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& Associés*

A Sector Group of CEFIC

*The European Oleochemicals & Allied
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APAG recommendation to exclude tallow from the production of biodiesel in order to create a level playing field for the oleochemical industry in Europe following APAG's position on the Commission proposals to promote the use of biofuels.

In its position paper on the Commission proposals to promote the use of biofuels for road transport APAG, The European Oleochemicals & Allied Products Group, a sector group of Cefic, representing 37 European producers and suppliers of fatty acids, glycerine, alcohols, metallic soaps, fatty nitriles & derivatives and fatty esters has indicated to be fully committed to the principles of Responsible Care and to support proposals on the use of renewable resources for the production of biodiesel meeting that principle.

APAG, however, is extremely concerned about the distortions of trade the above proposals will create for the free market of the oleochemical industry and the reduced availability of feedstock from renewable sources. In what APAG believes is an unintended, though nevertheless devastating consequence, the proposed tax reduction completely distorts established markets.

Impact on tallow

The future of the oleochemical industry is seriously endangered as the subsidized production of biodiesel will lead to severe shortages of oils and fats such as rapeseed oil and in particular tallow.

Rapeseed oil has been the most commonly used raw material for the production of biodiesel. With the expected development of biofuels, the current quantities produced in Europe - ca 4 million tonnes - will become insufficient to cover the needs for food, industrial applications (such as the oleochemical industry) as well as the biodiesel industry. This, in turn, will lead to serious price increases, making this raw material less interesting for the biodiesel industry.

Tallow is the basis for the European oleochemical industry. The availability of tallow in Europe has been seriously affected by BSE legislation and will be further affected through the recently adopted Animal By-Product Regulation restricting the qualities and therefore quantities of tallow available in Europe. The situation would become dramatic for the European oleochemical industry if the remaining valuable tallow became a source for biodiesel production. The above will lead to further reductions in the availability of raw materials thereby causing additional price increases for oleochemicals manufactured in the EC and a greater reliance on imported tropical oils, further reducing the viability of the European oleochemical industry who has to compete with large imports of tropical oil derivatives from countries such as Malaysia, the Philippines and Indonesia who impose levies on oil exports thereby subsidising the exports of tropical oil derivatives and causing a distortion of competition for the European oleochemical industry.

Conclusion

It is unlikely that the oleochemical industry in the EC will be in a position to resist the competition from the oleochemical industry located in parts of the world where sourcing of raw materials does not pose similar problems.

APAG believes that measures should be taken to minimise the negative impacts described above.

APAG urges the Commission to ensure that tallow remains available to the oleochemical industry for the manufacture of cosmetics, pharmaceutical ingredients and products such as biodegradable lubricants, performance additives for the polymer industry, deinking chemicals and detergency

APAG recommends that the Commission considers the exclusion of tallow for the manufacture of biodiesel which is a valuable indispensable raw material for the oleochemical industry that should not be disposed of.

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