

Bio-based Industries Joint Undertaking

2013/0241(NLE) - 10/07/2013 - Legislative proposal

PURPOSE: to establish a joint technology initiative in the bio-industries field.

PROPOSED ACT: Council Regulation.

ROLE OF THE EUROPEAN PARLIAMENT: the Council adopts the act after consulting the European Parliament but without being obliged to follow its opinion.

BACKGROUND: the framework programme for research and innovation [Horizon 2020](#) encourages **public-private partnerships** (PPP) in research and innovation with a view to tackling the major challenges facing Europe.

The Communication outlining the [European Bioeconomy Strategy](#), adopted on 13 February 2012, proposes the creation of a Public-Private Partnership (PPP) for bio-based industries (Bio-based PPP) as part of its Action Plan. The Commission Communication "[Promoting a stronger European industry for growth and economic recovery](#)" reiterates the importance of setting up a Bio-based PPP in the form of a Joint Technology Initiative (JTI) in the context of the EU's industrial policy

Bio-based industries are industries, which use renewable biological resources for the production of bio-based products and biofuels.

They are a **cornerstone of the EU bioeconomy in generating growth and jobs** and could make a significant contribution to the objectives of the Europe 2020 Strategy.

The share of bio-based processes in all chemical production taken on its own is likely to increase from less than 2% in 2005 to 25% in 2025. Furthermore, the volume growth of EU bio-based chemical products (including bio-plastics, bio-lubricants, bio-solvents, bio-surfactants and chemical feedstock) will be at 5.3% per year up to 2020, resulting in a market worth EUR 40 billion and 90,000 jobs within the bio-chemical industry alone.

The bio-industries and their value chains are complex as are the technological and innovation **challenges** that need to be overcome to unlock their potential. As a nascent sector, bio-based industries have to overcome the dispersion of technical competences and the limited publicly available data on real resource availability in order to build sustainable and competitive value chains. The establishment of a **joint technology initiative** should enable critical mass to be achieved in a focused and coherent way at European level in terms of scale of activity, excellence and potential for innovation.

IMPACT ASSESSMENT: the proposal is accompanied by a [summary of the impact assessment](#).

LEGAL BASIS: Articles 187 and 188, first paragraph, of the Treaty on the Functioning of the European Union (TFEU).

CONTENT: this proposal for a Regulation concerns the creation of a **Bio-based Industries Joint Undertaking** as a new scheme of Public-Private Partnership between the Commission and the industry for to implement the joint technology initiative (JTI) for bio-industries.

The Bio-industries JU shall be created for a period that will end on 31 December 2024. Its headquarters will be in Brussels (Belgium). It will be founded by the EU, represented by the European Commission,

and the Bio-based Industries Consortium (BIC). The activities of the BBI JU will be jointly funded by its founders. The Commission and BIC will contribute in equal parts to the running costs of the BBI JU.

The **main objective** of the JTI will be the transformation of non-edible parts of plants (e.g. wood, agricultural and forestry residues) and biodegradable wastes into bio-based products and biofuels.

The specific objectives of the proposal are the following:

- **demonstrate** technologies that enable new chemical building blocks, new materials, and new consumer products from European biomass, which replace the need for fossil-based inputs;
- develop **business models** that integrate economic actors along the value chain from supply of biomass to bio-refinery plants to consumers of bio-based materials, chemicals and fuels, including through creating new cross-sector interconnections and supporting cross-industry clusters; and
- set-up **flagship biorefinery plants** that deploy the technologies and business models for bio-based materials, chemicals and fuels and demonstrate cost and performance improvements to levels that are competitive with fossil-based alternatives.

The **research and demonstration activities** will be funded through contributions by the BIC member companies with monetary and non-monetary resources (staff, equipment, consumables, etc.), and monetary resources from the EU. The level of EU resources will vary, in line with Horizon 2020 rules, depending on the type of activity concerned.

BUDGETARY IMPLICATION: the total budget of the BBI JU will be **EUR 2 billion** (including in cash and in kind contributions). In addition, the industry has committed to invest EUR 1.8 billion in the establishment of large demonstration and flagship plants contributing to the objectives of this JTI.

The maximum contribution from the European Union (including EFTA) will be EUR 1 billion, paid from the Horizon 2020 budget. The administrative costs shall not exceed EUR 60 million for the duration of the JU.