

Building on the

Fit for 55 Package

to unleash the potential of Europe's bioeconomy



Unleashing the potential of Europe's bioeconomy

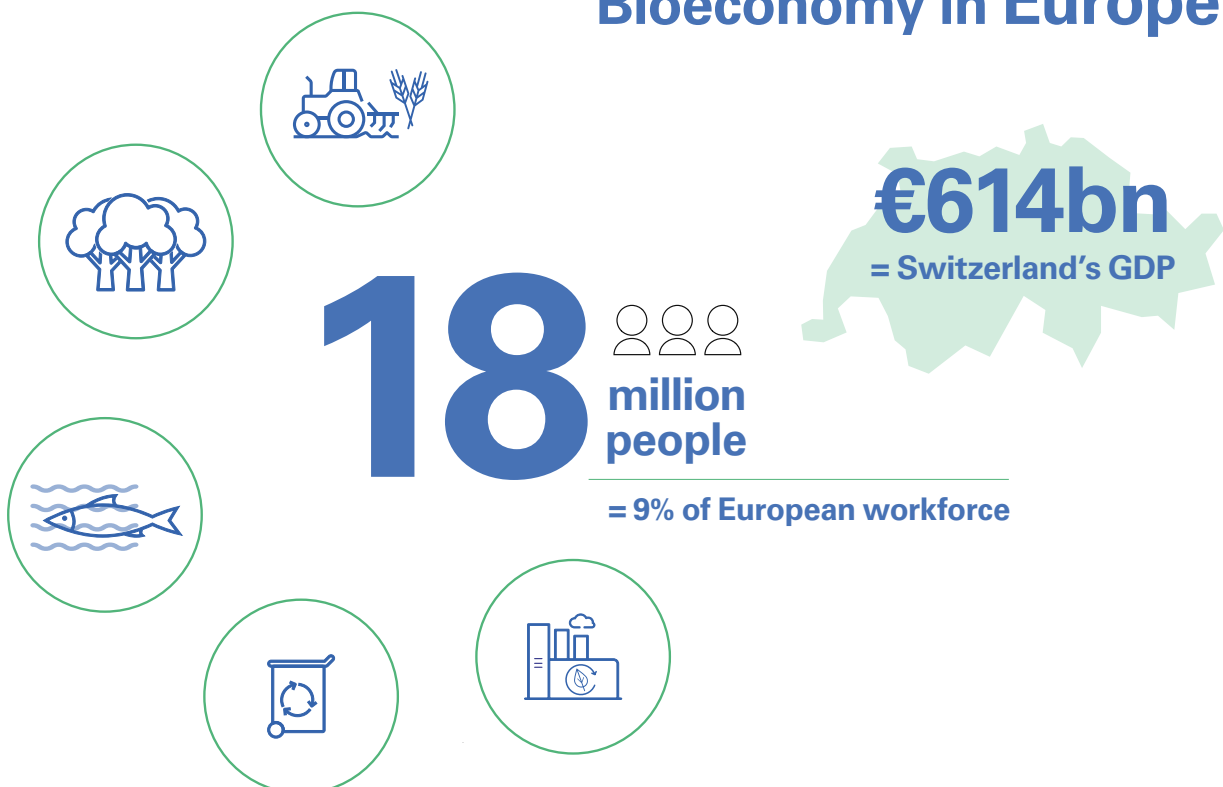
The bioeconomy employs around 18 million people in the EU-27, around 9% of the total workforce, and adds €614 billion of economic value, similar to the GDP of Switzerland. It spans agriculture, aquaculture, forestry, and all the products and waste streams that arise from these activities, including food and feed, forest and crop residues, sewage and manure, bioenergy, biofuels, and bio-based chemicals and materials.

The bioeconomy has enormous potential to help achieve the goals of the European Green Deal, by reducing emissions and reversing biodiversity loss, boosting jobs and innovation, and supporting Europe in its recovery from Covid-19. In fact, the renewable products from photosynthesis in agriculture and forestry are more or less the only net-positive inputs that can contribute to all of these goals at once.

