



## CIRCULAR CHOICES FOR A COMPETITIVE EU BIOECONOMY

### Growing a circular future

*Strategic role proposed for the forest-based bioeconomy sector in the 2024-2029 EU mandate*

#### About Circular Choices

The Circular Choices campaign brings together, as partners and supporters, a total of 20 EU trade associations, representing the biggest coalition ever from the forest-based bioeconomy<sup>1</sup> sector at EU level. We directly employ more than 4 million Europeans, represent €520 billion in annual turnover<sup>2</sup>, with one in every five manufacturing companies in Europe being in our sector. Together, we offer natural, recyclable products and solutions generated from renewable bio-based feedstock sourced in Europe, manufactured in Europe and drawing on world leading European technology.

From logs and wood products, construction, furniture, pulp, packaging, board, tissue, and printing goods and materials, to renewable energy at the end of the wood's lifetime, our industries' focus on sustainable products and low fossil manufacturing processes not only reduces environmental impact but also drives innovation, decarbonisation, and clean industrial growth.

Considering the sector's vast size, dynamism, and potential, the Circular Choices coalition aims to work with the EU institutions to promote the policy and market conditions necessary in the EU to scale up the circular bioeconomy that our society urgently needs, so that it may make a leading contribution to reaching climate neutrality by 2050 and delivering sustainable prosperity and competitiveness in Europe.

#### Contributing to the EU's strategic objectives: climate mitigation and untapped potential

The members of the Circular Choices coalition play a crucial role in the EU's pursuit of open strategic autonomy and will be an essential partner in driving the green and digital transition of the economy. The forest-based bioeconomy sector's strategic nature is rooted in two key elements: its ability to provide a sustainable and low-carbon alternative to traditional fossil fuel-based industries, and its broad scope of integrated 'made in Europe' value-chains that supply all 14 EU industrial ecosystems. In fact, the overall climate effect of the industry is positive and estimated at -806 million tonnes (net)<sup>3</sup> of carbon dioxide equivalent annually. This corresponds to mitigating 20% of all fossil emissions in the European Union. With the right policy support our collective contribution could reach a mitigation of at least 30% by 2030.

The sector is also a hub of innovation and smart thinking, offering opportunities to improve yields, fibre properties, resilience and disease resistance, and explores alternative uses for fibre and waste streams. These primary and secondary materials<sup>4</sup> have already turned our sector into a leader in circularity. The

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<sup>1</sup> The term bioeconomy covers all sectors and systems that rely on biological resources, their functions and principles. European Commission, Directorate-General for Research and Innovation, A sustainable bioeconomy for Europe: strengthening the connection between economy, society and the environment: updated bioeconomy strategy, Publications Office of the European Union, 2018, (<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52018DC0673>). This coalition refers exclusively to the EU forestry sector bioeconomy.

<sup>2</sup> EU Forest Strategy for 2030, 2021 (<https://commission.europa.eu/document/cf3294e1-8358-4c93-8de4-3e1503b95201>)

<sup>3</sup> Climate effects of the forest-based sector in the European Union, Peter Holmgren, 2019 ([https://www.cepi.org/wp-content/uploads/2020/06/Cepi-Climate-effects-of-the-forest-based-sector-in-the-EU\\_Exc-summary.pdf](https://www.cepi.org/wp-content/uploads/2020/06/Cepi-Climate-effects-of-the-forest-based-sector-in-the-EU_Exc-summary.pdf))

<sup>4</sup> By primary raw materials we refer to the woody biomass that is harvested or otherwise removed from the forest. Secondary raw materials would include materials coming from industrial residues and recycling, for example residues from the sawmilling process or materials that are recovered from the waste stream and still need to be recycled, such as paper for recycling.

development of novel bio-based products and processes will further create new economic opportunities and jobs, contributing to a more sustainable and resilient society.

