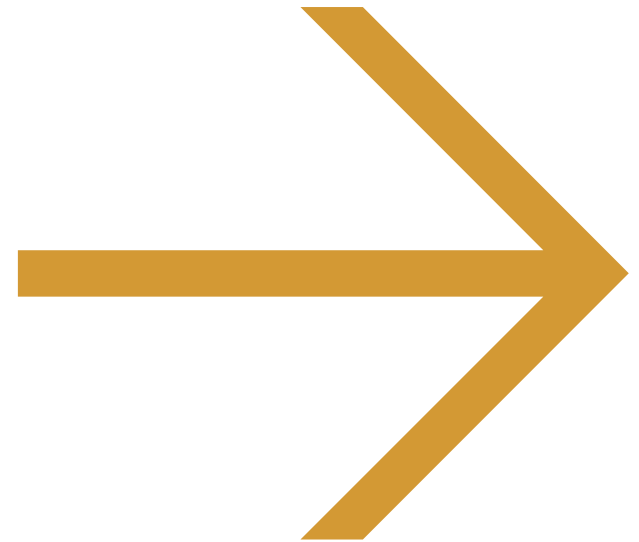


An European Strategy for Eco-Innovation Lead Markets

Frans Duijnhouwer
Ministry of the Environment
The Netherlands
Frans.duijnhouwer@minvrom.nl





What is the problem?

Because of a lack of coordinated action Member States and Europe as a whole are insufficiently able to take advantage of the potential of its leading role in eco-innovations. This harms both the environment and the economy.



Dutch lead market-example from the past: waste water treatment

1. Introduction of levy on waste water in '70's
2. Dutch firms developed waste water treatment technologies to avoid paying the levy
3. These Dutch firms successfully export these technologies when other countries also introduced similar policies

Definition:

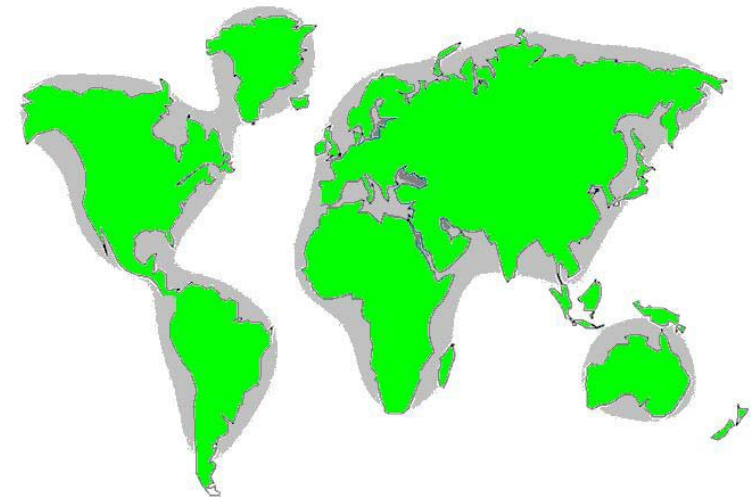
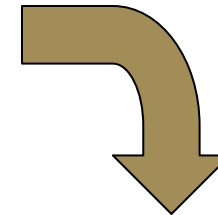
Lead markets initiate the international diffusion of an innovation and set the global standards



Lead Markets: why a European approach -1?



