



APAG views on the proposal for FuelEU Maritime Regulation

The European Oleochemicals & Allied Products Group (APAG) welcomes the Commission's proposal for the FuelEU Maritime Regulation. To ensure that such proposal is coherent with circular economy principles, the Union Sustainability criteria and the waste hierarchy, we call for a level playing field between the different uses of biomass such as for maritime biofuels and bio-based chemicals. Therefore, we would fully support a more ambitious approach regarding sustainable shipping biofuels and encourage to follow the same criteria as under the RED III and the ReFuelEU.

APAG Key Messages

- The European Oleochemicals & Allied Products Group (APAG) welcomes the Commission's proposal for the FuelEU Maritime Regulation. As we fully support the European Union's intention to reduce emissions from shipping and would support a more ambitious approach on biofuels, modelled after the Renewable Energy Directive, including:
 1. a **definition of "advanced biofuels for shipping"** modelled after the example of advanced biofuels under the Renewable Energy Directive (RED II); and
 2. coherence with **Union Sustainability Criteria, cascading use principle and waste hierarchy**, to minimize distortive effects on the biomass raw material market and harmful impacts on biodiversity.
- The **competitiveness of the European oleochemical industry is at risk due to the diversion** of animal rendered fats cat. 3 for biofuels for all modes of transport, with regrettable environmental impact as the **only chemical alternative for animal rendered fats cat. 3 is palm oil**. The **availability of EU-sourced raw materials** is one of the major aspects that contributes to the success of our industry.
- The European Oleochemical Industry is a **pioneer and well-established sector of the European Bioeconomy; enabler of circular economy and contributes to the objectives of the European Green Deal** by keeping valuable by-products such as rendered animal fats cat. 3 in the loop and **creating jobs in Europe**.
- Since the early 19th century, the Oleochemical Industry has been using **rendered animal fats cat. 3 and vegetable oils to manufacture bio-based products** used for detergents, lubricants, food additives, pharmaceuticals, wire insulation in electronics, paper coatings and many other applications.
- The turnover of our industry **exceeds €4 billion a year** and generates an additional added value of €1.5 billion. **In Europe, the oleochemical industry employs over 10.000 people and indirectly supports an estimated 30.000 jobs.**¹

¹ The European Oleochemical Industry at a glance, APAG Brochure https://apag.org/images/Documents/APAG_A4forwebsite.pdf

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The added value of the European Oleochemical Industry

As a pioneer and well-established sector of the European bio- and circular economy, we have been enabling the move to bio-based and safe and sustainable-by-design chemicals.² By using by-products and renewable raw materials, we have been contributing to a robust and sustainable circular economy in Europe for decades.

We upgrade European-sourced rendered animal fats cat. 3, keeping renewable raw materials in the loop. The availability of EU-sourced raw materials is one of the major aspects that contributes to the success of our industry. We offer high-value, non-fossil-based products to the benefit of a broad and diverse value chain, a declared goal of the Bioeconomy Strategy to support the modernisation and strengthening of the EU industrial base.³

What are rendered animal fats category 3?

They are high-value meat processing by-products which are edible fats, according to Regulation (EU) 2019/2009, and fit for human consumption. In Europe they are mainly used for animal nutrition and oleochemicals.

Comments on the proposal

For policy coherence, the horizontal alignment of the EU's maritime biofuel policies with the spirit of the Renewable Energy Directive is vital. We are encouraging a higher level of ambition regarding the sustainable maritime biofuels through qualifying only those feedstocks listed in Annex IX of the Renewable Energy Directive (hereafter RED II) as sustainable biofuels for maritime transport. In line with the objectives of the European Green Deal, this supports the European Oleochemical Industry by protecting its sustainable business model and its continued access to raw materials.

Any development of EU shipping biofuel policies should be in the spirit of the Renewable Energy Directive. Thus, APAG suggests the following:

1. Include a definition of "sustainable shipping fuels" as fuels that are either synthetic shipping fuels, advanced biofuels (i.e. RED II, Annex IX part A) or biofuels produced from the feedstock listed in Part B of Annex IX to that Directive, which comply with the sustainability and greenhouse gas emissions criteria laid down in Article 29(2) to (7) of that Directive and are certified in accordance with Article 30 of this Directive."
2. Include provisions like those in the RED III and the ReFuelEU Regulation proposals on waste hierarchy, cascading use principle and Union Sustainability Criteria. This would minimize distortive effects on the biomass raw material market and harmful impacts on biodiversity to ensure that the Annexes in RED II do not create additional demand for land and do not cause significant distortive effects on markets for by-products. Similar to the proposed text in RED III article 3(3)(b).

