

LEAD MARKET INITIATIVE TO UNLOCK INNOVATIVE MARKETS

The European Commission is proposing to unlock market potential for innovative goods and services by lifting obstacles hindering innovation in a first batch of six important markets:

- **eHealth,**
- **protective textiles,**
- **sustainable construction,**
- **recycling,**
- **bio-based products;**
- **renewable energies.**

These markets with high economic and societal value represent an annual turnover of more than € 120 billion and 1.9 million jobs in the EU. With this initiative they may increase to over € 300 billion and over 3 million jobs in the EU in 2020.

The "Lead Markets Initiative for Europe" (LMI) proposed by the Commission will foster the emergence of these markets by notably improving legislation, encouraging public procurement and developing interoperable standards.

European enterprises would profit from fair and better chances of entering new fast growing world-wide markets with a competitive advantage as lead producers.

LMI would also rapidly bring visible advantage for Europe's consumers in key domains for their welfare.

Vice President Günter Verheugen, responsible for enterprise and industry policy, said: "Europe must develop innovation friendly markets in a more targeted way, creating conditions to facilitate the marketing of innovative products and services. The Lead Market Initiative has identified promising emerging markets in which the European Union has the potential to become world leader and where coordinated action is urgently needed".

The LMI initiative calls for the urgent coordination of policies through ambitious action plans targeting these markets. The main ones are:

- Innovative use of bio-based products: Bio-based products are made from renewable, biological raw materials such as plants and trees. The market segment chosen for the specific LMI includes non-food new bio-based products and materials such as bio-plastics, bio-lubricants, surfactants, enzymes and pharmaceuticals. It excludes traditional paper and wood products, but also bio-mass as an energy source.

According to the Commission, Europe is currently well placed in this market, building on established knowledge and a leading technological and industrial position. Perceived uncertainty about product properties and weak market transparency however hinder the fast take-up of products. Communication, standardisation, labelling and certification could be used to overcome this.

- Recycling: The recycling sector has a turnover of € 24 billion and employs about half a million persons. There is significant market potential in recycling, but barriers to market development need to be addressed. There is potential to significantly improve efficiency and capacity by encouraging innovation, and introducing more effective processes and improved technologies.
- Renewable energy: The development of renewable resources is held back by high costs, low demand, market fragmentation and administrative and market barriers. A flexible market based European framework should ensure that 20% of energy demand will be met by renewables. Accelerating innovation in low carbon technologies and removal of planning and certification barriers are crucial for the sector.

The initiative is decisively focused on a competitive, demand-driven approach and avoids 'picking winners', i.e. these emerging markets can build on new and existing technologies which are available in Europe. Moreover, the concept chosen for LMI avoids favouring specific companies, which would be inconsistent with fair and open competition.

The approach is demand driven. In all these areas there is a strong market potential within a rather short time span, which could improve economic benefits notably for small and medium sized enterprises (SMEs), which are the dominant drivers of innovation.

The LMI is part of the EU's [broad-based innovation strategy](#) that highlights the need for a more coherent use of all available policy tools and instruments to support innovation in Europe. Adherence of Member States as well as active participation of businesses and other private stakeholders will be of key importance for the success of the initiative.

More information

<http://ec.europa.eu/enterprise/leadmarket/leadmarket.htm>

