FEICA The European voice of the adhesive and sealant industry

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Crude Tall Oil inclusion in the Renewable Energy Directive (RED) III

FEICA, the Association of the European Adhesive & Sealant Industry, is a multinational association representing the European adhesive and sealant industry. Today's membership stands at 16 National Association Members (representing 17 countries), 25 Direct Company Members and 24 Affiliate Company Members. The European market for adhesives and sealants is currently worth more than 17 billion euros. With the support of its national associations and several direct and affiliated members, FEICA coordinates, represents and advocates the common interests of our industry throughout Europe. In this regard, FEICA works with all relevant stakeholders to create a mutually beneficial economic and legislative environment.

Tall oil is derived as a by-product from the kraft wood pulping process, and a maximum of about 2.4 million tons per year is globally available. Only about 800,000 tons per year of this tall oil is 'chemical grade' and suitable to produce adhesives and other high-performance end products; the remaining 1.6 million tons per year are waste grade.

The adhesives industry relies on **chemical grade tall oil** in its industrial hotmelt adhesive applications. Indeed, chemical products from tall oil refining have multiple essential applications throughout the European economy. Some of the products that chemical grade tall oil enables are case/carton, seal/packaging, bookbinding, edgebanding, profile wrapping, general product assembly (durable/non-durable goods), bottle/can labelling, remoistenable hotmelts (wetness indicators and envelopes), filter assembly (air), pest traps (rodents/insects), general purpose peel/stick-DIY, tapes, labels (to include direct food contact like fruits/vegetables), hygiene, aerosols, string tape (container reinforcement), glue sticks, mattress assembly and carpet backing.

The use of tall oil by the adhesives industry replaces other less desirable available alternatives, which are petroleum and gum rosin. In fact, the adhesives industry relying on chemical grade tall oil for its manufacturing generates a carbon footprint 62% lower than that of petroleum-based hydrocarbon resin alternatives. In addition to this, relying on chemical grade tall oil instead of Chinese and Brazilian gum rosin removes labour and indirect land use change (ILUC) impacts. Finally, chemical grade tall oil's use by the adhesives industry complies with the goals of the European Green Deal and Circular Economy Action Plan.

However, the latest revision of the Renewable Energy Directive (RED II) provides incentives for advanced biofuels which are **durably affecting the sector of bio-based chemicals**. RED II sets minimum annual volume mandates for fuels produced from Annex IX Part A listed feedstocks, in which tall oil is included. By making no distinction between the various components which can be derived from tall oil, the RED II has given all tall oil the preferential status of waste. However, about 1/3 of the tall oil produced annually is chemical grade material used in numerous applications throughout the European and global economy. Consequently, chemical grade **tall oil is increasingly being diverted from chemical applications to the production of fuel**.

The adhesives industry is therefore concerned that it may no longer have access to tall-oil-based rosin esters and will be **forced to switch to less environmentally and socially desirable materials** such as petroleum-based resins.

As such, the reviewed proposal of RED II stands as an opportunity to define legal provisions to ensure chemical grade tall oil remains available for use by the chemical industry. In view of the interinstitutional negotiations, we believe that the following provisions should be agreed upon by the policymakers:

- Respect the waste hierarchy and the cascading principle - Member States **shall take into account the waste hierarchy as set out in Article 4 of Directive 2008/98/EC and the cascading principle** when granting support schemes, in order to minimise undue market distortions on the biomass raw material market and a harmful impact on biodiversity, the environment and the climate (Article 3(3))

- Introduce a **binding secondary legislation** (either delegated or implementing act) **to define how to apply the cascading principle** - No later than one year after [the entry into force of this amending Directive], the Commission shall adopt an implementing act on how to apply the cascading principle (Article 3(3))

- Broaden the scope of the binding secondary legislation - The scope of the implementing act on how to apply the cascading principle must cover at least **forest biomass and biomass from forest-based industries** to ensure coherence with Annex IX Part A of RED (Article 3(3)) and (Article 2(26))

In its current state, the incentives foreseen by the RED II risk strengthening the current trend according to which tall oil is increasingly diverted away from its use in sustainable chemical applications to produce fuel, with no net reduction in greenhouse gas (GHG) emissions. If tall oil is not addressed, innovation will be stifled and the intended GHG emission reductions and ILUC mitigations will not be realised.

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