



Commissioner Carlos Moedas

A better framework for innovation
Opening session and panel discussion
Dutch Perm Rep
Tuesday, 26 January 2016
09h00

<p>Main contact person: [REDACTED], ☎ [REDACTED], RTD-B.1, ORBN [REDACTED]</p> <p>Contributor(s): [REDACTED], ☎ [REDACTED]; [REDACTED] ☎ [REDACTED]; Rudolf Strohmeier ☎ [REDACTED]; [REDACTED], ☎ [REDACTED]; [REDACTED] ☎ [REDACTED]</p>	<p>Cabinet Member: SEQUEIRA Keith</p>
--	---------------------------------------

Table of Contents

0. AGENDA OF MEETING / PROGRAMME OF EVENT	3
KEY MESSAGES	5
1. STEERING BRIEF	6
1.1 Scene setter	6
1.2 Objectives	6
1.3 Line to take	7
2. SPEAKING POINTS	8
3. DEFENSIVE POINTS	16
4. CURRICULUM VITAE	20
5. BACKGROUND INFORMATION	25
5.1 Better Regulation	25
5.2 European Added Value for Innovation Deals	25
5.3 Scientific Advice Mechanism	29
6. SOCIAL MEDIA	33

0. AGENDA OF MEETING / PROGRAMME OF EVENT

9.00	<p>Welcome</p> <p>Pieter DE GOOIJER, Ambassador and Permanent Representative to the EU, the Netherlands</p>
9.05	<p>Welcome and introduction</p> <p>██████████, ██████████, BUSINESSEUROPE</p>
9.20	<p>Keynote speech</p> <p>Jyrki KATAINEN, Vice-President, European Commission</p>
9.40	<p>Opening discussion: A new innovation governance for Europe</p> <p>The first discussion will focus on the key elements to make Europe more innovative, addressing key questions about risk-aversion, risk management, strategic discussions on innovation for Europe, and related roles of EU and national institutions. It will set the agenda for policy frameworks which are fit for innovation. How should Europe organize itself in terms of governance risk-management and innovation? Views from the institutions and the business community.</p> <p>Moderator: ██████████, ██████████, Euranet Plus</p> <p>Carlos Moedas, Commissioner for Research, Science & Innovation, European Commission</p> <p>██████████ ██████████, ██████████, Ministry of Economic Affairs, the Netherlands</p> <p>Jerzy Buzek, Chairman of ITRE Committee, European Parliament</p> <p>██████████, ██████████ ██████████ ██████████, BASF</p> <p>██████████, ██████████ ██████████, OECD</p> <p>Followed by interventions from the floor.</p> <p><i>*Invited</i></p>
11.00	<p>Panel 1: Science and innovation</p> <p>The first panel will explore the role of scientific evidence in policy making, including the Scientific Advice Mechanism High Level Group of Scientific Advisors (SAM) and the use of scientific evidence generated or financed by EU institutions and stakeholders. The role of communicating science and the relationship to value-based societal debates will also be addressed.</p> <p>Moderator: Julie Girling, Member of the European Parliament</p> <p>Carlos Moedas, Commissioner for Research, Science & Innovation, European Commission</p> <p>Martin Lundstedt, Chief Executive Officer, Volvo Group</p> <p>██████████, ██████████ ██████████, Ireland</p> <p>Prof. Reinhard Hüttl, President, Euro-CASE</p> <p>Followed by interventions from the floor.</p>

12.30	Lunch
13.30	<p>Panel 2: Better regulation and innovation</p> <p>The second panel will highlight new attempts to reduce administrative burdens for innovation and how these could contribute to better regulation and facilitate the emergence of new business models. Panellists will be asked to link the recently proposed better regulation strategy for Europe with innovation, illustrating how to avoid unintended burdens and unnecessarily high defensive R&I costs. Finally the panel will be asked how best to incentivize or stimulate investment in innovations, which may be associated with high risk of failure.</p> <p>Moderator: Pavel Telicka, Member of the European Parliament</p> <p>Jean-Eric Paquet, Deputy Secretary-General, European Commission</p> <p>██████████, ██████████ ██████████ Department for Business, Innovation & Skills, United Kingdom</p> <p>██████████, ██████████ European Policy Office, WWF</p> <p>Guido Dierick, Chief Executive Officer, NXP Netherlands</p> <p>Followed by interventions from the floor.</p>
15.00	<p>Panel 3: Innovation policy and industry</p> <p>The last panel will focus on the link between innovation and entrepreneurship. It will examine how innovation contributes to EU competitiveness, high-quality jobs and growth, and how modern innovation systems can be managed. The panel will look at how different stakeholders such as Business, Trade Unions, Governments and Academia can jointly formulate and implement innovation strategies. The panel will try to draw conclusions for future innovation management on the EU level with inspiration from experiences on member state level.</p> <p>Moderator: Philippe De Backer, Member of the European Parliament</p> <p>Elzbieta Bieńkowska, Commissioner for Single market, Industry, Entrepreneurship, SMEs and Space, European Commission</p> <p>Paul de Krom, Chief Executive Officer, TNO - Netherlands Organisation for Applied Scientific Research</p> <p>██████████, ██████████ IG BCE (Trade Union for mining, chemicals and energy industries, Germany)</p> <p>██████████, ██████████ ██████████, Bayer AG</p> <p>Followed by interventions from the floor.</p>
16.30	<p>Closing session</p> <p>██████████, EPSC, European Commission</p>