In the absence of the above provision, the Oleochemical Industry would like to highlight the following:

1. **The lack of available rendered animal fats cat. 3 would unequivocally lead the oleochemical industry to substitute such fats with palm oil – its' only substitute in terms of chemical properties and functionalities.**
 - This would negatively impact the European-based oleochemical industry and favour the palm oil-based South East Asian oleochemical producers.
 - This substitution of feedstocks would add additional pressure on the land used for palm oil production and lead to an increase in indirect emissions because of the necessary increased imports of palm oil from South East Asia.⁴
2. **The share of rendered animal fats cat. 3 used for biofuels has consistently increased⁵ over the past decade, while its share for oleochemicals and animal feed sectors has significantly decreased. Including**

² Chemicals Strategy for Sustainability - Towards a Toxic-Free Environment, COM(2020) 667 final, page 5.

³ A sustainable Bioeconomy for Europe: Strengthening the connection between economy, society and the environment, COM(2018) 673 final, page 2.

⁴ Potential greenhouse gas savings from a 2030 greenhouse gas reduction target with indirect emissions accounting for the European Union, https://theicct.org/sites/default/files/publications/RED-II-Analysis_ICCT_Working-Paper_05052017_vF.pdf

⁵ Rendering Statistics, EFFPRA, Presentation given at the EFFPRA Congress, October 2021

rendered animal fats cat. 3 in Annex IX Part A or B creates a distortion of the market due to incentivised use. Limiting availability of rendered animal fats cat. 3 prevents the European Oleochemical Industry from accessing its raw material. This could lead to severe distortions of competition.

- The availability is limited, not flexible and is directly linked to meat consumption.
- In the EU, it is expected that meat consumption will gradually decline from 69.3 kg to 68.7 kg per capita by 2030, yet meat production will remain at the flat level of 48 million tonnes.⁶ This trend is supported by policies such as the Farm to Fork Strategy.

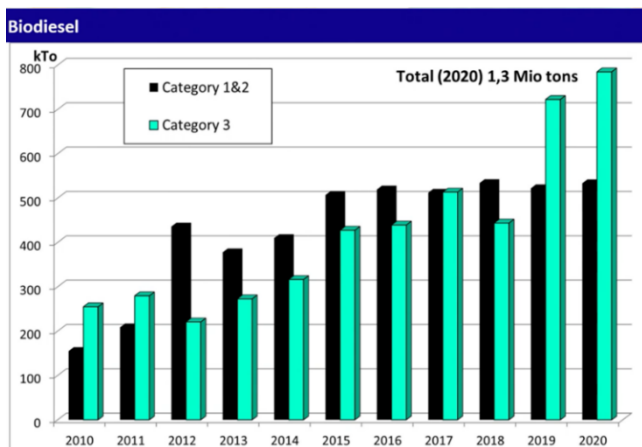


Figure 1: Use of animal fats (cat. 1, 2 & 3) in biofuels 2010-20, Source: EFPRA, 2021

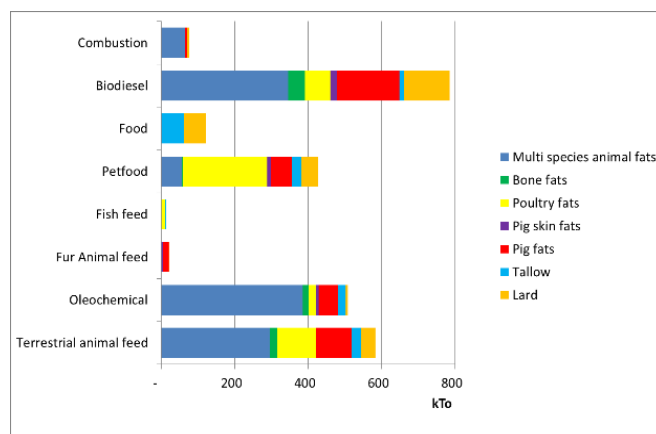


Figure 2: Destination of edible and cat 3 fat, Source: EFPRA, 2021

Conclusion

Industry can only support the European Commission’s goal to establish a truly circular economy and continue to produce bio-based chemicals, with continuous access to our raw materials – rendered animal fats cat. 3. Using rendered animal fats cat. 3 to produce bio-based materials is a resource-efficient use of biomass because resources are kept in the material loop comparatively longer than in the production of biofuels. Thus, we call on the European Commission and the co-legislators to ensure a level playing field by not including rendered animal fats cat. 3 into Annex IX Part A or B and consequently not creating any active incentives for its use in biofuels in any mode of transport in view of its limited availability.

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 cat. 3 and many other applications.

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

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⁶ European Commission, *EU Agricultural Outlook for markets and income 2018-2030*, page 60