



Shaping solutions for overcoming risks
and mitigation actions for switching
from fossil-based to bio-based products



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Incentive measures and policies stimulating brand owners to switch to bio-based products



This project has received funding from the Bio-Based Industries Joint Undertaking under the European Union's Horizon 2020 research and innovation programme under grant agreement No 887727.



Classification of incentive measures

"Hard measures"

- Cat 1: Direct regulation
- Cat 2: Economic instruments

"Soft measures"

- Cat 3: Voluntary approaches
- Cat 4: Information and advice sharing systems
- Cat 5: Market-based signaling approaches
- Cat 6: Other measures and instruments



Scope of incentive measures

Considerations / Demarcation:

- The overview is **illustrative**, not comprehensive, showcasing a selection of relevant incentives
- The **focus** is mainly on incentives that are relevant at **EU27 level**.
- The incentives relate to bioeconomy businesses and bio-based (packaging) products **in general** (i.e. not limited to brand owners or to specific bio-based product groups or applications)
- Particular attention is given to **more recent** examples



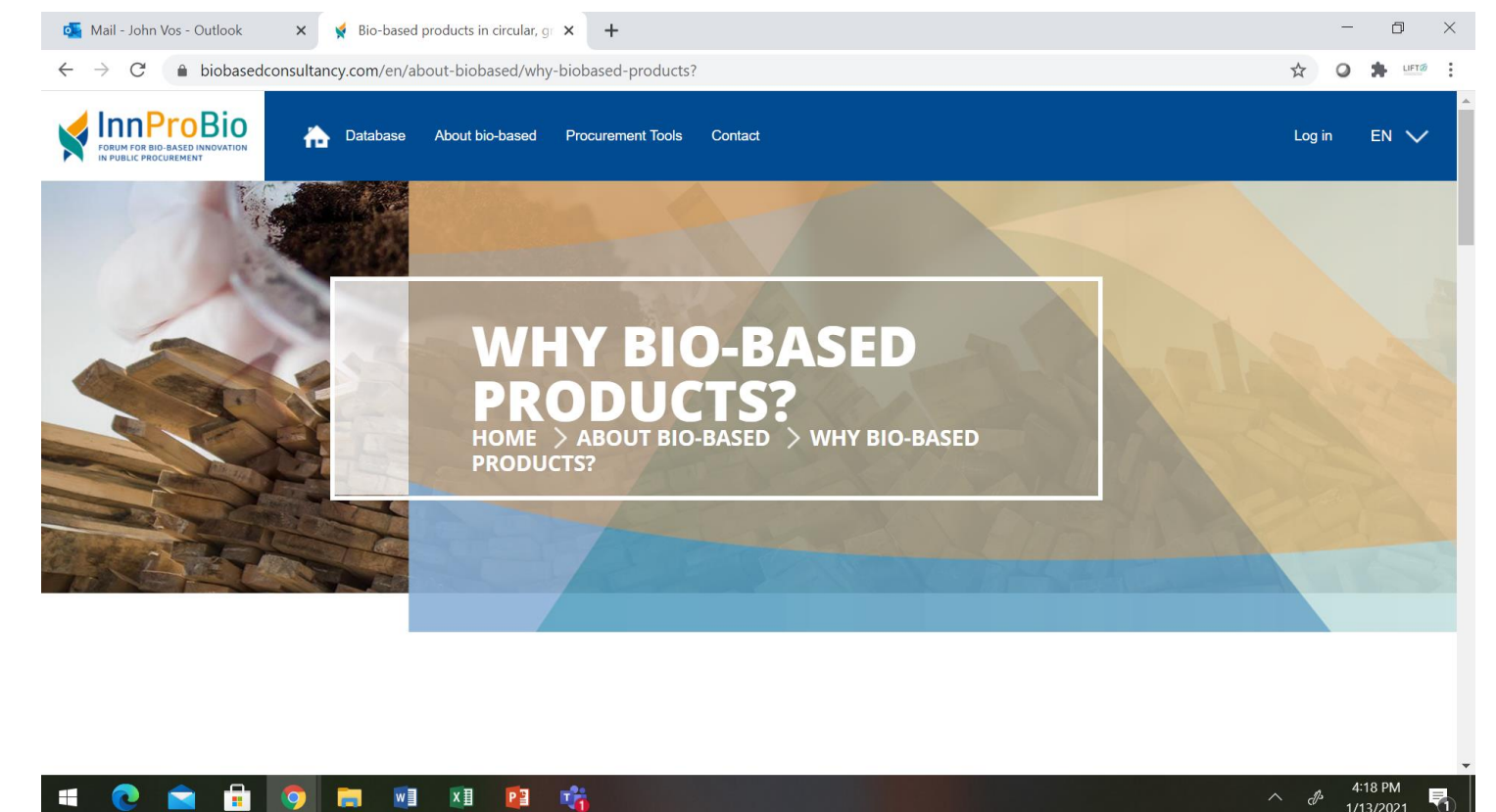
Cat. 1: Direct regulation

Direct regulation refers to legislation requiring certain behaviour of market actors. Compliance is **obligatory**, as the actors can be punished for non-compliance.

Examples of direct regulation instruments are quotas, mandates, product standards, targets and qualifying criteria for incentives, green procurement rules and permitting and zoning instruments.

