



CONSULTATION ON THE FUTURE "EU 2020" STRATEGY

VIEWS AND POSITIONS

OF THE CYPRUS CHAMBER OF COMMERCE AND INDUSTRY AND UNIT A (INFORMATION SERVICES) OF THE EUROPEAN BUSINESS SUPPORT CENTRE – CYPRUS ENTERPRISE EUROPE NETWORK –

It is no secret that the ambition of the original Lisbon Strategy to make Europe the world's most competitive knowledge based economy by the year 2010 has not materialised. The revised Lisbon "Growth and Jobs" Strategy had started to bear fruit but has unfortunately been interrupted by the world economic crisis. The "EU 2020" Strategy will be designed as the successor of the Lisbon Strategy. Its aim should therefore be to finish the unfinished business and even advance further the original objectives. At the same time it should serve as an instrument and framework to facilitate and speed up the exit from the recession.

No one can disagree with the new objectives set, i.e. to establish a new sustainable social market economy, a smarter greener economy where prosperity will come from innovation and from using resources better and where the key input will be knowledge.

More analytically the key priorities for EU 2020 are set by the Commission as follows:

- Creating value by basing growth on knowledge (where innovation, education, research and ICT uptake are major components)
- Empowering people in inclusive societies (where new skills, creativity, entrepreneurship and flexicurity are major components)
- Creating a competitive greener economy (where the more efficient use of energy and resources, environmental considerations, upgrading infrastructures, reducing administrative burdens and accelerating the market uptake of innovations are major components)

While agreeing with all the above priorities, the Cyprus Chamber of Commerce and Industry believes that a fourth priority should be added, namely; "Improving the effectiveness of and accessibility to the public sector" where the improvement of the quality of regulations (through the better involvement of the relevant stakeholders) and the effective application of the "Think Small First Principle" should be major components.

This is essential if the objectives of competitiveness and sustainability are to be achieved.

In addition our Chamber places particular importance on the following:

- the need to transform education systems to take more account of the changing labour market needs. In this direction the encouragement of the cooperation between the business sector and academia is paramount
- the need to place more emphasis on innovation and creativity without of course suggesting that we should not put emphasis on research as well. This is particularly important for small economies like Cyprus where the great majority of enterprises are micros
- improving performance in research and innovation should also be seen as an integral part of other policy areas such as environment, health, transport, energy, infrastructure, business and employment, regional development and education
- the need to practically encourage the uptake of ICT and the opportunities offered by the digital economy, since among other things innovation is many times closely associated with the implementation of ICT based solutions and the better use of information and communication technologies. The enhancement of broadband availability at an affordable cost is equally important
- the need to encourage private – public partnerships actively since among other things this would contribute to a speedier exit from the recession and ease the burden on public finances, particularly in a period where these are under considerable strain as a result of the world economic crisis
- the need to enhance the flexibility of the labour markets and to deploy the concept of flexicurity to the full, by promoting particularly life-long learning and ensuring appropriate social protection
- promoting the skilling of the “unskilled” where a large proportion of the underprivileged population is to be found. This will also contribute to integrate more people into the labour market, thus increasing employment / reducing unemployment
- the need to attract a larger proportion of the population to tertiary education (40% by the year 2020 as per the Education Council Conclusions of 2009)
- promoting entrepreneurship as this contributes directly to job creation, innovation, fighting social exclusion and wealth creation / growth
- promoting the more efficient use of resources and placing particular emphasis on renewable sources of energy, as this will decrease the demand for exhaustible fossil fuels but also contribute to meeting environmental and climate goals. Climate policy in particular must make greater use of the potential for innovation (and green technologies) that help reduce the energy and CO2 emissions
- upgrading the transport and energy infrastructures and enhancing their integration
- improvement of the regulatory environment as this will have a direct beneficial impact on entrepreneurship, competitiveness and innovation, particularly in the case of SMEs. This is much more important now when SMEs are straggling to

lead the European economies out of recession and cannot afford to be blocked by unnecessary bureaucracy. Impact assessments where the SME test will be applied rigorously are more than necessary both at E.U. and national level. When referring to the national level this should be taken to mean in all E.U. member states without exception. Needless to say, both the European Parliament and the national Parliaments should be directly involved in the process and provide full support to it. Equally important is the active involvement of and consultation with the social partners (particularly those representing SMEs) both at European and national level

