The European Oleochemicals & Allied Products Group

Press release

RED III: European Oleochemical Industry supportive of stronger measures to counteract market distortion

Brussels 15 September 2022 – APAG, the European Oleochemicals Industry, welcomes the adoption of the European Parliament's position on the review of the Renewable Energy Directive II (RED III) and the ambitious headline target of at least 45% renewable energy in 2030. We are pleased that MEPs strengthened several points intended to counteract market distortion: the assessment criteria for Annex IX, the cascading use principle and the waste hierarchy as well as increased action on feedstock fraud.

"We believe the additional criteria proposed by MEPs would sharpen the review of Annex IX feedstocks, especially avoiding market distortion based on actual and future feedstock availability. Animal fats category 3 are not listed in Annex IX, but we have seen significant pressure on them since 2018. The European Oleochemical Industry would strongly disagree with adding animal fats category 3 to Annex IX." – Sofia Ferreira Serafim, manager of APAG

Strengthening the cascading use principle and the waste hierarchy is a great means of counteracting market distortion. Extending the application of the cascading principle beyond the application to forest biomass to all feedstocks eligible as biofuels under RED III, would increase the level playing field for bio-based feedstocks.

"Applying the cascading use principle and the waste hierarchy widely would ensure the development of biofuels from wastes rather than add to competition with historic uses in the bioeconomy sector, such as oleochemicals. Without access to animal fats category 3, several bio-based alternatives to fossil fuel-based products will cease to exist." – Andreas Holzner, Chair of the oleochemical industry's (APAG) RED task force

We are particularly supportive of the proposed increased measures to counteract fraudulent accounting and tracking of biofuel feedstocks. An issue that is closely related to one of the European Oleochemical's key feedstocks: animal fats category III.

For more information please contact:

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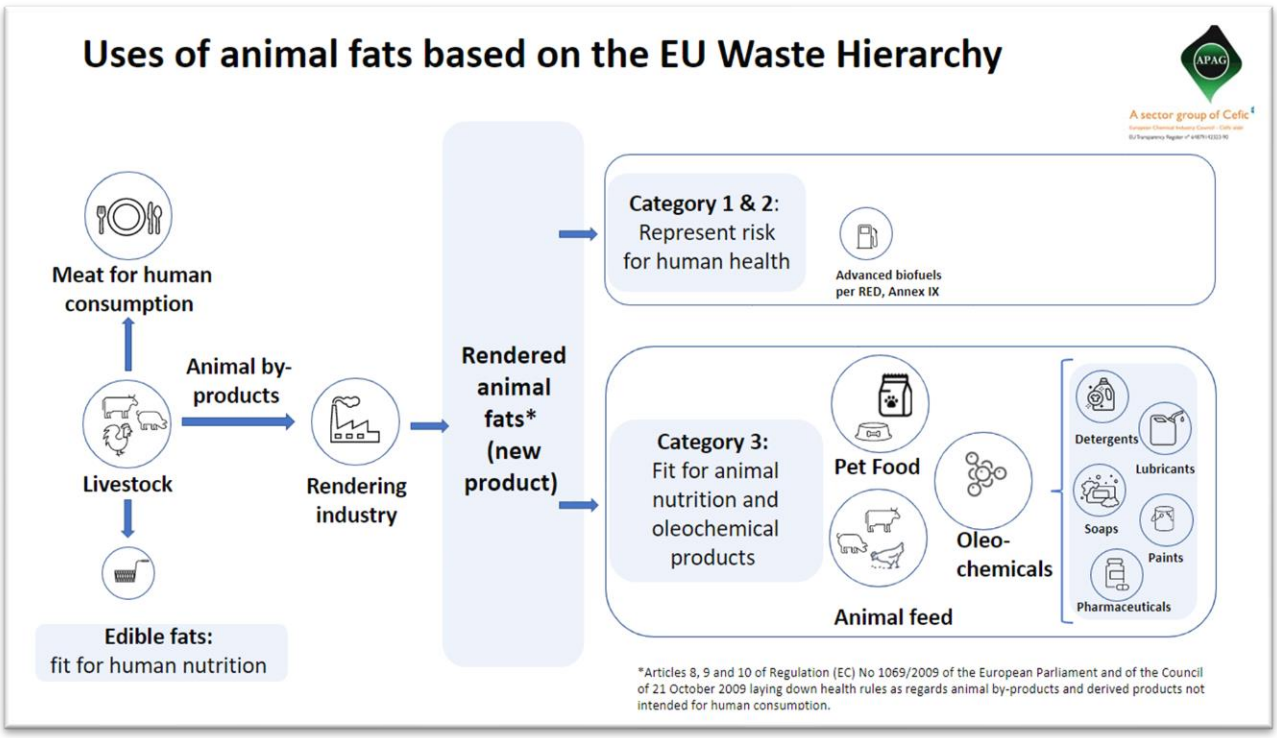
About APAG
The European Oleochemical Industry is a long-established sector of the European Bioeconomy. Since the early 19th century, the oleochemical industry has been using rendered animal fats and vegetable oils to manufacture bio-based products used for candles, paints, detergents, cosmetics, pharmaceuticals 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.

Background information



What happens if we no longer have access to rendered animal fats cat 3?

In short, a lack of sufficient feedstocks.

With demand for bio-based products is increasing, the availability of feedstock for oleochemical industrial remains crucial.

The share of rendered animal fats used for biofuels has increased by more than 500.000 tons over the past decade, while the share available for oleochemicals and the animal feed sector has constantly decreased.

If rendered animal fats cat 3 are added to Annex IX of RED II, this trend will accelerate, raw material markets be distorted, conversion to biofuels favoured, and equal access to rendered animal fats for the oleochemical industry will irrevocably be lost.

What are the consequences of this shortage in animal fats?

Only with competitive access to our raw materials, we can continue to produce sufficient bio-based chemicals to support the European Commission's goal to reach a truly circular economy.

The European Oleochemical industry is a key player of the bioeconomy and employs ca. 10.000 people. If locally sourced materials are no longer available, part of this pioneer industry will slowly disappear, and production will leave Europe. This will further increase pressure on global supply chains.