

Brussels, 20 April 2015

James Cogan, Business and Policy Analyst



European
Bioeconomy
Alliance

Roundtable meeting

Removing barriers within the internal market for the Bioeconomy

European Parliament Brussels, Room 6Q1
20 April 2015

*Creating new markets for biobased products through public procurement. Speaker:
James Cogan, Business and Policy Analyst, PNO Innovation Brussels*

www.europabio.org/events/removing-barriers-within-internal-market-bioeconomy

Public Procurement for Innovation

- Public Procurers account for 15%-20% of GDP
- 272 regions and over 3000 agencies buying anything from ink to containers to detergents to fuels to vehicles, textiles, buildings and furniture.
- Does PPI work? Yes (people have been doing it for years for all kinds of non cost/performance goals)
- A powerful force for the bioeconomy.

Just to comment on earlier talk today..

- Logistics: processors must mostly be built near biomass cultivation (each 50km of biomass travel can add €2M per year to costs for a modest factory, i.e. huge impact on margins where end product is selling for 1-2 thousand/ton); Processors need supply security (big failure point in EU projects); There is (nearly) no such thing as agri-waste (so anything you take has to be replaced); Diversified processors (bioproducts + biofuel + feed + specialty products) will evolve and survive best (just like fossil feedstock processors).
- Multi-level support systems for funding: public funding will only ever be a drop in the ocean; Public funding good, but policy will be successful when industry is not looking for public monies and (bearly) aware of policy. «*Public money toxic to most real investors*» (*words of real investors April 2015*); First and foremost we need to be an attractive continent for business projects. Not to say public does not have a vital role; Big gap between what big private investors believe EIB and the Juncker Plan could/should be doing and what the Juncker Plan (appears) to be planning. Does EIB really do risk & innovation? Is it able to co-invest? If so, how will it work?

Anatomy of Public Procurement for Innovation



Mandate, political support, legislation



Public Procurement Frameworks, processes, skills, buy-in



Criteria, standards, labels

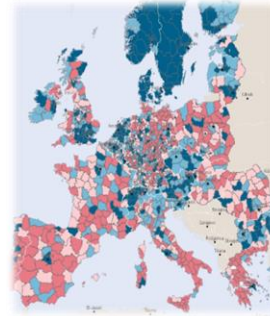


Product information, databases



Products

Central and local



**About 300 regions
and +3000
procurement bodies**

Potentially huge outreach needed to connect policy with real procurers



Brussels

So where are we?

- Yes, there are biobased products out there
 - not categorised or labelled yet, but work started
- We just got a CE standard for biobased
 - In 2014, so not yet widely known, but work started
- Have an EU EcoLabel
 - No mention of biobased, but work started
- Have a brand new Public Procurement Directive
 - No mention of biobased
- Have an EC Green Public Procurement programme
 - No mention of biobased
- Lots of well informed PP professionals in our 272 regions
 - But they are not aware of biobased
- Hard to judge the level of public support and political mandate

What's America doing?

The single most relevant programme for biobased public procurement anywhere in the world...



It's got mandate, it's got legislation and it's got standards, labels and promotion.

It's simple.

And it's had time.

USDA BioPreferred

- Mandated by 2002 Farm Bill
 - Promoted by corn state Senator Tom Harkin from Iowa
- Mandated clause for procuring agencies
 - 95% contract actions to include **Affirmative Procurement Clause 52.223-2**
 - Backed by ASTM D6866 standard
 - Labelling, catalogue, database...
- About \$3M per annum to promote it
 - With extra industry support
 - Obama just issued strongly reinforcing Executive Order
- Monitoring is biggest challenge
 - Impact Study published summer 2015
 - **Let's get them over to Brussels for deep «lessons learnt» meeting**



What's Europe doing?

- Great new BBI platform 2014 and strong Commission leadership (Public Procurement angle emerging)
- CE standards 2014-16
- Multiple Horizon 2020 projects supporting Public Procurement (OpenBio InnProBio plus upcoming BBI projects)
- COSME projects and tenders (excellent tender on Public Procurement «guidance document and technical assistance» just published)
- Lot's of great local PP activity and interest (but limited biobased so far)
- Juncker Plan (albeit with considerable scepticism)

Really good but still modest and recent.. just getting our bearings

By the way, we've been here before..

- Taking Bio-based From Promise To Market (2009), Report from Ad-hoc Advisory Group for Bio-based Products in framework of the EC Lead Market Initiative
- Made specific point about Public Procurement:

| | |
|--|-----------|
| ACTION 4: ENCOURAGE GREEN PUBLIC PROCUREMENT FOR BIO-BASED PRODUCTS..... | 17 |
| a) Measures within the current Green Public Procurement framework..... | 18 |
| b) Additional measures to facilitate the uptake of bio-based products..... | 19 |
| ACTION 5: STANDARDS, LABELS AND CERTIFICATION..... | 20 |
| a) Elaborate European standards for bio-based products..... | 20 |
| b) Develop a common methodology for sustainability assessment of all products..... | 21 |
| c) Labelling and information to consumers..... | 23 |
| ACTION 6: COMMUNICATION AND AWARENESS | 23 |

- Was in the early days, but nonetheless shows how good ideas and intentions need to be followed through with high impact actions, strong leadership, tenacity, resources... or years can go by
- Now things are really moving (but let's build the momentum)

http://ec.europa.eu/enterprise/sectors/biotechnology/files/docs/bio_based_from_promise_to_market_en.pdf



Elephants in the room

- It's 2015
 - started in 2002 in the USA
 - our snail's pace will be fatal
- Search in progress for legislative instruments and mandates with impact
 - PP Directive, Circular Economy..
- Seeking perfection at the cost of good
- Lacking conviction and killer instinct
 - too many observers and commentators and not enough activists
- Policy uncertainty
 - we're really scaring off investors and market makers (processors and global FMCGs)

Thank you!

James Cogan

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PNO Innovation

Looking forward to a Task Force with teeth!