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Report on the interparliamentary conference on circular bioeconomy 20 February 2023

On 20 February, the Riksdag hosted an online interparliamentary conference organised by the Committee on Environment and Agriculture. The topic and title of the conference was *Circular bioeconomy: The pathway to a more innovative, resource-efficient and competitive Europe*. Further information on the meeting such as the conference programme, background note, photos and video recordings from the three main sessions (not the parallel sessions) is available [here](#).

Circular bioeconomy

The European Green Deal stipulates the EU's ambition to become climate neutral by 2050, and the bioeconomy leads the way for the green transition. The bioeconomy is already one of the EU's largest economic sectors as it comprises all businesses and associated services that produce, use, process, distribute or consume biological resources. The EU's Bioeconomy Strategy from 2018 supplements sector-specific measures and is intended to make it easier for countries and regions to propose measures which are suitable for their own specific challenges and opportunities. The aim of the conference was to examine the status of Europe's Bioeconomy Strategy within various sectors and parts of Europe, to highlight success stories and best practice and to provide participants with the opportunity to discuss the challenges and opportunities that lie before us in smaller groups.

The purpose of the conference was to create an arena for debate and exchange of opinion on the bioeconomy and its role in ensuring a sustainable future for Europe. Around a hundred participants attended the conference, including parliamentarians from Europe's national parliaments and chambers. Other participants included youth associations, officials from the Swedish Government Offices, the Commission and the administrations from the relevant parliaments.

Summary of Session I: What role does the bioeconomy have in the implementation of the European Green Deal?

The session was opened by **Emma Nohrén**, Chair of the Committee on Environment and Agriculture. Ms Nohrén noted that there were over 100 individuals from 30 countries participating and, in addition, actors outside of the EU such as the Norwegian Parliament, the British House of Commons and the

Nordic Council were represented. Ms Nohrén extended an especially warm welcome to participants from the youth organisations. Ms Nohrén stressed that the transition to a circular economy is progressing, whilst also noting that we quickly need to find solutions to a number of problems. Ms Nohrén stated that the aim of the conference is to have an open conversation on the topic and she encouraged all participants to contribute by finding solutions and highlighting good examples.

Peter Kullgren, Minister for Rural Affairs, welcomed the fact that all key sectors were represented in the programme and that also other aspects have been included such as biological diversity. Mr Kullgren stressed that circular bioeconomy is a means of combating the climate crisis and of facilitating the phasing out of fossil energy sources and fossil material in many different areas, for example construction. He further maintained that the circular bioeconomy has an especially strong connection with rural areas and that it stimulates efforts to establish new value chains and products. According to Mr Kullgren, the development of rural areas must continue in order for the circular bioeconomy to grow. Mr Kullgren further maintained that the COVID pandemic and the ongoing war in Ukraine have clearly demonstrated the need for a civilian preparedness and contingency measures and stressed that the circular bioeconomy has a lot to offer in this regard.

Florika Fink-Hooijer, Director General for the DG Environment at the Commission, maintained that a circular bioeconomy lays the foundation for green growth and that climate-neutral bio-based products can replace other products made of fossil material. The transition also promotes innovation, EU competitiveness, improved food security and resource efficiency in the production process. Ms Fink-Hooijer also highlighted Sweden and Swedish forestry as examples in the debate. According to Ms Fink-Hooijer, there is no solution that fits all and each member state must adapt to factors such as the environment and landscapes. Ms Fink-Hooijer further stated that we also need to consider the emissions from industries and climate change. We need natural carbon sinks such as healthy forests which protect biodiversity and act as carbon sinks.

Jytte Guteland (Social Democratic Party), member of the Riksdag, highlighted that Sweden has successfully increased the forest footprint in Sweden in recent decades. Our forests have grown and the number of planted trees has increased. Ms Guteland stressed the frustration that many people feel when reading proposals from the Commission about how Sweden should manage its forests as carbon sinks and that the targets for Sweden are increased whilst targets for other countries are not adjusted. Ms Guteland maintained that Sweden cannot serve as a counterbalance to those who are not managing their forests sustainably.

