eTAP Environmental Technologies Action Plan

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Public policies for eco-innovation

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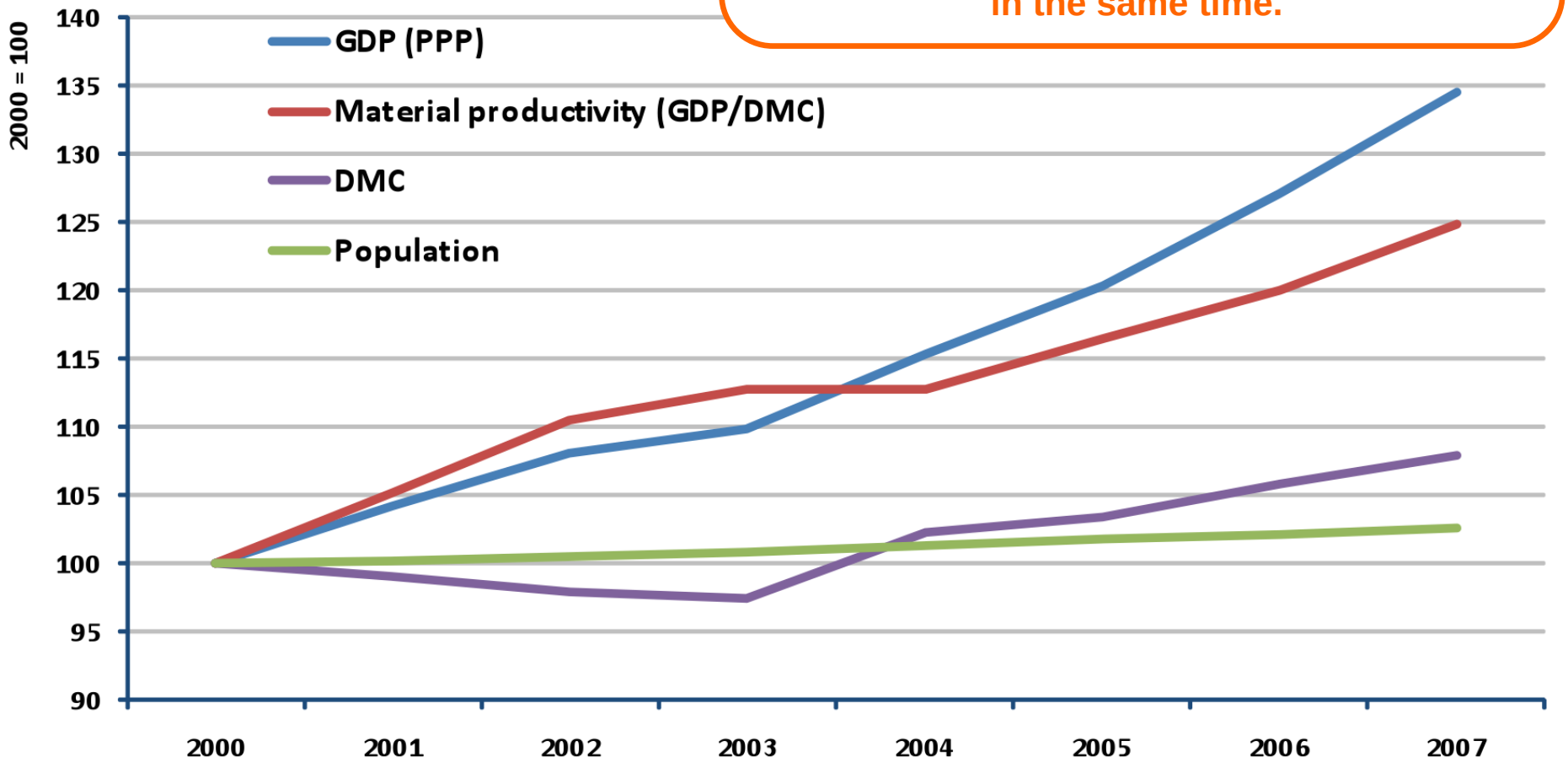
The eco-innovation challenge

