



Public Consultation Bioeconomy Strategy: Towards a
Circular, Regenerative and Competitive Bioeconomy
Confindustria Observations

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We welcome the Commission's initiative towards a Circular, Regenerative and Competitive Bioeconomy to boost EU competitiveness by increasing the use of sustainable biomass in all the high-value applications (both energy and material) by adopting a circular and resource-efficient approach.

The Bioeconomy offers a sustainable solution for food, biobased materials and energy needs while preserving natural resources, contributing to addressing climate change and ensuring high-quality environmental services.

i. Ensuring the long-term competitiveness of the EU bioeconomy and investment security

To fully exploit the potential of the EU bioeconomy, the future EU bioeconomy Strategy should guarantee a legislative framework able to safeguard the European competitiveness in the international market by removing current regulatory barriers that create disproportionate burdens and hamper the development and the growth of European innovative technological solutions in the bioeconomy sector.

European companies have already made investments in the bioeconomy sector with a view to decarbonising products and services. Therefore, it is important to exploit the full potential of this know-how and protect existing and planned investments, adopting measures such as the creation of lead markets in order to support the development of this sector and the market for products and energy obtained from biomass, and not to compromise the European leadership reached in this field.

To this aim the Strategy should also facilitate the total or partial reconversion of traditional and non-productive/competitive industrial plants into bioeconomy plants to meet the specific needs of innovative bio-based production value chains (for the production of bioproducts, biochemicals, and biofuels, including chemical and liquefied gases), also in synergy with the agrifood sector, urban ecosystems and waste and residues management.

This could be done also by mobilizing public funding, in synergy with other EU policy, for plants reconversion and for the promotion of research and innovation into cutting-edge technologies that meet high sustainability and productivity standards.

These investments can strengthen EU competitiveness and resilience by creating new jobs, revitalizing the local economy through the integration of local supply chains, promoting the recovery of polluted areas, reducing territorial and landscape degradation.

The Strategy should recognize the decarbonization contribution of sustainable products, materials, chemicals and energy obtained from biomass and the other biological and renewable carbon sources and adopt measures to reduce the price gap between these products and conventional fossil-based products.

In order to enhance the contribution of the above-mentioned biomass-derived products to the decarbonization of the economy and the reduction of climate-changing emissions, it will therefore be necessary to identify tools to accelerate the substitution of fossil feedstock and to stimulate the demand and market uptake of those products (e.g., tax leverage, financial incentives and GPP criteria). A good example in this direction is the ETD directive that aims to differentiate the excise duties of energy sources and vectors based on their environmental footprint.

Existing legislative frameworks don't reflect the benefits of bio-based solutions (e.g. pharmaceuticals, chemicals, plastics and fuels) and don't valorise the biomass-derived content in products (e.g. lack of mandatory requirements in specific legislation and in GPP). The creation of lead markets, as proposed by the Clean Industrial Deal, for bio-based products would be a step in this direction.

Indeed, an essential levy to boost the market demand is to promote the uptake of sustainable biomass-derived products both in the industrial transformation value chains and in the final consumption, in order to reduce the price gap with conventional fossil-based products. In light of this, the Strategy should consider fiscal and financial incentives (e.g. tax remodulation, tax credits, and reduced VAT) both to encourage the companies to use raw materials with biomass content and to incentivize the final consumers to buy products obtained from biomass (chemicals, materials and biofuels).

Moreover, bio-based content for selected uses of biodegradable and compostable products should be promoted for specific applications.

Finally, to promote bioeconomy activities and boost the demand for products deriving from biomass it is essential to introduce dedicated NACE sub-codes for the activity of the production of products from biomass that currently are still classified with the same codes as the traditional sectors. This is fundamental also to set targeted fiscal and administrative actions to allow this sector to realize its full potential.

The identification of such sub-codes should also provide simplified methods for the recognition of Bioeconomy products at customs offices.

ii. Increasing resource-efficient and circular use of biological resources

Circular economy, resource efficiency and bioeconomy are strictly interlinked. In order to exploit the full potential of the circular economy, the new EU bioeconomy strategy should consider the following aspects:

- promoting industrial symbiosis within the bioeconomy landscape, enhancing synergies between local economic actors to improve both environmental and economic efficiency by turning the residues from one sector into a resource for another, thereby valorizing byproducts and waste as raw material and recovering energy;
- as for organic residues, incentivizing the development of industrial bioeconomic solutions for the valorization of biological waste and byproducts deriving from agrifood sectors, as well as from bio-based industries and urban bio-waste management, and their integration in the production process;
- leveraging the advantages of urban biowaste, wastewater sludge and wastewater via a multi-product integrated biorefinery approach for the production of chemicals, materials and energy, and the valorization of additional products deriving from the process such as clean water, fertilizers, nutrients and critical materials such as nitrogen, phosphorus and potassium;
- supporting the use of compostable bio-based plastics for specific applications,

- enhancing the competitiveness of entire value chains considering the synergies between rural, mountain, coastal, wetland, industrial, and urban areas, thus overcoming the competition for resources;
- for energy uses, to guarantee wide availability of sustainable and advanced feedstocks, the technical rules for certification of crops grown on severely degraded lands (SDL) and intermediate crops in the revised RED Annex IX could be an enabler of further bioeconomy integration.

Moreover, it is essential to ensure an overall coherent policy framework enabling the scalability of circular economy solutions across the EU and to remove regulatory barriers that hinder the circular use of resources, including biological ones.

iii. Securing the competitive and sustainable supply of biomass

We support the Commission's objective to strengthen the role of primary producers, generating wealth in rural areas by creating jobs and diversifying incomes for foresters and farmers and rewarding them for the preservation of ecosystems. New business models can be generated from synergies between the agricultural and industrial sectors. To this aim it is important to promote the development of integrated bioeconomy value chains involving the different actors (agriculture, processing, biorefineries). In particular, multi-purpose, multi-product biorefineries can constitute a source of income diversification and an additional element of profitability for all the local stakeholders along the value chain (including those in the primary sector), thus contributing to the regeneration of the territories and contrasting their degradation, abandonment and desertification.

Biofuels and biogas from biomass will help meet the targets of both the RED III directive and the ReFuelEU Aviation and Fuel UE Maritime Regulations on aviation and maritime sectors, while the use of biomass to produce bioproducts, such as biomass-derived plastics and chemicals, is a fundamental part of the solution also for addressing some of the environmental challenges related to fossil feedstock sourcing.

While for fuels the sustainability criteria are clearly defined, sustainability criteria for biobased feedstock for plastics and chemicals should be defined starting from the criteria in Article 29 (2-7) of RED III, concerning land use and biodiversity, as a starting point, and ensured by third party independent auditing. Given the complexity of sourcing and production pathways in the plastic value chain, a more systemic and complementary approach will be necessary to strike a careful balance among the need to reduce fossil resource dependency, the interplay and the necessary complementarity with other sectors relying on biomass and the necessity to ensure the sustainable development for biobased feedstock for plastics. Indeed, the demand for sustainable biobased feedstock will continue to grow as various industrial sectors shift towards bio-production. Ensuring widespread availability and accessibility of bio-based feedstocks should be a key priority for EU and national policymakers, taking into account the current EU targets and the specific needs of each sector, as well as existing and potential/prospective synergies. The use of biomass as feedstock should foresee a holistic approach focusing on the integration of all the supply chains, including waste and by-products, strengthening the current legislative framework on the raw material certification. The stronger the connections among products, the lower the environmental impact and the greater the sustainability of the solution.