



## European Commission - Speech



### **Keynote speech by President von der Leyen on the occasion of the 120th anniversary of Bocconi University**

Milan, 7 December 2022

Presidente Mattarella,

Magnifico Rettore,

Professor Sironi,

Distinguished guests and speakers,

Dear students, dear faculty,

Carissimo Mario,

It is such an honour to join you today to celebrate 120 years of outstanding accomplishments by Bocconi University, but also the conclusion of your amazing tenure as President of this University, dear Mario. Bocconi has always had a European vocation. Since its foundation, Bocconi's goal is to raise new generations of European leaders. And you, dear Mario, have renewed and realised this European vocation, over and over: You made Bocconi a founding member of CIVICA, the European network of social science universities. You helped Bocconi attract students from over 100 different nations. You have given almost 60 years of your life and your work to Bocconi. And the results are there for all to see. This is your legacy, dear Mario: It is the bright future of these students here, in this room and outside, and of the whole Bocconi family that is your legacy.

I have been so lucky to have you as an adviser and as a friend in all these three years that I spent at the helm of the European Commission. I benefitted a lot from your advice as an academic but of course also from your experience as a former Prime Minister of Italy. Throughout your career, you have strived to keep Italy at the heart of Europe. And you have made Italy's voice heard and respected in all European capitals. You have always been a link between the North and the South of Europe. I have often heard you explain that Europe is strong when Italy is strong, and vice versa. You have been an advocate and an architect of reforms here in Italy to modernise the country and to strengthen its place as Europe's second largest industrial power. And at the same time, you have been an advocate and architect of reforms in Europe, too. Because you have always believed that Europe had to change to keep pace with a changing world. *Oggi l'Italia è più europea, e c'è più Italia in Europa. Grazie Mario.*

As European Commissioner, you were a guardian of free and fair competition and, of course, of our Single Market. As Prime Minister, we heard it, you stabilised the Italian economy. And in parallel, you started calling for change in the European Union economic governance. You have always stressed the crucial link between investments on the one hand, and reforms on the other hand. To put it in your words: Public investments are 'the fuel' of economic growth. But 'reforms are the engine.'

This philosophy has been our guiding light throughout these years of pandemic and war. Today, I would like to mention three examples on how the right mix of investments and reforms is moving Europe forward. Let me begin with NextGenerationEU – our EUR-800-billion plan to boost and modernise Europe's economy after the pandemic. NextGenerationEU and Italy is a perfect match. Italy is receiving more than EUR 190 billion for investments and reforms. Almost EUR 67 billion have already been handed over to Italy. And their impact is starting to be very visible. I know, for example, that Bocconi and three other universities in Milan have just launched a project called MUSA for urban regeneration, funded by NextGenerationEU. You are mobilising 700 researchers and joining forces with 20 private companies, from the energy sector to the pharmaceutical sector and to the chips industry. And together, you will design the city of the future, powered by clean energy and with clean transport for all, that will host high-tech companies and create new, well-paying jobs. So I am very proud that Europe is investing in such an ambitious and good project.

Besides unprecedented investments, NextGenerationEU has also promoted some crucial reforms. One of them is the reform of public administration. And I know that some professors from Bocconi have been closely involved in its inception – thank you very much for that. But also reforms to reduce, for

example, late payments or bureaucracy for small companies, or reforms to accelerate procedures for renewable energy – and I will come back to that later. As you say, Mario: Reforms are the engine of Italy's economy. They can really boost the recovery.

My second point is on investments and reforms to make energy more affordable. Italy is one of the countries that was hit the hardest by Russia's gas blackmail. Putin has cut its exports of pipeline gas to Europe by 80% in only eight months. But we have managed to compensate and to diversify. And Italy makes for a perfect example. You used to import 40% of your gas from Russia, and now that share is down to roughly 10% – thanks to an impressive effort to diversify your supply. Europe's storages were filled by 96% at the beginning of November. So with all these measures, we are safe for this winter. But of course, this comes at a high price, and that is the price of energy. And therefore, in parallel, we have worked on a set of measures to bring prices down. We have insisted on a solidarity contribution on the extra profits of energy companies. It will generate roughly EUR 4 billion in revenues here in Italy already in 2023. It is money to support vulnerable households and vulnerable businesses. We are also working on a joint purchase of gas because, if we go to the markets to buy gas, it is much better if we go as 27. We have much more market power than by going individually and driving up the prices like that. So we can get better prices with joint purchases. And we have proposed a so-called market correction mechanism, which is basically a price cap. Italy has demanded it from the very beginning – thank you, Italy, for that. It will prevent excessive price hikes, it will cut manipulation and speculation. And as we speak right now, Member States are discussing on how to make it fit for the whole European Union. I am very confident that we will have it in place before the end of the year.

But now, we must focus on the next winter. Not this one, we are safe for this winter, but the next year and the next winter. There is still a gap to be filled. But the good and reassuring news in a very difficult story is that we have the potential, but it is just untapped. This potential is renewable energy. This year, we have achieved the largest growth in renewable energy in the history of the European Union. 50 additional gigawatts – which is double of what we had added last year. And we could accelerate even more. It is not figures from the European Commission, but from the International Energy Agency that tells us that we could replace another 14 billion cubic metres of Russian gas already next year, if we are speeding up the renewable projects, the renewable energy. These projects are ready to go but they are stuck because of slow permitting. We have therefore just passed a new emergency regulation to immediately unblock renewable energy projects, now.

