

Good evening

Ladies and Gentlemen

Let me begin by saying a few words about myself for those of you who do not know me.

I am a Member of the European Parliament where I sit on the ITRE committee and the Budget committee. I am currently rapporteur for the Specific Programme implementing H2020.

It is a pleasure to have been invited to speak here this evening.

## **Challenge**

I would like to consider how best to improve the financing of innovation on the part of industry. In this respect, the main problem confronted by industry is that of the struggle to raise the necessary finance to ensure

adequate levels of investment. In addition, industry is confronted by a whole series of bottleneck and difficulties such as the problem of excessive regulation, lack of harmonisation of tax policies in the member states, inadequate standardisation between the different Member States *and I could go on.*

Against this background, there are, as I see it, **four** main areas in which the EU can play a productive role. In my intervention this evening, I shall devote particular attention to the question of financing before going on to mention the importance of competitiveness, the single market and integration of industrial policy.

~ **Firstly**, we need reliable, **investment both in the short and long term**. As such there are seven remarks that I should like to make:

~ A crucial instrument will be *the new EU budget* (from 2014-2020). It is essential that this is adequately

funded with simple and flexible budget rules and that the funds are used to finance those policies that will have a direct impact on increased growth. Measures of this sort include research and innovation, support for innovative SMEs, education and training and the infrastructures of the future such as energy and digital grids.

\* In light of the difficulties confronted by public finances in many MS, it is necessary that we come up with new and innovative solutions, including schemes *co-funded by EU Regional Policy and by the CAP*. This will enable us to ensure the alignment of public funding and incentive mechanisms with the strategic goals of the EU.

\* At the same time, Member States have committed a further sum to the *European Investment Bank*, something that will unleash many times that amount in new investment. As these funds becomes available, it

should flow, in particular, to SMEs – a key to absorbing unemployment – but also to those countries and regions that need the funds most and that are least able to borrow elsewhere.

\* As you may know, the EU is currently engaged in a whole series of *reforms of financial services* in order to ensure that financial markets become more efficient and reliable. We are also in the process of setting up a *union banking* system that will provide supervision and coordination of the financial sector. This will allow the re-establishment of a healthy financial sector, one that makes credit readily available in the economy. We need to make sure that the financial markets have the right incentives to invest in the real economy rather than engaging in market speculation.

\*At this point, let me just mention briefly that the EU has developed a number of *innovative financial instruments* that will enable industry to lever investment.

These include the Risk Sharing Facility and Project Bonds.

\*My sixth remark, is that it is necessary that we ensure that the public sector meets its financial obligations with regard to the private sector as promptly as possible as *late payments* remain a significant bottle neck for many SMEs. It is also important that the member states ensure that there is a favourable climate that will attract *foreign direct investment*.

\*To end this section on financing, *the private sector* also has a role to play, of course. In particular, venture capital markets should be made use of in order to stimulate private investment.

~ **Turning now to my second theme:** we need to improve the *competitiveness* of European economies. This supposes the creation of a more favourable business environment as this involves, amongst other things,

"smarter regulation".

In addition, we, in the EU, are in the process of coordinating structural reforms with particular regard to those countries that are lagging behind in terms of competitiveness. This involves more flexible labour laws, streamlining public services, introducing competition into the protected sectors and so on.

~ Thirdly, we require an **integrated industrial policy** alongside a concerted drive towards innovation. What I mean by this is not a monolithic, centralised, state dominated policy: it is not for policy makers to tell industry what they have to do.

However, we *can* contribute by ensuring a concerted drive towards innovation. A new industrial innovation policy is needed to encourage the much faster development and commercialisation of goods and

services and to ensure EU firms are first onto the market.  
In this context,

\* We must speed up **industrial innovation** and ensure the timely deployment and commercialisation of key technologies. This is why **H2020** covers the whole cycle from research to market and one of its three pillars is entirely devoted to industrial competitiveness.

\* We need to make use of innovative **public procurement** alongside a safer regulatory environment and earlier provision of regulations and standards.

\* Lastly in this section, also need to improve the available **skills base** by increasing the number of Science, Technology, Engineering and Mathematics graduates. This means fostering inter-disciplinarity, promoting entrepreneurship education and training and the encouragement of the often untapped resource that women represent.

~ **Finally**, let me make just a brief remark about the European Single Market. We must deepen and complete the **European Single Market** and, in particular, we need to build the internal market in three central areas: digital, energy and in services.

Well that's enough from me. I hope these suggestions will help to stimulate the following discussion and I look forward to a lively debate in which we will be able to learn more about industry's needs in today's world and how these can best be furthered.