



**European Committee
of the Regions**

SEDEC-VI-022

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OPINION

The local and regional dimension of bioeconomy and the role of regions and cities

THE EUROPEAN COMMITTEE OF THE REGIONS

- considers that expanding the bioeconomy, particularly in rural and suitable forested areas of the EU, represents major development potential in terms of growth and jobs, and points out that this potential can only be harnessed if those involved on the ground in the regions and municipalities cooperate closely and pursue shared objectives;
- suggests reviewing – with the Better Regulation initiative in mind – the existing legal framework governing the expansion of the bioeconomy, so as to remove any barriers to investment that exist in EU regulations;
- points out that the regional conditions needed to expand the bioeconomy are very varied, and asks the Commission to propose how regional approaches can be incorporated at an early stage when planning policies regarding the design of funding options. The objective is to find ways to design funding options that enable them to be successfully implemented in varied regional contexts, to overcome geographical challenges linked to insularity or remoteness and to be better integrated with national, regional and local funding programmes;
- underlines the need for further investment in developing and expanding a bio-based economy and calls for easier access to the various existing financing instruments by making use of complementarities and synergies; calls for the creation of new and improved ways to combine EU funding programmes (promoting innovation and investment, guarantees) in order to reduce risks for private investors and to help SMEs to bring bio-based products to the market;
- notes that the greatest possible use of bio-based products in as wide a range of sectors as possible also helps to secure and create jobs in new, sustainable markets – notably, in previously disadvantaged and less-industrialised regions, and in rural, mountain and coastal areas. This lends a social dimension to the bioeconomy.
- is convinced that a knowledge-based bioeconomy fully respectful of the environment can make an important contribution to sustainable development in Europe;

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Opinion of the European Committee of the Regions – The local and regional dimension of bioeconomy and the role of regions and cities

I. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS

Key messages

1. welcomes the efforts made so far by the European Commission, the Member States and the regions to support the bioeconomy at regional level by sustainably managing natural resources, including soil and inland and marine waters, and calls for these efforts to be stepped up further;
2. considers that expanding the bioeconomy, particularly in rural and suitable forested areas of the EU, represents major development potential in terms of growth and jobs, and points out that this potential can only be harnessed if those involved on the ground in the regions and municipalities cooperate closely and pursue shared objectives;
3. proposes therefore that a future update of the bioeconomy strategy and action plan focuses on realising the potential and benefits of the bioeconomy , including biotechnology and biomass, for local and regional development in both urban and rural areas;
4. is convinced that greater synergies between European, national, regional and local bioeconomy initiatives in the spirit of multi-level governance are necessary to bring about the best possible conditions for the bioeconomy to develop in Europe;
5. calls, in particular, for use to be made of regional smart specialisation strategies that focus on the bioeconomy, and for this to be taken into account when reviewing the bioeconomy strategy;
6. suggests reviewing – with the Better Regulation initiative in mind – the existing legal framework governing the expansion of the bioeconomy, so as to remove any barriers to investment that exist in EU regulations;
7. calls for the Commission, Member States and European regions to carry out proactive communication strategies so as to raise awareness of the potential of the bioeconomy in the regions; suggests, in this regard, using the terms "bioregions" and "biocommunities" to refer to rural areas, cities and regions that place particular emphasis on expanding the bioeconomy;
8. is in favour of closely dovetailing initiatives for promoting the bioeconomy with the development of a sustainable circular economy at regional and local level, and calls for support to be given to bioregions and biocommunities as well as to businesses and associations that make use of their local biological resources to create new value chains, partly by directly financing their own regional research centres operating in the various bioeconomy sectors including in agri-food;

