Methods & Opportunities for Reducing or Eliminating Trans Fats in Foods

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AAFC Objective re: Trans Fat Issue

- Task Force on Trans Fats
- Commission three studies
 - ✓ Alternatives
 - ✓ Industry Perspectives
 - ✓ Economic
- This study Alternatives
 - ✓ Methods to reduce or eliminate TFA
 - ✓ Initiatives
 - ✓ Innovative opportunities

Agenda for this Presentation

- Background
- Methods Available to Industry
- Initiatives to Reduce Trans Fats
- Innovation Opportunities
- Closing Remarks

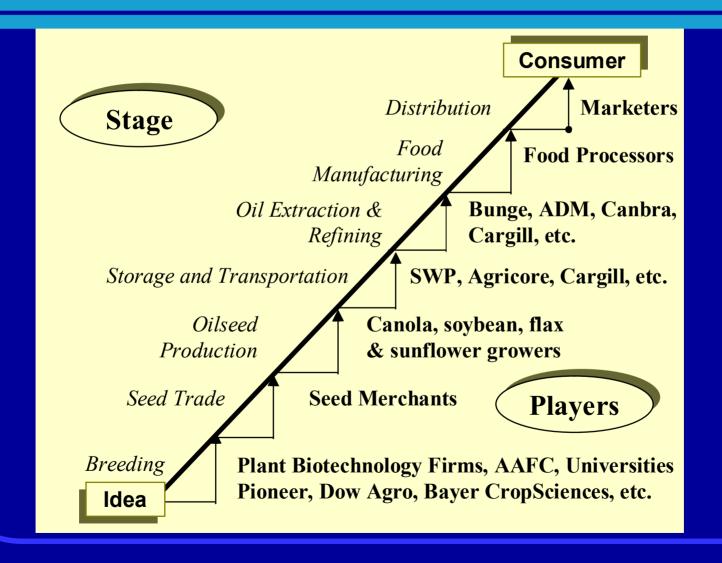
Trans Fat Issue

- Things to consider
 - ✓ Nutrition research
 - ✓ Methods & Alternatives
 - ✓ The target(s)
 - ✓ Is industry ready? How ready?
 - ✓ Solutions surmountable or pipe dream?
 - ✓ Investment *versus* benefit?
 - ✓ Communications ?
- This report Alternatives
 - ✓ Methods to reduce or eliminate Trans Fatty Acids (TFA)
 - ✓ Initiatives
 - ✓ Innovative opportunities

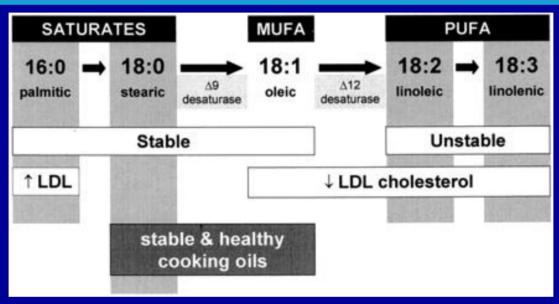
TFA Reduction – Public Health Objective

- Multi-stakeholder issue /.....opportunity?
 - ✓ Was this on the players agenda? Yes, sort of Consumer aware? Some! Are we doing it right ...??
 - ✓ 3 main players with different roles
 - ✓ Challenge to align the players with the Objective re: Authority, Responsibility, Accountability, Communications, Resources
- Food Industry
 - ✓ Practice change
 - ✓ Innovative products
- Consumers
 - ✓ Be aware of food product choices
 - ✓ Choose healthy foods and lifestyles
- Governments
 - ✓ Be certain of the science
 - ✓ Impacts of change have to understand
 - ✓ Guide via regulation, by example, by inducement (might cost \$)
 - ✓ Communicate credible and consistent message

Edible Oil Value Chains



Functional Properties of Edible Oils



- Plant breeders in late 1980s & early 1990s
 - ✓ Developed 85% 90% oleic acid varieties in canola, sunflower
 - ✓ Less fried food flavor compared to moderate 75% 80% oleic
- Recommendation by Warner et al for salad and cooking oils
 - ✓ < 3% 18:3, < 7 8% saturate, not more 80% oleic, 20 30% 18:2
 - ✓ Until recently, only high oleic low linolenic canola oil had this profile
- Balanced scorecard
 - Physical / nutritional properties; profile of unsaturate, saturate & trans FA