- To further improve resource productivity
- To ensure that eco-innovation and their benefits are widely diffused in economy and society

- To ensure that improved productivity is not offset by the growth in the total consumption of natural resources

eTAP Environmental Technologies Action Plan

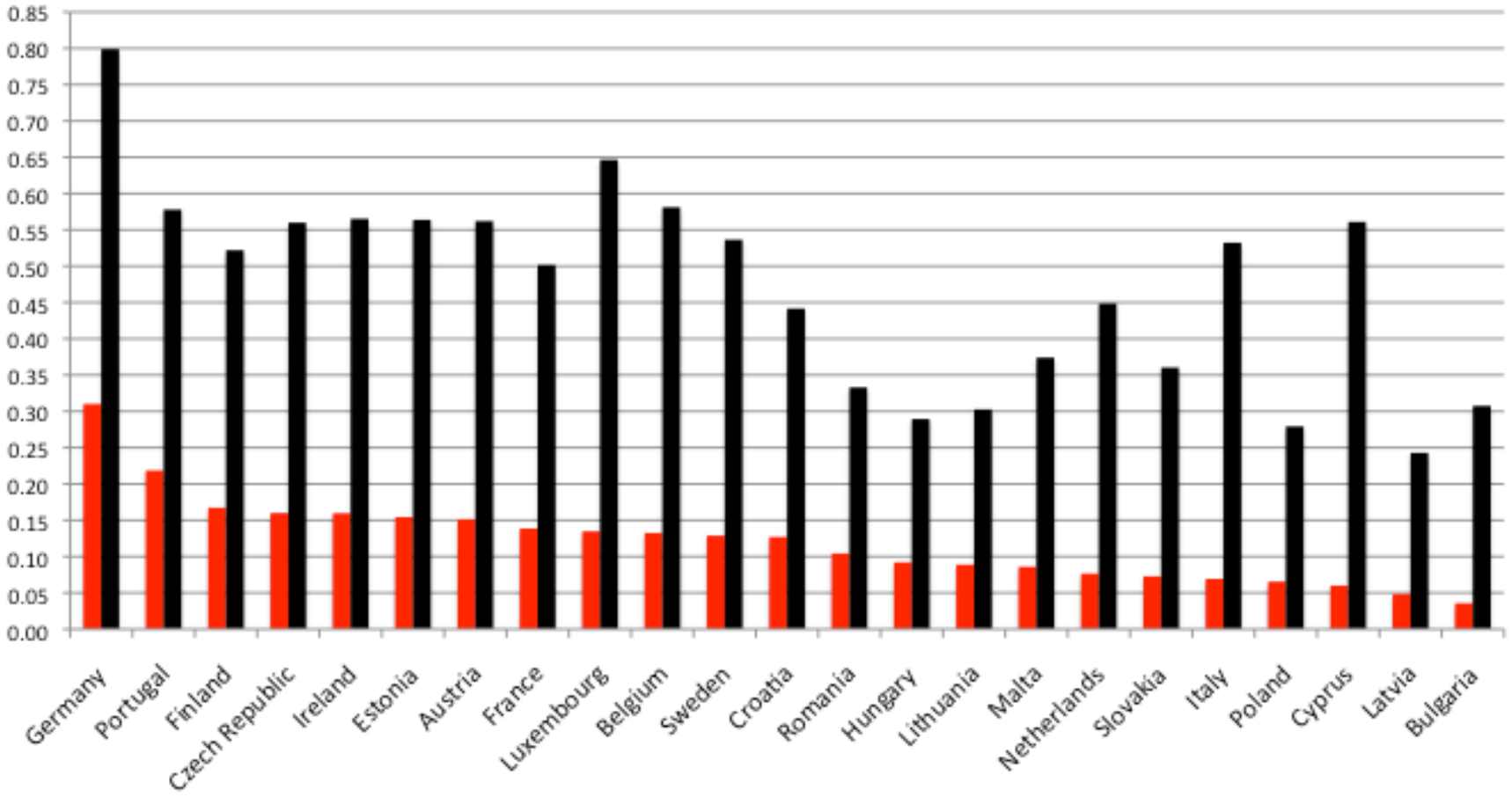
The EU has achieved a relative de-coupling of GDP growth from material use. The absolute level of consumption has continued to grow in the same time.



