



PFP position on the Commission's Communication "Innovating for Sustainable Growth: A Bioeconomy for Europe"¹

Primary Food Processors (PFP) are the largest users of domestic grains, starch potatoes, sugar beet and oilseeds in the EU. Since we add value to bulk commodities, our operators have to deal with large volumes of agricultural raw materials: 220 million tonnes a year, employing over 120,000 people in Europe.

PFP Members are at the crossroad of food, feed and non-food production

For a long time, several PFP members have been involved in the Bioeconomy. Primary Food Processors provide the link between agricultural production and final products. Besides food and feed, we have a long tradition of processing renewable raw materials to produce ingredients for pharmaceuticals, detergents, plastics, lubricants, fuels, paint, paper, cosmetics and other industrial products.

PFP already contributes to the EU's transition to a resource-efficient and low-carbon economy

PFP industries' efforts to increase the environmental sustainability of the food and feed chains go hand in hand with the emerging EU Bioeconomy, through continuous improvement in environmental performance and implementation of best available techniques. PFP members:

- have invested in and use cogeneration (Combined Heat and Power) units, an environmentally friendly technology that generates lower emissions of CO₂ compared to the separate production of heat and consumption of electricity from the public grid and consume lower quantities of natural resources.²
- implement energy and resource efficiency where possible, through prevention of waste, re-use, recycling and recovery of valuable co-products of our processes.
- optimize their logistic operations, to lower resource use and carbon footprint.
- minimize their impact on water resources by use of process water and recycling of water.
- strive for continuous improvement in production processes and invest in knowledge, skills, research and development to reduce environmental impact.

¹ http://ec.europa.eu/research/bioeconomy/pdf/201202_innovating_sustainable_growth_en.pdf

² See separate PFP position paper on cogeneration : <http://www.pfp-eu.org/wp-content/uploads/March-2011-Co-generation-in-the-PFP-industry.pdf>

Coherent policy framework is a prerequisite to achieve a level playing field for European Bioeconomy sectors

PFP considers that the European Commission should develop a coherent policy framework for European Bioeconomy sectors. This framework should seek a harmonised approach to policy areas such as industrial competitiveness, energy, agriculture, food and feed, trade, environment and climate change, and research and innovation, in order to enable the EU first processing industry to serve various markets.

For PFP, due to increasing exposure to international competition, a level-playing field is necessary in order to avoid that imported goods with lower environmental credentials progressively replace EU-made bio-based products. These must be given equal chances to compete with third countries' exports, with similar sustainability requirements.

In order to attain this objective, the EU should encourage regulatory convergence with its key trading partners, so that environmental standards are applied in a comparable way. Until the full convergence takes place, regulation should balance the unfair competitive advantage of some imports by protecting EU bio-based production to the extent necessary to achieve such a balance.

A highly-productive Common Agricultural Policy (CAP) must be the cornerstone of the EU Bioeconomy

The key challenge for PFP is the secure and regular access to quality and safe agricultural raw materials (mainly maize, wheat, soybeans, sugar beet, starch potatoes, rapeseed, sunflower seed, cocoa beans) in sufficient quantities for all first-transformation activities while the global demand is increasing.

The implementation of a successful EU Bioeconomy thus requires a strategic vision on the long-term productivity and viability of the European agricultural sector.

PFP welcomes the inclusion of the bio-economy among the proposed priorities of EU CAP proposal on rural development for the 2014-2020 period. The CAP is key for the success of EU Bioeconomy as it can, in order to mitigate risks identified in the Commission Working Document³:

- i. Boost agricultural raw material production;
- ii. Promote economic development ('green growth');
- iii. Enable new employment opportunities in rural areas;
- iv. Increase the resource efficiency and mitigate climate change impacts;
- v. Provide necessary means for farmers to preserve EU's long term sustainable agricultural production capability.

To achieve these objectives, PFP calls for the introduction of concrete provisions in the new CAP (2014-2020):

1. The extension of the "**cooperation approaches**" to bioeconomy demonstrators and pilot plants to bridge the gap between research and market of bio-based products.
2. The possibility to provide **funds to non-agricultural activities** in rural areas as this could facilitate the creation of bio-economy clusters among primary processing

³ http://ec.europa.eu/research/bioeconomy/pdf/201202_commission_staff_working.pdf

factories/bio-refineries, farmers and other local stakeholders. However PFP regrets the fact that under the current proposal, micro and small-enterprises are the only possible recipients of funding, apart from farmers.

3. Specific funding support, in connection with the **European Innovation Partnership for Agriculture**, for projects involving research and development of innovative technologies and processing techniques in order to produce sustainable bio-based products based on agricultural raw materials.

Alongside CAP, support is needed for competitive bio-industries and bio-production

PFP **welcomes the Communication** of the European Commission on 'Innovating for Sustainable Growth: A Bioeconomy for Europe'. Indeed, the Bioeconomy has the ability to unlock the EU industrial potential by creating new innovative outlets for the primary processors and the supply chains, while at the same time contributing to the EU's environmental objectives, helping job creation in rural areas and reducing fossil fuel dependency.

Therefore, PFP **supports the Action Plan** establishing a regular policy dialogue with stakeholders. This would help policy-makers to understand market realities and provide long-term regulatory certainty for investments in serving various markets. PFP is interested in contributing to the **Bioeconomy Observatory** and in following the dialogue to establish a research and innovation **Private Public Partnership** for bio-industries. It is important that traditional first generation feedstock suppliers should continue to benefit from R&D funding alongside the future generation feedstock. The first transformation sectors are a necessary stepping stone to reaching second and third generations of bio-based products.

Importantly, the Action Plan of the Bioeconomy should integrate the 15 priority recommendations of the **Lead Market Initiative on bio-based products** published by DG Enterprise in 2011⁴. One of these recommendations aimed at enhancing the uptake of bio-based products through EU standardisation; some PFP members already take part in this process at the European Standardisation Committee TC/411 on bio-based products. In order to achieve a comparable and applicable standard, PFP urges the Commission to give necessary guidance and support to the Committee throughout its work.

Finally, the Commission Action Plan should ensure that necessary mechanisms are put in place to drive market demand for bio-based products, provide long-term regulatory certainty for investors and communicate the wide-ranging benefits of developing a European Bioeconomy to European citizens. Today, the EU already has great assets to be leading its transition to the Bioeconomy of the future.

October 2012

⁴ http://ec.europa.eu/enterprise/policies/innovation/policy/lead-market-initiative/files/bio-based-priority-recommendations_en.pdf