Two-pager Deltalinqs on EU Bioeconomy Strategy

The Rotterdam mainport

Deltalinqs promotes the common interests of over 95% of all logistic, ports and industrial companies within the mainport Rotterdam. As an association, we address cross-company issues, including a key focus on accelerating feedstock and energy transitions toward a circular economy. Our successful public-private collaborations are especially crucial during this phase of the transition.

As Europe's largest carbon cluster, Rotterdam produces products for the whole of Europe. The transition to circular carbon in this cluster is essential to allow us to produce essential daily life products, without harming our planet and for Europe's strategic autonomy. Rotterdam mainport holds a golden opportunity for advancing the circular economy as it presents all the opportunities to host large segments of the circular value chain: excellent infrastructure, vital logistics partners, and an integrated cluster where suppliers and buyers are directly connected. We currently processes 47 Mt of crude oil across four refineries—producing fuels and naphtha—and 10 Mt of chemicals (monomers and polymers accounting for 55.7%). Additionally, 1.6 Mt of biomass is already refined yearly. Planned developments include about 600 kt of production capacity with secondary plastic and residual gas as feedstock and at least an extra 2.1 Mt of biorefinery capacity. Primary and secondary biomass will serve as the most important sustainable feedstock, alongside plastic waste for closing material loops. Furthermore, residual gases offer an additional carbon source and help reduce CO_2 emissions. Deltalinqs stresses the need for EU recognition of all sustainable feedstocks to enable this transition in the long term and supports the position paper of the House of the Dutch Provinces and Baden-Württemberg. Although the port's companies are technically capable of producing sustainable products, significant obstacles still hinder scaling production capacity. Rotterdam, and thus Europe, can become frontrunner, but only if the necessary conditions are met.

Rotterdam industry on EU Legislation: *Obstacles, uncertainties and recommendations*

The transition to a circular bioeconomy requires a supportive regulatory framework that enables the use of all sustainable feedstocks and creates market conditions that stimulate sustainable investments. However, companies face numerous obstacles that slow down progress. The following obstacles must be quickly addressed and legislation solving these issues must be developed, centralized and harmonized on a European level.

1. Product: Demand Creation by stimulating Market for Sustainable Products

Obstacle: One of the biggest challenges is the lack of market demand for sustainable products. While companies in the Rotterdam port area are already capable of producing sustainable alternatives—such as recycled PVC, biopolymers for automotive industry and sustainable insulation materials—these products struggle to compete due to price differences with virgin non-sustainable alternatives. This creates uncertainties in market offtake, making it unjustifiable for companies to make significant investments in the industry's transition.

Recommendations: To accelerate the transition, Europe must actively stimulate demand for sustainable products. This requires the implementation of demand-side policies as outlined in the Clean Industrial Deal. Similar to current mandates for sustainable blending in fuels, market incentives must be implemented for consumer products. Stimulating sustainable demand will enable upscaling, create a robust market for secondary feedstocks and enable sustainable production at competitive costs, thereby contributing to strategic autonomy.

- **Establish robust sustainable product standards.** Regulations like the Ecodesign for Sustainable Products Regulation and the forthcoming Circular Economy Act should provide a legal framework that protects European companies from unfair competition by ensuring that imported materials meet the same standards, which stimulates demand creation within Europe. It is important that all secondary feedstocks are recognized within these legislations.
- **Develop a harmonized European internal market for circular feedstocks.** A circular economy is not defined on the national level, as is the economy itself. Updating the Waste Framework Directive to focus on the conditions for a circular feedstock market will help achieve the economies of scale necessary for recycling. This should be supported by appropriate certification schemes valid at EU level, allowing cross border import and export of circular feedstocks. (See end-of-waste below)
- **Support and implement recycled content targets in PPWR.** The PPWR including its recycled content targets is already helpful in stimulating market demand for sustainable products.
- **Extend sustainability and resilience criteria outside public tenders.** The Net-Zero Industry Act mandates that these criteria should be considered in public procurements. Strategic government

procurements can serve as a catalyst, ensuring that companies are confident in a consistent uptake of sustainable products. This measure should be further applied across all European tenders.