Source: Eco-innovation Observatory, Annual Report 2010

Eco-innovation performance
Eco-innovators in EU (CIS 2008)

Share of companies reporting **reduced material use per unit of output** as a result of innovation (red) and share of companies with any innovation activity (black)



Source: Eco-innovation Observatory, Annual Report 2010

European entrepreneurs and eco-innovation

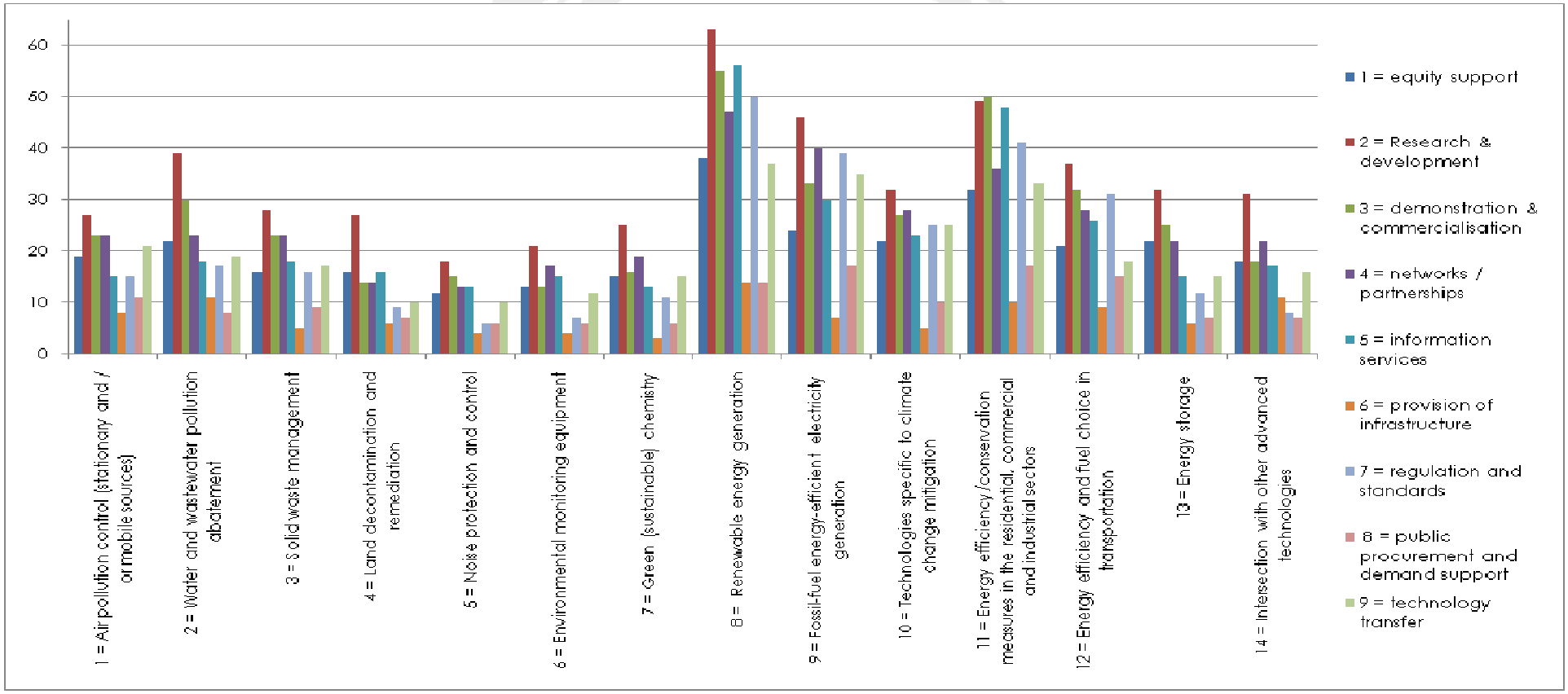
- Eco-innovation activity is widespread among European companies
- Eco-innovation can lead to a substantial reduction of material cost of companies
- There is a high degree of diversity in EU in terms of eco-innovation performance
- Majority of EU companies do not eco-innovative or report incremental eco-innovations
- Strong eco-innovation performance does not automatically lead to strong environmental performance in absolute terms

