



To Member States' Competent Authorities

3 December 2020

**Re: Taxonomy Regulation's draft delegated act on climate-related objectives and its annexes**

Dear Member States representatives in the Expert Group on Sustainable Finance,

We write on behalf of the members of the European Bioeconomy Alliance, whose activities together represent nearly €2 trillion providing more than 22 million jobs to EU citizens. Our activities are fundamental to the sustainable production of renewable resources and their conversion into food, feed, fibres, materials, chemicals, pharmaceuticals and bioenergy through efficient processes and/or innovative technologies.

A cornerstone of the bioeconomy are biorefineries that use biomass, by- and co- products and waste instead of fossil resources as their raw material. In the bioeconomy, land use and food security are optimised through a sustainable, resource-efficient and largely waste-free utilisation of Europe's renewable raw materials therefore contributing significantly to a circular economy.

The bioeconomy offers huge potential to tackle societal challenges such as resource efficiency, climate change, enhancing European sustainability and value creation. It plays an important role in boosting Europe's competitiveness by revitalising rural areas, thus providing growth and jobs over the next decades. The vision of the European Bioeconomy Alliance is for a competitive, innovative, energy secure and sustainable Europe: leading the transition towards a post-petroleum society while decoupling economic growth from resource depletion and environmental impact. Our members are committed to support the development of the bioeconomy in Europe provided that a framework to ensure a fair, predictable and coherent basis for business to operate is guaranteed.

We believe that the Commission's publication of the first [draft delegated act and its annexes](#) supplementing Regulation 2020/852 establishing a framework to facilitate sustainable investments poses a serious threat to these sectors and to their ability to contribute towards climate change mitigation and adaptation. Therefore, we take this opportunity to raise our concerns about the consequences of this draft text on EU bioeconomy supply chains and their outlets.

**1. Sustainability has three pillars – taxonomy today addresses only one of them**

Sustainability with its three pillars - environmental, economic and social - has for long been central and reflected in the Union project, the Treaty on European Union and the Treaty of the Functioning of the European Union (TFEU). This is also stressed in the Regulation (EU) 2019/2088 on the establishment of a



framework to facilitate sustainable investment.

All the outlets of the bioeconomy are instrumental in preserving the competitiveness of its industries and their suppliers, the agriculture and forestry sectors. Blocking the use of renewable raw materials in some of them, puts the entire value chain at stake.

## **2. Our assessment of the impact of the draft delegated act on the bioeconomy supply chains**

The bioeconomy encompasses the sustainable production of renewable biological resources from land and sea and their conversion into vital everyday products and ingredients through efficient and/or innovative technologies. It delivers a more competitive, dynamic and sustainable European economy by valorising non-fossil carbon to substitute fossil-based raw materials and more carbon-intensive products and production processes. The bioeconomy does not fall under one particular NACE code; instead, its sectors fall either wholly or partly under various NACE codes.

Our assessment of the impact is that large parts of the EU bioeconomy risk being considered as unsustainable for taxonomy purposes, even though their primary purpose is to produce, process and add value to renewable resources as feedstock for making innovative, value-added everyday products and materials. Indeed, Annex I of the draft delegated act refers to the uses of agricultural raw materials for industrial and energy applications such as plastics, biofuels for transport, biowaste & organic chemicals, stating that a key criterion is that “Food or feed crops are not used as bio-based feedstock for the manufacture” of these biobased products and ingredients.

This is of great concern to the European Bioeconomy Alliance because of the repercussions such wording would have in terms of investments and forthcoming policies. Indeed, we see taxonomy being referred to as a tool by many, either on a voluntary or mandatory basis. While this could be considered initially as a positive development, as we believe the bioeconomy to be instrumental in achieving the European Green Deal objectives, the eradication of those bioeconomy outlets from the positive taxonomy is problematic. In this spirit, we would be grateful if you could share some elements of the impact assessment that led to the consideration that the use of renewable raw materials (e.g. food and feed crops) are detrimental per se, and where the alternatives to fossil-based feedstock lie to deliver circularity in materials.

## **3. Better regulation – the draft delegated act goes beyond its supplementing role**

Considering the Better Regulation principle that “the delegated act cannot change the essential



elements of the law”, we clearly perceive that the Commission is misusing its power, to regulate issues of high importance and to determine whether or not, for investment purposes, an economic activity is sustainable or does significant harm to the environment.