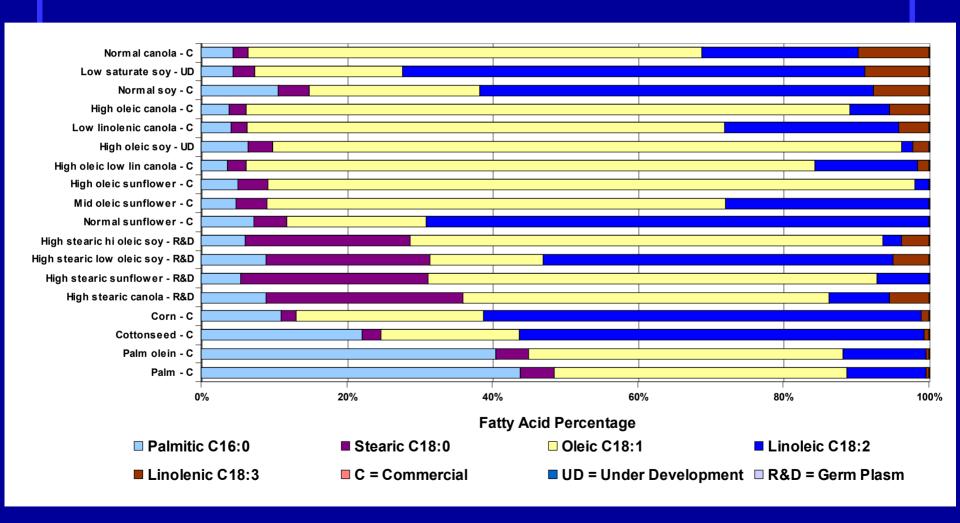
Occurrence of Trans Fats in Foods

- Innies et al of University of British Columbia, 1999
 - ✓ 200 foods in Vancouver grocery and food service establishments
 - ✓ TFA ranged from zero to over 60% of the fat in some foods
 - Margarine, convenience foods and baked goods made with shortening showed highest levels of trans fats
 - ✓ Hard margarine followed by soft margarine contained the highest levels of trans fats as a % of the total food product
- Industry making significant progress to reduce trans fats
 - ✓ USDA 2004 report of changes in TFA for selected snack foods
 - ✓ Analysis underway for other foods by USDA and Canada
 - ✓ Many food labels in 2005 in Canada declare lower to zero levels of TFA compared to Innies 1999 study
 - ✓ TFA in hard margarine and some processed foods still problems
- Innies study useful reference, but may not be indicative of TFA in foods in Canada in 2005

TFA Reduction Methods Available

- Customization of Crop Varieties
 - ✓ Genetically modified fatty acid compositions
- Fatty Acid Modification by Processing
 - ✓ Adopt existing processes
 - ✓ New Processes
- Food Formulations
 - ✓ Re-formulate
 - ✓ Replace fat in existing food products
 - ✓ New food product concepts

Fatty Acid Composition of Vegetables Oils

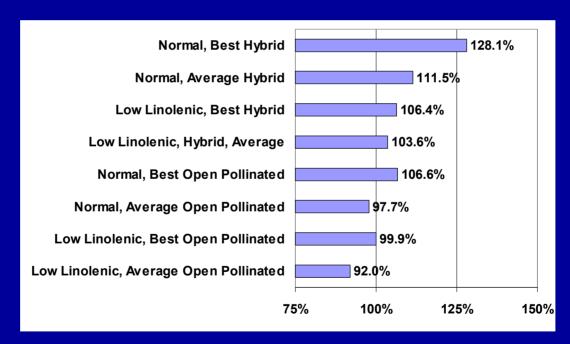


Yield of Canola Varieties & Hybrids

- Canola farm yields increased 24.5% from 1990 to 2000
 - ✓ Higher yielding varieties with better disease resistance
 - ✓ Practice change with herbicide resistance (some GMO) varieties
 - ✓ Yields now poised for further big increase with hybrids GMO

2004 Prairie Canola Variety Trials

Source: SWP



- Low linolenic varieties lower yielding than normal canola
 - Yield "lag" due to low R&D investment and fewer generations of plant improvement compared to normal canola

Issues re: Specialty Varieties

Field performance of new genotypes

- ✓ Never good initially. Low yields a very significant penalty
- ✓ Barrier to achieving TFA objective …?

Plant breeding investment

- ✓ Optimal fatty acid composition have to know which re: C16:0 versus C18:0 and ratio of C18 unsaturated fatty acids
- ✓ Breeding takes time low C18:3 mutation breeding started in early 1970s...... for Canada C18:0 hasn't started...!!!.
- ✓ Breeding takes investment \$ some firms have invested in low linelenic canola since mid-1980s ... & ... still waiting for payoff

Identity Preserved <u>versus</u> Identity Contained

- ✓ In absence of agreed standards, must Identity Contain ... ouch!
- ✓ Big costs for IP, bigger for IC, from farm to food manufacturer
- ✓ Business risks and costs of IP / IC are substantial
- ✓ All costs are borne by domestic consumer and by those selling into export markets where seller is a price taker
- ✓ Costs of IP / IC cannot be ignored. Need volume to reduce cost.
- ✓ Only so many specialty genotypes are feasible for industry

