



# POLICY ASKS FOR THE BIOECONOMY STRATEGY REVISION

## INTRODUCTION

The European Bioeconomy Alliance (EUBA) is an informal alliance of leading European organisations representing sectors active in the bioeconomy. The bioeconomy encompasses the sustainable production of renewable biological resources from land and sea and their conversion into food, feed, fibres, materials, chemicals and bioenergy through efficient and/or innovative technologies. The mission of EUBA is to boost the transition towards a more competitive, dynamic, sustainable circular bioeconomy in Europe that valorises non-fossil carbon by ensuring the development of a coherent, holistic, supportive policy framework for the circular economy and for bioeconomy along the value-chain. This involves a range of policy fields including agricultural, forestry, marine, industrial, climate, environmental, energy, research and innovation, and regional development. The bioeconomy is circular by nature. To further enable our sectors to boost the transition towards a circular bioeconomy in Europe and to contribute to the implementation of the global commitments such as the UN Sustainable Development Goals, EUBA calls for the implementation of concrete measures and long-term support across the following themes: Availability of sustainably produced Biomass (Policy Ask 1), Fostering Investment (Policy Ask 2 and 3) and Market Development (Policy Ask 4 and 5).

The five policy asks are as follows:

1. Biomass: Circular bioeconomy should be an integral part of EU-level frameworks and policies;
2. Investment: Increase funding and improve coherence of financing mechanisms for the circular bioeconomy;
3. Investment: Secure the Bio-Based Industries Joint Undertaking (BBI JU) 2.0;
4. Markets: Incentives for bio-based products in strategic sectors;
5. Markets: Promote bio-based products' visibility to stimulate market demand.



## POLICY ASKS

### AVAILABILITY OF BIOMASS

#### Policy Ask 1 – Bioeconomy should be an integral part of EU-level frameworks and policies

**What.** The bioeconomy should be an integral part of EU-level frameworks and policies, in particular of the Post-2020 Common Agricultural Policy (CAP) but also the EU Forest Strategy (EUFS) and the 2030 Climate and Energy Framework as well as the next EU Framework Programme for Research and Innovation (FP9), the EU Industrial Policy, the Circular Economy Package, the EU Cohesion Policy and the Blue Growth agenda.

**Why.** Sustainably, efficiently and competitively produced and recycled biomass from the agricultural, forestry and marine sectors (*“producing more and better”*), and from waste sources can contribute significantly to Europe’s climate commitments as well as to socio-economic targets, such as creating more jobs, growth and viable rural areas. It can also help reducing Europe’s dependence on imports while increasing the security of supply. In addition, it can enhance biodiversity through sustainable management of land and resources.

**How.** Bioeconomy should be an integral part of both the evaluation of the impact of CAP on climate change and GHG emissions as well as the Post-2020 CAP and the revised EU Cohesion Policy (regional funds). The climate benefit of a sustainable bioeconomy and bio-based products should be better acknowledged and addressed in the EU GHG accounting framework of Land Use, Land-Use Change and Forestry (LULUCF). This can be done by updating and expanding the accounting categories of harvested wood products to better reflect future innovative uses of biomass. A sufficient budget for the future CAP needs to be secured to support farmers, forest owners and their cooperatives to continue to invest in the development of the bioeconomy.

EU regional funds need to contribute more to investments in infrastructure and broadband in rural areas to create better connected value chains.

The EU Forest Strategy (EUFS) and its multi-annual implementation plan should better promote the



bioeconomy and the role of primary producers as the first enablers of the bioeconomy. The European Commission should present concrete actions on how the EUFS will support current and future investments in the bioeconomy made by the forest sector.

Finally, the bioeconomy can only come to its full potential if new technologies are developed to overcome bottlenecks and make biomass production and recycling of bioresources and bionutrients more competitive within a level playing field. This also comprises looking at mobilisation of residues and secondary raw materials, such as bio-waste in the context of e.g. the Waste Framework Directive and the Packaging and Packaging Waste Directive. Hence, the bioeconomy should play a significant role in research and development, industry and entrepreneurship policies (see also Policy Asks 2-5).

## FOSTERING INVESTMENT

### Policy Ask 2 – Increase funding and improve coherence of financing mechanisms for the circular bioeconomy

**What.** Increase funding and finance for the bioeconomy by a coherent approach, part of a revised Bioeconomy Strategy, which streamlines the funding tools and instruments while increasing the total allocated funding to the bioeconomy both as grants and loans.

**Why.** Public support of bioeconomy-related activities via public funding schemes fosters innovation in the bioeconomy, builds investors' confidence, keeps investments from European investors in the European Union and attracts external investments to the EU.

