

# Public consultation on demand-side policies to spur European industrial innovations in a global market

| <b><u>A. Your profile</u></b>  |                             |
|--|-----------------------------|
| To which of the following categories do you belong? -single choice reply-( <b>compulsory</b> )   | Business                    |
| Business - please specify<br>-single choice reply-( <b>optional</b> )  | Association                 |
| Optional: Please provide a short description of your core activities (max 50 words) or include most relevant website link and if relevant the NACE code for your field of activity ( <a href="http://ec.europa.eu/competition/mergers/cases/index/nace_all.html">http://ec.europa.eu/competition/mergers/cases/index/nace_all.html</a> ) -open reply-( <b>optional</b> )   |                             |
| www.biorefiningalliance.com  |                             |
| ID number in the Register of Interest<br>Representatives -open reply-( <b>optional</b> )   | 21350799502-87              |
| Name -open reply-( <b>compulsory</b> )   | Anne Grete Holmsgaard       |
| Organisation/company -open reply-( <b>compulsory</b> )   | BioRefining Alliance        |
| E-mail address -open reply-( <b>compulsory</b> )   | agh@biorefiningalliance.com |
| Country -open reply-( <b>optional</b> )  | Denmark                     |
| The contributions received and the identity of the contributor will be published on the Commission's website, unless the contributor is opposed to the publication of personal data for fear that this would damage his/her legitimate interests, in which case the contribution may be published in anonymous form.<br><br>Do you authorise the European Commission to publish your contribution?<br>-single choice reply-( <b>compulsory</b> ) | Yes                         |
| <b><u>B. Identifying the challenges and the role of demand-side innovation policies</u></b>  |                             |
| <b>Lack of access to cooperation partners (other firms/academia)</b> -single choice reply-( <b>compulsory</b> )  | Agree                       |
| <b>Lack of internal capacities to get innovations on the market (market analysis/client relations/design/ marketing/business strategy/ innovation management ...)</b> -single choice reply-( <b>compulsory</b> )   | I don't know / not relevant |
| <b>Lack of access to staff with relevant skills</b> -single choice reply-( <b>compulsory</b> )   | I don't know / not relevant |
| <b>Lack of private funding for innovative companies</b> -single choice reply-( <b>compulsory</b> )   | Disagree                    |

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| <b>Lack of public funding for innovative companies</b> -single choice reply-( <b>compulsory</b> )  | Agree                       |
| <b>Problems regarding intellectual property rights</b> -single choice reply-( <b>compulsory</b> )  | I don't know / not relevant |
| <b>Too strong market dominance by big players (blocking introduction of new innovations)</b> -single choice reply-( <b>compulsory</b> )                          | Agree                       |
| <b>Industry structure is not amenable to introduce innovations (for example in the supply and value chains)</b> -single choice reply-( <b>compulsory</b> )       | I don't know / not relevant |
| <b>Industry/ technical standards that hamper introduction of innovations to the market</b> -single choice reply-( <b>compulsory</b> )                            | I don't know / not relevant |
| <b>Regulations that hamper introduction of innovations to the global market</b> -single choice reply-( <b>compulsory</b> )                                       | Agree                       |
| <b>Regulations that hamper introduction of innovations in the Internal Market</b> -single choice reply-( <b>compulsory</b> )                                     | Agree                       |
| <b>Barriers to export innovations to the rest of the world</b> -single choice reply-( <b>compulsory</b> )  | Agree                       |
| <b>Barriers to export innovations inside the EU</b> -single choice reply-( <b>compulsory</b> )   | I don't know / not relevant |
| <b>Fragmentation of markets for innovations</b> -single choice reply-( <b>compulsory</b> )   | Agree                       |
| <b>Lack of opportunities and incentives to sell innovations to the public sector</b> -single choice reply-( <b>compulsory</b> )                                  | I don't know / not relevant |
| <b>Lack of opportunities and incentives to sell innovations to commercial clients (including consumers)</b> -single choice reply-( <b>compulsory</b> )           | Agree                       |
| <b>Lack of awareness of innovations in the market amongst the public and commercial clients (including consumers)</b> -single choice reply-( <b>compulsory</b> ) | Agree                       |
| <b>Something else? Please elaborate:</b> -open reply-( <b>optional</b> )   |                             |
|  |                             |
| <b><u>C. Identifying potential sectors and market areas that can benefit from demand-side innovation policy measures:</u></b>                                    |                             |
| Market area strongly influenced, or potentially being influenced, <i>by the public sector measures</i> -single choice reply-( <b>compulsory</b> )                | Yes                         |