9. calls for the EU and Member States support policy to be altered so as to foreground local solutions to existing problems and challenges and ensure that the conditions for EU promotion of the bioeconomy are designed in such a way as to enable support to be given to solutions tailored to different regions, taking also into consideration the particular challenges facing islands or remote regions;
10. underlines that investment in the bioeconomy can only be increased if access to the main EU funding instruments such as EFSI, ESIF, Horizon 2020, COSME, etc. is improved;
11. calls for new combinations between different EU funding programmes to be made possible so as to meet the requirements of an integrated strategy for developing the bioeconomy (promoting RDI and investment, guarantees);
12. advocates making it easier to take regional interests into account in the Bio-based Industries Joint Undertaking so as to improve the consistency of measures, to make the best possible use of synergies and to exchange best practice to stimulate investment in the bioeconomy;
13. calls on the European Investment Bank to make the most of the opportunities created by EFSI 2.0 to finance the bioeconomy, and to proactively forge contacts with bioregions and biocommunities;
14. is in favour of further supporting the promotion of interregional cooperation and benchmarking between bioregions and biocommunities by means of Horizon 2020, Interreg and other programmes; suggests, in this connection, also making use of the European Grouping for Territorial Cooperation as a legal tool to foster cooperation between bioregions and biocommunities;
15. urges the European Commission to adopt measures even before the next funding period begins so as to support coordinated use of EU funds – particularly in the areas of agricultural policy, including the agri-food and forestry sectors, and cohesion policy – by means of appropriate safeguards and coordination on the substance of the operational programmes for bioregions in Europe;
16. recommends drawing up proposals for the introduction for a limited period of time of relevant demand-oriented incentive systems for bio-based products in order to offset the initial higher costs incurred during market roll-out; calls in this respect on Member States and EU regions to favour bio-based materials in public procurement;
17. is convinced that the huge bioeconomic potential of Europe's regions can be better harnessed by giving cities and regions, and their interregional associations, a larger role on the Bioeconomy Stakeholders Panel, and therefore calls for a "European Forum of Bioregions, Biocommunities and Biomunicipalities" to be held once a year in a different European bioregion or biocommunity each time, also involving representatives from the Member States, the European Committee of the Regions and the European Parliament;

18. underlines that if the bioeconomy is to be expanded, Member States' education systems should be adapted and training courses, further vocational training, professional qualifications, and higher education courses also could empower people to respond to the new skills requirements; therefore proposes that these requirements be taken into account in the European education agenda as well;
19. points out that the bioeconomy is also an opportunity for the health sector, since advanced research technologies now make it possible to develop innovative therapeutic products based on complex natural substances, which are yielding encouraging results and are beneficial for the ecosystem. The production of high-quality and functional food also helps to improve the population's health;
20. suggests that the next research framework programme, as well as the design of the common agricultural policy and future cohesion policy, give more consideration than before to developing the bioeconomy, and also proposes that the contribution of the bioeconomy to territorial cohesion in the EU be acknowledged;
21. takes the view that a comprehensive territorial impact assessment is vitally important to the review of the Bioeconomy Action Plan, and that the progress made under the next action plan should be regularly reviewed in the form of an implementation report;

Potential of the bioeconomy

22. is of the view that global challenges such as population growth, resource scarcity or depletion and climate change mean that new approaches must be found to safeguard the sustainable growth and the efficient use of resources crucial for people and for the competitiveness of Europe and its regions, now and in the future. The development of environmentally-sound agricultural practices plays an important role in this respect. The European Committee of the Regions (CoR) is convinced that a knowledge-based bioeconomy fully respectful of the environment can make an important contribution to this end. The bioeconomy is a key topic for the future. One way in which it has particular potential is that it promotes environmental sustainability by fostering independence from fossil fuels and counteracts climate change by means of carbon neutrality. Sustainably produced products and services making use of biological resources can reconcile the three aspects of sustainable development, that is, economic growth, social development and environmental protection;
23. does not deny that there are also risks to using biotechnological processes. For example, using biomass as a starting point for bio-based products risks creating competition for land and water (the "food versus fuel" discussion). Precisely for this reason, existing raw materials must be used sustainably and sparingly, and in a multi-faceted way. Smart and cascading use of biomass as a material – repeated and carried out as often as possible – can contribute to this objective. This approach should be taken into account when working on the future strategic direction for promoting the bioeconomy. The use of biotechnology can also have an effect on biodiversity decline, including due to the use of GMOs. It is imperative to ensure strict application of the precautionary principle in connection with any initiatives undertaken, in accordance with the

principle of EU law set out in Article 191 of the Treaty on the Functioning of the European Union (TFEU);

