

Good afternoon, ladies and gentlemen

Could I begin by saying what a pleasure it is to introduce this panel on industrial leadership and SMEs.

*Four Challenges*

The competitiveness of European industry is particularly important in today's economic climate. In particular, industrial participation in EU research programmes has shown a tendency to fall away over recent years. This is coupled to a tendency to see the results of European research being used in manufacturing processes that are situated in third countries. This is the

case even if the products of this manufacturing process are destined for consumption in Europe.

Against this background, there are a number of objectives that we must achieve the participation of innovative small and medium enterprises must be strengthened; private investment in the areas of research and innovation must be stimulated; and innovation increasing market update should be supported. In addition to these general objectives, there are four challenges that I believe require the most urgent attention. These are

- 1) How do we ensure that our consideration of industrial leadership and SME participation is broad

enough in scope to take into account not just the pillar devoted to industrial leadership but also the necessary interactions with the other two pillars. Within H2020, our consideration of industrial leadership and the participation of SMEs must also extend to the excellence and societal pillars. How do we make sure that this is the case?

2) Secondly, the other question that I should like to ask is how are we to ensure that H2020 covers the whole chain from research to market. The Commission proposal - which is comprehensive and well-thought out - remains a little weak on detail in its discussion of the later parts of this chain. I believe that we require clear definition of such things as demonstration, pilot scale

projects, pre-commercial deployments, flagship projects and so on. How can we make progress in this respect?

3) Thirdly, there are a whole range of available instruments. In fact, there too many. It is important that we simplify the amount of available instruments and select those that we believe to be the most fit for the task.

Let me give you a handful of examples: JTI, JPI, PPPs, and so on and so forth. How can we mainstream the most important instruments and select the most useful for our particular purposes?

4) Finally, as ever, there is the crucial question of funding. Pilot scale and demonstration are usually very expensive. Hence, we require a multi-fund approach in

which structural funds will play a leading role. We also need to ensure compatibility with the EU state aid framework.

I now look forward to the debate. I am eager to hear your ideas about how we might go about meeting these challenges. Thank you very much.