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# Position paper of the Republic of Poland towards the Commission working document on Consultation over the future “EU 2020” Strategy

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*adopted by the Council of Ministers on 14 January 2010*

*The Government of the Republic of Poland welcomes the initiation of public consultation on the shape of the new EU economic strategy and acknowledges that the document presented by the European Commission constitutes a solid basis for an open discussion at the European, national and regional levels, which will lead to the development of recommendations on the directions to reforms needing to be implemented in the EU economy.*

## **Poland’s main expectations as regards the “EU 2020” strategy**

Transition from the Lisbon Strategy to the “EU 2020” strategy should be in the nature of an evolution. The new Strategy ought to be based on Lisbon Strategy experience and to constitute a uniform response to global and internal challenges, including the crisis on financial markets and its economic and social consequences. It should set the direction for the economic policy of the EU and the Member States in the mid- and long-terms. Actions under the future strategy will not be implemented successfully unless they reflect in due manner the differences in levels of socio-economic development within the EU, as well as in needs arising therefrom.

It is essential that efforts to seek out a new driving force underpinning future EU development should at the same time favour **reinforced economic, social and territorial cohesion**.

The “EU 2020” Strategy should maintain the fundamental objectives of the reforms, i.e. **economic growth and a higher level of employment**.

The future Strategy should also pay more attention to the interests of the EU as a whole, and it is therefore proposed that it should concentrate on three priorities, i.e.

- the full utilisation of the capacity for innovation and creativity, this entailing the development of intellectual capital in its human, organisational, social and relational aspects,
- the development of the internal market,
- the development of what is broadly understood as infrastructure, in transport, energy and telecommunications.

Collective action in the above areas will bring benefits for the entire EU-27. The inclusion of energy policy in the context of the Single Market, infrastructure and the external dimension is of great importance. The proposal regarding the eco-efficient economy should be adjusted to the specific conditions of each Member State. In the case of all initiatives aimed at “greening” the European economy, the idea to analyse the socio-economic consequences thereof for the

EU, as well as for each Member State, seems justified. It is also essential that a balance be maintained in terms of instruments for implementation. The “EU 2020” strategy must not be based on the general “*one size fits all*” rule. A level playing field among the EU Member States must be maintained, this combining with the fair division of responsibilities, in order that the effort of particular Member States in reaching the strategy’s objectives should be comparable.

The Strategy should also stress the importance of an integrated and territorially oriented approach to development for dynamic economic growth and increased employment in the EU. It results from Poland’s experience with the implementation of cohesion policy that an approach based on a combination of integrated, development-oriented actions and a territorial aspect brings the best development effects. At the same time, a wide scope of intervention actions within the framework of cohesion policy allows for effective attainment of strategic EU goals, such as the building of a “green” economy, reinforced innovation, and energy security.

The Strategy must take account of cohesion policy in all three of its aspects in all Member States – especially since the priorities outlined in the future Strategy will be reflected in EU budget policy. Support for economic, social and territorial cohesion and solidarity among Member States is an objective laid down in the EU Treaty and is therefore to be reflected in all policies implemented at European level. It is important to ensure that cohesion policy proceeds hand in hand with implementation work on the future economic strategy, this ensuring a development policy integrated as regards the Union as a whole, and not merely its poorest regions.

### **The detailed position of the Republic of Poland towards provisions in the European Commission Consultation Paper**

The Government of the Republic of Poland proposes that the fundamental objective of the reforms, i.e. accelerated economic growth and the stimulation of increased levels of employment in EU Member States, should not be changed, with the economic strategy post 2010 constituting a unified response to global and internal challenges. The future Strategy should address both those challenges that arise out over the current global economic crisis (the deepest in the last 80 years), and other, long-term global challenges. To this end, there should be a process of identifying new EU growth factors that would contribute to a strengthening of economic, social and territorial cohesion within the EU. Moreover, new growth reserves should be mobilised and existing ones utilised more appropriately, in particular where these arise out of the relatively recent enlargement of the Union, and thus make best use of the potential offered by cohesion policy.