In support of these goals, the BioAdvantage Europe coalition, powered by Xynteo's Europe Delivers partnership, was founded by leading businesses across the bioeconomy value chain, including Avril, DB Schenker, Lantmännen, Scania, Shell, and Yara. By identifying and building awareness of solutions that are ready today, incubating new demonstration projects, and supporting EU policymakers to shape the optimal policy conditions, our mission is to unleash the full potential of Europe's bioeconomy.



Bioeconomy in Europe



Response to the Fit for 55 Package

An opportunity to accelerate Europe's decarbonisation

BioAdvantage Europe welcomes the increased level of ambition shown in the Commission's landmark package of legislative proposals, aimed at reaching the EU's 55% emissions reduction target by 2030 – the 'Fit for 55 Package'.

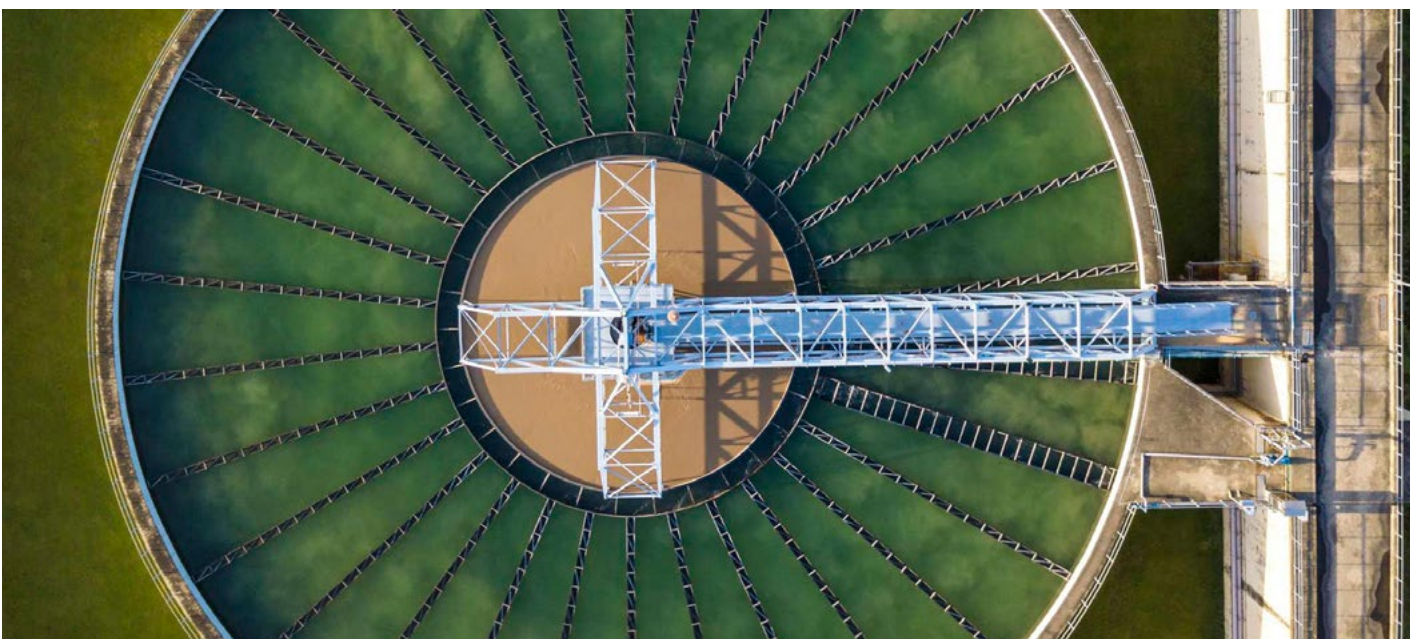
This coalition believes the bioeconomy must be seen as a key element of the Fit for 55 Package and to reach the Paris Agreement targets. The bioeconomy is vital if we are to displace fossil fuels and scale solutions that work not just for greenhouse gas (GHG) emission savings, but also for biodiversity, jobs, innovation, trade, energy security, the economy, and Europe's citizens.