2. Feedstock: Increase Availability and Enable Use of Secondary Feedstocks

Obstacle: Replacing fossil feedstocks with sustainable alternatives requires significant amounts of secondary materials. Even when considering that the hydrocarbon fuel demand will decrease due to substitution with electricity and hydrogen(carriers), the expected volumes still require full use of secondary feedstocks available.
Recommendations: The European legislation must focus on ensuring sufficient feedstock availability, reducing waste and ensuring strategic autonomy by maximizing high-quality use of secondary feedstock. Additionally, a European level 'white list' of secondary feedstocks fitting the circular bioeconomy, by all means within environmental and safety regulations, would significantly boost the circular integration of secondary feedstocks.

- **Harmonize end-of-waste regulations.** Current country specific end-of-waste legislation creates obstacles to circularity. To enable use of secondary feedstocks, the EU must harmonize end-of-waste criteria for secondary feedstocks across the EU, streamline waste classification rules and facilitate cross-border transport of secondary feedstocks. Policymakers should review proven approaches—such as France's end-of-waste status for pyrolysis oil – and translate these to European level so end-of-waste declarations are mutually recognized. Currently, multiple cases are known of Dutch pyrolysis oil being rejected by other member states due to lack of a system that officially approves certification, while the same feedstock from France would be accepted. Developing European regulations is crucial to efficiently reduce waste and increase availability of feedstock. Deltalinqs also fully supports end-of-waste issues raised by 'Groene Chemie Nieuwe Economie' (GCNE).
- **Centralize country specific environmental thresholds for permitting.** Asking companies to comply with different environmental thresholds for Substances of Very High Concern" (SVHC) across member states leads to inconsistent treatment of the same feedstocks and processes. An example is the EOX (Extractable Organic Halogen Compounds) standard set by The Netherlands (50 ppm) being significantly stricter than the limits in Belgium (200 ppm) and Germany (300 ppm). Such discrepancies create a competitive disadvantage for the same secondary feedstock. The EU must align these rules to create a level playing field within the EU. This is part of the harmonization of end-of-waste regulations.
- **Allow import and export of secondary feedstock** within the EU to facilitate efficient processing of secondary feedstocks into high-value products. About 80% of the products produced in Rotterdam out of 50 Mt carbon feedstock, is exported to the rest of the EU, while within the Netherlands at most 2 Mt of secondary plastics and more or less the same amount of biomaterials is available. To close this carbon gap, the EU must facilitate cross-border transport of secondary feedstock.
- **Legislation must focus on replacing feedstocks but also on waste reduction** with flexible, less restrictive cascading rules, allowing industries the flexibility to choose the most suitable applications across different product categories for sustainable alternatives. The market—not rigid regulations—should dictate the optimal use of circular materials.

3. Competitiveness: Creating Level Playing Field between Member States

Obstacles: Achieving our sustainability goals is currently hindered by a negative investment climate, as addressed by The Draghi report. A well-functioning investment climate is essential for achieving a circular economy.
Recommendations: The recently published Clean Industrial Deal underscores the need to boost the competitiveness of European industry. In addition, when focusing on secondary feedstocks, several regulatory factors must be addressed to create demand for sustainable products and leads to more sustainable investments.

- **Support accelerated development of 'Industrial Valleys' (NZIA)**. Regulatory frameworks should allow businesses the flexibility to explore and allow room to scale up circular innovations and clean tech. Strict definitions and rigid rules stifle progress, so the development is NZIA is helpful.
- **CBAM** must be effectively implemented on both materials and end products to prevent carbon leakage. When only including materials, imports of end products would rise, harming both European chemical and manufacturing industries. For example, applying CBAM only to polyurethane but not to mattresses, results in buying non-European mattresses losing the manufacturing industry and chemical industry.

Conclusion

For the EU to achieve a successful circular bioeconomy, policy must focus on all secondary feedstock sources and work on a comprehensive regulatory framework that ensures market demand for sustainable products, access to all sustainable secondary feedstocks and competitive economic conditions.