CONTINUED INCREASE IN EDIBLE TALLOW OUTPUT ANTICIPATED

by

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Production of edible tallow in the United States rose sharply during the past decade, increasing from 94 million pounds in 1952 to an estimated 440 million in 1962 (table 22). Most of this 468 percent increase is attributable to a strong domestic demand, which is reflected in high prices. Further increases in edible tallow output are likely.

Food uses account for almost the entire quantity of edible tallow consumed domestically, although 8-9 million pounds annually are diverted to non-food uses (table 23). Shortening is by far the biggest user of edible tallow.

Edible Tallow Prices Rise Above Lard Prices

Edible tallow competes directly with lard for use in manufactured food products. Historically, the price of lard has averaged higher than that of edible tallow, although both prices closely follow the same pattern. Between

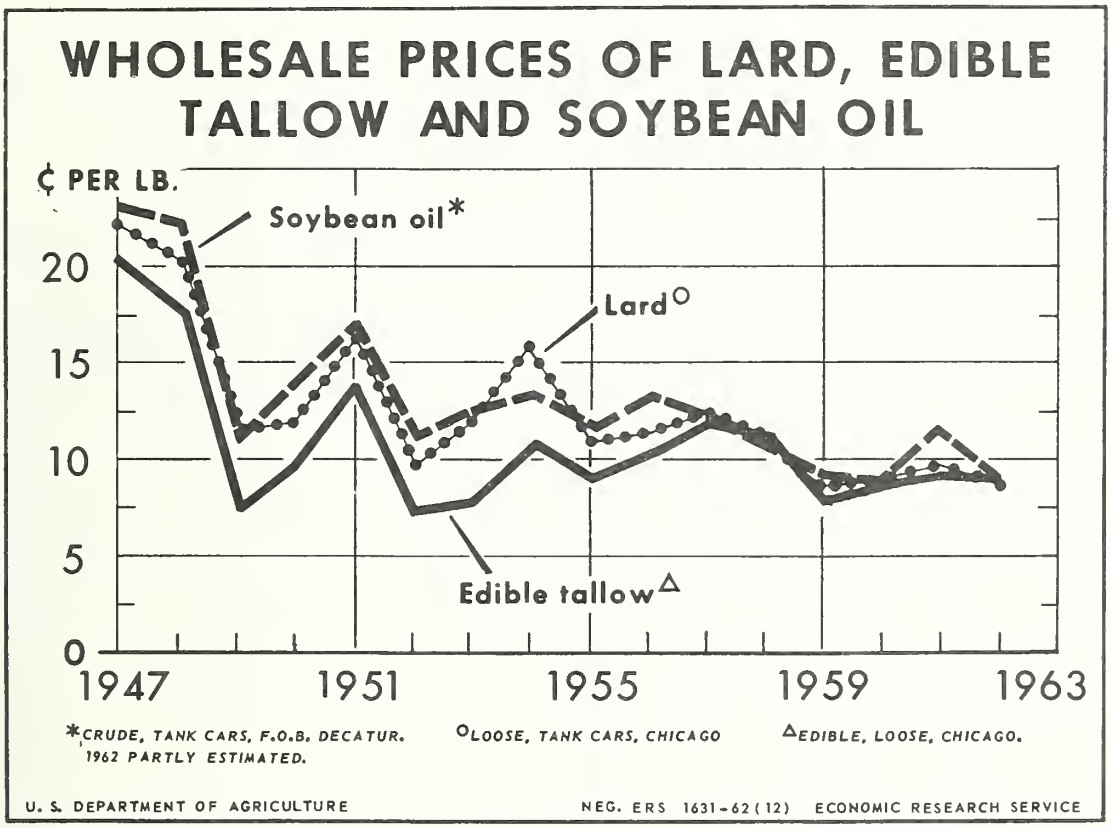

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Table 22.--Tallow, edible: Supply and disposition, 1947-62

Year	Supply				Disposition		Price per pound (loose, Chicago)
	Production 1/	Imports	Stocks January 1	Total	Exports	Domestic disappearance	
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Cents
1947	95	0	7	102	1	94	20.5
1948	70	0	6	76	1	65	17.5
1949	84	2/	10	94	26	63	7.5
1950	79	2/	5	83	6	71	9.6
1951	68	2/	7	75	6	63	13.7
1952	94	2/	6	100	11	82	7.3
1953	137	2/	6	143	20	114	7.6
1954	171	2/	10	181	15	156	10.6
1955	186	2/	10	196	8	173	9.0
1956	238	2/	15	253	20	214	10.3
1957	265	2	19	286	7	259	11.9
1958	297	1	20	318	5	286	11.0
1959	322	2/	33	355	13	319	7.9
1960	352	---	23	376	12	337	8.5
1961	435	2/	26	461	3	433	9.2
1962 3/	440	2/	25	465	5	440	9.0

1/ Reported production 1947-48, 1949-54 minus other pressing, 1955-58 minus other processing. 2/ Less than 500,000 pounds. 3/ Partly estimated.

