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EuroCommerce Retail & Wholesale

Position Paper
10 June 2026

EuroCommerce Feedback on the Call for Evidence on the Biotech Act II

EXECUTIVE SUMMARY

EuroCommerce supports the objectives of the EU Bioeconomy Strategy and recognise the importance of industrial decarbonisation. Operating at scale, our sector has potential to support the EU's decarbonisation objectives, to which we are committed. But to deliver on these objectives, the sector needs a framework that supports its competitiveness and creates incentives to invest, although the policy options under Biotech Act II (and options discussed under other fora) seem to not foster these conditions for retail and wholesale. We are concerned about our sector functioning as the primary demand-pull mechanism for upstream chemicals policy, especially under conditions of system readiness uncertainty, conflict with existing legislation, and lack of assessment of impact on the competitiveness of downstream operators. With our current feedback, we address options considered under the Call for Evidence for the Biotech Act II (e.g. minimum content, Made in Europe requirements), but also measures which have been or might be under consideration in other fora (e.g. certificate or credit based mechanisms, the DG GROW Workshop on Biotech Act II of 29 April).

The design of any new legislative instruments should take into account major new obligations which have already been introduced downstream by existing legislation, avoid cumulative regulatory burdens and parallel systems. It should also take into account the contextualisation of policy measures in complex, global supply chains, and the potential conflicts with existing circular economy objectives, as measures designed to accelerate demand for bio-based inputs may unintentionally divert investment, infrastructure, feedstocks and regulatory focus away from circular solutions. Furthermore, the development of bio-based solutions still faces important scientific and methodological challenges, including the lack of harmonised methodologies for traceability, lifecycle analysis and verification of environmental impacts. In our view, these aspects should be carefully addressed before considering market-shaping systems or mandatory product requirements.

KEY RECOMMENDATIONS

A. THE REALITIES OF OUR SECTOR

Retail and wholesale are a major sector in the European economy, providing 26 million jobs in the EU. It is present in every community, managing multiple supply chains and serving daily Europe's 450 million consumers as well as business customers (such as retailers, hospitality, crafts and industries). Retail and wholesale are highly competitive and operate with high volumes of goods for resale and low margins. Logistics is a significant part of distribution activities. The sector is challenged by the impact of geopolitical tensions, high energy and regulatory compliance costs, global competition, technological change and shifting consumer behaviour and needs to invest in its digital and sustainability transition.

Operating at scale, the sector has potential to support the EU's decarbonisation objectives. But to deliver on these objectives, the sector needs a framework that supports its competitiveness and creates incentives to invest. This means a regulatory framework that reflects real-world financial, technical, infrastructure and regulatory constraints and includes ensuring EU legislation remains flexible, investment-friendly, and incentive-based.

We would like to point the attention to the impact that the policy options considered could have on the price of products. European consumers continue to face the consequences of a prolonged erosion of purchasing power following the inflation shock of recent years. Although inflation has moderated from its peak, household budgets remain under pressure, and consumers continue to prioritise affordability in their spending decisions. Renewed geopolitical tensions are adding further uncertainty, increasing the risk of higher energy, transport and other essential costs that ultimately affect consumers across Europe.

At the same time, the retail and wholesale sector remains under significant strain. Sales volumes remain below their pre-crisis trajectory, demand is fragile, and companies continue to face persistent cost and margin pressures. The sector's recovery is further challenged by renewed geopolitical tensions, which are contributing to higher energy and transport costs, increasing uncertainty and creating additional inflationary risks across supply chains.

While market pull measures can play an important role in supporting industrial decarbonisation, their design should take into account the current economic context. Where such measures result in higher input costs, these costs are likely to be transmitted downstream through the value chain, ultimately affecting retailers, wholesalers and consumers. It is therefore important to ensure that decarbonisation policies preserve affordability for households and do not place disproportionate burdens on sectors that are already operating under challenging economic conditions and with limited margins.

B. DOWNSTREAM SECTORS SHOULD NOT BECOME THE MARKET-PULL MECHANISM FOR UPSTREAM

Current discussions on market pull measures for the policy options considered seem to largely originate from upstream industrial and decarbonisation challenges, notably within the context of the Critical Chemicals Alliance. While these objectives are legitimate, the assessment of their impact on downstream value chains, including retail and wholesale, cannot be overlooked, particularly in terms of competitiveness and cumulative burden, especially while unresolved questions related to feasibility, scalability, traceability and consistence with existing legislation persist, as will be described below. Additionally, EU rules have already introduced major new obligations for downstream sectors, for instance through Extended Producer Responsibility schemes, with significant operational, financial and governance implications.