- full liberalisation of energy, telecoms, postal and transport markets according to the 2007 timetables
- proper and full implementation of the Services Directive, E.U. wide, ensuring the formation of a Single Market for Services as the one that exists for goods
- facilitating access to finance, particularly for SMEs. In this direction we need to encourage more the use of the European Investment Bank and the European Investment Fund as well as more effective competition in the banking sector
- reforming FP7 and CIP with a view to make them more flexible, more accessible and less complex particularly for SMEs
- the need to continue and intensify the efforts for a fair international competitive environment where intellectual property will be truly protected and access (by SMEs in particular) will be improved
- the need to continue combating discrimination and providing equal opportunities with increased intensity. In conjunction with this, a stronger focus on work/family life reconciliation is needed as well as on the need to develop appropriate infrastructures/ facilities that will contribute decisively to increasing the proportion of women that enter / re-enter the labour market. The need for upskilling the potential but also (many times) existing labour force and the need to close the income gap is also of vital importance. Equally important is the need to promote female entrepreneurship and business start-ups by women

All the above should take place in an environment where national governments should take every care not to run into excessive public deficits or build up excessive debts. Exit from the recession should not be done at the expense of maintaining sound fiscal policies. It is thus very important to set priorities particularly at national level so as not to increase (or even better so as to curtail) public expenditure. The criterion should be the rate of return (to the economy) of any investments made and the achievement of the EU 2020 Strategy objectives, always in the context of the national strategic development plans and the national budgets. Increasing public revenue through additional / increased taxation finds us vertically opposed as this is the worst possible recipe for getting out of the recession.

In addition, access to credit and robust E.U. wide supervision systems for the financial sector are more than necessary both for facilitating the exit from the recession but also for preventing such financial crises from re-occurring in the future.

Special care must also be taken so as to ensure that, health, social security and pension systems are viable in the future if we want to safeguard the social dimension of the "EU 2020" policy against the backcloth of an ageing population and changing demography all across the European Union. This should be done either through increased contributions by the working population, extending the retirement age or both.

Finally, it is imperative that the E.U. Budget should be used in the direction of achieving the EU 2020 Strategy targets, at least in as far as the European Union level is concerned. This necessitates a complete refocusing of the 2013-2020 budget. Above all, the excessive percentage of the current budget that is allocated to agriculture and rural development (43%) should be severely curtailed, while the competitiveness component (9%) should be significantly increased. The new EU Budget should involve simpler financial and administrative procedures so that more funds are used on actual delivery rather than (many times unnecessary) supervision and (excessive) administration. Monitoring attention should be focused on the areas of greatest risk / large expenditure.

In conclusion, the European model must be further strengthened in the future in order to reconcile competitiveness with employment, social security, environmental responsibility, growth and prosperity.

In order to properly implement and make the new strategy effective it is of the utmost importance that the social partners both at European and national level, as well as civil society at large are actively involved and properly consulted from the outset but also throughout the 10-year implementation period. Gaining the support of business representative organisations, (particularly those representing SMEs) to the strategy is imperative. It is of course equally important to secure the commitment of national governments but also national parliaments that they will "make things happen". As the experience with the Lisbon strategy has taught us, if this is not secured then we will fall short of achieving the goals of the strategy. In other words, a true partnership and a 100% commitment is needed between the EU, the Member States and all stakeholders if the goals are to be achieved.

We believe that the setting of national objectives for 5 years and the yearly monitoring of progress but also a large scale mid-term review in 2015 will contribute decisively to the achievement of the objectives by taking inter-alia corrective action where this will be deemed necessary.

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