Bio-based materials and energy products depend on a reliable supply of sustainable feedstocks from agriculture, forestry, and waste. Therefore, for the bioeconomy to contribute to the EU's climate goal to its full potential, it is crucial that the recent Fit for 55 revisions, which largely cover the demand-side of biomass as a form of energy, align well with supply-side policies in ways that facilitate the increased uptake of bio-based alternatives to fossil products.

Based on BioAdvantage Europe members' insights across different parts of the bioeconomy value chain, this paper (published on behalf of Yara, Avril, Lantmännen, and Scania) offers recommendations for the ongoing discussions on the Fit for 55 Package, in order to realise not only the tremendous decarbonisation potential of the bioeconomy, but the many other co-benefits within reach.

“ We have major opportunities in Europe to demonstrate to the world that it is possible to have a thriving bioeconomy while protecting and restoring biodiversity and the broader environment.”

– Interview with Member of European Parliament



Renewable Energy Directive

We welcome the increased level of ambition in the proposal for a revised Renewable Energy Directive, most notably the higher GHG emission reduction targets for the transport sector and the sub-targets for advanced biofuels. This will be a crucial driver for the uptake of sustainable biofuels and thereby contribute significantly to the decarbonisation of the rolling vehicle fleet. That said, we would like to see more ambitious intermediate targets on the path to 2030.

There are some key areas where we believe sustainable bio-based solutions could be given a greater role in the energy transition. Although biofuels produced from food and feed crops are nominally capped at 7%, the sub-cap based on each Member State's usage in 2020 (with 1% flexibility) effectively limits the contribution of those without a significant ILUC risk to well below 7% across the EU. In 2019, the EU 27 average was 4%, ranging from 0% to 6.8% across individual Member States. We agree to maintain the cap at 7% as an EU average, however, we ask for removal of the sub-cap on Member State usage. This will not only give Member States greater flexibility in harnessing their own energy resources and supporting European production of sustainable biofuels, but it can help reduce fuel and protein feed import dependency and further enable a just transition.

Additionally, we recommend exempting biofuels produced from food and feed crops that deliver over 70% GHG savings and comply with sustainability criteria.

Discussions around sustainability criteria of feedstocks have still not been concluded by the Commission. We support stringent sustainability criteria to be applied to feedstocks. At the same time, we would urge the Commission to provide as much flexibility as possible in terms of feedstock use with no deforestation risk to support the achievement of the targets proposed in the revision of RED. Sustainable woody biomass, in its various forms, would support nascent advanced biofuel industry. Moreover, cover crops and crops grown on degraded or polluted land, and sustainable forestry and solid biomass (provided they meet sustainability criteria) should also be a viable and sustainable feedstock option.

To achieve the targets as set out in the RED proposal, a review of the 1.7% cap is needed given that Annex IX is under revision. Furthermore, we recommend the implementation of an even stronger traceability system without delay.



ETS reform and expansion

The introduction of a carbon price for road transport, through the inclusion of the road transport (and building) sector in a standalone EU Emission Trading System (ETS) that the package proposes, is important to implement the polluter-pays principle and to create a clear economic case for the use of transport fuels with a lower lifecycle carbon footprint. It should be done gradually and should be a complementary measure to mandates and standards for road transport and buildings.

To ensure a just transition, we highlight the importance of Article 30(h) to compensate with meaningful measures in the event of excessive price increases, as well as the provisions governing the use of revenues from this ETS for social aspects and climate-related measures in these sectors (Article 30(d)). We welcome the alignment with the Energy Taxation Directive on obligated parties and product scope, which aims to ensure that all products used for motor or heating purposes in transport and buildings are subject to the new ETS according to their specific CO₂ emissions.

Also as part of the ETS reform, a phase-out of free allowances for sectors under CBAM is proposed by the Commission. This phase-out will lead to an increase of the prices of nitrogen inputs for farmers. We recommend that the Commission first conducts an impact assessment analysing the impact of free allocation phase-out on the agricultural sector and bioeconomy. This will complement the existing analysis which to date only considers the direct effect on the producers and not the full impact on value chains.

