

Brussels, 28 November 2024
(OR. en)

16244/24

AGRI 837
AGRISTR 83
RECH 527

NOTE

From:	General Secretariat of the Council
To:	Delegations
Subject:	Future opportunities for the bioeconomy - Policy debate

With a view to the meeting of the “Agriculture and Fisheries” Council on 9-10 December 2024, delegations will find in the Annex a background document on the above-mentioned subject.

Future opportunities for the Bioeconomy: Towards a European Bioeconomy Pact

The bioeconomy holds transformative potential for the EU, advancing sustainable economy, innovative solutions, and environmental resilience. Rooted in the sustainable production and use of biological resources, the bioeconomy aligns with EU objectives for climate neutrality, circularity and rural development, particularly within the agri-food sector. However, realizing this potential requires addressing key challenges, including balancing resource scarcity and efficiency, regional scalability and cross-sectoral integration.

The foundation of the bioeconomy lies in the competitiveness and sustainability of primary sectors such as sustainable agriculture, forestry as well as water and waste management. The biomass has the potential to replace or significantly reduce reliance on fossil-based materials by providing sustainable, renewable alternatives, paving the way for a competitive economic future and environmental resilience.

As global demand for bio-based products rises, the EU's bioeconomy can be a key driver for competitiveness. The sector presents substantial growth opportunities by tapping into sustainable and innovative production methods. Alongside being still strongly research driven, with increased investment, the bioeconomy can strengthen biomass production within Europe and its leadership in green technologies, high-value bio-based manufacturing, competitive and resilient value chains.

Sustainable feedstock sources, including EU agriculture, forestry and rural as well as coastal areas, are crucial to securing Europe's future in food, industry, and energy. The biomass potential in certain regions, particularly in Central and Eastern Europe, including accession countries in the Western Balkans, Ukraine, Moldova, and Georgia, represents an underutilized asset for the EU bioeconomy. By addressing productivity and efficiency gaps through targeted investments and innovation, these regions could significantly enhance their contributions to the EU's sustainability and competitiveness goals.

However, to fully capitalize on these opportunities, EU policies must address certain limitations:

1. **Policy and Legislative Gaps:** Fragmentation in bioeconomy-related policies across Member States can inhibit cross-border collaboration and innovation. The lack of cohesive legislative frameworks for bio-based products, bioenergy and circularity often restricts market growth and reduces competitiveness, particularly against economies with consolidated bioeconomy policies.
2. **Targeted National Programs:** While some Member States have developed robust national bioeconomy strategies and action plans, others lag behind due to limited funding or strategic alignment. Coordinated efforts and targeted national programs would drive more uniform progress and foster competitiveness across the EU. Increased support for regional bio-based initiatives and harmonized incentives could significantly enhance both local and EU-wide market resilience.
3. **Market Access and Innovation Support:** EU bio-based products face significant barriers in accessing global markets, partly due to stringent regulatory requirements and competition from markets with lower regulatory constraints. Strengthening market access requires harmonizing EU policies with international standards and increasing R&D funding to ensure that innovation from Europe are competitive on a global scale.

To unlock the full potential of the bioeconomy, the EU would benefit from a dedicated **"Biotechnology and Biomanufacturing Act,"** modeled on the Circular Economy Action Plan under the Green Deal. A comprehensive **European Bioeconomy Pact** including a European strategy, action plan and the Act, would be needed serve as an overarching legislative framework, providing clear guidelines, setting ambitious targets while creating incentives for investment and innovation in bio-based industries. By establishing unified principles, the Act would ensure that bioeconomy policies are not only harmonized across Member States but also aligned with broader EU objectives on sustainability, circularity and climate goals.

Furthermore, such an Act could provide a predictable and plannable framework for the Common Agricultural Policy specific objective on bioeconomy, could trigger the financial leverage of farmers and foresters, especially small ones to invest in innovation, market growth by building investor confidence, facilitating cross-border supply chains, and fostering a competitive advantage for EU bio-based products globally. A European Bioeconomy Pact would also promote a more coordinated approach to research and innovation funding, enhancing the EU's leadership in bio-based solutions and green technologies and diversifying across the EU member states, adapting new technologies and innovative solutions towards Member States with strong biomass resources and growth potential.

Sustainable Biomass Utilization would be needed to meet EU targets, optimizing biomass usage across sectors, such as agriculture, forestry, and waste management is essential. This involves enhancing resource efficiency, creating resilient biomass supply chains, and advancing innovative technologies that transform raw materials into high-value products, biochemicals and bioenergy.

Regional and Local Integration would be essential. While economies of scale favor centralized processing, localized bio-based production can enhance resilience, support farmers, foresters and local economies, and minimize environmental impact at rural and coastal areas. Policies must therefore balance economies of scale with the unique sustainability benefits of regional bioeconomy ecosystems.

Market and Regulatory Alignment would bring benefits, therefore a harmonized regulatory framework is crucial to foster innovation while ensuring safety, traceability, and environmental sustainability. Market access for bio-based products, particularly in rural areas, must be strengthened, which involves aligning national and EU-level incentives, investment, and market development strategies.

Based on the above-mentioned considerations the Presidency proposes the following questions to steer the debate:

- 1. How can the future CAP enhance the resilience and sustainability of bioeconomy supply chains while supporting rural economies and minimizing environmental impacts at the national and local level?*
 - 2. What regulatory and policy adjustments are necessary to improve the competitiveness of EU bio-based products in the global market while ensuring alignment with EU environmental goals?*
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