**How.** The increase in funding and improved coherence of financing mechanisms must be a part of a revised Bioeconomy Strategy. The initiative should be accepted and endorsed by the European Investment Bank (EIB), by relevant Commission Directorate Generals (DGs), in particular by DG RTD, DG REGIO, DG AGRI, DG GROW, DG CLIMA, as well as by the Member States, and should also be included in a European Parliament Report. To tackle the complexity of the current funding landscape, EU (e.g. Public-Private Partnerships, EU Emission Trading System - ETS - Innovation Fund, Framework Programme for Research, European Structural Funds etc.) and national public funding opportunities as well as regional non-EU funds should be combined into a limited number of easily understandable



and accessible bioeconomy-targeted funding and financial mechanisms. However, more financing via loans and loan guarantees should not mean less funding for grants. A fast-track process in EIB to access loans and other financial instruments – possibly under the umbrella of a “*European Bioeconomy Strategic Investment Fund (EBESIF)*” and working coherently with the foreseen risk-sharing financial instrument “*Circular Bioeconomy Thematic Investment Platform*” – could complement this. Structural national funds can be channelled in under the 8<sup>th</sup> (Horizon 2020) and 9<sup>th</sup> (FP9) EU funding Framework Programmes to favour easier access and harmonised implementation (i.e. cost categories definitions). Overall, it is desirable to have a one-stop-shop for companies to access in-depth and fit-for-purpose information, support and enhance investment decisions based on expertise and practical, real time advice on integrated funding and financial instruments.

### Policy Ask 3 – Secure the Bio-Based Industries Joint Undertaking (BBI JU) 2.0

**What.** Public-private partnership (PPP) funding opportunities, in particular the Bio-Based Industries Joint Undertaking (BBI JU), should be continued (BBI 2.0) and increased in funding in the context of next EU Framework Programme for Research and Innovation (FP9).

**Why.** Funding for innovation and scale up is crucial to develop a competitive bioeconomy. BBI JU is a very promising public and private effort with the aim to tackle society's major challenges through developing bio-based materials but also at the same time leveraging capital markets and additional private and public funds. The realization of innovative bioeconomy-related projects (such as the construction of biorefineries based on cutting edge technology), is – even though highly promising – often still risky in financial terms within regular industrial return on investment (ROI) expectations. Without public support, the time needed to recoup the capital expenditure (CAPEX) may be too long for industries which speaks against positive investment decisions. At the same time, full commercial scale plants are needed to overcome bottlenecks, increase competitiveness and showcase ROI towards industrially acceptable levels, and hence stimulate the uptake of bio-based production plants. Furthermore, research into bioeconomy-relevant topics and demonstration actions should also be supported in order to build a solid basis for large-scale industrial projects and strengthen the competitiveness of existing production capacities. Moreover, PPPs bring together the entire value chain and mobilise the relevant stakeholders, ranging from SMEs to large companies.



**How.** BBI 2.0, the continuation of the BBI JU, needs to be secured by 2020 as part of FP9. BBI 2.0 must be a part of the revised Bioeconomy Strategy. Emphasizing the achievements so far as well as obtaining endorsement of the BBI framework from Directorate-Generals (DGs) RTD and other relevant DGs, such as DG AGRI, DG ENER and DG REGIO, increases the reach of the programme and its contribution to the jobs and economic growth in the EU, also in rural areas. To maximize the success potential, supportive Presidencies of the Council of the EU and support from the Member States and regions are essential.

## MARKET DEVELOPMENT

### Policy Ask 4 – Incentives for bio-based products in strategic sectors

**What.** The EU should incentivise the use of renewable rather than fossil-based raw materials in strategic sectors.

**Why.** Stimulating the uptake of bio-based products in strategic sectors (e.g. packaging, automotive, coatings, construction, cosmetics, energy, fertilizer, homecare, pharmaceutical and textiles industries) will create a long-term sustainable circular bioeconomy in Europe, and reduce the EU's environmental footprint.

**How.** In the short to medium term, the bioeconomy and bio-based products should be acknowledged and incentives should be introduced into relevant policies and regulations, such as the Ecodesign Directive<sup>1</sup> and EU Ecolabel initiatives, the Packaging and Packaging Waste Directive (PPWD)<sup>2</sup>, the Waste Framework Directive (WFD)<sup>3</sup>, the Landfill Directive<sup>4</sup>, the Plastic Strategy, the

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<sup>1</sup> Ecodesign Directive, European Commission 2009: <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32009L0125>

<sup>2</sup> Packaging and Packaging Waste Directive (PPWD), European Commission 1994: <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:01994L0062-20150526>

<sup>3</sup> EU Waste Framework Directive (WFD), European Commission 2008: <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32008L0098>

<sup>4</sup> Landfill Directive: [http://ec.europa.eu/environment/waste/landfill\\_index.htm](http://ec.europa.eu/environment/waste/landfill_index.htm)



Renewable Energy Directive post-2020, and the Fertiliser Regulation<sup>5</sup>. In the long term, the incentives can be replicated in other policy areas and counterincentives (e.g. increased tax, limited advertising opportunities) can be introduced for products without renewable raw material content.

