

"Challenge, resilience and accountability: the path to transformation" – Speech by President Charles Michel at the EIB Annual Economic Conference



I'm delighted to take part in this event. As you know, I attach great importance to the EIB's role in our European recovery and transformation strategy. Our personal cooperation is proof of this.

One year ago yesterday – 21 January 2020 – is a day we all remember. The day the Italian government announced the lockdown of the Lombardy region. I remember the shock. And the disbelief. Then similar lockdowns rolled across Europe, becoming the “new normal”. But there is nothing normal about this pandemic. Just look at the numbers. Today we count over four million COVID deaths worldwide. More than 650.000 here in Europe.

In one year, we have learned a lot from this virus. Covid-19 has taught us some brutal lessons, exposed our weaknesses and our vulnerabilities. Weaknesses that were hidden or that we chose not to see.

We came to appreciate the basic value of health, and of good healthcare systems – one of our most precious assets. And the resilience of our societies – vital to coping with hardship and crises. And digital technology, that suddenly took centre stage, like never before, in our day-to-day lives.

Finally, Covid has been a warning shot, marking the existential danger for our environment and our biodiversity. Since the Club of Rome published the Meadows report, in 1972, we have known our growth model is not sustainable. But the road to awareness and action has been a long one.

In Europe, we took a bold step in 2019, committing to climate neutrality by 2050. This resulted in our European Green Deal. And in parallel, we forged an ambitious new Digital Agenda. Taken together, our Green and Digital ambitions represent a powerful twin-engine strategy for growth.

Covid has both reinforced the need for it ... and our determination... We see our post-Covid recovery ... and our twin transition, as two sides of the same coin. It's our European transformation project.

This is a monumental challenge. We have the capabilities. And for this to work, each pillar of our system needs to take up its responsibilities.

The Challenge

So, our challenge today is to pivot to a new growth paradigm. And it starts

with our “peace treaty” with nature. Shifting from a model of unchecked exploitation, to one that respects and protects our natural resources. A new paradigm that remodels the relationship between our economy, our environment, and the needs of our citizens. And I want to share a thought.

Today we are only beginning to grasp the vast potential of data and artificial intelligence. But at this crucial moment, we must not repeat the mistakes of the past: we must not abuse this data.

We have seen the dangers of misusing data. In private companies, or in States, such as China, where the centralisation and processing of data is used to control individuals.

We know the damage caused by the abusive exploitation of natural resources. So we must use our digital resources wisely – to protect the “environment” of our fundamental values: democracy and individual freedoms.

This protection is not just a political issue. It’s also about the economic sustainability of these new resources. Will citizens accept to be transformed into objects, to see their personal and consumption choices guided by algorithms? Will they want to see artificial intelligence replace their own intelligence and free will?

In short, will people allow this new digital resource to be abused, like we have abused our natural environment?

I don’t think so. I believe it’s precisely a digital model anchored in our fundamental values, that will guarantee the sustainability of the digital revolution. Like we are doing now, in Europe, with the Digital Services Act and the Digital Markets Act.

2021 is Year One of the paradigm shift. We have set our climate goals. We have set our digital goals. And, we have the means to do it. 1,8 trillion euro, including 750 billion for the post-Covid recovery fund. 30% of the total will go to climate-related projects. And at least 20% of the Recovery and Resilience Facility will be made available for the digital transition.

Resilience

Covid-19 has been a massive crisis with tragic consequences. But it has also revealed our extraordinary human capabilities, our genius. People, and nations, are capable of adapting, innovating and cooperating in the face of adversity. Remember how health workers adapted and coped with the influx of Covid patients... Remember how restaurant owners adapted to take-away service. And how factories converted to producing masks or medical equipment.

And the most striking example: vaccines. International mobilisation to fund research – the EU played a leading role. Also through the EIB, which supported BioNTech with 100 million euro. And the unprecedented speed of scientists in developing vaccines in less than a year, compared to the usual 8 to 10 years or more.

We now need to sustain this spirit of innovation and resilience, to better

prevent and manage future crises.

Accountability

Each pillar of our societies will need to share the responsibility of addressing these challenges. Citizens and civil society; public authorities; and the private sector. Each bears an individual responsibility. And a responsibility towards each other.

Together, we form a dynamic, virtuous circle. Citizens are where this circle starts, and where it ends. It's the citizens – workers, consumers, small entrepreneurs – who are the driving force behind innovation and growth. And it's the citizens who give legitimacy to public authorities.

Citizens act on the changes they demand from their elected representatives. The young people protesting in the streets, in 2019, on behalf of the climate is the best example. They put pressure on political leaders and, at European level, pushed for the Climate Law.

This is where the responsibility of the public authorities comes in, regarding civil society. It's up to them to encourage and explain the change. Because without broad support from the society, change is simply not possible.

Last year, in response to the COVID crisis, we decided to mobilise a huge financial package. We want to create a favourable framework for companies to participate in our collective recovery. And to take full advantage of the potential of our climate and digital transitions. European companies are ready. According to the EIB Investment Survey, more than two-thirds of European firms have invested, or plan to invest, in climate-related projects. A much higher proportion than in the US.

The green and digital transformation of our economies requires massive investment. That's why the completion of the Banking Union and the creation of the Capital Markets Union should be a top priority. This will help unlock additional funding for our green and digital transformation.

This is why, last December, we called for rapid progress on measures to support the EU's leadership in green finance. A leadership to which, you, the EIB, has contributed with the green bonds.

Finally, the private sector has a responsibility towards citizens. I'm convinced that "Digitally Made in Europe" or "Stored in Europe" will be attractive European brands with a competitive edge in the global marketplace.

Europe, this so-called "Old Continent", has always been a pioneer. We were a pioneer with the Treaty of Rome, the Single Market, enlargement, the Schengen area, and our single currency. And still today, we are pioneers. Leading the way, laying the concrete foundations of the new paradigm.

The road ahead will be hard, but exciting. If we succeed in driving forward the virtuous circle of shared responsibility, we will be stronger than ever. For the benefit of all.

Let's make this year, 2021, the first year of the new European century. Thank you.