Source: Community Innovation Survey 2008; Eurobarometer 315 "Attitudes of European entrepreneurs towards eco-innovation"

Eco-innovation policy in the Member States

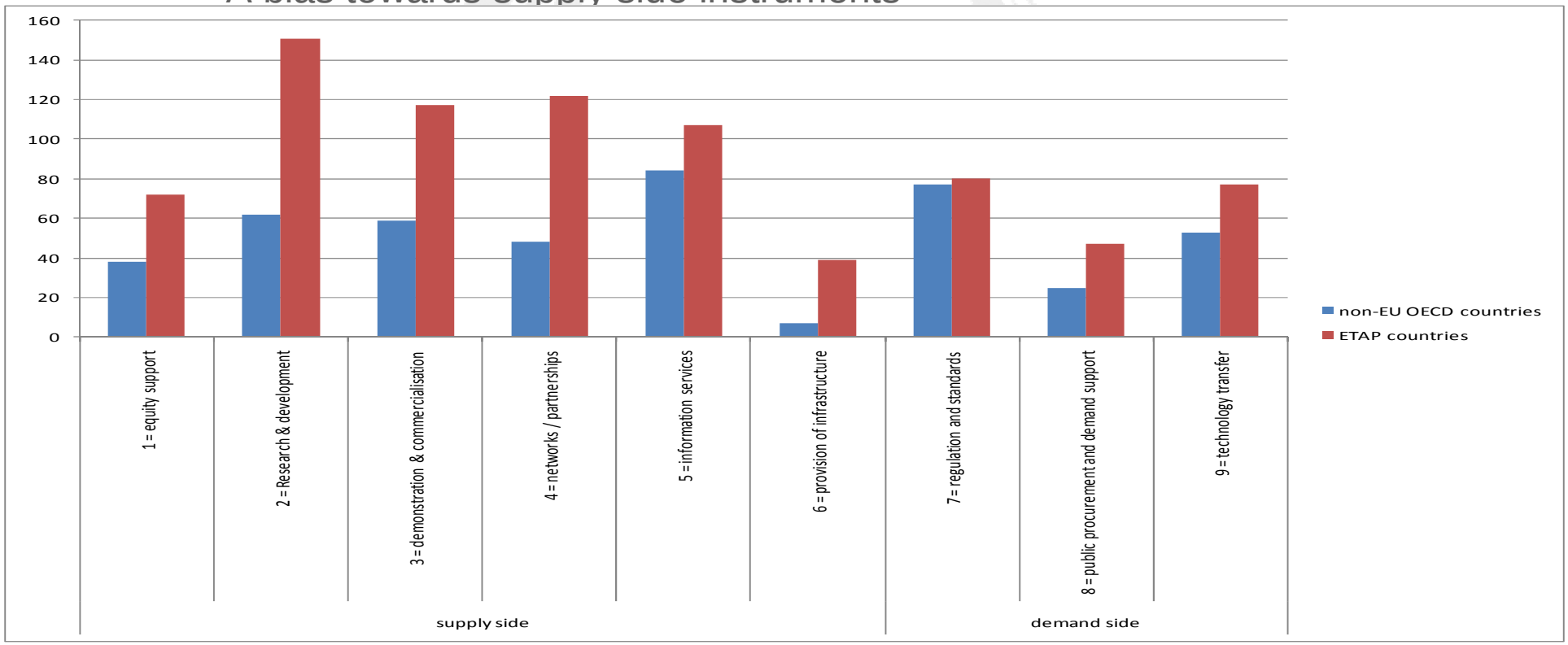
- Instruments reported in the Roadmaps (by sector)

