

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

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



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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, tax payers’ money must go much further. The Commission must use existing tools and resources at its disposal to ensure more is achieved with less, rather than extending into new areas, which will not necessarily bring “EU value added”.**

The ECR Group notes that the EU2020 consultation document does not include a review of the changing environment in the European Union and is concerned that **the Commission’s paper does not address some of the critical challenges that the EU is currently facing.**

We would also like to remind the Commission that a wide-range of analysis has already been undertaken by think tanks, organisations and the European Parliament’s own policy department<sup>1</sup> and a summary is annexed for information.

In light of these considerations, the ECR group would prefer the EU2020 to focus on a very specific set of commitments, as set out below:

## 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.

<sup>1</sup> EU Policy Challenges 2009-2019 A report to the President by the Cabinet of the Secretary General Policy Management Team

- **A reversal of the burden of proof, as agreed for the goods package, should be introduced for 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 ageing 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,

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- **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 remains 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 regulations and 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 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 working 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 the 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.** Europe is in real danger of being overtaken by fast-growing economies with more highly-skilled and qualified graduates in subjects such as engineering and information technology. This is directly related to the increasing volume of new and innovative technologies in these fast growing economies. More students in Europe should be encouraged to study information technology and engineering subjects to increase Europe's competitive advantage. Education programs should be improved significantly, while university-business partnerships, efficient apprenticeship schemes, career development loans and investment in training by employers should be promoted.
- **Demographic change must be tackled** since the ageing population will put pressure on national social security schemes. In order to keep older workers in employment, the mandatory retirement age could be extended. Lifelong learning should be promoted to help compensate for a reduction in the total number of workers by increasing individual productivity. Promotion and support for investment in green technologies would help to create new high and low skilled jobs while also enhancing Europe's energy security and combating climate change<sup>2</sup>. 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.

## 6. Infrastructure and logistics

- To a large extent, achieving many of the priorities set out in the EU2020 consultation document is directly related to the internal "hard" infrastructure in EU Member States, their regions and municipalities and Purchasing Power Standards, which the Commission fails to mention in its Consultation document.
- The logistics industry makes fundamental contributions to the competitiveness, efficiency, and sustainability of businesses in the European Union. It was the largest sector in the EU in 2008 in terms of revenue, generating 950 billion. Therefore, **it is essential for the creation of more integrated, longer-term strategy for logistics.**
- Closer coordination between industry and the European Commission is crucial, including the **creation of a high-level stakeholders' group for logistics with a broad-based industry representation and the creation of a logistics think-tank.**

<sup>2</sup> EU Policy Challenges 2009-2019 A report to the President by the Cabinet of the Secretary General Policy Management Team, p3

- **Completion of the Single Market for all modes of transport.**
- **Businesses should be freed from administrative and operational bottlenecks, including customs and security measures.**
- **Financial incentives to reduce energy consumption** including investment in fleet renewal, ITS devices, electric, natural gas and hybrid trucks and sustainable real estate solutions.
- **Enhanced cooperation between the services of the Commission to implement an integrated cross-modal transport policy**, taking into account the chain of transport and logistics services.

## ANNEX I: Summary of analysis undertaken by think tanks, organisations and the European Parliament's own policy department.<sup>3</sup>

1. **Competitive dynamics regarding the EU economy in the context of the shift from West to East.** China has already become the largest supplier to the European Union, which imposes massive competitiveness challenges and requires Europe to focus heavily on its services sector. There is an urgent need for sustained improvements in products, innovation, quality and efficient delivery.
2. **Digital economy. Europe needs to adopt and step-up its information technology capacity as a matter of urgency** since it operates at all levels, from the public service sector to manufacturing to education. The European Union is not addressing this issue efficiently and is not adopting the wide-ranging and radical policy developments required.
3. **Demographic change must 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. The European Parliament's budgetary amendment to finance a pilot project on an **interinstitutional system to identify long-term trends on major policy issues facing the EU** should be included in the EU2020 strategy. **The system should be rapidly established and in full operation by 2012.**
4. European Union and Member State investment funding often overlap, which is especially pertinent in areas such as education. **It is crucial that Member States' individual investment schemes are respected since in several instances it is more efficient to administer funding at a national level.** As a result, the Commission should take appropriate steps to coordinate investment at European Union and national level.
5. **Cohesion policy as territorial development policy is fundamental to integrate all dimensions of sustainability** and should therefore have a prominent place in the EU2020 strategy.
6. **Agriculture and rural development are crucial and** President Barroso's commitment to establish the future requirements and role of agriculture and rural development should be addressed in the EU2020 strategy to ensure that the sector remains competitive.

<sup>3</sup> EU Policy Challenges 2009-2019 A report to the President by the Cabinet of the Secretary General Policy Management Team