

Event report - The new EU Bioeconomy Strategy and forest-based industries – A Europe-grown success story

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The event, organised by the **MEP Group on ‘Climate Change, Biodiversity, and Sustainable Development’**, took place following the release of the EU Bioeconomy Strategy under the Clean Industrial Deal, marking a pivotal moment when the bioeconomy can play a key role in becoming a cornerstone of the EU’s green growth strategy.

Hosting **MEP Bruno Tobback**, Chair of the MEP Group’s Circular Economy and Bioeconomy Working Group, opened the event by highlighting the importance of the bioeconomy for the EU, generating up to 2.7€ trillion estimated annual value and supporting millions of jobs. The bioeconomy reduces the dependency on imported fossil fuels, therefore enhancing Europe’s strategic autonomy. Biological resources, he stated, should be used effectively to extract maximum value, with biomass determining its position in the cascade of uses, with lower quality biomass ultimately directed to energy production. Whilst the Bioeconomy Strategy rightfully emphasises the necessity of creating lead markets, it lacks a strong and clear commitment to promoting consumption reduction, as bio-based substitution does not solve environmental and economic challenges on its own. Biomass imports from outside the EU which externalize environmental damage should be avoided. Instead, European biomass should be used responsibly and be managed sustainably, recognising the function as carbon sinks providing ecosystem services. Mr. Tobback concluded by stating that the Bioeconomy Strategy offers a bold and promising vision, but that it must be guided by responsibility.

Ms. Agata Kotkowska, Deputy Head of Unit for Bioeconomy and Sustainable Materials at DG ENV, European Commission, explained that the EU Bioeconomy Strategy 2025 sets out a strategic framework for a competitive and sustainable European bioeconomy, recognising that the way biological resources are managed and valorised will be decisive for Europe’s long-term prosperity and its climate trajectory. She recalled that the bioeconomy currently represents around 5% of EU GDP and close to 8% of employment, with value chains that are deeply rooted in European regions. While earlier policy frameworks primarily focused on research and sustainability, the new Strategy places equal emphasis on industrial scale-up, investment readiness and the development of functioning markets for bio-based solutions.

She highlighted the Strategy’s recognition of the crucial role played by Europe’s forest-based industries, notably as providers of sustainable materials, anchors of strong industrial ecosystems, and sources of high-quality employment in rural areas. The Strategy identifies bio-based construction materials as lead markets with high deployment potential, promotes the development of harmonised standards and updated product regulations, supports targeted action for cellulose fibres and bio-based textiles, and addresses microplastic pollution, while strengthening traceable and resilient EU supply chains. At the same time, it underlines that sustainable forest management is a cornerstone of competitiveness, reaffirming that the bioeconomy can only succeed if ecosystems remain healthy and resilient.

Ms. Kotkowska further outlined that the Strategy aims to safeguard long-term biomass availability and self-sufficiency by improving modelling, monitoring and climate-resilient management across biomass sources. To accelerate deployment, it proposes the establishment of a Bioeconomy Investment Deployment Group to help close financing gaps and improve access to blended finance, alongside measures to support industrial symbiosis and more integrated value

chains. The Strategy also explores a competitiveness coordination tool and the creation of alliances to mobilise voluntary private commitments that stimulate demand for bio-based materials, products, technologies and applications. Finally, she emphasised that strengthened governance is a central pillar of the Strategy, supported by new frameworks, networks and structured dialogue to ensure effective implementation.

Turning to the panel, moderator **Mr. Ilias Grampas** from the Secretariat of the MEP Group asked what conditions are needed for Europe to make the bioeconomy both more competitive and more self-sufficient.

Mr. Mathias Kirkegaard, Environment Attaché at the Permanent Representation of Denmark to the EU, emphasised the importance of the bioeconomy for strategic autonomy and independence. **Mr. Marco Rupp**, Deputy Executive Director of the Bio-based Industries Consortium, speaking on behalf of the European Bioeconomy Alliance (EUBA), pointed to developments in the bioeconomy in the United States and China. While the EU should not replicate all aspects of these approaches, he noted that their level of ambition is commendable. Referring to the Bioeconomy Strategy, he concluded, “The key point for us now is that the ingredients are there; we need to make sure we start baking the cake.”

