

OPERATING NATIONAL TECHNOLOGY PLATFORMS IN POST-PLANNED ECONOMIES





Introduction

- In the conditions of global economic crisis wood is clearly preferred as building material and renewable energy source, as well as raw material of thousands of different applications.
- To a large extent this raw material facilitates job creation and, moreover, integration of local industry and processing of available natural resources.
- It is obvious that industrial products in the new knowledge-based economy must combine lower raw material and energy consumption to meet the needs of modern societies and create new jobs. Therefore, they are a challenge to ultimately end the implementation of the economic model originating from the last years of planned economy. These aspirations are met by the European Technology Platforms established in last decade.
- In the second half of 2011 35 Technology Platforms operate in Europe. Functioning of these Platforms is recognized as an important and voluntary process of building industrial strategy and policy in defined, key domains of economy and technology by means of so-called “Strategic Research Agendas (SRA)”.



The European Forest-Based Sector Technology Platform (FTP)

- The aim of this presentation is to throw light on the major factors conditioning operation of the National Support Groups of the FTP, colloquially called the National Platforms of post-socialist states, i.e. Bulgaria, the Czech Republic, Estonia, Lithuania, Latvia, Slovenia, and Poland¹.
- When FTP was established it was assumed that the increase in energy and renewable raw material prices, population growth, as well as climate change would be favorable to wood, because consistently those changes lead to use of renewable material that does not consume much energy, but just the opposite – it is an energy source.
- At the same time a factor activating the chain forest – wood – wood-based industry is innovation, up till now mainly technological and product innovations.

¹ National Support Groups from those countries responded to the survey whose results are presented in further part of this paper.



- It was also assumed that Technology Platforms would play an important role in transfer of knowledge and technological solutions along the whole chain (from forest to wood processing and use) which was to facilitate coordination of a broad range of processes, and first of all the use of knowledge in practice.
- The expectation was also that those initiatives would be joined by such institutions as relevant ministries and central offices, which would contribute to comprehensive attainment of goals set in the research agenda.
- For many reasons reality fell short of that expectation. One reason is that for a few years science and economy of post-planned economy states have been undergoing the process of reforms.
- Up till now the Technology Platforms have been looking for their place in national economic areas of new EU states, especially in the countries which had the system of planned economy.



SRA as a basis of FTP development

- The implementation of SRA is the way to increase the competitiveness of the European forest-based sector through development of innovative products and services. “Vision 2030” is built upon the awareness that the forestry-wood sector is to play an important role in handling societal, economic and environmental challenges of the 21st century.
- SRA was designed in a way that should help transform the sector and adapt it to face the challenges in the next 25 years.
It is obvious that the Agenda has to be modified and updated to suit changing conditions, technique and technology. This modification has started already, but is not easy.
- The issues of key importance for SRA are:
 - rising the awareness of the forestry-wood sector’s role in society through promotion of research significance in modern Europe,
 - aid in dissemination of information and knowledge gained thanks to research and SRA implementation,
 - stimulating industry and forest owners and users to mobilize resources and invest in research and development.



- An important issue concerning forest technology platforms is the matter of managing them. This issue is still open; there is no conclusive and unambiguous solution to that. The problem is the leadership of industry that is not accepted by everyone, especially by representatives of forests¹; however the common expectation is that industry should be the main driver of new research projects, which is still not the case in post-planned economy countries.

The industry tries to lead the process, because it has much potential of knowledge, which it tries to use in the right way (innovative way).

¹ “I would like to stress that we are learning cooperation, although sometimes conflicts of interests between industry and some aspects of forestry are strong. The industry is very strong, but without cooperation with it, without the possibility of finding innovation within it, we will not strengthen the role of forestry.” G. Osten. Materials of an international conference “Quo vadis Forestry?”. Sękocin Stary. 29-30 June 2006. IBL



Innovation in SMEs operating in the forestry-wood sector

- ❑ In the whole forestry-wood chain innovation plays an important role, which is closely connected with FTP. Originally innovation stemmed from the need to increase the actual availability of raw material. Those changes were characterized as:
 - wood economy,
 - broadening of wood application range,
 - increase in wood amount.
- ❑ Presently the interest in renewable materials and “green” business is bigger than ever before.
- ❑ The EU is an area of small and medium-size enterprises. SMEs are also important in seven analyzed countries that changed the economic system. In many EU documents it is emphasized that SMEs are the key to the economic future of Europe, although currently they fight against domestic and foreign competition as well as substitutes; while their financial resources are limited.
- ❑ Technology Platforms were established mainly for big companies, but practice shows that SMEs are also looking for support from the platforms. So far innovations have been the basis of Technology Platforms, and those are mainly technological innovations.



