

Opinion of the European Committee of the Regions — A sustainable Bioeconomy for Europe: Strengthening the connection between economy, society and the environment

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POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS

General comments

1. welcomes the Commission's communication on *A sustainable bioeconomy for Europe: strengthening the connection between economy, society and the environment*, which sets out an action plan to implement the renewed European bioeconomy strategy over the next years. The Committee considers that it can play a key role in the dialogue with the European Commission;
2. considers that this action plan is sufficiently ambitious and that rolling out the measures listed in it is vital to ensure that the European bioeconomy develops at an appropriate pace;
3. also considers that the development of the bioeconomy has great potential in terms of growth and jobs and points out that this development will only be possible if regional and local stakeholders cooperate closely and work towards the same goals. The Committee further stresses the importance of sustainable bioeconomy for the attainment of the Sustainable Development Goals;
4. firmly believes that European, national, regional and local initiatives on the bioeconomy need to be aligned, leveraging multi-level governance to establish optimal conditions for bioeconomy development in Europe. Furthermore and also with regard to the bioeconomy, the local and regional tier plays an important role in promoting cooperation between universities, industry, government and civil society, thanks to the quadruple helix model;
5. flags up the fact that the 2021-2027 period has remarkable potential for developing the bioeconomy. Local and regional authorities are pivotal when it comes to implementing EU cohesion policy and many regional smart specialisation strategies which co-finance programmes and projects bolstering the bioeconomy;
6. also points out that from 2021, the Commission plans to make it mandatory to draw up bioeconomy action plans at the most appropriate territorial level – meaning that local and regional authorities will play a bigger role – and to manage the programmes as close to the sectors and people concerned as possible, in line with the principles of subsidiarity and multilevel governance. In order to create a sustainable and circular bioeconomy, the activities involved should be firmly embedded at regional and local level, given that local communities have a good knowledge of the existing value chains in the regions. The regions invest in basic services and capacities, and so the local and regional approach guarantees a strong connection with regional features and specialisation;
7. with a view to ensuring that the vision of expanding the bioeconomy as widely as possible becomes reality, considers that the legal framework will need to be reviewed periodically in order to remove legal barriers to investment;
8. believes that a sustainable European bioeconomy will create jobs, particularly in coastal and rural areas, as primary producers will be more involved in the local bioeconomy. Estimates for the bio-based sectors suggest that a million new jobs could be created by 2030;
9. urges all EU Member States to draw up a national bioeconomy strategy by 2021 in connection with preparations for the forthcoming 2021-2027 Multiannual Financial Framework, in order to facilitate the coordination of development programmes;

10. encourages all European regions, being one of the most appropriate territorial levels for the implementation of bioeconomy strategies, to adopt bioeconomy action plans by late 2024 or to provide for a chapter dedicated to the bioeconomy in their global development strategy. The Committee also considers that, given that the ecological boundaries of bioeconomy go beyond administrative ones, interregional strategies should also be envisaged in order to strengthen cross-border and interregional cooperation (twinning, networks) with regions of a similar profile. At the same time, bioeconomy partnerships should be promoted in macro-regional and sea-basin strategies;

11. hopes that green public procurement will grow as vigorously as possible in the EU, and points out that the development of the bioeconomy is a prerequisite for that growth. Points out to this effect that public procurement is an important tool that can support the development of bio-sourced products and solutions. Supporting and enabling this often requires support from the EU, in the form of ecodesign requirements, standards, climate and environmental product declarations, and strategies for development measures;

12. notes with concern that, according to a recent Joint Research Centre paper 'in the period 2015-2030 about 11 % (more than 20 million ha) of agricultural land in the EU are under high potential risk of abandonment due to factors, related to biophysical land suitability, farm structure and agricultural viability, population and regional specifics' ⁽¹⁾. In view of the above, the Committee underlines the important potential of abandoned agricultural land for the increased production of various types of bio-resources, provided that such diversified use does not endanger High Nature Value (HNV) farmland nor does it reduce biodiversity and the potential for habitat restoration and re-wilding;

13. points out that in a previous opinion on the reform of the Common Agricultural Policy ⁽²⁾, with regard to the environment and food the Committee stressed that land used for organic farming in the Member States would need to increase twofold compared to 2017 levels, i.e. at least 30 % of the Member States' useful farming land;

