

A new Bioeconomy Strategy for a greener, stronger EU economy

Summary

This year, the European Commission will present its proposal for an updated EU Bioeconomy Strategy. The new strategy arrives in an era of geopolitical turmoil where it plays an unforeseen role for Europe's overall competitiveness and resilience. The Commission seeks to highlight role of bioeconomy in creating jobs and developing a new strong industrial base, rooted in responsibility and sustainability.

It is essential the new EU bioeconomy strategy promotes sustainability, competitiveness and resilience in a tangible way. To address these fundamental needs, the new strategy needs to:

1. Establish the central role of a circular bioeconomy for European competitiveness, resilience and security needs
2. Address the urgent need to prioritise substitution of fossil-based products and materials to cut carbon dioxide emissions and external dependencies
3. Include climate policy instruments for buildings and products and a revision of the LULUCF framework
4. Include initiatives for regulatory simplification and biomass mobilisation

Address the gaps in EU competitiveness and renewable material by boosting the forest-based bioeconomy

Position by SFIF: Main Arguments

1. Establish the central role of a circular bioeconomy for European competitiveness, resilience and security needs

A forest-based bioeconomy is of significant strategic importance for Europe's climate transition, competitiveness and security.

Maintaining global leadership in bioeconomy is an elementary part of the overall EU competitiveness. To succeed, this requires reducing regulatory burden and reporting requirements for circular products as well as faster permitting processes for new installations. Include the bioeconomy in the horizontal initiatives for competitiveness and simplification.

2. There is an urgent need to prioritise substitution of fossil-based products

Forests provide three types of climate benefits: **substitution** of fossil alternatives with bio-based products, **carbon removals** in products and permanent storage, and forest **carbon sinks**.

In the coming decades, fossil materials and many finite material resources must be replaced with renewable resources. Europe faces a large **material and energy gap**, and sustainable and renewable bio-based materials are essential in filling this gap.

Substitution of fossil material and energy is **the most urgent measure** needed to achieve climate transition. Measures to cut greenhouse gas emissions result in substitution of fossil-based with bio-based and other alternatives. The substitution effect can be quantified through the new ISO-standard¹.

To tap the full potential of substitution, is essential the new EU Bioeconomy Strategy focuses on supporting research and innovation to develop new fossil-free alternatives and to create value from all parts of the harvested tree.

¹ISO/DIS 13391-Wood and wood-based products — Greenhouse gas dynamics

3. Include climate policy instruments for buildings and products and a revision of the LULUCF framework

The new Bioeconomy Strategy needs to identify sectors where bioeconomy can accelerate climate transition, and suitable policy instruments to achieve this, for instance:

- Revise the existing EU Land Use and Land Use Change Framework (LULUCF). This is essential to support targets for substitution and a growing bioeconomy. A LULUCF review is also necessary to improve possibilities for maintaining forest carbon sinks in long term.
- Address the potential to use renewable construction material and reuse existing buildings by replanning, rebuilding or adding on. Introduce ambitious limit values from 2030 on the total cumulative life cycle GWP of new buildings – as relevant to national circumstances – that are quickly toughened, and ambitious limit values for public buildings from 2028.
- Develop principles and criteria in Ecodesign for Sustainable Products Regulation (ESPR) to promote sustainable bio-based material in relevant segments, with credible proof of material origin.

4. Include initiatives for regulatory simplification and biomass mobilisation

Global European leadership in bioeconomy requires measures to boost biomass availability, and access to cost-efficient, sustainable energy and transport. To this end, the new Bioeconomy Strategy needs to:

- Describe, define and quantify European bioeconomy in its full potential.
- Cover climate, biodiversity and socio-economic benefits of forest-based bioeconomy, including substitution effect and biogenic carbon.

- Include an ambitious initiative for biomass mobilisation in dialogue with Member States and local regions. Growth in Swedish forests can sustainably increase with 20% until 2050 with active forest management measures². The potential is even greater in other parts of Europe. Market demand for wood also incentivises investments into planting new forests and active sustainable forest management.
- Enable improved circularity of bio-based products, including effective utilisation of side-streams, recycling and reuse, by developing fit-for-purpose systems.

Europe needs ambitious targets and actions to achieve a growing circular bioeconomy:

- A larger land area under active sustainable forest management, enabling increased growth and improved raw material access.
- More substitution of fossil-based materials and products.
- More innovative products, services, value chains and business models in all areas, including those that are the backbone of the current bioeconomy.
- Higher resilience, self-sufficiency and productivity in bio-based value chains.
- More European jobs, especially in rural areas.
- More wood construction, carbon storage and circularity in the built environment.
- Increased total added and export value.
- Better conditions for global trade and competitive industries.
- Better impact assessments of current and future legislation regarding substitution, biomass availability and socio-economic aspects.
- Fit-for-purpose systems, e.g. design for recycling criteria developed with the industry, mandatory collection targets, and relevant technologies for recycling materials.
- More focus on decarbonisation and meeting potential in bio-CCS and CCU.

²Swedish Forest Agency 2019

THE SWEDISH FOREST INDUSTRY is an essential contributor in the green transition to a more circular and biobased economy. The industry refines wood resources to bio-based products, such as pulp, paper, board, packaging material, sawn timber, refined wood products, biobased electricity and heat and advanced biofuels. The core business is industrial activities based on wood sourced from sustainably managed forests, but among the industry are also some of the largest private forest holdings in Europe. Any forest, climate, environmental, energy and product related European Union policy is of high importance.

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