KEY MESSAGES

- The work to be carried out under the Open Innovation priority is about getting the framework conditions for innovation in the 21st century right.
- Regulation can be both an obstacle and an enabler for innovation, so we need to pay attention to it and make sure that it has a positive impact.
- The Commission is strongly committed to making regulation smarter by delivering Better Regulation, exploring the introduction of the Innovation Principle and piloting the Innovation Deals.

1. STEERING BRIEF

1.1 Scene setter

You are going to give a speech at the opening session of the High level conference 'A better framework for innovation' organised by BUSINESSEUROPE and the Dutch Presidency. The conference will be a discussion among representatives of European institutions, companies and civil society on how to shape the EU policy landscape surrounding innovation.

The opening session will discuss key elements to make Europe more innovative, addressing questions about risk-aversion, risk management, strategic discussions on innovation for Europe, and the respective roles of both the EU and national institutions in this regard. It will set the agenda for policy frameworks which are fit for innovation. How should Europe organise itself in terms of governance risk-management and innovation? The panel will include views from EU institutions and the business community.

Your intervention in the opening session will follow the key-note speech by Vice-President Katainen, which will focus mostly on access to finance for innovation.

Following a short introduction by the moderator, each speaker will have 7-8 min (in the order of the programme, with the exception of the Commissioner Carlos Moedas arriving at 10.30) to deliver opening statements and provocations. Then the moderator will either ask additional questions or take questions from the audience. The session will be organised as follows:

Issues to be discussed by all the panellists:

- How do you see the current EU environment for innovation?
- What are the key drivers and obstacles for innovation?
- Does the EU have appropriate governance structures and systems in place to foster innovation?
- Are the right mechanisms in place to ensure coordination of different EU policies which impact innovation?

The following questions will be addressed to you:

- the Commission has recently published a Staff Working Document on “Better regulations for innovation-driven investments at EU level”. Can you please tell us about its main conclusions and how could it contribute to a new regulatory framework for innovation?
- How would the proposed ‘innovation deals’ work in practice and how would they stimulate innovation and risk management?
- How could other EU policies, including the Innovation Principle, help to stimulate innovation?

You will also be a member of the first panel on 'Science and innovation', where you will have an opportunity to discuss the new Scientific Advice Mechanism (SAM).

1.2 Objectives

- Promote the Strategic priorities for your mandate, notably on creating the framework conditions for Open Innovation.
- Inform the audience that identifying EU regulatory barriers to innovation at sectoral level

is an important ongoing contribution which addresses the priority of President Juncker on boosting investments for growth and meets the objectives of the Better Regulation Agenda.

- Highlight the key messages of the Staff Working Document published on 15 December 2015.
- Engage with the audience in discussing the link between innovation and regulation;

1.3 Line to take

- Open Innovation is about creating suitable framework conditions for the innovation ecosystem to work and innovative ideas to be transformed into economic and social value.
- The regulatory framework is one of the most important of these framework conditions.
- This is why we are working on delivering better regulation for innovation, exploring the introduction of an innovation principle and piloting new possibilities through the innovation deals.
- I look forward to discuss with you how to allow better knowledge circulation in Europe and how to strike the right balance in regulating for new market.

2. SPEAKING POINTS

2.1 Opening discussion: A new innovation governance for Europe

- I am delighted to be here and to have the opportunity to discuss the relation between innovation and regulation with you today. In my capacity as Commissioner for Research, Science and Innovation, I particularly value the opportunity to discuss with and learn from Europe's business.
- There is this general misconception that innovation is only about research. I believe it is about bringing ideas to market, and you are the best placed to know how to do it.
- During my mandate, I intend to focus on making Europe more innovative by making it more open. It means favouring knowledge flows across all stakeholders of the innovation process, involving citizens and users, helping to create the framework for businesses to work together and to better engage with universities, finance and public authorities.
- And here is one first question that I would like to discuss with you today. What are the obstacles you are facing when it comes to access to ideas and knowledge? Is anything preventing you from developing more collaborations with third parties across Europe?
- In my understanding, the overall open innovation eco-system to flourish, a good regulatory framework is as important as a functioning internal market, access to finance and a culture open to innovation.
- I therefore very much welcome the attention that this audience is giving to smarter regulation – this is a key element to progress on the Open Innovation Ecosystem.
- The Commission, and in particular my DG is devoting increasing

attention to this issue.

