



The European Oleochemicals & Allied
Products Group



European Committee of Organic Surfactants and their
intermediates

Position Paper

February 2022

APAG & Cesio views on the Commission's proposal to curb deforestation and forest degradation

APAG & Cesio Key Messages

- APAG and Cesio, two traditional sectors of the European bioeconomy, are **committed to the sustainability of renewable feedstock** used by our Industries. Our members have been using natural oils and fats, including palm and palm kernel oils as key feedstocks for over 30 years, turning these oils into valuable bio-based chemicals used for key products in our daily lives.
- These two sectors are prepared to **contribute to the further improvement of the sustainable sourcing of palm and palm kernels oils** to secure continuous and sustainable supply to both sectors taking into consideration their environmental, economic and social sustainability aspects.
- Both industries have a combined turnover exceeding €8 billion a year, employing over 18.000 people in Europe.
- Palm and palm kernel oils are mainly sourced from Southeast Asia and have been strongly associated to deforestation and forest degradation.
- **Replacing palm oil and palm kernel oil by other oils will not solve the problem.** A move away from these oils means that more land-hungry alternatives are produced, worsening deforestation and forest degradation. Alternative vegetable oils do not meet the chemical and technical requirements for applications which palm and palm kernel oils offer.
- Palm and palm kernel oils are liquid goods unlike wood, coffee and cocoa beans, making traceability requirements more complex. **Traceability to (palm oil) mills is currently the most effective tool in place which can secure a sustainable supply-chain, complemented by due diligence requirements** described in Articles 8-12 of the proposed regulation.
- **The due diligence requirements should rest with the first importer into the EU market (operators and/or traders).** The role of EU customs authorities will be key to ensure compliance.
- **A rigid country benchmarking system** will lead to producing countries supplying to other markets of the world.
- **Not including palm and palm kernel oils derivatives in the scope of the proposal will shift production of oleochemicals outside of Europe** putting our industry – a key player of the European bioeconomy – at risk.
- Europe is leading the climate change journey and **engaging with producing countries** in the framework of the FTA negotiation but also with other industrialised nations (such as Glasgow Climate Pact).

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A sector group of Cefic 

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APAG and Cesio, two sector groups of Cefic, welcome the Commission's proposal to minimise the risk of deforestation and forest degradation associated with products placed on the EU market¹.

APAG and Cesio, two traditional sectors of the European bioeconomy, are committed to the sustainability of renewable feedstock used by our Industries. This principle is the essence of a bio-based economy. Our members have been using natural oils and fats, including palm and palm kernel oils as key feedstocks for over 30 years, turning these oils into valuable bio-based chemicals used for key products in our daily lives.

These two sectors of the chemical industry are prepared to contribute to the further improvement of the sustainable sourcing of palm and palm kernels oil to secure continuous and sustainable supply to both sectors taking into consideration their environmental, economic and social sustainability aspects. Palm and palm kernel oils are mainly sourced from Southeast Asia and have been strongly associated to deforestation and forest degradation. Over the years, many efforts by industry and NGOs have been put in place to stop environmental impacts and improving traceability of the supply chain.

Whilst the Commission's proposal to curb deforestation and forest degradation reflects EU's commitment to sourcing only deforestation-free products into the EU market, we would like to draw attention to the following aspects:

Replacing palm oil and palm kernel oil by other oils will not solve the problem². Alternative sources of vegetable oils used in the oleochemical and surfactant industries include vegetable oils such as coconut, rapeseed and sunflower oils. These oils are not chemical alternatives. They do not meet the technical and chemical requirements for consumer applications which palm and palm kernel oils offer³.

The yield given by palm and palm kernel oils is unequalled⁴. A move away from these oils means that more land-hungry alternatives are produced, worsening deforestation and forest degradation.

Palm oil and palm kernel oil are liquid goods unlike wood, coffee and cocoa beans, making traceability requirements more complex. Traceability to (palm oil) mills is currently the most effective tool in place which can secure a sustainable supply-chain, complemented by relevant due diligence requirements described in Articles 8-12 of the proposed regulation.

