



APAG views on the Revision of Renewable Energy Directive

The European Oleochemicals & Allied Products Group (APAG) welcomes the revision of the Renewable Energy Directive (RED II). To ensure that the European Commission's proposal on the revision of RED II is coherent with circular economy principles, the cascading use principle and the waste hierarchy, we ask for a level playing field between the different uses of biomass such as for biofuels and bio-based chemicals. Therefore, we call on the European Commission and the co-legislators to:

- not include animal fats cat. 3 into Annex IX Part A or B; and
- Extend Article 3(3)(b) which aims to minimize distortive effects on the biomass raw material market and harmful impacts on biodiversity to all high-value feedstocks, taking into account the waste hierarchy and cascading principle.

APAG Key Messages

- 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 €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
- Currently **rendered animal fats cat. 3 are not listed in Annex IX part A and B** of the directive. 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.**²
- 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.
- The revision of RED II needs to be **coherent with circular economy principles, cascading use principle and the waste hierarchy**. We therefore call on the European Commission and the co-legislators to:
 - **not include rendered animal fats cat. 3 in Annex IX Part A or B** to ensure a **level playing field** between the different uses of biomass such as for biofuels and bio-based oleochemicals; and
 - **extend Article 3(3)(b) which aims to minimize distortive effects on the biomass raw material market and harmful impacts on biodiversity to all high-value feedstocks, taking into account the Waste Hierarchy and Cascading Principle.**

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

² Statistical Overview of the Animal By-Products Industry in the EU in 2020, EFRA Congress 2021

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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.³ By using renewable raw materials and by-products, we have contributed for decades to a robust and sustainable circular economy in Europe.

We upgrade European-sourced rendered animal fats cat. 3⁴ to valuable substances/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. It offers 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.⁵

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.

Why a level playing field is important

In line with the objectives of the European Green Deal, we call on the European Commission and co-legislators to support the European Oleochemical Industry by protecting its sustainable business model and its continued access to raw materials.

- 1. Any development of EU biofuel policies should be in the spirit of the legislation: APAG recommends favouring the development of new waste-based feedstocks for 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 hierarchy⁶, the Union Sustainability Criteria, and ensure that no additional demand for land and does not causes significant distortive effects on markets for by-products.
- 2. The lack of available rendered animal fats cat. 3 would lead the oleochemical industry to substitute such fats with palm oil – its' primary substitute in terms of chemical properties and functionalities.**
 - This would not only negatively impact the European-based oleochemical industry and favour the palm oil-based South East Asian oleochemical producers; but also add additional pressure on the land used for palm oil production and increase in indirect emissions because of the necessary increased imports of palm oil from South East Asia⁷.
- 3. The share of rendered animal fats cat. 3 used for biofuels has consistently increased⁸ over the past decade, while its share for oleochemicals and animal feed sectors has significantly decreased. Adding rendered animal fats cat. 3 in Annex IX Part A or B of RED II creates a distortion of the market due to**

³ *Chemicals Strategy for Sustainability - Towards a Toxic-Free Environment, COM(2020) 667 final, page 5.*

⁴ 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)

⁵ *A sustainable Bioeconomy for Europe: Strengthening the connection between economy, society and the environment, COM(2018) 673 final, page 2.*

⁶ *Waste Framework Directive 2008/98/EC*

⁷ *Potential greenhouse gas savings from a 2030 greenhouse gas reduction target with indirect emissions accounting for the European Union, ICCT*

⁸ *Rendering Statistics, EFFPRA, Presentation given at the EFFPRA Congress, October 2021*

incentivised use. Limiting rendered animal fats cat. 3 prevents the European Oleochemical Industry from accessing its raw material and would 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. This trend is supported by policies such as the Farm to Fork Strategy. This means that in the future less quantities of rendered animal fats cat 3 will be available for current applications.

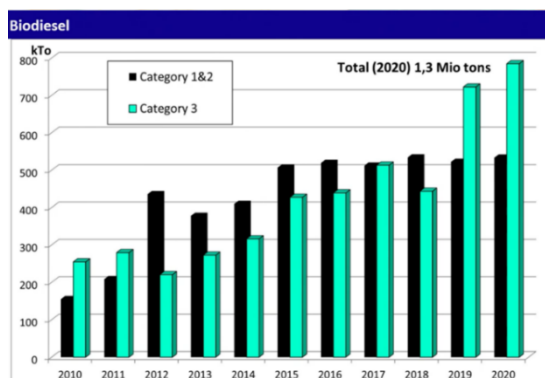


Figure 1: Use of animal fats (cat. 1, 2 & 3) in biofuels 2010-2020, Source: EFPPA, 2021

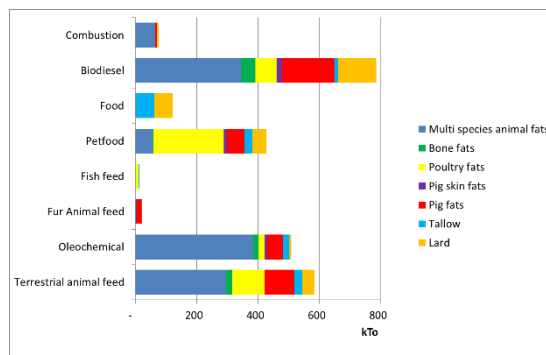


Figure 2: Destination of edible and cat 3 fat, Source: EFPPA, 2021

4. APAG calls on the European Commission to explore the possibility of providing implementation guidelines for the Directive to secure harmonised transposition by Member States and ensure a level playing field to all feedstocks across the EU.

- This would facilitate transparency, provide higher certainty planning reliability for all stakeholders, and minimise the risk of market distortion on industry sectors which use feedstocks considered for use by the biofuels sector.

Conclusion

APAG can support 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 including 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](#).

For more information please contact:

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