- I am strongly committed to the Better Regulation principles and for the coming years, it will be a priority to ensure that new initiatives are innovation-friendly both through the application of our new Impact Assessment guidelines and by addressing shortcomings of the existing regulatory framework by making it 'fit for innovation'.
- For the first time ever, the Impact Assessment guidelines, adopted as part of the Better Regulation package in May last year, include a tool that is specifically aimed at measuring impacts on research and innovation.
- Application of this tool offers an opportunity for the Commission to ensure that new policy initiatives will contribute to creating the regulatory framework conditions to stimulate research and innovation.
- Secondly, The Commission has set up a REFIT Platform, consisting of Member States and stakeholders. The aim is to provide us with suggestions on regulatory and administrative burden reduction, arising from Union legislation and its implementation in Member States.
- Let's use the REFIT Platform for research and innovation. My DG has identified the specific barriers to innovation-driven investment in a Staff Working Document titled 'Better Regulation for Innovation-driven Investments at EU level' issued in December.
- One of the examples of legal issues identified in this document is the lack of a framework for large scale testing of automated vehicle technologies in Europe. And this is one of many fascinating issues that I believe we should discuss together. How can we avoid having too many different national takes on the subject, so that the internal market constitutes a real opportunity for the scaling up of our companies' projects? And on the other hand, should we start regulating, especially at the EU level, for

technologies that are not yet ready for market? We need to strike a very delicate balance that takes into account safety concerns of all citizens in Europe, the wish of Member States to adopt different solutions when confronted with these radically new situations, and the need to strengthen our Single Market, so that we exploit it to its fullest in terms of innovation and competitiveness potential.

- You might of course be facing more issues than those identified in this document at this stage. The next step is that we create momentum. I therefore ask for your help to mobilise all stakeholders to use our paper and to push for action under REFIT.
- Thirdly, I initiated the development and implementation of a new, non-legislative tool at EU level, the 'Innovation Deals'. The Innovation Deals are proposed as part of the actions under the Circular Economy Action Plan in the circular economy package, adopted by the European Commission in December 2015.
- Inspired by the Dutch 'Green Deals' approach, this tool aims at bringing legal certainty, enabling investments and facilitating the development and deployment of innovative solutions.
- Innovation Deals aim at helping innovators as well as national, regional or local authorities to identify and make use of existing flexibility in the EU legislative framework or to implement specific legal provisions appropriately by providing clarifications.
- Finally, I am committed to work on exploring the concept of an innovation principle. I am very grateful this idea was tabled for discussion today. REFIT is only part of the answer to this principle as originally proposed by Business Europe. My suggestion is the following: Let's work on a broader definition of the innovation principle to include the creation

of an environment favourable to initiative by all actors in the innovation eco-system. We can take inspiration from Art. 173 of the EU Treaty which refers to an "environment favourable to initiative". To be clear, I am not arguing for a Treaty change here – unless this becomes an option due to other reasons. We are still at an early stage. To make this happen, we would need to elaborate the concept further, identify key performance indicators to measure success and encourage action also at national level.

- I am sure that many of you in this room are as passionate as I am about smart regulation. I look forward to hear your views on this. How can we better bring together the world of research and innovation with the innovative businesses? How and shall we regulate for innovations that are not yet in the markets? These are just some of the questions that I look forward to discussing with you today and tackling in the coming months.

2.2 First Panel - Science and innovation

- I am delighted to be part of this panel which is going to discuss a topic close to my heart: that of science and innovation and its relevance for policy-making and regulation. There is an intimate relation between the two: We need the best science and innovation to design the best policies, but also we need the best policies to create the environment in which the best science and innovation can happen.
- I will focus my intervention in this panel on what the Commission is doing to ensure that EU policies are based on the best possible evidence. I know that this issue is of big concern to all of you. And indeed, scientific evidence is of fundamental importance for European policies, as many of these policies tend to be rather technical in nature, yet are affecting the lives of more than 500 million Europeans and the business opportunities of a thriving European industry.
- So let me stress first of all the commitment of the European Commission not only to evidence-*informed*, but actually evidence-*based* policies. Scientific evidence is at the very heart of the Commission's goal of better regulation. It is for this reason that this Commission and I personally, have invested efforts in creating the Scientific Advice Mechanism (SAM) which will build on an already solid institutional landscape of advisory bodies, including the Joint Research Centre (JRC) and the different EU agencies. The Scientific Advice Mechanism will ensure that excellent, independent advice from the entire scientific community is channelled into the very heart of EU policy-making by delivering its advice directly to the decision-making level.
- As you well know, we are developing the Scientific Advice Mechanism, including a dedicated unit in DG Research and Innovation, despite an overall shrinking EU budget. We do it because we are convinced that the

importance of scientific advice will increase in an ever more complex world. We also do it building on the valuable experience we had with the Chief Scientific Adviser in the previous Commission: if you want to set up a science advisory structure, you need to do it right – properly resourced, properly embedded, properly diverse, and properly open and transparent. All of this is the new Scientific Advice Mechanism.