  Focus on R&D support, demonstration and commercialization and information services

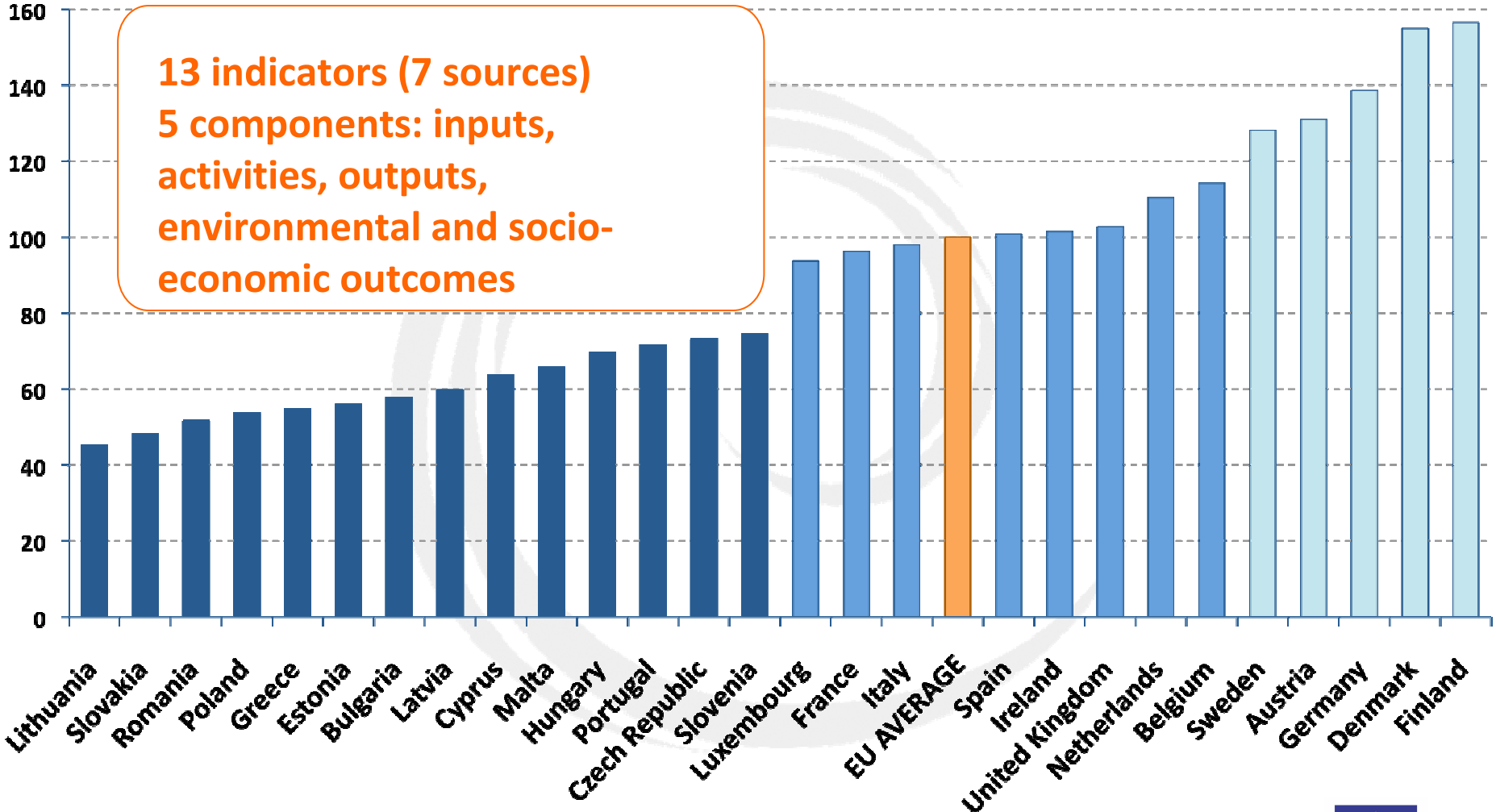


Eco-innovation policy in the Member States

- Characterization of ETAP Roadmaps
  - Bias towards supply side (R&D, demonstration) policies, information provision in non-EU countries
  - On demand side role of standards and regulations
  - A bias towards supply side instruments

