



THINKFOREST

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China-Europe Bioeconomy: Assesment and Outlook

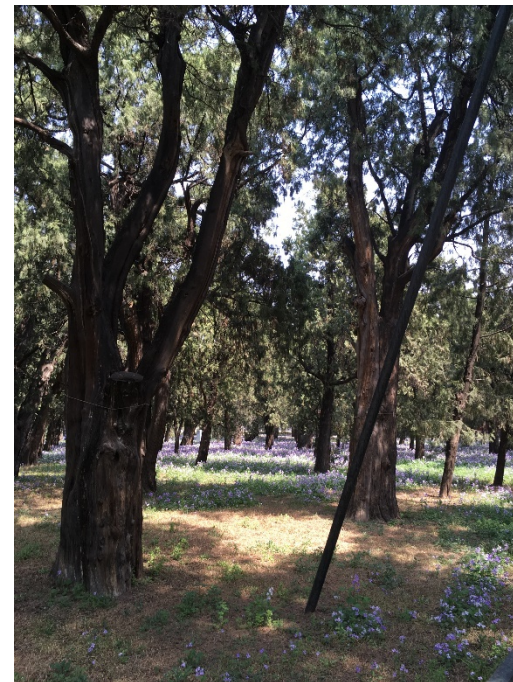
Maarit Kallio

9th December 2020, Webinar.



Why to examine China-EU forest bioeconomy?

- EU has set the target to be carbon neutral by 2050; China by 2060.
- Forest resources in China and the EU are vast and growing and could provide a good basis for developing sustainable circular forest bioeconomy.
- Bioeconomy cooperation, trade, investments and R&D between the two regions would
 - *support global sustainability goals*
 - *provide economic opportunities for people both in rural and urban areas.*



New EFI study assessing forest bioeconomy in China and the EU

- State of forest bioeconomy in China and the EU in the context of
 - Strategies and policies
 - General economy
 - Investments (China-EU)
 - Trade (China-EU)
- An outlook for 2030
- Opportunities and policy measures needed to benefit of them

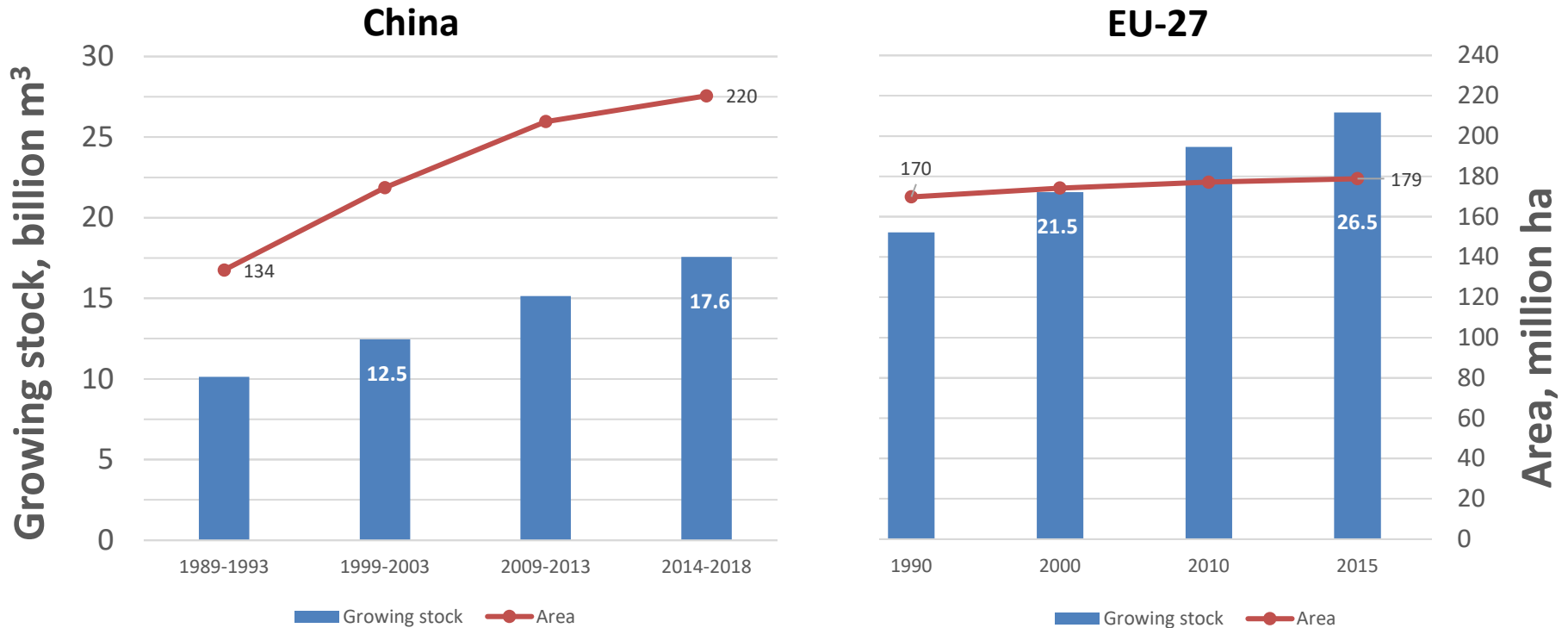
China-Europe Forest Bioeconomy: Assessment and Outlook



