HARRPA

cefic sector group

Hydrocarbon Resins, Rosin Resins and
Pine Chemicals Producers Association

POSITION PAPER JULY 2017

HARRPA position on the Commission Proposal for a revised Renewable Energy Directive

The Commission proposal to classify tall oil as raw material for advanced biofuels weakens the EU's objectives to achieve a circular bioeconomy and has no significant impact on transport decarbonisation.

The pine chemicals industry is one of the oldest sectors of the European bioeconomy. Since several decades our industry has refined **tall oil** (a by-product of the paper industry) to produce bio-based products used in paints, inks, adhesives, lubricants, food additives, synthetic rubber, pharmaceuticals and many other applications. Refining tall oil into value-added products goes to the heart of the circular economy and is a good example of a well-functioning industrial symbiosis. The pine chemical industry remains focused on providing renewable products and invests continuously in research and development. For example, refined tall oil is used in poultry feed as an anti-inflammatory agent, which tackles the issue of microbial resistance by **reducing use of antibiotics in poultry farming**. Refined tall oil is also used as an additive **enabling recycling of asphalt,** which contributes to the circular economy and waste minimisation.

HARRPA strongly disagrees with the Commission's proposal to classify tall oil as raw material for advanced biofuels[1] since it favours energy uses of tall oil over other high value added applications. As a by-product, tall oil availability is limited and cannot be increased to accommodate additional demand for transport uses. This is a reason why promotion of tall oil for biofuel production can only happen by replacing existing valuable uses in bio-based products.

The Commission proposal to direct tall oil toward biofuels will hinder innovation and have negative environmental, economic and social consequences:

- **Diverting tall oil towards biofuels would be counterproductive to the EU objective to decarbonise the transport sector:** utilising tall oil for biodiesel production emits 25% more CO_2 than when used for bio-based products. [2] [3] In addition, the inclusion of tall oil in Annex IX would likely entail significant **indirect greenhouse gas emissions** associated with the replacement of tall oil with other feedstocks, such as fossil raw materials: according to the estimates of the International Council on Clean Trasnport (ICCT), the use of tall oil for biodiesel would entail more GHG emissions compared to the use of fossil fuels.[4]

---

[1] This classification in Annex IX, part A obliges EU fuel suppliers to use the listed materials to comply with the **mandatory blending target** for advanced biofuels (3,6 % of rail and road energy by 2030).

[2] Fraunhaufer Umsicht: Analysis of The European Crude Tall Oil Industry – Environmental Impact, Socio- Economic Value & Downstream Potential, May 2016

[3] Franklin Associates, a Division of ERG: GREENHOUSE GAS AND ENERGY LIFE CYCLE ASSESSMENT OF PINE CHEMICALS DERIVED FROM CRUDE TALL OIL AND THEIR SUBSTITUTES, August 2013

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

- **The available supply of tall oil is insufficient to have any meaningful role in reducing transport-related greenhouse gas (GHG) emissions:** The EU produces about 650,000 tonnes of tall oil annually and even if all of it would be converted to biodiesel, it would contribute to a mere 0.2% of the EU transport fuels for 2014 levels.[5]
- **Hindering the transition towards a circular economy.** Pine chemicals production is circular economy and industrial symbiosis in practice: our industry upgrades tall oil, a by-product of the paper industry, into a large variety of products which, in turn, are used by other industrial sectors resulting into long value chains. That's not the case with biofuels: the raw material is lost to the economy after fuel combustion.
- **Limiting the potential of one of the oldest bioeconomy sectors in Europe.** The Commission proposal severely distorts the competition for tall oil by favouring biodiesel producers. In doing so, EU policy arbitrarily picks winners. Even if recent studies show that producing tall oil-based products is more sustainable than biodiesel production, the EU has chosen to favour transport use of tall oil. As such, the Commission proposal weakens the entire EU bioeconomy, undermines its innovation potential and puts at risk thousands of high skilled jobs.

HARRPA Recommendations

HARRPA calls for:

1) Removing tall oil from the list of feedstock for advanced biofuels (Annex IX, part A).

2) Ensuring that the list of feedstock for advanced biofuels (Annex IX part A) is based on clear criteria. To avoid diversion of feedstock from existing high-value added uses, these criteria should promote use of waste and residues as raw materials for truly sustainable advanced biofuels.

[5] See the studies mentioned in the previous reference