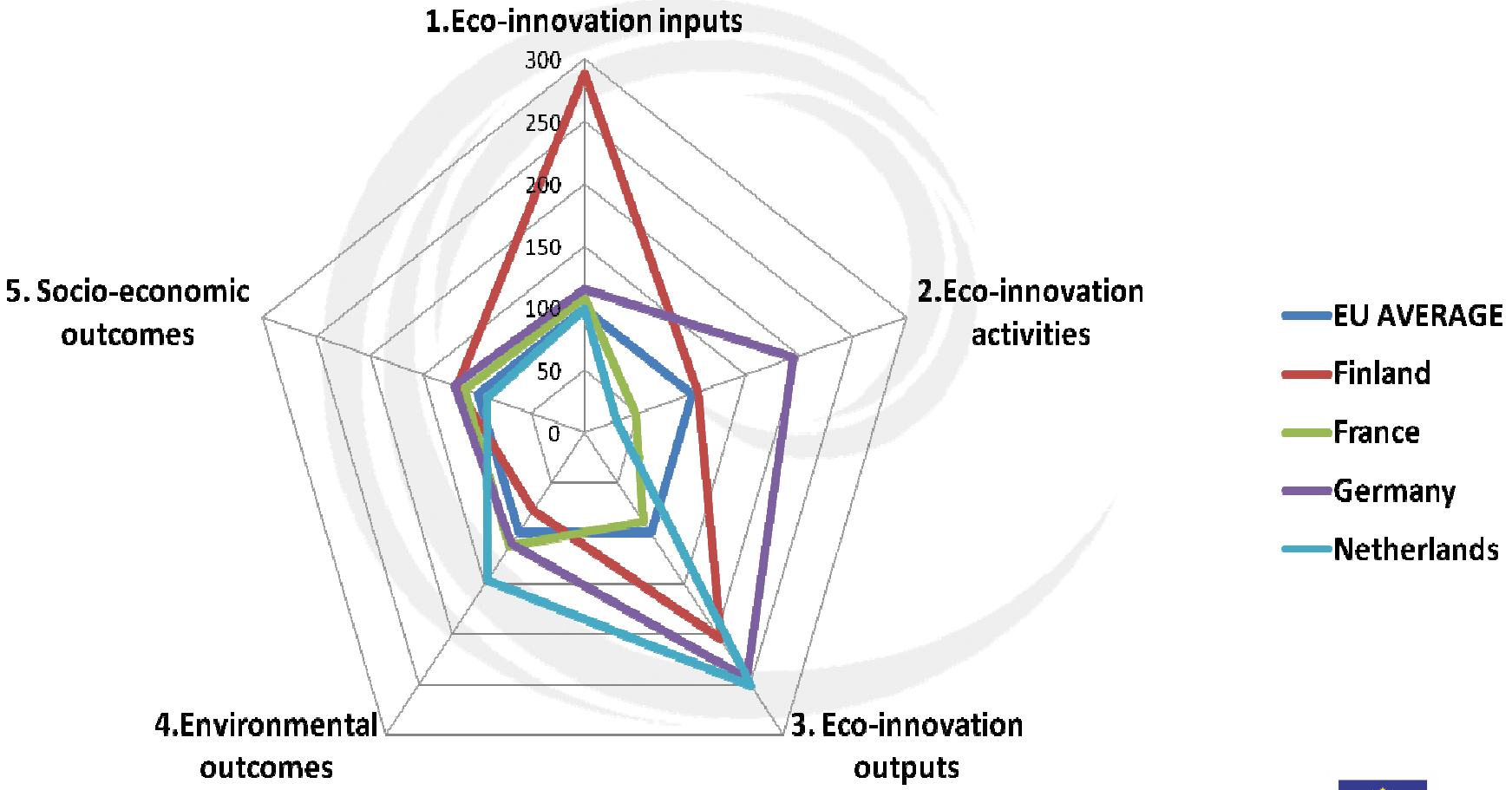


Eco-innovation Scoreboard 2010



Source: Eco-innovation Observatory, Annual Report 2010

Eco-innovation Scoreboard - Results by components by selected countries



Source: Eco-innovation Observatory, Annual Report 2010

What is needed from eco-innovation policy?

- Creation of greater market demand from the private sector for Eco-Innovation: - changing the relative prices, working to influence consumption patterns