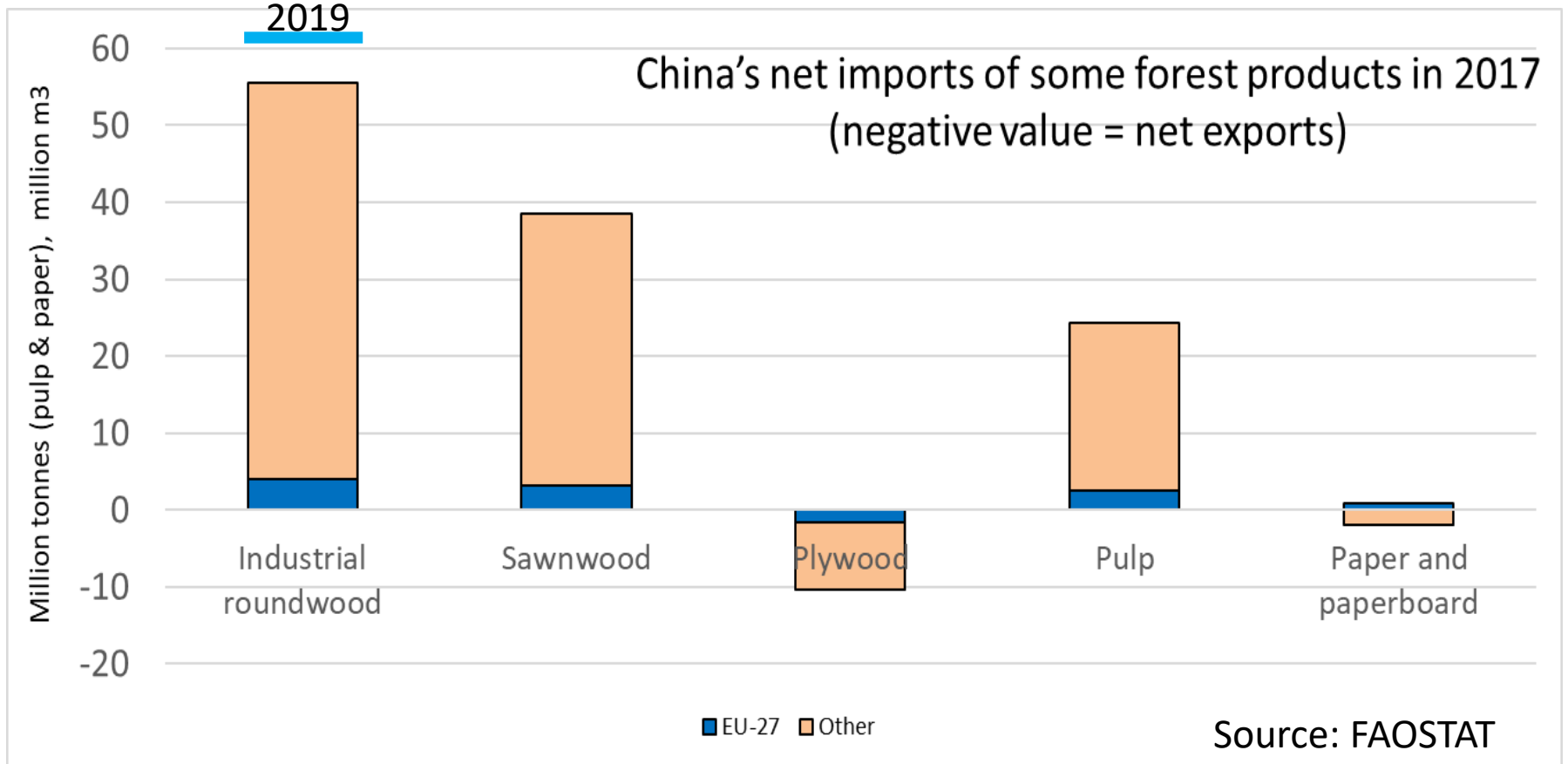
Maarit Kallio, Xiaoqian Chen, Ragnar Jonsson, Janni Kunttu,
Yijing Zhang, Anne Toppinen, Jianping Zhang, Jiancheng Chen,
Nike Krajnc, Ben Cashore, Bo Yu, Chen Yong and Davide Pettenella