Energy Taxation Directive

BioAdvantage Europe sees much of the proposal as a welcome and necessary move towards fair fuel taxes across Europe. To strengthen it further, we suggest that sustainability criteria alignment with RED provisions should be utilised to categorise fuels. For instance, where biofuels produced from food and feed crops meet the sustainability criteria they should not be treated as, and taxed equivalent to, fossil fuels.

At the same time, it is important to recognise the different starting points of Member States as concerns the production and use of biofuels. BioAdvantage Europe therefore considers that the revised proposal should carry forward the current flexibility for Member States to introduce e.g. full tax exemptions or reduced rates for biofuels, as provided by Article 16 (1) of the Energy Taxation Directive currently in force.



CO₂ Performance Standards

The proposal for revised CO₂ performance standards for cars and vans continues to focus on tailpipe emissions. While we understand the limitations of the broader legislative framework and challenges in implementation, we urge legislators to think about emissions from a ‘well-to-wheel’ rather than ‘tank-to-wheel’ perspective. Discussions on the CO₂ standards regulations should consider that emissions are not confined to the vehicle itself; and requirements on tailpipe emissions must be coupled with other measures that account for the full life-cycle emissions of fuels, such as the EU ETS for transport fuels.

To achieve the 55% GHG emission reduction by 2030, all low carbon and renewable fuel options will be needed, including sustainable biofuels. Countries across the EU will transition cars and vans to electric powertrains at different paces and with different costs to consumers. Therefore, to ensure a just transition and level playing field, EVs must be complemented by sustainable solutions for internal combustion engines where and while necessary.

Alternative Fuels Infrastructure Regulation

A comprehensive and well-functioning recharging and refuelling infrastructure is a prerequisite for decarbonisation of the transport sector. We welcome the introduction of binding targets for alternative fuels infrastructure. We would support additional and specific targets for gas refuelling infrastructure, which can enable the use of biogas-fuelled vehicles for cross-border operations and serve to ensure that such stations are accessible for heavy-duty vehicles. Full deployment of all sustainable fuels and technologies is needed to decarbonise road transport here and now.



Aligning the Fit for 55 with sustainable biomass production

Finally, to ensure a growing and reliable supply of feedstocks for the bioeconomy, the policies governing agriculture, forestry and land use must align with decarbonisation strategies. In the Fit for 55 Package this is mostly reflected in the LULUCF reforms, which present a bold vision for carbon removal, but offer less in terms of the means to achieve it.