### **Policy recommendations**

The members of this coalition call for a new approach to the economic and climate challenges we face. In its political guidelines for the 2024-2029 mandate, the European Commission has committed to Europe leading the way in balancing industry and environment towards growth, prosperity and climate stability. The bioeconomy provides the perfect framework for this.

Looking ahead, it is crucial that the EU institutions build on the 2024-2029 strategic agenda aimed at strengthening the European manufacturing value chains in order to retain their globally competitive position while optimising the EU internal market for bioeconomy products to scale up on domestic markets.

Through this holistic approach and a new European competitiveness deal, Europe could become the leading continent for investing in a circular bioeconomy and creating good quality jobs.

#### **1. EU policies, such as the upcoming Clean Industrial Deal, should encourage investments in ‘made in Europe’ industries and relaunch the competitiveness of its manufacturing industries, promote innovation, secure employment, and re-position the EU as an attractive market for production.**

- Reviewing the assessment of carbon footprint in existing fossil-based and bio-based products to ensure equivalence in treatment while promoting the development of novel innovations to expand the use of wood as a raw material in new and existing applications.
- Driving member states’ implementation of the Renewable Energy Directive (RED) II and RED III to avoid raw materials’ market distortions and simplifying/streamlining permitting and administrative processes to accelerate the use of renewables.
- Applying the cascading principle<sup>5</sup> in line with market and regional specificities, along the lines of the European Commission’s 2018 guidelines for good practice on the resource-efficient use of wood.
- Establishing a wood, paper and fibre-based Industrial Alliance tasked with supporting the European Commission in creating a stable and predictable policy framework over time.
- Favouring the transition to a sustainable European construction sector as a driving force in relaunching the European economy by creating green jobs, enhancing energy efficiency, reducing emissions, and promoting long-term economic resilience.

#### **2. In upcoming legislations impacting the EU bioeconomy, biotechnology and the bio-based economy should be recognised in alignment with the EU’s industrial policy, ensuring coordination to enhance policy coherence and predictability. At the same time, securing sufficient and level-playing access to primary and secondary raw materials and renewable energy.**

- Developing a stable and sustainable raw material supply for the forest-based bioeconomy, through strategic investment in renewable resources and facilitating industrial symbiosis that encourages partnerships between industries to share resources, including by-products and waste.
- Securing the bioeconomy’s contribution to climate neutrality by including wood and derived products in the methodologies for the Carbon Removals Certification.
- Securing access to abundant and affordable clean energy by incentivising industrial symbiosis, voluntary sector and vector integration and facilitating on-site renewable energy production by unlocking funding opportunities and financing instruments for de-risking the

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<sup>5</sup> European Commission, Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs, Guidance on cascading use of biomass with selected good practice examples on woody biomass, Publications Office, 2019 (<https://data.europa.eu/doi/10.2873/68553>)

industry's investments in improving energy efficiency, CO<sub>2</sub> avoidance and switching to renewable energy.

- Acknowledging the value of, and need for, multifunctional forests and diverse, sustainable forest management practices as guiding principles for EU forest-related policies, including wood mobilisation in line with economic and societal needs.
- Measuring the life cycle emissions of fossil fuels to better determine where the biggest savings can come from in switching to renewable energy.
- Ensuring appropriate collection and sorting systems for recycling at scale, where this is not yet in place.

**3. Creating and guaranteeing high quality jobs in the manufacturing sector throughout the industrial transition, making all public investments conditional to a favourable business environment, therefore good quality job creation, and applying social conditionality clauses in public procurement.**

- Developing the skills, upskilling, and reskilling of current and future workers needed in relation to emerging technologies in areas such as automation, data analytics, and digitalisation.
- Strengthening social dialogue structures at all levels across Europe. Both social partners need to be jointly engaged in planning and implementing the transition.
- Making investments for training and skills central to a circular bioeconomy.
- Identifying and assessing the impact of new organisation of work, new materials, new technologies, production processes and the emerging challenges to occupational safety and health (OSH).