



## Forest-based Bioeconomy and EU's Bioeconomy Strategy

### **SUMMARY REPORT**

**1 June 2017**

**European Parliament, Brussels**

Policy-makers, academics, forest-based industries, and stakeholders gathered in the European Parliament for an exchange on the upcoming EU Bioeconomy Strategy and the role that forest-based bioeconomy plays in Europe.

**Miapetra Kumpula-Natri MEP and Chair of the “Bioeconomy” working group of the EP Intergroup on “Climate Change, Biodiversity, and Sustainable Development”** welcomed participants by recalling the importance of having sustainable biomass available and the need to embrace the bioeconomy in order to move towards a post fossil fuel era. It was said that there is a great deal of motivation to move forward with existing research, and ongoing legislation in the Parliament that should fully integrate the potential that the bioeconomy offers.

**Waldemar Kütt, Head of Strategy Unit, DG RTD, European Commission** outlined that the 2012 Bioeconomy Strategy was established to look at the complexity of the bioeconomy and make people understand its challenges and potentials. It was said that the strategy was successful in putting forward the political message and that most (western) European countries as well as regions have developed their own bioeconomy strategies. Another indication of its success is that the EU funding for research and development for bioeconomy has doubled from FP7 to Horizon2020, allowing the establishment of the bio-based industries private-public partnership, which supports various projects that aim to unlock the potential of forest-based bioeconomies. The European Fund for Strategic Investments also contributes to the bioeconomy providing support to projects across Europe. It was underlined that forests and related industries have always been an important part of the bioeconomy. It was mentioned that building houses from wood would save two tonnes of CO<sub>2</sub> for each tonne of cement used. New wood based plastics and textiles products with lower environmental footprint are also emerging within the bioeconomy. Even though there are limitations on how much biomass can be produced there is still unlocked potential and further innovations to be discovered. The current policy context, which involves the Sustainable Development Goals (SDGs), the Paris Agreement, Energy Union, and Circular Economy Package provides further opportunities and is setting the bioeconomy in a different context. The Circular Economy Package integrates many areas essential for the bioeconomy highlighting areas such as food waste, plastics, separate collection of biowaste, cascading use of biomass etc. It mandates the Commission to examine the contribution of the Bioeconomy Strategy to the Circular Economy and to consider updating it if necessary. Currently, a review report is being produced by an Expert Group which will be the basis of a staff working document of the Commission, planned to be adopted in November 2017. The Commission is also governing the Bioeconomy Stakeholder



Platform, which is currently drafting a manifesto to be put forward. The bioeconomy is also undergoing mapping in Member States. On 16 November 2017 the Commission will organise a conference on the bioeconomy review report as well as showcase the manifesto and engage with stakeholders. It was said that a decision on the revision of the strategy will likely be made in 2018 also underlining that any work on the bioeconomy must be done across DGs within the Commission, given its cross-cutting nature.

**Mari Walls, President and CEO of the Natural Resources Institute Finland** addressed the forest-based bioeconomy and the need to ensure a systemic and integrated approach based on the three pillars of sustainable development. Four key messages were delivered. Firstly, forest-based bioeconomy is an important part of European bio-based economy. Approximately 20 % of the total EU bioeconomy is comprised of forest, forest-based industry, paper and paper related industry. The inventory of EU forests also shows the huge potential for forest-based biomass and that there are great opportunities to tap this through innovation. It was also said that the EU is diverse in terms of forest cover, and the mindset of people as well as how well we are aware of forest related issues. Secondly, the bioeconomy strategy should target for holistic and cascaded use of the biomass in value-added products, with utilization of the waste and by-products finally as bioenergy sources. It was said that the portfolio of forest products is diversifying and undergoing a big transition and today includes not just wood but also cosmetics, food, and textiles, to name a few. Thirdly, forest-based bioeconomy provides new product innovations substituting fossil-based products, immaterial service business opportunities and environmental benefits. It was said that replacement of fossil-based feedstock and energy with renewable alternatives should be the leading principle in the revised European bioeconomy strategy. Fourthly, balance must be found between the multiple policy objectives influencing land use, agriculture and forestry (climate benefits, rural development, profitability and competitiveness of food production, renewable energy clean solutions and biodiversity). It was concluded by reiterating that Europe is diverse and relies on various sources for biomass, and ensuring productive economies and healthy societies. It was said that solutions are needed that account for these differences but still move Europe towards a post fossil-based economy.

