

# **Public consultation on the future EU 2020 strategy**

## **Response by the European Conservatives and Reformists Group**

The strategic aim of the Lisbon Strategy was to make the European Union "the most dynamic and competitive knowledge-based economy in the world by 2010." However, the ECR Group is concerned that the new EU2020 proposal moves away from this clear and coherent strategic vision, and that the proposed timescale is also unrealistic. ***We urge the Commission to reconsider its proposal, instead focusing it on Europe's comparative economic advantages and existing commitments.***

Rather than seeing the new strategy as purely a short-term response to the economic crisis, the EU2020 must lay out a concrete action plan for the long-term, outlining how Europe intends to move from an economic recovery to a sustainable and competitive future. ***The future strategy and its success will largely depend on whether we fully understand why the Lisbon Strategy did not meet its objectives.***

It is imperative that the Commission turns some of the more remote and abstract principles into concrete objectives and targets. ***Also, as public budgets tighten, the Commission must use existing tools and resources at its disposal, rather than extending into new areas, which will not necessarily bring "EU value added".***

As a result, the ECR group would prefer the EU2020 to focus on a very specific set of commitments, as now set out.

### **1. Single Market proposals**

#### **Fully completing the Single Market for Services and Goods**

- ***Implementation of the "Goods Package" and the Services Directive should be a priority.***
- Beyond these ambitious packages the Commission should continue to identify the sectors where future collaboration can produce the greatest

economic benefit and ***where barriers still need to be broken down, for example through market monitoring.***

#### **Better enforcement of Single Market rules**

- The European Commission should adopt a new focus on the effectiveness of its role as the ***enforcer of Single Market Rules.***
- Innovative methods, such as ***mutual evaluation*** envisaged in the Services Directive, should be used more frequently to ensure better enforcement.
- ***A reversal of the burden of proof, as agreed for the goods package, should be introduced for a single market rules.*** The presumption should be in favour of open markets unless a Member State has a defensible public interest case.

#### **Making the Single Market fit for the future**

- With the advent of the Internet, ***the Single Market must "go digital".***
- The potential of the internet must be exploited by the Single Market - ***barriers to a fully functioning e-commerce sector must be addressed*** to give businesses the ability to trade cross-border and consumers the confidence to take advantage of the enhanced range of goods and services on offer.

#### **Effective intellectual property rights system**

- Fragmented licensing and copyright regimes across Europe undermine the Internal Market.
- ***Member States and the European Commission must be more ambitious in their approach,*** proposing pragmatic and innovative solutions to move forward. These solutions should reflect market developments which call for creators to be protected while taking into account the need for a fresh approach on the systems used to ensure the protection of these rights.
- ***The Commission's efforts to digitalise libraries, following the Google Book Search settlement,*** should be pursued to enable texts to be more widely available to consumers across Member States.
- ***The operation and transparency of collecting societies and other rights management organisations should be increased*** to enhance their effectiveness through monitoring measures outlined by the Commissioner responsible.

## Single Market for research

- Member States must fully **implement the European Research area** to establish the "fifth freedom," in order to maximise the practical benefits of research for Europe's businesses.
- **Continued support for the European Research Council is vital as it will allow researchers to identify new opportunities and directions in any field of research.**
- At the heart of the European Research Area must be the **recognition of the central role of Europe's universities**. World leading education and skills are needed for world leading companies to invest in European operations.
- **In particular scientific research in the medical sector, combined with innovative applications will foster growth and well-being in an aging society**. This requires close co-operation between university research departments and the medical industry which can generate the products and services Europeans will urgently need over the next decade.
- **The EU must take full advantage of the areas where European research is already leading the world**, the regulatory framework surrounding research into areas such as stem cell research and gene therapy that has held back research in other countries has allowed it to flourish here in Europe.
- While we will continue to scrutinise EU research spending and seek to cut heavy bureaucratic procedures and red tape for researchers involved in EU Framework programmes, **European programmes that support and facilitate the transfer of research knowledge into job and wealth creating enterprises should be encouraged**.
- **Wider encouragement of Research and Development, particularly in early stage development**. This should be focussed on encouraging scientific research regardless of where it takes place - private research should be given as much weight as academic research so as to encourage scientific development
- The EU is hampered by low private sector funding. **Retained profits are the most viable source of research funding** and while tax cuts may be delayed until the current economic climate improves, there should be an aspiration of low taxation across the EU in the medium term. **'Harmful' tax competition notwithstanding, the principle of tax competition among the EU27 must therefore remain inviolable**.