- At the core of the Scientific Advice Mechanism is the High-level Group of Scientific Advisors which will meet at the end of this week for the first time. I am very grateful to the Selection Committee chaired by [REDACTED] [REDACTED] for having made an excellent choice of 7 eminent scientists who will serve on this panel. I know that some of you might have been disappointed not to see an industry representative on this high-level group. This however does not mean that the group would not be able to understand what is at stake for industry.
- The Scientific Advice Mechanism will rely on the knowledge provided from a wide variety of sources. This includes most notably the European science academies, including those of applied sciences and engineering, with which the Commission has engaged in a strategic partnership as they represent the very best of European science across all disciplines. I am very happy to see the President of Euro-CASE Reinhold Hüttl on this panel who can certainly provide the academy perspective. Let me stress, however, that SAM will not rely on the academies exclusively – evidence is invited from the R&D community at large and this includes, of course, also industrial research.
- Industry has an important role to play, also in scientific advice. This not only because the private sector is the largest research funder, but because business knows "the real world" much better than we do as politicians. I have seen with some concern voices saying that industry-funded research

is biased, just because it is industry-funded. Of course, advice provided must be transparent and conflicts of interest must be declared. But let me be very clear in saying that I value all evidence helping to design better policies, whether provided by industry or by NGO's. However, this requires also openness on the industry side, for instance regarding data on clinical trials.

- Now, some of you may say: Well, that's all good, but we still have the impression that not all legislation adopted in Brussels is based on evidence. Indeed, legislative proposals coming from the European Commission – which are evidence-based to the best possible extent – are often amended significantly in the European Parliament and the European Council. This is the reason why this European Commission has been pressing that impact assessments should not only be made on the Commission's proposals, but also on significant amendments suggested by the legislators.
- Over the past two years the European Parliament has invested a lot of efforts in setting up a Parliamentary Research Service which champions scientific evidence in the Parliament. The European Council, however, lacks such a service. This would not be a problem if all Member States would have their own Scientific Advice Mechanism with a clear mandate and clear procedures in place, no matter whether it is based on agencies, academies, committees or individual advisors. Unfortunately, this is not always the case. So I count also on your support to make that happen.
- But I want to go one step further. I also want to convince our citizens that evidence-based policies are the best ones. Therefore, we need to make an extra effort and reach out to people. Explain the evidence. Discuss political options. Involve citizens in the discussions.
- Here I think also industry has some homework to do. The times are over

in which public engagement of industry consisted mainly of inviting citizens for an open day each year. Industry, just as academic research, must open up, share its data, engage in societal dialogue, also with its critics. Show that business is not just about making money, and that it is serious about corporate social responsibility.

- This obviously includes also a discussion about ethics. This is one of the reasons why the European Commission has decided to manage the European Group on Ethics in Science and New Technologies in the very same unit that it also handling the Scientific Advice Mechanism: better regulation is not only based on evidence, but also on ethical standards.
- By pulling all together – policy, science, business and citizens – in an open and transparent manner, we will be able to build trust not only in public policies, but also in new technologies and the advances of European science and engineering. Together we can create the societal environment in which innovation can flourish.

3. DEFENSIVE POINTS

3.1 Open Innovation

How can Open Innovation approaches add value?

Open Innovation is a combination of diverse sources of knowledge to innovate, involving researchers, entrepreneurs, investors, users, governments and civil society. Open innovation will add value by encouraging the capitalisation of results from European research and innovation.

3.2 Innovation Deals

Why the European Commission wants to create the Innovation Deals in the Circular Economy?

- Innovation Deals have been introduced in the circular economy package, adopted by the European Commission in December 2015. Therefore, in this pilot phase, applications for Innovation Deal are limited to innovations that support the transition to a circular economy in line with the Commission's policy objectives set up in the Communication "Closing the loop - An EU action plan for the Circular Economy".
- Jobs, Growth, Sustainability and Investment in Europe are top priorities for the European Commission. The systemic transition from a linear to a more circular economy, where the value of products, materials and resources is maintained in the economy for as long as possible and the generation of waste minimised, is an essential contribution to the EU's efforts to develop an innovative and sustainable, low carbon, resource efficient and competitive economy. This transition is the opportunity to transform our economy and generate new and sustainable competitive advantages for Europe and the Innovation Deals will stress-test regulation that was designed mostly for a linear economy.
- Innovation is crucial to meet EU policy objectives and additional measures are helpful to ensure that the innovation performances are stimulated and enhanced. One of these measures is to make the EU regulatory framework fit for purpose and innovation-conducive. The Innovation Deal is an instrument that helps to improve the regulatory framework, complementing the Better Regulation Agenda.
- The European Commission wants to take a pro-active and pragmatic role. Through an Innovation Deal, in the shape of a joint declaration of intents between innovators, civil society, national/regional/local authorities and Commission services, the European Commission enhances the cooperation with all relevant actors to effectively address supposed regulatory obstacles in an open, fair, transparent and timely manner.