#### Policy Ask 5 – Promote bio-based products' visibility to stimulate market demand

**What.** To stimulate market demand of bio-based products, the EU should increase the awareness of professional buyers and consumers about the benefits of using biomass in the value chain and about the properties of bio-based products. Building on EU initiatives, the EU should refer to existing standards and labels on the definitions of bio-based products<sup>6</sup> in official communications and give a clear preference towards products for which renewable raw materials were used in public procurement and/or in tax regulations.

**Why.** European standards provide a science-based widely-supported approach to harmonisation and communication. Certification and labelling systems based on European standards enable communicating the properties of bio-based products in a clear and unambiguous way. Promoting the use of renewable raw materials and the visibility of bio-based products helps raise awareness of existing renewable alternatives to traditional fossil-carbon based products and enhance sustainable consumption and production patterns. By stimulating market demand for bio-based products, the supply will increase, e.g. the USDA BioPreferred Program<sup>7</sup> has registered 2250 certified bio-based products on the US market in 2016.

**How.** Building on the work of DG GROW's Expert Group for bio-based products in 2015 and 2016, the EU should take a coordinating role in implementing its "15 recommendations for an increased uptake of bio-based products in public procurement"<sup>8</sup>. One of them is to develop comprehensive product

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<sup>5</sup> Fertilizer Regulation, European Parliament and Council 2003: <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:32003R2003>

<sup>6</sup> CEN TC 411 on bio-based products and others.

<sup>7</sup> USDA BioPreferred public procurement and awareness program: <https://www.biopreferred.gov/BioPreferred/>

<sup>8</sup> 15 recommendations for an increased uptake of bio-based products in public procurement: [http://ec.europa.eu/growth/tools-databases/newsroom/cf/itemdetail.cfm?item\\_id=8767](http://ec.europa.eu/growth/tools-databases/newsroom/cf/itemdetail.cfm?item_id=8767)



and materials information kits to support Member States procurers and their associated service providers in the specifications and tender design processes toward the inclusion of more products based on renewable raw materials.

More broadly, official communications from various EU and Member States authorities and regulatory bodies, such as public procurement tenders, should increase references to credible 'bio-based content' certificates and labels based on the standard EN 16785-1:2015. For instance, the uptake of the recently-developed NEN<sup>9</sup> certificate and label for bio-based content<sup>10</sup> would demonstrate compliance with the European standard and catalyse an increase in the number of products labelled with the bio-based content. In that context, sustainability comparison between fossil-based and bio-based products should be carried out on a fair basis.

The European Commission should learn from the successes of the USDA BioPreferred Program, setting up novel and/or adapting existing procurement instruments without further delay. In the existing framework, the European Commission has opportunities to integrate references to bio-based content and public procurement actions in e.g.:

- Green Public Procurement and EU Ecolabel
- Key Enabling Technology (industrial biotechnology) strategy, and Horizon 2020 (Societal Challenge 2),
- LIFE Programme,
- Bio-based Industries Joint Undertaking's calls,
- actions of the Circular Economy Package

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<sup>9</sup> Netherlands Standardisation Institute

<sup>10</sup> Bio-based content certification scheme, Bio-based content 2017: <http://www.biobasedcontent.eu/>



European  
Bioeconomy  
Alliance

## ABOUT EUROPEAN BIOECONOMY ALLIANCE

The European Bioeconomy Alliance (EUBA) is an alliance of leading European organisations representing sectors active in the bioeconomy – agriculture, forestry, biotechnology, sugar, starch, vegetable oils, pulp and paper, bioplastics, renewable ethanol, and research & innovation.

### Members of the European Bioeconomy Alliance



**BIC**  
Bio-based Industries Consortium



**CEFS**  
European Association  
of Sugar Producers



**CEPF**  
Confederation of European  
Forest Owners



**CEPI**  
Confederation of European  
Paper Industries



**COPA-COGECA**  
European Farmers and  
European Agri-Cooperatives



**ePURE**  
European Renewable Ethanol  
Producers Association



**EUBP**  
European Bioplastics



**EuropaBio**  
The European Association  
for Bioindustries



**FEDIOL**  
The EU Vegetable Oil &  
Proteinmeal Industry



**FTP**  
Forest-based Sector  
Technology Platform



**PFP**  
Primary Food Processors



**Starch Europe**  
European Starch Industry  
Association