Against this backdrop, the market-pull measures currently being considered, including mandatory content requirements, Made in Europe requirements, product-level carbon accounting obligations or certification schemes, present limited predictability and would effectively shift costs onto downstream actors. Retailers and wholesalers would be expected to ensure compliance across complex, global and multi-tier supply chains, often without direct control over suppliers, feedstocks or production technologies. Such an approach risks imposing significant administrative, operational and financial burdens on downstream sectors, while not necessarily addressing the underlying structural challenges faced by upstream industries.

Given the complexity and global nature of our supply chains, it will be essential to ensure early and balanced involvement of the whole sector before moving towards any market-shaping measures.

C. AVOID UNINTENDED IMPACTS ON CIRCULAR ECONOMY OBJECTIVES & COHERENCE WITH EXISTING LEGISLATION

i. Coherence with circular economy objectives

Policy designs that favour specific feedstock categories, such as mandatory bio-based content requirements, risk creating unintended distortions and competition between biobased and recycled feedstocks. Introducing parallel or competing content requirements may also create uncertainty for operators as to which compliance pathway should be prioritised. In particular, incentives favouring bio-based inputs, risk shifting investment away from recycling, recycling feedstocks and circular materials. Given that not all bio-based solutions are compatible with the requirements or principles of circularity policy, nor is it guaranteed that they will always have a low environmental impact, these risks are particularly relevant, and regulation should avoid creating incentives that prevent or hinder compliance with the requirements and objectives set by the forthcoming EU legislation on sustainability, circularity, and product requirements, and that discourage truly circular solutions by increasing pressure on land and biomass. Furthermore, in accordance with the principle of technological neutrality, future regulations must avoid artificially favouring certain technologies or feedstocks over others and should not adopt a regulatory approach based exclusively on mandatory biomass content, which would penalize equally valid circular solutions and limit technological flexibility.

ii. Coherence with existing legislation

At the same time, there is a clear risk of creating parallel regulatory systems between the Biotech Act II and existing EU legislation addressing similar objectives through different frameworks. The Ecodesign for Sustainable Products Regulation for instance, already provides the legal basis and governance structure to assess, through delegated acts and technical studies, the potential introduction of performance and information requirements related to recycled content, sustainable raw materials, environmental footprint and circularity criteria. To offer an example, textiles covered under the Call for Evidence of the Biotech Act II are also covered under the ESPR, and under the latter, the technical assessment work led by the JRC is already at an advanced stage without contemplating such types of market pull measures to our best knowledge. It is thus unclear why a parallel evaluation process addressing similar product parameters would be necessary outside the ESPR framework, particularly without prior structured consultation with the affected sectors and the EU policymakers leading the work.

Introducing similar measures under a separate instrument risks duplication, inconsistencies and potentially conflicting criteria. In addition, recently revised waste legislation is already introducing significant obligations for downstream sectors, notably through Extended Producer Responsibility schemes, creating substantial operational, financial and governance burdens. Any new measures should therefore be carefully assessed in terms of their interaction with existing frameworks, with a view to ensuring coherence, avoiding duplication or cumulative burdens and delivering genuine simplification for economic operators.

D. PREMATURE MANDATORY REQUIREMENTS: STANDARDS & TRACEABILITY SYSTEMS, AVAILABILITY & RESOURCE COMPETITION

i. Lack of standards, traceability systems, technical clarity and cross-sectoral methodological alignment

The introduction of minimum content requirements for bio-based or recycled carbon in products, crediting mechanisms or similar tracking frameworks across entire value chains would introduce significant complexity and administrative burden, particularly for downstream sectors operating global and multi-layered sourcing models. This is compounded by the current lack of methodological maturity, harmonised standards and cross-sectoral alignment on:

- measuring and verifying bio-based or recycled content,
- achieving traceability across complex global supply chains,
- measuring and comparing the sustainability and environmental performance of bio-based and alternative carbon solutions across different products,
- establishing chain of custody systems,
- establishing verification methodologies,
- determining what qualifies as waste feedstock.

In this context, we assume that introducing mandatory requirements before these systems are mature could create legal uncertainty, fragmentation and market distortion, hinder future innovations, high compliance costs and fraud issues related to green claims. It may also lead to the premature lock-in of technological pathways that are not yet fully scalable or environmentally optimal. Such an approach raises concerns in light of Article 191(3) TFEU, which requires EU environmental measures to be based on available scientific and technical evidence, taking into account the potential benefits and costs of action or lack of action.

ii. Biomass availability, resource competition and sustainability

Mandatory content requirements across numerous products would significantly increase demand for biomass and alternative carbon feedstocks across multiple sectors. This raises fundamental questions regarding feedstock competition, availability, prioritisation, which are not sufficiently addressed in the current policy discussion. In particular, there is limited clarity as to whether sufficient volumes of sustainably sourced biomass exist to meet the needs of all sectors simultaneously, or how potential unintended market distortions would be managed. This is particularly relevant given that ensuring sustainable biomass supply across the value chain while strengthening economic security is one of the objectives of the bioeconomy strategy, as expressly recognised in the Call for Evidence.

