



Republic of Cyprus

NATIONAL STRATEGY OF EUROPEAN UNION AFFAIRS



GENERAL SECRETARIAT OF EUROPEAN AFFAIRS



TABLE OF CONTENTS

INTRODUCTION	3
I. Strategy Framework	3
II. Communication strategy	4
III. Executive summary	5
1. Future-proof, Sustainable, Effective and Resilient Union	8
1.1 Continuous, consistent and reliable presence of the Republic of Cyprus in the EU	9
1.2 Effective participation of the Republic of Cyprus in the EU	11
1.3 Enhancing resilience: Strategic Foresight and Conference on the Future of Europe	12
2. Transition to a green circular economy & Energy policy	13
2.1 Accelerating the transition to a green economy	14
2.2 Energy Policy	16
2.3 Energy policy, accelerating the transition to a green economy and objectives in relation to the Common Agricultural Policy and Common Fisheries Policy	17
3. Safe transition to the digital era	19
3.1 Digital transition	20
3.2 Research and Innovation	21
3.3 Cybersecurity	21
4. Strengthening the resilience and competitiveness of the economy	23
4.1 Economic planning	24
4.2. Securing and Take-up of Community funding	26
4.3 Tourism	28
4.4 Shipping	29
4.5 Aviation policy	30
4.6 Internal market and consumers	31
4.7 EU economic issues	32
5. Rule of Law and protection of social rights	34
5.1 Protection of Public Health	35
5.2 Migration policy	35
5.3 Issues of Justice, Rule of Law and enhancement of democratic institutions	36
5.4 Employment, Social Protection, Training and Human Resources	37
6. Protection of values and interests worldwide	39
6.1 Foreign Policy	40
6.2 Commercial Policy	42



INTRODUCTION

I. STRATEGY FRAMEWORK

The National Strategy of European Union Affairs (hereinafter referred to as the “Strategy”) is a policy document aimed at listing the key priorities and objectives of the Republic of Cyprus (hereinafter referred to as “Cyprus”) in the European Union (hereinafter referred to as “the EU”). It aims to ensure the coherence and consistency of Cyprus’ positions so that Cyprus is able to promote and defend at the European level, the national positions, policies and interests arising from its membership in the EU in a consistent and effective manner. The setting of priorities and the participation of Cyprus in the EU on the basis of long-term planning will enable Cyprus, based on alliances with other EU Member States, to act as a co-formulator in European policies that will also determine the future shape and direction of the EU.

The Strategy was prepared by the General Secretariat of European Affairs (hereinafter “the General Secretariat”) in cooperation with all Ministries, Deputy Ministries and Services of Cyprus. The final draft was adopted on June 16, 2021 by the Ministerial Committee for European Affairs (hereinafter referred to as “the Ministerial Committee”) at its first meeting; it was subsequently approved by the Council of Ministers and was endorsed by all Ministries, Deputy Ministries and Government Services of Cyprus.

The Strategy sets out Cyprus’ medium-term objectives as an EU Member State in key EU policy areas, by taking into account the priorities of the European Council and the programming of the European Commission, based on the vision of a European Cyprus. The medium-term objectives will be reviewed by the Ministerial Committee, as necessary.

As a second step, the Strategy will be codified and the objectives will be recorded in a monitoring tool for the implementation of the Strategy, based on the programme of the six-monthly Presidencies of the Council of the EU and the annual work programme of the European Commission. This monitoring table will be updated annually with the active participation of all Ministries/Deputy Ministries/Services and validated by the Ministerial Committee.

The role of the Strategy’s guardian is assumed by the General Secretariat, which will oversee the promotion, in a uniform and consistent manner, of the implementation of the objectives set out in the Strategy, in cooperation with all Ministries/Deputy Ministries/Services and the Permanent Representation of Cyprus to the EU.

The Ministerial Committee takes on a political role in terms of validating and monitoring the implementation of the Strategy. The Ministerial Committee may meet periodically in order to provide the necessary political guidance on the most important issues, on the current European agenda, to examine issues related to strategy and planning, to conduct a review on the preparation and formulation of national positions, as well as to discuss European affairs that require a special and horizontal approach, in order to form uniform positions on cross-sectoral issues.

A key objective is to promote the positions of Cyprus in a timely and effective manner on the basis of the objectives set out in the Strategy, including in the form of targeted political interventions and/or technocratic recommendations in terms of drafting proposals and, at the same time, to fully utilize all channels of influence in European institutions and bodies.

Due to the fact that gender equality is a core value of the EU, a fundamental right and a fundamental principle of the European Pillar of Social Rights, as well as an essential precondition for an innovative, competitive and thriving European economy, the implementation of the Strategy will follow a two-fold approach: taking targeted measures to achieve gender equality in combination with gender mainstreaming. In other words, the gender dimension will be systematically taken into account at all stages of policy design for each thematic priority of the Strategy. At the same time, the impact of policies in terms of the gender dimension will also be taken into account, both at a national level, in business, politics and society as a whole, as well as in foreign policy, so that Cyprus can simultaneously respond to demographic challenges.

II. COMMUNICATION STRATEGY

The National Strategy on EU affairs will be accompanied by a comprehensive **communication strategy** and a related implementation mechanism. The aim is to develop and implement targeted communication actions in relation to the EU, based on a holistic approach, which will highlight Cyprus' capacity as an EU Member State and its priorities, both at a European and national level.

Main elements of the communication strategy:

- Highlighting the objectives and strategic priorities of Cyprus within the EU (as outlined in the National Strategy).
- Highlighting the role of the Government as a co-formulator of European policies and the European project in general. What does it mean to be an EU Member State? What does an active, meaningful and effective participation in the decision-making process entail? What is the role of the Cyprus' participation at the level of the European Council and the Council of the EU?
- Fostering a European identity by highlighting the European decisions that affect the present and future of Cyprus and the daily lives of each individual citizen. Providing information on and highlighting what it means to be a European citizen and to be part of the greater European family, with a view to encouraging the more active participation of civil society, including young people, in European affairs.
- Highlighting the positive impact on the Cyprus economy and society as a result of the access to and the efficient use of European resources secured by Cyprus through the individual funding mechanisms and budget instruments of the EU.

In order to achieve this objective, the aim is to create a new framework for cooperation by setting up a specialised working group with the participation of the General Secretariat, the Permanent Representation of Cyprus to the EU (hereinafter referred to as "the Permanent Representation of Cyprus") and the Press and Information Office (PIO). This group, in cooperation with the relevant ministries, will, in principle, be responsible for the elaboration and codification of specific long-term, medium-term and short-term communication objectives, based on the vision of a European Cyprus and the priorities set out in the Strategy. It will also put forward specific recommendations in relation to the implementation of the communication strategy (initiatives, actions, cooperation mechanism, etc.).

The involvement of the PIO — which has the relevant expertise and know-how — in the preparation of the communication actions is of crucial importance. Any actions agreed upon may be integrated into the general communication actions of the PIO in such a way so as to make full use of the existing structures and tools at its disposal, while they may also be used by the competent Ministries/Deputy Ministries and/ or Services.

III. EXECUTIVE SUMMARY

Considering the context of relations with the EU as well as all the political, economic, geographical and other characteristics of Cyprus, and with reference to European priorities, the National Strategy consists of the following thematic areas:

1. Future-proof, sustainable, effective and resilient Union

In order to ensure the effective participation of the Republic of Cyprus in the EU, strengthen the resilience of the Union, respond more smoothly and rapidly to key issues, as well as to sudden challenges and/or crises of a small or large scale that may arise in the future, the relevant key strategic objectives are laid down. Furthermore, it is deemed necessary to provide continuous training to civil servants and Cypriot citizens on EU matters and procedures, as well as to properly transpose European law into national law.

2. Transition towards a green circular economy & Energy policy

The transition to a green circular economy is one of the EU's two central policies. Cyprus recognises that its long-term objective of climate neutrality by 2050 requires decisive and immediate action in all sectors of the economy. Therefore, climate and energy policies and actions within the decade of 2020- 2030 are crucial for the country's future. As regards this transition and the objectives for the Common Agricultural Policy (CAP) and the Common Fisheries Policy (CFP), the implementation of the National Energy and Climate Plan and the National Strategic Plan of the new CAP in Cyprus, respectively, are expected to contribute to the objectives that have been set for the Green Deal. Consequently, Cyprus is promoting a number of European and national policies to this end. It is closely monitoring and taking the necessary policy actions leading to legislative proposals that will contribute to the ambitious medium- term objective of reducing pollutant emissions to -55 % by 2030, particularly in sensitive sectors such as shipping, transport and/or aviation. In relation to energy policy, Cyprus seeks to exploit energy reserves as an instrument for economic development, security, stability and peace in the Eastern Mediterranean region and beyond, while contributing to regional synergies, e.g. the East Mediterranean Gas Forum (EMGF). The primary objective is to end the energy isolation of Cyprus and to interconnect it with the EU internal energy market.

3. Safe transition into the digital age

Digital transition, one of the EU's two central policies, is a key pillar of the new growth model, which will underpin the efforts for the transformation and modernisation of Cyprus' economy. Cyprus has developed a holistic strategy to accelerate the digital transformation and to promote both research excellence and innovative entrepreneurship, fully in line with European priorities and strategic aspirations for a fast and secure digital transition.

4. Strengthening the resilience and competitiveness of the economy

The primary objective is to create a business and investment-friendly framework in the wider context as defined by the challenges of the green and digital transitions, with a particular focus on supporting small and medium-sized enterprises, which are at the core of Cyprus' economy. The implementation of reforms that will address the main challenges, weaknesses and distortions of the Cypriot economy, as identified in the European Commission's assessments, in the context of the European Semester, is of particular importance. To this end, securing and utilising in the most effective way the amounts allocated to Cyprus for the seven-year period of 2021-2027, including those of the Cohesion Policy Funds and the Recovery and Resilience Facility, is crucial. The actions to diversify the productive base of the economy with a focus on modernising the primary sector, strengthening the manufacturing sector, developing the green economy, actions in the areas of sustainable tourism and shipping, further developing and enhancing the exporting nature of the remaining service sectors, including health and education (see section 5), hold a leading position among Cyprus' priorities to strengthen the resilience and competitiveness of the Cypriot economy, in the context of a new sustainable development model. This section also states the objectives of Cyprus in terms of aviation and connectivity policy, the EU internal market, such as consumer issues, as well as economic issues, for example the Banking Union.

5. Rule of law and protection of social rights

Public health: Cyprus' longstanding and key objective is to protect public health by promoting the individual actions of the European Plan to strengthen the effectiveness and resilience of health systems on multiple levels.

Migration: The key objective is to have a forward-looking and comprehensive policy based on solidarity, but also on a balanced approach to both legal and irregular migration. The New Pact on Migration and Asylum under negotiation is the most important priority in this area of migration policy at EU level.

Justice, the rule of law and the strengthening of democratic institutions: The aim is to safeguard Cyprus as a state of democratic institutions and rule-of-law values, where citizens feel safe and their rights are fully protected.

Employment, social protection, education and human capital: The aim is to promote social justice and maintain and continuously improve the standard of living and quality of life of workers and society as a whole, e.g. through actions to ensure adequate minimum wages, as well as to continuously upgrade the education provided in order to develop skills that meet the needs of the modern labour market, and to integrate young people not engaged in education, employment or training (NEETs) into the labour market, while at the same time promoting culture.