Sustainably managed forests lay the basis for the forest bioeconomy



China imports high volumes of roundwood and sawnwood.



Markets of forest based products and services in China and the EU

- “Traditional” forest industry products
 - The EU: mature, in some cases (printing papers) declining
 - China: strongly growing in many segments
- Sources for additional green business opportunities
 - New and emerging products and services
 - Substitution of steel, concrete, cotton, oil-based products (incl. plastics, polyester), ...
 - Often, but not only policy driven
 - Exports
 - The EU: if the industry is cost-competitive
 - China: Shortage of wood > priority to the domestic market?

Investments

- Chinese companies have shown interests in/been investing in biomass, pulp, and biofuels production abroad, also in the EU.
- European forest industry enterprises still more present in China than vice versa.
- Yet, China is regarded to be a very challenging country for foreign investors.
- China-EU bilateral investment agreement has been under negotiation since 2013, but is still lacking.

Many policies affect the forest bioeconomy, e.g.,

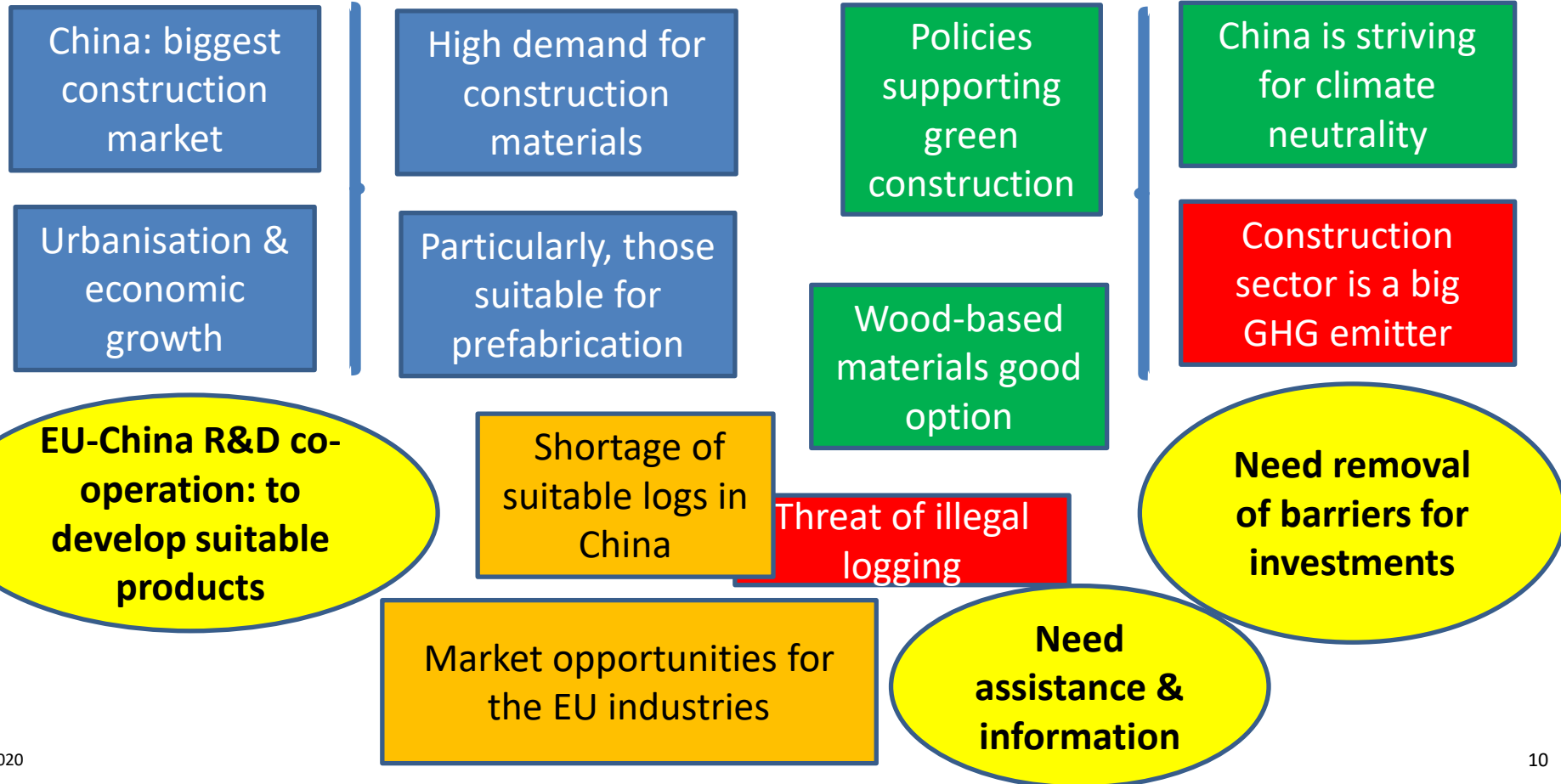
Policies

- ✓ **Climate mitigation goals and strive for climate neutrality**
- ✓ **Current forest related policies, e.g.,**
 - China:** -set almost 80% of the stock to ecological / social functions only
- aim to increase plantation area and wood supply further
 - EU:** -set reference levels for forest carbon sinks
 - Both:** -aim to safeguard biodiversity
-aim to combat use of wood of illegal origins
- ✓ **Policies aiding a shift to smarter use of wood-based materials**
 - China:** - support green materials in construction.
 - EU:** - increase collection of textiles, wood, paper, and packaging waste
 - Both:** -constrain the use of plastics
- ✓ **Several arrangements for financing green investments in China**