Are Innovation Deals a way to bypass current legislation?

- No. Innovation Deals cannot deviate from the existing EU legislation but may make use of the flexibility allowed by different types of legislative acts and involve actions which the EU legislation already allows. In this respect, the Innovation Deals may explore available flexibility within the existing EU legislative framework eventually leading to testing and/or application of the innovative solutions, in full compliance with existing legislation.
- The rationale is that the proposed innovation should contribute to better achieving EU policy objectives and shall not infringe and/or jeopardise any environmental, social or competition principles.

- The innovation deals will support stakeholders to find solutions within the boundaries of existing legislation. For instance by clarifying legislation, providing enhanced guidance or the demonstration of innovative solutions.
- If the existence of EU regulatory obstacle however is confirmed, the Commission may consider legislative amendments, subject to further evaluation. As such the innovation deals would not only complement the REFIT programme of the Commission, but could also feed into it.

Are Innovation Deals funded by the European Commission?

- No. Innovation Deals are an initiative on a voluntary basis. The European Commission is an active partner, but does not fund the preparation nor the implementation of Innovation Deals.
- No requests for funding of an Innovation Deal will be taken into consideration.

Are there examples of Innovation Deals?

- No, there are no Innovation Deals launched so far. The Innovation Deal is a brand new tool.
- The Innovation Deals are inspired by the "Green Deal" Programme of the Government of the Netherlands, where a large number of Green Deals are proving to be successful in supporting the national Green Growth policy by providing regulatory clarity for innovative solutions.
- From the Dutch Green Deals experience it emerges that almost two third of the identified regulatory barriers can be removed with explanations or clearer interpretation by the public authorities of the specific regulations.

Who can apply for an Innovation Deal in the pilot phase?

- Any public or private innovator or group of innovators can apply for an ID, which tries to introduce an innovative solution to the market within the context of the Circular Economy and encounters a EU regulatory obstacle that hinder the innovation or its upscaling.
- Any application should be done in close cooperation with other stakeholders, including for example NGOs or sector associations. In order for the Innovation Deal to increase the possibilities to be selected, relevant national/regional/local authorities should preferably be involved.
- Innovators involved in existing initiatives at Member State level to facilitate development or market uptake of innovations, which encounter EU regulatory obstacles, are invited to apply for an Innovation Deal.
- In the pilot phase, applications are limited to innovations that support the transition to a circular economy in line with the Commission's policy objectives set up in the Communication "Closing the loop - An EU action plan for the Circular Economy".

3.3 Innovation Principle

Is the Innovation Principle in contrast with the Precautionary Principle?

- The Innovation Principle is not to be seen as opposite to the Precautionary Principle which is often seen as guaranteeing the status quo. The Innovation Principle helps to

make the Precautionary Principle more efficient by using the most modern technologies for implementing it (ex: use of sensors instead of physical tests).

- For the Commission the 'use of the Innovation Principle' means that whenever the European Commission considers policy or regulatory proposals, the impact on innovation should be assessed and addressed through the usage of the 'Research and Innovation tool' of the 'Better Regulation Toolbox'.

3.4 Scientific Advice Mechanism

What is the role of the SAM High-level Group?

- The HLG will be a resource to the College. With its broad range of expertise of its members, it will be able to quickly direct the Commissioners to the most relevant sources of advice for any question they might have, and can help put into context any advice spontaneously offered by the scientific world.

Will the Commission listen to the SAM High-level Group?

- Yes. The entire College of Commissioners is committed to engaging with the High-level Group of Scientific Advisors. Each Commissioner has been invited to submit questions that can be placed to the group.

How will the Commission ensure that the advice provided by the SAM High-level Group will be independent and transparent?

- Each member of the SAM High-level Group will speak freely and in his/her personal capacity. Also, each member of the group will be asked to sign a conflict of interest statement and to flag any conflicts of interest regarding any topic to be discussed. The meeting documents will be published on the SAM website.

Why has the Commission discontinued the post of Chief Scientific Adviser (CSA)?

- The CSA model is one of many ways of delivering scientific advice. For various reasons it did not prove to be optimal for the EU policy-making environment. This is why the Commission has developed with the SAM High-level Group a Committee-based solution, which is properly resourced, embedded and transparent, thus building on the valuable CSA experience.

NGOs are pressing for removing scientists with industry connections from advisory boards, e.g. EFSA. What is your stance on this?

- Both the Commission and the EU Agencies have clear rules in place to ensure that scientific advice is independent and unbiased, and that conflicts of interest are declared. If these rules are strictly observed, potential conflicts of interest, both of academic and industrial researchers, can be properly managed.

