

**115 Proposals  
for more investments and jobs  
SEV  
September 2018**



## Memo of SEV's positions

### The landscape of solutions: 115 specific proposals in 4 sectors

SEV has repeatedly provided input to public debate in the form of extensive and substantiated proposals for a policy mix required to return to a dynamic and sustainable recovery, with the tools available, the best international and European practices, effective private sector methods (indicatively: [Toolkit for accelerating productive investments](#), [Proposals for industrial policy](#), [Conference on the Future of Labour](#), [Proposals for the competitiveness of SMEs in Greece](#), [A Digital Strategy for Greece](#), [Impact Assessment Reports of the Business Environment Observatory and others](#).) As has already been underscored repeatedly, the consolidation of strong growth conditions presupposes that the productive forces and the State are committed to an ambitious national goal, i.e. to increase industry's share in the GDP of Greece to 12% and to steadfastly increase productivity (GDP per worker) through an extensive digital transformation and by empowering human resources with new skills. This is important because an economy with low and declining productivity cannot be competitive on the world stage.

Given that the medium-term economic outlook is not rosy -as the country has agreed to a tight fiscal policy with high primary surpluses - attempts to increase the attractiveness of investments must centre, yet again, on the effort to tackle the enduring structural shortfalls in doing business in Greece.

The growth impetus remains weak, with Greek productivity in a continuous decline since 2008, and currently not exceeding 50% of the productivity of the world's most advanced countries (OECD).

The banking system is unable to sustain the economy's recovery, as the institutional framework put in place to resolve banks' loan portfolios and restructure over-indebted enterprises is extremely slow-moving and ineffective.

The public administration continues to obstruct rather than facilitate business, as it is attempting, at a high cost to society, to preserve its privileges.

The potential dismantling of reforms in the labour market jeopardises the economy's recovery prospects; particularly if the erroneous view dominates that sustainable growth can be based not so much on an increase in supply through competitiveness and profitable investments, but rather on an increase of demand through political redistribution of income.

The taxation system continues to hinder growth, with high tax rates pushing businesses towards the informal economy (tax evasion, smuggling, undeclared labour, etc.), creating counterincentives to the growth of businesses and investments. Large, organised businesses now face an untenably high tax wedge (non-salary cost), due to high social security contributions and the great progressiveness of taxation, with corporate taxation (a combination of taxes on profit, taxes on dividends and social security contributions) amongst the highest in the world, which results in investment funds and highly-specialized executives avoiding Greece.

The non-contributory pension system means that people entering the social security system do not know what pension they will receive, and their contributions are incorporated into the general tax revenues and not invested in pension savings. At the same time pensioners are threatened with continuous cuts in their pensions.

Families, particularly of those working in the private sector, are impacted multiply and disproportionately by the high, progressive, non-retributive taxes and contributions, at a time when all countries in the developed world cater for such working families with generous tax breaks or tax returns in a targeted manner. Low birth rates and therefore the prospect of a continuous decline of those contributing to the pension system is unavoidable as a result of this policy, which is wholly destructive for the country

In such a context, longstanding structural problems prove to be remarkably resilient and keep Greece on the sidelines in terms of investments.

Factors that play a key role in attracting investments are the levels of tax rates; the level of corruption; the degree of political stability; the efficient operation of institutions; the capacity of the economy to innovate; the ability of human resources to adapt. Greece must tackle these if it wishes to reposition itself on the International investment map.

At SEV we believe that policy-making in the post-programme era must have targeted and realistic interventions as its lynchpin **in order to improve the business environment, as this is a necessary prerequisite for attracting and stimulating investments**. This is the only way in which important productive **investments** can pick up speed, increase output and comprise the basis for increasing incomes and employment.

**For SEV, growth strategy leading up to 2020 must focus on 4 pillars:**

1. **Increasing productive investments reviving the industrial sector; increasing available income** and international competitiveness of the Greek manufacturing industry.
2. **A smaller and more effective State** with less red tape, in partnership with the private sector.
3. **The digital transformation of Greece**
4. **Better and more jobs** with modern skills and an effective education system.