6. Protection of values and interests worldwide

Effectively utilising its capacity as a Member State is a top priority of Cyprus' foreign policy. It seeks to engage effectively in policies that safeguard the wider interests and security not only of Cyprus, but also of the EU, in areas such as crisis response, Permanent Structured Cooperation (PESCO) and international terrorism. At the same time, Turkey's EU accession process should act as a catalyst in the efforts to achieve a fair, functional and sustainable solution to the Cyprus problem, in line with the *acquis communautaire* and based on EU principles and values.

The geographical location of Cyprus in the Eastern Mediterranean region provides opportunities with positive political, economic, energy and other impacts on a range of thematic collaborations. Further strengthening Cyprus' role in the Eastern Mediterranean region is the second of the top three components of our foreign policy. The bilateral relations of Cyprus with third countries, in addition to its relations in the context of international organisations, are intensively promoted through an exchange of visits, the opening of new embassies or the establishment of political consultations, etc. A special place in Cyprus' foreign policy is reserved for the promotion of relations with strategic partners of the EU — the US, Japan and India — which constitutes the third pillar of our foreign policy.

At the same time, Cyprus actively follows the ongoing negotiations conducted by the EU with strategic trading partners (e.g. trade negotiations for a Free Trade Agreement with Australia and other partners). Following the conclusion of negotiations with third countries (e.g. Japan, Singapore, CETA-Canada, United Kingdom), further improvement of the business environment is anticipated in favour of European companies, including Cypriot ones.

1 **Future-proof, Sustainable, Effective and Resilient Union**



Cyprus' vision is to continue as a modern, effective and reliable EU Member State that contributes to a future-proof, efficient, sustainable and resilient EU.

Cyprus' aim is to continuously understand and build on the political and economic benefits and opportunities arising from its capacity as a Member State and the opportunity to make full use of this framework for the benefit of all the aspects of the partnership — Cyprus, its citizens and the EU itself.

The experience gained by EU membership so far allows a number of conclusions to be drawn on how Cyprus can act within the European framework and at a national level in order to maximise the benefit and added value of its membership in the Union. Moreover, the stable and reliable presence of Cyprus strengthens its negotiating position.

Based on its seventeen years of experience as a Member State and the conclusions drawn, the main strategic objectives set by Cyprus are as follows:

- 1) achieving a sustained, consistent and reliable presence of Cyprus as an EU member, including the institutional strengthening of Cyprus and proper national coordination on EU matters;
- (2) Cyprus' effective participation in the EU and the successful promotion of its positions; and
- (3) ensuring future-proof participation that enhances the Union's resilience.

These objectives entail, inter alia, safeguarding the national interests of Cyprus as part of its substantial contribution, European integration and the shaping of European policies, particularly at the present time, which is also marked by the ongoing of discussions on the Future of Europe.

1.1 CONTINUOUS, CONSISTENT AND RELIABLE PRESENCE OF THE REPUBLIC OF CYPRUS IN THE EU

Institutional strengthening

With a view to ensuring that Cyprus' membership in the EU is fully utilised and based on the accumulated experience gained from its accession in 2004 to this day, the Council of Ministers decided in 2019 to set up a General Secretariat of European Affairs, which is responsible for the overall management and coordination of European affairs.

Through the General Secretariat, a comprehensive national strategy on European issues was developed and its implementation safeguarded. Coordination is institutionalised for the continuous formulation of Cyprus' positions in the EU, on the basis of permanent cooperation with the relevant Ministries/Deputy Ministries/ Services (EU Affairs Units) and the Permanent Representation of Cyprus. Adequate information, coordination and support on European matters shall also be ensured at the level of the President of the Republic, in particular as regards preparation for his/her participation in European Councils and Informal Meetings of the European Council.

As part of this institutional strengthening, the Ministerial Committee on European Affairs is also established, headed by the Minister of Foreign Affairs, which shall meet periodically and as necessary. The Ministerial Committee consists of the Ministers of Foreign Affairs, Finance and the Interior, the Secretary General for European Affairs, while the Permanent Representative of Cyprus to the EU and the Director of the Diplomatic Office of the President of the Republic shall also attend the meetings as members. Other Ministers or Officers may be invited to the said Committee, depending on the items of the agenda. Its purpose is to provide the necessary political guidance on the most important issues on the current European agenda, to examine issues related to strategy and planning, to conduct a review on the preparation and formulation of national positions, as well as to discuss issues that require a special and horizontal approach in order to form uniform positions on European cross-sectoral issues.

Education and training in EU affairs and procedures

It is deemed necessary to continue elaborating the technical knowledge on EU matters and to further educate/train civil servants and Cypriot citizens. It is encouraged to utilise all available funding instruments in order to create educational opportunities and to take full advantage of existing educational programmes organised either by European institutions or through national initiatives and through the Cyprus Academy of Public Administration. In this context, the aim is to strengthen financial support from Cyprus in the form of scholarships for studies in academic institutions, including the College of Europe (Collège d'Europe).

Proper transposition of European Union law into national law

Priority is given to thorough coordination and proper and timely implementation of EU law and, in particular, the transposition of EU directives into the national legal system in order to prevent infringement procedures, based on proper coordination, cooperation and information between the partners involved (House of Representatives, Ministries/Council of Ministers, Law Office, General Secretariat).

Establishment of national coordination on EU matters and mandatory consultation

Defending national positions at a European level requires the existence of coherence and consistency in the different sectoral positions of Cyprus put forward in EU institutions and working groups. This requires the institutionalised active contribution of all public authorities involved in the formulation of European policies, the further enhancement of synergies between them for the development of common positions and continuous cooperation for consensus-building.

The need to institutionalise the way Cyprus participates in the EU on the basis of a single voice, effectively ensuring the promotion of Cyprus' interests and further strengthening the position among partners within the Union is deemed to be of major significance.

On the basis of the study recommendations¹, it is considered necessary to establish a horizontal consultation on all legislative proposals of the European Commission at their inception, with the guidance of the General Secretariat, in close cooperation with the Permanent Representation of Cyprus and with the active participation of all Ministries/Deputy Ministries/Services. The inter-ministerial consultation, where appropriate, usually includes ex-ante and ex-post evaluation of the European Commission's proposals.

It is necessary to establish a mediation procedure (arbitration), as is the practice of most Member States, both at a technical and political level in cases of conflicting interests, in order to reconcile the different views. Cyprus seeks to establish a specific procedure through the General Secretariat and the Ministerial Committee.

The continuation of European integration and the broadening of the European agenda require a comprehensive approach. Therefore, Cyprus needs to have one single voice through a comprehensive European strategy. This helps preserve the credibility of Cyprus and reinforces the effort to better exploit the benefits derived from Cyprus' EU membership.

¹The study is the deliverable of a specific support programme by Expertise France to the General Secretariat, funded by the EU and specifically by DG REFORM. The programme aims to strengthen and support the General Secretariat and its role in the national system for coordinating EU affairs by providing expertise, education and training of staff, on the basis of similar models already operating successfully in other EU Member States.

1.2 EFFECTIVE PARTICIPATION OF THE REPUBLIC OF CYPRUS IN THE EU

The effective participation of Cyprus in the EU requires the active, timely and consistent promotion of its national positions at all stages and levels (political and technocratic), so as to ensure continuity, coherence and credibility.

The objective is to promote its national positions, inter alia, in the form of targeted interventions at a political or technocratic level and/or in the form of drafting amendments.

In order to adequately promote the positions of Cyprus, it is essential to make the best use of human resources in the public service through training and the development of expertise in European affairs.

The creation and development of alliances and synergies with other Member States to promote European and national interests brings tangible results by reinforcing Cyprus' influence. In this context, the 'Med group' should be utilised as much as possible. Forging additional alliances per thematic area should also be a priority.

Cyprus respects the principles of subsidiarity and proportionality and it advocates in favour of safeguarding the Union's principles, including the principle of unanimity, which is a safeguard for the effective implementation of the principle of equality between Member States before the Treaties.

In the context of EU membership, safeguarding national interests and contributing to the formulation and implementation of European policies, the aim of Cyprus is to highlight and safeguard national characteristics and the country's particularities.

It is deemed useful to involve national authorities in public consultations organised by the European Commission at the early stages of the legislative process.

The priority of Cyprus is to secure the seat of at least one EU Agency (EU Agency). Cyprus is the only Member State of the countries that joined in 2004 without a decentralised EU Agency on its territory. If a successful claim is made and a seat is secured, Cyprus will gain significant long-term benefits.

Strengthening the relations between EU institutions and the Republic of Cyprus

There is a need to develop a more systematic, comprehensive and effective cooperation at all levels with EU institutions, such as the European Parliament, the Council of the EU and the European Commission, and to build on contacts with the Institutions, Directorates-General, political cabinets (of European Commissioners/Presidents of Institutions) and to launch joint actions with their representative offices in Cyprus.

Ensuring the adequate and appropriate staffing of EU institutions with Cypriot officials remains important. In this context, it is also a priority to establish a mechanism for recruiting and sending appropriate national experts to EU institutions, in the context of strategic planning, based on Cyprus' priorities.

Particular importance is attached to strengthening the existing relations between Cyprus and the European Parliament. Given the role of the EP as co-legislator in the decision-making process at EU level, the objective is to further strengthen relations between Cyprus and MEPs, both Cypriots and non-Cypriots, to better promote the positions of Cyprus and to build alliances on issues of special national interest.

1.3 ENHANCING RESILIENCE: STRATEGIC FORESIGHT AND THE CONFERENCE ON THE FUTURE OF EUROPE

Strategic Foresight

Cyprus is constructively and actively involved in building the EU's future. The global consequences of the coronavirus crisis in the EU, the Member States, societies and economies have revealed gaps, weaknesses and dependencies of EU governments and institutions. Therefore, in the context of recovery from the COVID-19 crisis, the need to strengthen/enhance the resilience of the EU and the Strategic Autonomy to respond more effectively to existing and future challenges or crises of the magnitude of the pandemic, was evident. The above have been a catalyst in the realization that there was need for a commonly accepted Strategic Foresight framework so that EU would be ready (preparedness) to anticipate (foresight) and respond to future crises. In order to reach a common agreement on the EU's Strategic Foresight it was deemed necessary to establishing policies based on common objectives, exchange of information, joint analysis and political support of the Member States. In this context, Cyprus participated in the first meeting of the "Ministers for the Future" in the framework of the Informal General Affairs Council in May 2021 and it will continue to participate in the relevant annual meetings.

Conference on the Future of Europe

The Joint Declaration of the three institutions convening the Conference on the Future of Europe was signed by the President of the EP, David Sassoli, the President of the European Commission, Ursula von der Leyen, and, on behalf of the Council, the Portuguese Prime Minister, Antonio Costa, on March 10, 2021. The Conference will be called upon to reach conclusions by spring 2022.

Cyprus supported the organisation of the Conference on the Future of Europe from the outset. Its position is that the Conference should focus more on promoting tangible results than on perpetuating internal discussions on institutional issues. The crisis is intensifying the need to focus on big issues affecting citizens, which include the recovery from COVID-19. The EU must remain a political project with citizens at the heart of its policies, based on the spirit of unity, collective action and solidarity.

In this context, Cyprus sets as a primary objective to organise decentralised events in the framework of the Conference until Spring 2022, focusing on citizens, which will be jointly organised by civil society and stakeholders at all levels. Cyprus takes the view that reaching out to EU citizens, including Cypriot citizens, is a prerequisite for maintaining the foundations, institutional efficiency and legitimacy of the EU. For this reason, Cyprus seeks the long-term utilisation of this initiative as an opportunity to highlight its membership in the EU, as well as the obligations and the benefits for Cyprus and its citizens as a result of its capacity as a Member State.

