



APAG views on the proposal for ReFuelEU Aviation Regulation

APAG welcomes the Commission's proposal for the ReFuelEU Aviation Regulation. We are pleased by the horizontal alignment with the Renewable Energy Directive (RED II) on sustainable transport fuels and the choice of a Regulation over a Directive. We are delighted that the European Commission's proposal aims at promoting truly sustainable biofuels for aviation. We would like to highlight to the co-legislators the importance of ensuring that key principles established under RED II (and its successors) are retained in the final compromise including coherence of feedstocks used for sustainable biofuels, the Cascading Use Principle, the Waste Hierarchy and the Union's Sustainability Criteria.

APAG Key Messages

- We welcome the Commission's proposal for the ReFuelEU Aviation Regulation. We are particularly pleased by the **horizontal alignment with the Renewable Energy Directive (RED II) on sustainable transport fuels** based on Annex IX and the choice of a Regulation over a Directive.
- We would like to stress that it is essential to ensure that key principles established under RED II (and its successors) are retained in the final compromise including **coherence of feedstocks used for sustainable biofuels**, the **cascading use principle**, the **waste hierarchy** and the **Union's Sustainability Criteria**.
- 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 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**.
- The turnover of our industry **exceeds euro 4 billion a year** and generates an additional added value of euro 1.5 billion. **In Europe, the oleochemical industry employs over 10.000 people and indirectly supports an estimated 30.000 jobs.**
- Currently **rendered animal fats cat. 3 are not listed in Annex IX part A and B of the RED II**. Nevertheless, the access to European raw materials at competitive prices is increasingly challenging for the European oleochemical industry due to **competition from the biofuel industry**.
- The **competitiveness of the European oleochemical industry is at risk due to the diversion** of animal rendered fats cat. 3 for biofuels, with regrettable environmental impact as the **primary 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.

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The added value of the European Oleochemical Industry

As pioneer and well-established sector of the European circular bioeconomy, we have been enabling the move to bio-based and safe and sustainable-by-design chemicals.¹ 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. 3² to valuable ingredients, 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 processed products obtained from high-value by-products of meat production and meat processing of healthy slaughtered animals fit for human consumption. In Europe they have been mainly used for animal feed and oleochemicals in former times.

Comments on the proposal for ReFuelEU Aviation Regulation

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

- 1. APAG recommends favouring the development of new waste-based feedstocks for sustainable aviation biofuels rather than displacing high-value raw materials – such as rendered animal fats cat. 3 from high-value uses – in animal feed and oleochemical products to biofuels.**
 - As described in Recitals 21 and 37 and in Article 3(3) of the RED II, any legislative development should consider the principles of the **waste hierarchy**⁴, the **Union Sustainability Criteria**, and ensure that the Annexes in RED II (and its successors) do not create additional demand for land and does not cause significant distortive effects on markets for by-products.
 - Adding rendered animal fats category 3 to RED II, Annex IX would contradict these recitals and the spirit of the directive.
- 2. The lack of available rendered animal fats cat. 3 would unequivocally lead the oleochemical industry to substitute 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, leading to significant job loss in Europe.

¹ *Chemicals Strategy for Sustainability - Towards a Toxic-Free Environment, COM(2020) 667 final, page 5.*

² Rendered animal fats are commonly referred to as "animal fats". APAG uses rendered animal fats cat 3 as feedstock for the production of oleochemicals. Fat melters and rendering plants buy the animal by-products from slaughterhouses and butcher shops as raw materials. They process animal by-products at high pressures and temperatures (chopping, heating, pressing, centrifuging, sieving, filtering, decantation) in order to separate the fat from protein meal. Two products groups are obtained from the melting and rendering of animal by-products: rendered animal fats and high-protein meals, also referred as meat and bone meal (processed animal proteins – PAP) used for animal feed. Rendered animal fats cat 3 should not be considered waste according to the definition in Directive 2008/98/EC. Rendered animal fats cat 3 are classified as products, since they are produced on purpose, based on defined specifications (Regulation (EC) 1069/2009, article 3, paragraph 2)

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

⁴ *Waste Framework Directive 2008/98/EC*

- 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.⁵

3. The share of rendered animal fats cat. 3 used for biofuels has consistently increased⁶ over the past decade, while its share for oleochemicals and animal feed sectors has significantly decreased. Including rendered animal fats cat. 3 in Annex IX Part A or B of RED II 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.⁷ This trend is supported by policies such as the Farm to Fork Strategy. This means that less quantities of rendered animal fats cat 3 will be available for current applications.

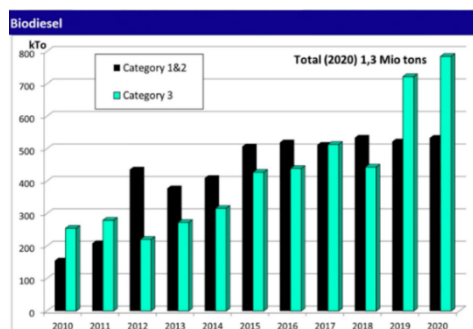


Figure 1: Use of animal fats (cat. 1, 2 & 3) in biofuels 2010-20, Source: EFPPRA, 2021

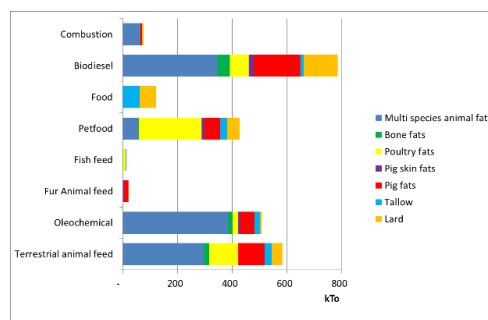


Figure 2: Destination of edible and cat 3 fat, Source: EFPPRA, 2021

Conclusion

APAG supports the European Commission’s goal to establish a truly circular economy and continue to produce bio-based chemicals. However, we need 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 are pleased to read that the definition and categories for sustainable aviation biofuels are in line with RED II. Nonetheless, 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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⁵ Potential greenhouse gas savings from a 2030 greenhouse gas reduction target with indirect emissions accounting for the European Union, [ICCT](#)

⁶ Rendering Statistics, EFPPRA, Presentation given at the EFPPRA Congress, October 2021

⁷ European Commission, [EU Agricultural Outlook for markets and income 2018-2030](#), page 60