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APAG POSITION PAPER ON BIO- BASED ECONOMY

• ABOUT OLEOCHEMISTRY AND APAG

APAG (The European Oleochemicals and Allied Products Group), a sector group of Cefic, represents the European manufacturing companies which, for more than 150 years, have been using animal and vegetable oils and fats to produce oleochemicals.

Oleochemicals are chemicals derived from vegetable oils and animal fats via chemical or enzymatic processes.

Oleochemicals are used for a variety of products: as raw materials/intermediates for detergents, soaps, lubricants, paints, surface coatings, cosmetics and pharmaceuticals, but also as processing aids and additives for plastics, rubber, textiles and many others. They are essential substances for almost any advanced product in today's world.

The turnover of this industry exceeds euro 4 billion a year and generates an additional added value of euro 1.5 billion. The sector employs over 10.000 people and indirectly supports an estimated 30.000 jobs.

The sector creates added value by contributing to the reindustrialisation of Europe and further development of downstream activities, innovating both in terms of product applications and processes.

• APAG AND THE BIO-BASED ECONOMY

The European Commission in 2012 defined the bio-based economy as an economy encompassing the sustainable production of renewable biological resources and their conversion into goods and services for final, as well as intermediate, consumption. It also covers the use of bio-based processes for sustainable industries.

APAG fully supports the bio-economy, as it is a key player in this process and has been biorefining for a long time. The oleochemical industry aims for a balanced development in the transition from the fossil based economy to the bio-based economy, taking into account the availability of raw materials.

APAG supports access to bio- based raw materials (relying on a mixture of home-grown and imported raw materials) and agrees that there is a need to continue supporting the bridges between the agricultural and chemical industries.

Being a bio-based industry, the oleochemicals sector's success depends upon its access to feedstocks. An unintended consequence of the EU renewable energy policy has been a significant threat to the availability of our key raw materials, being burned to generate subsidised energy or used under incentives to produce biofuels.

APAG welcomes the EU policy aiming to cut GHG emissions by 40% by 2030 and to implement the principle of a bio-based economy. We are, moreover, willing to contribute significantly to this process, capitalising on the leading expertise acquired by our member companies over many decades. We have the tools and are positive that we could substantially help Member States in reaching the ambitious GHG reduction target.



- **THE WAY FORWARD**

In order to continue contributing to a sustainable and competitive Europe, the European oleochemical industry calls for **a cascading use of resources, a level playing field and regulatory framework predictability:**

1. Cascading use of natural resources

APAG has long been promoting the cascading use of raw materials and subscribes to the principle of hierarchy of use, highlighted many times in EU preparatory legislation and legislation in force. The use of natural resources is essential and vital for the sustainability of the oleochemical industry. Having access to raw materials is key to this industry, therefore, all measures taken at EU level should be based on the principle of cascading use.

2. Equal and fair conditions for all market participants

The oleochemical industry has always promoted a level playing field. Hence we request that the measures in deciding the incentives for bio- based products be based only on the sustainability criteria. These criteria have to be applied in their three pillars: environment, economic and social, and no distinction should be made between chemical and biological transformation processes.

Furthermore, we ask to avoid long- lasting incentives: firms must be able to compete in the market relying on their own resources, not on long- term state aids.

3. Clear and stable regulatory framework

A coherent and stable regulatory framework is required to keep and attract investments in the bio-economy in Europe.

- **CONCLUSION**

APAG, as one of the oldest bio-industries, calls for the EU to adopt measures in line with the principle of sustainable use of natural resources, by enforcing the principle of cascading use. APAG also calls on the EU to secure a level playing field in Europe by adopting incentives which are based on sustainability criteria, and by ensuring that existing sectors of the bio-economy are not affected by measures which lead to distortion of competition. All of the above under a coherent and stable regulatory framework.