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NOTE

From:	Presidency
To:	Special Committee on Agriculture / Council
Subject:	Revision of the EU Bioeconomy Strategy and the role of the agricultural sector - <i>Exchange of views</i>

I. BACKGROUND

The bioeconomy is defined as "the production of renewable biological resources and the conversion of these resources and waste streams into value-added products, such as food, feed, bio-based products as well as bio-energy".

The 2012 EU Bioeconomy Strategy aimed "*to pave the way to a more innovative, resource-efficient and competitive society that reconciles food security with the sustainable use of biotic renewable resources for industrial purposes, while ensuring environmental protection*". A review of the strategy was carried out in 2017 (SWD(2017)374) and the Commission is planning to table a revision of it in the third quarter of 2018. The process is led by DG Research and Commissioner Moedas with the close cooperation of DG AGRI and Commissioner Hogan, although around ten DGs are involved given the bioeconomy's cross-sectoral nature.

This revision is highly relevant for the agricultural and forestry sectors in view of the great potential of the bioeconomy in ensuring food security for the increasing global population, while addressing environmental challenges and contributing to more circular and sustainable production systems, as well as in providing new opportunities for growth and rural development.

The bioeconomy is key for Europe and comprises those parts of the economy that use renewable biological resources from land and sea -such as crops, forests, algae, fish, animals and micro-organisms- to produce food, feed, materials and energy.

- It represents an annual turnover of around EUR 2 trillion and employs around 22 million people, a large number in rural and coastal areas.
- It encompasses a large number of major economic sectors: food, agriculture and forestry, fisheries, aquaculture and marine resources, energy, bio-based industries including chemicals and materials.
- Forest-based industries represent 3.5 million jobs and EUR 486 273 million of annual turnover. Forests also provide around 50% of total EU renewable energy consumption and new forestry-based innovations cover modern construction materials, textiles, biodegradable food packaging materials, biocomposites, textiles, insulators, health care products, biochemical products and biomedicines.
- The bioeconomy goes beyond traditional uses of resources and includes new and innovative bio-based products, such as biochemical, bioplastics or biopolymers and green chemistry. New bio-based technologies can also help to make better use of waste and the recovery of resources, such as nutrients, thereby contributing to resource efficiency and circularity.

Agriculture and forestry are important players in the bioeconomy in the context of the ambitious EU 2030 climate and energy targets. They also help other sectors to decarbonise (for instance, through decarbonisation of transport via transition to advanced biofuels and the removal of carbon from the atmosphere). Agriculture is a major sector since it produces the largest part of the biomass used as a raw material for the bioeconomy. Therefore, the bioeconomy does not only contribute to a sustainable agriculture, but can be an important source of diversified income for farmers as well as a factor for high quality job creation, competitiveness and growth in rural areas.

However, the most important actors in the agricultural primary production (farmers and foresters) are currently not well integrated into the bioeconomy value chain, playing more the role of biomass suppliers than that of producers of bioproducts. A revised Bioeconomy Strategy should therefore take more into account the needs of farmers and foresters and include actions that aim to strengthen the role of primary producers in new bioeconomy value chains. The sustainable development of the bioeconomy in rural areas will undoubtedly be a major positive factor for tackling depopulation by creating jobs and business opportunities based on modern digital technologies and innovative business practices. The bioeconomy can also make major contributions to a more circular and resource-efficient economy by making better use of waste streams, including the recovery of nutrients.

As stated in the Cork 2.0 declaration: *"the value of rural resources are capable of delivering sustainable solutions to current and future societal challenges that concern all citizens of the Union such as assuring a safe and sustainable provision of quality food, developing the circular economy, broadening the bio-economy, fostering resource efficiency, combating climate change and reducing the reliance on fossil fuels"*.

The bioeconomy is also mentioned as one of the main engines for agriculture and rural areas in the Commission's Communication on the Future of Food and Farming. An impact assessment is currently examining concrete proposals in this area, with a view to the upcoming legislative proposals on the next CAP expected in mid 2018.

In the light of the current revision of the EU Bioeconomy Strategy and its Action plan, the Presidency believes that the February AGRIFISH Council constitutes a very appropriate moment for Ministers to exchange views on how to shape the future policy framework regarding the bioeconomy, and how to maximize its potential for EU farmers, foresters and rural areas. The main conclusions from the Council debate will be summarized in a Presidency letter to be sent to Commissioners Moedas and Hogan as well as to the Chair of the Competitiveness Council. The Presidency trusts that Ministers' views will be taken into account in the revised EU Bioeconomy Strategy as well as in future discussions on bioeconomy-related issues having an impact on the agricultural sector.

To prepare the exchange of views in Council, at the SCA meeting on 5 February the Presidency will invite delegations to comment on the proposed questions and to give their preliminary views on them.

II. QUESTIONS FOR MINISTERS

- 1. How can EU policy, in particular the upcoming revised Bioeconomy Strategy, better support the development of a more sustainable and circular bioeconomy and enhance the benefits and opportunities for primary producers?**
- 2. What can be done at national level to better integrate farmers and foresters into the bioeconomy value chains?**