2 **Transition to a green circular economy & Energy policy**



2.1 ACCELERATING THE TRANSITION TO A GREEN ECONOMY

The European Commission, renewing its commitment to tackle climate change and environmental challenges, presented in November 2019 the European Green Deal for the EU and its citizens. The European Green Deal is a new development policy which aims to transform the EU into a fair and prosperous society with a modern, competitive and resource-efficient economy, where net greenhouse gas emissions will be reduced to zero by 2050 and where economic growth is decoupled from resource use. It also aims to protect, preserve and enhance the EU's natural capital and to protect the health and well-being of citizens from risks and impacts related to the environment.

In Cyprus, the Council of Ministers approved on 13 November 2020, (decision no. 90.370), the necessary Governance Structure for the implementation of the Green Deal. According to the new Structure adopted, the responsibility for monitoring the relative legislation remains with the competent Ministries, which should ensure that issues concerning other Services or with wider horizontal economic and environmental implications are referred for discussion within the new Structure.

Some indicative legislation includes the following:

- **Reviewing relevant climate and energy legislation** in order for it to be aligned with the recent objective of reducing emissions by at least 55% by 2030, compared to the 1990 levels. The **legislative package «fit-for-55»** covers a wide range of initiatives, including, inter alia, the Carbon Border Adjustment mechanism, the revision of national emission reduction objectives, the Emissions Trading System, renewable energy sources, buildings, as well as a wide range of various other legislative acts.
- Implementation of the **action plan for the circular economy**.
- **Smart and Sustainable Mobility Strategy**.
- The zero-pollution Action Plan.
- The continuation of the **Biodiversity Strategy** for 2030 and the **“Farm to Fork” Strategy**.

Due to the fact that in each Member State all strategies and the broader policy for the promotion and implementation of the objectives of the European Green Deal should be set out, Cyprus has already started all the necessary procedures for the implementation of the measures and policies governing the Green Deal. Cyprus supports the adoption and implementation of the European Green Deal which marks a new path towards sustainability, by embracing its objectives. The Green Deal and the initiatives promoted aim to put the concept of the circular economy into practice, to stimulate industrial coexistence, to promote integrated and sustainable waste management, to reduce water, soil and air pollution, and to protect biodiversity and ecosystems. Cyprus recognises that the European Green Deal is now providing the tools so that today's climate and environmental problems can be urgently addressed with far-reaching solutions. In particular, and in the aftermath of the COVID-19 crisis, climate neutrality and environmental protection should play a central role in European and national policies with a view to recovery. Therefore, the tools provided will be adopted for the transition to a green circular economy, having as a primary objective the recovery of the local economy, as well as the fulfilment of the country's long-term commitments for zero net greenhouse gas emissions by 2050, decoupling economic growth and environmental degradation and ensuring a just transition for all through the implementation of Cyprus' long-term strategy for low-emission growth, which is currently under preparation.

Cyprus, as mentioned above, is committed to an ambitious gas emission reduction target for 2030 and to the EU's climate neutrality objective for 2050. It stresses, however, the need of considering the starting points, specificities and constraints faced by Member States - in the case of Cyprus, these are related to its island status, the lack of energy interconnections with other countries and the need to use natural gas as a transitional fuel and which should be taken into account in the EU's framework for action.

It is noted that sectors that did not previously contribute to emission reductions, such as shipping and transportation, shall now contribute to the new ambitious objective. The expected legislative proposals require close monitoring and proactive action at institutional level on the part of Cyprus, so that the sector is not disproportionately burdened.

The European Commission should also consider Cyprus' dependence on air transport when preparing proposals for further emission reductions from the aviation sector in order to, inter alia, avoid exacerbating the phenomenon of isolation and of price increases.

Aviation faces particular challenges from the need to reduce emissions and meet the objectives of the Green Deal. The decarbonisation effort is expected to increase the cost base for aviation within the Union and potentially affect the competitiveness of our tourism product in relation to third countries. On the other hand, social awareness of environmental sustainability is increasing and the sector needs to be decarbonised in order to remain an attractive option for the consumer. Cyprus' objectives in relation to the Green Deal and Air Transport are as follows:

- a) The emission reduction effort to be shared fairly within the EU, ensuring a just transition. Member States that rely exclusively on aviation should be granted special status or at least enjoy a longer transition period.
- b) Efforts should be made to ensure that environmental decarbonisation measures are adopted at a global level and in particular within the ICAO, ensuring in this way a level playing field between the EU and third countries.
- c) Air transport must remain an affordable option for European citizens.

The implementation of the National Energy and Climate Plan 2021-2030 (NECP) is a key and integral part of the implementation of the European Green Deal in each EU Member State.

The NECP sets, among other things, the national objectives for Renewable Energy Sources (RES) and energy efficiency until 2030, as well as the measures and policies that the state will introduce to achieve them.

The current set objectives are:

- 23% RES contribution in national gross final energy consumption.
- 14% RES contribution in transport by 2030.
- Indicative target of 1.1% annual increase in heating-cooling from RES, from 2021-2030.
- Achieving a national mandatory cumulative end-use energy savings target of 243.04ktoe in 2021-2030, with measures beyond those imposed by European legislation.
- An indicative national contribution to the EU target expressed as: The country's primary energy consumption in 2030 to be up to 2.4 Mtoe and the final energy consumption in 2030 to be up to 2.0 Mtoe (a decrease of 17% and 13% respectively compared to the European Commission's corresponding forecast for Cyprus for 2007).

Regarding the internal energy market and energy security, the most important objectives set through the NECP are:

- Market consolidation, increasing flexibility in the electricity market and improving competition in the retail market.
- Improvement of existing arrangements regarding regional cooperation with neighbouring Greece, as well as with other Member States.
- Developing the right approach to address energy poverty issues.

In addition, the national long-term strategy for building renovation has been submitted to the European Commission, setting targets and milestones in the building sector as follows:

- Indicative final energy demand in the building sector up to 640 ktoe by 2050.
- Measures in buildings owned and used by the central public administration in order to achieve annual energy savings of 1.31 GWh in 2021-2030.

In the transport sector, bearing in mind that in Cyprus about 50% of carbon dioxide emission comes from transportation, the Ministry of Transport, Communications and Works promotes the general policy framework for the e-mobility. It is an ambitious plan, which takes a holistic approach to the promotion of e-mobility. Among other things, it involves the development of public charging infrastructure, the withdrawal of polluting vehicles, and incentives for the purchase of electric vehicles, with a total budget of around €40 million. In addition, in the context of sustainable mobility, the modernisation of public transportation and the use of bicycles are also promoted.

Cyprus actively participates in the Smart and Sustainable Mobility Strategy and implements the actions of the Road Safety Policy Framework 2021-2030.

Financing the Green Transition:

For the EU to become a climate-neutral economy by 2050, significant investments are needed at both European and national level, involving both the public and private sectors. Cyprus has set the Accelerated transition to a green economy as one of the 5 Policy Axes of the Recovery and Resilience Plan (hereinafter RRP), which reflects the national priorities as well as the existing national strategies and action plans for achieving sustainable and resilient growth. The aim of the Axis for green development is to significantly contribute to the green transition, the sustainability and the achievement of the national objectives for energy efficiency and renewable energy sources (RES) for 2030, establishing, in complementarity with the other Axes of the Plan, a new Sustainable Development Model for Cyprus, aiming at economic, environmental and social sustainability. Reforms are promoted in 3 areas (a) Climate and Energy, (b) Sustainable Transport, and (c) Smart and Sustainable Water Management. In the context of the individual Axes of the Plan, among others, a number of reforms and investments are promoted that contribute substantially to the green transition, such as:

- climate neutrality, mainly through energy efficiency and renewable energy sources,
- sustainable, accessible and smart transport through infrastructure, technological upgrading and the promotion of e-mobility,
- improvements regarding the water sufficiency and proper management of water drainage
- risk prevention, adaptation and management of climate and non-climate natural hazards,
- promoting projects to enhance the circular economy in industry, hotels and the waste sector as well as establishing a coordination body between local authorities and competent central government departments.

In total, more than 40% of the total budget of the National Recovery and Resilience Plan and, in addition, at least 30% of the Structural Funds have been allocated to finance projects that contribute to the green transition, promoting a total green investment of more than €1 billion for the period up to 2029.

2.2 ENERGY POLICY

The Republic of Cyprus aims to exploit energy reserves as a means of economic development, security, stability and peace in the Eastern Mediterranean region and beyond. By maintaining a leading role in promoting and strengthening energy cooperation with countries of the region and based on international law, the promotion and full exploitation of the energy potential of the Eastern Mediterranean is sought, contributing at the same time to the efforts to end Cyprus' energy isolation.

The primary objective remains to position Cyprus at the heart of the EU's current strategic plan of enhancing energy security. The steady steps taken by Cyprus, through the Ministry of Energy, Commerce and Industry, to exploit the hydrocarbon resources located in the Cypriot EEZ, as well as create the necessary synergies in the hydrocarbons sector with other Eastern Mediterranean countries, aim to gradually establish Cyprus and the Eastern Mediterranean as a credible alternative future energy route, which will provide the possibility of reducing the EU's dependence on its traditional sources of supply, through the diversification of supply routes and sources.

The Ministry of Energy, Commerce and Industry of the Republic of Cyprus, through its regional action in the energy sector, promotes European policies and standards in its relations with third countries in the region. In this way, Cyprus aims to be the link through which the EU promotes European energy objectives, including energy transition objectives, to partner countries in the Eastern Mediterranean and beyond, while strengthening the European presence in the region. This will be facilitated by a more active EU involvement in regional energy developments and initiatives, such as the EU's active participation in the newly created regional EMGF.

Furthermore, Cyprus fully supports the review of the EU legislation that could contribute to the energy objectives for renewable energy sources (RES) and energy savings, the EU climate objectives, the European Green Deal objectives and the achievement of climate neutrality by 2050. However, it also considers that the specificities and different starting points of the Member States should be respected.

It is important that both electricity interconnection and gas projects remain in the scope of financing Projects of Common Interest (PCIs), as natural gas is still considered essential for several Member States as a bridge energy transition fuel to achieve climate neutrality by 2050. In this respect, maintaining both the “EuroAsia Interconnector” in the list of EU projects of common interest, and the “EastMed Pipeline”, constitutes a priority for Cyprus, as these are projects of high national and political importance for Cyprus, whose implementation will contribute to ending the energy isolation of the island, while enhancing the inclusion of energy from renewable sources in the energy mix, in a way that will strengthen the energy security of both Cyprus and the EU itself.

Finally, as far as European energy policy is concerned, Cyprus fully supports the “renovation wave” initiative, as one of the key drivers, not only for decarbonisation by 2050, but also for tackling the economic recession caused by the COVID-19 pandemic, and, in particular, for increasing the energy efficiency of buildings, creating green jobs and tackling energy poverty.

2.3 ENERGY POLICY, ACCELERATING THE TRANSITION TO A GREEN ECONOMY AND OBJECTIVES IN RELATION TO THE COMMON AGRICULTURAL POLICY AND COMMON FISHERIES POLICY

Regarding the issue “Accelerating the transition to a green economy”, in the context of fulfilling the EU’s objectives on major European issues, the Common Agricultural Policy (CAP) and the Common Fisheries Policy (CFP) as well as the new “Farm to Fork” Strategy are the main focus of policy for the agricultural and fisheries sector in Cyprus. In the new programming period 2023-2027, the Strategic Plan of the new CAP, the National Strategy for Aquaculture and the Operational Programme (OP) for Maritime, Fisheries and Aquaculture are expected to play a fundamental role in the development of a sustainable agriculture and fisheries sector that will enhance environmental protection through climate change actions and the regeneration of rural life and coastal areas, while providing safe and high quality food for consumers.

