

## Statement

### Ensuring a sustainable and inclusive transition: perspectives from the European oleochemical and surfactant industries on the EUDR

Brussels, 22 January 2024 - APAG & Cesio, two sector groups of Cefic, represent the European oleochemicals and surfactant producers – two traditional sectors of the European bioeconomy. For many years, our members have committed to sustainable sourcing of two of their key feedstocks: palm and palm kernel oils.

We welcome the Commission's regulation to halt deforestation – however, we would like to express our views on what is needed moving forward to ensure a proper implementation and compliance with the regulation.

With the EUDR entering into application in less than 12 months, APAG & Cesio call for:

- ❖ Guidance and clarity for proper implementation and compliance with the EUDR
- ❖ Pragmatic approach: less bureaucracy
- ❖ Close existing loopholes and create a level playing field
- ❖ Inclusion of smallholders: leave no one behind

The EU Deforestation Regulation (EUDR) brings forward a critical momentum for the European oleochemical and surfactants industries. With time running out and practical questions and legal uncertainties still lingering, we urge clarification on some pending issues. Being sectors depending on forward buying, our members will face disruptions in their supply chains if uncertainties are not addressed.

Recognizing the pivotal role of these sectors in advancing the bio-based economy and facilitating the transition to a fossil-free economy, **addressing the challenges posed by the EUDR on the European oleochemical and surfactants industries requires immediate attention. Clear guidance, legal certainty, closing loopholes, and collaborative efforts between stakeholders are essential to navigate the complexities and ensure a sustainable and inclusive implementation of the EUDR.**

### Complying with the EUDR: Guidance and legal clarity are needed

The EUDR lacks clarity on which documentation constitutes proof of compliance with the legislations of producing countries, according to Article 9. Industry seeks clarity on identifying the documents that demonstrate legality.

We urge the European Commission to provide clear guidance on making the EUDR practical and workable. Timely publication of implementation guidelines, providing no less than 6 months for the industry to work towards, is crucial. Predictability is key to limit disruptions in the supply chains.

APAG & Cesio

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### Pragmatic approach needed: streamlining bureaucracy

With the anticipated heavy paperwork requirements imposed by the regulation, we advocate for a pragmatic approach and highlight the need to streamline and reduce administrative burdens.

### Closing loopholes: creating a level playing field

For a level playing field and to truly meet the scope of the regulation, all CN codes representing the production process of oleochemicals and surfactants should be included in the Annex I list. The current list on Annex I leaves room for escapes in complying with the EUDR. When further processing the oil, it can easily become a product with a CN code that is not currently under Annex I and this can open loopholes when complying with the regulation. For example, when further processing palm oil fractions (CN 1511) which falls under the scope, we obtain chemically modified oils (CN 1516; 1517, 1518; 2309) which are outside the scope of EUDR.

### Inclusion of smallholders: leave no one behind

Smallholders in the palm and palm kernel supply chains represent ca. 40 % of the volume of oils produced. The provisions around information requirements do not reflect current market practices and are not inclusive of the smallholders. In the impossibility of providing information to comply with the EUDR (e.g. providing geolocation coordinates of farmers, etc), smallholders will be excluded from the supply chains.

We call upon an earlier revision on the impact of EUDR on smallholders, to minimise negative unintended consequences upon all parties. The European Commission must engage with producing countries to find a solution to keep smallholders as part of the EU supply chain.

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](http://www.apag.eu) or visit our [LinkedIn](#) page.

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.

For more information visit our website [www.cesio.eu](http://www.cesio.eu)