In the opinion of the Government of the Republic of Poland, the EU economic strategy after 2010 should offer synergy between particular policies by means of effective cooperation (without overlapping competences), the targeting of actions at the creation of new jobs and a raising of the competitiveness of Member States' economies. In this, the potential of existing EU policies should not go untapped. The Government of the Republic of Poland welcomes the proposal securing a key role for the European Council in the process of defining priorities of the new Strategy and supervision over its implementation. We also propose that the European Council should supervise actions orientated towards priority implementation in respect of the Strategy in an integrated and coordinated way. In this context, alongside the Economic and Financial Affairs Council already included in the work schedule of the Spanish Presidency, there will be an essential role to be played by the Competitiveness Council, as regards the cohesive defining of the microeconomic components to the “EU 2020” Strategy (transforming Europe into a competitive, knowledge-based, innovative and eco-efficient

economy), as well as by the Employment, Social Policy, Health and Consumer Affairs Councils in respect of the European Employment Strategy.

At the same time, it is the view of the Government of the Republic of Poland that the foresight process should not be limited to landmark moments, such as the developing of an EU strategy for the coming years, but should be a constant element underpinning actions taken and the administrative culture at Community and national levels.

The Government of the Republic of Poland at the same time finds it worrying that the **assessment, conclusions and proposals** presented in the document were **not supported by an evaluation of Lisbon Strategy implementation to date**. An *ex post* analysis of the strategic documents, including coordination and integration instruments and structures, particularly as regards economic phenomena, could show how efficient these are in the crisis-stricken global economy.

With the above in mind, the Government of the Republic of Poland deems it necessary to have clearly indicated:

- elements of the currently implemented Lisbon Strategy that are considered to need continuing with,
- the desired and required relationship between the future “EU 2020” Strategy and other overarching Community strategies, *i.a.* the *EU Sustainable Development Strategy* and development programmes implemented under EU cohesion policy and the Common Agricultural Policy,
- the coordinating mechanisms whose establishment is planned, with a view to ensuring complementarity and cohesion between objectives and instruments within particular EU sectoral policies and the goals and instruments of the “EU 2020” strategy.

Although the Commission document includes an **accurate diagnosis of differences in levels of development within the EU**, the Government of the Republic of Poland wishes to draw attention to the fact that the proposed bases underpinning future economic growth do not account for the disparate impact of the current economic and financial crisis, or needs connected with optimal utilisation of the development potential of the EU as a whole, and of its new Member States in particular. As the “EU 2020” Strategy is developed, particular attention should be paid to **arresting marginalisation processes** and strengthening relationships between centres of growth and competitiveness on the one hand, and the less-developed regions on the other. This is also true of restructuring in rural areas with a view to agricultural structure being diversified and levels of efficiency raised, *inter alia* by creating conditions for non-agricultural development in rural areas. In the opinion of the Government of the Republic of Poland, the **“EU 2020” Strategy should emphasise the role cohesion policy may and should have as regards actions to raise the competitiveness of the European economy**, as well as in the process by which the crisis is emerged from and employment rebuilt, and in respect of the transformation to a so-called green economy. It needs to be stressed that each region, irrespective of its level of development, has development potential that needs to be used as pan-European growth objectives are put into effect. In the opinion of the Government of the Republic of Poland, optimal utilisation of this potential will contribute, not only to a reinforcing of the dynamics to economic growth in the EU, but also to raised competitiveness and quality of life in all regions. It is the further opinion of the Government of the Republic of Poland that the role of the Common Agricultural Policy in the process of European integration should be stressed, as it should in respect of the process by which economic, social and territorial cohesion is assured, at national and Community levels. It is therefore essential to maintain the Community dimension

of agricultural policy in the EU Member States, in particular the financial aspect, as the precondition for the efficient and competitive operation of the Single Market in this sector, but also to serve increased European integration and cohesion in general.

Recognising both the importance of infrastructure and its stimulatory role as regards development, the Government of the Republic of Poland considers it essential **for the future Strategy to emphasise the need for modern, cohesive and efficient infrastructure to be put in place**, as regards transport, power supply, telecommunications and research, as well as social issues (including cultural and health-related infrastructure). It is in the interests of the entire EU that maximal use be made of the Union's internal potential, something that is currently hampered by the fact that numerous areas and communities are excluded by underdevelopment in terms of the relevant infrastructure.