The implementation of the National Strategic Plan of the CAP and the Maritime, Fisheries and Aquaculture OP in Cyprus is expected to contribute to the objectives set for the Green Deal and in particular to the objectives set out in the “Farm to Fork” Strategy and the Biodiversity Strategy for 2030. The new Strategic framework is expected to include actions that will reduce the energy and environmental footprint of agriculture and fisheries and enhance the protection of natural resources (soil, water, air), energy saving and the use of renewable energy sources.

The actions under consideration concern the further use of renewable energy sources (use of photovoltaic systems, use of biogas for electricity production), soil and air protection (reduction of the use of chemical fertilizers and pesticides, anaerobic and aerobic treatment of animal manure, application of environmentally friendly methods of plant protection, such as solar disinfection in greenhouse crops, encouraging the use of manure and/or compost, use of sludge, application of crop rotation), water saving (improving water use and management, but also the use of resistant varieties), and the protection of the biodiversity and the Natura sites at sea and on land (habitat management, maintenance of the protection areas, etc.). In this context, the reduction of agriculture’s energy and environmental footprint is encouraged and a framework is created in which addressing environmental challenges and the use of new technologies, as well as innovation, play a key role for the future of the agriculture and fisheries sector.

Through the Maritime, Fisheries and Aquaculture OP 2021-2027 the proposed strategy seeks to achieve sustainable fisheries in economic and biological terms, support fishermen, protect and conserve marine biodiversity, through the integrated and effective management of marine protected areas and further knowledge of the marine ecosystem and by ensuring an effective control and data collection system. The programme also focuses on the conservation, protection and, where necessary, restoration of marine biodiversity and ecosystem management. It shall support the management and monitoring of the marine protected areas of the Natura 2000 network and the overall approach will be based on scientific knowledge on fish stocks, the biodiversity and the marine environment.

3 Safe transition to the digital era



3.1 DIGITAL TRANSITION

Digital transition, one of the two central policies of the EU, is a key to a prosperous society but also a key pillar of the new growth model that is sought to be developed for the Cypriot economy, so that Cyprus becomes a reliable partner in the EU. Taking into account developments at EU level, including developments related to the European Commission's digital strategy, Cyprus aims to continue its upward trend in digitization levels, seeking to exceed the EU average of digital targets by promoting technological developments and digitization, as catalysts for enhancing the country's competitiveness, but also achieving the digital targets for 2030. Given the role of technology in the management of the pandemic, climate change mitigation and achieving green transition, digital transition is even of greater importance.

As a result of the above, the Republic of Cyprus has allocated 23% of the National Recovery and Resilience Plan budget to digital transition. Specifically, various reforms and investments will be implemented aiming at the digital reform of the public sector, the strengthening of digital entrepreneurship and citizens' digital skills, as well as the coverage of the whole country with broadband networks. In addition, the actions also aim to address the effects of climate change, energy efficiency as well as facilitate the development of circular economy, through the financing of innovative high-tech projects.

The Deputy Ministry of Research, Innovation and Digital Policy (hereinafter referred to as the DMRID) has designed a holistic strategy to accelerate digital transformation and promote both research excellence as well as innovative entrepreneurship, in line with the rapid and green transition. DMRID's strategy focuses around the following axes: Digital Governance, Digital Infrastructures, Digital Skills, Cutting Edge Technologies (AI, blockchain etc.), Research Excellence and Innovative Entrepreneurship, Extroversion and Investment Attraction.

The DMRID collaborates and/or intends to seek collaborations with international organizations for the adoption of new, flexible models of internal operation, including the transition to cloud computing, but also the development of user-friendly digital services.

The implementation of strategic e-government projects worth > € 300 million in areas such as education, health and justice, as well as new information systems for vital services is progressing smoothly, while the National Electronic Identity Plan (e-Signature and e-Identification) has recently been voted, with the EU planning for a European electronic identity card. The DMRID has also undertaken a coordinating role for the preparation of a National Strategy Framework for the development and promotion of smart cities throughout the territory of Cyprus. Furthermore, an integrated national Broadband Plan is being developed to ensure coverage and connectivity of high speeds throughout the island, including remote areas using fiber optic technologies at home and 5G network operation.

As for the European Commission's goals, Cyprus has also completed the preparation of an action plan for the development of an ethical and credible artificial intelligence and the promotion of its use in the public and private sectors, while the legislative framework governing the use of blockchain technology is also underway.

Investing in citizens is crucial to achieving the goals. Synergies are sought with the education and training sector in the framework of the Digital Education Action Plan, prepared by the European Commission, in order to achieve the goal of creating a European Education Area by 2025. Synergies are also sought within the National Lifelong Learning framework and the utilization of Erasmus+ for skill enhancement. For this purpose, the DMRID proceeds directly with the implementation of a national Action Plan for the development of social digital skills.

The initiatives will include actions in line with the European objective of updating the new industrial strategy for Europe, in order to take account the effects of the coronavirus.

3.2 RESEARCH AND INNOVATION

The Research and Innovation (R&I) sector is a key pillar for the economic development and social prosperity of Cyprus. DMRID's vision is to make Cyprus a regional R&D center/hub through the creation of a dynamic ecosystem, capable of attracting businesses and human resources in high technology sectors. At the same time, the DMRID aims to create conditions for networking and cooperation, at European and international level, in order to meet the challenges of the region.

To formulate the main goals/priorities of the **National Research and Innovation Strategy**, developments at EU level have been taken into account, in particular the consultations on the completion of the European Research Area (ERA) and the objectives and actions of Horizon Europe 2021-27, the new EU Framework Programme for R&I.

The **National Research and Innovation Strategy** focuses on the exploitation of research results through the support of innovation and high-tech enterprises, in particular start-ups and spinoffs. To this end, the creation of the National Knowledge Transfer Office is under way, which is expected to significantly strengthen the whole effort. In addition, the design of national funding programmes focuses on the active involvement of businesses and the industry in R&I activities and the promotion of collaboration with the academic and research community. With regard to public research infrastructures, the priority is to ensure their systematic upgrading and the optimal utilization and access to the private sector. Finally, emphasis is placed on the development, operation and utilization of the Centres of Excellence, as well as on strengthening their cooperation with the public sector, to address the challenges at national and regional level.

Additionally, the **National Research and Innovation Strategy** aims to strengthen the country's position in European and international performance indicators, such as the Innovation Indicators (e.g. European Innovation Scoreboard and Global Innovation Index) and the expenditure index in Research and Development activities.

Strengthening R&I is one of the main components of Pillar 3 "Strengthening the resilience and competitiveness of the economy" of the National Recovery and Resilience Plan. This component includes specific reforms and investments with a budget of €64 million, with a significant contribution to achieving the goals for digital transition and green growth.

In order to achieve the strategic goals of the country, it is important to advance research capacity, to promote entrepreneurship and the extroversion of our businesses, to increase public and private investments and to successfully take-up EU funding, mainly from Horizon Europe 2021-27, as well as and to ensure synergies between sectors and programmes.

3.3 CYBERSECURITY

In view of the importance that the EU attaches to ensuring cybersecurity, the DMRID aims to create a competent Cybersecurity Directorate within its organization.

The main responsibility of this directorate is to strengthen Cybersecurity for the protection of the critical infrastructures of the country, its enterprises and the society in general. To this end, appropriate plans will be carried out for the development, promotion and implementation of relevant practices and actions, techniques and organizational measures, including the effective management of planned cyber-attacks. This Directorate, in cooperation and coordination with the Digital Security Authority (DSA), forms and promotes the implementation of the National Cybersecurity Strategy.

With the implementation of the actions of the Strategy, we aim to make Cyprus one of the leading countries in the region in cybersecurity, to protect the critical information infrastructures of the country, its enterprises and the society in general, and to create an appropriate and attractive environment for the economic growth and promotion of services in which Cyprus holds a high position in the world such as, inter alia, merchant shipping and financial services.

4 Strengthening the resilience and competitiveness of the economy



4.1 ECONOMIC PLANNING

The EU, through its policies and actions, can act as the main instrument for the modernization of the country and lead to Sustainable Growth and the strengthening of the resilience and competitiveness of the economy, based on social cohesion. It is understood that the formulation of priority areas for the Cypriot economy that are in line with European policies and at the same time the promotion of specific objectives in each sector in combination with relevant European policies and programmes, make the economic policy and planning for Cyprus more effective.

The primary ambition of the Republic of Cyprus regarding the economy is to achieve *“A business-friendly green and digital economy that nurtures entrepreneurship, for the benefit of all”*.

Among its priorities for strengthening the resilience and competitiveness of the Cypriot economy, in the context of a **new model of sustainable growth**, special significance is placed on the actions to diversify the productive base of the economy, with emphasis on the modernization of the primary sector, the strengthening of the manufacturing sector, the development of a green economy, actions in sustainable tourism and shipping, but also further developing and strengthening the export character of the remaining areas of services-provision, such as the areas of Health and of Education.

Particular emphasis is placed on supporting small and medium-sized enterprises, which are at the core of the Cypriot economy. An important goal is to promote the increase of the size of Cypriot enterprises, most of which fall into the category of very small ones. Promoting start-ups and innovative businesses is also an important priority.

Of particular importance is the implementation of reforms that will lead to addressing the main challenges, weaknesses and distortions of the Cypriot economy, as identified in the assessments of the European Commission, in the context of the European Semester.

In this context, the aim is to focus on key pillars of a development strategy compatible with European policy, such as the digital and green transition pillars. These pillars are part of the new European Recovery and Resilience Facility, through which the European Commission will raise € 750 billion from markets to be distributed throughout the Member States.

Cyprus strongly supported the establishment of the **Recovery and Resilience Facility**, which became necessary to provide immediate financial support to the Member States during the COVID-19 crisis. Priority is given to the implementation of the new Sustainable Growth Model of Cyprus, with the aim of economic, environmental and social sustainability.

In this context, the **National Recovery and Resilience Plan** has been recently prepared which, in addition to the green and digital aspects, includes a number of other structural reforms, related to the judiciary system, education, public service and local government reform, employment, diversification of the productive base, the energy sector, sustainable growth and the resilience and competitiveness of the economy. The strategic goal of the Cyprus RRP is “the strengthening of the resilience and the potential of the economy for economic, social and environmentally sustainable long-term growth and prosperity”.

This Plan, which will essentially constitute the blueprint for growth policies for the coming years, includes a combination of investments and reforms that will be undertaken over a period of 6 years, until 2026. It is expected that the Plan will bring about decisive changes regarding the sustainability of the growth and the rationalization of the Cypriot economy, provided that the timely and correct implementation of the promoted reforms and investments is ensured and, consequently, the take-up of all the funds available for Cyprus.

The RRP essentially lies within the framework and the directions specified by the **Long-term Strategy for the Sustainable Growth** of the Cypriot Economy, based on the European Commission guidelines for the Recovery and Resilience Fund, with an emphasis on the implementation of the Country Specific Recommendations, in the context of the European Semester. It incorporates measures and prepares the ground for the implementation of the long-term strategy, which is carried out on behalf of the Cyprus Economy and Competitiveness Council; the strategy aims to formulate and implement a comprehensive and long-term strategic vision for Cyprus.