14. endorses the conclusions of the report on the mid-term review of the EU forestry strategy, which argue that the review of the forestry strategy would need to be coordinated with the reform of the bioeconomy strategy. EU policies will have to be harmonised with a view to the development of the forest-based bioeconomy and the promotion of innovation;

Strengthening and scaling-up the bio-based sectors, unlocking investments and markets

15. considers that bioeconomy innovations currently only attract investors if those innovations are related to the development of high added value products. Aid regimes need to be fine-tuned in order to develop technologies connected to bio-sourced products which have a low market value but will replace fossil fuels. There is a need for clearer pricing mechanisms for bioenergy resources, without specifying in detail how those resources are to be used. Appropriate pricing for fossil resources is a key factor in making the bioeconomy competitive;

16. is of the opinion that rolling out a harmonised system regulating standards for products which can be manufactured sustainably and the resulting waste, and guaranteeing the EU-wide stability of this system would be a major step forward for organisations active in the research, development and manufacturing of bio-sourced products;

17. calls on the European Commission to support the processes involved in the production and sale of bio-based products in EU Member States and the multiplication of technologies in the field of sustainable bioeconomy. The EU should profile itself as the leader in the sector by developing state-of-the-art bioeconomy-related technologies with a view to promoting job creation and securing the supply of high-quality bio-sourced products;

18. stresses that applicable rules should avoid imposing an excessive administrative burden on users of bioresources. At present, such sustainability- and economy-related reporting requirements (including for business partners) come both from state aid rules and from the Renewable Energy Directive (RED II). It is also important to avoid micromanaging the use of different bioenergy resources, provided those resources meet the requirements of reducing climate impact and improving sustainability. Particularly in biorefineries, different resource streams are used for a variety of different purposes, including biofuels;

⁽¹⁾ Agricultural Land Abandonment in the EU within 2015-2030', JRC Policy Insights (October 2018), accessible at <https://ec.europa.eu/jrc/sites/jrcsh/files/jrc113718.pdf>

⁽²⁾ Opinion of the European Committee of the Regions on 'CAP reform' (COR-2018-03637).

19. considers that the development of the bioeconomy, particularly in less advanced regions, is connected to tangible projects, and that by delivering flagship innovations it will be possible to keep up the pace. With regard to BIOEAST and other such initiatives in which more than one Member State is involved, the Committee proposes that the Commission encourage the reinforcement of positive synergies through thematic programmes and subsidies. The link between technology transfer and regional biomass resources should also deliver real results for society at large, which would prove that the sustainable bioeconomy is the green beating heart of the circular economy;

20. believes that, in order to speed up the energy transition and to make renewable energy more competitive on the market compared to fossil fuels without this being deemed unauthorised state aid, adjusting the Energy Taxation Directive and the state aid rules should be considered;

21. is pleased that the European Commission is considering implementing a tool over the next few years to support policies addressing regional imbalances with regard to the bioeconomy, but would point out that this tool will need to remain operational until at least the end of 2027 in order to successfully reduce the regional disparities which have emerged in this field;

22. is pleased that biotechnology has been included in the smart specialisation strategies (RIS3) of several EU countries. Drawing up smart specialisation strategies was an *ex ante* condition for gaining access to European research, development and innovation (RDI) funds under the 2014-2020 planning period, and these strategies are also instruments for political action which, by painting a picture of regional and territorial features, sectors and technological priorities, are benchmarks for enacting policies. Further considers that bioeconomy-related regional RIS 3 are more effective if based on coordinated efforts both between neighbouring regions and at Member State level, in order to safeguard the environment in the long term and protect biodiversity and to tap the potential of the bioeconomy;

23. considers that support for biotechnology needs to be stepped up, as regards the priorities for both research and innovation (R&I) and investment. Thanks to its knowledge base and tools and because it links up the various stages of biomass processing, biotechnology can reduce harm to the environment and promote the sustainable development of bio-based industries;

24. endorses action 1.5 of the action plan, which provides for the development of 300 sustainable biorefineries^(?). The Committee proposes that when building a new biorefinery, data from the single system of indicators and follow up be used to help regions which are less advanced when it comes to the bioeconomy to catch up, in accordance with CAP rules and subsidies and the ninth framework programme. The introduction of technological innovations alongside the development of related knowledge transfer systems will make it possible to harness the ecosystems' potential in an ecologically rational way, which could result in sustainable biomass value chains;