**Emma Berglund, Secretary General, Confederation of European Forest Owners** highlighted three messages for policy-makers. Firstly, it is of utmost importance when looking at EU climate policy that they pass the bioeconomy filter. It was said that if related climate policy hampers the development of forest-based bioeconomy this could lead to a situation where the EU relies on imports or continuing the use of fossil fuels. It was stressed that EU climate policy should rather enable a transition to a fossil free EU. Secondly, the current strategy does not take into account the whole value chain perspective underlining that it needs a stronger focus on primary producers as the first enablers of the bioeconomy and as well fully include the woodworking industry. Further, a new circular bioeconomy strategy should go beyond research and innovation and be mainstreamed to compete with fossil alternatives. Thirdly, the current actions in the strategy lack in ambitions and are not clearly defined. It was said that the EU must move the bioeconomy to the next level and unleash its untapped potential for the climate as well as rural areas.



**Jukka Mönkkönen, Rector, University of Eastern Finland** pointed out that forestry science is the solid background for research and education on the forest-based bioeconomy, but today also goes beyond the borders of disciplines. In order to be truly sustainable the need to combine in terms of research various disciplines such as forestry, economics, social sciences, humanities etc. is essential. This is for example being executed at the University of Eastern Finland providing a holistic approach to research. It was also mentioned that it is not just about how the resources are used but also about the products and services gained. This entails further disciplines such as biotechnology, and medicines, to name a few that must be involved in order to ensure sustainability. The need to find better ways to interact with academia and policy-makers was raised as it is pivotal that research, knowledge, and legislation are combined. The importance of discussing with various stakeholders was stressed as well as the need to build innovative partnerships.

**Bernard de Galember, European Bioeconomy Alliance** highlighted that there is a lack of knowledge on the bioeconomy with the definition and what it entails is unclear to most. It was reiterated that the EU has a domestic potential that must be valorised. It was mentioned that the silos within the bioeconomy itself must disappear as forestry, agriculture, and ocean feedstocks can be utilised together finding innovative solutions for improvement or new products. Another message conveyed is that the bioeconomy is core to the circular economy and must therefore avoid policy silos. With regards to the strategy it was urged that the Commission update it. One particular positive element pointed out is the funding earmarked it provides to the sectors involved (BBI-JU), which should also be ensured beyond 2020. A number of challenges still faced by the bioeconomy were raised. Firstly, access to biomass stressing that in order to ensure a vibrant bioeconomy the mobilisation of biomass must be increased underlining that the LULUCF proposal may rather be an obstacle to the bioeconomy rather than an incentive. Secondly, access to funding, strong public involvement and de-risking investments are needed. Thirdly, the need to create markets and boost development for bio-based products was stressed.

**Ciaran Fallon, Stewardship and Risk Director at Coillte, European state forest association,** outlined that EUSTAFOR members manage approximately 49 million hectares of land providing a huge volume of feedstock. It was said that forests however also provide other vital ecosystem services such as carbon/CO<sub>2</sub> sequestration, recreation, and habitat for wildlife. Within the state forest estate, EUSTAFOR members manage 7.9 million hectares of forest designated as Natura 2000 areas and 6 million hectares of protective forests. According to EUSTAFOR, state forest management organisations are key enablers of the bioeconomy because of their stability and scale, deep silvicultural expertise, well-developed environmental management systems and ability to manage multifunctional forests. Thus, European state forests are predictable partners in the long-term business strategies of forest-based value chains. It was said that EUSTAFOR does not represent only large timber producer but also experts in managing for multiple and diverse forest functions and services. EUSTAFOR members engage in research and innovation and the ownership also allows and encourages members to share information with organisations and policy-makers. The speaker referred to the experience of Ireland and his home organization (Coillte) which manages Irish state forests. Irish national government is currently developing a bioeconomy