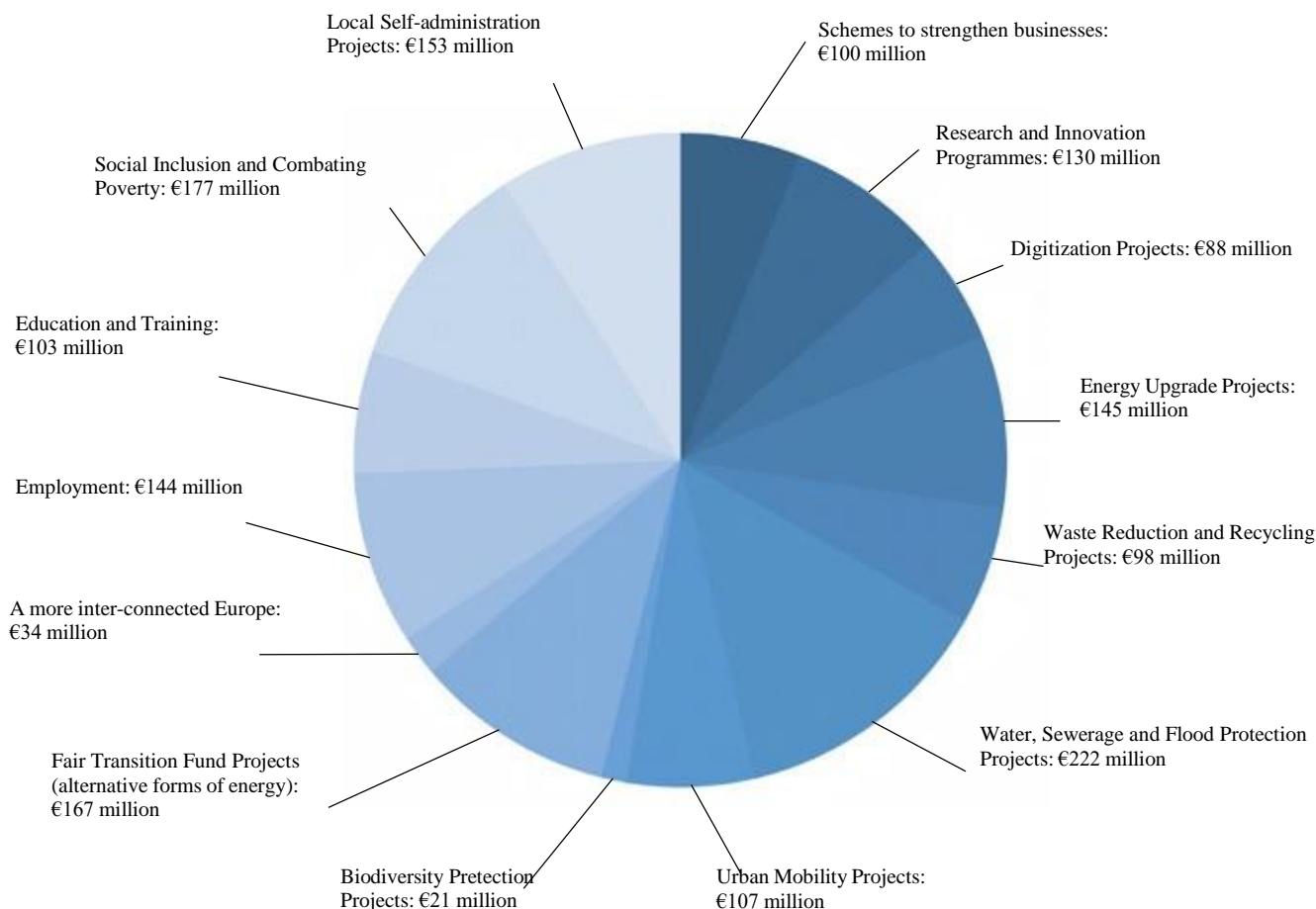
The development and utilization of cutting-edge technology, as well as the promotion of environmental sustainability, are key supporting parameters in all aspects of the vision, which provides for the transformation of Cyprus into a “European Sustainable Business and Trade Centre” with the simultaneous expansion of the production base, highlighting the level of ambition in terms of the contribution and future performance of the country in terms of green and digital transition. The modernization of the primary sector, the strengthening of the manufacturing sector, the diversification and strengthening of the competitiveness of the tourism sector, the promotion of the circular and wider green economy, the further promotion of the blue growth, but also the further development and strengthening of the export character of the remaining aspects of services- provision, such as Health and Education, the modernization of the public service, as well as the further development of an effective rule of law, are key directions of the new strategy. In conclusion, the national RRP and the long-term economic strategy are communicating vessels and are fully aligned.

4.2. SECURING AND TAKE-UP OF COMMUNITY FUNDING

Of equally crucial importance is the securing and take-up of Community funding, taking into account the specific characteristics and needs of the Republic of Cyprus, including its island nature. Community funding can contribute significantly to achieving the objectives of the country. The mid-term objectives, in this context, are the following:

- Utilization of all available European funds, with continuous research for new and existing European financing programmes and financial instruments.
- Through the coordinating actions of the Directorate-General for European Programmes, Coordination and Development (hereinafter DG EPCD), the continuous updating of the competent services and the promotion of information to the Ministries/Deputy Ministries and to citizens/municipalities/companies in order to utilize the programmes, as well as and the extensive use of the relevant information website of DG EPCD as a key tool for informing the citizens.
- Maximum absorption of Community funding in the context of Cohesion Policy Funds:
- Following the agreement on the new Multiannual Financial Framework (MFF) 2021-2027 at European Council level on 21 July 2020, the European Commission has proceeded with the calculation of the final allocations from the Cohesion Policy Funds to the Member States, with Cyprus securing a financial envelope amounting to €968 million. The breakdown per Fund is as follows:
 - € 467 million - European Regional Development Fund (ERDF)
 - € 222 million - European Social Fund (ESF+)
 - € 178 million - Cohesion Fund
 - € 101 million - Just Transition Fund.
- The total amount, which is at the disposal of the Republic of Cyprus for the promotion of public investments during the period of 2021-2027, amounts to €1.8 billion (including the national contribution).
- The utilisation of EU Cohesion Policy funding is based on multi-annual programming documents, prepared by each EU Member State and submitted to the European Commission for approval. These are the “Partnership Agreement” (PA) which is the broader strategic document and the operational “Programme” which specifies the PA.
- DG EPCD has already proceeded with the preparation of a single Operational Programme 2021-2027 entitled “THALIA” (Greek acronym for: Foundations for Transition, Prosperity, Equality and Growth), which consists of priority axes, specific objectives, measurable results and indicative projects/areas of intervention.
- The Programme’s overarching aim is to create a robust and competitive economy - through smart, digital and green investments - with healthy employment and social cohesion and will be co-funded by all Cohesion Policy Funds. Its structure is based on the five EU Policy Objectives for the period 2021-2027, which are in full alignment with the national development objectives, as described in the Government Strategy Statement 2021-2023 as well as the individual sectoral strategies.

- According to this scheme, funds will be distributed as follows:



Technical Assistance: €85 million

- In addition, Cyprus has secured €37.2 million from the European Regional Development Fund (ERDF) to continue its participation in the cross-border and transnational dimension of the European Territorial Cooperation Programmes. These Programmes are the tools of Cohesion Policy aiming to strengthen cooperation with other Member States and neighbouring countries. In this context, DG EPCD is examining, in close cooperation with the General Secretariat and the competent authorities of Greece, the possibility of taking up a joint initiative to create an EU Macro-Regional Strategy in the Eastern Mediterranean, with priority axes concerning, inter alia, Energy and Climate Change.
- Submission of the Republic of Cyprus’ application for financial contribution under the Brexit Adjustment Reserve (until September 30, 2024).
- Utilization of the mid-term review of the Multiannual Financial Framework.

Listed below are individual priority areas that contribute to the growth and competitiveness of the economy, in line with European policies. The digital and green dimensions are included in separate sections due to their special importance.

4.3 TOURISM

Although the tourism sector is subject to national jurisdiction, there is a need to safeguard the interests of the Republic of Cyprus in the European arena where the coronavirus pandemic, as another disturbing, exogenous factor adversely affected the tourism sector, both internationally and domestically.

Cyprus seeks to focus on the issue of tourism at EU level, and on the need for effective and frequent engagement at Council level (Competitiveness).

Individual objectives of Cyprus include cooperation with other Member States, which have an increased interest in Tourism and particularly in finding flexible solutions to address challenges posed by crises such as the pandemic.

In addition, the support and participation in the development of an EU long-term tourism strategy is of great importance, which will ensure the transition of the sector to a digital, green and sustainable future industry, with emphasis on the development of rural tourism, to alleviate economic disparities in rural areas, cultural tourism for the promotion of cultural heritage, sports tourism, as well as other special forms.

In addition, making full use of Community funds, including the resources of the Recovery Fund and the Structural Funds, is also a priority. Cyprus is of the opinion that in this manner, investment priorities are formed for sustainable growth, but also the resilience of the EU tourism ecosystem. At European level, it is proposed to focus on three areas, namely: a) digitization, b) the development of alternative inland, mountainous, rural and remote areas, and c) green growth.

More specifically, in relation to digitization, the recommendations for “physical distancing” of the population can be implemented through the digitization of visitor experiences in places of tourist interest such as sights, museums, parks, beaches, etc. The experience of tourists in European destinations should be completely contactless, throughout the process (from the beginning of their stay in tourist accommodations, room access, restaurant orders and elsewhere).

Regarding the tourism growth in alternative inland, mountainous, rural and remote areas, emphasis should be placed on the health and wellness tourism with suitable centres in the appropriate areas, the development of agrotourism accommodation and the restoration of the core in villages of the countryside, the construction of theme parks and creating authentic experiences.

Finally, in relation to green growth, it should be a common and horizontal approach, with energy saving and the use of renewable energy sources as much as possible to reduce Cyprus’ energy footprint and the implementation of the circular economy, in line with our European and national commitments.

It goes without saying that in order to achieve all of the above, it is necessary to focus on improving connectivity, especially air connectivity, based on long-term planning, emphasizing the geographical specificities of Cyprus.

4.4 SHIPPING

Shipping as a global industry, which handles ~90% of international trade, is technically governed by international conventions adopted in the framework of the work of the International Maritime Organization (IMO) and the International Labour Organization (ILO).

At EU level, the development of coordinated initiatives to ensure the sustainability of shipping in international bodies and the harmonized and timely transfer and implementation of obligations in the EU Member States, as they arise from international conventions, is noted. At the same time, the EU is approaching the global challenges of shipping (formerly the enhancement of maritime security and nowadays the contribution of shipping to climate change - carbon sequestration) in a much more ambitious way than the international regulatory framework. This is reflected in the promotion of regional legislative initiatives that jeopardize the competitiveness and potentially the viability of European Shipping, as stricter EU rules, which by definition are of a global nature, may become counterproductive to European shipping, especially ships flying under the flag of the EU Member States.

Cyprus is a global shipping power (11th globally – 3rd in the EU) and its calibre and targets in the sector are disproportionately positive in terms of its size within the EU. The wealth of Cyprus' expertise in the field of shipping must be taken into account, while at the same time an effort must be made to create the conditions for Cyprus to be able to influence EU policies and legislative initiatives under consideration.

The above objectives can be pursued and strengthened through multilevel actions and initiatives to develop networking and build trust both with partners and with the European Commission and the European Parliament.