24. notes that the greatest possible use of bio-based products in as wide a range of sectors as possible also helps to secure and create jobs in new, sustainable markets – also, and notably, in previously disadvantaged and less-industrialised regions, as well as in rural, mountain and coastal areas. The high-tech components of the bio-based chemical and biotech pharmaceutical industries can not only regenerate deindustrialised or struggling sites, but also provide advantages in terms of health and quality of life. This lends a social dimension to the bioeconomy, as it can act as a catalyst and provide an opportunity for local and regional structural change;
25. aims to significantly increase the share of innovative bio-based industries as part of gross domestic product in the next ten years, and is convinced that this can only be achieved with the help of the regions;
26. notes that both regional conditions (presence of natural resources, degree of economic use, development of value chains, presence of an innovative environment) and strategic decisions by local actors are crucial to the expansion of the bioeconomy. Specifically, this means that opportunities to influence the further development of the bioeconomy exist – and should be used – in the following areas: science, technology, primary production and industrial infrastructure, demand and incentive schemes, consumer habits and awareness, culture, policies and laws;

Obstacles to the development of the bioeconomy

27. welcomes the fact that efforts to expand the bioeconomy are being made in many EU regions, but also highlights the huge development disparities between regions in expanding the bioeconomy and sees considerable potential for progress in this regard. There are already very divergent interpretations in the EU regions of what biotechnology means. The CoR therefore believes that suitable communication strategies are needed in order to disseminate information about the potential of the bioeconomy and to raise awareness accordingly. The CoR asks the Commission – as well as countries and EU regions – to start taking action in this regard, or to step up their efforts. An open and transparent discussion is needed with all relevant local actors about the objectives and challenges of the bioeconomy, and possibilities for implementing it, as well as about the negative or damaging effects of not implementing it. The general public should also be informed about the bioeconomy and – in contrast to biotechnology – be given the opportunity to become actively involved;
28. sees obstacles to the development of the bioeconomy in the following areas: uncertain market and technological development, associated major project-related risks and long payback periods with regard to the construction of infrastructure, high research and development costs, higher costs for bio-based products - the reasons for which are (despite sustainability) difficult to communicate to end users - a large number of individual operators (in production, politics, science), regulatory frameworks and the lack of a long-term strategy able to support all the stages of development and establishment of an enabling environment that limits the high degree of business risk in this sector;

Investment and finance

29. welcomes the fact that EUR 3.85 billion from Horizon 2020 has been earmarked for investment in bioeconomy research and development, that a decision has been taken to establish the Bio-based Industries Joint Undertaking, and that EFSI 2.0 funding is also being extended to bioeconomy-related projects;
30. underlines the need for further investment in developing and expanding a bio-based economy and calls for easier access to the various existing financing instruments (ESIF, EFSI, Horizon 2020, CAP) by making use of complementarities and synergies; calls for the creation of new and improved ways to combine EU funding programmes (promoting innovation and investment, guarantees) in order to reduce risks for private investors and to help small and medium-sized enterprises (SMEs) to bring bio-based products to the market;
31. advocates better funding options as well as sufficient risk capital and innovation funding to help develop market-viable solutions for serial production so as to reduce the particular economic risk for SMEs, especially in the market entry/commercialisation phase;
32. points out that the regional conditions needed to expand the bioeconomy are very varied, and asks the Commission to propose how regional approaches can be incorporated at an early stage when planning policies regarding the design of funding options. The objective is to find ways to design funding options that enable them to be successfully implemented in varied regional contexts, to overcome geographical challenges linked to insularity or remoteness and to be better integrated with national, regional and local funding programmes;
33. requests a review of what demand-side support for the bioeconomy and demand-side instruments for bio-based products can be introduced; takes the view that market incentive schemes for bio-based products could help to partially offset the cost disadvantages for consumers, thus, in the long term, supporting better market access for bio-based, sustainable products;

