

European Bioeconomy driving industrial competitiveness.

Cepi policy asks for the European Bioeconomy Strategy

Cepi welcomes the revision of the European Bioeconomy Strategy. Companies from the European pulp and paper industries and the broader European forest-based bioeconomy sector source their raw materials mainly from Europe, have a reduced fossil carbon footprint and are at the global forefront of various technological applications and the development of new, sustainable products and technologies.

We offer a wide range of renewable and recyclable wood-based fibre solutions to EU citizens: **from packaging to textile, hygiene and tissue products, printing and graphic papers as well as speciality papers, but also bio-chemicals for food and pharmaceuticals, bio-composites and bioenergy.** We are a responsible industry: 85% of our raw materials are sourced from within the European Union, we only consume 8% of the water we use while 92% of the water is returned in good condition to the environment. We are the world champion in recycling at the rate of 79.3%. At the forefront of the decarbonisation and industrial transformation of our economy, we bring 25 billion value addition to the European economy and €5 billion investments annually. Through its 19 national associations, Cepi gathers 490 companies operating 870 mills across Europe and directly employing more than 180,000 people.

Our sector brings unique value to the EU's economy: WE are made in Europe. WE create jobs and employment in regional and remote areas. WE are able to substitute fossil-based products. WE stand for sustainable forest management. WE are champions in recycling. WE stand for innovation and valorising everything from our raw materials.

To ensure policy coherence and as recognised in the Clean Industrial Deal, the **bioeconomy should be integrated into all areas of EU policy.** Cepi therefore urges policymakers to adopt the following **priority measures** to ensure the forest-based bioeconomy becomes the cornerstone of the EU's green growth strategy:

- 1) **Initiate a Strategic Dialogue on the Bioeconomy.**
- 2) **Promote the uptake of bio-based products by recognising their substitution potential.**
- 3) **Recognise renewability in product policy legislation.**
- 4) **Remove barriers to industrial symbioses.**
- 5) **Carry out an evaluation of the existing EU-level sustainability framework relevant to forest management before proposing a new layer of legislation.**
- 6) **Robustly implement the cascading use principle as defined in RED III in close cooperation with the Member States.**

Detailed policy asks

Pillar I – Promote the uptake of bio-based products by recognising their substitution potential.

In order to maximise the potential of the Bioeconomy and of bio-based products, the EU needs to recognise the role of renewable bio-based European raw materials for European strategic autonomy, competitiveness, and clean industrialisation. Forest-based industries should be made an indispensable part of the EU's geopolitical strategy. They offer circular products and solutions from renewable bio-based feedstock primarily sourced in Europe, where they are manufactured with European technology.

- **The European Commission should initiate a Strategic Dialogue on the Bioeconomy** with the bio-based industries. Recognition and promotion of bio-based products and their substitution potential needs to be enshrined throughout legislation to ensure coherence, including in Bioeconomy Strategy and Circular Economy Act.
- **Recognise renewability in product policy legislation**, as demonstrated by the European Union's Ecodesign for Sustainable Products Regulation (ESPR), which enables the introduction of renewability as product parameter. Such recognition helps to level the playing field for bio-based industries by encouraging the substitution of fossil-derived materials with renewable alternatives, particularly in sectors like packaging, construction, and energy. Keeping bio-based and fossil carbon dioxide separate in reporting and targets also contributes to incentivising the use of bio-based materials and products.
- **Recognise sustainably sourced renewable content as circular input, similarly with recycled content as in line with ISO 59020 (2024)**. New virgin material is required to maintain recycling loops to compensate the decreased strength and length of the textile fibres. Virgin renewable raw materials can be supplied to loops according to principles of circular economy (CE), in a regenerative way. Circular input is already recognised by the World Business Council for Sustainable Development and its circular transition indicators and should be formally integrated in the EU product policy framework and the CMUR indicator (circular material use rate).
- **Investigate the possibility of quotas for circular input** including renewable content for specific end-product groups, such as packaging, textiles, plastics, and chemicals to create market demand for sustainable solutions. Instead of focusing only on mandatory recycled content requirements blending quotas for circular input should be introduced in selected product regulation, such as ESPR.
- **Prioritise bio-based solutions in public procurement** across Europe over fossil-intensive solutions by reviewing the Public Procurement Framework. ESPR and its Green Public Procurement could especially promote circular input and promote the use of biobased solutions. Moreover, the EU should allow for producers to register their solutions in public authorities' catalogues so that bio-based content can be preferred when contracts are awarded. This should be aligned with the **Industrial Decarbonisation Accelerator Act's objective to apply sustainability, resilience, and 'made in Europe' criteria in public and private procurement**.
- **Develop a specific harmonised measure for paper and board food contact materials** based on the existing industry guidelines. To this extent, the Commission should prioritise the revision of the Food Contact Materials Framework Regulation and focus on the core tasks of this legislation. An updated and harmonised FCM legislation for paper and board removes barrier to intra-EU trade and ensures legal clarity while reducing the complexity of the regulative landscape for manufacturers.
- **Establish and use consistently in EU legislation a science-based definition for renewable carbon** distinguishing it from fossil carbon. Renewable resource is defined in ISO 590043 standard and accordingly we suggest the following definition '*Renewable carbon is carbon originating from a sustainably sourced renewable resource that can be naturally or artificially grown or replenished within a foreseeable time frame by processes found in nature*'.
- **Expand and update the current list of harvested wood products (HWP in LULUCF) to a list of carbon storage products and solutions** to comprehensively cover both short-lived and long-lived products, including products and permanent removals via bio-CCUS.