- ❑ Almost in all analyzed countries many small companies operating in the forestry-wood sector build their future using traditional and environmentally friendly technologies, and also introducing innovations in technological or management processes. Nevertheless, it should be noticed that the level of innovativeness is understood differently in seven analyzed states than in developed countries. Therefore, it would be useful to apply to FTP for introduction of more liberal definition of innovation that would take into account the level of development of a given country or even a region.
- ❑ Introduction of terms “local innovation” or “regional innovation” will create a possibility for SMEs to apply for grants for such kind of innovations. The mentioned change in definition (resulting in more liberal criteria) would also made it easier for post-planned economy countries to apply for allocations for innovations, which would facilitate more even development of the EU states.
- ❑ To stay competitive, and in many cases also to survive, the wood-based sector in the EU countries, and especially SMEs, needs domestic and EU support, especially in this time of economic crisis. Such support is expected especially by companies in post-planned economy countries, in which there is still no mechanism of protection against difficult financial condition. It may be expected that FTP and NSGs will aid those processes. Without this support, especially from innovation centers, the strategic goal of FTP, that is better use wood as a renewable raw material, cannot be attained.



***Selected survey questions
concerning operation
of FTP National Support Groups
in analyzed countries
with post-planned economy***



1. What are the main difficulties connected with NSG operation?



Bulgaria

The Governmental Forest Administration shows no interest in the NSG, which is a result of latest transformations in economy, forest law, and the wood sector.



Czech Republic

The lack of interest of member organizations is one of the main problems. Presently, especially the industry related organizations face difficulties connected with financial crisis that has much affected the wood processing sector. Natural disasters also had a negative influence on the balance in the forestry-wood sector. Therefore, the member organizations must firstly define an operational action plan.

At the same time, industrial organizations of the wood sector suffer from the effects of ongoing crisis.



Estonia

Mild interest from people from institutions that should be interested in the NSG operation.



Lithuania

Presently the NSG operation is at a minimum level due to lack of resources.



Latvia

Lack of financial support, the remaining activity concerns the agency in the Lithuanian forest sector.



Poland

Generally, the interest in the NSG operation is moderate, with relatively low activity of companies manufacturing wood-based panels and pulp and paper. However, sawmilling SMEs and SMEs manufacturing pellets and pallets have been demonstrating growing interest in the NSG operation.



Slovenia

Lack of financial support and political stimuli from the government.



2. What are the benefits from operation of the National Support Groups (NSGs)?



Bulgaria

Lack of benefits, there is only enthusiasm.



Czech Republic

The member organizations benefitted from submission of a project proposal drawn up by the NSG. Approximately once a month the management team issues a newsletter which contains information on project opportunities. Another thing is monitoring of goals. The NSG may simplify the project management procedure as regards special aspects and on the request of a member organization. The following documents were developed:

- the National Research Agenda of the forestry-wood sector,
- implementation of an action plan prepared together with other technology platforms,
- an agreement signed by 17 national platforms, within the framework of inter-sectoral cooperation, which should tighten cooperation between sectors.



Estonia

Promotion of cooperation of stakeholders in planning and implementation (R&D). A strategy for the forest sector till 2013 was developed. A contribution to the National Forest Program was made.



Lithuania

A strategy of the development of the Lithuanian forest sector was prepared as a result of operation of the Lithuanian NSG. This process resulted in more efficient information exchange between forest sector organizations.



Latvia

An improvement of cooperation between industry, R&D and higher education. The industry leads 9 new research projects under the “Competence Centres” program.



Poland

- projects, comments and supplements for example to strategic governmental programs are more distinct and more often noticed by the authorities than the stances of particular members,
- corrections submitted by the NSG to various programs were success stories and they gained acknowledgement of the authorities,
- there are some small effects of strengthening of informal internal intra-sectoral integration,
- the NSG starts to be recognized in Poland not only as a mediatory and integrative partner, but also as a group that is getting stronger and may represent the interests of the forestry-wood sector at a national and international level, and that may be a party in outside contacts with other departments.



