

Document for The Commission & The Parliament, 10th February, 2012

Despite growing demand from automotive and (bio-)plastic industries the Hemp Fibre Sector is suffering from the wrong policy framework

EIHA is supporting the “Greening” in Brussels CAP reform: It is a step in the right direction. Concerns about transition period.

EIHA sees an urgent need for a level playing field for bio-based materials

During the last five years bio-based plastics and composites have shown a double digit growth per year. Natural fibres are part of this success. Natural fibre reinforced plastics, also called bio-composites, are for example widely used in the European automotive industry. Bio-Composites are the easiest way to go green: Price competitive to alternatives, light weight (up to 30% lower weight), very good mechanical properties, high bio-based share up to 80% and proven processing technology. Also the LCA data is excellent due to a recent META-LCA by nova-Institute (Germany): Hemp fibre reinforced plastics show considerable energy and greenhouse gas (GHG) savings in comparison with their fossil-based counterparts. When biogenic carbon storage is taken into account savings between 30 % and even 75% can be reached.

Although today most natural fibres are used to reinforce fossil-based plastics the demand from the bio-based plastic industry is rising due to the increase in mechanical properties at a low price for durable applications. Another increasing application is insulation material where European Hemp fibres substitute glass and mineral wool.

But despite this growing demand and interest, European hemp fibres cannot profit from this development, in contrast: the whole European Natural Fibre industry is suffering from the wrong policy framework and the cultivation areas of hemp have been decreasing over the last few years!

There are two main reasons for this unwanted development in contrast to the aim of greening European industries:

- Hemp is suffering from the strong ongoing support of bioenergy and biofuels during commercial production (quotas 2020: 10% biofuels & 20% renewables incl. bioenergy, tax incentives, green electricity regulations and more). Without comparable support bio-based materials will suffer from under investment from the private sector. Recent policy leads to a market distortion regarding feedstock availability and costs: The increasingly high prices for arable land can only be afforded by highly subsidised energy crops. Under the existing policy framework hemp cannot offer the same profit for farmers, the result is an ever decreasing cultivation area.
Because of this situation EIHA is strongly supporting the Policy paper on Bio-based Economy in the EU: “Level Playing Field for Bio-based Chemistry and Materials”, written by different bio-based experts and supported by many associations, companies and universities involved in the bio-based economy. (see www.bio-based.eu/policy/en)
- On the other hand European hemp fibres are completely unprotected by the competition from imported exotic fibres like jute, kenaf or sisal, which cannot even show a sustainability certification like imported biofuels. The social and environmental standards of these tropical fibres are often low. EIHA is claiming for a binding sustainability certification for all imported (and domestic) natural fibres to guarantee fair competition.

EIHA welcomes the new CAP reform

Changes in the political framework should be made as soon as possible. The “Greening” in the new Common Agricultural Policy (CAP) reform is a step in the right direction and hemp as an environmental friendly niche crop will profit from this greening of the 1st pillar. EIHA is therefore supporting the new CAP reform, particularly for the following reasons:

- “Promotion of resource efficiency ... The focus on innovation should improve resource efficiency”.
Comment EIHA: This can be perfectly achieved with the industrial material use of biomass like natural fibres.
- “30 % of direct support will be made conditional on "greening" ... One of the objectives of the new CAP is the enhancement of environmental performance through a mandatory "greening" component of direct payments which will support agricultural practices beneficial for the climate and the environment applicable throughout the Union. ... Sustainable management of natural resources and climate action, with a focus on greenhouse gas emissions, biodiversity, soil and water; ... To provide environmental public goods”.
Comment EIHA: Hemp cultivation and hemp products can fulfil the environmental criteria perfectly well as recent reports clearly show (see below).
- “Crop diversification: Cultivation on arable land shall consist of at least three different crops. None of these three crops shall cover less than 5 % of the arable land and the main one shall not exceed 70 % of the arable land.”
Comment EIHA: Hemp is very suitable for crop diversification and rotation. It is often reported that crops following hemp have a higher yield (see below).
- “Ecological focus area: Farmers shall ensure that at least 7 % of their eligible hectares as defined in Article 25(2), excluding areas under permanent grassland, is an ecological focus area such as land left fallow, terraces, landscape features, buffer strips and forested areas as referred to in article 25(2)(b)(ii).”
Comment EIHA: Due to the ecological benefits of hemp cultivation (low fertilizer and no pesticides) – could hemp cultivation count as an ecological focus area or permanent grassland (like alfalfa)?
- “Private storage aid: ... optional private storage aid for ... flax fibre. “
Comment EIHA: This aid should also be provided for hemp fibres.
- *Moreover EIHA welcomes the new level playing field between bioenergy/biofuels and industrial material use in the 2nd pillar.*