Table 23.--Tallow, edible: Utilization, 1947-62

Year	Food uses				Non-food uses			Total domestic disappearance
	Shortening	Margarine	Other	Total	Soap	Other	Total	
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
1947	44	0	42	86	7	1	8	94
1948	29	0	32	62	2	2	3	65
1949	18	0	42	60	3	1	3	63
1950	17	0	52	69	1	1/	2	71
1951	14	1/	44	58	1/	5	5	63
1952	25	1	57	82	0	0	0	82
1953	39	1	72	113	0	1	1	114
1954	81	1/	74	155	0	1/	1/	156
1955	111	2	55	169	1	3	4	173
1956	135	3	72	210	1/	4	4	214
1957	220	6	26	253	1/	6	6	259
1958	248	5	27	281	0	5	5	286
1959	257	8	49	313	0	6	6	319
1960	268	6	54	328	0	8	8	337
1961	348	6	70	424	0	9	9	433
1962 2/	350	5	75	430	0	10	10	440

1/ Less than 500,000 pounds. 2/ Partly estimated. Totals computed from unrounded numbers.

1947 and 1955, for example, the price of lard on the Chicago market averaged 3 cents per pound above tallow. Since 1955, however, the price spread has narrowed each year, and in 1959, both products sold at an average of 7.9 cents per pound. (See chart, page 32). Since that time, edible tallow prices have remained the same as, or gone above, lard prices. In 1962, lard averaged 8.7 cents per pound, and edible tallow averaged 9.2 cents a pound.

Former Inedible Fats Now Held for Edible Tallow

Until recently, almost all edible tallow was rendered exclusively by large packers from killing and cutting fats--all under Federal inspection. Small packers, meat wholesalers, and retail stores did not have the incentive to separate and handle killing and cutting fats under Federal inspection. Thus, most fats were purchased from these sources by renderers of inedible tallow and greases.

During 1952-62, Chicago prices of edible tallow averaged about 3 cents a pound higher than for inedible tallow (bleachable fancy). In October 1962, edible tallow prices averaged 10.2 cents a pound compared with 5.6 cents for inedible tallow. This price differential provided a strong incentive for some packers and meat wholesalers to keep their federally inspected killing and cutting fats separated from inedible materials for selling to edible tallow renderers.

The recent upward spiral in edible tallow production is not attributable to meat packers but to firms that specialize in rendering edible fats such as lard, shortening, oleo oil, oleo stearin, and edible tallow. These firms purchase raw fats from many packers, meat wholesalers, and retail stores. The success of these edible fat renderers is attributable to 2 primary factors. First, they can pay higher price per pound for the raw fats than can an inedible fat renderer--if the fats come from federally inspected carcasses and are handled under approved practices. Second, the collection and rendering of a large volume lowers the average processing cost per pound.