Slovenia

The effects of the NSG operation have a bearing on the whole chain – from forestry to wood; while the most important effects are the following: the national SRA, 11 workshops, and promotion of various wood applications under the project “Charm of Wood” 2009, 2010, and 2011.



3. After what time significant effects of the NSG operation may be expected in particular countries with post-planned economy?



Bulgaria

No answer.



Czech Republic

In a time span of many years.



Estonia

No answer.



Lithuania

In a few years' time.



Latvia

In a three years' time.



Poland

Previous operation of the NSG suggests that it should be taken into account that effects of NSG operation may be expected in a time span of around 20 years. Such processes are long-lasting, especially if we take into consideration that in some industries of the forestry-wood sector there is a need for in-depth reevaluation and changes in mentality. The conviction that close cooperation between forestry, wood-based industries, and science is necessary, will be crucial for those processes.



Slovenia

In 5 years.



4. Does the NSG operation contribute to integration of the forestry-wood sector, if yes then in what way?



Bulgaria

Management of forests and wood processing industry companies requires communication.



Czech Republic

Taking the economic crisis into account, there is a need to look for and discover various markets for industry.



Estonia

No.



Lithuania

Yes, cooperation and creation of networks of forestry-wood companies.



Latvia

Currently together with the “Competence Centres” program and other activity.



Poland

Very loose relations between forestry and wood-based industries for lack of organizational integration. A big share of foreign capital in the wood processing industry and monopoly of the State Forests. The Polish NSG starts to be recognized in Poland not only as a mediatory and integrative partner, but also as a group that may represent the interests of the forestry-wood sector.



Slovenia

Yes. Establishment of organizations within the forestry-wood industry chain, (industrial) design and energy in the Wood Technology Centre.



5. Is there any trend in carrying out international cooperation? If yes, then in what area?



Bulgaria

We do appreciate previous efforts of FTP, and the NSG in Bulgaria gratefully welcomed the idea of cooperation between the NSGs in Europe.



Czech Republic

Yes, there is a system of training at international level. Projects submitted under the European Social Fund facilitate financing of the NSG tutees. Cooperation with other technology platforms within the network also makes it possible to plan trainings for different industries.



Estonia

There is no clear trend.



Lithuania

In development of common projects etc.



Latvia

Networks, experience sharing, cooperation within projects.



Poland

A clear growth in international cooperation, especially in the areas of energy wood, wood waste, increase in the demand for wood, is visible. International cooperation between the NSGs from different countries seems necessary, especially in the area of regional cooperation, cooperation of neighboring countries, and trans-border and frontier collaboration.



Slovenia

There are insignificant changes.



6. What is the most important thing that is still missing in the NSG operation?



Bulgaria

There is a lack of vision of the whole sector instead of its particular elements. There no separation of the idea from particular interests.



Czech Republic

There is still no clear definition of a cluster and no list of the NSG duties. The national law does not give technology platforms any legal. Their competences also have not been described clearly. Therefore, technological platforms differ a lot in that respect.



Estonia

Forestry and companies of the wood-based industries do not play the leading role. In Estonia the NSG initiative was accepted by research and governmental institutions.



Lithuania

The degree of development, organization and concentration of forestry organization differs in the EU countries, so there are many possibilities.



Latvia

There is lack of financial support. The work carried out by the NSG is community work.



Poland

- representatives of banks and financial sphere have no interest in the NSG,
- the organizational discipline could be better,
- there are no framework regulations concerning the NSG operation in relation to environment.

A platform, a ground for cooperation, exchange of opinions, which would show the stakeholders (i.e. industry, forestry, science, and administration) the need for cooperation and possibilities of it. It should be a forum facilitating creation of initiatives and innovations. It should represent the common interest of the sector and not interests of particular members (participants).



Slovenia

There is no permanent financial support from the administration and lack of meeting with the NSG members.



7. Do the NSG have a chance to become a strong initiative (organization) in the future that has a bearing on the development of forestry and wood-based industries?



Bulgaria

Yes, a slight chance will appear when the new law comes into force – the Forestry Act.



Czech Republic

Yes, there is a big chance to become a strong sectoral organization. It is connected with such things as financial benefits for member organizations (tax compensation for member organizations, support for the higher education sector etc.) or negotiating position outside the sector. The NSG may influence an increase in competence of foresters and granting them special rights.