Concerns about the transition period

The European Hemp Industry welcomes the new CAP reform but there are grave concerns because of the transition period before the CAP is reformed. This year another financial challenge has to be overcome: The processing aid for hemp (already minute compared to bioenergy and biofuel support), which could partly rebalance the unfair competition to energy crops and imported exotic fibres, will end. This could lead to a crucial and worrying situation for the European hemp fibre industry, despite the great demand and potential for green materials. The challenge is to stay alive until the greening in the new CAP actually takes place.


This is the reason why the European Hemp Industry is **asking for a continuation of the processing aid for the next two years, until the new CAP reform is in place**. Technical Hemp as a technical fibre is priced low as it is in direct competition to imported natural fibres and the hemp crop is in area competition to bioenergy/biofuels. Two years without any support – no processing aid and no green benefits from the new CAP – would be a crucial and worrying situation for the European hemp fibre industry.

Moreover another inequality can be foreseen: The Belgian Flax farmers will not lose the processing aid. The Belgium government has decided not to put the processing aid into one pot for the Nation’s farmers but to continue to pay the Flax companies directly, as approved by the European Commission. In other countries like UK, Germany and the Netherlands this will not happen, so there will be an unfair competition between different countries and also between Flax and Hemp.

Finally: The level playing field with bioenergy/biofuel is the crucial challenge for all industrial material uses of biomass – not only for hemp. This problem appears at the interface between CAP and the agricultural policy of the member states due to renewable energies and biofuel quotas. This problem is not even touched upon in the new CAP reform – but it has to be covered soon, otherwise the resource efficient, environmental friendly and innovative use of biomass for industrial material use will be the loser in the competition with bioenergy & biofuels.



John Hobson, President of EIHA



Michael Carus, Managing Director of EIHA

Brief information about Hemp

- Hemp is a multi-purpose crop delivering fibres, shivs and seed. The shivs, the woody inner core of the stem, are used for construction and animal bedding. Hemp seeds, small nuts, have a high nutritional value, Hemp oil has an excellent and unique fatty acid profile.
- Hemp fibres have some of the best mechanical properties of all natural fibres. They are mainly used for insulation material and for bio-composites in automotive applications.
- Hemp fibres are available from stock and even an increasing demand can be guaranteed by contracts and an annual enlargement of the cultivation area.
- Hemp fibres can be delivered at an attractive and stable price, the production is only for industrial applications (bio-composites, insulation), it is not dependent on other markets like textiles.
- Hemp fibres are produced to a high social standard with a low environmental impact. Investments during the last years have lead to the most modern decortication plants in the world.
- A Meta-LCA study conducted by nova-Institute, Germany, shows that Hemp fibre reinforced plastics exhibit considerable energy and greenhouse gas (GHG) savings in comparison with their fossil-based counterparts. When biogenic carbon storage is taken into account savings between 30 % and even 75% can be reached. A sustainability certification plan is ongoing, the first time for a natural fibre.

Attached you will find the following reports commissioned by EIHA recently to prove the statements in this document on environmental benefits etc. (you can also download the documents at www.eiha.org):

- **Position Paper (2011-04-29)** "Despite growing demand from automotive and (bio-) plastic industries the European Natural Fibre Sector is suffering from the wrong policy framework" (please also see "Policy paper on Bio-based Economy in the EU: Level Playing Field for Bio-based Chemistry and Materials" at www.bio-based.eu/policy/en)
- Report (2011-05-13) "**Ecological benefits of hemp and flax cultivation and products**"
- Study (2011-06) "**Hemp Fibres for Green Products – An assessment of life cycle studies on Hemp fibre applications**"
- Report (2011-06) "**Possible support instruments for industrial hemp in the framework of the Common Agricultural Policy (CAP)**"
- Study (2011-05-31) "Statement by the European Industrial Hemp Association (EIHA) on the study by the European Food Safety Authority (EFSA) on Scientific Opinion on the **safety of hemp (Cannabis genus) for use as animal feed**"
- Leaflet about EIHA (2010) "**European Hemp fibres for diverse bio-based products**"
- Leaflet about EIHA (2010) "**Hemp Seeds and Hemp Oil as Food**"