

Good morning,

Ladies and gentlemen,

Let me begin by welcoming you all today to the European Parliament and thanking you for having found the time to attend this meeting.

Our goal today is to analyse how the EU budget can help us achieve the 2020 energy and climate targets.

However, let me say a few words about myself to begin with. As a member of the European Parliament in the PPE group since 14 July 2009, I am full member of the ITRE - Industry, Research and Energy Committee and substitute member of the Budgets Committee. I am also the EPP permanent rapporteur for the research area in the Budget Committee. Over the last year, I have actively been involved in the temporary committee on the future budget. Within the temporary committee, I have been directly involved with questions of research, energy and climate change, on behalf of the EPP.

In discussing the importance of the EU budget in achieving the 2020 targets, I shall deal with two main aspects. In the first, I

should like to take a look at the overall EU budget and implications for energy and climate change. In the second part, I shall discuss the research and innovation budget in more depth.

1) *the overall EU budget and energy and climate change*

Within the post-2014 general budget, both the Commission and the EU Parliament have called for a considerably increased budget for research and innovation. Both have also called for the creation of a new "Infrastructure Fund" and finally for the use of Structural Funds for the energy and climate change. Taken together, these three will amount to a dramatic increase in available EU funds for energy and climate change.

However; in the present economic environment, it would be unwise to rely exclusively on public funding for the financing of innovative and clean energy products. Private pools of capital will be necessary if we are to achieve the Europe 2020 goals. Hence, greater cooperation between private and public sources of funding should also be encouraged.

The different public financial institutions in Europe - such as the EIB - are well placed to play the role of a catalyst in putting together financial packages in which private sector money plays a

central role. The goal is to ensure adequate financing for *clean* energy products and secondly for *innovative* projects. In the latter case, it is important to ensure that these projects actually make the often costly transition from the world of science onto the market.

In this respect, Project Bonds are a real step in the right direction and it is imperative that they come into effect as early as possible in 2012. Project bonds were originally envisaged for the financing of infrastructure but this is too limited an application. They should also play a key role to play in innovation and clean energy projects.

Finally, more incentive should be given to the European financial sector to seek out investments in the high-tech and clean energy sectors. Many investors today tend to play safe and seek out low risk and low return investments in mature sectors. The advantages and benefits of investing in the clean energy and innovative sectors should be actively promoted whilst encouraging a more entrepreneurial spirit amongst venture capitalists.

2) *the research and innovation budget*

Let me turn now to my second theme: the research and innovation budget.

At the moment, we, in the European Parliament, are struggling to achieve a doubling of the Budget for the next European Programme for Research and Innovation as compared with the present programme. Hopefully, this will represent an increase from €50 billion to €100 billion. This figure was included in an amendment that I introduced and has recently been adopted by the European Parliament.

Since then, the European Commission has advanced an alternative figure of €80 billion as part of the post- 2013 7-year budget package. The next step will involve tough negotiations between the main three European Institutions, Parliament, Council and the Commission. A number of European countries, with Germany to the fore, support a figure at the higher end of this spectrum. It is to be hoped that other Governments will follow this lead especially those countries with an acquired reputation for academic excellence. In research. As in other domains in life, you only get out what you put in!

But it is not only about doubling the budget. It is also necessary to increase the share of the funding that is attributed to research and innovation within the overall EU budget. This can be done in a combination of an increase in funding *for the framework programme (FP) and* increasing the share devoted to research and innovation *within the structural funds (SF).*

The new challenges are of increasing complexity and call for a more strategic mix of Community, national and regional policies. By ensuring they work together harmoniously, these instruments can help to mobilise research and technological development potential at regional, national and European level. This will contribute to regional economic and social development much more effectively than if they were employed separately.

Therefore, in order to increase the effectiveness of European policies, it is important to coordinate the use of the Structural Funds and the Framework Programme for Research, enhancing synergy between these instruments.

A larger budget will enable us to promote excellence at a European level, something that can only enhance the effectiveness of the future programme. What is more, the sheer volume that working at European level entails actively promotes excellence in and by itself.

This is because a whole series of proposals and results are evaluated across the EU and not only nationally or regionally.

If it is important to encourage synergy between the two, it is equally as important to maintain a clear distinction *between* the Framework Programme FP *and* the Structural Funds.

In this respect, on the one hand, *the Framework Programme FP* should above all be concerned with:

* **Excellence.** Fortunately, there are a number of outstanding and well-established research institutes across Europe.

At the same time, it is also important that we encourage **the first sprouts of excellence** within the new programme. This involves the:

* **Stairway to excellence.** This entails encouraging the participation of small units of embryonic excellence, such as small research groups and highly innovative start ups.

On the other hand, *the Structural Funds SP* should be above all devoted to:

* **Capacity building.** This supposes creating the necessary infrastructure and human resources required by research and innovation across Europe as a whole.

This requires proper design alongside a simple, flexible structure and an adequate budget.

So, in so far as the budget is concerned, to sum up briefly, it is necessary to double, I believe, the existing budget provisions and to reform the relations between the Framework Programme and the Structural Funds

To finish with, let me say a few words about the simplification process. Simplification, is at the basis of our reforms and will supply the foundations upon which we can build better future programmes.

It is necessary to develop Administrative and Financial simplification, to improve quality, accessibility and transparency and to enhance synergy between programmes and instruments.

It was gratifying to see that the report on "simplification" was adopted with the support of all the political groups without

exception. However, this development is only the beginning of a long and difficult road ahead. Now we must make sure that our recommendations are properly implemented. At the moment, we are actively monitoring 72 different aspects of the process and we are optimistic that at the outset of Horizon 2020, all 72 aspects will have been implemented.

3) *Conclusion*

This brings me to the end but let me conclude by summing up the main points of what I have said and the actions that I believe that we should take:

1) Both, European Commission and European Parliament agree on an increase of EU Budget for research and innovation; energy and climate change.

2) In the present economic environment, the EIB, project bonds and other innovative financial instruments will play a central role in financing the projects required for Europe to achieve the climate and energy targets.

3) Thirdly, we cannot but admit that European research is chronically underfunded and that, in my opinion at least, funding in Horizon 2020 should be doubled - from €50bn to €100 billion - and synergies between the Framework Programme and the Structural Funds should be improved.

4) Finally, considerable progress has been made in the task of simplifying access to EU funds and cutting unnecessary red tape. However, the recent simplification report is only the beginning of a long and difficult road ahead. The task is now to see that these reforms are actually implemented. Success in this domain will, moreover, provide a solid foundation on which the future programmes must be built.

Thank you very much for your kind attention.