# European Innovation Partnership on Smart Cities, High Level Group meeting Brussels, 14 May 2013

Opening speech:

Ladies and gentlemen, fellow commissioners

I am pleased to see such a good representation today from three different sectors - transport, energy and information communication technologies. Without you, this initiative could not be successful. Thank you for coming.

Before jumping into substance, I would like to inform you that interpretation is available in French and German and you will be able to speak and listen in English, French and German.

One of the greatest challenges facing EU policymakers, industry and city authorities is how to design and adapt cities into smart, intelligent and sustainable environments.
For that, we need innovation and investment – and also <u>imagination,</u> some "new thinking", not only in transport, but across these three sectors.

This is the aim of today's meeting, the first of two that we will have together.

You all have a wealth of valuable experience about what works and what doesn't work in an urban context. In conjunction with each other, you are particularly well placed to define the most urgent needs of our cities.
With their concentration of trade, business and "people expertise", cities already create some 80% of the EU's gross domestic product.

Cities need to be globally competitive, help to meet the EU's wider climate change targets and reduce air pollution, at a time when public funding is limited.

Cities are clearly where many of transport's negative impacts are strongest.
But they offer the most fertile ground for implementing advanced technologies: the perfect setting for testing and selling new products and services.

These pressures on our cities are not going away. They will get more serious unless we act now.
Europe has around 450 cities where the population exceeds 100,000 inhabitants. The share of Europeans living in urban areas is expected to grow from just over two-thirds today to a forecast 85% by 2050.

One of our main tasks under the Smart Cities initiative is to make sure that technologies are integrated across the transport, energy and ICT sectors. If we can connect and combine these better, we can vastly improve the urban environment, using diverse technologies to increase the efficiency of how a modern city functions.

Ladies and gentlemen: what do we want to achieve with this partnership?

It brings together people, business and organisations – represented by all of you here today - involved in different aspects of innovation.

It is not an EU funding programme – but a mechanism to tackle the challenges as you see them, removing barriers that prevent smart cities and communities from becoming a reality.

At the moment, the problem is <u>not so much a lack of innovation but making sure that it is deployed on the ground</u>.

Your Sherpas have said this is the result of market failure and a lack of critical market scale. Economists would term it as buyers in cities being unsure about the real costs and benefits of investments. Companies find it difficult to know what buyers really want. So sales stay low and prices too high.

The Sherpas also stressed that the problem is not so much with technology, but more with how local partnerships function – particularly with the trust between partners and access to the experience of other cities and communities.

There are already many programmes and examples of best practice – we need look no further than the CIVITAS initiative:

In Funchal (Madeira, Portugal) improved pavements, hybrid cars and a campaign to promote cycling made the city even more appealing for tourists – and also cut $CO_2$ emissions by 10%. In Sweden, a digital pen was used to calculate the load rate of trucks wanting to load or unload in the congested centre of Gothenburg so as to avoid any breach of emission limits.

These kinds of smart city solutions that combine transport, energy and ICT have a huge potential. But their impact has so far been limited to a few cities and communities.

We really have to focus on deployment.

At the same time, we need to be pragmatic. The Smart Cities initiative should build on the success of existing projects like CIVITAS - not replace them.

Ladies and gentlemen
This brings me to today's high-level group meeting. As group members, you will have a highly visible strategic role in kick-starting engagement and activity leading to the wide-scale application of smart city applications across Europe.

Only a small part of making a city 'smart' is a technical challenge – it is mostly a multi-disciplinary task of solving "soft" issues. It requires city officials, suppliers, national and EU policymakers, academics, researchers, industry, manufacturers and many others to come together.

Starting by analysing the most common local needs, the group should define concrete objectives and targets for cities to become as attractive as possible. It should identify the barriers that now prevent full-scale implementation of innovative technologies.

It should develop recommendations for initiatives and policy at all levels, from local all the way up to European, with a timeline running up to 2020.

These priorities will become the core of the Strategic Implementation Plan, which we should finalise at our next meeting in September - along with ideas on how to achieve the targets and who will be the driving force behind them.

You will already have received an input paper setting the scene for today's discussion. My colleague Günther Oettinger will present our first point. Then, in the second hour, Neelie Kroes will lead the discussion on the achievements we should aim at in this partnership.

Thank you for your attention and I look forward to speaking to you a little later.