**SEV's 115 proposals** for the needed policy change in impediments to growth are summarised below.

## **A. Productive investments and revival of the industrial sector, increasing the available income and the international competitiveness of the economy**

### **Amending the Constitution**

1. Article 24: Replace the word “sustainability” with the term “sustainable development”, and the word “competence” with the word “obligation”. The protection of the natural and the cultural environment is a recognised obligation of the state, and not simply a "competence". The environment should be protected as well as the right to property and economic freedom, but along with the need to bolster freedom of enterprise and attract the investment funds that are imperative to creating a competitive economy. The de facto conflict between two “equipotent” rights, i.e. the of protection of the environment and growth, may be balanced by replacing the concept of “sustainability” by the concept of “sustainable development”, which on the one hand covers all three growth pillars: environmental, social and economic, and on the other hand is clearly easier for the Administration and the Courts to interpret.
2. Article 78: Abolishing retrospective taxation. The need for a stable tax environment has been underscored at all levels as the only way to get the Greek economy back on track and actively attract investments. The introduction of laws with retroactive effect, providing for higher taxes comprises an important part of the problem, as these constitute an important counterincentive to the development of private initiative. At the same time the application of consecutive extensions to stature of limitations continues to be an impediment to the economy as a whole. SEV considers it to be inconceivable that the State and the economy continue to operate without radically tackling these problems at the level of the Constitution. The establishment of a functional regulatory framework should not only tackle specific problems but must also allow the creation of a cycle of real development, re-investment and multiple increase of public and private resources.
3. Article 106: Protection of private economic initiative and competition. Even though economic freedom and competition are protected to a certain degree by the Constitution in force, we consider that private initiative should be showcased as a key driver for growth, with a direct reference to the protection of free competition, as a structural element for safeguarding the right to develop economic freedom and enhance the competitiveness of our economy. Moreover, we are of the opinion that the independent authority set forth in the applicable law should be considered amongst those provided for in the Constitution.

### **Financial instruments and investment incentives**

4. Horizontal investment incentives, such as accelerated depreciation and hyper-depreciation.
5. Offsetting the losses of the previous year with the future profits without a time limit. The offsetting to be limited to 70% of the profits.
6. Acceleration of the procedures of inclusion and payment in full under the EU Partnership Agreements and Development laws.
7. Settling the matter of non-performing loans, by specifically resolving tax issues arising with debt write off and with additional targeted interventions in the pre-bankruptcy and bankruptcy law so

as to facilitate speedy restructuring that preserves value and jobs, whilst ensuring protection of those managements acting in good faith.

8. Lifting capital controls.
9. Facilitation of access to non-banking financing (e.g. the Stock Exchange, issuing corporate bonds, subsidized financing) by aligning the framework with the law and the enforcement mechanisms existing in countries with developed financial services markets, simplifying procedures and cutting cost.
10. Subsidising social security contributions for new hires.

### **Tax policy**

11. Gradual reduction (30%) of tax rates and social security contributions for salaried employees and legal persons (combination of tax on profits, tax on dividends and social security contributions). Enhance predictability of taxation by refraining from increases over three year periods.
12. Rationalisation of VAT, especially in categories of goods and services exposed to international competition.
13. Restoration of regularity to tax audits, especially as regards stature of limitations, with a simultaneous simplification of audits.
14. Utilisation of a tax certificate for concluding audits of unaudited financial years.
15. Clearly define tax evasion and the consequent cases in which there criminal charges are pressed against business managers and executives.
16. Resolution of technical matters and counterincentives pertaining to write off of claims / restructuring of debt.
17. Resolution of a set of technical matters, especially with respect to depreciation, tax advances, excise tax and duties that impact production, and that are detrimental especially to sound and productive entrepreneurship.

### **Licensing facilities and business operations**

18. Doing away with the operating license and replacing it with a notification of operation.
19. Aligning the classification of projects and operations based on nuisance with the classification based on environmental impact, as provided for in environmental licensing.
20. Creation of a one stop shop for licensing (along the lines of ERMIS, GEMI, etc.)
21. Immediately start the full operation of the Integrated Information System for Managing Licensing and Inspections (electronic monitoring system).
22. Enabling the use of certified inspectors during environmental licensing.

### **Spatial and urban planning**

23. Establishment of land uses for the whole of Greece (within the next two years)
24. Enforcing in practice the provisions for the transfer of building coefficient.
25. Development of an electronic application for digitising space (connected to the land registry, forestry maps, coastal and beach ortho-photomaps, etc.)
26. Introduction of a special procedure for the rapid resolution of conflict in land usage on different planning levels.

