

The political agenda

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1. The next technological revolution will be led by eco-innovation. Therefore developing and deploying clean environmental capabilities is essential if the EU economy is to achieve sustainable growth, to become less demanding of natural resources and more efficient. Dialogue and cooperation on the ways and means to tailor financial schemes, products and services in the way that will meet the needs of actors involved in eco-innovation or eco-, and energy efficiency projects is paramount to move the current state of society along sustainable patterns.
2. After the *Steel and Coal Community*, after the *Single Market*, after the *Euro*, the "New European Economic Agenda" is to build a *Resource Efficient and Low Carbon Economy*. This objective should be written in the new EU Treaty (2008), in the EU Budget and be part of the EU Diplomacy. It should change the way Companies invest and purchase, their business model, their way to co-operate with civil society, Local Authorities and Consumers daily decisions. It should lead to a real "metamorphosis of Europe" at accelerated speed.
3. Eco-industries currently represent 2.1% of the EU's gross domestic product (GDP), but despite their undoubted progress in terms of growth and market share, in the environment sector their share is still sadly inadequate and the need for greater use of clean and ecological innovation is more urgent than ever. European eco-industries employ in the region of 3.5 million people full-time. Around 75% of these are in labour-intensive sectors such as water and solid waste management. The remaining 25% are in diverse sectors, such as air pollution control, soil remediation, renewable energies and recycling. Strong growth can be seen in a number of sectors, the most promising being wind power installation (with growth of between 20-25% in the last five years), photovoltaic energy (expected to grow at 25-35% in the future), water management (expected to grow 6% annually over the next decade) and solid waste recycling (with annual growth of 4.5% between 2000 and 2004). On an international level, the EU is estimated to have one-third of world market share in eco-industries, but according to the Commission this is not enough. These technologies are essential if the EU is to be able to respond to the environmental challenges facing it, with climate change in first position. The Commission also underlines the need to mobilise greater financial investments, notably by making use of existing available EU financial instruments. It suggests establishing technology verification systems (legislative proposal expected in 2008), to set performance targets (communication expected in 2008) and to

create links between these targets and eco-labelling. The possibility of upgrading current labelling criteria is currently being explored.

4. Tailoring financial schemes, products and services meeting the needs in terms of eco-innovation, eco-efficiency and energy efficiency is paramount to move the current state of society along sustainable patterns.
5. under some Member States regimes where fiscal instruments could be used to influence market conditions in the rise and application of environmental technologies, their success is overwhelming and very cost effective from a governmental perspective. Certification system should help investors and fiscal Incentives and new Public-Private Partnership Instruments need to be tailored to meet the needs of specific markets and culture

FUNDETEC

Environmental Technologies are all around us: wind turbines and solar panels, cleaner cars, biofuels and geothermal systems, recycling methods for waste or water, etc. These are basically any technologies that are designed to prevent or reduce the environmental impacts, at any stage of the life cycle of the products and activities. They have the potential of reducing pollution, serve as a pioneering business model and drive forward eco design of energy using products, processes and management methods.

While it is generally agreed that avoiding or limiting environmental damage makes perfect business sense, there are undoubted practical or perceived barriers holding companies back from choosing an eco-efficient option. There is always some reluctance in the market and new products in the starting phase can be more costly than comparable products, which are not so innovative. Heavy investments may be needed, with perhaps 15-20 year periods in which their costs can be recovered, but several setbacks hamper business efforts to obtain them, for instance the difficulty in raising venture capital for introducing new products and processes to the market combined with a lower risk for mainstream products.

Through the project FUNDETEC (funded by DG Research, Dutch and French Ministries of Environment and the Private Sector) the platform will throughout 2007 examine funding of development and commercialisation of eco technologies. It will focus on commercial-type funding schemes such as loans and associated guarantee mechanisms, equities and risk capital including venture capital. Subsidies and fiscal incentives are not excluded, but will not be the core target.

The project aims to bridge the gap between developers and funders and between early stage innovation and commercialisation, such funding schemes to support the growth of downstream applications and the societal and economic welfare that flows from them. The project will increase the competitiveness of private sector organisations funding technological development by assisting investors in better targeting the needs of developers at specific stages of a project development.