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## **The International Biocontrol Manufacturers Association (IBMA)'s feedback to the open public consultation on the EU Startup and Scaleup Strategy**

IBMA welcomes the European Commission's upcoming EU Startup and Scaleup Strategy for 2025 to fully exploit the potentials of European SMEs and boost Europe's productivity.

The Commission has put startups, research and innovation among the key priorities of its mandate, with the goals of closing the innovation divide between the EU and its global competitors and boosting competitiveness, bearing in mind the Letta Report on the future of the Single Market and the Draghi Report on European competitiveness.

Biocontrol is the most rapidly growing segment of the global crop-protection industry. Biocontrol plant protection products (PPPs) are nature-based solutions and part of farmers' plant protection toolbox. They have the potential to help accelerate EU's transition to sustainable and resilient agriculture systems. In Europe, the biocontrol market provides more than 6,500 green industry jobs and is worth over €1.6 billion, representing about 10% of the European crop protection market.

However, these companies, of which 67% are SMEs, are facing challenges and there is an urgent need for regulatory improvements that reduce time-to-market constraints and enhances the attractiveness of the EU for the industry. This is true for all companies and in particular SMEs, which have limited human and economic resources.

### ***General considerations***

IBMA strongly agrees that startups and scale-ups face the hurdles identified in the European Commission document, particularly regulatory and bureaucratic burdens and fragmentation, as well as challenges related to access to finance, markets, talent, infrastructure, knowledge, and services. Some Member States, such as Belgium and Denmark, are attempting to support their SMEs, but the EU should address this issue at its level to ensure the global competitiveness of SMEs.

First and foremost, access to the market needs to be simplified. Currently, EU-funded research and startups often enter other markets, such as North America and LATAM, well before the EU market because it is much easier and faster. As a result, the EU is left behind, and consumers do not benefit from these innovations, even though a large part of these companies originate from the European Union. In addition to market access, a well-coordinated EU-wide network of incubators and funding opportunities for startups would be a valuable tool to implement in the future.

Furthermore, a common finance and investment market should be established, alongside the simplification of the EU regulatory approval system, similar to the EU patent system. In fact, the EU patent system allows for a single application, which, when granted, is recognized in multiple countries.

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For biocontrol, regulatory and administrative processes need to be streamlined and simplified to ensure that products reach the whole EU 27 Member States market within a competitive timeframe.

**More specific Biocontrol perspective**

As stated in the European Commission’s call, “Europe’s ability to innovate is crucial for its international competitiveness, ensuring its continuous economic prosperity, technological sovereignty, security, resilience, and global influence. Startups and scaleups are a significant driver of innovation as they bring to the market new – sometimes disruptive – products and solutions capable of tackling societal challenges and contributing to the green and digital transition.” IBMA, with its numerous SMEs, agrees. Its member companies face daily struggles that prevent innovation from being made available to European farmers quickly.

The following table summarizes biocontrol SME perspective showing what SMEs need and why it matters for them.

What SMEs need	Why it matters for SMEs
A predictable and flexible process	ROI is a critical factor for innovative SMEs
Clear and well-respected regulatory timelines	Survivability depends on the respect of the regulatory timelines as financing is planned accordingly
A framework for data requirements that facilitates biocontrol regulatory approvals	Innovative startups often have no/limited revenue streams. Any significant delays in the process affect their survivability
Biocontrol expertise in competent authorities	
Better dialogue and understanding between authorities themselves and with the applicant	Unnecessary mobilization of SMEs' capacities and financial resources to address irrelevant or non-critical issues in risk assessment impacts their already tight resources
Renewals shouldn’t prevent evaluations of new active substance applications and amendment/extension of use	
Possibility to register product across a wide range of EU MS quickly through MR	

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Finally, we would like to share the Economic factors preventing biocontrol SMEs to invest in the EU, based on EY report - *What levers should be used for a better EU agriculture system?*<sup>1</sup>:

- “Longer registration timelines, smaller market potential and high R&D costs are factors explaining the lower ROI in the EU. Smaller market segments within the EU (e.g. specific nut crops) have an even higher disadvantage with similar R&D costs lowering the return.”
- “The economics of biocontrol PPP vary considerably from those of synthetic products. Typically, their mode of action is narrower, resulting in a smaller potential market segment.”
- “Through our model, we derive a ROI rate for biocontrol PPP in EU that is lower than the global figure by nearly 30%. Against this background, it remains financially challenging to justify investments in biocontrol R&D given the present cost structures and opportunity costs.”
- “Developing active substances for the European market solely, with no plans to market them overseas, significantly increases the relative cost of such research, reduces sales expectations and makes investments less feasible. On the one hand this is due to the regulatory situation, and on the other hand due to low ROI and high financial risk.”

EY report pointed out clearly the struggles faced by SMEs that the EU needs to tackle to keep innovative biocontrol solutions in Europe and make them available as soon as possible to farmers both for their productivity and global competitiveness.

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<sup>1</sup> [https://www.ey.com/fr\\_ch/insights/innovation/what-levers-should-be-used-for-a-better-eu-agriculture-system](https://www.ey.com/fr_ch/insights/innovation/what-levers-should-be-used-for-a-better-eu-agriculture-system)