We would like to underline that the recommendations that are included into the delegated act derive from the work of the TEG which lacked technical and legislative knowledge of EU sectors. We also regret that bioeconomy sectors are under-represented in the newly-created advisory body, the EU Platform for Sustainable Finance, despite a high level of interest and applications put forward by bio-based sectors, primary producers and processors.

The deficiency in representativeness of these sectors within the TEG and the EU Platform is both unacceptable and detrimental to a correct legislative formulation of the delegated act and the ones that will follow.

#### 4. Governance – input from the Member States

The same applies to the consultation with the Member States, who were presented with the draft delegated act for the first time on 25 November in the Expert group on sustainable finance (that has only an advisory role) with the possibility to send comments on such a complex file by 4 December (offering them only five days for consultation on a text solely written in English).

The Regulation 2020/852 clearly states that when developing the technical screening criteria, it is of particular importance that the Commission carry out appropriate consultations in line with the Better Regulation Agenda and that the process for the establishment and update of the technical screening criteria involve “relevant stakeholders” and build on the advice of experts who have proven knowledge and experience in the “relevant areas”. The four-week period for consultation on such a complex file is too short, especially considering that the document is not available in all EU languages.

#### 5. Consistency with other EU policies

EU Regulation 2020/852 itself, which is intended to be supplemented by the delegated act, also states that when establishing and updating the technical screening criteria, the Commission should take into account “relevant Union law”. However, we note the following inconsistencies between the consequences of this draft delegated act if no changes are made, and EU statements and policies:

- In February 2019, the EU Commission’s [long-term strategy for decarbonisation](#) highlighted the essential and increasing role the EU bioeconomy must play in reducing greenhouse gas



emissions. Today, the officials from DG Climate Action are emphasizing the role of bioeconomy when climate neutrality is achieved in 2050. Our concern is that, by setting parallel standards in the taxonomy regulation for bioeconomy activities, the whole sector will not be able to fulfil the role the Commission is planning for it in 2050.

- In March 2020, the Circular Economy Action Plan highlighted “supporting the sustainable and circular bio-based sector through the implementation of the Bioeconomy Action Plan”: the 2018 Commission’s communication to the European Parliament, the Council, ECOSOC and Council of the Regions was entitled [A sustainable Bioeconomy for Europe: Strengthening the connection between economy, society and the environment](#).
- On the same day of the publication of the draft delegated act, the Commission published its Factsheet about [How the bioeconomy contributes to the European Green Deal](#), presented as follows: “The bioeconomy, as a catalyst for systemic change, tackles the economic, social and environmental aspects of the Green Deal, seeking new ways of producing and consuming resources while respecting our planetary boundaries and moving away from a linear economy based on extensive use of fossil and mineral resources.”
- In addition to these EU policies, we note that the draft does not take into account synergies with:
  - The current and future Common Agriculture Policy
  - The developments under the Farm to Fork Strategy
  - The Renewable Energy Directive post-2020 (RED II)
- Furthermore, we have additional concerns about the usability of the criteria, and the availability of data necessary for the implementation of the draft delegated act.

We hope that our concerns on the first [draft delegated act and its annexes](#) supplementing Regulation 2020/852 establishing a framework to facilitate sustainable investments will be taken into consideration and we remain available for any further information that you might require.

Yours sincerely,

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European Bioeconomy Alliance President



European  
Bioeconomy  
Alliance

## ABOUT EUROPEAN BIOECONOMY ALLIANCE

The European Bioeconomy Alliance (EUBA) is an **alliance of leading European organisations** representing sectors active in the bioeconomy – agriculture, forestry, biotechnology, sugar, starch, vegetable oils, pulp and paper, bioplastics, renewable ethanol, and research & innovation.

## MEMBERS OF THE EUROPEAN BIOECONOMY ALLIANCE



**BIC**  
Bio-based Industries Consortium



**CEFS**  
European Association  
of Sugar Producers



**CEPF**  
Confederation of European  
Forest Owners



**CEPI**  
Confederation of European  
Paper Industries



**COPA-COGECA**  
European Farmers and  
European Agri-Cooperatives



**ePURE**  
European Renewable Ethanol  
Producers Association



**EUBP**  
European Bioplastics



**EuropaBio**  
The European Association  
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The EU Vegetable Oil &  
Proteinmeal Industry



**FTP**  
Forest-based Sector  
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**PFP**  
Primary Food Processors



**Starch Europe**  
European Starch Industry  
Association