13 June 2025

IKEM

IKEM Position Statement
Response to the European Commission's Call for Evidence: "Towards a Circular, Regenerative and Competitive Bioeconomy"

Submitted by IKEM – Innovation and Chemical Industries in Sweden

IKEM – Innovation and Chemical Industries in Sweden – welcomes the European Commission's initiative to revise the EU Bioeconomy Strategy. We fully support the ambition to build a circular, regenerative and competitive bioeconomy that strengthens the EU's Industry while contributing to climate neutrality, consider biodiversity, and sustainable growth.

Sweden is uniquely positioned to support this transition. With our access to sustainable raw materials, strong research and innovation capacity, and advanced chemical and process industries, Swedish industry is ready to scale the next generation of bio-based solutions. However, unlocking the full potential of the bioeconomy will require a clear and enabling EU policy framework.

This submission highlights key areas where EU policy can strengthen the bioeconomy through enabling frameworks, harmonised regulation, investment in innovation, and the promotion of sustainable and competitive value chains.

Current Key Challenges for EU Bioeconomy Adoption

Despite growing political support, several persistent challenges are limiting the EU's ability to fully develop a strong and competitive bioeconomy:

1. **Regulatory Fragmentation**
   Existing EU regulations—such as RED III, deforestation rules, packaging legislation, and sustainability reporting (CSRD, CSDDD, taxonomy)—often overlap or contradict each other. This increases the administrative burden and creates uncertainty for investments in biobased production.
2. **Lack of Level Playing Field with Virgin Fossil Alternatives**
   Biobased products often face higher costs due to raw material prices, trade tariffs, and complex compliance regimes. Virgin fossil-based counterparts benefit from existing infrastructure or regulatory obligations.
3. **Competitive Disadvantages Compared to Producers Outside the EU**
   A growing number of non-EU countries (e.g., the U.S., China, Brazil) are rapidly expanding their bioeconomy sectors with significant state subsidies, lower environmental standards, and fewer regulatory barriers. This creates unequal competition for

Innovations- och kemiindustrierna i Sverige —— Innovation and Chemical Industries in Sweden —— Box 55915, SE-102 16 Stockholm, Sweden —— +46 (0)10-455 38 50 —— info@ikem.se —— ikem.se

EU producers, who must comply with stricter sustainability requirements and often face higher costs for raw materials, energy, and labor. In addition to this, current tariff wars are affecting the industry who processes biomass into materials and products.

4. **Insufficient Demand for Biobased Materials and Products**
   Without market-based incentives or public procurement mandates, many bio-based materials and chemicals struggle to compete in price-sensitive markets. This hampers the scale-up of sustainable alternatives.
5. **Limited Biomass Accessibility**
   Biomass is a finite resource. Competition for sustainable biomass is also increasing to achieve climate neutrality. However, there is no clear guidance or harmonized sustainable criteria on what sustainable biomass entails. Currently, the policy landscape for biomass consists of incentives that support certain sectors while others are being left out. This risks inefficient resource use and creates sectorial imbalance.
6. **Underinvestment in Innovation and Infrastructure**
   Although Europe is strong in research, there is a significant gap in funding for scale-up, open test facilities, and commercial deployment of biobased solutions and biotechnologies. This slows innovation and potential solutions that could contribute to climate neutrality and sustainable growth.

IKEM's Recommendations to Boost the EU Bioeconomy

To address these challenges and ensure an effective and competitive bioeconomy strategy, we respectfully submit the following key recommendations:

1. **Harmonize and simplify EU Regulations linked to the use of biomass**

   The current regulatory landscape governing biomass, sustainability, and circularity is fragmented, with overlapping or inconsistent provisions across policy areas. IKEM calls for regulatory coherence, for example between the REDIII, ESPR, EUDR, regulations relating to biodiversity, and sustainability reporting directives and regulation. Simplified, harmonized legislation will reduce administrative burden and create legal certainty, investment predictability.
2. **Broaden the Strategy Scope**
   Include all biobased sectors—forestry, agriculture, marine biomass. This includes both primary and secondary biomass. A broad scope will ensure a diverse and resilient bioeconomy.
3. **Create Market Pull Through Strategic Demand-Side Measures**
   To boost uptake of biomass in materials and products, the EU should consider several different measures. One measure is to

include well-balanced and carefully considered quota obligations carefully designed quota obligation or mandatory content target for biobased and recycled content in key end-product categories sold on the EU market. PPWR and ELV could also be broaden to include biobased content. Another option could be to explore contracts for difference (Cfd). Further, public procurement rules could play a role in increasing the demand for climate-smart and circular products. However, public procurement on its own will not be able to support the transition to a circular, regenerative and competitive bioeconomy but could be one of many measures. The EU should enter into more free trade agreements with countries outside the EU to ensure that trade and raw material policies support access to sustainable sourced biomass, such as, but not limited to, sugar and bioethanol. An additional option could be to explore duty free imports for the use of primary and secondary biomass for chemical conversion.

4. **Secure Sustainable Biomass Supply**

   For the EU to be able to lead and be the driver in the emerging bioeconomy, a high supply of both primary and secondary biomass is needed. This requires harmonized EU legislation that guarantees secure access to and efficient utilization of biomass. Key measures include a prohibition on the incineration of materials that can be upgraded, reused, or recycled; the establishment of harmonized science-based sustainable criteria for biomass and promotion of resource-efficient use of raw materials. One starting point, in developing sustainable criteria, could be to use Article 29 in RED III. In promoting resource efficient use, avoid creating sectoral distortions in access or pricing. Furthermore, ensure the development and implementation of reliable and comparable calculation methods to transparently demonstrate emission differences across the full life cycle of virgin fossil, bio-based, and recycled raw materials and products. These methods should be based on harmonized life cycle assessments and verified through third-party certification.

5. **Strengthen Innovation and Industrial Scale-Up**
   The EU must take a leadership role in accelerating bio-based innovation and solutions. We urge the Commission to expand investment in research and innovation through Horizon Europe and other instruments, focusing on biobased materials and chemicals, biotechnologies, and scale-up infrastructure such as open access test facilities. Further foster public-private partnerships such as industry and academia to improve knowledge transfer.

6. **Ensure Technology- and Material-Neutral Policy Design**
   To ensure fair competition and innovation across sectors, the strategy must remain neutral with respect to technologies and materials. Prescriptive policies risk distorting markets and

stifling innovation. EU policymakers should support a regulatory environment that rewards sustainability and performance, not specific inputs.

7. **Consider biodiversity through clear and consistent rules for sustainable biomass use**
   The EU and its Member States should ensure predictable and harmonized implementation of biodiversity-related legislation to secure long-term investments in the bioeconomy. This includes developing science-based, harmonized sustainability criteria for biomass at EU level—ideally aligned with global frameworks—and providing clear guidance on applicable requirements when sourcing sustainable bio-based raw materials. All efforts to scale up the use of bio-based resources need to be balanced to the need to protect biodiversity, which underpins the long-term availability of these materials. Relevant legislation includes, but not limited to, EU Biodiversity Strategy for 2030, commitments in the Kunming Montreal Framework and the Nature Restoration Law, the LULUCF Regulation, and criteria under the EU Taxonomy Regulation. Harmonized and consistent interpretation and guidance of these frameworks are essential for legal clarity, investor confidence, and the development of a sustainable and resilient bioeconomy.

Conclusion

The revision of the Bioeconomy Strategy is a vital opportunity to position Europe as a global leader in sustainable biobased innovation and solutions. A modern, harmonized, and enabling framework can drive industrial competitiveness, deliver climate goals, and strengthen the EU's resilience in an uncertain world.

IKEM and our members remain committed to collaborating with EU institutions and stakeholders to realize the full potential of the bioeconomy and to contribute to the development of the revised strategy. We thank the Commission for the opportunity to provide input and would welcome further dialogue.