Pär Holmgren, MEP (Group of the Greens/European Free Alliance), the European Parliament's Committee on the Environment, Public Health and Food Safety (ENVI), highlighted climate change and the collapse of ecosystems as the

most important challenges in the future. He maintained that extensive deforestation is not sustainable. Concerning food supply security, he highlighted the need for biodiversity in order to be able to deliver on the blue bioeconomy. Mr Holmgren stated that the question of food supply security has become even more topical since the invasion of Ukraine. It is important to transform our food systems and to remove dependency on fossil sources. In order for us to achieve a sustainable system, we need to support agriculture in becoming more sustainable. Mr Holmgren also raised the matter of the importance of blue bioeconomy and that an enormous amount of greenhouse gases is stored in the sea.

The second session with four parallel slots was not webcast due to discussions being of a preliminary nature.

Summary of Session III - Circular business models beyond the tested

The topic of the session was how to achieve circular business models. The moderator, **Ingrid Petersson**, Inquiry Chair at the Swedish Government Offices, summarised the discussions from the four parallel sessions which were held in the morning and stated the following:

In the seminar on the roles and opportunities for the forest industry, it was discussed whether the way of working should be the same for all. There is no common view within the EU on how our forests should be used. In Sweden, we are of the view that regulations at EU level should be avoided. It also came to light that reuse and recycling of products is not always the best option. It can sometimes be more resource-efficient, from a holistic perspective, to produce new products.

In the seminar on national and regional bioeconomy strategies, it was noted that one should remember that member states differ in terms of perspectives and resources. Regardless, it is important that member states accelerate their work with their bioeconomy strategies.

During the seminar on bioeconomy and the relationship with the EU's food supply, it was stressed that research and development as well as plant breeding should be prioritised. The best technology should be made available to farmers. It is important that agriculture is profitable and competitive as this is a precondition for being able to invest in the future. One solution does not fit all when it comes to circularity and adaptations need to be made to meet local conditions. Agricultural products should be used in an integrated manner.

In the seminar on blue bioeconomy, the matter of making use of the blue sector was discussed, whilst taking into account the limits of our seas and oceans. It is important that we go from policy to implementation and that we pay attention to the potential of the blue bioeconomy. We should concentrate on the blue sector's lowest levels, such as algae and mussels, not only fish.

Following this, Ms Petersson introduced the subject for the next session: circular business models beyond the test-bed. **Khaled Soufani**, Director for Circular Economy Centre at the Cambridge Judge Business School at the University of Cambridge, argued that when companies invest in circular economy, they need to ensure that there is economic gain in the model. Companies must have a very clear business model in order to be successful, regardless of whether they are small or large companies. You need to take different perspectives into account: a) the macro perspective, that is, politics, b) the meso perspective, that is, to understand the industry and see the competitive advantages and c) the micro perspective, that is, your own organisation. Mr Soufani is positive about the future. If decision-makers demonstrate their good intentions, then companies will be prepared to take part in sustainability. There is still low hanging-fruit in this area.

Mette Kahlin McVeigh from Stora Enso stated that Stora Enso's activities are forest-based and the company, among other things, produces packaging from renewable materials. The company sees the benefits of traditional methods, which provide financial support. She explained that the company has established a regenerative target. When it comes to circular economy and climate policy, you have to be ambitious and have a circular bioeconomy that is based on sustainability. A policy framework is required. Fossil subsidies still exist, but renewables need to be prioritised now and we have to scale up the bioeconomy. Kahlin McVeigh advocates a business model that applies the cascading principle, that is, highest value and best purpose. Houses "grow in the forest" and the residual material is used to make pulp, cardboard, chemicals and bioenergy.

Nina Ekelund, Executive Director at the Haga Initiative, stated that the Haga Initiative's ambition is profitable business activities without climate impact. All participating companies in the Haga Initiative have set net-zero targets by 2030. A follow-up of the companies' activities is conducted annually. The top 20 companies with the largest emissions account for a third of all emissions. Those companies want to reduce their emissions and become negative emitters. A number of CEOs would like more ambitious policies, in particular concerning procurement, scrutiny and fossil fuel subsidies, which perhaps should not continue. Young people welcome working for companies that take responsibility for the environment. Ms Ekelund sees it as an obstacle that new materials are cheaper than recycled material and that there is a shortage of recycled material. Legislation and cooperation are areas that could be improved upon.