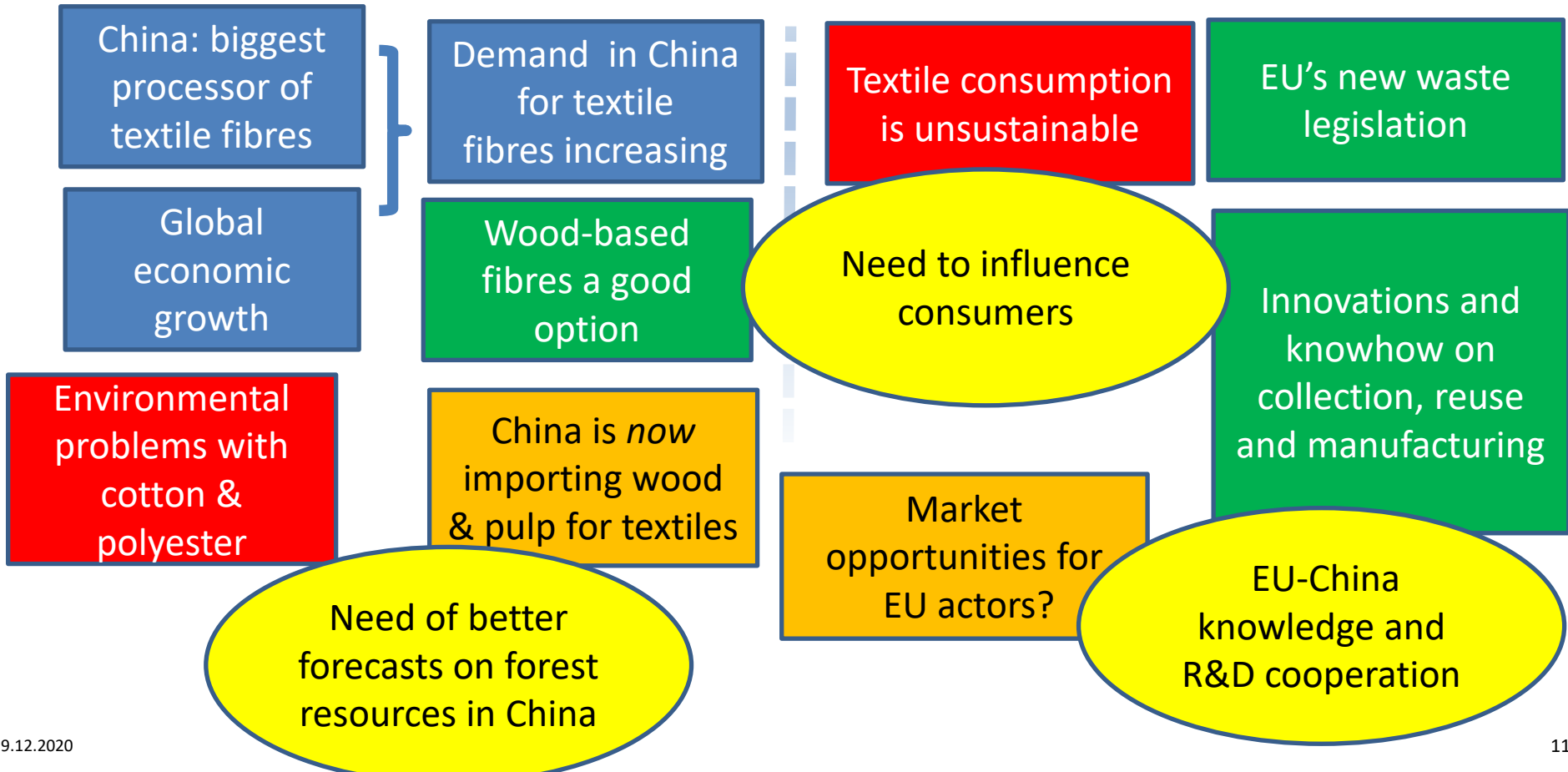
Two case examples of mutually beneficial forest bioeconomy cooperation between China & the EU

- Construction materials
- Textile fibres

Case: Green construction materials in China



Case: More sustainable textiles materials



Policy implications

1) Biomass resources are limited: China and the EU should cooperate

- ✓ **to increase the quantity and quality of the biomass resources**, cooperate in research, monitoring, and exchange of knowledge and best practices
 - for enhanced joint production of economic, social, and environmental goods and services from forests.

- ✓ **to use the existing resources more smartly**, cooperate in identifying, copying, and developing best practices for
 - collection and reuse of materials
 - making products with the same or improved functionality using less resources
 - increasing product lifetimes
 - influencing consumers to adopt more sustainable consumption habits.

2: China's climate goals and environmental policies provide business opportunities also for the EU-based industries.

- ✓ **To seize these opportunities, the EU industries need**
 - information on China (policies, regulations, wood biomass supply potentials).
 - support for R&D, commercialization and market access.
 - stable policy environment promoting investors' trust on reliable supply and acceptance of using forest biomass.

- ✓ **Mutual investment agreement that ensures equal rights, obligations and access to respective markets for investors from the EU and China**

3: Better statistics and sound information are needed

In order to *monitor*, evaluate, and *plan supporting policies* for the sustainable forest bioeconomy development and in order to *assess the market opportunities* within it

- more reliable and harmonized statistical data are needed on forests, forest-based sector and on the sectors which forest bioeconomy is compared to.



Further info:

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