strategy covering agriculture, forestry and the marine. EUSTA FOR believes that there is a bright future for the bioeconomy, which was also laid out in a recent publication entitled *European State Forests Boost the Bioeconomy*<sup>1</sup>. It was concluded by stressing that EUSTA FOR is ready to offer expertise to policy-makers and contribute to the legislation and actions needed in order to further boost the bioeconomy.

**Patrizio Antonicoli, Secretary General, The European confederation of woodworking industries** emphasised the need to ensure the delicate balance of industrial development while fulfilling climate change mitigation and biodiversity targets. It was said that the woodworking industry plays an important part in this as using timber for construction and wood for furniture are essential in the transition to a low-carbon society. It was however pointed out that this large group is not considered a true constituent of bioeconomy due to the lack of innovative conversion of the wood. Even though the beneficial characteristics of such materials are recognised building with wood seems to receive little attention in the bioeconomy fora as well as in EU research and innovation funding. It was said that the industry would welcome more correlation among the variety of EU approaches and most of all clarity about the fundamental contribution of wood materials to a bio-society of the future.

**Chantal van Ham, EU Programme Manager Nature Based Solution, The International Union for Conservation of Nature** highlighted the value of natural capital including all ecosystem services that forests provide. She underlined that natural capital is being depleted and this is partly due to how the economic system is organised. It was stressed that it is essential that the bioeconomy avoids going in the same direction as there is a lot of untapped potential of making the value of the ecosystems visible. Studies show that in the period 2007-2012 only 26% of forest species and 15% of forest habitats have favourable conservation status in the EU. There is concern for species linked directly to the forest that are threatened by extinction and concern was also raised with regards to the genetic diversity of tree species, which has implications for adapting to climate change. It was underlined that the current economic system fails to account for the impacts on nature. There are however positive developments such as ongoing work with the private sector, the Natural Capital Coalition, and the World Business Council for Sustainable Development. The Bonn challenge, a global target to restore forests, was also mentioned encouraging the EU to make a pledge. To conclude it was said that an overall balance must be found on how to bring together different policy areas and stakeholders to show the value of nature much more strongly, which will require good scientific evidence and better monitoring of the value of the services that forests provide. This will also require a shift in mindset, looking at the bioeconomy in a more regenerative way rather than following a linear process.

**The discussion with the audience** further highlighted the role that forests play and the many services they provide. It was mentioned that as the demand for biomass increases the risk of conflicting views emerge. It was said that caution must be taken in order to ensure that the benefits imagined are in fact being achieved. The need to improve efficiency was

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<sup>1</sup> [https://www.eustafor.eu/uploads/eustafor\\_brochure\\_bioeconomy\\_web.pdf](https://www.eustafor.eu/uploads/eustafor_brochure_bioeconomy_web.pdf)



raised and to take into account the best use in the long run. The role of research was reiterated also underlining the importance of bioeconomy in different regions. It was said that Member States differ in forest cover and also of the understanding of the necessary forest management and cultural importance they have in highly forest-covered countries. The fact that forests also produce food was raised stressing the need to further technological solutions in this regard. The need to also integrate biotechnology was stressed further reiterating the need to work across disciplines. The need to also recognise in policy the climate benefits of bioeconomy was raised. Moving forward it was said that the bioeconomy should not be overexploited nor underexploited. The potentials must be identified and research must ensure that efficiency is increased examining the various uses and productivity in the long term also taking into consideration environmental aspects.

The **Chair** concluded by reiterating the need to further pursue research and unlock the potentials of the bioeconomy. It was also informed that the file on *Bio-based Industries Joint Undertaking: financial contributions*, which is the responsibility of the Committee on Industry, Research and Energy, is now ongoing in the Parliament.