The Shipping Deputy Ministry is taking initiatives to influence the European Shipping Agenda from the outset (policy announcement, consultation and impact study). The Shipping Deputy Ministry chooses constructive dialogue to highlight the uniqueness and global character of shipping in order to improve, as far as possible, any legislative proposals that manifest themselves in a way that will not significantly affect the competitiveness of the sector.

Cyprus is taking initiatives at European and International level and is trying to form relations and alliances with a large number of EU Member States, with foreign MEPs, with the union shipping industry and with Non-Governmental Organizations (NGOs). The goal is for the positions formed and expressed by Cyprus to be governed by credibility and consistency. The emerging strategic vision of the Cyprus Shipping, which has been announced and is under consultation, will be inoculated with 3 characteristics -SEA [Sustainable - Extrovert - Adaptable] and with these axes the image is now being built of Cyprus in the EU but also the way of approaching the issues and challenges.

More specifically, the Shipping Deputy Ministry approaches individual shipping issues through a socio-economic and environmental perspective: **social aspect** touches on the rights of seafarers, and their working and living conditions on ships, as well as their continuing training. The **economic aspect** addresses the issues that lead to a sustainable growth environment for European shipping and includes, inter alia, the environmental aspect, by encouraging and rewarding the adoption of "green" actions and initiatives, the use of modern digital technology and its response to cyber risks, as well as fostering a culture of Research and Innovation, with the Shipping Deputy Ministry trying to contribute to a global approach [IMO and ILO] with simultaneous actions to reduce any potential undesired impact arising from regional initiatives.

The common denominator of the two aspects is the Integrated Maritime Policy (IMP), which includes initiatives related to blue economy. The Shipping Deputy Ministry, having the coordination of this policy at national level and the responsibility of representing Cyprus in the EU, perceives the IMP as an opportunity for active involvement in the Eastern Mediterranean (as a component of Economic Diplomacy). In addition, it views Cyprus as a shipping state, belonging to the region, but also as an EU ambassador, which does not rule out the possibility of undertaking project management and promoting initiatives.

4.5 AVIATION POLICY

Connectivity

The Covid-19 pandemic has disproportionately affected the air transport and internal and external air connectivity of the Union and in particular of the Republic of Cyprus. The connectivity of the Republic of Cyprus is directly related to effective participation in the European single market, competitiveness of the economy, opportunities for growth, social cohesion and the process of European integration.

Any gaps in connectivity cannot be ignored, targeted measures must be taken for the rapid recovery of the sector, ensuring the international and regional competitiveness of Cyprus, the needs of Cypriot citizens, supporting the economy and ensuring a sustainable future for aviation.

Cyprus aims, through actions and initiatives to promote solutions to the issue of connectivity of remote and island Member States, to improve the regulatory framework governing the provision of incentives and support to airlines.

The EU's External Aviation Policy

Cyprus supports the EU's External Aviation Policy, provided that the goal of market liberalization is maintained. The benefits for the Republic of Cyprus so far have been significant, especially in terms of connectivity with neighbouring countries. It is therefore in the interest of the Republic of Cyprus that the EU continues its efforts to conclude aviation agreements with third countries, in particular within the region of Cyprus, and to bring existing Member States' bilateral agreements into line with EU law.

As a matter of principle, comprehensive agreements should allow for the granting of additional rights by Member States bilaterally and should not restrict Member States' right to further market liberalization with third countries.

Single aviation market

The regulation on common rules for the operation of air services in the Community (1008/2008) is expected to be revised in the coming years. The Commission is currently carrying out an impact assessment and the expectation is that the legislative proposal will be ready by 2022. Important elements for the Republic of Cyprus in the forthcoming review are the following:

- Public service obligation: The current provisions are not suitable for Cyprus, as they are very rigid and unsuitable for small islands and remote areas that wish to establish a substantial connection with the mainland. The Commission is expected to improve the conditions under which public service obligations can be imposed.
- Operating license - Main place of business and social issues.

It must be ensured that air carriers have the flexibility needed to set up operational bases in the Republic of Cyprus in order to serve connectivity needs. The Republic of Cyprus relies heavily on EU carriers and the ability to easily set up operational bases is important. In addition, the competitive advantage of the tax regime of Cyprus must be ensured in relation to the problems created by the ban on overflights in Turkish Airspace.

Consumer protection and passenger rights

Cyprus supports the balance between passenger/consumer protection rights and the flexibility of air carriers and travel costs. Excessive passenger rights can lead to increased costs for carriers and reduced rights can lead to a loss of consumer confidence. The issue of bankruptcy of air carriers and excluded passengers needs to be addressed either through the revision of the Air Passenger Regulation or through the Air Services Regulation.

4.6 INTERNAL MARKET AND CONSUMERS

Internal market

The COVID-19 pandemic crisis has highlighted positions supported by the Republic of Cyprus over time and in particular (1) the need for enhanced solidarity between Member States, (2) the importance of protecting the internal market and further removing obstacles immediately, in order to enable the development of the capacity of Small and Medium-sized Enterprises (SMEs) and small Member States, and (3) the need to ensure the Union's strategic autonomy, which should cover a wide range of sectors.

A New Industrial Strategy for Europe

The Ministry of Energy, Trade and Industry, realizing the urgent need for modernization and repositioning of the industrial sector, as an important productive sector and pillar of growth, proceeded to prepare a new industrial policy. In this effort, the renewed industrial policy strategy of the European Commission, which Cyprus has supported and adopted, was taken into account. This European strategy, focusing on the single market, digital transformation, the implementation of the circular economy and the low carbon economy, industrial innovation, investment and extroversion, aims to increase industry participation in the EU's Gross Domestic Product. The new industrial policy will help all companies to develop cooperation with each other, both in the manufacturing industry and in other industries.

Consumers

On 13 November 2020 the European Commission adopted the "New Consumer Agenda 2020-2025", (hereinafter referred to as the "New Agenda") which is an updated overall strategic framework of EU consumer policy from 2020 to 2025. A key strategic goal is to boost consumer confidence, whose expenditure makes up 54% of the EU's Gross Domestic Product².

The new agenda aims to address the indirect or immediate needs of consumers, as a consequence of the significant challenges created in their daily lives due to the ongoing COVID-19 pandemic. More specifically, the agenda sets out priorities and key action points which the Member States are expected to jointly promote within the next 5 years at European and national level. Cyprus supports the purpose and content of the new agenda and welcomes any possible efforts by the Commission to implement and respond effectively to all thematic priorities. It requires the promotion of close cooperation between the EU and its Member States, as well as the appropriate transposition, implementation and enforcement of the solid framework for consumer protection.

In this context, the Consumer Protection Service ensures the most effective protection of consumers' interests by prioritizing the full safeguarding of their rights.

²Source: Eurostat

Inter alia, the following actions are implemented³ regarding consumer protection on the basis of a proposed action plan and timetable of the European Commission:

Supporting Member States to implement recently updated consumer regulations that will strengthen their rights, ensure greater and more effective digital justice, stronger sanctions and an effective collective redress mechanism in cases of collective harm.

Supporting consumers who are more vulnerable than others due to their particular information needs, e.g. children, the elderly or people with disabilities.

4.7 EU ECONOMIC ISSUES

Financial

Cyprus looks forward to the strengthening of the **Banking Union**, including the adoption of a fully fledged European Deposit Insurance Scheme (EDIS), which constitutes the third pillar for the completion of the Banking Union.

Although sufficient progress has been achieved in reducing risks in the banking sector, discussions on EDIS are continuing at a slow pace and includes additional discussions on risk mitigation measures, such as improving the crisis management regulatory framework, cross-border integration and dealing with government exposures to banks' balance sheets.

Cyprus, alongside other Member States, in a spirit of compromise and to facilitate negotiations, has accepted the EDIS hybrid model, with the provision of liquidity from a single fund with the participation of national deposit guarantee funds (provision of mandatory lending), as an intermediate step towards the completion of the Banking Union, which is reflected in the full sharing of losses.

Until the fully fledged EDIS is implemented, liability and risk mitigation actions should be proportionate and parallel to a balanced path along different degrees of reciprocity of the single deposit guarantee system.

On 24 September 2020, the European Commission published a new, ambitious Action Plan to strengthen the Capital Markets Union (CMU) in the coming years. The **Capital Markets Union** is not an end in itself, but a necessary tool for achieving key economic policy goals: a recovery from the coronavirus pandemic, a resilient and inclusive economy that works for all, a dual transition to a digital and sustainable economy, and an open strategic autonomy in an increasingly complex post-Brexit world. Achieving these goals requires massive investment, which cannot come solely from public funds and traditional financing through bank lending.

Taxation

The need to respond quickly to the tax challenges posed by globalization and digitization is essential to ensuring a fair distribution of the tax burden worldwide. Cyprus welcomes the agreement reached by the G20 on October 13th 2021, marking the long-term efforts to create fair and healthy competition at global level and to safeguard the tax bases and public revenues of the economies.

Cyprus, although not an OECD member, is nevertheless in line with the principles governing the two-pillar plan, as set out in the October statement issued by the OECD.

³The actions are divided into two subcategories-subgroups based on their beneficiary body.

Cyprus authorities are expecting the final outcome of the global technical discussions which will form the basis for the development of the corresponding European legislative initiatives in 2022.

In particular, the Ministry of Finance supports the achievement of the agreement and will work constructively by actively participating in the competent EU committees for the establishment of the legislative framework that will provide for the introduction of the global corporate tax rate of 15%, thus ensuring a healthy framework of competition and fair taxation.

Also in this context, Cyprus is expecting the outcome of the European developments on the issue of introducing a digital levy as a new own resource for the EU budget on the basis of a proposal from the European Commission, in line with the Council's conclusions in July 2020. Discussions at European level on the new digital taxation have been stalled, in light of the October 2021 OECD Statement, which provides for the removal and standstill of all Digital Services Taxes and Other Relevant Similar Measures. It is noted that the intention is for digital taxation to be independent of the application of the global minimum tax rate and for it to coexist with the provisions of the global agreement.

5 Rule of Law and protection of social rights



5.1 PROTECTION OF PUBLIC HEALTH

A long-term and basic target of Cyprus is the protection of public health through the promotion of individual actions of the European Plan on Cancer and the National Strategy for Cancer, implementation and enhancement of eHealth and digital transformation, reinforcement of the efficiency and durability of the health systems, as well as through strengthening and developing the community health skills ensuring the provision of qualitative dental care services.

A very important aspect in ensuring the health of the citizens of the Republic of Cyprus is the:

- a) completion of the basic digital transformation and the transition to high level digital transformation, such as the implementation of the Integrated Healthcare Electronic Record, the implementation and operation of the National Contact Point for Electronic Health (NCPeH), and the operation of the electronic registry for healthcare providers.
- b) safeguarding of the food-stuffs and the consumer products in relation to harmful chemical substances which they may contain
- c) protection of the Environment, in accordance with the “European Green Deal” and through the promotion of the new “Farm to Fork” Strategy in addition to the new “EU Chemicals Strategy for Sustainability Towards a Toxic-Free Environment” concerning chemical products for an environment without toxic substances.
- d) human Bio-monitoring as a scientific instrument in order to understand the exposure of the population to environmental pollutants and the effects on health.

The pandemic has demonstrated the urgent need of the Cypriot patient for pharmaceutical products at an affordable price. It has also shown the need to implement the two Regulations on Medical Devices (MDR) and In Vitro Diagnostic Medical Devices (IVDR), a serious challenge that demands a common effort from the involved stakeholders.