Will SAM High level Group now control and filter the interaction between the scientific community and the Commission?

- No, the High level Group does not aim to interfere with the ongoing working level contacts between Commission services and the scientific community. These contacts should continue and be further intensified. SAM will establish a direct link between the College and the leaders of the scientific community, without having to go through the services. The focus of SAM is thus topics of high political relevance rather than technical issues.

Why is such a prominent role given to the science academies?

- Academies represent a broad range of disciplines, including from the technical sciences. They are focussed on bringing the input of different disciplines to bear on the issue at stake. They are committed to the public good and have an excellent public reputation, connecting thousands of eminent scientists across Europe.

How will the SAM High-level Group interact with other advisory bodies, such as the JRC or the EU Agencies?

- While the SAM High-level Group is independent in its deliberations, the SAM Secretariat based in DG Research and Innovation will ensure that any evidence existing in other advisory bodies of the Commission is brought to the attention of the High-level group.

Why is there no industry representative on the SAM High-level Group?

- Following the open call for interest for the SAM High-level group 162 candidates were proposed by many different organisations, including organisations such as Business Europe. The independent selection committee went through all the applications and interviewed a substantial number of candidates. I have no doubt that the candidates identified are the best ones for the job.

4. CURRICULUM VITAE

4.1 Opening discussion: A new innovation governance for Europe

[Redacted] - [Redacted], **Ministry of Economic Affairs, the Netherlands**



[Redacted]
[Redacted] This ministry’s policy focuses on a competitive business climate, a world-class agrifood sector, clean and reliable energy and sustainable business practices that take the environment and animal welfare into account.

[Redacted]
[Redacted]

[Redacted]
[Redacted]
[Redacted].

Jerzy Buzek, Chairman of ITRE Committee, European Parliament



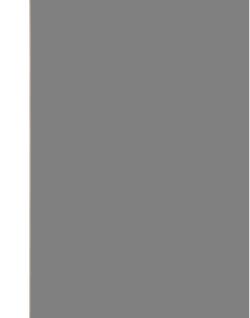
Jerzy Buzek [Redacted]
[Redacted]
[Redacted]
[Redacted]
[Redacted]
[Redacted]
[Redacted]
[Redacted]

[Redacted]
[Redacted]
[Redacted]

[Redacted]
[Redacted]
[Redacted]
[Redacted]

[Redacted]
[Redacted]
[Redacted]

[Redacted], [Redacted], **BASF**



[Redacted]
[Redacted]
[Redacted]
[Redacted]



[Redacted], [Redacted], OECD

[Redacted]

4.2 First Panel: Science and innovation

Julie Girling (MEP, Chair)



Julie Girling [Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted text block]

Martin Lundstedt (CEO Volvo Group, Panellist)

[Redacted image] Martin Lundstedt, [Redacted text]

[Redacted text block]

[Redacted text] (**Ireland,** [Redacted text])

[Redacted image] [Redacted text block]

Reinhard Hüttl (President Euro-CASE, Panellist)



[Redacted text block]

[Redacted text block]

[Redacted text block]

[Redacted text block]



5. BACKGROUND INFORMATION

5.1 Better Regulation

The regulatory environment is an essential part of the Framework Conditions for Research & Innovation. DG RTD set up an 'InnovRefit' Task Force to identify EU regulatory barriers to innovation at sectoral level and explore whether policy action addressing such barriers could contribute significantly to President Juncker's priorities on Growth, Jobs and Investments.

A number of stakeholders, including BusinessEurope, were consulted. Other stakeholders included Joint Technology Initiatives, European Innovation partnerships and European Technology Platforms. Member States were also consulted via the European Research Area Committee.

The Commission services have adopted a Staff Working Document, Better Regulation for Innovation-driven Investment at EU Level ((SWD(2015)298 final)), on 15 December 2015 describing the issue of EU regulatory barriers to Innovation and providing justification on why addressing such barriers could deliver tangible results in the Better Regulation Agenda.

Fit-for-purpose regulatory frameworks are essential if each sector of EU industry is to fully benefit from opportunities emerging in the internal and global markets for innovative products and services, as well as allow newcomers to challenge incumbents. Moreover, Europe's ability to attract mobile international inward investment also requires a pro-innovation regulatory climate.

Evidence shows that there are many example of well-designed EU legislation driving innovation (e.g. the Water Framework Directive) so the answer is not simply that 'less regulation equals more innovation'. However, there evidence is that a combination of differing interpretations of EU laws at Member State level, gaps and bottlenecks at EU level have resulted in regulatory frameworks that threaten to stifle innovation investments.

Updated Commission Guidelines setting out the general principles to follow in an Impact Assessment and providing a tool box of analytical instruments were published as part of the Better Regulation Package on 19 May 2015.

