximizing recycling, and improve water quality by optimizing utilization of manure and nutrients.

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# Drivers & Challenges to Advance Sustainability for the U.S. Animal Food Industry



# How does the U.S. animal food industry define sustainability?

*Sustainability in the U.S. animal food industry is defined and managed by each individual organization to deliver measurable, continuous improvements on the impacts related to people, planet and governance that are most important to them and their stakeholders.*







# Where Are the Opportunities for Collaboration?

- Productivity growth
- Circularity – by- & co-products
- Technology and Innovation
- Diverse production systems
- Diverse diets
- Coordinated messaging
- Compatible metrics and indicators



# THANK YOU

## AFIA'S 4 PROMISES



— VOICE —



— REPRESENTATION —



— EXPERTISE —



— ENGAGEMENT —

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