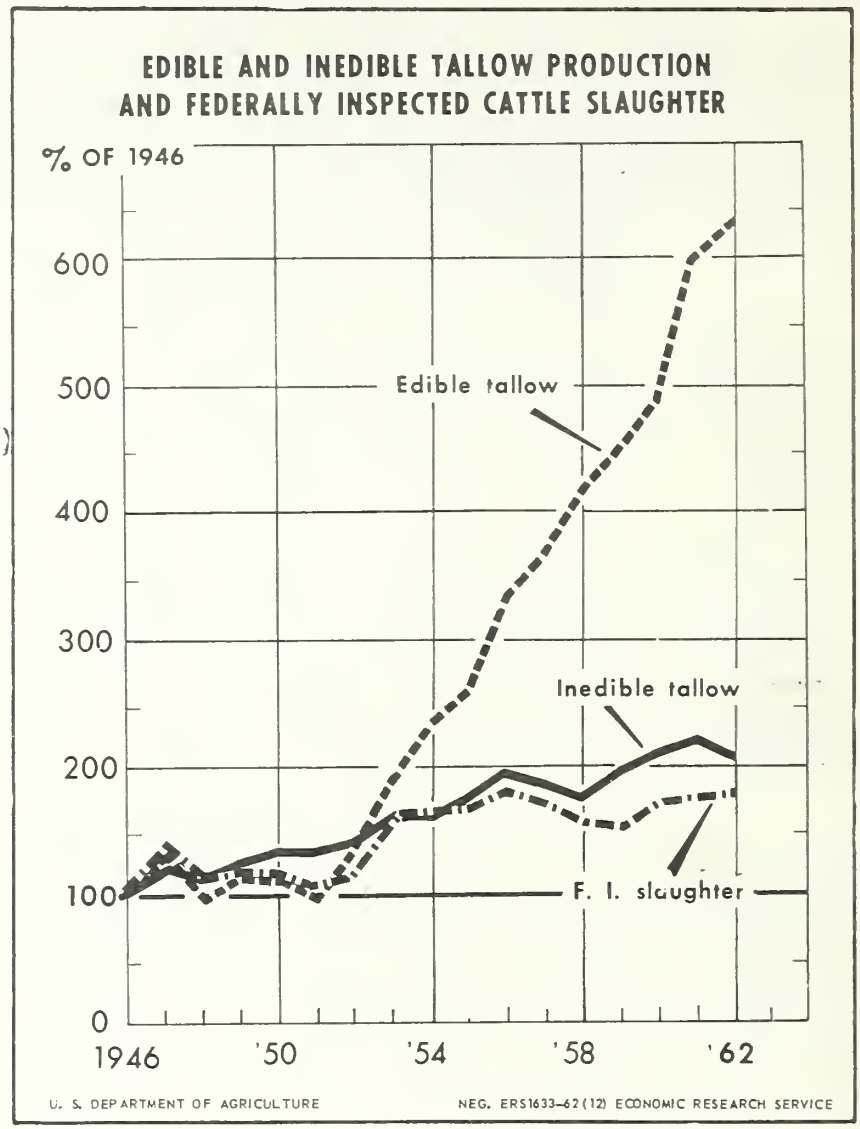
Presently, there are only a few firms in the United States specializing in the collection and rendering of edible beef fats. Recent visits and discussions with renderers by the author indicate several new edible tallow establishments will be built within the next 18 months. It appears that some of these plants will be built by renderers of inedible tallow and grease, rather than by firms presently in the edible fat rendering business.

Several inedible fat renderers recently indicated the price they must pay for good killing and cutting fats is too high for profitably making inedible products.

The total amount of beef fat available for rendering is limited by cattle slaughter, and the raw fat available for edible rendering must come from federally inspected cattle which is handled and processed under Government regulations. Thus, the supply of raw material for edible tallow is more limited than the amount for inedible tallow production. However, suet fat, a primary raw material in edible tallow production, may give a 75-percent yield of tallow

compared with a 10 to 50 percent yield from other materials. Thus a small volume of suet fat rendered into edible tallow can have a sizable effect on total inedible tallow and grease production.

During the last 10 years, edible tallow production increased by an average rate of 46 percent a year. (See chart at right) Output of inedible tallow and grease during the same period increased by about 7 percent a year, and federally inspected cattle slaughter rose about 6 percent a year. Assuming edible tallow output had increased at about the same rate as production of inedible tallow and grease, output of edible tallow would have been 159 million pounds in 1962 instead of 440 million pounds. The difference, 381 million pounds, normally would have been rendered into inedible products.



Yields of edible tallow rendered per head of federally inspected cattle slaughtered tripled since 1952. Prior to that year, production averaged about 6 pounds per head slaughtered. In 1962, 21.5 pounds were rendered per head.

Total yield of edible and inedible killing and cutting fats from an ordinary steer should produce about 90 pounds of rendered fat. Presently about 21.5 pounds are made into edible fats and 68.5 pounds into inedible fats. Production of edible tallow could easily be increased in the next few years, without increasing federally inspected cattle slaughter. Producing 43 pounds of edible fat and 47 pounds of inedible fat per head of federally inspected cattle slaughter would double present edible tallow production. A continuation of high edible tallow prices will provide the incentive for holding additional amounts of killing and cutting fats for edible tallow.

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