CEN-CENELEC reply to the European Commission's Public Consultation on demand-side policies to spur European industrial innovations in a global market

September 2012

**Background information**
This document contains replies to the online questionnaire that will be uploaded after consultation with the members of CEN and CENELEC (National Standards Bodies and National Electrotechnical Committees).

**Executive Summary**

The aim of the public consultation is to gather inputs from stakeholders on the scope of possible future EU-level actions in demand-side policies for industrial innovation policy. As European Standardization Organisations, CEN and CENELEC are responding to the Commission proposals, which already identify standardization as one of a number of demand-side innovation policy tools (also including health and safety regulations, labelling, public procurement of innovations) which complement public funding schemes (e.g. grants) that are being termed 'supply-side innovation policy tools'.

The EC is now calling for ideas for potential new policy measures and focus areas for future targeted demand-side innovation actions at EU level, to enable faster uptake of innovations and to create a better environment for creating innovations in order to maintain the value and business investments in Europe.

It is also relevant to note that, in parallel, a consultation on the 'EU2020 flagship on Industrial Policy' is being organised by the European Commission. This consultation will look at other policies as well, such as access to finance, skills and energy. CEN
and CENELEC have already submitted their reply to this consultation to the EC in August 2012.¹

**European Standards are essential demand-side policy tools for facilitating the market uptake of innovation.**

For nearly 40 years, CEN and CENELEC – two of the three recognised European Standardization Organizations - have provided essential tools that support the competitiveness of European business and especially European industry through European standards developed for and by market (including industry) stakeholders.


CEN and CENELEC have developed European standards which foster market innovation in response to policy issues including bio-technology, Ecodesign and electric vehicles. These examples are further elaborated below.

**CEN and CENELEC are fully committed to help tackle barriers to innovation in Europe.** The proposed Horizon 2020 programme aims to respond to the evolving needs and opportunities from science and technology, industry, policies and society. CEN and CENELEC are determined to reinforce the links between standardization, innovation and research, and are ready to collaborate with the European Commission and other main actors in the European Research Area and the European Innovation Union to provide a long-term framework to link appropriate research results and innovation with standardization.

According to the OECD², Member States can facilitate the diffusion of innovations to the markets through competition policy, regulation or standards. CEN and CENELEC therefore welcome the wish of the EC to encourage cross-border cooperation in demand-side policies to help diffuse innovation in the Internal Market. In this sense, we urge the EC to note that **standardization is an effective demand side innovation policy tool** which supports the market take-up of innovations.

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## Identifying the challenges and the role of demand-side innovation policies

### B. Identifying the challenges and the role of demand-side innovation policies

1. What are the key reasons slowing down European innovations’ penetration into global markets?

- a: Strongly agree
- b: Agree
- c: I don’t know / not relevant
- d: Disagree
- e: Strongly disagree

<table>
<thead>
<tr>
<th>Lack of access to cooperation partners (other firms/academia)</th>
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<td>Lack of internal capacities to get innovations on the market (market analysis/client relations/design/marketing/business strategy/ innovation management …)</td>
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<td>Lack of access to staff with relevant skills</td>
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<td>Lack of private funding for innovative companies</td>
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<td>Lack of public funding for innovative companies</td>
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<td>Problems regarding intellectual property rights</td>
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<td>Too strong market dominance by big players (blocking introduction of new innovations)</td>
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<td>Industry structure is not amenable to introduce innovations (for example in the supply and value chains)</td>
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<td>Industry/ technical standards that hamper introduction of innovations to the market – we strongly disagree</td>
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<td>Regulations that hamper introduction of innovations to the global market</td>
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<td>Regulations that hamper introduction of innovations in the Internal Market</td>
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<tr>
<td>Barriers to export innovations to the rest of the world</td>
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<td>Barriers to export innovations inside the EU</td>
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<td>Fragmentation of markets for innovations</td>
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<td>Lack of opportunities and incentives to sell innovations to the public sector</td>
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<td>Lack of opportunities and incentives to sell innovations to commercial clients (including consumers)</td>
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<td>Lack of awareness of innovations in the market amongst the public and commercial clients (including consumers)</td>
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C. Identifying potential sectors and market areas that can benefit from demand-side innovation policy measures

