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NOTE

From: Presidency
To: Special Committee on Agriculture / Council
Subject: Updated EU Bioeconomy Strategy
- *Exchange of views*

In preparation for the "Agriculture and Fisheries" Council on 17-18 December 2018, delegations will find in the [Annex](#) a background note from the Presidency on the abovementioned subject, as well as proposed questions to steer the ministerial debate.

BIOECONOMY: AN OPPORTUNITY TO PROMOTE RURAL DEVELOPMENT AND RENEWABLE RESOURCES

I. The bioeconomy in the European Union

The bioeconomy is defined by the European Commission as encompassing "the production of renewable biological resources and the conversion of these resources and waste streams into value added products, such as food, feed, bio-based products and bioenergy". It covers all sectors and systems that rely on **renewable resources**, their functions and principles and has a wide-ranging impact on several actors, from primary producers of both agricultural and forest products to retailers, users and consumers of bio-based products (from food and feed to fuels and materials).

The bioeconomy aims at providing **solutions for environmental challenges**, such as low carbon and renewable materials. In addition, it contributes to the promotion of rural development and to the reduction of dependency on imported fossil fuels throughout the economy. Other beneficial effects include the limitation of greenhouse gas emissions, the increase of resource efficiency and the reduction of waste. In this sense, as highlighted by the European Environmental Agency¹, the bioeconomy and **circular economy** are partners in sustainability, as an improved waste management may help develop new sources for raw materials.

¹ European Environmental Agency Report No. 8/2018, "*The circular economy and the bioeconomy - Partners in sustainability*", available at: <https://www.eea.europa.eu/publications/circular-economy-and-bioeconomy>.

At the same time, the bioeconomy aims at creating **economic value and prosperity**. According to the European Commission's Joint Research Centre (JRC), in 2015 it generated a turnover of EUR 2.3 trillion (EUR 380 billion in agriculture) and provided for 18 million jobs (9.2 million in agriculture). Among the many economic sectors that it encompasses, **agriculture and forestry** play a crucial role as they are among the main producers/suppliers of biomass, which is used as a raw material for the bioeconomy. The agriculture and forestry sectors are the main primary producers/suppliers of biomass. The average EU-28 annual domestic biomass production from the land-based sectors is 1466 megatonnes of dry matter. In 2015, agriculture occupied about half of the land area of the European Union and it employed 4.2% of the EU-28 working population.

Forests and other wooded land occupy around 43% of EU land and are a source of wood and non-wood products, providing a wide range of ecosystem services, such as carbon storage and sequestration, habitat provision and water regulation. About 84% of the EU forest area is considered potentially available for wood supply. In this area 444 megatonnes of wood grow every year. There is a potential for increasing harvest rates and wood mobilisation to provide additional quantities of woody biomass without exceeding the total annual increments, in order to maintain a domestic EU wood supply to the existing wood-processing industries, and to service the growing demands from bio-based materials and products within the bioeconomy. In addition, by using by-products, residues and waste, more value can be generated from the original raw materials, with positive effects also for employment in rural areas. Beside its potential to replace fossil-based products, the bioeconomy also opens up the opportunity to create new products and services and thereby to diversify the income for the agriculture and forestry sectors and to boost job opportunities in rural areas.

Question for Ministers (1):

- In your opinion, is the bioeconomy fully deploying its potential to create higher value for agricultural and forestry and to boost economic growth and employment, particularly in rural areas?

II. The EU strategic approach

The 2012 EU Bioeconomy Strategy

In 2012 the European Commission published its Communication "*Innovating for Sustainable Growth: A Bioeconomy for Europe*" (hereinafter referred to as "**2012 EU Bioeconomy Strategy**") and the related Action Plan², focusing on the cross-cutting nature of the bioeconomy and on its capacity to address societal challenges including food security, the scarcity of natural resources, dependency on non-renewable (fossil) resources, climate change and job creation. In 2017 the Commission carried out a **review** of the 2012 EU Bioeconomy Strategy³, which highlighted that the Strategy and the Action Plan were delivering on key actions and that the opportunities offered by the bioeconomy and the importance of the Strategy coordination were increasingly recognised in the EU. It also found that further mobilisation of investments was still needed and that policy coherence had to be better addressed. Furthermore, it stressed that the current policy context highlights the need for a sustainable and circular bioeconomy, in line with global policy developments such as Circular Economy, Energy Union, the Paris Agreement and the Sustainable Development Goals.