## **Re 1. Creating value by basing growth on knowledge**

The Government of the Republic of Poland suggests formulating this priority as a "knowledge-based economy", and agrees with the opinion presented in the document, whereby **a new approach to innovation is required** if enterprises are to meet the challenges of the global economy. Although policy of extending support to R&D as a major source of competitive advantage remains important, it is insufficient in the context of the building of a knowledge-based economy. The way in which innovation is perceived must be extended to include new forms by which innovation can be created and innovation policy developed, these constituting true responses to the existing global challenges. At the same time, the Government of the Republic of Poland wishes to draw attention to the fact that **creating a knowledge-based economy implies the need for cooperation skills to be developed, as well as the capacity for knowledge to be transferred among different actors on the market** (enterprises – research institutions – consumers). For this to be achieved, appropriate actions aimed at increasing the importance of science to economic development need to be taken, in accordance with the "knowledge triangle" rule, as this contributes to the fuller achievement in practice of the so-called "fifth freedom". In this context, it is crucial for this document to underline how cohesion policy may successfully stimulate the development of a knowledge-based economy. The Structural Funds play an important role when it comes to the mobilisation of public and private expenditure on innovative undertakings.

The increased use of R&D results in economic practice also requires **a new approach to industrial policy**, which should take fuller account of horizontal issues, such as increasing innovativeness, minimising negative impact on the environment, developing human resources, and simplifying the regulatory system, as well as enhanced awareness of intellectual and industrial property and the need to utilise it.

There is also a need for the "EU 2020" Strategy to underline how future benefits from the current opportunities for further economic development are available only on condition that society and organisations are well prepared for this. It is therefore essential to establish a mechanism for the absorption and social acceptance of innovation. The key element in this context is future development of intellectual and social capital. The concept of full utilisation of intellectual potential, relating to both that which already exists in the EU and the development opportunities of particular Community Member States, includes such elements as human, structural, social and relational potential. A creative society may significantly strengthen this potential, e.g. by means of participation in culture and cultural education, or by stimulating development of sectors of the economy related to the culture and creative industry, something which needs to be discussed in greater detail than hitherto at EU level. The Government of the Republic of Poland draws attention to the fact that indicators relating to particular components of intellectual potential revealed marked differences in the levels

obtained among the different Member States. It is most disconcerting that there are some countries characterised by a relatively high level of human potential and low structural potential, and others of relatively high structural and social potential. Such bipolarity points to an increasing risk of insufficient use being made of the intellectual potential the EU does possess, this in turn creating a considerable threat of an unfavourable impact on sustained and stable socio-economic development being exerted.

The Government of the Republic of Poland believes that special attention should be paid to ensuring that **actions taken under the Strategy do contribute to the development of the EU as a whole, and do not engender any anti-development effects related to the outflow of the most creative human resources from countries facing the most major developmental challenges.** The European Commission should be aware of this risk and prepare an action programme to ensure that mobility is multidirectional, free of destructive influences and conducive to the diffusion of knowledge and innovation. In the context of support for labour mobility, the Government of the Republic of Poland believes that the future Strategy should concentrate on developing the prospects for people to acquire knowledge, employment, dwelling and a life in sustainable local communities, at the same time emphasising the need for outflows of the most qualified and educated employees to be secured against. The Government of the Republic of Poland would also like to draw attention to the fact that the EU programmes aimed at supporting R&D work should offer equal opportunities for all partners, including those with a smaller research base. A smooth transformation of the economy into one based on knowledge also requires an increased number of people with high-speed Internet access - a goal that should *inter alia* be achieved through a reduction in the number of people who are excluded in digital terms, thanks to either spatial considerations or a lack of the relevant skills.

It would also seem important to augment the list of postulates as regards the building of a knowledge-based economy with actions aimed at raising the quality of management, with particular attention being paid to the management of knowledge and intellectual property. The Government of the Republic of Poland believes that the future Strategy should extend to actions that improve the quality of governance and build a knowledge-based administration that functions in line with the principles of evidence-based policy.

