



## US Policy and Bio Based products

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# NATIONAL BIOECONOMY BLUEPRINT



**“The world is shifting to an innovation economy  
and nobody does innovation better than America.”  
—President Obama, December 6, 2011**

## April 26, 2012 - **OBAMA ADMINISTRATION UNVEILS “BIOECONOMY BLUEPRINT” ANNOUNCES NEW R&D INVESTMENTS**

“Decades of life-sciences research and the development of increasingly powerful tools for obtaining and using biological data have brought us closer to the threshold of a previously unimaginable future: “ready to burn” liquid fuels produced directly from CO<sub>2</sub>, ... plastics made not from oil but from renewable biomass. . . .”

# Benchmarking what the 'competition' is doing

## In reality, the US (and all nations) compete globally in attracting bio-economy investment

### Incentive Schemes Around the World

#### Supply Incentives

- Tax Credits
  - Production
  - Investment
- Tax Holidays
- Loan Guarantees
- Preferred Loan Rates

#### Demand Incentives

- Tax Breaks
- Exemptions
- Quotas
- Bans

# USDA – Bio Preferred

Managed by the U.S. Department of Agriculture (USDA), the goal of the BioPreferred program is to increase the purchase and use of biobased products.



The BioPreferred program was created by the [2002 Farm Bill](#) and reauthorized and expanded as part of the [Agricultural Act of 2014](#) (the 2014 Farm Bill). The program's purpose is to spur economic development, create new jobs and provide new markets for farm commodities. The increased development, purchase, and use of biobased products reduces our nation's reliance on petroleum, increases the **use of renewable agricultural resources**, and contributes to reducing adverse environmental and health impacts.

The two major parts of the program are:

- **mandatory purchasing requirements for federal agencies and their contractors;**
- **a voluntary labeling initiative for biobased products.**

# US – news in the Biobased support program

President Obama Executive order 13693, 2015: Planning for Federal Sustainability in the Next Decade,98 which includes provisions to increase federal agency accountability for achieving qualified biobased product purchasing requirements.

Federal agencies are asked to establish annual targets for the number of contracts awarded with BioPreferred and biobased criteria and for the dollar value of BioPreferred and biobased products to be reported under those contracts.

Federal agencies also are asked to ensure that contractors submit timely annual reports of their BioPreferred and Biobased purchases

## **USDA Biorefinery Assistance Program**

The USDA Biorefinery Assistance program, was recently expanded to include facilities producing biobased chemicals and Biobased products. The 2014 Farm Bill provided support for these programs, with well-developed administrative regulatory rules, particularly for the Biorefinery Assistance program

**NAICS** does not provide an effective means of tracking the economic and job implications of the biobased products sector in the United States. This results from a lack of industry specific codes that were representative of the biobased products sectors of the economy.

Many economists and industry groups recommended that NAICS codes be developed for biobased products and that reporting requirements be established to allow more effective tracking.

# Policy Recommendations to Realize Bio-Economy, US Global Leadership with Advanced Manufacturing

## ➤ Tax Incentive Parity (consistent with other renewables & sectors)

- *Renewable Chemical Production Tax Credit (PTC)*
- This pulls through manufacturing & production along value chain
- Needed to level playing field for US to compete against Sovereign Nations luring this industry abroad – ensure BioEconomy Takes Root here in US.

## ➤ Farm Bill

- Loan Guarantees for biobased chemicals
- USDA BioPreferred funding



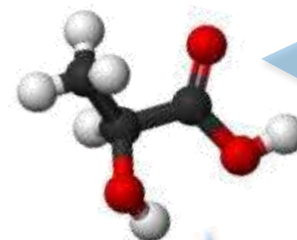
# Practical example of public funding - From Methane to Ingeo

## 1 It starts with Methane



Methane is supplied directly to specialized bacteria called methanotrophs

## 2 Methanotrophs convert methane into lactic acid through fermentation



## 3 NatureWorks converts lactic acid monomers to long polymer chains making a family of Ingeo bioplastics





# How it works in EU



## EU Green Public Procurement Policy

### GPP benefits

#### Environmental

- ✓ Decrease of greenhouse gas emissions
- ✓ Decrease of hazardous substances
- ✓ Increase energy efficiency
- ✓ Sustainable use of natural resources

#### Economical

- ✓ Incentive to innovation
- ✓ Reduction of prices of green technologies and products
- ✓ Potential financial savings



#### Political

- ✓ Demonstrate public sector's commitment to environmental protection and to sustainable consumption and production

#### Social

- ✓ Improve quality standards

# Obstacles to GPP according to DG ENVI



## EU Green Public Procurement Policy

### So why don't we all do it? Obstacles to GPP

Lack of political support

Green products are perceived to cost more

Lack of knowledge on how to verify green criteria

Lack of awareness of the benefits of green products

Lack of legal expertise



**Commission support**

# Global Incentive Schemes – A Sampler

Country	Supply Incentives	Demand Incentives
 Taiwan		✓
 Korea		✓
 Japan		✓
 Phillipines		✓
 Australia		✓
 European Union		✓
 USA	???	✓
 Thailand	✓	✓
Brazil	✓	
Malaysia	✓	
Singapore	✓	
Indonesia	✓	
Canada	✓	