European Industrial Hemp Association

Policy framework for Hemp in the EU

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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

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

First reason

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)

Second reason

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 (see position paper, free available at www.eiha.org)

Concerns about the transition period

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.

Brussels revisited for lobbying (John & Michael)

- The new position paper emailed to twenty senior civil servants within the Commission
- EIHA subsequently invited to present the European Industrial Hemp Industry to DG Enterprise & Industry (2 times), DG Agricultural (2 times) and DG Research & Innovation (2 times).
- Outstanding visits: DG Environment and European Parliament (we are already in contact)
- Ongoing close cooperation with French Hemp (Interchanvre) & Flax branch (CELC and others).

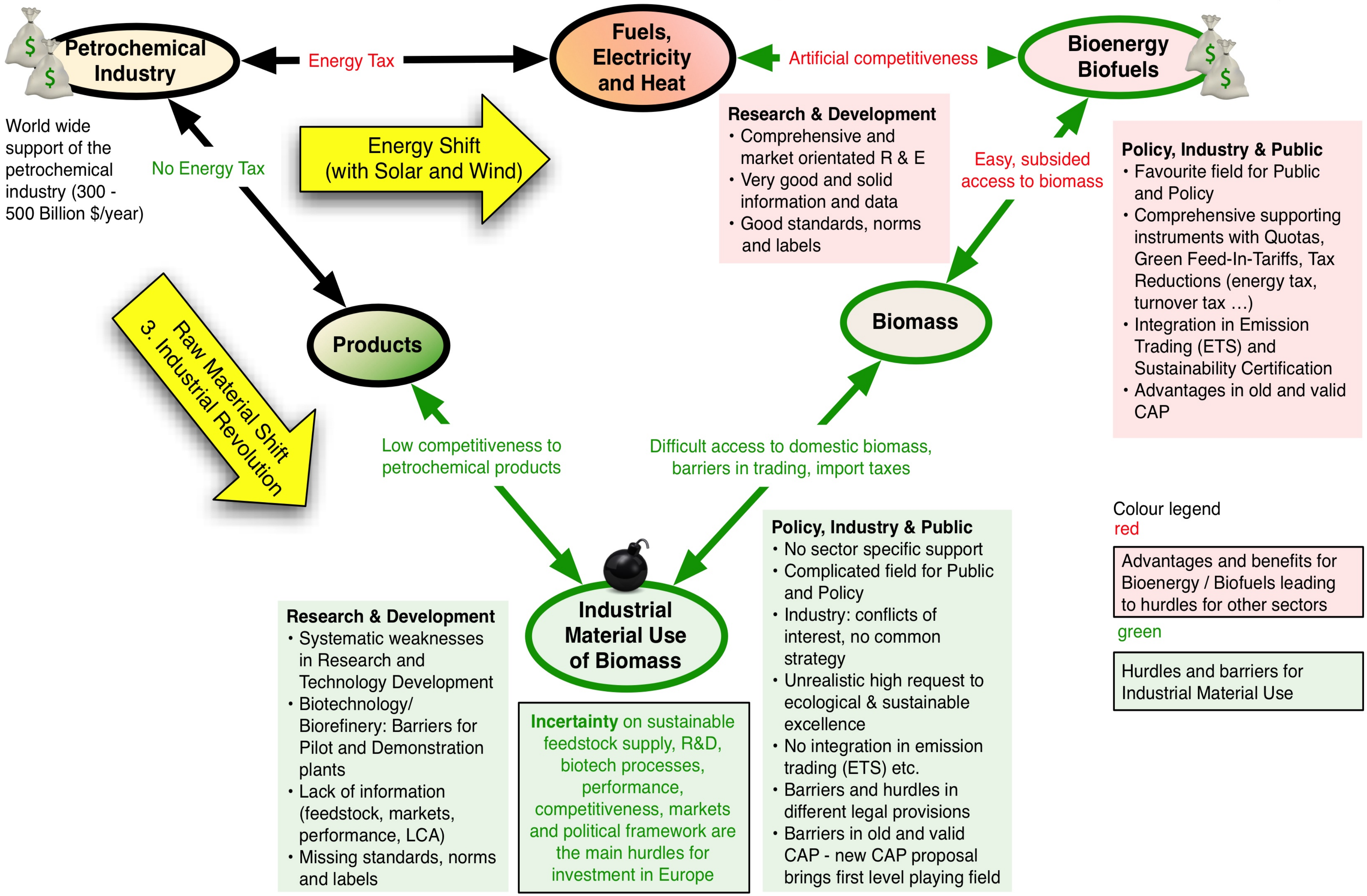
Future of the processing aid

- It is lost on EU level (along with all others direct aids)
- It will be continued for Belgium and France (-> non level playing field)

Three clear approaches

- New CAP: Keep the “greening” in the First Pillar
- New CAP: Second Pillar support to get regional development funds
- Keep the hemp branch in the family of bio-based economy. **Bio-based Economy – Lead Market Initiative**

The competition triangle: No level playing field for bio-based chemicals and products



Bio-based Chemistry and Materials: A Level Playing Field

Realizing Potential - The production of bio-based chemicals and materials can **create hundred of thousands of new green jobs, increase resource efficiency and make a considerable contribution to climate protection and innovation**.

Despite all these benefits, the investment in industrial biotechnology and biorefineries in Europe remains low.

The political and economic framework in the EU does not support the industrial material use of biomass - this is in contrast to bioenergy and especially biofuels, which has expanded rapidly in the EU over the last 10 years.

Free download of the policy paper and background studies: www.bio-based.eu/policy/en

Main European Policy Instruments on non-food/feed biomass use				
Instruments	Biofuels	Biogas for Electricity	Wood-Pellets for incineration	Material Use, bio-based products
Tax reduction	Yes	(Yes)	Yes	No
Quota (Biofuel, Renewable Directive)	Yes	Yes	Yes	No
Green Feed-In Tariff for Electricity (& Heat)	Yes	Yes	Yes	-
Emission Trade System (ETS)	Yes	Yes	Yes	No
Market Introduction programs	Yes	Yes	Yes	(Yes) (few selected sectors only, limited time)
Others (rural development supporting schemes)	Yes	Yes	Yes	No (new CAP: Yes)
Research & Development	Yes	Yes	Yes	Yes

Impacts

- Increasing biomass market prices
- Increasing land prices
- Insecure availability for other sectors
- The battle on raw materials is lost for the material sector (until policy is changing)

"If a raw material is covered be the bioenergy/biofuel support, it is lost for the material sector. Energy sector can just pay more for the raw material - due to subsidies only."

The existing Bio-Fuel Policy is a hurdle for Bio-based Economy

New Policy needed:

Level Playing Field for Green Chemistry and Bio-based Products