## **Re 2. Empowering people in cohesive societies favouring social inclusion**

The Government of the Republic of Poland suggests that this priority be formulated as an "active society", with attention being paid to the fact that action in this area will help provide society and citizens with appropriate conditions for active participation in shaping living conditions and development overall. These objectives will be implemented by modernising educational systems, social security and healthcare, active labour market policies, the development of the information society and the creation of conditions that encourage citizens' and employees' active participation (*i.a.* via a participatory management system, the development of the social economy, social dialogue, non-government institutions and volunteering). Such a formulation of this priority will also emphasise the need for the whole of society to become active in facing up to challenges and adapting to the changing conditions the economy in today's world finds itself experiencing.

The Government of the Republic of Poland considers it **essential that the achievements and role of cohesion policy, as well as of the Common Agricultural Policy, be taken into account in the course of work on economic policy post-2010**, emphasising that the process of socio-economic consolidation in the EU is not yet finished, with different levels of development among the Member States and particular regions continuing to pose a significant challenge. At the same time, it is the opinion of Poland that the Commission has

not properly presented the narrowing of the scope of cohesion policy to a social dimension, including as regards unemployment and social exclusion. Particularly noteworthy are the economic and territorial aspects at EU-wide, national and regional levels.

The Government of the Republic of Poland draws attention to the fact that the **broad scope of actions taken under cohesion policy and the CAP allows for effective achievement of strategic EU goals, such as the creation of a "green" economy, the building up of innovation, and energy security.** The anticyclical nature of cohesion policy (due to its considerable, long-term investment of public funds in the implementation of pro-development projects) allows for economic growth to be sustained during a downturn in the economy, while further stimulating it during times of prosperity. This is why it is so important to ensure that **cohesion policy remains closely linked to the implementation of the future economic strategy, the resultant status being one of integrated development policy for the whole EU, rather than merely its poorest regions.** In this context, it is advisable to consider applying new measures of cohesion, e.g. those based on intellectual capital.

In the opinion of the Government of the Republic of Poland, **the basic response to all demographic challenges should be an increasing of professional activity and the extension of its duration, as complemented by an appropriate policy on migration.** However, in the context of the EU as a whole, it is advisable for good practice to be shared, when it comes to solving problems arising out of the insufficient assimilation of migrants, as certain Member States like Poland have only limited experience in this sphere. Moreover, it seems appropriate to stress how urgent it is for remaining barriers to the free movement of workers between Member States to be removed. Assistance offered to the disadvantaged and those at risk of social exclusion is also of priority importance, particularly in time of crisis. Further expansion of social transfers should, on the other hand, be avoided, as these would impose yet a further burden on central budgets.

In the opinion of the Polish Government, it is also essential to create modern social security systems, as well as retirement and healthcare systems, that are adjusted to both crisis conditions and the ageing process taking place in European societies, this with a view to ensuring an appropriate level of income support and security for people temporarily unemployed or at risk of a premature departure from the labour market. At the same time, the Government of the Republic of Poland wishes to emphasise its view that excessive protection of employees against redundancy during the post-crisis period may disturb the equilibrium on the labour market, *i.a.* hampering the process developing employee mobility.

The Government of the Republic of Poland acknowledges **the need to seek out the best solutions that will secure still-greater flexibility on labour markets as regards the organisation of work and labour relations, while also delivering security in the form of lifelong learning, proper healthcare and social security.** At the same time, **it is noted** that constant improvement of the labour market is required, along with its full adjustment to changing conditions. More effort as regards job creation is needed, in particular through the promotion of entrepreneurship and self-employment. Moreover, the Polish government backs efforts to optimise the use made of breaks in employment, *i.a.* through the supply of all those in need with activation programmes that encourage professional mobility, first of all among the least-favoured participants on the labour market, in order that long-term unemployment can be prevented from arising. In the opinion of the Polish Government, it is particularly important that young people entering the labour market receive support, above all in relation to high-quality qualifications and opportunities for first professional experience to be gained readily, in order that entrance on to the labour market may take place as smoothly as possible.