In relation to this matter, Cyprus is investigating the possibility of claiming the seat of the newly established Health Emergency preparedness and Response Authority (HERA).

5.2 MIGRATION POLICY

The basic target of the EU is the formation of a long-term and integrated migration policy, based equally on solidarity and responsibility measures and a balanced approach towards legal and irregular migration. Cyprus, respecting fully the European principles and values is completely aligned with these positions.

The negotiation of the New Pact on Migration and Asylum, which the European Commission published at the end of September 2020, constitutes the most important priority in the field of migration at EU level. The legislative package aims to remedy/fill the existing gaps so that the EU will be in a position to face crises of similar range in the future.

For Cyprus the challenge is twofold: on the one hand it faces difficulties, like the other front-line Member-States, promoting provisions related to the need to implement enhanced and effective solidarity measures and on the other hand, unlike the other front-line Member-States, most of the irregular immigration flows, which Cyprus is called to manage, have Turkey as their departure point and then transit through the buffer zone in order to reach the areas that are under the effective control of the government. Due to the lack of co-operation between Cyprus and Turkey, migration is another issue on which a constructive attitude on behalf of the Republic of Cyprus clashes with Turkey’s lack of co-operation.

Cyprus faces disproportionate pressure in terms of size, resources and infrastructure, being for the 5th consecutive year the member-state with the biggest migratory flows and the greatest number of new applications for Asylum-seekers in relation to its population. For these reasons, the position of the Republic of Cyprus for the past 10 years is the establishment of a permanent and binding relocation mechanism covering both applicants and beneficiaries of international protection. This mechanism should be activated when circumstances arise and will operate based on the distribution of key reflecting the integration capacities of each EU Member-State.

Moreover, Cyprus supports a more effective return policy, based on the establishment of a return mechanism, under the auspices of the European Commission and the enhanced role of FRONTEX.

An integrated and effective integration policy must be part of an effective migration policy. In line with the new EU Action Plan on Integration and Inclusion (2021-2027), integration has to begin early for the third country nationals, who have more chances to remain in the country. Emphasis should be given to the recognition of qualifications, access to the labor market, equal access to health and education, access to appropriate housing, on integration of vulnerable groups and women, and on combating phenomena of racism and xenophobia.

In the context of the external dimension of migration and, taking into account that Turkey is considered a strategic partner for the EU, especially after the EU-Turkey Statement in 2016, Cyprus made several demarches aiming to compel Turkey to fulfill the commitments it has towards all EU member-states, including the Republic of Cyprus, if possible with the assistance of FRONTEX. These obligations include the prevention of irregular migratory flows towards the EU, the co-operation with neighboring states and the implementation of Re-admission Agreement towards all Member States in a non-discriminatory manner.

5.3. ISSUES OF JUSTICE, RULE OF LAW AND ENHANCEMENT OF DEMOCRATIC INSTITUTIONS

The Republic of Cyprus is a state of democratic values under which citizens feel secure having the possibility at the same time to enjoy free access to the Judicial System and to be judged by impartial judges.

Within this framework, the participation of Cyprus on the basis of common values and visions, with other EU Member-States, reinforces the effort for modernisation of the state, inter alia, in the fields of justice, policing, combatting of corruption, terrorism, violent extremism and organised crime.

The free movement of EU citizens has rendered the necessity of co-operation between national judicial systems a matter of urgency, in order to ensure that the judicial decisions issued in one Member-State are recognised and implemented in another Member State, specifically with regard to the civil and criminal procedures. Cyprus will contribute to the further reinforcement of such co-operation, for the more effective implementation of the decisions of all the courts of EU Member-States.

Furthermore, judicial co-operation in criminal affairs, the intensification of co-operation between the competent authorities of Member-States and the recruitment of capable people in Eurojust amount to a priority for Cyprus, so that mutual judicial co-operation in criminal affairs, mutual recognition of judicial decisions and a common approach on EU criminal justice is accomplished.

In this framework, Cyprus supports the European Judicial Network (EJN) which is expected to improve judicial co-operation between Member-States in matters like combatting serious crime, such as corruption, drug trafficking and terrorism.

Cyprus is a strong supporter of the European Public Prosecutor's Office (EPPO), the independent European Institution competent for the research, the prosecution and the referral to justice of crimes contrary to the economic interests of the Union, also constitutes a priority of Cyprus. To this end Cyprus has already appointed the first Cypriot European Prosecutor and the European Delegated Prosecutors.

In the framework of a new strategy concerning the European Electronic Justice 2019-2023 in which the priorities of European Electronic Justice are defined, the Republic of Cyprus will enhance the efforts for digitalisation of Justice.

Furthermore, Cyprus, having stated its readiness concerning the evaluation of the implementation of the Schengen acquis, supports all the efforts of the European Commission in urgent reform of the said area, in a way to ensure active co-operation and practical solidarity between the members. Moreover, it will work towards this direction so that the area becomes more functional and more durable in relevant initiatives of the European Commission to be projected in the Schengen Strategy and constitute a pre-requisite for the internal security in Europe and to free movement within the Schengen area.

The creation of an everlasting safe environment, the enhancement of cyber-security, the confrontation of emerging threats (such as cyber-crime, the protection of European citizens from terrorism, organised crime) and the creation of a strong European security ecosystem with the co-operation of Europol, Eurojust and Interpol are policies that Cyprus is expected to support specifically, within the framework of a new Strategy of the EU for the Security Union during the period 2020-2025.

The participation of the Republic of Cyprus in the EU presupposes full respect towards the principles and values of the EU, as defined by the Lisbon Treaty and the Charter of the Fundamental Rights of the EU. Furthermore, within the framework of the Lisbon Treaty, which foresees the accession of the EU, as a Union to the European Convention of Human Rights (ECHR), Cyprus supports the EU actions in relation to this purpose, so that the protection of the fundamental rights within the Union is strengthened.

The Rule of Law, as one of the fundamental common values of the member-states and of the EU itself constitutes a primary target and objective of the Republic of Cyprus. For this purpose, all the institutions in Cyprus are focused on the preservation and further enhancement, if this is required, both of the legal and the institutional framework in the Republic of Cyprus, so that every citizen can live in a free democratic pluralistic state, governed by the rule of law in which rights are respected and safeguarded.

Furthermore, the Republic of Cyprus will continue to participate actively in European mechanisms in reinforcing the rule of law and in other policies within the framework of EU initiatives.

For the purpose of the further enhancement of the rule of law and within the framework of the EU initiative for the action plan of European democracy which aims at the strengthening of the citizens and the creation of more durable democracies in the whole of Europe, Cyprus aims at further enhancement of the freedom of the Media, and at the combating of misinformation.

5.4 EMPLOYMENT, SOCIAL PROTECTION, TRAINING AND HUMAN RESOURCES

The main missions of the Republic of Cyprus are a) the promotion of social justice and the preservation and continuity of the standard of living and the quality of life of employees and the society in general and b) the continuous upgrading of the training provided, with the parallel strengthening of culture, the support of cultural creativity and sport and the strengthening of youth.

Cyprus aims at protecting employees inter alia through the promotion of EU individual actions for Adequate Minimum Salaries, Remuneration Transparency, the implementation of the Action Plan of the European Pillar of Social rights, as well as the protection of the health of Employees from Risks Related to the Exposure to Carcinogens and Mutagens at the workplace. Cyprus through the actions of the European Commission for Child Guarantee aims at ensuring that every child in Europe threatened by poverty or social exclusion has access to free care, free education, and care during early childhood, as well to decent housing and adequate nutrition. Additionally, the Deputy Ministry of Social Welfare, as the National Coordinator of Cyprus for Child Guarantee, has set up a Working Group which includes the Ministries of Labour, Welfare and Social Security, Health, Education, Culture, Sports and Youth and the Commissioner for the Protection of Children, for the preparation of the National Action Plan, as well as the monitoring of the implementation of these actions. Within the framework of the EU Strategy concerning the rights of persons with disabilities the target is to ensure that such persons can experience full social and economic integration on an equal footing and to live without discrimination.

In the field of education, policies are modernised, structures are upgraded and infrastructures are improved. National priorities and common European policies (for example the European Education Area up to 2025, the Strategic framework for European co-operation in the field of education and training having as its objective the European Education Area and beyond (2021-2030), Key competences for lifelong learning, the Digital Education Action Plan (2021-2027), the European Universities Initiative and Country-specific recommendations issued by the European Commission, constitute guidelines for these efforts. At the same time, contemporary challenges connected to the green transition, the digital transformation, the population movement and the COVID-19 pandemic, are taken into account when planning and implementing actions. The strategic aim is the improvement of the quality and the inclusiveness of education (education for everyone, equal access to quality education, extension of free compulsory pre-school education from the age of four years old), the internationalisation of Higher Education, the strengthening of education of adults and life-long education within the framework of the National Strategy for Lifelong Learning 2021-2027 coordinated by the Ministry of Education, Culture, Sport and Youth and a better connection of education to the labour market. For the accomplishment of the above the utilisation of European structural funds and other financial instruments is pursued.

In the field of Sports, the basic priorities on a national level are aligned with the provisions and guidelines of the ongoing European Work Program for Sport and include the protection and promotion of the values of sport, its socio-economical and its environmental dimension and the promotion of the participation in sports aiming, inter alia, at the improvement of public health.

In the field of Youth, the National Strategy for Youth (NSY) is based on the European strategy for youth and the 11 European Youth Goals. An additional objective is to secure the unimpeded, qualitative implementation of the European Program Erasmus+ (Youth Chapter) and of European Solidarity Corps with the maximum possible absorption of available funds. At the same time, the European Youth Dialogue is implemented without any obstacles, fuelling discussions at the EU Council, functioning as a forum of participation of young persons and their organisations as well for the formation of policies in the matters of their concern.

In the field of Culture, national planning is based on the European guidelines of the Work Plan for Culture 2019-2022 and the utilisation of the programme Creative Europe. Moreover, it aims at strengthening the professional development and competitiveness of Cypriot artists and creators.

6 Protection of values and interests worldwide



6.1 FOREIGN POLICY

Cyprus in the European Union

Cyprus' accession to the EU became a milestone in the historical path of the Republic of Cyprus, upgrading its international status and offering a strong foundation on the basis of which it can take concrete initiatives at a European and international level. The dimension of strengthening the participation of Cyprus in the EU is the first of three overarching priorities of the Republic of Cyprus' foreign policy.

The vision and goals of Cyprus entail the establishment of a stronger EU with an enhanced presence on the international scene, a Union which is founded and operates on the basis of equal participation, while ensuring the decision-making autonomy of the Member-States, as well as of solidarity, unity and fairburden-sharing. In this framework, Cyprus actively participates in the debate on the Future of Europe.

Cyprus invests in the deepening and enhancing of the autonomous nature of the Common Security and Defense Policy of the EU, as well as the more essential, result-oriented and active Common Foreign and Security Policy. The EU is obliged and it must become strategically autonomous, contributing in this way to the enhancement of its role at the international scene as a world actor of security. The recent international and regional crises have shown that a more direct and decisive involvement of the EU in the field of Crisis Management, and the prevention and deterrence of conflicts is required, utilizing and enhancing the existing tools of the Common Foreign and Security Policy. With a stronger EU at the international scene, Cyprus can highlight the added value of its geographical position as the farthest south-eastern edge of the EU in a geographical region of key importance, as well as the special weight that it can add to the Common Foreign and Security Policy of the EU, utilizing the excellent relations which it has developed in its wider neighbourhood.

