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CEFS position on the bioeconomy

Sugar factories are bio-refineries that convert sugar beets into a range of processed agricultural and industrial products: sugar and other sweeteners produced using sugar, bioethanol, animal feed, biochemicals, and bioplastics, to name but a few. The EU sugar sector processes all available material, meaning almost no waste. In addition, energy consumption is kept as low as technically possible. Managing such complex and resource intensive processes requires high-quality, remunerative, industrial employment.

Since the end of production quotas sugar prices in the EU have fallen, and the world sugar market remains highly volatile and distorted by dumped and subsidised third country sugar. As such, the diversification of sugar beet outlets has become more important than ever.

As CEFS we call for four concrete changes in order to positively impact the EU bioeconomy:

1. **Equal treatment of gasoline and biomaterials in material uses.** Unlike when used for energy, fossil fuels are not taxed when used in manufacturing. This *de facto* tax concession benefits gasoline producers, which provide the feedstock for the overwhelming share of plastics and polymers, and puts manufacturers of innovative, directly-substitutable bio-based products at a disadvantage. Taxing raw petrol that is used as a chemical raw material would support the relative competitiveness of bio-based plastics, thereby supporting technological advancements and reducing barriers to the introduction of new technologies. The promotion of partial substitutes is also possible, and would benefit from the taxation of only the fossil-based share of the product.

2. **More promotion of investment in bioeconomy projects.** Support for bioeconomy investments exist. However, this support should not be limited to the R&D and pilot phases, but should also support commercial product development, e.g. *via* reduced-cost credit. Regrettably, credit support is of very limited effectiveness today (e.g. InnovFin).

3. **More promotion of bioeconomy research and development.** Diverse promotion programmes (both at the EU and national level) are already available or in planning. However, they are linked to a high administrative outlay for the project application and implementation, which is often feasible only through outsourcing. Moreover, the calls for tender are very lengthy and therefore ill-adapted to industry developments. In this regard we strongly support the proposal of the European Commission to allocate 10 billion EUR to the food and natural resources cluster of the future Multiannual Financial Framework.

4. **A comprehensive review of the political framework**. Limiting the productivity of agriculture, e.g. through the prohibition of certain plant protection products and new breeding techniques, leads to higher costs for farmers and with it a lower share of the value-added. As regards bioethanol, there is a lack of political will both to move from E5 to E10 across the EU (as in Belgium) and to accelerate the development and introduction of E20.