Assistance assigned to education and training should be focused on job creation, particularly in sectors of high growth potential. Actions taken to benefit education should include both increased investment in educational infrastructure and the reform of education and training policy, this helping employees to develop competences for active participation in a competitive economy, based above all on knowledge, and making effective use of natural resources. Where "green jobs" are concerned, Poland would like to draw attention to the fact that the creation of new jobs will be associated with extensive layoffs in traditional sectors of the economy. On account of this, our present level of knowledge suggests a rather limited net change in employment levels overall<sup>1</sup>, this nevertheless necessitating case-by-case setting of conditions for relevant decision making on programmes allowing those laid off in traditional sectors to rejoin the labour market in newly-established "green" sectors, with safeguards put in place to ensure the additional funding needed to cover costs incurred in achieving objectives set.

The Government of the Republic of Poland also believes that the EU should make better use of the cultural riches and diversity present in society, which constitute an important source of creativity and entrepreneurship. To meet this objective, international cooperation must be increased so as to promote integrated development and interregional cooperation and exchanges of experience, in particular cooperation between European universities and increased student mobility. An improved level of education and the combating of inequalities and poverty can also be facilitated by raising quality of life and cultural competences, as well as by promoting civil society. The Government of the Republic of Poland pays attention to the need for skills development in respect of citizens' active and full participation in public life (e.g. via e-participation involving the wider dissemination of digital competences and a reducing of the number of digitally excluded groups).

### **Re 3. Building a competitive, cohesive and more environment-friendly economy**

The Government of the Republic of Poland proposes the following wording for this priority: "Sustainable development", and stresses that shaping and pursuit of policy in any one of the sustainable development dimensions (i.e. the environmental, social or economic) does not entail tradeoffs that engender more major negative consequences in the remainder.

Furthermore, the Polish Government would like to note how the "greening of the economy" is being considered in many dimensions, beginning with the safeguarding of the rational use of natural resources and development of new energy sources, development continuing via the introduction of new technologies into the production sector, as well as innovative business models taking environmental and social aspects into account, and extending as far as awareness-building in society, with a view to market actors being adjusted to ongoing socioeconomic change.

Taking into account the need to use existing instruments intended to stimulate economic growth and encourage the meeting of strategic challenges facing the EU, the Government of the Republic of Poland recommends the utilisation of the potential and experience gained through cohesion policy, which, due to its combined, integrated and territorially-oriented approach to development, transforms into a modern regional development policy, oriented towards the structural conditioning Europe's regions, metropolises, rural and urban areas are required to deal with. Bearing the above in mind, the Polish Government stresses that the future Strategy will need to highlight the potential cohesion policy has to offer, as well as a

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<sup>1</sup> European Commission, *Employment in Europe 2009*, pp. 117-127.

wide range of opportunities for it to be applied in the post-crisis period and the more distant future, as EU regions are faced with the requirement to adapt to structural change.

The Government of the Republic of Poland subscribes to the view that the separation of economic objectives from long-term sustainability challenges should be avoided, in line with the mutually stimulating impact of relevant decisions made. However, besides offering opportunities, **the development of the green economy also poses challenges**. Meeting the objective of the Community-wide low-emission economy in particular demands a flexible approach as opportunities for, and potential rates of, change in given EU Member States are being determined. Taking into account the economic cohesion of the EU, this area needs, not only regulation, but also modernisation to a degree that corresponds with ambitious environmental objectives. No actions can be taken if they do not reflect disparities within the EU as regards socio-economic development, and the needs associated therewith. In this context, a level playing field (fair competition) among EU Member States must be maintained, this also linking up with a fair division of (financial and emission-related) obligations, in order that the efforts made by particular Member States are comparable.

At the same time, the Government of the Republic of Poland stresses that **the increased responsibility of the EU for environmental protection issues requires an attendant increase in responsibility for the economy, in particular as regards those branches of industry requiring modernisation and adjustment to new standards**. Greening of the economy will require transformations relating to competences and the development of innovation and organisational order, as well as the building of broad social approval for actions taken. On the other hand, a lack of instruments to support particular branches of EU industry as challenges resulting from the transformation towards a low-emission economy are faced up to risks the so-called carbon leakage and a loss of EU competitiveness.