Ms. Krista Kimmo, EU Affairs Manager at Metsä Group, stressed that the forestry industry requires clarity and predictability in legislation and regulation. She underlined the importance of international competitiveness and argued that the Strategy should support the creation of a market pull for bio-based products. **Ms. Inge Arents**, Managing Director of Flanders’ Food, speaking on behalf of the European Bioeconomy Cluster Alliance, added that while the EU is a frontrunner in bioeconomy innovation and technology, the United States and China are catching up rapidly, unimpeded by lengthy legislative processes.

In response to a question on which key enablers could translate the Bioeconomy Strategy into practical measures and tangible national action, **Mr. Kirkegaard** emphasised that coherence at EU level is essential for turning the Strategy into real outcomes. He noted that the Danish Presidency has worked to raise the Strategy’s visibility across EU working parties and within the upcoming Environment Council. While initially sceptical, he now sees the Strategy as moving in a promising direction, provided that Member States actively use existing regulatory tools, improve the efficient use of biomass, and develop new income streams. Addressing a further question on cross-sectoral collaboration, he also highlighted the need for effective regulation that, among other things, facilitates the movement of waste.

Within his intervention, **Mr. Rupp** called for greater investment security, improved market access, and continued support for innovation, while noting that a key challenge remains financing. Affordability of bio-based products, he argued, depends often on the ability to charge a clean premium. A key question is also the comparison point i.e. the argument of bio-based being more expensive depends on compared to what. For example, a price increase from using bio-based material in a T-shirt or in a car, represents only a small fraction of the end price of the car or the T-shirt. He outlined key priorities for strengthening the European bioeconomy, including properly accounting for biogenic carbon in the Product Environmental Footprint (PEF) framework, updating the EU taxonomy to better recognise the bioeconomy and bio-manufacturing, creating market demand through targets and incentives, continuing the Circular Bio-based Europe Joint Undertaking, and scaling projects from prototype to commercial deployment, using both primary and secondary biomass.

Responding to a question on the policy and market conditions needed to sustain investments in Europe, **Ms. Kimmo** reiterated the importance of a stable and predictable operating environment and called for a level-playing field with fossil-based industries. Highlighting the role of the forest-based sector in the bioeconomy, she pointed to Metsä Group's fully European value chain, from sourcing wood from cooperative members' northern forests to manufacturing, use, and recycling within Europe. She also underlined the importance of biorefineries as industrial ecosystems that maximise the use of side streams through partnerships, noting that the Strategy's support for biorefineries underscores opportunities across the bioeconomy value chain, including biomass processing, biomanufacturing, and carbon capture.

The next question, on the specific support needed for SMEs and clusters, was addressed to **Ms. Arents**. She noted that existing instruments already support clusters effectively, for example through cascade funding. She argued that SMEs need platforms, or living labs to build the trust required for collaboration, as well as peer-to-peer support and low-risk sandbox environments where ideas and bio-based products can be tested hands-on. Cascade funding, supported by stable legislation, allows SMEs to pool modest grants and jointly develop new ideas. Clusters, particularly those rooted in local regions, play a key role in bringing SMEs together and nurturing company growth.

On scaling up SMEs within the bio-based value chain, Ms. Arents explained that a successful bioeconomy requires better logistics, new service providers, and a zero-waste mindset in which every part of a crop has a planned use from the moment it is planted. Supported by operational expertise and clusters, this approach would enable SMEs to innovate and lead larger companies towards fully valorising biomass, rather than focusing only on high-value fractions. She also advocated integrating sectors such as forestry into existing agri-food smart specialisation platforms, embedding cross-sectoral collaboration structurally and broadening the focus from agri-food to the bioeconomy as a whole.

Looking ahead to 2040, **Ms. Kotkowska** outlined a vision of success in which European bio-based innovations, technologies, and start-ups scale from the laboratory to industrial production. Achieving this, she said, will require a supportive regulatory framework, effective financing instruments, and bio-based products and technologies that are cost-competitive and widely adopted. By then, EU bioeconomy industries should be deployed at scale across Europe and beyond, with public procurement favouring bio-based solutions and the alliances proposed in the Strategy actively creating demand. Greater circularity and improved valorisation should also reduce reliance on primary biomass, positioning the EU as a global leader in a fair and rules-based bioeconomy, including in international fora such as the UN FAO, the WTO, and the G20.