2. Please indicate if the following criteria are appropriate when new sectors and areas will be identified (Yes/No):

Market area strongly influenced, or potentially being influenced, by the public sector measures **YES**
Encouraging cross-sectoral proposals that involve a strong user-driven approach **YES**
Sector having innovation capability and capacity, e.g. sufficiently large research and competence base or access to knowledge **YES**
Market area having potential for genuine renewal of European industry and economy **YES**

3. When new sectors and areas will be identified, please number the following features according to the importance of them as a basis for creating additional criteria from 1-5 (is most important and 5 least important):

- Sector where the future employment perspectives in Europe are positive
- Sector or sub-sector where Europe could have a strong position in global value networks, in other words, where the value could be relatively great extent created in Europe
- Sector having a growing global market potential
- Sector that is dominated by public service providers and users
- Sector or market that is in need of a large transformation

4. Would you have other evaluation aspects or criteria to suggest?

As an open and transparent European Standardization System bringing together all relevant stakeholders, the resulting European standards are the tools-of-choice for European industry as they provide these benefits:

- **Facilitating trade** in the global market through cost efficiencies for the sale and purchase of products and services;
• Enabling **global market access** by removing technical barriers to trade;
• Providing **investment confidence** for businesses through the certainty achieved by codifying in standards existing knowledge e.g. proven technologies;
• **Support innovation** through establishment of new technologies in the market by providing interoperability and compatibility between new and existing products, services, processes and systems;
• A **policy tool** which enables regulation aimed at developing the development of new markets for products and services as well as the Single market.

Therefore, when new sectors and areas are identified having potential for genuine renewal of European industry and economy, the role European standardization plays and the benefits it brings should be exploited by regulators.

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?

We welcome the identification of standardization as an innovative demand-side policy tool to support the market take-up of innovation.

In order to enable standardization to contribute effectively to the goals of the Europe 2020 strategy, and in particular the Innovation Union, it is important to consider the **role standards and standardization plays throughout the whole lifecycle of all areas and sectors**, from research and innovation to the market and the consumer (through products and services).

For example, in the field of bio-technology CEN/TC 383 “Sustainably produced biomass for energy applications” is developing a series of standards to address sustainability criteria for the production of biofuels and bioliquids for energy applications. One in particular, FprEN 16214-4, focuses on calculation methods of the greenhouse gas emission balance using a life cycle analysis approach.

CEN/TC 389 *Innovation Management* was created in 2008, in order to provide organisations with tools in the form of standardisation documents to ensure a more systematic approach to innovation and optimise the planning and management of all aspects fostering their innovation capabilities.

CEN and CENELEC are also currently working on the development of harmonised standards in the field of Ecodesign (Energy-Using-Products and Energy-related-Products) under the horizontal Mandate M/495.
6. Which complementary policy tools and instruments used at EU level would help stimulating demand of innovations and their access to market?
(Agree – I don’t know – No public intervention at EU level needed)

- Foresight activities (or other tools producing strategic intelligence)
- Open innovation
- Crowd-sourcing
- Prizes (and other methods to incentivise the development of innovative solutions and to raise public awareness of innovations)
- Global value chain and network analysis
- Access to finance (ex. networking European VC investors)
- Opening public information for citizens and private use
- Public-private partnerships focusing on solving societal challenges
- Innovation support services (incl. training)
- Small prototyping activities
- Large piloting an demonstration projects
- Clusters and smart specialisation
- Public sector innovation and social innovation
- Tax incentives for purchasing innovations (like reductions for green cars or sustainable construction or increases for polluting activities)

Standardization can play a role to support and enhance nearly all of the tools listed here; we complement the specifics listed above, and can and do work with a full range of partners in this process. Therefore the potential role for standards should be taken up at an early stage and involvement of standardisers is key.
**Optional questions:**

**E. Developing a holistic implementation of the demand-side innovation policy tool**

**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:

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<tr>
<th>Sector</th>
<th>Description</th>
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7. b) In these sectors or areas, it is necessary to implement tailored packages of demand-side measures (including regulation, procurement, standardization etc.) to transform markets or sectors.