It is also very important to ensure efficient coordination of, and communication among, particular levels of authority, as well as to intensify the dialogue between the government and representatives of industrial branches and sectors, all this being done to provide for a more efficient formulation of conditions allowing entrepreneurs to adapt to changing economic conditioning. In this context, the Polish Government points first and foremost to the need for an explicit determination of directions to change and of objectives to economic policy through a realistic assessment of the potential for sectors to adapt to challenges, and also through the provision of real sources of financing such actions that would not disturb the framework of the current and new EU Financial Perspectives. However, in the opinion of the Polish Government, all public aid should be granted solely in the case of a market failure, and the forms of such aid should be adjusted to the needs and expectations of entrepreneurs, and should reduce possible competitive distortions. From the industry perspective, it would be essential to extend efficient support for reorganisation processes, as these concern means of managing the production system along the supply chain with a view to processes being optimised, or else the degree to which these are energy- or materials-intensive limited, *i.a.* through a highlighting of the role of “green” public procurement, with simultaneous adherence to the principle that actions taken should not lead to any impairment of industry’s competitiveness. Actions taken should also be oriented towards the constant monitoring and creation of consumers needs. Increased investment in intellectual capital is a further element to cooperation with industry, and a basis for future development.

The Polish Government agrees that the “EU 2020” Strategy should have among its priorities **investment in sustainable high-speed networks and the development of broadband Internet, in order that this might contribute to the development of an intelligent transport and energy infrastructure**. However, modernisation based upon the application of an electronic infrastructure management system should not obscure the need for basic

transport infrastructure compliant with modern standards to be built. The new Strategy should support further development of European networks, so that these are cohesive with national networks, *i.a.* through further development of the Trans-European Networks, in connection with an efficient infrastructure network on the part of the Member States. Acknowledging the considerable funding that infrastructural developments require, the Polish Government stresses the need to adapt possible involvement of the public sector in relation to risks within the PPP framework.

The "reformulation of transport policy" heralded for the future Strategy should contribute to faster creation of a transport system organised in compliance with the rules of sustainable development, and should contribute to the building of a cohesive and integrated Europe. However, the Polish Government emphasises that achievement of environmental protection objectives should be adjusted in line with the different starting points and national specificities characterising each Member State. The development of alternatives to road transport signalled in the document under the new transport policy must not be understood as advocating a concentration of transport investment in modes of transport alternative to road transport, since this would merely consolidate competition barriers and the considerable disparities present in regard to the territorial accessibility of different regions. In the opinion of the Polish Government, the new Strategy should take into account the need to develop the maritime sector, and particularly the requirement that there be efficient implementation by each Member State of the provisions of the EU's integrated maritime policy. Transport policy should also focus on facilitated mobility and accessibility, through the development of a sustainable and cohesive infrastructure that would account for differences from one Member State to another as regards economic development, the condition of infrastructure, transport services and geographical location. Increasing the level of security of transport users and employees in the transport sector should remain a priority.

As regards electricity, the development of a single market is a long-term process, due to various specificities and conditions obtaining in different Member States and regions. The third energy package indicates a functional electrical energy and gas market, operating on the basis of a selection of solutions, measures and modes of action, rather than identical (uniform) solutions. Moreover, the postulated investment in high-speed networks, and the need for investment in intelligent networks and decentralised production sources, remain somewhat contradictory. In this context, the Government of the Republic of Poland stresses the need to continue in parallel with actions aimed at developing interconnectivity of systems.

The Government of the Republic of Poland shares the opinion that more attention should be paid to assuring the developing EU economy of **supplies of energy and raw materials that are safeguarded and capable of meeting demand**, *i.a.* by means of the establishment of appropriate reserves, as well as a legislative framework that protects natural resources and areas of their potential occurrence. What is particularly disconcerting is **the lack of any reference in the document to the principle of solidarity**. Another challenge the EU will have to face concerns the maintenance of a sustainable production base in European agriculture – something that will be of considerable importance, both environmentally and from the point of view of the increased global demand for food forecast for the upcoming decades.

The Government of the Republic of Poland emphasises that **different national conditioning from one Member State to another should constitute the basis upon which to discuss** new policies or instruments designed to achieve the long-term streamlining of economies. There is thus a justification for requesting an analysis of the socio-economic impact of the proposed initiatives for the EU in general and particular Member States, including as regards the impact on the global economy or global trade.

