

Policy Background: Renewable Diesel Impacts on Pet Food Ingredients



Issue Overview

In the interest of addressing climate change, state and federal lawmakers have enacted policies that mandate the use of animal- and plant-based oils and fats for the creation of renewable diesel, and they are providing tax credits that favor these ingredients being used for fuel production instead of food for humans and pets.

The pet food industry recognizes the importance of responsible efforts to address climate change and reduce carbon emissions. However, these mandates and incentives promoting renewable fuel growth have created a crisis in supply and demand for animal- and plant-based oils and fats.

These policies have created an unfair government-driven market advantage to the energy sector and a disadvantage to companies procuring ingredients for pet food. Tax credits and mandates that favor fuel production over food production create market distortions. While other industries benefit from government mandates and reap tax credits for their commodity's use in renewable fuel, U.S. pet food makers are bearing the consequences of this disadvantaged domestic supply.

How Does Renewable Diesel Relate to Pet Food?

U.S. pet food manufacturers use a range of ingredients produced during the processing of human food, including both plant and animal products. Often, these products are not preferred or consumed by Americans and include fats, oils and meals. However, the addition of these ingredients in pet food ensures that cats and dogs are provided safe, nutritious and flavorful food.

Pet food makers rely on essential fatty acids, found in oils and fats, to formulate foods that deliver nutrients that perform key functions in dog and cat immune and visual systems, as well as supporting a healthy skin and coat. Our nation's pet food manufacturers' commitment to long and healthy lives for pets means they depend on access to dozens of animal- and plant-based oil and fat ingredients. This access is now threatened by increased demand and competition for animal protein by-products because of government tax incentives and mandates for renewable diesel.

Renewable Diesel Impact on the Pet Food Supply Chain

Surging demand for renewable diesel has recently caused prices for animal- and plant-based oils and fats to rise to double or even triple their market value, drastically increasing the cost of critical ingredients needed for pet food makers to provide dogs and cats with safe, high quality and complete nutrition. In addition to price spikes, increased renewable diesel demand has caused alarming shortages, and even rationing, of crucial ingredients that will continue until these market distortions are addressed.

This crisis in supply and demand for animal- and plant-based oils and fats comes at a time when the pet food industry is already facing unprecedented supply chain, transportation and infrastructure challenges and tight margins, which continue to threaten pet food makers' ability to meet high consumer demand and have resulted in some shortages of finished products on store shelves.

Ultimately, if these incentives and mandates for renewable diesel production continue to negatively impact the food ingredient market, pet food makers will have to make recipe formulation decisions based on ingredient access rather than on ideal pet-preferred formulation. With many pet owners in the U.S. already experiencing shortages when shopping for cat or dog food, it is expected that common pet foods will become even harder to find, or that pet food recipes will be altered, as pet food makers are forced to find new, suitable ingredients instead of the plant- and animal-based oils and fats currently used in pet food formulations.

Solution

In order to ensure that our country can feed its people and their pets first before diverting these crucial oils and fats to fuel production, we are asking Congress to take three actions:

- Pause increases in mandates and incentives until refining and production capacity of feedstocks can increase.
- Temporarily lower the Renewable Fuel Standard mandate for advanced biofuel.
- Assist with the removal or reduction of tariffs on plant and animal fats or oils imported to support human and pet food.

To ensure pets continue to enjoy their favorite recipe formulas, PFI is encouraging the pet industry and pet owners to join our ["Feed People and Pets First" advocacy campaign](#) to ask the U.S. Congress to pause any further mandates and incentives for renewable diesel that use or include the essential fats and oils historically used in pet food until the supplies of plant oils and animal fats are sufficient to fulfill both food and fuel needs without causing shortages and price increases.

About the Pet Food Institute (PFI):

Established in 1958, PFI is the trade association and the voice of U.S. cat and dog food and treat manufacturers. Our members account for the vast majority of pet food and treats made in the United States and feed 180 million pets in U.S. households. PFI members operate under regulations issued by the U.S. Food and Drug Administration and enforced by both federal and state officials. This means dog and cat owners throughout the United States and around the world benefit from science-based regulations that provide the safest animal food supply available globally.