- **Further review and develop the Product Environment Footprint method (PEF) and the EF database** to recognise the benefits of the biogenic carbon cycle and the climate benefits of wood-based product value chains (sink, storage in the products and the forest, sustainable carbon sources). Therefore, the Circular Footprint Formula and the biogenic carbon modelling method of the PEF should incentivise the cascading use principle of materials while considering the carbon stored within several recycling loops. This should be aligned with the development of a low-carbon product label under the **Industrial Decarbonisation Accelerator Act**.

Pillar II – Boost RDI in the field of the forest-based bioeconomy.

As traditional and new bio-based materials and products are developed and their markets grow, we need a corresponding framework that acknowledges their nature and unique characteristics and boosts their development. According to the latest study by nova-Institute¹, biorefineries in the forest-based sector have more than **doubled their turnover in just three years, reaching €6 billion**. In many cases, these biorefineries make use of residues and side streams that previously were waste or recovered as energy, showcasing the potential of the circular bioeconomy. **In fact, products based on biorefineries' side streams currently correspond to 6% of European pulp and paper industry sector turnover as a whole. But the study's projections show the share of novel bio-based products to be substantially larger in the future, with an annual growth of up to 5% for the biorefinery sector until 2050. The same study quantifies a 'substitution effect' of over 3.1 megatons of CO₂**, by which bio-based products replace fossil-based products, resulting in a significantly lower impact on the climate.

- **Remove barriers to industrial symbioses in the pulp and paper industry** by explicitly promoting the valorisation of by-products and side streams within the framework of the Pulp and Paper Best Available Techniques reference document (BREF) through acknowledgment as Best Available Techniques or Emerging Techniques with geographical limitations. The exchange of residues with neighbouring industries should be recognised as part of integrated environmental permitting. Moreover, the EU should enable upscaling and demonstration of projects that promote industrial symbioses and highlight multiple use cases and valorisation of industrial side streams. Finally, to endure these solutions, mechanisms of positive discrimination for the use of recovered materials should be established by EU.
- **Acknowledge bio-CCUS as a valuable means to de-fossilise** industrial sectors and society at large. Bio-CCU is an untapped resource as a raw material and its capture and storage can act as technical carbon sink (bio-CCS). New bio-CCU value chains can provide multiple products such as chemicals and materials which can substitute their fossil counterparts. However, energy needs are significant, and infrastructure needs to be upscaled; meanwhile the focus should remain firmly on reducing fossil emissions, decarbonising electricity, and tackling other issues with lowest abatement costs.
- **Thematically recognising the forest-based sector in the next framework programme for research and innovation (FP10)** and relevant European RDI-related initiatives, e.g., European Biotech Act.
- **Making the circular bioeconomy a prominent feature in EU programmes** including the European Competitiveness Fund, Important Projects of Common European Interest (IPCEIs), and Public-private partnerships (PPP), such as the Circular Bio-Based Europe (CBE).
- **Strengthening finance to support scaling and commercialisation** via allocating more funding to piloting, demonstrations, and first-of-a-kind production plants.

¹ [Link to study](#) by nova-Institute on "Innovative bio-based products for a clean transition".

Pillar III – Securing sustainably-sourced biomass supply.

The sustainable management of forests allow the bioeconomy transition to be based on European resources, manufacturing, and manpower. In Europe, a layered approach ensures the sustainability of forest management and of the sourcing of domestic raw materials. This includes pieces of EU legislation with a direct bearing on forest management, national laws, and guidelines to implement sustainable forest management adapted to national circumstances², and voluntary market-based initiatives, such as third-party verified certification schemes (FSC and PEFC). All these are regularly being reviewed and revised to adapt regulatory and voluntary frameworks to evolving scientific knowledge and societal needs.