At the same time, the important issues with which EU is preoccupied are closely followed by Cyprus, such as that of the Climate/Green Deal, development policy, migration, coordination for addressing the coronavirus, sharing of European values including the principle of the rule of law, gender equality etc. Such issues are covered in respect to their external dimension, as well as horizontally, given their heightened importance in the said policy of the EU and their interaction with traditional issues of foreign policy.

In addition to the general framework of action, the Republic of Cyprus will assume the Presidency of the Council of the EU in 2026. Following the successful holding of the first Cyprus Presidency in 2012, it is deemed necessary to adopt an interim enhanced action plan as well as to prepare adequately and timely in order to guarantee as positive results as possible for both Cyprus and the EU.

The following goals are pursued:

- 1) Effectively utilising Cyprus' capacity as a Member State is an overarching priority of Cyprus' foreign policy. Turkey's EU accession process should act as a catalyst in the efforts to achieve a fair, functional and sustainable solution to the Cyprus problem, in line with the *acquis communautaire* and based on EU principles and values, peace, security and welfare of all Cypriots and smooth and full participation of a re-unified Cyprus in the EU. The *acquis communautaire* should play an important guiding role in the achievement of convergences and in securing an operational governance of the re-unified state.
- 2) Effective participation and contribution in a series of policies that safeguard the wider interests and the security not only of Cyprus, but also of the EU, such as (a) crises response/management, (b) the Permanent Structured Cooperation (PESCO), (c) international terrorism, and (d) the increasing migration flows/migration policy of the EU.
- 3) The aim remains that Cyprus becomes one of the key players for the enhancement of the southern dimension of the European Neighbourhood Policy and the promotion of the positions of the EU in the countries which participate in it. The vision and goal of Cyprus for the EU also concerns the facilitation of relations of the Union with Cyprus' immediate neighbourhood region, where a more active presence and action of the Union is pursued. The existing balance between the Neighbourhood policies of the EU, South and East, must at least be maintained as until today (2/3 and 1/3 respectively).

Cyprus in its region

The geographical position of Cyprus at the crossroads of three continents, as the most eastern external border of EU, is an opportunity, as well as a responsibility with repercussions, which exceed its size and borders by far. The further enhancement of the role of Cyprus in the region of the Eastern Mediterranean is the second of the three top constituents of its foreign policy.

The correct management and effective utilization of this factor can have an added value for the EU, contributing to the essential upgrading of Cyprus within the Union and internationally. The Trilateral Cooperation Mechanisms in the region –in some of which, the thematic participation of other friendly countries is also found (e.g. USA, UAE etc)-, come under this framework of enhancing the role of Cyprus in the region, with the aim of promoting cooperation, synergies, stability and welfare in the region.

Paying due importance and respect to its neighbourhood, Cyprus has managed, through its historical course and, in particular, through specific actions in recent years, to develop excellent relations of close cooperation with its neighbours in the geo-strategically important region of the Eastern Mediterranean.

The cooperation platform that has been created and the flexibility of action that distinguishes it, allows the elaboration of further thematic collaborations, engagement of new parties and the set up of new mechanisms, including the possibility of participation from other States and/or regional or International Organizations. In this framework, for example, an active participation and promotion of the aims of the Union for the Mediterranean is pursued. The dynamics that have been developed could provide the foundation of a gradually evolving institutionalized regional integration, an important element of the vision and aspiration of Cyprus for the region. The establishment of the National Coordination Mechanism and the envisaged operation in the forthcoming period of the Permanent Secretariat of Trilateral Cooperation Mechanisms based in Cyprus, is an essential step in this direction.

The continuous evolution of the Republic of Cyprus' bilateral relations with its neighbouring countries remains essential. It is in this context, that as the closest EU Member State to the region that enjoys excellent relations with neighbouring countries and has a good understanding of this part of the world, the Ministry of Foreign Affairs seeks to place Cyprus as the obvious bridge between States and multilateral schemes of the region with the EU, thus highlighting the added value it can bring to play.

The goal of Cyprus is to use the experience gained from the development of regional cooperation for the purpose of further strengthening and expanding the relations and cooperation of the Republic with the countries of our wider geographical region, including the Gulf States, and to establish more favourable conditions for the promotion of the economic, political and other interests of Cyprus, as well as of the EU.

Cyprus in the World

The bilateral relations of Cyprus with third countries are also an especially important dimension of its foreign policy, which is promoted intensely, through exchange visits, opening or the planning of opening in the near future of new Embassies, conducting and institutionalizing political consultations, cooperations in international forums etc. The promotion of relations with strategic partners of the EU, such as the USA, Japan and India has a special place in the foreign policy of Cyprus, as the third pillar of our foreign policy.

Multilateralism, constitutes the archetype of synergy, and as such guarantees the lawful functioning of the international system and safeguards the protection of the rights and fundamental freedoms of the individual, providing the most effective framework for addressing international challenges. Therefore, the Republic of Cyprus, taking also into account the Cyprus question, attaches particular importance to the respect of international law, to the promotion of the rule of law and to democracy, as well as to the protection and promotion of human rights and the fundamental freedoms through International Organizations whose *raison d'être* has recently come into question. It is the position of the Republic of Cyprus that strengthening and protecting multilateral cooperation platforms constitutes the only guarantee for peace, security and sustainable development, in order to face effectively the development of dangerous radical trends.

The Sustainable Development Goals (SDG) of the United Nations (UN) have been identified as subjects of high priority and added value for the Republic of Cyprus, due to the important role that they play not only to the country, but on a world scale, for the achievement of a better and more sustainable future for all. The seventeen (17) SDG's, which were defined in 2015 by the international community, have as a common aim, the tackling of world challenges, including poverty, inequality, climate change, environmental decay, preservation and enhancement of peace and justice, bearing in mind all the dimensions of sustainable development in a balanced and comprehensive way. The Republic of Cyprus has already made important efforts and has taken great steps for the integration of the SDG's in its national legislative framework and it has bound itself, both at UN level and at EU level, to implement the aims in all its policies, having already presented its 2nd National Report to the United Nations.

It is against this backdrop therefore that, *inter alia*, the promotion of human rights, including the rights of women (gender equality), children, youth and vulnerable groups of the population, the protection of the environment, combating climate change, and protecting cultural heritage, have been placed in the forefront of the multilateral action of the Republic of Cyprus.

At the same time, strengthening the presence of the Republic of Cyprus at multilateral fora and Organizations may facilitate its role as a bridge-state which enhances and promotes relations of neighbourly states with international and regional Organizations of which Cyprus is a member, with priority being placed on the EU.

In this framework, the Republic of Cyprus will set as a strategic target, the enhancement of the connectivity of Cyprus with other countries (see section 4.5). The Republic of Cyprus targets, through the undertaking of actions and initiatives for the promotion of solutions to the problem of connectivity of the remote and island-Member States, the improvement of the regulatory framework which governs the provision of motives and the support of airline companies (see sub-section 4.5).

6.2 COMMERCIAL POLICY

The Common Commercial Policy falls under the exclusive competence of the EU. This means that EU alone is able to legislate on commercial matters and negotiate and conclude international commercial agreements.

In the framework of the Common Commercial Policy, the EU has been engaged in a substantial amount of bilateral, plurilateral and multilateral commercial negotiations with third countries (or groups of countries) with the aim of liberalizing/facilitating the trade between them. These Agreements incorporate relative provisions for a large number of areas which concern the business sector, especially SME's (Small and Medium-sized Enterprises), such as the trade of goods and services, foreign direct investments, public procurement, regulatory provisions and customs procedures.

Bilateral Commercial and Investment Agreements

Given the sizeable volume of negotiations which the EU conducts with strategic commercial partners (e.g. ongoing negotiations for the conclusion of a Free Trade Agreement with Australia and New Zealand and negotiations for the modernization of the commercial part of the EU-Chile Association Agreement), and the completion of other negotiations (e.g. with Japan, Singapore, CETA-Canada, United Kingdom), it is anticipated that the environment in which the European businesses operate will be transformed. Regarding the EU-Mercosur Agreement (Argentina, Brazil, Paraguay and Uruguay) an agreement on a political level has been reached, while ongoing negotiations are held on a technical level.

Cyprus supports the expansion of the EU network of Free Trade Agreements (FTA's) with third countries due to the opportunities which are generated for businesses through the creation of better commercial opportunities and the elimination of trade related barriers. Cyprus supports the inclusion in all the FTA's, of ambitious provisions for maritime transport, a sector in which the Republic of Cyprus has placed its priorities for the preservation and further development of Cyprus' prominent role in the global shipping sector.

The active engagement of the Trade Service through the systematic monitoring of these subject- areas, especially regarding the relevant commitments which Cyprus undertakes in the framework of the trade agreements between the EU and third countries, is critical for preserving the competitiveness of the Cyprus' economy. This kind of engagement is considered extremely important for reinforcing the capability of Cypriot businesses to export (products and services) and to pursue public contracts overseas, to attract foreign investments in the Republic of Cyprus and to contain any intense and unfair competition.

With the establishment of a framework for the screening of foreign direct investments (FDI) (Regulation (EU) 452/2019) that may, in certain circumstances, affect security or public order in the Union, the Republic of Cyprus participates in the cooperation mechanism under which the Member States and the Commission exchange information, with the designation of a point of contact as it does not have in place an FDI control mechanism in place.

It is very important that Trade Agreements concluded by the EU, should be fully implemented. This way it is ensured that both the financial operators and consumers will benefit. In this regard, the Republic of Cyprus welcomes the appointment of a Chief Trade Enforcement Officer.

Multilateral Trading System

Cyprus supports the long-term political aims of the EU for in-depth reform of the World Trade Organization (WTO) and its three operations: (a) the revitalization of the negotiations, (b) securing a better monitoring of commercial practices of the Members, (c) restore of a fully functioning dispute settlement system.

Legislative proposals

Cyprus actively participates in the negotiations regarding the legislative proposal for an International Procurement Instrument, which aims for the opening of public procurement markets in third countries for the European financial operators and simultaneously securing the absence of administrative burdens for the contracting authorities and the operators from EU Member-States.

Commercial Defense

Regarding the investigation of anti-dumping and anti-subsidy cases against products of third countries, analysis is made using specific criteria (industrial, consumer, commercial and political interests).

Re-examination of the Commercial and Investment Policy of the EU

Cyprus welcomes the Announcement of the European Commission regarding the Re-examination of the Commercial Policy which was published in February 2021, where the need for strategic planning of anew commercial policy for the world of 2030 is recognized, a policy which will consider the internal and external challenges.

APPENDIX I

Index of Abbreviations/Definitions

RES	=	Renewable Energy Sources
DSA	=	Digital Security Authority
General Secretariat	=	General Secretariat of European Affairs
PIO	=	Press and Information Office
R&I	=	Research and Innovation
EU	=	European Union
ERA	=	European Research Area
EAC	=	European Affairs Committee at Ministries, Deputy Ministries and Services of the Republic of Cyprus
WTO	=	World Trade Organization
Strategy	=	National Strategy for European Union affairs
Ministerial Committee	=	Ministerial Committee for European Affairs
DMRIDP	=	Deputy Ministry of Research, Innovation and Digital Policy

The National Strategy of EU Affairs has been prepared by the General Secretariat of European Affairs in cooperation with all Ministries, Deputy Ministries and competent Services. The preparation of the Strategy was based on expert recommendations provided in the margins of the Technical Support project funded by DG REFORM of the European Commission and carried out by Expertise France.



GENERAL SECRETARIAT OF EUROPEAN AFFAIRS



Republic of Cyprus