At the same time, important knowledge gaps seem to remain. There is still no harmonised definition of what constitutes sustainable biomass. Lifecycle emissions associated with biomass production and land use remain highly variable, and some biomass pathways may generate significant biodiversity, land-use or food-system impacts. Against this background, the introduction of mandatory minimum content requirements without ensuring adequate feedstock availability, technological scalability and appropriate economic incentives risks increasing production and compliance costs, heightening reliance on imports and undermining the competitiveness of European companies.

E. "MADE IN EUROPE" REQUIREMENTS ARE OPERATIONALLY PROBLEMATIC

The Inception Impact Assessment also refers to the possible introduction of “made in Europe” requirements as part of the contemplated market-pull measures. Determining what would constitute “Made in Europe” for a variety of products would raise substantial implementation challenges, particularly in sectors relying on highly integrated and international value chains involving multiple production stages, suppliers and jurisdictions, such as in the case of the retail and wholesale value chains.

In this context, origin-related requirements could create significant operational, traceability and compliance challenges for companies managing global sourcing models and harmonised product portfolios. Such measures may require differentiated sourcing, production, certification and labelling approaches depending on destination markets, reducing economies of scale, increasing costs and introducing additional administrative complexity across supply chains.

There is also a risk that these types of measures could disproportionately affect European downstream operators and internationally exposed industries whose competitiveness depends on integrated global production ecosystems, while not necessarily addressing the structural challenges faced by upstream industrial sectors.

At a time when industries are already adapting to a rapidly evolving sustainability and circular economy regulatory framework, additional origin-related obligations risk further increasing cumulative regulatory burden and reducing predictability for economic operators, despite the broader EU objective of simplification and competitiveness.

F. INNOVATION POLICY SHOULD BE ENABLING, NOT PRESCRIPTIVE

Our sector supports innovation industrial biotechnology and sustainable materials. While the objective of strengthening European industrial resilience is understood, competitiveness and innovation should primarily be supported through investment, infrastructure, innovation, standards, access to sustainable feedstocks and enabling conditions rather than through potentially restrictive origin-based product requirements or unnecessary complex .

Legislation should avoid prematurely imposing prescriptive content requirements, particularly in a context where many solutions remain at different stages of maturity. Instead, priority should be given to strengthening the enabling conditions for industrial transformation, including supporting research, standards and pilot infrastructure, derisking of investments, and acceleration of scalable solutions.

Technology-neutral and investment-friendly frameworks are more effective in driving sustainable innovation over time than top-down obligations that prescribe specific pathways. Overly prescriptive approaches risk locking markets into solutions that may ultimately prove neither environmentally optimal nor economically scalable, unnecessarily burdening downstream sectors thereby limiting flexibility and slowing down the transition rather than accelerating it.

Key takeaways

- **Recognition of the economic reality of downstream sectors:** Policy design must take into account the structure of retail and wholesale, including limited margins, global supply chains and strong price competition. The impact on sector competitiveness, operational feasibility and consumers’ purchasing power should be systematically assessed.

- **Voluntary participation and flexibility for downstream operators:** Where new mechanisms are introduced, they should allow for voluntary participation, proportionate implementation and sufficient flexibility to reflect the diversity of business models and supply chains.
- **Development of robust enabling conditions before mandatory obligations:** Harmonised EU-wide methodologies for traceability, lifecycle assessment, sustainability assessment and verification systems should be established before considering mandatory requirements or compliance tools.
- **Technology neutrality:** Policy frameworks should remain neutral as regards technologies and feedstocks, ensuring equal recognition of bio-based, recycled and other circular solutions, and avoiding the prioritisation of one pathway over others.
- **Full coherence with existing EU legislation:** New initiatives must ensure alignment with existing frameworks, avoiding duplication, conflicting requirements and cumulative regulatory burden, and contributing to simplification.
- **Careful assessment of feedstock availability and sustainability:** Any consideration of targets or quotas should be preceded by a comprehensive and evidence-based assessment of sustainable feedstock availability, competing uses across sectors, and potential environmental impacts.
- **Avoid reducing the competitiveness of a sector over another:** Decarbonisation measures should not come at the cost of the competitiveness of downstream sectors and should avoid introducing complex compliance mechanism and cost increases that risk being passed along the value chain, ultimately affecting consumers and undermining the competitiveness of EU businesses.

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