As part of the new Impact Assessment Guidelines, 14 sectoral toolboxes have been created, including a "research and innovation tool", containing detailed guidance on how to assess potential impacts on innovation, avoid negative impacts and propose concrete mitigation measures for new policy initiatives. This offers an opportunity for DG RTD to ensure that new policy initiatives will contribute to creating the conditions to stimulate research and innovation. Application of this tool equals application of the innovation principle.

5.2 European Added Value for Innovation Deals

Several Member States have instruments in place to deal with regulatory obstacles at the national, regional or local level. For example: the Dutch Green Deal initiative, regulatory safe havens or single licensing initiatives. A limiting factor for such instruments is that they lack competence to address those obstacles to innovation that are a consequence of the EU regulations. An EU level instrument would allow for addressing EU regulatory barriers to innovation.

To maximise the impact of investments in research and innovation, supportive sectorial framework conditions should be put in place. Fit-for-purpose regulatory frameworks are needed to ensure that each sector of the EU industry can fully benefit from opportunities emerging in the internal and global markets for innovative products and services. Innovation is a key element to support the job and growth priority of the policy agenda of President

Juncker.

The EU is co-investing in innovative solutions, notably through Horizon 2020, the European Fund for Strategic Investment and the European Structural and Investment Fund. Addressing barriers to innovation will increase the possibilities for publicly co-funded demonstration and market replication projects to be taken to the market and scaled up, improving the confidence in a possible return on investment.

Addressing EU regulatory obstacles to innovation will ensure that potential removal of barriers, or clarification of the EU regulatory framework, will be applicable throughout the entire internal market, ensuring a level playing field. An EU instrument will support exploitation of the potential of the Single Market and contribute to the potential of replication of innovative solutions, benefitting innovators throughout the entire EU.

The Innovation Deals are expected to yield significant practical, hands-on knowledge to Commission services on the impact of implementation of EU legislation on innovation. They can also provide a valuable test-bed for legislation which is due to come into force, taking into account changes in technology and business models so as to achieve policy objectives while encouraging innovation, investment and job creation.

Developing a bottom-up EU level instrument to address EU regulatory obstacles to innovation, on a voluntary basis, will bring a practical, flexible and pragmatic approach to support investors and stakeholders. It will project the European Commission as a pro-active and constructive partner in tackling EU related issues at the national and/or local level and operating in a cross-sectorial and multidisciplinary way. In addition it will encourage local National Authorities to exercise the margins they already have as it regards implementation of EU regulations.

Within the framework of the EU main priorities of the mandate 2014-2019 for Jobs and Growth, Better Regulation plays a key role. EU regulation should be designed to help to remove obstacles to growth, allow new opportunities to flourish, minimise costs and guarantee social and environmental sustainability. The Better Regulation Package, adopted on 19 May, includes a number of initiatives aiming at improving the quality of new laws, and at promoting constant and consistent review of existing EU laws, so that EU policies achieve their objectives in the most effective and efficient way.

5.2.1 The Green Deal Programme in The Netherlands

The Government of the Netherlands launched the Green Deal programme in 2011 as part of their Sustainability Agenda to remove barriers such as confusion about licences, ambiguous regulations, and lack of opportunities for testing and demonstrating on the ground innovative products, processes and/or services.

The Green Deals are agreements between various parties (including businesses, social organisations, and lower-tier government bodies) that focus primarily on removing non-financial obstacles, such as legislation and licensing with the aim to boost economically viable, but at the same time environmentally sustainable solutions which bring jobs and growth. These agreements can be essential to the innovation system by, for example, providing experimental opportunities, temporary licences or exceptions to a rule. Following the testing phase, it is possible for the Central Government to propose a more coherent application of the existing provisions and tools of the regulatory framework in order to scale up the tested innovative solutions in the market.

Green Deals can play an important role in a wide area of interest, such as resource efficiency, circular economy, the energy sector, bio-based materials, and the sustainable construction of

roads and waterways.

The Green Deal Programme of the Government of the Netherlands shows the great interest of private organisations in public initiatives that provide experimental opportunities. In three years (by March 2014) 161 Green Deals were signed by the Government of the Netherlands. The Green Deals proved to be successful also in supporting the Dutch Green Growth policy and some examples of issues addressed by on-going Green Deals are: shortening the licensing procedure for the fermentation of manure and drawing up a guide for granting licences; experimenting performance-based contracting (e.g. lighting hours instead of lamps) addressing issues concerning legislation on tendering and property rights; examining possibilities for including bio-based products in the government's sustainable procurement programme and possible certification.

Some examples of Green Deals

- The Dutch Green Deal “Take Back Chemicals” addresses the promotion of circular economy. To stimulate the new economic system, it is necessary to encourage new techniques and develop innovative business models. Signatories of the Green Deal Take Back Chemicals will create innovative business models. Sustainable and efficient use of chemical substances and materials is the focal point. In the meantime, the project Take Back Chemicals started, aiming at the regeneration and re-entering of chemicals production chain of chemicals. Innovative is that a supplier of chemical substances or materials not just pays per unit of consumed substance, but for the effectiveness of the delivered substance. By means of five demonstration projects, the feasibility of the business model review will be reviewed. The Dutch government is involved in the management and decision making of the project Take Back Chemicals and to solve obstacles in laws and regulations. The Green deal offers participants the opportunity in an accessible way to cooperate with the government. The Parties will also make the effort to widely spread the results, knowledge and experience gained from the project Take Back Chemicals.