25. believes that in order to optimise, convert and integrate value chains, it is essential to actively engage local and regional stakeholders, and in particular SMEs so that the whole business chain beyond the primary producers is involved. It is essential to support the engagement of SMEs in their technology and business conversion processes towards the bioeconomy;

Deploying local bioeconomies rapidly across Europe

26. recommends that the European Commission pay particular attention to briefing those responsible in urban and rural administrations so that they integrate options for producing and converting biomass into strategic planning and long-term budgeting processes;

27. emphasises that consultations between neighbouring regions should lay the groundwork for mutual cooperation in which technologies and solutions for circular organic farming can be developed;

28. considers that cities should become major circular bioeconomy hubs. Circular management of materials and recycling (or, where applicable, re-refining) of waste, including organic waste, in urban centres are very important, and these processes need greater public awareness as well as infrastructure and systems for collection, processing and recycling (or re-refining). The Committee calls on the European Commission to take coordinated action to provide the resources needed; this includes the joint and complementary development of technological adaptations and knowledge transfer systems;

^(?) OECD, *Meeting Policy Challenges for a Sustainable Bioeconomy*, 2018, ISBN 9789264292345; BIO-TIC, *A roadmap to a thriving industrial biotechnology sector in Europe*, 2015.

29. considers in particular that, in point of fact, neither the strategy nor the action plan addresses governance issues. In order to achieve the processes laid out in the action plan, clear responsibilities need to be attributed to the relevant actors and in full respect of multi-level governance in order to ensure the effective and efficient implementation of each part of the strategy;

30. considers that the legislation needs to be aligned, as the 28 Member States currently apply different rules to both the streams of biomass which are the main raw materials used in key bioeconomy value chains and to the waste streams produced during processing;

31. is of the opinion that organisations (such as the European Chemical Regions Network – ECRN), platforms (such as the Bio-Based Industries Consortium – BIC) and clusters able to maximise the potential of the findings and knowledge acquired and to combine local and regional initiatives can promote bioeconomy processes quite effectively. In future, it will be particularly important to include them in knowledge transfer systems;

Understanding the ecological boundaries of the bioeconomy

32. proposes that rather than administrative boundaries, ecological boundaries and ecosystems should be used as a basis for assessing biomass production potential. In order to achieve the action plan's goals, the precise amount of biomass produced should be assessed and recorded in a single system. This will require close cooperation between regions, and standardised methods for measuring and checking must be devised and identified for use during this assessment;

33. is pleased that, in line with action 3.2 of the action plan, the Commission has supported the development of mapping and statistical systems to monitor the ecosystem. However, the Committee proposes to devise and implement a uniform European system of indicators to oversee biomass production. A single information framework must be implemented for rolling out upstream processing technologies and ensuring that they operate as efficiently as possible as regards energy efficiency, the protection of the environment and biomass logistics;

34. proposes that a single system of indicators be developed, which is capable of providing information on activity in the regions by means of basic and specific indicators. With regard to the basic indicators, the Committee suggests watching the following parameters: (1) GDP per region (percentage of national GDP); (2) international RDI activity; (3) fossil fuel savings; (4) emissions reductions, particularly ammoniac (NH_3) and key greenhouse gases (CO_2 , CH_4); (5) production of renewable energy (in this case, the measurement used should be standardised). The specific indicators capable of defining the regions' performance set against the bioeconomy strategy action plan would be as follows: (1) number of new jobs (linked to the development of the bioeconomy); (2) role of the bioeconomy with regard to regional performance; (3) scale of the efforts made to maintain and develop biodiversity (funds allocated); (4) environmental conservation and reduction in the quantity of waste;

35. considers that extending cross-border systems providing support for innovation processes and cooperation which specifically support the development of the bioeconomy would contribute effectively to the cross-border coordination of the strategies in the neighbouring regions. Cooperation based on similar ecological, social and economic approaches can steer specialised local-level training and have a positive impact on sectoral employment rates;

36. recommends promoting mechanisms which can strike a compromise between biodiversity and production and seek out synergies between policies. As climate change gains pace, it will bring about changes at microregional level;

37. calls for a global development framework to be devised which would help coordinate climate policy measures at EU level in order to combat biodiversity loss and environmental changes, preserving and improving resources and soil fertility;