The key role of standardization as a bridge between research, innovation and markets has been recognised in recent political initiatives by all of the EU institutions. At a time when Europe needs more innovation in order to remain competitive on the global level, standardization can connect research and innovation with the market, and contribute to achieving the goals of the Europe 2020 strategy in terms of smart, sustainable and inclusive growth.

Considering standardization as part of the tailored package of demand side measures will help transform all innovative markets and sectors. Standardization can reduce the time-to-market for new technologies and innovations and significantly increase the speed and breadth of their diffusion thus facilitating market innovation. By helping to ensure the safety, performance, reliability and compatibility of new technologies and products, it can also contribute to boosting consumer confidence.

An example where a tailored package of demand-side measures is used is ‘electric vehicles’. CEN and CENELEC established a Focus Group with participation of a wide range of stakeholders to identify the needs relating to eMobility. The work included a first response to a mandate concerning vehicle charging/ connectors, EMC and safety aspects, but is also covering issues such as batteries and communications (Mandate M/468). The Focus Group produced a report containing 69 recommendations – much of the work will be at international level except where urgently required European deliverables are needed. The work is now further progressed within the CEN and CENELEC technical bodies under the monitoring of a Coordination Group. We are working already in close co-operation with similar standardization efforts in the USA.
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:

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:

8. c) Propose other complementary action:

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?

The industry, end-users and other stakeholders should lead the implementation
The public sector (e.g. European Commission, Ministries, innovation agencies, regional authorities) should lead implementation.

Please specify the sector

F. Coordinating policies and activities

10. Lack of coordinated use of supply- and demand-side innovation policy tools has been indentified as a major weakness in Europe. Please indicate whether you agree or not with the following statements:

   a: Strongly agree
   b: Agree
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.)

The allocation of public research support should follow identified demand / market opportunities for innovative solutions

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

11. Give good examples how the demand and supply-side tools could be used in combination to add-value:

As exploited in the New Approach, standardization is an effective co-regulatory tool: essential requirements being set by the regulator for which market stakeholders agree technical solutions through European standards.

12. Give examples how the demand- and supply-side tools should not be used

Standardization should not be regarded as the 'panacea for all ills'. Standardization can facilitate demand-side innovation but is not a substitute instrument for circumstances when (for example) Members States fail to reach policy agreement.

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
14. Other information that you wish to share:


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**About CEN and CENELEC**

CEN (European Committee for Standardization) and CENELEC (European Committee for Electrotechnical Standardization) are officially recognised organisations responsible for developing and defining standards at European level. These standards set out specifications and procedures in relation to a wide range of products and services. The members of CEN and CENELEC are the National Standards Bodies and National Electrotechnical Committees of 33 European countries including all of the EU member states plus Croatia, Iceland, Norway, Switzerland, Turkey and the Former Yugoslavian Republic of Macedonia.

CEN and CENELEC also work to promote the international harmonisation of standards in the framework of technical cooperation agreements with ISO (International Organization for Standardization) and IEC (International Electrotechnical Commission). European Standards (ENs) are developed through a process of collaboration among technical experts nominated by business and industry, research institutes, consumer and environmental organisations and other societal stakeholders. These standards are recognised throughout all of the 33 countries covered by CEN and CENELEC.

For more information please see: [www.cencenelec.eu](http://www.cencenelec.eu)