|  |     |
|--|-----|
| Encouraging cross-sectoral proposals that involve a strong user-driven approach<br>-single choice reply-(compulsory)   | Yes |
| Sector having <i>innovation capability and capacity</i> , e.g. sufficiently large research and competence base or access to knowledge<br>-single choice reply-(compulsory)   | Yes |
| Market area having potential for genuine <i>renewal of European industry and economy</i><br>-single choice reply-(compulsory)  | Yes |
| Sector where the <i>future employment perspectives in Europe</i> are positive<br>-single choice reply-(compulsory)   | 1   |
| Sector or sub-sector where Europe could have a strong position in <i>global value networks</i> , in other words, where the value could be relatively great extent created in Europe<br>-single choice reply-(compulsory) | 3   |
| Sector having a growing <i>global market potential</i><br>-single choice reply-(compulsory)  | 2   |
| Sector that is <i>dominated by public service providers and users</i><br>-single choice reply-(compulsory)   | 5   |
| Sector or market that is <i>in need of a large transformation</i><br>-single choice reply-(compulsory)   | 4   |

#### 4. Would you have other evaluation aspects or criteria to suggest? -open reply-(optional)

Another important criteria could be a market that has great potential in moving towards a more sustainable production including a smaller environmental impact, increased energy efficiency, and increased resource recycling.

#### 5. Please give an example of an area or sector that *could benefit* from a targeted demand-side innovation policy action plan and why? Or which areas would *not benefit* significantly from those kind of actions and why? -open reply-(optional)

Bioeconomy is a sector with a growing global market potential and therefore a sector with positive future employment perspectives in Europe. But in order to make that happen and to promote only sustainable bio-based products it is necessary to create a market through a targeted demand-side innovation policy action plan. Otherwise, 2nd generation (2G) bio-based products such as biofuels, biochemicals and other bioproducts based on non-food and residues will not be able to compete with similar products based on fossil oil or unsustainable 1st generation (1G) biomass such as wheat, maize, palm oil, rapeseed etc.

### D. Demand-side innovation policy tools

|   |       |
|---|-------|
| Foresight activities (or other tools producing strategic intelligence)<br>-single choice reply-(compulsory) | Agree |
| Open innovation<br>-single choice reply-(compulsory)  | Agree |

|  |   |
|--|---|
| <b>Crowd-sourcing</b> -single choice reply-( <b>compulsory</b> )   | I don't know                              |
| <b>Prizes</b> (and other methods to incentivise the development of innovative solutions and to raise public awareness of innovations) -single choice reply-( <b>compulsory</b> )               | Agree                                     |
| <b>Global value chain and network analysis</b> -single choice reply-( <b>compulsory</b> )  | Agree                                     |
| <b>Access to finance (ex. networking European VC investors)</b> -single choice reply-( <b>compulsory</b> )   | Agree                                     |
| <b>Opening public information for citizens and private use</b> -single choice reply-( <b>compulsory</b> )  | Agree                                     |
| <b>Public-private partnerships focusing on solving societal challenges</b> -single choice reply-( <b>compulsory</b> )  | Agree                                     |
| <b>Innovation support services (incl. training)</b> -single choice reply-( <b>compulsory</b> )   | No public intervention at EU level needed |
| <b>Small prototyping activities</b> -single choice reply-( <b>compulsory</b> )   | No public intervention at EU level needed |
| <b>Large piloting an demonstration projects</b> -single choice reply-( <b>compulsory</b> )   | Agree                                     |
| <b>Clusters and smart specialisation</b> -single choice reply-( <b>compulsory</b> )  | Agree                                     |
| <b>Public sector innovation and social innovation</b> -single choice reply-( <b>compulsory</b> )   | Agree                                     |
| <b>Tax incentives for purchasing innovations</b> (like reductions for green cars or sustainable construction or increases for polluting activities) -single choice reply-( <b>compulsory</b> ) | Agree                                     |

**Other, what?** -open reply-(**optional**)

Another policy tool to stimulate demand for 2G bio-products is to ensure that 10% of the transportation sector's fuel consumption in 2020 is 2G biofuels – or to guarantee a minimum fuel price for a limited number of years, as is the case with wind power.

## Optional questions:

### E. Developing a holistic implementation of the demand-side innovation policy tools

#### 7. How to implement the demand-side actions in the new sectors and areas?:

7. a) In these new sectors and areas, it is necessary to focus on one type of demand-side measure at a time for example on developing support of public procurement of innovations or increase innovation impact assessment of regulations.