Summary of Session IV: What are the next steps in developing the circular bioeconomy in Europe?

Pieter Nachtergaele, postdoctoral researcher at Ghent University maintained that the focus is often on the need for more, for example land and resources, in order to increase production of biofuels for example, but this is not enough. We also need to talk about what to reduce. He stressed the need to review how we can work with biomass in order to extract the highest possible value and the

importance of using less biomass. He stressed that it is not enough to only work with strategies, but that legislation is also required both on an EU level and on a national level.

Joanna Drake, Deputy Director-General of the European Commission, noted that we are living in a decade of change and that transition is occurring within all aspects of the bioeconomy and stressed the need for strategies such as the EU's Bioeconomy Strategy. She further emphasised that democratic debate is crucial in order for decisions made at a policy level to be accepted. She noted that a multidisciplinary approach must be applied in order to achieve climate neutrality and to manage the considerations that will be required within the bioeconomy.

Francis X. Johnson, senior researcher at the Stockholm Environment Institute (SEI), maintained that there are even bigger challenges and opportunities outside Europe, whilst at the same time emphasising the importance of Europe working on the subject domestically, in particular to set a good example. He emphasised that an important aspect in the transition to a sustainable system is how biomass is used. Mr Johnson maintained that the bioeconomy is not only about products and factors but also about processes and how we work with technology and innovation. Mr Johnson maintained that everyone is in agreement on the importance of a sustainable bioeconomy, but that we have different views on how we should achieve it.

Ananya Manna, Investment Director at the European Circular Bioeconomy Fund, started by saying that when it comes to food, the focus of the Fund is to reduce the carbon footprint and to reduce emissions of greenhouse gases. She further presented the largest challenges for start-ups. Ms Manna stressed that the capital that is required in order to establish a start-up is large and that it is hard for such companies to receive multiyear agreements as the new solutions are often more expensive than existing ones which include fossil-based solutions. The effect of existing solutions should be taken into account, and this can be done at a policy level. In conclusion, she maintained that she is optimistic about the situation but that policy is needed which leads development in the right direction.

Pekka Pesonen, Secretary General at Copa-Cogeca, described Copa-Cogeca's efforts to achieve sustainable agriculture and developments in this area within the framework of the EU's model of agriculture. Copa-Cogeca has managed to reduce its carbon emissions but the next step will require considerable investments and there is a lack of incentive within the existing framework of EU policy-making. Decision-makers give farmers mixed messages: food producers should be small on an agricultural level and produce less whilst using less intensive methods. At the same time, more stringent environmental requirements must be met and there are higher demands for investments, increasing costs and, at the same time, returns are uncertain to say the least. Against this background, Mr Pesonen put forward a number of suggestions. These include the importance of access to technology, competitive investments and support in order to avoid

unfair terms of competition as well as greater transparency, with fair, well-considered chains where farmers' measures and results are better recognised and observed. The internal market should not be undermined. Farmers should be rewarded for their contributions to the bioeconomy and be given good pre-conditions for producing food.

Helena Hansson, Professor at the Swedish University of Agricultural Sciences (SLU), emphasised the connection between bioeconomy and food preparedness and maintained that research has identified what measures can be taken at farm level. Ms Hansson spoke about the research that is being carried out as part of the research programme Mistra Food Futures, such as on grass-based fodder. Food production needs to be made less dependent on external factors. It involves creating sustainable methods and systems, and making food production less dependent on geopolitical events such as those which we have witnessed in the last year. Her recommendation is that we continue to take care of the various dimensions within sustainability and sustainable systems.

Virginijus Sinkevičius, Commissioner for the Environment, Oceans and Fisheries, reported on the Commission's work on the subject and the next steps which are required in order to achieve a carbon-neutral, sustainable and circular economy. The Commissioner maintained that there is an urgency and that we must have a sustainable outlook as natural resources are limited. He also stressed the need for sound ecosystems where biodiversity is maintained. The Commissioner further noted that the bioeconomy must be sustainable and circular. He also emphasised the connection between the bioeconomy, the targets for Fit for 55 and the agreement from the Conference of the Parties to the Convention on Biological Diversity in Canada in 2022.