Complementing this perspective, **Ms. Arents** expressed the hope that by 2040 concepts such as "bio-waste" and "side streams" would no longer exist. **Mr. Rupp** added that many of the materials people wear, feel, and touch should be bio-based, while **Ms. Kimmo** stressed that success for the forest-based industry would mean recognition of bio-based products as sustainable, long-term carbon storage solutions, greater understanding of biogenic carbon at EU level, and recognition of timber as a valued raw material for Metsä Group's 90,000 forest-owner members.

MEP Group Co-Chair Ms. Elsi Katainen, in a video-message intervention, underlined that a thriving European bioeconomy, supported by stable legislation and innovation, would strengthen European strategic autonomy. Sustainable forestry should furthermore be recognised as one of the cornerstones of bioeconomy. MEP Katainen stated that simplifying regulation and speeding

up permit processing is promising, and hopes that after the next MFF negotiations, there will be sufficient resources to help bioeconomy companies and research prosper.

Moving on to the **Q&A session with the audience**, a representative of the European Tissue Symposium made clear the essential role of tissue products in public and personal hygiene, noting that the sector supports between 3,000 and 4,000 direct jobs in Europe, and asked how their importance could be better recognised in policy initiatives. **Ms. Kotkowska** pointed out that hygienic products are explicitly addressed on page 7 of the Strategy, which notes that HERA supports SMEs and start-ups investing in medical countermeasures for health risk reduction and prevention based on bio-based resources and biotechnology. She also pointed to close collaboration with DG SANTE under the Biotech Acts I and II on these measures.

Moving on, a delegate from France's Grand-Est region, which has a dedicated strategy supporting industrial development, put a question to how the Bioeconomy Strategy will raise awareness, engage regions, and address future demand for skilled jobs. **Ms. Kotkowska** elaborated that regions will adopt the Strategy according to their strengths and priorities, integrating it into national and regional partnership plans under the EU's Multiannual Financial Framework. Skills and awareness are key pillars of the Strategy, and the European Commission promotes them through campaigns and everyday examples, while regions and Member States act locally. **Ms. Kimmo** added that in Finland, the forest industry's longstanding economic role is poorly understood, prompting the bioeconomy sector to raise public awareness and attract skilled workers. Also, **Mr. Rupp** suggested that policy-makers should visit regions leading in bioeconomy, noting that "seeing is believing." He also stressed the need for education and training for professionals evaluating bio-based projects to ensure faster, informed approvals. **Ms. Arents** moreover stressed the importance of high-quality, attractively priced bio-based products to increase consumer adoption. Drawing on her work with the Moonshot programme, she noted the challenge of persuading the chemical industry to switch to bio-based materials, as engineers are often cautious about biological inputs' consistency, and must be encouraged to take calculated risks.

A delegate from The European Chemical Industry Council (CEFIC) also inquired whether the upcoming Biotech Act II, planned for Q3 2026, could be expanded to cover the bioeconomy more broadly. **Ms. Kotkowska** explained that, following the recent public consultation, the Act's scope is not yet defined. She noted, however, that the strong link between biotechnology and the bioeconomy is widely recognised across institutions and industries, and encouraged continued advocacy to ensure the Act effectively supports the bioeconomy.

Last but not least, a spokesperson from CEPI, the Confederation of European Paper Industries, asked how private investment in the bioeconomy could be increased. **Ms. Kotkowska** stressed the importance of engaging financiers and banks, highlighting that the Bioeconomy Investment Deployment Group will work with financial institutions to raise awareness and expand lending opportunities for bioeconomy projects. She also noted two structural challenges beyond the Strategy's remit – high energy prices, governed by energy policy, and a fragmented European capital market, underlining that convincing investors of opportunities in the European bioeconomy requires coordinated effort from all stakeholders.

MEP Tobback, delivering the closing remarks to the event, argued that the bioeconomy should be approached in the same way as renewable energy – as a major industrial transformation. The bioeconomy should be framed as an industrial revolution that strengthens Europe's strategic independence, rather than limiting framing to de-fossilisation. He stressed the need for strong

legislative, regulatory, and economic infrastructure, while being realistic about Europe's resource limits and creatively maximising what's available. Progress will not come from the Bioeconomy Strategy alone, but also from energy policy, agricultural policy, and upcoming initiatives such as the Circular Economy Act. All in all, bioeconomy offers not only environmental benefits but also clear economic and competitiveness advantages, as quoted by MEP Tobback, who moved on to highlight that in today's European context, sustainability and competitiveness go hand-in-hand.