- Tax regimes across the EU should encourage ***private sector financial investors in innovative companies***.
- While strategic decisions on supporting new technology sectors will be taken at EU level, this does not prevent some specific cases where new technologies can be supported at Member State level, which is especially important in agricultural innovation.
- Framework grants and the corresponding payment methodology need to be clear and transparent ***to safeguard public money from irregularities and to ensure the bureaucratic burden on claimants is proportionate***.
- A more flexible approach to research support and the promotion of more joint projects held between Member States should be encouraged.
- ***As part of the Impact Assessment process, all Commission proposals should undergo an "innovation test"*** to ensure that no legislation undermines Europe's commitment to an innovation-based economy.
- Public authorities spend 16% of Europe's GDP and they need to provide a stronger commitment to driving innovative solutions and market opportunities.
- The agreement of a ***fully functioning European patent and European patent court*** will be essential for Europe's competitiveness and access to research markets by SMEs is essential.

### **Single Market for energy**

- The energy market across the EU should be fully liberalised to allow energy to flow freely across the EU by ***facilitating the construction of necessary interconnectors***.
- ***Member States should be ready to show solidarity*** when other countries seek to exert undue influence through their position as exporters of energy to the EU.

### **The Single Market in a global context**

- It is essential that our Single Market policies are informed by an understanding of EU competitiveness relative to the rest of the world.
- With the economic crisis hampering growth prospects, ***it will be important to keep the EU's internal and external markets open to competition*** and continue to resist calls for protectionism.

## **2. Proposals on the reduction of administrative burdens for businesses**

- Reducing bureaucracy for businesses, particularly SMEs, should be considered a priority in the EU2020 strategy. **Better regulation** must be identified as one of the prime contributors to achieving a competitive and dynamic business environment in the EU.
- The Commission's initiatives in this area, such as establishing a target to **reduce administrative burdens on business by 25% by 2012 should be further developed and fully implemented.**
- The **"think small first"** principle included in the Small Business Act should be at the forefront of all proposals from the Commission.

## **3. Innovative Procurement and Public Private Partnerships**

- **Public private partnerships focusing on innovation and R & D should be welcomed but** they should only be considered as one of the many tools available to boost the competitiveness for the public and private sectors.
- **Pre-commercial procurement must also be seen as playing a crucial part in both helping the EU to become more competitive globally.** Public authorities must use some of their procurement budgets to support innovation, generating a demand for innovative solutions and actively work with innovative companies to fulfil their public sector needs.
- **SMEs should also be recognised as important drivers of Innovative Procurement and Public Private partnerships.** SMEs are often more innovative intensive than larger companies, with relatively greater investment in innovation as a proportion of activities. There must be new policy initiatives to step up the proportion of innovative SMEs engaged in public markets, such as simplifying qualification requirements and requiring SMEs to be included on tender lists.

#### **4. Employment and social policy objectives**

- ***Subsidiarity should be respected*** since social aspects remain largely in the domain of national governments.
- The essential role of ***dynamic entrepreneurial culture and a self-employment*** environment should be promoted to give rise to free enterprise, free and fair trade and competition and to create sound economic conditions for small businesses, which create the majority of new jobs. Starting a small business must be made simpler, quicker and cheaper.
- ***Focus on the young population*** since young people are emerging as the prime victim of the economic slowdown. They typically find it difficult to get established in the labour market because of their lack of experience. Educational programs should better prepare youngsters for labour market and ***business-university cooperation*** is just one way forward. ***Research at universities and an improvement in the quality of teaching is also necessary.***
- ***Wage flexibility is crucial*** since Europe suffers from extremely high rigidity of economies due to regulation at micro level of the Labour market. This has been a reality in Europe already for 50 years (with different attempts to reform it with different results and success in different countries) and it is one of the key causes of high unemployment levels across the European Union. As a result, ***state and EU interventions should be limited.***
- ***Increasing skills is essential to boost and maintain the competitiveness of the EU with the rest of the world.*** World leading education and skills are needed for world leading companies to invest in European operations. This could be done by means of education programs, university-business partnerships, efficient apprenticeship schemes, career development loans and encouraging employers to invest in training.

- ***Demographic change should be tackled*** since by 2060 the European Union will account for just 6 per cent of the global population and almost third of its population will be more than 65 years old. As a result, the aging population will put pressure on national social security schemes. Migration phenomena also needs to be addressed and so-called atomisation of societies (family breakdowns), where the ECR will shortly submit a range of detailed policy ideas.

## **5. Greener economy and energy**

- ***Implementation of the climate and energy package should be a priority.***
- ***Further reform of the EU Emissions Trading scheme*** should be pursued.
- ***EU Action to focus on the promotion of greener energy forms***, including renewable energy and new technologies, such as carbon capture and storage, fuel cells and nuclear fusion, should be increased.
- ***Nuclear fission energy has a key role to play in electricity generation***, particularly in the short and medium term and we should aim to increase its share of EU electricity supply to 40 per cent.