

**Speech by Prof. Dr. oec. Inese Vaidere, Member of the European
Parliament, at the V International Economic Forum**

Crises highlight our weaknesses. There is no doubt, therefore, that **difficult times must be used as an incentive for change** to build a stronger economy.

Currently, the biggest global crisis is **Russia's brutal war in Ukraine** and its far-reaching negative consequences. At the European level, I continue to work to achieve more aid for Ukraine and stronger sanctions against Russia.

The war is changing not only the security situation, but also various aspects of the economy. For entrepreneurs in Latvia and other countries in our region, this means they must stop looking east. There can be no doubt that neither Russia nor Belarus is a reliable trading partner. Therefore, **business must be reoriented**. There are many opportunities elsewhere.

Particular emphasis should be placed on the **energy sector**, which is in need of very significant change. It is unacceptable that EU countries still transfer hundreds of millions of euros to Russia every day for the import of oil, gas and coal, which is helping to finance the war. That is why I have long advocated that we **learn to live without Russia's resources** - as soon as possible. In recent months, as **Vice-President of the European Energy Forum**, I have initiated various **discussions with the energy industry** on the implementation of the embargo.

The production of **local renewable energy sources** must be promoted rapidly. To accelerate the transition to clean energy, the EU-level "**REPowerEU**" strategy aims to mobilize additional **investment** of up to **€ 300 billion** in the coming years.

Solar energy is very promising, so it is planned to double its capacity in Europe by 2030. For example, by making it mandatory that solar panels are installed on the roofs of all new buildings in the future. In Latvia, it is also important to use more **wood for local consumption**. The transition from gas heating to the use of wood products must be actively promoted, also with EU funds. Meanwhile, export of timber products should be of higher added value.

We also need to **reduce our energy consumption**. As the **European Ambassador for Renovation in Latvia**, I regularly emphasize that the renovation of buildings will help to significantly reduce our energy consumption and people's bills. This year's EU budget includes a **pilot project** developed by me of almost 2 million euros to promote citizen awareness about the practicalities of building renovation. It is currently being implemented.

And we need to review our consumption and mobility habits because the **cheapest is the energy we don't use at all**. We can reduce, for example, the indoor temperature during the heating season or the temperature of water boilers. It is estimated that changing daily habits could reduce gas and oil demand by 5%. At the national level, various incentives to promote energy efficiency should be considered. For example, by setting reduced VAT rates for energy-efficient heating systems or materials used to insulate buildings.

The words "**Human being. Nature, Entrepreneurship**", emphasised in the title of this year's conference, are noteworthy because they all need to be balanced as we move towards a more environmentally friendly economy in a sensible way.

"Has Russia's war in Ukraine cancelled the EU Green Deal?" In recent months, we've heard the question quite a few times. The answer is - "**No**". Europe's goal of achieving climate neutrality by 2050, which means not producing more harmful emissions than we can offset, for example, by planting trees, is still valid. The intermediate target of reducing emissions by 55% by 2030 has also not changed.

However, we in the European Parliament have also agreed that **the path to this goal must be adapted in the context of Russia's war**. The Green Deal must be implemented in a thought through way. The immediate rejection of Russia's fossil fuels may require higher gas or coal consumption from other suppliers in the short term. **Greater flexibility in the short term** might also be considered for certain environmental requirements if these are particularly burdensome for businesses or citizens.

To reduce the need for fossil fuels and assist in the transition, in the European Parliament's Committee on the Environment I worked on the establishment of a new **Social Climate Fund**. Negotiations are still ongoing but **Latvia** could provisionally receive **170 million euros** from this fund by 2028. This will help citizens and businesses to purchase less polluting heating systems, invest in more environmentally friendly transport and improve energy efficiency.

Finally, a major concern is the **rise in** energy, food, construction and other resource **prices**, as well as supply chain disruptions - largely caused by Russia. This has resulted in **record inflation**. In May, consumer prices rose by 8.1% year on year in the euro area, and much faster in the Baltics. In the European Parliament's Committee on Economic Affairs, we recently met with the President of the European Central Bank, Christine Lagarde, to whom we reiterated that we **expect decisive action to reduce inflation** and ensure the modest rise

in prices needed for favorable economic development. She promised that the CB will raise interest rates in July, for the first time in 11 years, and will continue to do so in September, At the **national level**, sensible solutions must be found to provide **support to both citizens and businesses**.

To summarise, we are currently facing **various crises caused by Russia's war in Ukraine**. Not only the security and humanitarian crisis, but also serious economic, energy and other challenges. To be able to **use these crises as an incentive for positive change**, the **bright minds of our scientists and entrepreneurs** are essential in the search for innovative solutions. I wish you to use this conference to generate ideas, exchange them and strengthen cooperation!