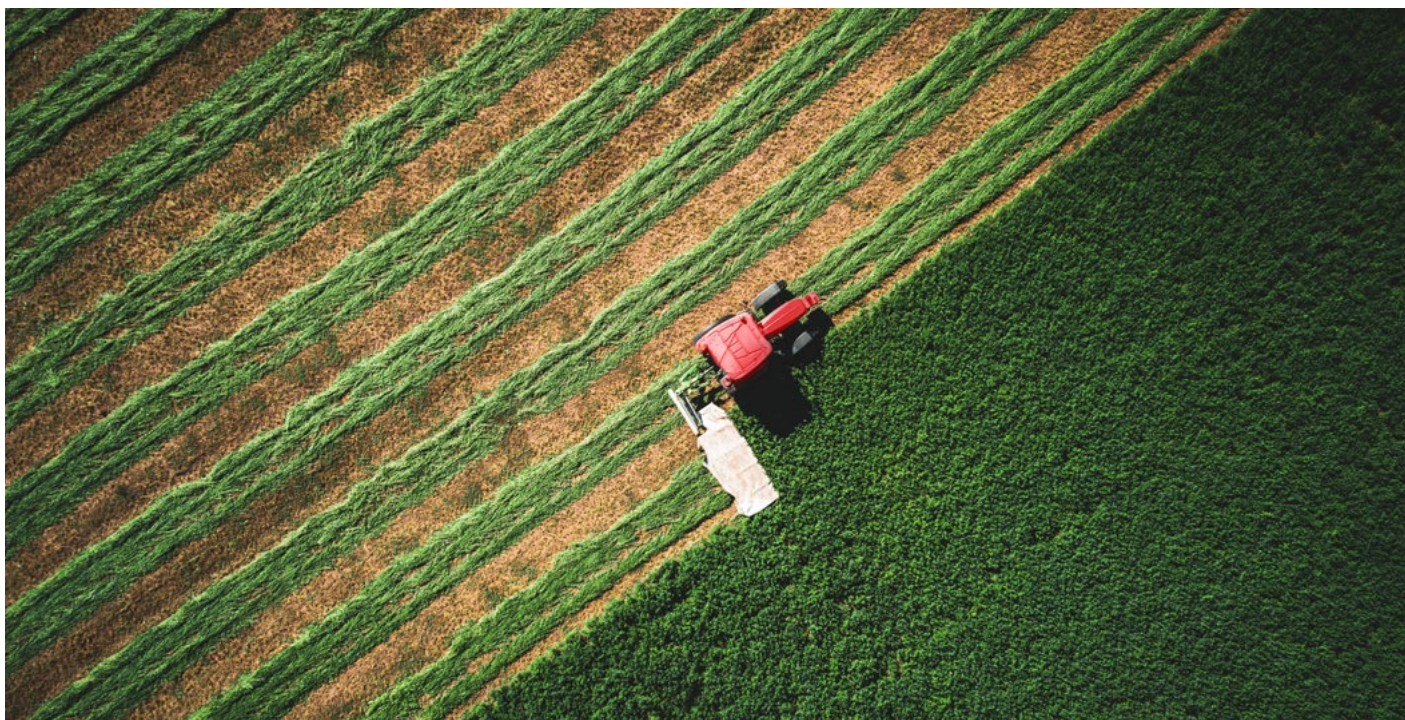
For example, there is scope to improve the balance between the LULUCF objectives and further development of the bioeconomy in terms of materials. In general, we welcome the enlarged scope of Article 9 to carbon storage in products. However, carbon storage is not limited to wood-based materials and products – there are other forms of long-life bio-based materials and products, like fibre-based textiles or bio-polymers, which deserve similar recognition.

Many of the LULUCF objectives need to align with developments in the CAP and Member States' Strategic Plans, where incentives for the agriculture and forestry sectors are implemented. As these plans are developed in 2022, it is crucial that they are sufficiently comprehensive to fulfil the climate ambitions set out in the LULUCF revisions.

Additionally, as with provisions in the Fit for 55 Package, policymakers must be careful to ensure costs are distributed fairly and that the burden does not fall on farmers and landowners. Rather, measures should reward them for operating more sustainably. They must be incentivised to utilise existing technologies that have immediate environmental and economic upsides.

“Increasing the availability and sustainability of biomass is one of the most important challenges that we face to meet the goals of the Fit for 55 Package.”

– Alarik Sandrup, Director of Public and Regulatory Affairs, Lantmännen



A cross-sector coalition working alongside policymakers

The BioAdvantage Europe coalition launched to identify opportunities for unleashing growth in the bioeconomy in Europe. We represent many different sectors relevant to the bioeconomy and with business activities in a range of geographies across Europe.

Our work has shown that there is significant potential for the bioeconomy to contribute to more sustainable and inclusive growth in Europe, and that it can play a crucial role in meeting the goals of the European Green Deal. But we also recognise that the bioeconomy needs an integrated, effective and fact-based policy framework to meet this potential.

At this important moment in Europe's transition, we are: raising awareness of the potential of the bioeconomy; demonstrating bio-based solutions in action across Europe; and supporting policymakers to develop bioeconomy-related policies at the regional, national and EU level that deliver rapid decarbonisation, biodiversity restoration, rural growth, green jobs and innovation.

We welcome the opportunity to work beside policymakers to create a policy framework that enables this.



BioAdvantage Europe powered by Xynteo

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