



## **APAG Position**

### **on the Proposal of the Commission of the European Communities for a Directive of the European Parliament and of the Council on the Promotion of the Use of Energy from Renewable Sources**

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Animal fats (Tallow) are the main renewable feedstock for the European Oleochemical Industry. Oleochemical products serve as building blocks for a diverse range of consumer goods, such as detergents, soaps, lubricants, paints, cosmetics, candles, tires, plastics and textiles.

The proposed Renewable Energy Directive unduly encourages the diversion of animal fats away from existing applications, such as Oleochemicals into biofuels. Not only does this distort the level playing field, it also would have a negative environmental and economic impact.

The Directive proposes that certain feedstocks, such as wastes will be regarded more sustainable. Although tallow is a waste, none of it is wasted! The text is designed to encourage 2<sup>nd</sup> generation biofuels and states in order to demonstrate compliance...., the contribution made by biofuels from wastes, residues..., shall be considered twice that made by other fuels. This, together with data in Appendix VII, D. (waste vegetable or animal oil bio diesel), which neglects the substitution of animal fats by palm oil as the only suitable substitute, has the consequence that tallow based bio fuels will be rated more sustainable than other biofuels.

Deforestation is ignored in these results. Substituting palm oil for current tallow consumption for Oleochemicals in Europe would mean a conversion of more than 250.000 hectares of bio diverse forests, releasing millions of tons of CO<sub>2</sub> over the years to come.

The proposed directive makes therefore no provision for displacement impacts on Green House Gas emissions by substitution through palm oil or mineral oil. It also bears a similar risk of unintended co-lateral damages for industries, as the current debate on food versus fuel.

As the economics for biofuels of the 1<sup>st</sup> generation are heavily dependant on feedstock costs, the proposed directive is likely to increase the maximum price, which biofuel/biodiesel producers are willing to pay for tallow and by this forcing the Oleochemical Industry into palm oil as feedstock. As the chemical industry is not part of the Renewable Energy Directive this will lead to further deforestation and CO<sub>2</sub> released that will outweigh any intended gains.



The European Oleochemical Industry in Europe, comprising out of more than 35 companies across the region, therefore asks the members of the European Parliament and the Executives of the Commission of the European Communities for

- Changes to the definition of biomass i. e. “the biodegradable fraction of products, wastes and residues from agriculture (incl. vegetable and animal substances)”, to exclude animal oils or fats from this definition!
- Acknowledging the statement of the European Parliament’s biomass and biofuels report that “whereas the chemical utilisation of products derived from animal fats is a competitive economic sector, the existence of which must not be jeopardised” becomes part of the directive
- Incorporating the findings of the report on the “Advice on the Economical and Environmental Impacts of Government Support for bio diesel Production from Tallow”, by the AEA Energy & Environment of April 4<sup>th</sup>, 2008 for the UK Department of Transportation in which it says: “ For feedstocks such as tallow, that have already existing applications, the EU should take into account the effect of substitution on the overall sustainability of switching animal fats to bio fuels production, particularly on Green House Gas emissions”.
- Incorporating of the findings of the German Bundestag in its change to the energy tax law of July 15<sup>th</sup>, 2006 (BGBL I. S. 1534): “... the tax exemption (for bio fuels, which are being produced fully or partly out of animal oils and fats) will be eliminated. This is justified, as for these products there is no need for financial support. The consumption of animal oils or fats.... is being secured by the usage, especially of the Oleochemical Industry. With the regulation of sentence 9 therefore, disruptions shall be avoided on this free of financial support functioning market”.
- Incorporating the findings of the Scientific Committee of the European Environment Agency (EEA), which recommend a new scientific study on the environmental benefits and risks and asks for the suspension of the 10% transport fuel target by 2020. They state, that 1<sup>st</sup> generation bio fuels do not optimally use biomass resources with regard to fossil energy savings and Green House Gas reductions (and the usage of animal fats would even worsen the intention of the EU council).
- Communicating the fact that animal fat will be excluded from the directive, in order to prevent abortive investments in new tallow bio fuel plant capacity or other 2<sup>nd</sup> generation type production processes based on tallow.

The European Oleochemical Industry relies on the Parliament and the Commission to protect the availability of animal fats as an economic, competitive raw material for one of its most sustainable and strategic industries. In order to achieve this, animal fats need to be excluded from the EU definitions of feedstock for bio fuels including transport fuels, fuels for cooling and heating as well as fuels for the generation of electricity.

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