Palm plantations are a mix of large plantation and smallholders which adds even more complexity to the supply chain requirements. There are ca. 2000 palm oil mills globally, each supplied by often hundreds of palm fruit suppliers. Of these suppliers, on average 40 % are smallholders. All plantations (large or small) are typically located within a 50 km radius as palm fruits need to be processed within 24 hours of harvesting. For Palm kernel oil, an additional step for crushing the kernel needs to take place.

The due diligence requirements should rest with the first importer into the EU market (operators and/or traders). The role of EU customs authorities will be key to ensure compliance.

¹ Proposal for a Regulation of the EP and of the Council on the making available on the Union market as well as export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/2010; (COM(2021) 706)

² WWF Study 2016, Palm Oil Report Germany, Searching for Alternatives

³ [Oil palm and biodiversity](#), IUCN, 2018

⁴ Meijaard, E. et al. (2018). [Oil palm and biodiversity](#): a situation analysis by the IUCN Oil Palm Task Force

A rigid country benchmarking system will lead to producing countries supplying to other markets of the world, where deforestation-free programs are not in place. Not only this would not meet the scope of the proposed regulation – stop deforestation and forest degradation – but it deprives European bio-based oleochemical and surfactant manufacturers from access to feedstocks.

Not including palm and palm kernel oils derivatives will shift production of oleochemicals outside of Europe putting our industry – a key player of the European bioeconomy – at risk. Shifting production of our substances to other parts of the world where very few commitments on sustainable sourcing are in place, will shift deforestation and forest degradation to other geographical areas.

Our members are committed to a transition to a deforestation-free supply chain and for over 15 years have been promoting, and continuously improving sustainability schemes - such as RSPO⁵, the most recognised and accepted certification scheme by consumer industries and NGOs.

Europe is leading the climate change journey and **engaging with producing countries** in the framework of the FTA negotiation but also with other industrialised nations (such as Glasgow Climate Pact). These partnerships need to be strengthened to secure an effective plan to prevent further deforestation and continue to secure a level playing field for all parties involved.

This should be complemented by yearly revision of the implemented measures (instead of the current five-year revision proposal) to minimise negative unintended consequences upon all parties – from industry to smallholders.

Conclusion

Industry supports schemes which promote the sustainability of palm and palm kernel oils and is keen to work with the European Commission to steadily improve sustainability schemes, monitoring frameworks and ensure clean supply chains. Any developments should take into consideration any improvements and build upon existing schemes.

Any scheme imposing sustainability requirements upon the imports of these oils (palm, palm kernel) should apply to the imports of all derivatives imported in the EU.

Failing to do so will create distortion of trade and seriously affect the competitiveness of the European manufacturing industry. It would encourage the delocalisation of the manufacturing to Southeast Asia (or other palm producing countries) and would not address deforestation and forest degradation.

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 to manufacture bio-based products used for candles, paints, detergents, cosmetics, pharmaceuticals and many other applications.

Our industry continues to invest in sustainable technologies enabling the development of a circular bioeconomy: for instance, oleochemical products are used to de-ink used paper to enable recycling and to de-ice airplanes as an alternative to fossil-based materials.

For more information visit our website www.apag.eu or visit our [LinkedIn page](#)

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CESIO (the European Committee of Organic Surfactants and their Intermediates) is an industry association that represents manufacturers and marketers in the European surfactants industry. CESIO contributes to better understanding of surfactants and the many ways in which they contribute to economic development and quality of life; and addresses specific issues relating to human health and the environment in order to sustain their beneficial contribution to society. Surfactants have a wide range of end-uses including in household detergents, personal care formulations, industrial and institutional washing and cleaning, as well as technical applications in textiles, leather and paper treatment, agrochemicals, the metal, mining and oil industries, and in plastics, lubricants, paints and coatings.

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⁵ [RSPO - Roundtable on Sustainable Palm Oil](#)