27. Creation or update, as a matter of priority, Special Spatial Plans for Industry, Mining and Maritime activities.

**Cost of energy and raw materials**

- 28. Fees for electricity and natural gas transmission and distribution should be strictly contributory and competitive.
- 29. Direct importing of electricity and provision of the possibility to enter into bilateral contracts with electricity producers.
- 30. Equating excise duty for medium voltage with the applicable excise duty for high voltage
- 31. Reduction of the excise duty on diesel for power generation and industrial uses to the lower levels allowed by European legislation.
- 32. Deregulation of the energy market and application of European guidelines.
- 33. Replace raw materials with secondary raw materials in the framework of the circular economy.

**Customs procedures (imports/exports)**

- 34. Acceleration of the implementation of the “single window” for completely paperless pre-customs and customs procedures.
- 35. Faster VAT offsetting and / or refunds.
- 36. Creation of a single tax portfolio by offsetting claims and liabilities for all taxes and duties.
- 37. Intensification of audits for tackling smuggling in imports and exports.
- 38. Acceleration of international trade agreements to open new export markets.

## **B. A smaller and effective State with less red tape and collaboration with the private sector.**

### **Amending the Constitution**

39. Addition of a new article providing for the obligatory codification and enactment of codified laws. Even though the rules for better regulation are set forth, inter alia, in L. 4048/2012, in practice they have not been applied. The legal uncertainty caused by the multiplicity of derivative law provisions or provisions arbitrarily introduced in unrelated laws lacking sufficient justification, has brought about great uncertainty not only to citizens and businesses, but also those called upon to enforce the law and to exercise the relevant control and supervision. The phenomenon of misinterpretation and ignorance of the law is so frequent, that even the attempt to remedy it through interpretative circulars, ended up exacerbating rather than resolving the problem. For this reason the only solution is deemed to be the constitutional establishment of mandatory codification and enactment of codified laws.
40. Article 110: Simpler and faster amendment procedures for non-fundamental provisions of the Constitution. The text of the Constitution, clearly, should be the steadfast basis for the operation of the administration and the state, with straightforward provisions that allow flexibility, that are also in line with modern reality and the rules of European law, in keeping with citizens' demands over time. However, the dizzying speed of developments in every sector, on a national and supra-national level, imposes the need to establish simpler and faster revision procedures for the non fundamental provisions thereof, so as to maintain its flexibility and effectiveness and avoid fixations that could make it ineffective and obsolete.
41. Moreover, in recognition of the importance of a better organised state and public administration for the smooth operation of the economy, there are three fields that the Parliament and political parties should look into. These pertain to the stability of electoral cycles, so as not to adversely affect the economy through frequently political changes; the need to disrupt clientelistic relations that hinder the implementation of needed reforms in favour of public interest; and, finally, the creation of special guarantees with the purpose of upgrading the public administration services delivered to citizens and businesses.

### **Public property privatisation and development**

42. Acceleration and expansion of the public property privatisation and development programme through Public-Private Partnerships for the critical infrastructure and interconnection projects required.
43. Cutting expenditure and improving the effectiveness of the state's services through outsourcing.

### **Better regulation and institutional framework**

44. Implementation of obligatory codification of legislation that affect the operation of businesses.
45. Obligatory ex-post impact assessment for legislation affecting entrepreneurship (e.g. for laws that have already been in effect for more than 3 years).
46. Implementation of the "1 in - 2 out" rule for any new charge placed upon businesses.

47. Aligning legislation with the rulings of supreme courts.

#### **Rendering justice and speedier settlement of disputes with state and citizens**

48. Completion and application of e-Justice and interconnection with the IT systems of other involved parties (e.g. GEMI, Taxis, Ergani).

49. Reduction of the case backlog, by having a special team of court officials group similar cases and proceed with their clearance in groups.

50. Reinforcement of the legal, technical and administrative support of judges with the recourse to the practices of outsourcing or with judicial assistants.

51. Evaluation of the courts efficiency, by establishing a target setting system and monitoring the courts performance on an ongoing basis.

#### **Market audits and supervision**

52. Introduction of the central audit coordination system (implementation of the “single audit principle”).

53. Increasing the number of audits through outsourcing.

54. Rationalisation of fines based on the principle of proportionality for the violation.

55. Issuing secondary legislation on the substantive implementation of L. 4512/2018 in practice.

56. Introduction of risk assessment practices in scheduling and carrying out audits.

#### **Combating Corruption**

57. Rationalisation of the anti-corruption audit bodies.

58. Revision of legislation so as to ensure the essential protection of whistleblowers, both in the public and private sectors.