- Provision of the new public infrastructure needed – to avoid lock-in to existing economic patterns: e.g. electric car charging points
- Supply-side innovation policy to help firms change the direction of their innovation – e.g. skills support
- Assistance to firms to adjust their production, business models, efficiency and skills to new market conditions

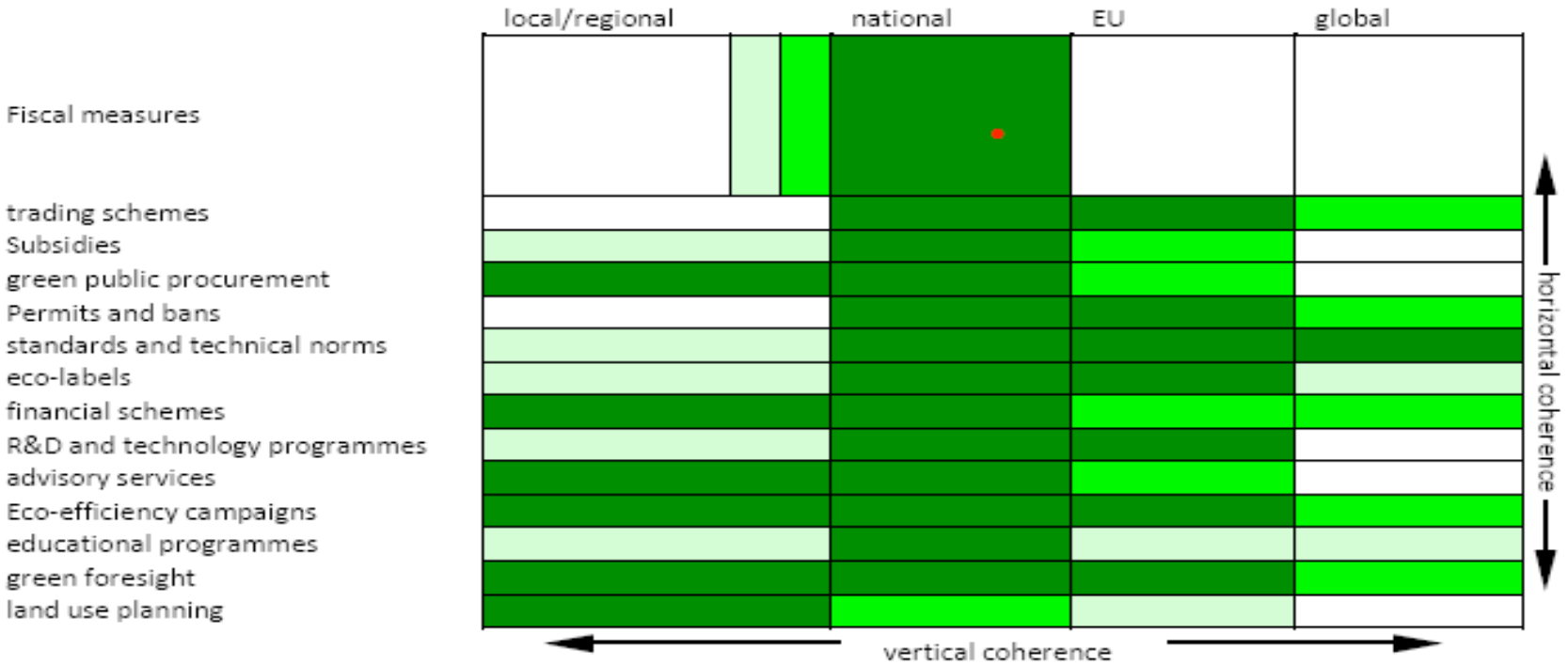
What policy instruments are required?

