



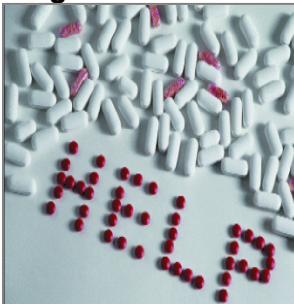
EU Renewable energy policy - Position paper -



**From natural fats
and vegetable oils**



**oleochemicals make
drugs more effective**



**but our feedstock is
now burnt for
subsidies**



Oleochemicals

Animal fats and vegetable oils are the main renewable feedstock for the European Oleochemical Industry. Oleochemicals are essential elements for almost any advanced product you can imagine.

They are used as raw materials for detergents, soaps, lubricants, paints, surface coatings, cosmetics and pharmaceuticals as well as additives for plastics, rubber and textiles. In fact, in any processing oleochemicals can be found, being used directly or indirectly as base materials, as additives or as processing aids.

The turnover of the European Oleochemical Industry exceeds 4 billion Euro a year and generates an additional added value of 1.5 billion Euro. The industry employs over 10,000 people and indirectly another 5 – 10.000 people.

The European Oleochemical Industry through its use of renewable resources and product innovation contributes to a sustainable and competitive Europe.

The Issue

The European Oleochemical Industry is now under threat. An unintentional consequence of the current EU renewable energy policy has led to a significant threat to the availability of our raw materials which are now being burned to generate subsidized energy or used for biofuels.

Due to their classification as biomass, animal fats and vegetable oils are increasingly burnt for energy to access "credits" under Emissions Trading Schemes or incentives intended to promote biofuels and renewable energy sources without the intended positive environmental impact. If this continues the European Oleochemical Industry would have to substitute the amount burnt with palm oil or by making their products from mineral oil derived raw materials.

The future of our industry is now at stake. Despite the added value that our products bring to our customers, society at large and the environment, our use of these raw materials is neither subsidised nor supported. As such, we are unable to compete for these limited raw materials due to the massive distortion in competition created by legislation. If the legislation remains it may drive another re-organization in the European Oleochemical Industry probably at a bigger scale than the one which took place in 2004 when some 1,000 jobs – 10% of total employees - had to be let go.



A Cefic Sector Group

What we are seeking is to secure the availability of animal fats as competitive feedstock for the European Oleochemical Industry. To achieve this, animal fats should be taken out of the EU definition of biomass and/or no tax incentives should be given for the use of animal fats in the generation of heat, energy & transport fuels.

The implications of this threat go far beyond our industry and Europe's borders. The subsidised use of natural fats and vegetable oils for energy production is likely to lead to an increased production and importation of tropical oils, increasing Europe's environmental footprint in Asia while exporting European jobs to places where feedstock materials are still found at competitive prices.

Safeguarding a competitive industry

We urge the European Commission and national governments to ensure that the search for renewable energy sources does not sacrifice one of Europe's most sustainable industries by **either** excluding natural fats and vegetable oils from the definition of biomass **and/or** abolishing the tax incentives given for the use of animal fats in the generation of heat, energy and transport fuels.

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