

**Speech of the Director General of the
Cyprus Employers & Industrialists Federation (OEB),
Mr. Michael Antoniou
106th ILO Conference Plenary, Geneva**

Dear Chairman,

I would like to begin by commenting the Director General and his Office for their insightful report *Work in a changing climate: the Green Initiative*. Environmental and climate change affect all of us and will be increasingly important in shaping the world of work. Mr. Ryder in his statement on World Environment Day mentioned that ‘sustainable development must be pursued in full regard to its social and economic dimensions, not only its environmental consequences’. The Cyprus Employers & Industrialists Federation (OEB) believes that coordinated action and sustainability are crucial in addressing many of the challenges we face today as well as those we will be facing in the future. We congratulate Mr. Ryder for his efforts and we look forward to evaluating his report further.

Distinguished delegates and guests,
Ladies and gentlemen,

In recent years, we have witnessed political and economic turmoil in many parts of the planet. We are navigating an increasingly complex and often volatile world. I am sure that we share many concerns for the future as I am sure you will agree with me that the international community must act collectively to address populism, intolerance, terrorism, racism and xenophobia. These phenomena are on the rise and create strife, conflict, harm communities and individuals, and damage trade and business.

As we emerge from the global financial crisis, the need to promote inclusive labour markets becomes more pressing. It is important to strike the right balance between limitless social aspirations and economic considerations. If there is one thing we should have learned from the debt crisis many countries have experienced, is that governments must stop spending beyond their means. I am certain that in every single tribe, nation or civilisation on earth, there is an expression or proverb or fable praising the virtues of prudent spending, and for good reason. It is unacceptable to borrow indefinitely from future generations, to borrow from our children and grandchildren, spending must go hand in hand with economic growth.

At last year's plenary, I took the floor to share with you how the Cyprus Employers and Industrialists Federation (OEB) experienced the economic crisis that ravaged our economy in the past few years. With financial assistance from our EU partners, we took measures and now the worst is behind us and we have reasons to be optimistic about the future.

In 2016 our economy started showing signs of stability, growing by 3%. Furthermore, the agreement with Troika was successfully concluded without a need for new austerity measures to be adopted. We now have a fiscal surplus, while employment and credit ratings continue improving. That was no easy feat and we are truly proud of what we have achieved. Our industrial relations system proved, once more, its resilience as social partners exhibited maturity, self-restraint and a cooperative spirit during those difficult times.

Despite how our circumstances have changed for the better, we believe it is still too early to proclaim victory. We remain cautious as economic recovery remains fragile and vulnerable to external shocks, while many important reforms have not been implemented yet. More specifically, public sector reform is still pending. Cyprus has one of the most expensive public-sector payrolls in Europe and this is a dangerous distortion that needs to be addressed. We must cease spending more than we can afford to on the state payroll.

We must be equally prudent in the private sector. Cyprus remains one of the few European countries that has yet to abolish the anachronistic Cost of Living Allowance (COLA) wage adjusting practice. Currently, social partners are negotiating the reform of COLA in the private sector following a reform of the system in the public service.

Another pending issue is the introduction of a National Health System. Regrettably, Cyprus remains without a universal health system. We are not proud of this and we wish to change it. A reform of such colossal proportions though, must be implemented very carefully and with utmost consideration of its impact on the economy.

Finally, we are greatly concerned about the United Kingdom leaving the European Union. The UK is an integral part of the European Union family of nations and we express utmost respect for the decision of the sovereign British people. We hope that the new relationship that will be negotiated between the Union and Britain, will maintain to the greatest extent possible the UK as an integral part of the European single market;

Ladies and gentlemen,

Social dialogue is neither a luxury, nor something theoretical and intangible. Especially in times of crisis, social dialogue is a necessity. Cyprus is the perfect example of how and why social dialogue works. We have been through the worst and we survived with the support of our EU partners, by being decisive, by being resolute, by being determined and by working hard.

I hope the next time I get the opportunity to address the plenary, I can claim true victory over the crisis and state our country's return to sustainable growth.

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