



The European Oleochemicals &
Allied Products Group

POSITION PAPER

September 2020

APAG CONTRIBUTION TO THE INCEPTION IMPACT ASSESSMENT “REVISION OF DIRECTIVE (EU) 2018/2001 ON THE PROMOTION OF THE USE OF ENERGY FROM RENEWABLE SOURCES”

The European Oleochemicals & Allied Products Group (APAG), a sector group from Cefic, welcomes the forthcoming revision of the Renewable Energy Directive by the European Commission.

APAG is a long-established sector of the European bioeconomy. Since the early 19th century, the oleochemical industry has been using rendered animal fats and vegetable oils to manufacture bio-based products used for candles, paints, detergents, cosmetics, pharmaceuticals and many other applications. Our industry continues to innovate and invest in sustainable technologies, such as biodegradable lubricants and plastic additives.

The oleochemical industry is an enabler of circular economy and an example of industrial symbiosis: our industry upgrades rendered animal fats (cat3), a by-product coming from the meat processing and rendering industry, into a large variety of bio-based products which, in turn, are used by other industrial sectors. As a result, our industry keeps renewable raw materials in the loop.

APAG believes that the development of EU energy-related policies should not artificially displace raw materials from high-value uses such as in animal feed and oleochemical products to biofuels. Therefore, and as described in Recitals 21, 37 and in Article 3(3) of the Directive, any development of this legislation should take into account the principles of the waste hierarchy established in the Directive 2008/98/EC, the Union sustainability criteria, and the need to ensure that the Annexes in RED II do not create additional demand for land and does not cause significant distortive effects on markets of by-products.

The announced revision of the directive is an opportunity for the European Commission to further clarify Article 3(3) on how Member States shall apply notably the requirements established in Articles 28 and 29 of the directive, in relation to feedstocks of which their energy value can be counted twice when used in producing biofuels. Additionally, the revision is the opportunity to make the sustainability criteria under Articles 28 and 29 clearer and less subject to interpretation on which feedstock can be selected to produce advanced biofuels.

The availability of rendered animal fats is limited and directly linked to meat consumption; diverting rendered animal fats to biofuels production would inevitably lead to shortage in the availability of the feedstock for the oleochemical industry, and others such as the animal feed sector. This situation, if not further clarified, will have negative environmental, economic and social consequences.

APAG

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EU Transparency Register n° 64879142323-90



The unavailability of rendered animal fats cat. 3 would lead the oleochemical industry to substituting rendered animal fats with palm oil, the closest substitute in terms of chemical properties and functionalities. This would, not only damage the competitiveness of European-based oleochemical industry in favour of the palm oil-based South East Asian oleochemical producers, but also put additional pressure on the acreage of land used for palm oil production and lead to an increase of indirect emissions caused by indirect emissions as a consequence of the increased imports of palm oil from South East Asia. APAG wish to invite the European Commission to consider converting this directive into a regulation. This would provide higher certainty planning reliability for all stakeholders including the oleochemical industry, would minimise the risk of market distortion on industry sectors which use feedstocks considered for use by the biofuels sector and the potential for frauds.

APAG Messages

- **The European oleochemical industry, enabler of circular economy, contributes to the goals of Green Economy.**
- **Chemical alternative for animal rendered fat being palm oil, this would lead to increase of palm oil use.**
- **The competitiveness of the European oleochemical industry would be seriously affected by the incentivisation of the use of animal rendered fat cat. 3 for biofuels.**

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About APAG

The European Oleochemical Industry is a long-established sector of the European Bioeconomy. Since the early 19th century, the oleochemical industry has been using rendered animal fats and vegetable oils to manufacture bio-based products used for candles, paints, detergents, cosmetics, pharmaceuticals and many other applications. Our industry continues to invest in sustainable technologies: for instance, oleochemical products are used to de-ink used paper to **enable recycling**; they are also used to **de-ice airplanes** as an alternative to fossil-based materials.

To discover more on the oleochemical industry, go to our [website](#)

Disclaimer

While contributing to this consultation we remain very aware we are all still experiencing unprecedented times, with industry, governments and institutions around the world taking major actions to address the Covid-19 crisis, and introducing large-scale policies which will have significant impacts for years to come. We will continue to support Europe's Member State governments and institutions in their efforts to overcome the socio-economic impacts of the crisis.

When investing for the future, industry, governments and institutions will have to ensure investments align with the policy targets of a climate neutral Europe by 2050. All this also means that the attractiveness of Europe as a re-investment destination, and re-shoring industry back to Europe, will depend more than ever on a favourable policy framework that manages ever-growing differences between the world's regions. We look to the European Commission to undertake the appropriate assessments and to include these wider considerations in the future framework that will be developed.