38. welcomes a bioeconomy strategy which is in tune with sustainability objectives and flanked by an action plan the cornerstone of which is protecting production zones against overexploitation and promoting biomass potential. The Committee also welcomes the protection of resources underpinning production and calls on the Commission to guarantee that the regions will have more equal access to funds for raising awareness;

Financing the bioeconomy

39. is pleased that with its proposals for the forthcoming Multiannual Financial Framework for 2021-2027, the Commission aims to spur on systemic research and innovation in the areas and sectors covered by the bioeconomy; in particular, it plans to allocate EUR 10 billion ⁽⁴⁾, i.e. around 10 % of the estimated budget, to Horizon Europe's food and natural resources cluster ⁽⁵⁾. The Committee also particularly welcomes the inclusion of 'Sustainable, inclusive and circular bio-based solutions' to the programme's eight partnership areas;

40. would however point out that bioeconomy development requires a global approach, which also means that it will have to be financed by means of simultaneous and coordinated take-up of different resources. The Committee considers that the European Commission must enhance complementarities of a number of financial instruments and devise suitable tools for coordinating resources (under the European Regional Development Fund, the European Social Fund Plus, the European Maritime and Fisheries Fund and the common agricultural policy, along with resources available for RDI and InvestEU financial instruments) in order to empower Member States and regions to make full use of the funds available to cover support for the bioeconomy;

41. stresses that the InvestEU programme must be given due prominence as a future source of bioeconomy financing; accordingly, calls for funds to continue to be channelled towards the bioeconomy which should remain on the list of areas financed by InvestEU;

42. points out that the stated objective of ensuring that 25 % of EU budgetary expenditure is directed towards achieving the climate goals is too low to reach the Paris Agreement targets. The Committee previously pointed out in its opinion on the Multiannual Financial Framework package for the years 2021-2027 ⁽⁶⁾ that the proposal on the forthcoming financial perspectives should aim to open the door to bringing these commitments up to over 30 %. They would therefore contribute to greening the energy sector, industry and the transport system and to the transition to the circular economy. These goals would help the bioeconomy develop at an appropriate pace;

43. reiterates that the Commission proposal for a regulation of the European Parliament and of the Council establishing Horizon Europe – the Framework Programme for Research and Innovation justifies specific measures for the EU's outermost regions as regards access to the EU's cross-cutting programmes on the grounds of their structural, social and economic situation. The Committee considers it unfortunate that recognition of this situation is not spelled out in the proposed text, so that the programme would struggle to allow for either these regions' specific features or their unique advantages as research and innovation testbeds in fields such as the bioeconomy and climate change, in accordance with their smart specialisation strategies;

Education, training and raising awareness about the bioeconomy

44. is concerned about the statistics showing that the average age of producers and entrepreneurs active in the bioeconomy is going up each year. Unless a younger generation can replace the ageing population with the accompanying knowledge transfer and the necessary acquisition of new skills and competences, the future supply of sufficient, not to say increasing amounts of, good quality food stuffs will be endangered. Priority must be given to both developing appropriate systems for knowledge transfer in bio-based sectors and to the innovative, social, economic and ecological dimensions of the links between sectors;

45. considers that the labour force necessary for sustainable, bio-based value chains adapted to the ecosystem will be available in the long term if efforts are made to meet the specific labour needs of bioeconomy sectors by means of progressive and consistent education modules from primary education on, as well as training and lifelong learning modules, which are elaborated by Member States on the basis of the open method of coordination. The Committee considers that developing these modules is paramount since the knowledge about environmental culture and sustainability needs to be transferred at every level of education, as well as training and lifelong learning. Calls to this effect on the European Commission to facilitate Member States to jointly identify and define common objectives as well as the means to achieve them at EU level;

⁽⁴⁾ COM(2018) 435 of 7.6.2018: *Proposal for a regulation establishing Horizon Europe – the Framework Programme for Research and Innovation, laying down its rules for participation and dissemination.*

⁽⁵⁾ COM(2018) 321 final of 2.5.2018: *A modern budget for a Union that protects, empowers and defends the Multiannual Financial Framework for 2021-2027.*

⁽⁶⁾ COR-2018-02389.

46. points out that the development of the bioeconomy hinges on establishing market demand for bio-based products; flags up the need to carry out awareness-raising activities and to support demand, which requires cooperation between the European Commission, the regions and municipalities.

Brussels, 26 June 2019.

The President
of the European Committee of the Regions
Karl-Heinz LAMBERTZ