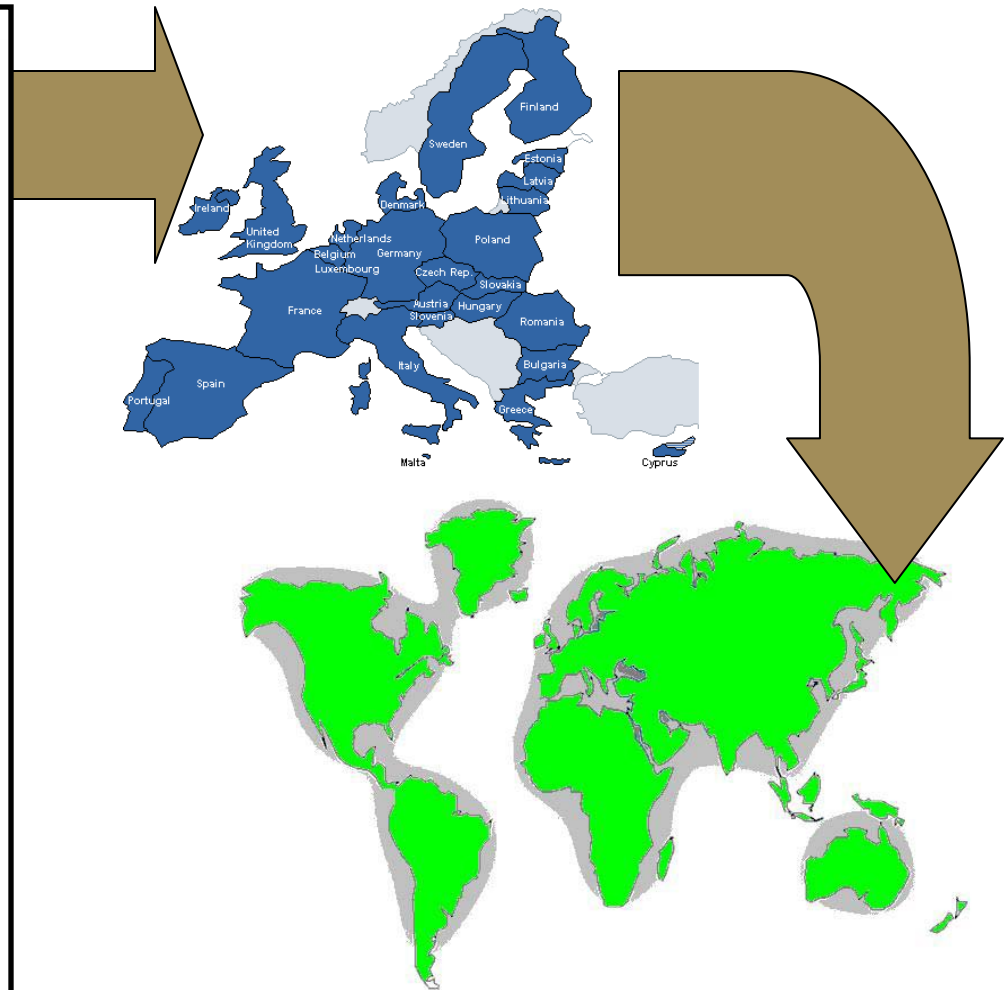
Netherlands





Lead Markets: why a European approach -2?

Albania	Andorra	Austria	Belarus
Belgium	Bosnia Herzegovina	Bulgaria	Croatia
Cyprus	Czech Rep.	Denmark	Estonia
European Union	Finland	France	Germany
Greece	Hungary	Iceland	Ireland
Italy	Latvia	Liechtenstein	Lithuania
Luxembourg	F.Y.R.O Macedonia	Malta	Moldova
Monaco	Netherlands	Norway	Poland
Portugal	Romania	Russia	San Marino
Slovakia	Slovenia	Spain	Sweden
Switzerland	Turkey	Ukraine	United Kingdom
Vatican City	Yugoslavia		





Eco-innovation lead markets: specific issues

- Global environmental needs, so also global market potential
- Dependent on political intervention in the market
- The international diffusion of environmental policies is crucial



What is in it for businesses?

- Early movers (frontrunners) are facilitated without government picking winners or pushing specific technologies
- Competitive advantage of frontrunners turns into business and export opportunities
- Frontrunners participating in (inter)national platforms are involved in selecting lead markets
- Public support for risky take-off of new environmental technology and innovative buyers willing to pay a higher price





Which instruments?

EU pull/push:

- Perspective on EU-targets which are achieved in lead market, harmonised regulatory environment, subsidy schemes, dynamic standard setting, ...
- KP7, JTI, CIP, ...

Joint member states:

- Financing demonstration projects, Eranet

Member states:

- Launching customer, public procurement, early implementation of directives, fiscal measures

Focus on pull-instruments



Example: energy efficiency

Businesses:

- Invest in energy efficient products

Member states:

- Launching customer for very energy efficient products

EU:

- Top Runner, the best performance in the market could become the EU-standard



Answer to questions

1. Policy instruments?
A creative mix of push & pull at national and EU-level
2. Globalisation?
New market opportunities
Policy options limited because of trade agreements
3. Environment & competitiveness
Lead markets
4. Public funding
Green and innovative public procurement
Finance (subsidies, seed capital, tax advantages)