Because, Ladies and Gentlemen, my dear friend, renewable energy is not only good for the climate and for the planet – yes, it is good for that. But renewable energies are also good for our independence because they are home-grown and they are affordable compared to fossil fuels. Fossil fuels are much more expensive than renewable energy. So, let us go for the clean and independent version of energy, and this is renewable energy. I think we should work together now on the necessary reforms to accelerate the green transition. Italian families do need clean and affordable energy. And Italian industries also need clean and affordable energy. Therefore, let us have a look at the business sector.

Italy is home to some of the most innovative companies, small and medium-sized. So, the industrial base is strong, but the cost of energy is heavily weighing on them. And the only sustainable way out, as we have just discussed, is the transition to renewable energy that is not only affordable, but also home-grown. But this transition from fossil fuels to renewable energy takes time, and the global competition is getting tougher. As you know, the United States has just presented a massive investment plan into the clean-tech sectors. The so-called Inflation Reduction Act. I must say, first of all, it is good that the United States is joining us in decarbonising their economy. It matters because the United States is the second largest emitter in the world. But the Inflation Reduction Act can also create distortions by, for example, privileging US firms. It is the 'Buy American' logic that underpins part of the IRA. It is tax breaks that could lead to discrimination and it is production subsidies that could discriminate European companies. We have to address this. That is why we are thinking about three different lines on how to nurture our clean-tech industry.

The first point is, against the backdrop I just described, that we have to adjust our own state aid rules. We have to make it simpler for public investment to power the transition. Our state aid rules exist for a very good reason – and who would know it better than you, dear Mario, you have been Commissioner for Competition. So you know it is necessary that they have to make sure that companies from all Member States can compete on an equal footing inside the Single Market. However, we have now to take a fresh look. This includes, for example, how we can make our state aid frameworks more predictable, simpler and faster; or how we can support the whole value chain, down to the mass production of the most strategic green-tech solutions and clean end products. Lots of strategic work to do.

But we also know that not all Member States have the same capacity to invest their budgets in

strategic sectors. And this is my second point. Not all Member States have the fiscal space for state aid, so we need complementary European financing to foster this clean tech across the whole European Union. This is where REPowerEU comes into play. REPowerEU is our new plan to overcome our energy dependency on Russia. REPowerEU would mean EUR 9 billion in clean energy investments for Italy. I have now proposed to further boost REPowerEU to accelerate the clean transition all across the European Union. That is the short term. In the mid-term, we need a structural solution for our clean-tech industry. The goal of our European policy is for European industry to be world leaders in the clean transition. This is why I introduced the idea of establishing a sovereignty fund. The logic behind it is very simple: If we have a common European industrial policy, this requires a common European funding. Here, too, this is about strategic decisions that would allow us to maintain global leadership.

My third point is that we are closely working with the Biden administration right now on the most concerning aspects of the IRA. This includes, for example, that we have joint efforts on several clean-tech sectors, where we face together the same challenges. We face for example the challenge together that we are developing an over-dependency on China regarding raw materials that are critical for our green transition. So, one of the possible solutions could be to create a raw materials club to overcome China's monopoly in this field. We have a lot of good work ahead of us. But what is important is the message that one thing is for sure: We, the US and the European Union, stand stronger individually when we stand together collectively.

Ladies and Gentlemen,

My final point has to do with the reform of our economic governance. You have worked so much on this, Mario. So I am glad that we have delivered a new proposal, which I think resonates with everything, dear Mario, that you have been saying for almost ten years now. We have listened very carefully. You have always said that the future of our children needs both that we invest in sustainability but also that we invest sustainably. This is why we want to give national governments more flexibility on their debt reduction path, to open the space for strategic investment. The Maastricht targets do not change. What changes is how we get there. There will be a common European framework, in which Member States will design a plan on how to achieve a gradual reduction of public debt, where investments and reforms will go hand in hand. There will be more freedom to invest, but also more scrutiny on the process, once the plan has been agreed, and thus tougher implementation. With this proposal, we could move past a whole decade of divisive debates on our economic governance in the European Union. It is an economic governance that works for Europe, because it works for all Member States. And I believe, dear Mario, that this is also what you have always strived for, throughout your entire career.

Roughly one year ago, you said: 'Europe is trying to find a new balance between sustainability, reforms and investment to support demand.' And I am so grateful for your contribution, dear Mario, to finding this balance. I know that you will leave as your legacy a new research centre on European policy, right here at Bocconi. I am sure it will become an important resource in our work at the Commission. And I will still count on your advice, my dear friend, in the years to come. We are speaking on a regular basis. I have the questions; you have the precious advice for me. Europe needs your wisdom. Europe needs your capacity to build bridges between academia and politics, as always between the North and the South, but also to build bridges between the difficulties of the present and a brighter future for all. So, Ladies and Gentlemen, please join me in congratulating a great Italian, a great economist and a great European.

*Grazie Mario.*

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