Groupement Européen des Produits Oléochimiques & Associés

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The European Oleochemical Industry (APAG) answer to the Strategy for long-term EU greenhouse gas emissions reductions

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APAG recommends the Commission to take into full account the role of bio-based materials and circular economy production models in achieving GHG emissions reductions and to ensure that promotion of bioenergy does not artificially divert raw materials from existing higher level uses to energy.

APAG actively supports the objectives of the Paris agreement and contributes to the transition to a low-carbon circular economy. The oleochemical industry is an enabler of circular economy and an example of industrial symbiosis: our industry upgrades vegetable oils and rendered animal fats (cat 3)[1] into a large variety of bio-based products that, in turn, are used by other industrial sectors (candles, paints, detergents, cosmetics, pharmaceuticals, etc.). As a result, oleochemistry keeps renewable raw materials in the loop and - by replacing virgin raw materials – reduces Greenhouse Gas (GHG) emissions.

At the same time, **APAG recommends the Commission and EU Member States to avoid** incentives (e.g. specific targets, support schemes, etc.) **for energy uses of scarce feedstocks** (such as rendered animal fats cat 3[1]) **to the detriment of existing high value applications**. In the case of rendered animal fats cat 3, such incentives will likely divert this feedstock from high value uses for feed and bio-based materials to energy:

- **Availability of rendered animal fats is limited**, as it is a scarce raw material already broadly used by the feed and oleochemical industry for the production of a wide range of products.
- Supply of rendered animal fats cat 3 is **finite**: it is not possible to increase the production of rendered animal fats cat 3, unless meat consumption increases.

Diversion of rendered animal fats to energy risks would not only endanger the competitiveness of the oleochemical industry, but it can lead to **growing GHG emissions**:

- Unavailability of animal fats would lead the oleochemical industry to substitute them with palm oil, the most suitable technical substitute for animal fats. This would increase pressure on land use for palm oil production, due to the increased demand of palm oil, and **entail indirect GHG emissions**.[2]

[1] Rendered animal fats are product coming from the meat processing and rendering industry. They originate from the rendering of animal by-products (e.g. tissues and fats). The rendering process consists of the use of heat and pressure to sterilise and stabilise animal by-products so as to make them suitable for nutritional and industrial applications. There are 4 categories of rendered animal fats: **rendered animal fats cat 1 and 2** may represent a risk for human health and, for this reason, are used for bioenergy and biofuels and are not used by the oleochemical industry; **rendered animal fats cat 3** are high quality fats which are widely used animal nutrition and oleochemical production; **edible fats** are used for human nutrition.

[2] Stephanie Searle et al., *"Potential greenhouse gas savings from a 2030 greenhouse gas reduction target with indirect emissions accounting for the European Union"*, International Council on Clean Transportation (ICCT), WORKING PAPER 2017-05, (5 May 2017), pp. 1-26. Available online: http://www.theicct.org/potential-savings-2030-GHG-reduction-target-EU

APAG Recommendations

APAG strongly believes that the forthcoming Strategy for long-term EU greenhouse gas emissions reductions should:

1) **Recognise the important role of the production of bio-based materials in the reduction of GHG emissions**. By keeping in the loop feedstocks coming from other sectors, the oleochemical industry is a well-functioning example of circular economy business model. As also underlined by several studies, circular economy business models have a great potential to reduce CO2 emission.[3]

2) **Minimise distortions of raw materials markets.** Targets and support schemes should avoid raw materials diversion from one sector to another, since this can lead to **significant indirect emissions**. In doing so, it is necessary that bioenergy policies take into full account **availability** of sustainable biomass and **competing uses**.

3) **Respect the waste hierarchy and circular economy principles.** To be in line with circular economy, promotion policies should ensure that biomass is kept in the economy at the highest value for as long as possible. Using biomass for the production of bio-based products keep resources in the loop for a longer time compared to energy.

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 and vegetable oils to manufacture bio-based products used for candles, paints, detergents, cosmetics, pharmaceuticals and many other applications. Our industry continues to invest in sustainable technologies: for instance, oleochemical products are used to de-ink used paper to **enable recycling;** they are also used to **de-ice airplanes** as an alternative to fossil-based materials.

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[3] Anders Wijkman and Kristian Skånberg (2015), *"The Circular Economy and Benefits for Society Jobs and Climate Clear Winners in an Economy Based on Renewable Energy and Resource Efficiency"*, Study report at the request of the Club of Rome, http://www.clubofrome.org/wp-content/uploads/2016/03/The-Circular-Economy-and-Benefits-for-Society.pdf; Material Economics (2018), *"The Circular Economy a Powerful Force for Climate Mitigation Transformative innovation for prosperous and low-carbon industry"*, http://materialeconomics.com/latest-updates/the-circular-economy