Estonia

Not in Estonia.



Lithuania

It depends.



Latvia

Yes, it is possible.



Poland

After the period of initial reserve with which the NSG was treated by the authorities, now we see growing trust towards the operation and attitudes represented by the NSG, which was clearly expressed by the ministries of science and economy as well as by the National Centre for Research and Development. The slight interest of business, business environment institutions, and part of big companies with foreign capital (international concerns) whose core operations take place in the countries of “the old” Europe as well as the lack of banks in the platform’s structure, may be considered a deficiency. Participation of this segment of economy requires work and incentives...



Slovenia

Yes.



Conclusions

1. FTP together with NSGs bring new challenges, but also they are new chances and hopes. In European countries with post-planned economy there is a need for creation of new or modified structures that will facilitate better use of existing resources of wood raw material, while at the same time more and more innovations will be implemented.
2. The research on various forms of innovation suggested in SRA and by FTP is very interesting; however its implementation requires close cooperation of wood-based industry, forestry and science. Often those issues go beyond FTP and become political issues, which is especially visible in Central-East European countries.
3. Presented results of survey carried out in EU countries show that NSGs have a big chance to carry out partnership cooperation between industry and forests in the future (especially taking into account current processes of disintegration of forestry and wood-based industries).



4. The anticipated and possible to achieve effects of that cooperation require a longer period of time, which may be much shortened through increase in innovation creation on the industry part and application of innovation in forests. Nevertheless, the forestry-wood sector will succeed if particular industries cooperate at both operational and strategic level. Scandinavian and West European countries very quickly reach understanding in that respect, which is proved by a large number of research projects currently carried out by NSGs operating in forestry-wood sectors in those countries.
5. Through their innovation wood-based industries will be heading towards natural integration of the forestry-wood sector. The specialists say that Europe holds an advantage over such countries as Chile and China in terms of industrial innovations. The mentioned two countries have better raw material and climate conditions, while EU states are better in use of innovative products and forest resources.
6. The basic condition of effective operation of FTP NSGs is involvement in this venture of other professional groups connected with the forest sector. Previous practice shows that generally the relation of NSG members to the number of people working in the sector is relatively low. In this place it should be stressed that in most post-planned economy countries, the forestry-wood sector has its specificity.



7. Major limitations of and barriers to FTP NSG operation in the forestry-wood sector:

- ➔ In European countries with post-planned economy much companies operating in the wood-based industry are foreign firms in which ownership is separated from management and economic effects are a priority. Owners of many of those companies, especially in wood-based panel industry, pulp and paper industry, and furniture industry, are not interested in participation in undertakings of FTP NSG of the country they operate in, but rather in the ventures of NSG operating in the country which the capital comes from (Switzerland, Austria, Germany, Sweden, France, Finland etc.).
- ➔ Previously forestry has not been much interested in the NSG operation. The reasons for that situation are different in seven analyzed countries. For instance, in Poland the reason may be a relatively well economic situation of forestry observed for a few years.
- ➔ It should be stressed that NSGs create possibilities of preparation and submission of thematic proposals to the EU Framework Programmes. Preparation of the national Strategic Research Agendas taking into consideration all the needs of the sector is an achievement. Through its membership in FTP, the NSGs have access to the latest trends in the European forestry-wood sector, possibility of participation in FTP conferences, networking events, and facilitation of contacts between interested parties. These facts substantiate the need for FTP NSGs operation.



The following conclusions may be formulated as regards NSGs established in post-planned economy countries:

- Higher activity in acquirement of financial means from national and foreign sources is necessary.
- Promotion and lobbying are also important R&D activities influencing an increase in competitiveness of post-planned economy countries. A special attention should be given to the improvement of the forestry-wood sector's image in those countries, because it is especially important, when the sector is marginalized in some countries.
- In post-planned economy countries it is important to put special emphasize on bridging industry and the forestry-wood sphere through initiating and implementation of pre-competitive technical research and gradual commercialization of research results.
- The assessment of general operation conditions of the NSGs in post-planned economy countries, it may said that NSGs operation is not much advanced yet. The reasons for it are objective factors and specificity of particular countries. Therefore, it should be taken into account in further operation of FTP and possibilities of catching up with the “old” EU states should be created.

Thank you!



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