Fatty Acid Modification by Processing

Hydrogenation

- ✓ For partial hydro products, zero trans not possible.
- ✓ For 100% hydro canola or soybean zero trans but high saturate

Blending of basestocks

- ✓ Zero or low trans can be produced by blending appropriate stocks
- ✓ Difficult to get desired melting properties in plastic fat

Fractionation

- ✓ Widely used in other countries
- ✓ In palm, results in unsaturated palm olein and saturated fractions with useful melting properties
- ✓ Process demonstrated with experimental high stearic soybean oil

Use of Saturated Fats

- ✓ Domestic fully hydrogenated C18:0 canola & soybean fats
- ✓ Domestic animal fats tallow and lard
- ✓ Imported tropical oils and fats palm, coconut, babasu

Fatty Acid Modification by Processing

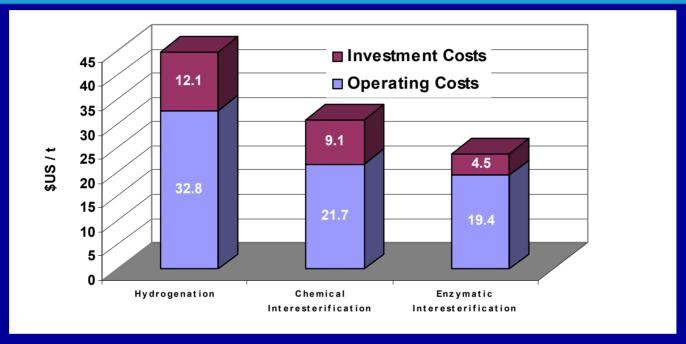
Chemical Interesterification

- ✓ Proven track record in Europe
- ✓ Fatty acids are randomized.
- ✓ Difficult to direct the reaction, but
- ✓ Range of consistencies possible for margarine, shortening and confectionary fats

Enzyme-assisted Interesterification

- ✓ More control than chemical catalysis
- Enzymes highly specific. React at lower temperatures.
- ✓ LipolaseTM lipase gene from *Thermomyces lanuginosus* cloned into *Apergillus orzyae*. Enzyme produced by submerged fermentation of a GMO.
- ✓ Economics came with immobilization and reuse of enzyme
- ✓ Novozyme / De Smet framebreaking technology
- Expect lower capital and operating costs than hydrogenation and chemical interesterification

Costs of Fatty Acid Modification by Processing



- Source Novozymes A/S, Denmark & United States
- ADM has the first commercial enzyme interesterification facility in North America at Quincy, Illinois.
- ADM's NovaLipidTM product line includes naturally stable oils, fully hydrogenated soybean fats, tropical oils, blended oils and interesterified shortenings and margarines
- USDA if > 20% stearate, label may state "high stearate" or "stearic rich" interesterified soybean oil

Food Reformulation – Fat Replacers

Reformulate foods

- ✓ Reduce TFA by reducing total fat in food
- ✓ Important option if industry must also reduce saturated fat

Lipid-based fat replacers

- ✓ Emulsifiers alter functionality of fats. Reduce fat content.
- ✓ Diacylglycerols ADM/Kao Corporation. May help address obesity.
- ✓ Medium chain triglycerides modest reduction in calories.
- ✓ Salatrim or BenefatTM short & long chain triglycerides. ~1/2 calories
- ✓ OlestraTM fatty acids on sucrose backbone. Not digested. GI issues.

Carbohydrate-based fat replacers

- ✓ Mimic properties of fats.
- ✓ Bind water, contribute bulk, mouth feel and lubricity similar to fat
- Many types starches, maltodextrin, polydextrose, inulin, hydrocolloid gums, fibres

Protein-based fat replacers

- ✓ SimpleeseTM microparticulated protein
- ✓ Provide smooth and slippery mouth feel in high moisture foods
- ✓ Not suitable for frying because of heat susceptibility

Initiatives to Reduce Trans Fat

Investment

- ✓ Solutions require \$ for replacement technologies and new products, both calling for R&D and demonstration
- ✓ Make or buy ...? Which best for Canada ...?
- ✓ Suggest place R&D and D \$ for competitive advantage

Public awareness and education – fats & oils

- ✓ Public increasingly aware of trans fats
- ✓ Public not aware plastic fats require saturated or trans fats for physical / chemical properties
- ✓ Education about saturated fats acceptable at some level?