Support for regions and regional actors, legislation

34. emphasises the fact that the regions and municipalities play a particular and increasingly important role in expanding the bioeconomy, as locally available bio-based raw materials are the starting point for bioeconomy value chains;
35. points out that the EU regions need more support to draft and implement regional bioeconomy strategies, and thus welcomes initiatives such as the European Sustainable Chemicals Support Service; suggests extending such initiatives to other industrial sectors of the bioeconomy (e.g. pharmaceuticals, automotive industry, construction, energy, biotechnology, agri-food and forestry, industrial plant construction, information and communications technology);
36. calls for the role of villages, cities and regions, and their interregional associations, to be increased in order to identify best practice models and to achieve benchmarking between

bioeconomy regions; further advocates the adoption of suitable measures aimed at bolstering the role of municipalities in developing the bioeconomy, including in the framework of activities organised by them. It is worth bearing in mind that it is often at local level and in a small scale that bioeconomic processes begin, and it is therefore essential to support such initiatives;

37. stresses that interregional networks such as the European Bioeconomy Intercluster 3BI, the Vanguard Initiative or the European Chemical Regions Network (ECRN) and other networks related to agriculture and rural areas (e.g. Euromontana, AREPO, ERIAFF etc.) make a major contribution to expanding the bioeconomy. They are important mechanisms for developing strategies and coordinating the exchange of knowledge at local and regional level. They also often serve to link up the local, regional, national and EU levels;
38. supports initiatives such as the Łódź Declaration of Bioregions¹ (concluded by Central and Eastern European Regions and stakeholders from companies, academia, NGOs and farmers at the European Bioeconomy Congress, held in Łódź in 2016) and welcomes the increased interregional networking of bioregions thanks to cross-border value chains and macro-regional cooperation;
39. is convinced that expanding the bio-based economy requires a comprehensive approach that combines various policy areas, and that clusters with global potential, networks and other platforms should be given more support so as to coordinate knowledge transfer and dialogue along value chains;
40. considers that there continues to be an urgent need to improve coordination between the various political and national levels so as to promote the bioeconomy, particularly with regard to regulatory frameworks. The 28 Member States currently apply different rules for the use of biomass as a starting point for bioeconomy value chains. Similarly, many end-products of the bioeconomy are processed differently in the different EU Member States. The CoR believes that legislation must be harmonised and simplified, in accordance with the principles of subsidiarity and proportionality;

Research and development, training

41. underlines that disseminating expertise about the sustainable use of biomass as a starting point for the bioeconomy value chain is an essential element in the development of the bioeconomy. Stepping up research, and developing new products and putting them on the market, is a long-term process that ties up a great deal of human and financial resources;
42. suggests that support for research networks and cooperation among various operators in different value chains including universities and non-university research institutes, be further augmented, and that the potential benefits offered by science, the productive sector and industry be more closely intertwined. In particular, national and regional clusters which transfer the

¹ https://media.wix.com/ugd/32bd65_afadb83292a0452fa58289575d1e5eaf.pdf

results of innovation to the market must be reinforced by developing an interactive, synergy-based network of producers, researchers, entrepreneurs, investors and policy-makers;

43. calls for a comprehensive overview of current bioeconomy-related initiatives. Increasing incentives must be provided for financing of pilot, demonstration and production facilities in this sector in the EU regions so as to develop low-carbon production and industrial processes and pool experience and know-how. This strategy must avoid duplication and make developments in processes and products more economical;
44. points out that expanding the bioeconomy means a change in the structure of education, that education must become more interdisciplinary, and that curricula need to factor in more new training courses.

Brussels, 11 May 2017

The President
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Markku Markkula

The Secretary-General
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II. PROCEDURE

Title	The local and regional dimension of bioeconomy and the role of regions and cities
Reference(s)	
Legal basis	
Procedural basis	Own-initiative opinion – Rule 41(b)(ii) of the RoP
Date of Council/EP referral/Date of Commission letter	
Date of Bureau/President's decision	10 October 2016
Commission responsible	Commission for Social Policy, Education, Employment, Research and Culture (SEDEC)
Rapporteur	Katrin Budde (DE/PES)
Analysis	November 2016
Discussed in commission	31 March 2017
Adoption by commission	31 March 2017
Result of the vote in commission (majority, unanimity)	Majority
Date of adoption in plenary	11 May 2017
Previous Committee opinions	Innovating for Sustainable Growth: A Bioeconomy for Europe, CDR1112-2012_00_00_TRA_AC - Rogier van der Sande (NL/ALDE)
Date of Subsidiarity Monitoring consultation	