European Fermentation Group (EFG)

EU oleochemical, resins and fermentation industry joint statement on the Renewable Energy Directive II

The European Oleochemical Industry and Allied Products (APAG), the Hydrocarbon Resins, Rosin Resins and Pine Chemicals Producers Association (HARRPA) and the European Fermentation Group (EFG) support the Commission's drive for an ambitious Renewable Energy Directive II (RED II) aimed at helping deliver the Paris climate agreement while promoting a bio-based circular economy.

To reach these objectives, we believe that the RED II should recognise the role of bio-based products in achieving climate change and circular economy objectives. We use renewable raw materials - such as **rendered animal fats, crude tall oil, and molasses** - for the production of high-performance and sustainable bio-based products. By integrating renewable raw materials into valuable products, we contribute to a circular economy and to the transition to a low-carbon economy at the same time.

The current Renewable Energy Directive I (RED I) provides incentives for energy (biofuels and bioenergy) uses of biomass at the expense of material uses, often resulting in increased prices and lower availability of renewable feedstock for the chemical industry. This situation prevents our sectors from having fair access to renewable feedstock and challenges the economic viability of our industries, putting at risk thousands of jobs and the opportunity to have a strong EU-based bioeconomy.[1]

OUR REQUEST

APAG, EFG and HARRPA call for the creation of a level playing field between alternative uses of biomass. This requires the removal of market distorting provisions that favour the production of bioenergy and biofuels over the production of bio-based chemicals.

RED II should therefore **avoid any provision favouring some users of renewable raw materials over others,** such as economic incentives, double-counting provisions and blending targets for use of crude tall oil (CTO), animal fats and molasses as feedstock for biofuels and bioenergy. RED II should recognise that **rendered animal fats, CTO and molasses have several material applications and, as a result, should not be classified and incentivised as feedstock for advanced bioenergy or biofuels.** This requires that definitions under the RED II are not used to favour energy and fuel uses of rendered animal fats, crude tall oil and molasses. The same set of definitions of products, by-products, and production residues should apply to all EU environmental policies and such definitions should be scientifically sound and evidence-based.

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[1] For more information on the challenges created by the current Renewable Energy Directive, please see Annex I

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ANNEX I – The impact of RED I on the oleochemical, pine chemicals and fermentation sectors

THE IMPACT OF RED I ON THE OLEOCHEMICAL INDUSTRY: A case study

The oleochemical industry mainly uses rendered animal fats and vegetable oils as raw materials for the production of detergents, soaps, lubricants, paints, surface coatings, cosmetics and pharmaceuticals but also as processing aids and additives for plastics, rubber, textiles, food, nutrition and many others.

This sector has been pioneering the circular economy for decades by keeping in the material loop rendered animal fats produced from animal by-products which would otherwise have been directed towards energy recovery.

The Renewable Energy Directive I provided incentives for the production of biofuels from animal fats Category 1 and 2 (Annex IX), by enabling Member States to double count the contribution of this feedstock for the attainment of the renewable energy target in the transport sector. This prevents the oleochemical industry from having access to rendered animal fats and results in negative environmental and socio-economic unintended consequences:

- Discouraging uses of rendered animal fats for bio-based products which can stay in the economy for a longer time compared to single use of rendered animal fats for energy purposes, in contradiction with circular economy principles.

- Putting at risk the viability of European oleochemistry which directly employs 10,000 jobs in the EU, in contradiction with EU Jobs and Growth Agenda.

ABOUT US

The European Oleochemicals and Allied Products Group (APAG) – Cefic sector group - represents 34 European producers of Fatty Acids, Glycerine, Alcohols, Metallic Soaps and Fatty Esters located in 12 European countries. If you want to know more, see http://www.apag.org/
For more information please contact Chantal De Cooman, APAG Secretary General, Tel. + 32.2.676.72.55

THE IMPACT OF RED I ON THE PINE CHEMICALS INDUSTRY: A case study

The pine chemicals industry turns crude tall oil, coming from the pulp making process, into into a myriad of specialty products that are used in several applications like coatings, printing Inks, rubber emulsifiers, adhesives and lubricants. It is a perfect example of a circular economy and industrial symbiosis practices: the paper mill supplies the tall oil raw material and the refiner upgrades the mill's co-products into higher value bio-chemicals.

The Renewable Energy Directive I provided incentives for the production of biofuels out of crude tall oil (Annex IX), by enabling Member States to double count the contribution of this feedstock for the attainment of the renewable energy target in the transport sector. The quantity of crude tall oil in the EU is limited (650,000 tons per year) and, therefore, EU policies promoting production of biofuels out of CTO are already restricting access to this key raw material for the pine chemicals industry.

This is bringing negative environmental and socio-economic unintended consequences:

- Discouraging uses of crude tall oil for the production of bio-based products which can stay in the economy for a longer time compared to single use of CTO for production of biofuels. According to a recent study, using CTO in the full life cycle of production, the use and disposal of industrial and consumer chemicals produces slightly lower amounts of greenhouse gas (GHG) emissions compared to using the same amount of CTO in the production and consumption of renewable diesel.

- Putting at risk the viability of the European pine chemicals industry which employs more than 4,000 skilled workers and engineers. The activity adds €1.8 billion in value annually to the European economy, five times more than if the tall oil were to be transformed into biofuel – and providing 20 times as many jobs.

ABOUT US

Hydrocarbon Resins, Rosin Resins & Pine Chemicals Producers Association (HARRPA) is a Sector Group of Cefic and represents European based producers of resins, based on natural and petrochemical raw materials. If you want to know more, see http://www.harrpa.eu

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European Fermentation Group (EFG)

THE IMPACT OF RED I ON THE FERMENTATION INDUSTRY: A case study

The fermentation industry uses cereals, sugar and its by-products (e.g. molasses) as raw materials for the production of lactic acid (used for bioplastics), citric acid (used to reduce food waste), amino acids (reinforcing animal feed), vitamin C, and antibiotics.

As result of the incentives set by the Renewable Energy Directive I for the production of advanced biofuels, there may be the risk that some Member States would classify molasses as advanced biofuels, even if they have been used for decades for food, feed and chemical applications. This would run against the Commission objective to gradually reduce use of first generation biofuels.

ABOUT US

The **European Fermentation Group (EFG)**, Cefic sector group, represents the interests of the European fermentation industry by maintaining close contacts with EU institutions, non-governmental organisations, media, and other stakeholders. If you want to know more, see http://efg.cefic.org/

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