- **Carry out an evaluation of the existing EU-level sustainability framework relevant to forest management, including voluntary schemes and national legislation, before proposing a new layer of legislation.** Although forestry is primarily regulated at national level, EU legislation also sets several sustainability requirements directly applicable to the forest managers and operators (e.g., RED III and EUDR). Moreover, additional voluntary criteria have been developed to access certain types of funding or incentives (e.g., Taxonomy, Carbon Removals Certification Framework), as well as voluntary guidelines (e.g., Closer to nature forestry, Guidelines on primary and old-growth forests). Finally, EU legislation already enshrines obligations for Member States to protect and restore degraded forest ecosystems and to improve biodiversity trends, while maintaining or enhancing the carbon sinks (Nature Directives, Nature Restoration Regulation, LULUCF Regulation). The proposal to introduce a new set of sustainability criteria should be therefore carefully assessed. The assessment should focus on three aspects: the added value of introducing a new piece of legislation on top of the existing ones; the consequences for the sector in terms of regulatory predictability and administrative burden, and the impact on raw materials availability. The latter should build upon an assessment of how the above-mentioned existing legislation is affecting raw material provision. Possible climate and biodiversity leakage effect outside the EU resulting from current and new legislation should be also investigated³.
- **The cascading use principle is regulated in the Renewable Energy Directive (REDIII) and should be robustly implemented in close cooperation with the Member States.** It is important to ensure that the free-market economy principle is the overall principle for balancing demand and supply in the entire energy and raw materials market, while avoiding structural direct subsidies which lead to undue market distortions. Therefore, this should be combined with the phasing-out **direct financial subsidies for burning wood** in energy installations and diversify access to climate friendly energy sources.
- **Take concrete action to boost the access to biomass, including actions to increase the active management of EU forests**, and actions to balance different policy goals on forests. For example, in relation to the 2040 climate targets, LULUCF needs to be revised to ensure realistic and balanced sink targets that can accommodate both long term carbon sinks (for 2050 and beyond) and a growing bioeconomy. Short-term LULUCF sink targets should not undermine the availability of renewable raw materials.
- **Prioritising wood and other sustainably sourced renewable raw materials in the Circular Economy Act**, by acknowledging the need for new virgin material to maintain recycling loops and recognising renewable content as circular input in product regulations in line **with the aim to have 24% of materials circular by 2030 as referenced in the Clean Industrial Deal**. This includes ensuring methodologies such as PEF incentivise circularity.

² Member States as well as the EU have committed to the Pan-European Forest Europe process, which serves as a framework for implementing sustainable forest management adapted to national circumstances, as defined in the Helsinki resolution. See <https://foresteurope.org/workstreams/sustainable-forest-management/>.

³ Evidence on potential leakage effect is already appearing in the scientific literature, see for example [Fischer et al., 2023](#); [Lundmark, 2025](#); and forest.fi/article/reducing-forest-fellings-in-the-eu-will-significantly-increase-fellings-in-other-parts-of-the-world/.

- **Boosting the availability of secondary raw materials and recycled fibres by setting separate collection targets and improving recycling infrastructure.** Recognising the essential role of both fresh and recycled fibres in maintaining efficient recycling loops, particularly for hygiene-critical products and avoiding mandatory recycled content requirements, which could disrupt this system. This is also in line with the aim to have 24% of materials circular as mentioned above.

Pillar IV – A globally competitive European bioeconomy sector.

The operating conditions for doing business in Europe need to improve. Critical issues for our sector include access to affordable fossil-free energy, effective carbon leakage protection, and the budget for investment financing, which is to be improved by the establishment of the Industrial Decarbonisation Facility and the Clean Industry State Aid Framework.

- **Maintain free allocation and indirect carbon cost compensation in the industrial transition when revising the EU ETS Directive.** Further erosion of carbon leakage protection measures must be prevented. Free allowances have been crucial in preventing carbon leakage, enabling industries such as the pulp and paper sector to reduce emissions, remain competitive globally, and sustain production within Europe.
- **Ensure CBAM effectively prevents carbon leakage and improves competitiveness for EU-based bioeconomy sectors.** The CBAM regulation should not only be simplified but also reviewed to address more efficiently circumvention and fraud risks. An export adjustment should complement the existing CBAM system. The inclusion of other basic materials in CBAM scope should be considered only once the effectiveness of CBAM is secured and should result from an in-depth impact assessment and a consultation of industry representatives.
- **Facilitate access to foreign markets for bio-based products** by eliminating tariffs and non-tariff barriers through bilateral trade agreements. Trade should be efficiently monitored, and defence instruments should be further strengthened to address unfair trade practices from foreign companies on EU markets and distorting measures implemented by foreign countries.
- **Secure access to abundant, affordable fossil-free energy which is key for our industries' global competitiveness and ultimate viability in Europe.** Since virtually all our fossil emissions stem from fuel combustion, access to affordable fossil-free energy is essential for further decarbonising the sector. The Action Plan for Affordable Energy is a step in the right direction.
- **Ensure easy access to the electricity grid and heat networks for industrial prosumers.** Further electrification of industrial processes can only be considered if mills can access the relevant infrastructure (including the feasibility of upgrading an existing connection or securing a new one), The Decarbonisation Accelerator Act should support industries in facilitating the permitting processes.
- **Further promote voluntary integration of industry with the energy system** to ensure systemic emission reductions and increase flexibility. Our sector is a leader in the use of renewables for industrial heating, with biomass — sourced from the by-products of our operations — accounting for over 60% of our primary energy. Our sector already today sells to the grid around 10 TWh of electricity annually. The upcoming rules on demand-side response as well as a Guidance on promoting remuneration of flexibility in contracts will be crucial.