

Dear Colleagues,

Ladies and Gentlemen

Let me begin by saying that it is an honour to have been invited to give this introductory address.

We are here today to envisage something of the importance that the green economy will have for future generations. In this respect, the current economic crisis should be seen as an opportunity to contribute to overhauling European economies. The expanding green economy – alongside the health and new technology sectors – is one of the developments, I believe, that will offer us both the growth and new job opportunities that the European economy urgently requires.

In the EPP group, we shall be successful in the future - as we have been in the past - if we adapt to a changing world and respond to people's real needs. In the EPP, we believe that our values will equip us to deal with these new challenges. However, values without actions

belong more to the realm of incantation than they do to the domain of politics.

In addressing you today *in this spirit*, I should like to begin describing how Horizon 2020 will contribute to the topics of today's session: the greening of the economy, smart cities, a low carbon economy and regional development. I shall finish by briefly outlining some of the ways in which we, in Europe, can give ourselves the financial means to achieve the far-reaching ambitions that we possess.

Horizon 2020 a European Solution to the Crisis

So, to begin with the European response to the challenges that face us: unfortunately, one of the ways that many of us have responded to the competition that the globalised environment entails has been by increasing our debt levels. A number of measures have been taken to ensure that – through structural reforms, budget consolidation and improved financial stability – we will be able to overcome this current crisis.

However, we also need to invest with purpose and foresight in the future and the green economy is one of the ways in which new levels of stable growth can be achieved. This entails:

~ Ensuring the transition to a new and more dynamic economy. Our aim is to supply the structures in which European industry and in particular SMEs can thrive.

~ It also supposes raising both our educational standards and skill levels in domains directly linked to industry, science and technology.

~ Similarly, we must ensure investment in the technological infrastructures of the future: energy, ICT and clean transport.

~ Finally, we need to foster research whilst making certain that we, in Europe, are able to take advantage of the benefits that our innovations generate.

Indeed, it is with these goals in mind that Horizon 2020 – the future framework programme for research and

innovation´ – has been designed. Horizon 2020 covers the whole cycle from research to market and involves widening participation and a balanced geographical distribution. The programme is divided into three pillars, one is devoted to industrial competitiveness, another of the pillars is devoted to fostering excellence. The third pillars offers a coherent and concerted response to an extensive range of societal problems from the greening of the economy to smart citizens and climate change.

Discussion of the Different Topics

How does all of this link up with the themes that we have before us? These are promoting green technologies, smart cities and an improved regional policy alongside a low carbon economy.

~ *With regard to green technology* Horizon 2020 supports the efficient use of resources, including energy resources, through the development and deployment of clean technologies. Horizon 2020

involves the co-financing of research, technological development, industrial demonstration and the removal of barriers to market entrance. This covers a whole series of energy technologies from coal and gas to oil, renewables and energy efficiency. H2020 also includes questions of low cost, low-carbon energy supply, alternative fuels and mobile energy sources and a single, smart European electricity grid.

~ *As for smart cities*, cities remain the main locus of growth and we can foster *smart* growth, in this respect, by, for instance, retrofitting of the building stock to high performance houses and offices and through the efficient management of urban transport and congestion. In concrete terms, H2020 will support the convergence of industrial value chains of the energy, transport and ICT sectors for smart, urban applications. At the same time, H2020 will co-fund a number of models to be tested at full scale according to the needs and means of cities and communities. This includes social, economic and cultural research. A development is that, henceforward, H2020

will cover cultural heritage in general and in cities in particular.

~ Turning now to the *role of regional policy*, we require a multi-fund approach and the strengthening of the *concerted alignment* of our policies, an alignment that will link Horizon 2020, the Structural Funds and the CAP in a systematic and complimentary manner. As ever, investment – whether it be from the structural funds, the CAP or Horizon 2020 - should be directly linked to the goals of improved research and innovation, education and training and the promotion of energy efficiency and clean technologies. Such complementarity means, for instance, that upstream from Horizon 2020, the structural funds should be used for capacity building. Downstream from Horizon 2020, the structural funds can help smooth the passage from conception to market and to co-finance projects.

Finance

Before concluding, let me say a few words about finance. Firstly, it is urgent that we re-establish the financial sector and ensure that, in future, financial

institutions contribute directly and productively to the *real* economy. Beyond this, *the new EU budget* (from 2014-2020) remains a crucial financial instrument. In addition, the European Investment Bank and such instruments as the Risk Sharing Facility and Project Bonds should all be aligned with strategic objectives that I have already touched on.

This is not to neglect the private sector: we need to create active synergies between private and state funding and to ensure that there is a favourable climate that will attract *direct investment* across Europe. Similarly, banks and venture capital markets have a part to play in an environment driven by the search for new and profitable investment opportunities. It is from this perspective that we will be able to approach a greener future with optimism.

Conclusion

To finish with, let me sum up something of the main drift of my argument. If we are to meet the challenges

with which we are confronted, it is essential that we take the current economic crisis as an opportunity for change.

In the process, we must make sure that the investments that we are able to generate are orientated towards excellence, industrial competitiveness, higher productivity and greater efficiency. The funds that we have available should be organised in such a way as to privilege synergies and to ensure that finance is channelled into the real economy, producing a virtuous circle of investment in which the strategic goals that we set ourselves are actually achieved.

However, the setting of targets is *one* thing. Actually defining the pathways – in terms of legislative reform, new technologies, productive investment and governance structures that will allow us to achieve those goals – is *another*. If we are to achieve our goals it is not enough to simply define abstract targets in Brussels. It is also necessary to devote attention to the actual means – including the concrete matter of financing – that will allow us to achieve these goals.