## **Re 4 The use of existing instruments under the new approach (interdependence)**

In the consultation paper, the Commission also presents proposals for utilising, or adjusting to meet the objectives of the new Strategy, already-existing institutions and instruments that determine, coordinate and implement economic policy, with particular attention paid to the following:

### **Full utilisation of the Single Market**

The Government of the Republic of Poland notes the need for a prioritising of actions seeking to remove existing barriers and limitations to the free movement of services and labour, i.e. two freedoms relating to the internal market that the Treaty guarantees. In the opinion of the Polish Government, the reference to the Single Market in the part concerning utilisation of existing documents under the new approach does not properly convey the importance of this issue, particularly where the free movement of services is concerned.

### **“EU 2020” in the global context**

The Government of the Republic of Poland wishes to underline the way in which globalisation processes related to geopolitical and climate change make it necessary to strengthen the external dimension of the new EU Strategy, in order to reinforce the EU’s position in the global arena, and to promote European standards and solutions all over the world, in particular in relations with trading partners. Intensification of the role of the EU as an active commercial partner requires that the “EU 2020” Strategy should first and foremost focus on stepping up action to liberalise trade contacts between EU Member States and their foreign partners, on condition that the principle of reciprocity as regards the granting of concessions is upheld, this as regards, not only customs barriers, but also non-tariff barriers. At the same time, Community competition rules and the rules for counteracting unfair dumping practices from third countries should be adhered to, and intellectual and industrial property rights respected.

### **Supporting growth through full application of the Stability and Growth Pact**

Fully supporting the European Commission’s opinion on the need for simultaneous fiscal consolidation and redirection of public expenditure towards maximising productivity and long-term investment, the Polish Government wishes to emphasise that, at the current stage, the attention of Member States should focus primarily on setting out methods to reduce the deficit in the public finances sector. Only then will it be possible, in accordance with the provisions of the Stability and Growth Pact, to temporarily abandon the so called mid-term budget objectives for structural reforms, which will contribute to the long-term stability of public finances and investment for the future, and only in respect of the reference value for the nominal deficit (3% of GDP). This should be accompanied by improved efficiency of the public sector and should include a comprehensive approach to the Better (Smart) Regulation agenda.

### **Reflecting political priorities in public budgets**

Priorities set out in the future Strategy will be reflected in EU budget policy. In this regard, the defining of objectives should take place with the greatest care, and in such a manner as will not overlook any of the important areas of economic life impacting upon achievement of the highest priority, which is to raise competitiveness and to increase growth and levels of employment. Particularly noteworthy are the economic and territorial aspects to cohesion at EU, national and regional levels. This is important when it comes to the elimination of differences as regards economic development, but also in respect of the need to activate

potential in all EU Member States. At the same time, the Government of the Republic of Poland would like to stress that *ad hoc* limitations on the creation, or extensions in scope, of intervention instruments will allow administrative costs relating to the achievement of Community objectives to be minimised, a matter of particular importance when budgets are so tight.

### **Establishing clear governance to ensure the effectiveness of the new Strategy**

Effective implementation of the “EU 2020” strategy calls for a division of responsibility for its implementation between the Community administration and the Member States, as well as for intensified dialogue between socio-economic partners. In this context, the government of the Republic of Poland supports giving communication issues priority and increasing the involvement and interdependence of society as regards the Strategy’s implementation. The Polish Government particularly accepts the need for the exchange of good practices referred to in the document, between the Member States, as well as the proposal regarding a greater role for the European Parliament and national parliaments in managing Strategy implementation.

In the opinion of the Government of the Republic of Poland, explicit monitoring rules and a transparent method of reporting will make it easier to inform the public about the positive effects of implementing structural reforms, this encouraging citizens into active participation in economic life. Among other changes regarding the means of presenting results achieved by particular Member States, the Polish Government proposes that the reporting obligation be rendered somewhat less burdensome by means of an extension of the reporting period, a step that seems justified in the context of the specific nature of the structural transformation, whose effects are visible over the mid- and long-terms. Reports prepared on an annual basis do not, in the opinion of the Polish Government, convey fully the progress in implementing the economic strategy, their preparation requiring an input of work not commensurate with actual usefulness.