Commissioner Paolo Gentiloni

WORLD ECONOMIC FORUM

ALL EYES ON EUROPE’S TWIN TRANSITION

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17h15 – 18h30

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Scene setter

You will take place in a closed-door panel hosted by the [redacted]. Launched with Frans Timmermans at the 2020 Annual Meeting, the [redacted] has since championed initiatives in support of the European Green Deal.

The panel will be moderated by [redacted]. Participants include the Belgian Prime Minister Alexander De Croo; IEA Executive Director Fatih Birol; Kadri Simson; the French Minister-Delegate for the Digital Transition and Telecommunications Jean-Noël Barrot; the Danish Minister of Business and Industry Morton Bødskov; and the Finnish Minister of Transport and Communications Timo Harakka.

Each participant will have 3-4 minutes. You will speak after De Croo and Birol.

You will be asked to comment on the following:

Business leaders in the room are no doubt keen to hear from you about innovative financing models for clean energy investment. In her State of the Union address President von der Leyen announced that a new European Sovereignty Fund will be launched to support European industry’s green and digital transitions. Could you share with us what business could expect from it and whether you believe it could meet the historic challenges currently facing European industry?
Speaking points

- Let me briefly explain where these proposals are coming from.
- Pushing forward the green and digital transitions has been a top priority for this Commission from the day we took office in late 2019. The pandemic brought home the need to raise the level of ambition on both fronts, and our response was the 800-billion NextGenerationEU plan, which focuses for the most part on green and digital investments and is financed by common EU issuances.
- But the investment needs have kept growing, as a result of our more ambitious targets and the changing geopolitical landscape:
  - the war in Ukraine, highlighting the need to strengthen common security;
  - the energy crisis, exposing our reliance on Russian fossil fuels;
  - supply bottlenecks and trade tensions, underlining our dependence on imports of critical raw materials;
  - and, most recently, the US Inflation Reduction Act, putting further pressure on the competitiveness of European companies.
- This is where we are today. How do we respond to these challenges? With a three-fold approach.
• **First:** At the national level, we will soon adjust our rules on state aid to facilitate public investments into the twin transition. At the same time, we know that by doing so we also run a risk of increasing divergence between Member States with deeper pockets and those with less fiscal space.

• That is why we must also act at the European level, with common instruments for common industrial priorities. This would be the purpose of the European Sovereignty Fund.

• **Second:** Going forward, I believe we must first agree on the common priorities and objectives for which EU level action brings added value, as we have done for hydrogen and semiconductors. Only then should we discuss the question of how it will be financed. If we start there, the debate will be very difficult.

• **And finally**, we have to work with the United States to address the most concerning aspects of the IRA. We have made some progress, but we know that there is a limit to the possibilities for changes to the legislation now. This said, the transatlantic relationship is at its highest point in decades and neither side is interested in starting a trade war in the midst of an actual war, so I am confident we can make further progress.