List sectors:

-open reply-(**optional**)

Bioeconomy would benefit greatly from public procurement. In USA this policy tool have increased on the demand for bio-products. The American regulation: <http://www.biopreferred.gov/files/FinalBiobasedProductsReportingRule.pdf> A similar regulation within EU could

secure a market for 2G bio-based products and thereby stimulate and increase private investment and innovation in this sector.

7. b) In these sectors or areas, it is necessary to implement **tailored packages** of demand-side measures (including regulation, procurement, standardisation etc.) to transform markets or sectors.

List sectors:

-open reply-(optional)

Bioeconomy would also benefit from tailored packages that promote 2G bio-products. Packages should include the tools mentioned in 6. and 7a.

## 8. Which sectors could benefit on EU-level complementary actions:

8. a) New ways to mobilize key actors in the form of "Demand-side practitioner networks"(procurers, policy-makers, innovation providers ...) to work on training, communication and best-practice-sharing tools that could leverage the use of the core policy toolbox.

List sectors:

-open reply-(optional)

Bioeconomy needs to be a priority on a EU-level in order to create a market for bio-based products. Therefore, demand-side practitioner networks are crucial in order to communicate and share best-practice within the European Union.

8. b Capacity building through **dedicated "Envoys"**, i.e. dedicated / influential persons to improve the knowledge on demand-side innovation policies in the public sector and research community.

List sectors:

-open reply-(optional)

Bioeconomy and its innovation potentials are still relatively unknown in the broader public including the public sector and research community. Using dedicated and influential persons in order to improve knowledge of demand-side innovation policies would be a very useful initiative.

8. c) Propose other complementary action: -open reply-(optional)

9. Who should organise or lead the implementation of the tailored packages of demand-side innovation tools (for example using the Market Accelerators) at EU level in your sector of interest? -single choice reply-(optional)

The public sector (e.g. European Commission, Ministries, innovation agencies, regional authorities) should lead implementation.

**Please specify the sector:**

-open reply-(optional)

Bioeconomy

## F. Coordinating policies and activities

To increase impact research projects should always include demand-side tasks and activities (e.g. participation in brokerage events, dissemination of results beyond academic publications, involvement of potential users / buyers in the project, etc.) -single choice reply-(optional)

Agree

The allocation of public research support should

Strongly agree

follow identified demand / market opportunities for innovative solutions  
-single choice reply-(optional)

Added-value of combining research and demand-side actions is best organised at policy level and not requiring the research projects to include demand- or market aspects -single choice reply-(optional)

Disagree

### 11. Give good examples how the demand and supply-side tools could be used in combination to add-value: -open reply-(optional)

In BioRefining Alliance we believe that if bioeconomy shall succeed as a European lead market it is necessary to increase value and reduce waste in the whole chain from biomass production to end products. In our strategy from June 2012 we have listed a series of recommendations that can benefit both the demand and supply side of 2G bio-based products. We recommend that: - a new market can be created by requiring 2G biofuels to comprise a substantial part of the obligation to ensure that 10% of the transportation sector's fuel consumption in 2020 is biofuels – or to guarantee a minimum fuel price for a limited number of years, as is the case with wind power; -an analysis will be carried out to identify how public procurement policy and other measures can be used to create new markets for bio-based materials and other high-value bio-based products; -the EU Common Agricultural Policy will be adapted to also support the development of the 2G bioeconomy in rural districts; - a socioeconomic analysis will be carried out to identify the benefits of staking our future on increasing the areas of biomass utilisation; -the EU's sustainability requirements for biofuels will be tightened up and widened to also include solid biomass (wood); - agricultural yields per hectare will be increased while safeguarding biodiversity and the environment at the same time; -all organic waste will be considered a resource in an effort to achieve the greatest possible value for society (high-value recycling and storable energy); -a macroeconomic model will be developed to gain knowledge of how to maximise yields from both robust and vulnerable farmland; -testing and demonstration facilities should be established. They are capable of accelerating efforts to develop, upgrade, mature and commercialise promising new technologies throughout the value chain; -there are still no sustainability requirements for the use of solid biomass for electricity or heating. Accordingly, there is a need to tighten up the sustainability requirements and to expand these so they apply to all uses of biomass.

### 12. Give examples how the demand- and supply-side tools should not be used -open reply-(optional)

EU has decided that Member States may double count when using 2G biofuels. This measure does not appear to be strong enough as a driver in the development and production of 2G products.

### 13. Please comment further on how you think governance of the coordinated use of supply- and demand-side innovation policy tools could be best arranged -open reply-(optional)

Important to make sure that a large part of the NER300 funding will go to building biorefineries when taking the large oil dependence in EU in to consideration.

### 14. Other information that you wish to share: -open reply-(optional)