



Revision of the Renewable Energy Directive II

Support strong and binding cascading use of biomass principle

HARRPA, a sector group of Cefic, (represented by Crude Tall Oil (CTO) refiners) is in support of the EU Green Deal ambitions of climate neutrality of the circular economy and would like to share their **trilogue recommendations** on the cascading use of biomass principle under Article 3, paragraph 3 of the proposal amending the Renewable Energy Directive (hereafter “the RED II review”).

CTO refiners manufacture and refine biobased chemicals from tall oil (“tall oil-based chemical industry”), a feedstock listed in Annex IX-A point (o). Our tall oil-based industry will be faced with market distortions due to support schemes in the RED II directed to the advanced biofuels industry.

Tall oil refiners recommendations for trilogue

- Strict application of the cascading use of biomass principle - the proposed language “take into account” may lead to legal loopholes, incoherent regulatory framework, and fragmentation of the single market.
- Application of the principle through a binding implementing act to provide legal clarity and uniformity at EU level.
- Broader scope of application for the principle to cover biomass from forestry and forest-based industries.

Tall oil-based chemistry as a key enabler of the European Green Deal

Tall oil-based chemistry contributes to the EU decarbonisation and circular economy, by recycling an industrial woody by-product into high-value substances for hundreds of daily life products, in plastics and packaging, construction materials, or the agri-food sectors.

By providing a sustainable alternative in adhesives, coatings, elastomers or rubbers, this innovative industry offers a long-lasting solution to make products more durable and energy-efficient. It currently represents one of the few existing examples of concrete biobased industrial symbiosis, contributing to the EU climate neutrality goal by 2050. By contrast, tall oil-based advanced biofuels cannot be considered as a long-term solution to decarbonise the transport sector as various alternatives exist in terms of feedstock and several other technologies, including electrification and hydrogen, to provide higher environmental benefits by 2050.

Besides, the distillation and treatment of tall oil for biobased chemistry creates higher benefits for the environment and the economy than the production of tall oil-based advanced biofuels: the distillation process emits 25% less CO₂ than the advanced



biofuels production, creates 4 times more economic value, and 20 times more jobs due to its less energy intensive processes and longer economic value-chains.¹

The risks posed by Annex IX-A of the Renewable Energy Directive

Listing tall oil in Annex IX-A point (o), is likely to incentivise the use of this feedstock for the production of advanced biofuels via support schemes and mandatory national targets, creating a competitive disadvantage for tall oil-based chemical industry, despite the pre-existing socio-economic and environmental benefits provided by tall oil-based chemistry.

This results in visible market distortions, increasing feedstock prices due to increased demand in a limited supply situation and unequal access to tall oil, heightened by the fact that tall oil is available in very limited volumes in the EU (approximately 650.000 t / year), and that 100% of the resource was being used for biobased chemistry in 2016 already².

These distortions may not only lead to a suboptimal economic situation but also to environmental damages. Studies show that displacement effects neutralise tall oil-based advanced biofuels environmental benefits, resulting in higher GHG emissions. This is due to the higher use of fossil fuels in all sectors currently using tall oil-based chemicals, in contradiction with the objectives of the European Green Deal³.

Thus, the European Commission proposes a fair solution, by applying the cascading principle to support schemes only, placing both industries on an equal footing for a fair and undistorted competition.

Key recommendations on Article 3 paragraph 3

The tall oil-based chemical industry would like to draw policymakers' attention to the three following points in trilogue negotiations:

- **Securing the inclusion and the enforcement (“apply”) of the cascading use of biomass principle beyond its consideration (“take into account”)** to ensure a homogeneous implementation across Member States, preserving feedstocks for their higher environmental and socio-economic value before energy recovery by removing all financial and fiscal incentives for the use of these feedstocks in the production of advanced biofuels.
- **Maintaining an implementing act to define the cascading use of biomass principle** to provide clarity and uniformity for the application of the principle, and guarantee a fair competition on the EU tall oil market.
- **Extension of the scope from “forest/woody biomass” to “biomass from forestry and forest-based industries”** to mirror the exact wording of the biomass definition (Article 2(24)) and of Annex IX-A point (o), providing legal certainty to the tall oil-based chemical industry.

¹ https://www.harrpa.eu/images/Publications/EU_CTO_Added_Value_Study_Fin.pdf

² ICCT study (2016), [Potential greenhouse gas savings from a 2030 greenhouse gas reduction target with indirect emissions accounting for the European Union \(link\)](#)

³ According to the ICCT study (2016), [Potential greenhouse gas savings from a 2030 greenhouse gas reduction target with indirect emissions accounting for the European Union \(link\)](#), when considering indirect emissions, tall oil-based biodiesel emits more GHG than conventional diesel (between 101 and 103g CO₂e/MJ compared to 94 for conventional diesel).

Tall oil- based chemical industry call on the co-legislators to make the cascading use of biomass principle applicable for the allocation of support schemes, while clarifying its scope to put both the biobased chemical industry and the advanced biofuel industry using tall oil on an equal footing.

About tall oil-based chemistry

Tall oil-based chemistry manufacturers and refiners of tall oil, a by-product from the paper pulp kraft process, to produce hundreds of biobased chemical substances reducing the carbon footprint of daily life products. Tall-oil based substances are established bio based chemicals for certain applications such as adhesives, coatings, tires, elastomers and asphalts.

The tall oil-based industry represents approximately 10 000 jobs across several EU value chains, without any public financial support, and operating on market-based economy.

For more information please contact:

Joël Wilmot, HARRPA Sector Group Manager, Cefic,
jwi@cefic.be – www.harrpa.eu

About Cefic

Cefic, the European Chemical Industry Council, founded in 1972, is the voice of large, medium and small chemical companies across Europe, which provide 1.2 million jobs and account for 16% of world chemicals production.