(translated and adapted from <http://www.greendeals.nl/gd170-take-back-chemicals/>).

- The Dutch Green Deal “Production bio-plastics from Biodegradable waste” addresses organic waste, which can be fermented into biogas and compost. This processing treatment leads to final products with a low environmental and economic value. Fatty acids produced during the digestion process could serve as a building block for high-quality products, such as bioplastics. The fermentation of biodegradable waste is envisaged to take place in such a way that instead of biogas bioplastics type poly hydroxy alcanoate (PHA). The bioplastics produced from biodegradable waste are biodegradable. The Parties intend to test the above-mentioned processes and gain practical experience through a pilot plant to be set up. Stakeholders want to preserve the collection of biodegradable waste and develop a high quality processing method next to it. The Parties shall also cooperate to investigate the extraction of PHA from biodegradable waste for the production of bioplastics with a pilot installation in the municipality of Venlo.

(translated and adapted from <http://www.greendeals.nl/gd157-productie-bioplastics-uit-groente-fruit-en-tuinafval/>).

- The Dutch Green Deal “Circular purchases: More value for the whole chain” looks at ensuring conditions for high-quality recycling at the end of the users phase by reaching an agreement on this issue at the start of the procurement process. For example through starting a dialogue between internal customers and suppliers on the needs to be met, or to

design and discuss questions about production, but also through innovative forms of employment such as product-service-systems or pay-per-use-contracts. This brings chain innovation and integration into practice and creates multiple value creation. Parties wish, with this Green deal, to contribute to the achievement of a circular economy through the purchase instrument. In concrete terms, this means that purchasing organizations:

- in 2014 start at least 2 circular purchasing tracks;
- facilitating parties knowledge and experience in the field of circular purchases;
- ensure demonstrable integration of circular purchasing in the purchase processes, policy and strategy, based on proven added value, possibilities and relevance;
- purchase instruments and guidelines for standards and indicators for performance management by developing circular purchases, in relation to professional purchases.

(translated and adapted from <http://www.greendeals.nl/gd159-circulair-inkopen-meer-waarde-voor-de-hele-keten/>).

- The Dutch Green Deal “Alternative raw materials for paper production” addresses the paper industry’s efforts to replace wood-based raw materials to be replaced by alternative raw materials, often produced from residual flows from mostly local chains, also to guarantee the security of supply. With this, tests and experiments are carried out. This will be done within the current licences or they will have to be adapted. Together with the licensing authorities, it will be sought to make the best possible use of the opportunities offered. If necessary, these possibilities will be created as effectively as possible. These experiments should also generate data which can be used for larger scale conversion to amendments to licences. Outcome of this Green Deal is the realisation of pilots with alternative raw materials on the basis of space to experiment within an existing environmental permit. This should support the development of innovative initiatives.

(translated and adapted from <http://www.greendeals.nl/gd081-alternatieve-grondstoffen-voor-papierproductie/>).

- The Dutch Green Deal “Nova lignum” addresses the production of building materials (large scale) with long lifetime (> 40 years) and high quality characteristics, which consist for 90 % of the volume out of lignocellulose fibre of different origin, combined with a geo-polymer. These filaments can origin from sources such as conifers, roadside grass and nature grass, flowers, greenhouse vegetables and spool labels. Ligno-cellulose is an important kind of second generation biomass. If the production techniques will be optimised, there will be many more biomass for bio-based applications, which do not compete with food production. This Green Deal refers to the bio-based economy and needs support in the field of networks and legislation. Expected results are: viable business case; high-quality bio based material that meet high demands on water stability, durability, safety, low maintenance needs, which is recyclable and has no adverse effects on human life and on the environment; financing by the bank; contracts with parties in the construction industry; better use of biogas residues.

(translated and adapted from <http://www.greendeals.nl/gd116-nova-lignum/>).

[Redacted text block]

6. SOCIAL MEDIA

- @BUSINESSEUROPE
- @EU2016nl

- New Staff Working Document on how #EU #regulation affects #innovation. #BetterRegulation in its making.

- The REFIT platform is also for collecting #EU regulatory bottlenecks for #innovation. Help for #BetterRegulation.

NOTES TO THE SPEECHWRITER

Contact person: [REDACTED]

Back up (in case of absence):

Topic: *Innovation and regulation*

Format and time of day: *High level conference*

The central message: *Smarter regulation can have more impact than less regulation*

Audience: *Businesses/Innovators, usually not as interested in RTD policy.*