59. Implementation of the institutional framework for Internal Audit Units in public administration and local authorities. Development of internal audit systems and gradual education of their executives on the basis of internationally recognised certification.

#### **Business operation**

60. Expanding “One-Stop- Shops” to cover sectors and operations that are not presently covered.

61. Establishment of early warning mechanisms in business insolvency cases by utilising the “extra-judicial mechanism” infrastructure and aligning the provisions on “joint and several liability” with EU law.

62. Establishment of a standing and simpler debt adjustment extra-judicial mechanism for simpler cases, in parallel with targeted improvements to pre-insolvency and insolvency law provisions for the cases where cram down is required.

#### **Public procurements and contracts**

63. Establishment of a process for the evaluation of suppliers of the state and linking the results with their participation in subsequent procurement tenders.

64. Wider implementation of “framework agreements” and “competitive dialogue” in public contracts.

65. Reduction in the number of awarding authorities.

66. Strengthening the role of the Hellenic Single Public Procurement Authority (HSPPA)
67. Simplification of registration process for the central e-procurement system.
68. Creation of an electronic system for monitoring contract implementation.

## C. Digital transformation

69. Establishment of an independent digital governance model in order to supervise the National Digital strategy, which shall ensure the clear designation of competences and powers. The governance structure must remain unchanged by and independent of political changes so as to ensure continuity in digital strategy implementation.
70. Extension of electronic transactions and electronic invoicing throughout the whole supply chain.
71. Acceleration of the roll out of fibre optic and wireless broadband networks nationwide, so as to enable high speed connectivity.
72. Interconnection of e-registries (GEMI, Taxis, ICISnet, EFKA, etc.) Implement the electronic ID (eID), the electronic signature and the electronic certificates to ensure secure digital services.
73. Completion of the obligatory electronic processing of all procedures provided by GEMI. Interconnect GEMI with Taxis, IKA, OAEE, Courts of First Instance with respect to all changes from the establishment to the closure of a business.
74. Formulation of policies to capitalise on open data. Ensure cyber privacy and security.
75. Elimination of indirect tax burden on critical services and products for the growth of the digital economy or bring them down to levels comparable with other EU countries.
76. Provision of investment incentives to help industry adapt to the requirements of Industry 4.0.
77. Outsourcing framework agreements for public sector digital services.

## **D. Better and more jobs with modern skills and effective education.**

### **Amending the Constitution**

78. Article 16: Establishment of Private Universities. The revision of article 16 should be based on the modern needs of the educational system, so as to incorporate the principles that ensure its substantive modernisation. Towards this end, the absolute prohibition to establish higher private education institutions providing higher education must be lifted, enabling private higher education institutions to operate. This secures the provision of a host of solid and quality educational services, whilst for reasons of protecting public interest, the relevant private initiative must operate on conditions set by the state, as well as under its supervision and control.

### **Labour relations**

79. Elimination of “mandatory arbitration”.
80. Combating undeclared labour and provision of incentives to law-abiding businesses.
81. Decentralisation of collective bargaining to a firm level, with the firm level agreements taking precedence over the sectoral agreements.
82. Upgrading electronic services provided by the Ministry of Labour (e.g. ERGANI, EFKA) and the supervised bodies and interconnection with all public administration platforms (GEMI, Taxis, etc.).
83. Updating the EFKA insurance regulation.
84. Possibility to extend sectoral (not occupational) collective agreements (not rulings of mandatory arbitration), solely by the agreement of the contracting parties.
85. Reduction of the non-wage cost of labour (social security contributions and income tax).
86. Link remuneration to employment and productivity.
87. Disconnection of changes to the minimum salary from the changes in contractual salaries and collective negotiations at a business and sector level.
88. Immediate repeal of article 9 of L 4554/18 on outsourcing / use of subcontractors.
89. Grouping together of similar labour law and insurance law cases and proceeding with their clearance, creating “standards” to be used by SEPE.

### **Labour market and Human Resources**

90. Specification of actions for employees to adjust to the 4<sup>th</sup> Industrial Revolution, green professions and climate change.
91. Updating and adjusting the legislative framework for teleworking and new forms of employment.
92. Actions for introducing modern Human Resources Management systems and enhancing transnational training programmes through the exchange of personnel (on the job training).
93. Strengthening active employment policies for outward looking sectors and attaching importance to increasing exports with a corresponding decrease in taxation and insurance contributions.