- All of the policy instruments which affect the direction of the economy, if we are to be efficient.
- To drive market demand and innovation: ‘get the prices right’ – resource use/pollution vs. labour inputs – fiscal policy, Market Based Instruments, reform of perverse, environmentally harmful subsidies
- To provide infrastructure – need vision of future, changes in priority of public investments and lead markets
- Greater investment in programmes – e.g. advice, industrial symbiosis
- Supply side Eco-Innovation policy

Lessons learnt of EU eco-innovation policy

- Need to coordinate eco-innovation policies across policy fields and Member States
- Eco-innovation are shaped by portfolio's of policies
- More information on the status, design, budget, etc of eco-innovation support instruments
- Objective of eco-innovation is also improvement of environmental performance, thus need to focus on demand side actions and ensuring spill-overs
- Linking priority sectors with environmental challenges
- Better cooperation with and involvement of industry

Eco-innovation policy measures and level of intervention



Source: Miedzinski&Reid (2008)

Stepping up EU eco-innovation

- **Key** actions helping drive eco-innovation**:**
  - Increase in **R&D funding**
  - **Revised and modernised legislation** (air, waste, eco-design)
  - **Support to SMEs and venture capital** funds
  - Action both in EU and in Member States - roadmaps
- **Shift** from “niche to mainstream”

Orientations of Europe 2020

- 3 thematic **priorities**
  - ✓ **Smart growth:** developing an economy based on knowledge and innovation
  - ✓ **Sustainable growth:** promoting a more efficient, greener and more competitive economy
  - ✓ **Inclusive growth:** fostering a high-employment economy delivering social and territorial cohesion
- 5 EU headline **targets** – translated into national ones including 3% investment in **R&D** (% of EU's GDP)
- **7 flagship initiatives: Innovation Union**, Youth on the move, A Digital Agenda for Europe, **Resource efficient Europe**, An industrial policy for the globalization era, An Agenda for new skills and jobs, European Platform against Poverty

Forthcoming Eco-AP

- Exploit the economic opportunities and stakeholder commitment for eco-innovation
- Need to upgrade support in light of eco-innovation lessons learnt (ETAP and env. policy)
- Follow-up on commitments made in the Europe 2020 flagships

The Action Plan will complement the Innovation Union by focusing on specific eco-innovation barriers and opportunities and expanding the focus of innovation policies towards green technologies and eco-innovation.

Forthcoming Eco-AP

Few examples of actions:

- Screening of environmental regulatory framework to better support eco-innovation
- Partnerships for eco-innovation
- Launch of an European ETV pilot programme
- Further mobilisation of financial resources for eco-innovative enterprises
- Better promotion of environmental technologies in developing countries through ad-hoc partnerships (e.g.: UNEP)
- Strengthened role of governance and Member State participation

Thank you
Hervé Martin
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DG Environment
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