At the Special Committee on Agriculture on 5 February 2018 and in the "Agriculture and Fisheries" Council on 19 February 2018 the review of the 2012 EU Bioeconomy Strategy was discussed, with a broad agreement emerging on the potential of the bioeconomy for agriculture and the need for farmers to be better integrated into the bioeconomy value chain.

² COM(2012) 60 final of 13.2.2012 - ST 6487/12 + ADD 1.

³ SWD(2017) 374 final of 13.11.2017 - ST 14362/17.

The updated Bioeconomy Strategy

On 11 October 2018 the Commission published its Communication "*A sustainable Bioeconomy for Europe: strengthening the connection between economy, society and the environment*" (hereinafter "**the updated Bioeconomy Strategy**")⁴, representing an update of the 2012 EU Bioeconomy Strategy, accompanied by an Action Plan. By this Communication, the Commission aims at improving the sustainable use of renewable resources to address global and local challenges, including climate change, sustainable developments and ecosystem degradation.

This update is highly relevant for the agricultural and forestry sectors in view of the great potential of the bioeconomy in ensuring food security for the increasing global population, while addressing environmental challenges and contributing to more circular and sustainable production systems, as well as in providing new opportunities for growth and rural development.

The Action Plan identifies **14 key actions** to pave the way towards a **sustainable and circular bioeconomy**, addressing three main priorities: i) "Strengthen and scale-up the bio-based sectors, unlock investments and markets"; ii) "Deploy local bioeconomies rapidly across Europe"; iii) "Understand the ecological boundaries of the bioeconomy". The concept of a circular and sustainable bioeconomy is also a tool to implement the Sustainable Development Goals in the Union by complying with the European goals for biodiversity or other environmental objectives.

⁴ COM(2018) 673 final of 11.10.2018 - ST 13229/18 + ADD 1.

Among the proposed actions, the Commission included the launch of a EUR 100 million **Circular Bioeconomy Thematic Investment Platform** aiming to tackle the gaps in access to private funding for innovative bioeconomy projects through financial allocation from Horizon 2020. Another example are pilot actions to support local activities, e.g. to promote the rehabilitation of brownfields: these kinds of actions are also capable of raising awareness and simplifying communication between producers and consumers. In light of the bioeconomy's potential, further possibilities might also be explored beyond these actions, including in the framework of other funds which present interlinks with the bioeconomy⁵.

It is also worth recalling that the bioeconomy is part of the nine specific objectives of the **future Common Agricultural Policy** as proposed by the Commission in its proposal for a Regulation on the so-called "CAP Strategic Plans"⁶ (Article 6(1)(h): "promote employment, growth, social inclusion and local development in rural areas, including bio-economy and sustainable forestry").

Challenges ahead

The updated Bioeconomy Strategy was presented at the conference "***Sustainable and circular Bioeconomy, the European way***", organised in Brussels on 22 October 2018 by the Austrian Presidency and the European Commission. Among the main messages, both Commissioner Moedas (DG RTD, in lead for this work) and Commissioner Hogan (DG AGRI) stressed the need to better communicate the importance of the bioeconomy in order to unleash its full potential, which otherwise may remain untapped.

⁵ For instance, it is worth recalling that, in the Commission's Communication on the Multiannual Financial Framework 2021-2027 (ST 8353/2018 + ADD 1 + ADD 2), a EUR 10 billion allocation is foreseen in the Horizon Europe programme to support research and innovation in food, agriculture, rural development and the bioeconomy over the period 2021-2027.

⁶ COM(2018) 392 final of 1.6.2018 - ST 9645/2018 + ADD 1 + COR 1.

Another challenge for a successful implementation of the Strategy is the full involvement of all actors along the value chain, including consumers, in all considerations for the implementation of the updated Bioeconomy Strategy. Without a wide acceptance of the new products and services, together with the accompanying measures and the efforts of key actors in the relevant value chains, the success of the Strategy might be hampered. In this sense, education, training and skills have to be promoted on the side of the primary producers, the industry, as well on the consumer side.

Question for Ministers (2):

- In your opinion, are the 14 actions proposed by the updated EU Bioeconomy Strategy appropriate to fully unleash the bioeconomy's potential, particularly from the perspective of a primary producer? Are there further opportunities to be explored, including through interactions with already existing funds?