94. Simplification of procedures related to the Account for the Development of Professional Training (LAEK), ensuring its management from employers' bodies and provision of an additional percentage for digital adjustment.
95. Completion and strengthening of the National Labour Market Skills Diagnosis System: Identification of the critical professions and specialisation for the growth of priority sectors in the Greek economy, as well as identification of the needs in terms of digital, horizontal and "green" skills. Substantial and active participation of social partners on all levels of the System's operation.
96. Creation of Sectoral Human Resources Development Plans in critical Sectors of the Greek economy, that include needs diagnosis; identification of critical professions; skill development; promoting collaboration with educational bodies to satisfy business needs; provision of advice on formulating human resources training policies; preparing Professional Profiles, etc.
97. Human resources policies that target investments in modern skills, emphasising digital skills, bringing the world of education closer to the business community and improving the transition from education to employment. Targeted actions for boosting employment, especially amongst the young, by matching their knowledge and skills with the labour market needs.
98. Creation of incentives to handle the brain drain and loss of highly trained executives. Special regime of reduced taxes and contributions withheld for employees working in research and development, in accordance with European practices.
99. Actions for reinforcing, empowering and supporting equal inclusion and development irrespective of gender, nationality and religion. Educational programmes for sustainable development.

#### **Labour Market and New Skills**

100. Studies programmes at all levels through Formal and Non Formal Education System to be strategically geared towards the delivery of horizontal knowledge and skills, as well as digital knowledge, increasing mobility of human resources and investigating their employability (entrepreneurship, critical thinking, problem solving, taking the initiative, teamwork, foreign languages, learning to learn, etc.)
101. Priority attached to promoting education and training for knowledge and skills acquisition related to Science, Technology, Engineering and Mathematics (STEM).
102. Initiatives for upgrading educators'/trainers' knowledge and skills, and their continued training. Indicatively, collaboration for the transfer of know-how to Vocational Education and Training Educators by placing them for a specific period of time in businesses, so as to familiarise them with technologies used by businesses in their productive processes.
103. Formulation of a new, comprehensive policy framework for recognising and certifying qualifications based on reliable international quality standards for knowledge and skills, as well as qualifications acquired through Continued Vocational Training and Life Long Learning.
104. Licensing and certification of professions based on knowledge and skills.

#### **Labour Market and Education / Training**

105. Upgrade Vocational Education and Training, in collaboration with businesses with occupations that shall serve dynamic priority sectors, which shall produce internationally tradable goods and with the formulation of modern studies programmes geared towards utilising technology in the

educational process, adopting learning systems based on labour and the continued education of educators.

106. Improvement of the regulatory framework for internship. Formulating and financing a comprehensive system for long term benefits. Adopt a quality framework for internship, which shall include the definition of basic concepts, required specifications for its implementation, matters related to stakeholder contractual obligations and rights, as well as issues related to monitoring, supervision and evaluation. The quality framework has to be the result of consultation with the business community, a key player in the institution of internship.
107. Formulation of quality frameworks for apprenticeships that match the needs of both businesses and apprentices, as well as the relevant ethics code for implementing these programmes.
108. Modernisation of the framework for delivering Life Long Learning and Continued Vocational Training (professional profiles, training body licensing, trainer certification, quality framework, learning outcomes, internship, etc.).
109. Evaluation of OAED actions. Evaluation to date of the operation and restructuring of on the job training through the Account for the Development of Professional Training (LAEK), so as to better serve the needs of businesses.
110. Promote collaboration between business associations in an economic sector or field with Higher Education Institutions for the joint formulation of Masters Programmes that match market needs.
111. Review the stringent regulatory framework of L. 4485/2017 on Masters Programmes.
112. Convergence of the institutional framework that governs the organisation, operation and management of Higher Education Institutions with the best practices adopted in the EU and OECD member states with the highest performance in terms of students' academic achievement, but also their integration in the labour market.
113. Strengthen the autonomy of school administration in decision making as regards the formulation of the curriculum and school budget management. Make use of best practices deployed in Greek and foreign schools.
114. Develop evaluation systems on a national and school level, whose results can be published by public and private schools in a framework of transparency, and shall be used mainly as a source of information and as a basis for the continued improvement of the system overall and each school individually.
115. Policy on transparency (open data) and utilisation of public resources channelled into all levels of education for the overall enhancement of the educational system.