Regarding bioeconomy, there are not too many measures in place at the European level. Some relevance have:

- European Directives
- Bio-based Procurement



Cat. 2: Economic instruments

Examples of economic instruments include: investment grants and subsidies, loans and loan guarantees, tradable certificates, feed-in tariffs or premiums, tax incentives/exemptions, user charges, and research and technology and innovation funds.

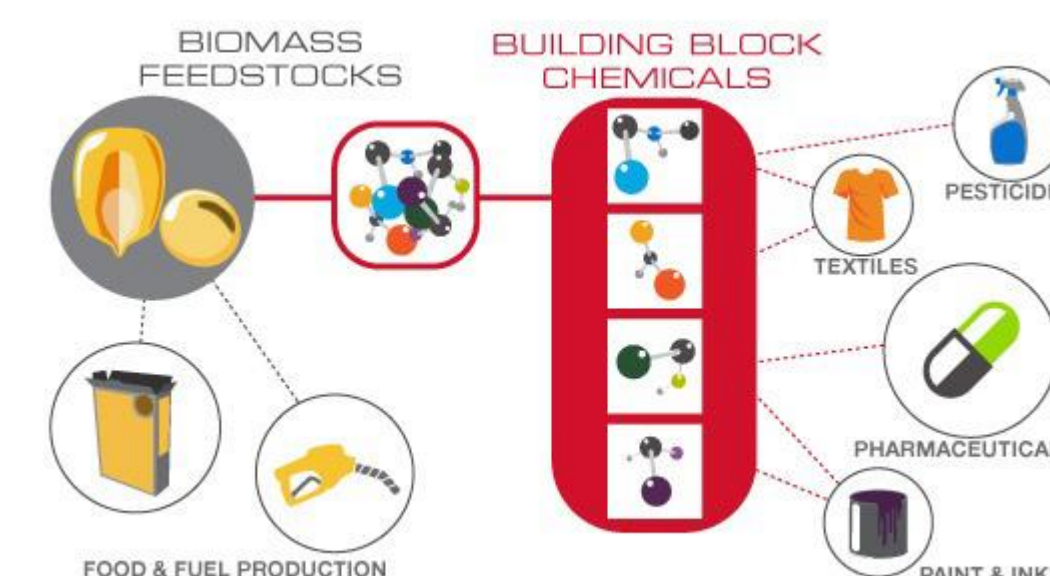
➤ EU research programmes:

- 2013-2020: Horizon 2020, BBI JU public-private partnership
- 2021-2027: Horizon Europe; (planned) European Partnership for a Circular Bio-based Europe

➤ Investment loans e.g. The European Circular Bioeconomy Fund (ECBF)

➤ Production grants: Dutch scheme Sustainable Energy Transition (SDE++) may support the production of bio-ethylene from ethanol or bio-naphtha.

➤ Tax incentives: Iowa's Renewable Chemical Production Tax Credit scheme incentivises the production of 30 high-value bio-based chemicals.



Cat. 3: Voluntary approaches

Voluntary approaches are schemes whereby firms make commitments to improve their environmental performance.

This could be codes of good practice, self-regulation and other industry-led initiatives.

These approaches typically encourage rather than force people or businesses to show the desired behaviour:

- No specific example related to bioeconomy identified
- Example: the European Plastics Pact



Cat. 4: Information and advice sharing systems

There seems to be a large number and wide variety of initiatives sharing information and advice on bioeconomy topics.

- Web portals and platforms e.g. JRC's Knowledge Centre on Bioeconomy or BIC's digital bioeconomy platform
- Project-based initiatives e.g. LIFT's European Bioeconomy Library. Recent example from BIOSWITCH: *"Who can help me"*
- Business networks and clusters
- Ad-hoc working groups
- Informal contacts and channels



Cat. 5: Market-based signalling approaches

Market-based signalling approaches include labelling, traceability, and voluntary certification schemes. These approaches are often related to informational problems (lack of information about product quality) hindering the proper functioning of markets.

- Labels e.g. **multi-issue ecolabels** specifying bio-based products – e.g. the EU Ecolabel, the Nordic Ecolabel, the Blue Angel ecolabel.
- (Voluntary) **sustainability certification schemes**, to proof e.g. the sustainability of biomass used as raw material, the bio-based (carbon) content, or end-of-life options of bio-based products



biobased %

Cat. 6: Other measures/instruments

Further measures/instruments that do not fit in the categories above.
Some examples:

- **Vision documents** e.g. the joint industry vision "*The circular-bio society in 2050*" (June 2019)
- **(Market and Industry) Roadmaps** e.g. RoadToBio's roadmap for the chemical industry in Europe towards a Bioeconomy (April 2019)
- **Strategies** e.g. EU Bioeconomy Strategy (October 2018)



Wrap-up

What (type of) measure is most relevant is highly situation-specific.

Only considering the EU level, and looking at existence/availability of incentives, the following picture emerges:

Degree of development	Incentive measures
Most widely-available, targeted incentive measures	<ul style="list-style-type: none"> • Cat. 4: Information and advice sharing systems • Cat. 6: Other measures/instruments
Somewhat developed incentive measures	<ul style="list-style-type: none"> • Cat. 2: Economic instruments • Cat. 5: Market-based signaling approaches
Least developed incentive measures	<ul style="list-style-type: none"> • Cat. 1: (Obligatory) Direct regulation • Cat. 3: Voluntary approaches

Without doubt actual relevance can be very different for your company/ brand



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