

Brussels, 26 November 2024
(OR. en)

15966/24

COMPET 1132
RECH 515
ENV 1147
ENER 573
SAN 669
AGRI 828
PECHE 488

NOTE

From: General Secretariat of the Council
To: Delegations

Subject: AOB for the meeting of the Competitiveness Council of 28 November 2024:
Bioeconomy – next steps in the EU
- Information from Denmark, Estonia, Finland, France, Latvia, Lithuania, Portugal, Spain and Sweden

Information by Danish, Estonian, Finnish, French, Latvian, Lithuanian, Portuguese, Spanish and Swedish delegations on Bioeconomy – next steps in the EU

Denmark, Estonia, Finland, France, Latvia, Lithuania, Portugal, Spain and Sweden will inform delegations about a joint non-paper on the need to discuss and reflect on bioeconomy's next steps in the EU.

Denmark, Estonia, Finland, France, Latvia, Lithuania, Portugal, Spain and Sweden have in a joint non-paper on "Bioeconomy – next steps in the EU" highlighted the need for a reassessment of the bioeconomy.

The EU is amongst global leaders in bioeconomy and bio-based solutions. In order to maintain and strengthen our global leadership, we need a simplified regulatory framework, faster approval procedures and faster access to markets for bio-based products.

Bioeconomy – next steps in the EU, joined by Denmark, Estonia, Finland, France, Latvia, Lithuania, Portugal, Spain and Sweden in November 2024

Key objectives:

1. Maintaining and strengthening the EU's global leadership in bioeconomy and bio-based solutions
2. Simplifying the legislative framework to achieve faster acceptance (speed up permit-granting processes) and market access for bio-based products
3. Establishing a Sustainable European Bio-based Products Alliance

1. Defining bioeconomy

Bioeconomy offers a versatile strategy for addressing climate change, reducing the EU's dependence on fossil-based raw materials and energy, and enhancing resource efficiency using primary and secondary renewable resources to make bio-based solutions. Bioeconomy also covers some of the most clean and resource-efficient technologies, such as battery and energy storage technologies, advanced materials, manufacturing and recycling technologies, circular economy technologies, and biotechnologies.

The concept of bioeconomy is understood differently in different countries. In the upcoming update of the EU Bioeconomy Strategy, bioeconomy should be defined so that it increases the Member States' mutual understanding of bioeconomy, Biotechnology and biomanufacturing should be incorporated into EU's Bioeconomy strategy reflecting especially the changes in the operating environment. It is also important to ensure long-term commitment to policy development and implementation through enhanced EU policy coordination and sectoral coherence.

Examples of innovation potential in bioeconomy: biotech solutions such as enzymes, proteins, bio-pesticides and biofertilizers, development of plant based protein products, valorisation of agricultural and forestry byproducts, bio-based carbon capture and utilization.

Biotechnology means the use and engineering of living cells, organisms, and their parts. Biotechnology is among the EU's critical technology areas. It plays a remarkable role in modernizing agriculture, forestry, aquaculture, energy, food and feed sectors, pharmacy, and industry, contributing to EU's strategic competitiveness. Actions and goals in the Commission's Communication on Boosting the Biotechnology and Biomanufacturing in the EU are pointing the way in the right direction.

Bioeconomy uses various methods and processes. Competitive production of bio-based products requires that we use different technologies regardless of whether they are based on biotechnology, chemical processes, mechanical processes or thermal processes and different biomass sources. The EU's future measures and policies, such as the priorities of EU funding instruments for research and development activities, should allow development of variety of different technologies.

2. Legislative framework facilitating EU's global leadership in bioeconomy and bio-based solutions

The EU is amongst global leaders in bioeconomy and bio-based solutions. In order to maintain and strengthen our global leadership, we need a simplified regulatory framework, faster approval procedures and faster access to markets for bio-based products. Our competitors (the US and China) are advancing fast, and the EU should not lose the momentum by not being able to scale up. Our innovative companies are already looking to establish themselves outside the EU as they find it easier to do business and expand abroad. It is important that bioeconomy is considered and identified horizontally in EU legislation and policy actions. Within the EU we have access to domestic biobased resources, which may contribute to the EU's strategic autonomy in an open economy. The bioeconomy also contributes to improving the EU's long-term competitiveness.

A European Biotech Act could be instrumental in promoting the above mentioned goals in the area of biotechnology, but before preparing any new legislation it is important to carefully assess already existing actions and lessons learned. All new legislative proposals should contain a thorough, timely and high-quality impact assessment. It is important to take the broad diversity of biotechnologies and bio-manufacturing into account in policy preparation.

Possible new legislation could be modelled on the framework provided by research and innovation Joint Undertakings, steering industry's research and development priorities at the European scale, testing environments and pilot lines, as well as financing.

The EU regulatory framework should provide legal certainty and predictability. It needs to be stable, predictable, and enabling to avoid hindering investments. Producers of bio-based products should not face higher administrative burdens than those producing fossil products.

The EU should promote a bioeconomy model that respects biodiversity and is in line with the commitments Kunming-Montreal Global Biodiversity Framework, the UN Sustainable Development Goals and the EU's own commitments. The international initiatives on bioeconomy have recognized the role of sustainability for bioeconomy, most recently in G20 high-level principles on bioeconomy.

Funding for R&D, piloting and investments must be based on quality/excellence and impact and R&D infrastructures must serve the EU as a whole.

3. Sustainable European Bio-based Products Alliance

The bio-based sector across the EU faces critical challenges, which affect its potential for growth and competitiveness. Market and nature disturbances have appeared in recent years, creating pressure on manufacturers in the EU to import bio-based raw materials and products. The creation of new bio-based products and the development of the bioeconomy industry require first of a kind investments. The biggest development work is carried out in start-ups that cannot find funding for the next stage. In the current situation, companies are sold outside Europe at an early stage, which means that income from development work is also diverted.

To overcome challenges and to ensure the EU's competitiveness in the bioeconomy, a **Sustainable European Bio-based Products Alliance** should promote the following goals:

- a. promote the industrial activities of the bioeconomy and circular economy
- b. facilitate domestic market access and demand for bio-based solutions
- c. scale up emerging innovations and research into industrial solutions and business opportunities
- d. strengthen and renew existing bio-based industries
- e. enhance the legitimacy of different bio-based products as an alternative to fossil-based resources
- f. foster first of a kind investments
- g. increase the resource-efficient use and recycling of materials and the utilizing of side streams
- h. create consensus and common goals for the bioeconomy sector
- i. implement the Communication on Boosting the Biotechnology and Biomanufacturing in the EU

We can support the Commission with wide-ranging, high-level expertise to build the Alliance.