Health benefits of low / zero trans fat products

- ✓ With low / zero trans, expect increased use of tropical oils and soy / canola stearines (fully hydrogenated C18:0)
- ✓ Is obesity mitigation a bigger issue than trans fats?
- ✓ Present TFA strategies not addressing caloric intake

Change Fats & Oils - Timeframe

• Retail salad & cooking oils, salad dressings

- ✓ Canola, soybean & sunflower extracted oils naturally low trans
- ✓ Small amount of trans produced during deodorization.
- ✓ More trans if "brush" hydrogenated soybean.
- ✓ Low linolenic canola available today, but no advantage at retail

Margarines and spreads

- ✓ Soft margarines low trans available today. Big range in polyunsaturated fatty acid composition
- ✓ Hard margarines still high trans. Low trans possible if processors ignore functionality and cost. New products in 1 3 year pipeline, but containing high C16:0 and/or C18:0

Frying oil – food service and quick service

- ✓ Heavy duty frying requires stable fats
- ✓ Low linolenic / high oleic canola & sunflower being adopted, but at higher cost and some reduced functionality /sensory properties
- ✓ Low linolenic soybean entering US pipeline. Not yet in Canada
- ✓ Dupont high oleic soybean trait approved in Canada
- \checkmark 1 3 years for product development with existing oils
- \checkmark 4 8 years for low linelenic soybean oil.

Change Fats & Oils - Timeframe

Industrial frying and food processing

- ✓ Low linolenic / high oleic canola and sunflower available today for snack frying, with acceptable functionality and sensory properties
- ✓ Potato chips, tortilla chips, frozen french fries, etc. converting to low trans. See USDA 2004 report.
- ✓ Doughnut frying and spray oils challenge for functionality.
- \checkmark 1 3 years for product development with existing oils
- ✓ 4-8 years for low linelenic soybean oil.

Baking shortenings

- ✓ Wide range of product specific functionalities
- ✓ Partial hydro & tropical oils used with trans & saturate fat content
- Fractionated and interesterified fractions are possible replacements for trans
- ✓ Formulation challenge for low trans replacements for All Purpose Shortening, Emulsified Shortenings, Pastry Roll-ins where specific functionalities required.

New Processing Techniques - Timeframe

Hydrogenation

- ✓ Mature technology. Available today
- ✓ Must use to make fully hydrogenated C18:0

Blending

- ✓ Mature technology. Available today
- ✓ Relies on imported tropical oil & fully hydro fats

Fractionation

- ✓ Mature technology. Investment and learning needed if selected
- ✓ Relies on imported tropical oil & fully hydro fats
- ✓ Use with "high stearic" soybean or canola oils, if become available

Chemical Interesterification

- Mature but improving technology. Investment and learning needed if selected
- ✓ Rely on full suite of oils and fats

Enzyme Interesterification

- ✓ Emerging technology. Investment and lots of learning needed if selected.
- ✓ Rely on full suite of oils and fats
- ✓ Technology of choice to reduce or eliminate trans fat
- ✓ Many product potentials in addition to trans fat mitigation.

New Genetics - Timeframe

Low linolenic / high oleic genotypes

- ✓ Canola. Yield improvements essential. Available today from Canadian production.
- ✓ Sunflower. Canadian production possible. Available from US production.
- ✓ Soybean. Only now entering US pipeline.
 Canadian production possible with focused effort in 4 8 years.

High stearic canola / soybean

- ✓ Emerging technology.
- ✓ Substantial and accelerated investment in plant breeding needed to realize commercial varieties in 8 years.

Regulation

Principal areas

- ✓ Novel foods Health Canada
- ✓ Novel plant traits Plant Biosafety Office, CFIA
- ✓ Variety registration Seed Section, Plant Product Division

Impacts

- ✓ Generally strong support of consumers and industry
- ✓ But, with impacts on innovation and investment attraction
- ✓ Facilitative role by lead agencies might help advance solutions quickly re: trans fats migitation

Innovation Opportunities

Fat replacement

- ✓ Emulsifiers key ingredient
- Nutraceutical lipids
 - ✓ Structured lipids by interesterification
- Membrane technologies
 - ✓ Novel processing for fat conversion
 - ✓ Squeeze cost out of processing
- Novel Hydrogenation
 - ✓ Electrochemical
 - ✓ Enzyme-assisted
- New Types of Food Products
 - Novel thermal processes to replace traditional cooking, frying & baking
 - Replace traditional products

Closing Remarks

Trans fat reduction objective

- ✓ Transforming oil and fat chemistry and processing
- ✓ No drop-in solutions that apply across the board
- ✓ Transformational change must be systemic
- ✓ Solutions at different levels involving multitude of players
- √ Need support of consumers

Progress

- ✓ Good progress being made by industry
- ✓ Challenges remain
- ✓ Investment needed in technology, R&D & learning

Technical Solutions

- ✓ Involve mutation and transgenic plant breeding, with
- ✓ Transgenic enzyme production, with
- ✓ Innovative process engineering, with
- ✓ Innovative food science and food product development
- ✓ Potentials beyond trans fat

Nutrition Targets

- √ Validation important -
- ✓ Maintain consumer support, and
- ✓ Continue to attract investment