

**BETTER REGULATION FOR GROWTH AND JOBS  
IN THE EUROPEAN UNION**  
COMMISSION COMMUNICATION (COM(2005)97final)

## 1. INTRODUCTION

The Commission firmly acknowledges the importance of better regulation to help make the European Union a more attractive place to invest and to work in. The Commission declares itself strongly committed to better regulation principles. The way in which better regulation contributes to achieving growth and jobs is to be reinforced, and improving European and national legislation in order to promote European competitiveness is a high priority. UNICE supports this process and the increasing emphasis which the Commission and European leaders over the past few years have put on better regulation as a crucial tool for promoting competitiveness. It is important that this approach is borne in my mind when future policy initiatives are developed.

It is thus with great interest that UNICE has taken note of the recommendations and plans of the Commission to reinforce the means of achieving better regulation as set out in its Communication on better regulation for growth and jobs in the EU. UNICE welcomes taking part in discussions on how best to shape future policy in this area and its views and recommendations regarding the Commission's proposals and intentions are set out below.

## 2. IMPACT ASSESSMENT

### *Economic impacts*

UNICE supports strengthening the assessment of economic impacts. This is vital for better understanding the consequences of new rules for factors which are widely considered to be important to productivity and thus competitiveness. Assessing positive and negative effects on markets, trade and investment flows, direct and indirect costs for businesses, impact on innovation, are all important for achieving better regulation.

In this context, UNICE would like to underline what it has already said regarding the need for a pragmatic approach. It is important that the timely provision of essential information to decision-makers is not frustrated by exaggerated scientific demands being made regarding the accuracy of the assessment's findings. As a first step the administrative costs of proposals should be estimated in accordance with a proper and widely accepted method that, as much as possible, presents results in monetary terms (see further below). For more important proposals, entailing significant burdens for business, other impacts, such as those on trade and innovation, should gradually be taken into account as well. In this context, UNICE supports the application of a principle of proportionate analysis to ascertain that the depth of the analysis matches the significance of the impacts.

### *Scope and transparency*

UNICE supports impact assessments being conducted on all major policy-defining documents and all legislative proposals listed in the Commission's legislative programme. Furthermore, UNICE welcomes the strengthened role of the group of five Commissioners responsible for competitiveness. This group should play a major role in the drive towards an approach to impact assessments which properly focuses on the competitiveness aspect. In this context, UNICE also wishes to highlight the role of the other Institutions. The Competitiveness Council should take the lead to strengthen the competitiveness aspects and the Council and European Parliament should develop a mechanism to evaluate the impacts of major amendments as well. Only if all three Institutions actively pursue impact assessments as a key element of better regulation, the aim of the Lisbon agenda will be achieved. Therefore, UNICE wishes to stress the importance of developing a common methodology as foreseen in the Interinstitutional Agreement on Better Lawmaking.

Transparency is vital for sound decision-making in the EU and UNICE therefore welcomes measures which will enhance this, such as publication of roadmaps at the early stages of a proposal, which set out policy options, assessments and consultations to be undertaken. UNICE insists that all impact assessments, preparatory and background documents are always published to allow for effective and early involvement of stakeholders. It should be clear to all stakeholders how the Commission assesses the expected impacts of its legislation and they should be consulted throughout the process. It is crucial that the impact assessment method is widely accepted and that the results are credible for all concerned parties, such as the European Parliament, the Council and the businesses that are the object of the proposed regulation.

### *Measuring administrative costs*

A commonly accepted methodology for measuring administrative burdens should be introduced in the impact assessments as soon as possible. UNICE favours introduction of the so-called *Standard Cost Model* currently used by more than 10 Member States, with more countries considering doing so soon, such as the UK and Finland. This method provides for a clear and transparent evaluation of business costs and is relatively easy to apply. There is significant know-how available as regards application of the *Standard Cost Model* allowing for transparent benchmarking and cross-country comparisons. The method gives a clear picture of the costs of reporting and information obligations in a transparent, objective and straightforward manner, on the basis of which policy-makers can make well-informed decisions for growth and jobs.

UNICE does not share the Commission's reluctance to focus on introduction of the *Standard Cost Model* by striving for an alternative method which is overly flexible and which seeks to also take account of benefits such as cost savings or costs that would have been made anyway in the absence of the proposed legislation. These costs will greatly differ amongst the different Member States and involve speculative assumptions regarding entities' behaviour which would render a common methodology unnecessarily complicated and would significantly increase the error margin of its findings. Measuring administrative costs is an essential and crucial part of the impact assessment which can be carried out in a relatively simple and transparent way as the *Standard Cost Model* has proved. This aspect of impact assessments should not be made overly complicated and UNICE therefore urges the Commission to focus on the feasibility of the *Standard Cost Model*.

### *Quality control and independence*

UNICE welcomes the Commission's intention to launch a comprehensive independent evaluation of the impact assessment system as it has evolved and been implemented. UNICE also particularly welcomes the Commission's intention to draw on external expertise to advise it on the methodology of its assessments and technical issues and, in this context, to set up a special network composed of experts in better regulation issues, including academics and practitioners, which may be invited on a case-by-case basis to advise on the scientific rigour of the methodology chosen for specific assessments. Parallel to this, the Commission intends to reinforce quality control by Commission departments.

UNICE strongly supports the idea to enhance quality control of impact assessments. Drawing on independent external expertise could be an important step towards achieving better regulation for growth and jobs and reducing the risk of bias. The credibility of impact assessments would unquestionably gain if they were entrusted to or verified by an independent body. UNICE would for example be pleased to see an expert body within the Commission verify whether an impact assessment of the lead DG has properly assessed the impact on competitiveness and attest to the five Commissioners responsible for competitiveness that the benefits of a proposal exceed the costs in line with the Lisbon objective, which should be a prerequisite for the proposal to be tabled for adoption. UNICE would also support an independent body reporting on a yearly basis whether impact assessment principles and procedures have been applied correctly. The introduction of such additional checks would greatly help in achieving better regulation for growth and jobs in the EU.

### *Screening of pending legislative proposals*

UNICE supports the Commission screening proposals that are pending before the Council and Parliament with regard to their impact on competitiveness. Proposals adopted before 2004, whose impacts have an adverse effect on competitiveness, should be modified, replaced or withdrawn in line with the objective to achieve better regulation in the EU.

## **3. SIMPLIFICATION**

UNICE supports the Commission launching a framework of actions to reduce the volume of the Community *acquis* to improve the accessibility of legislation and to simplify existing legislation. UNICE welcomed the Council's contribution to this by establishing Council priorities for simplification and especially appreciated the Council selecting priorities for simplification by looking whether a simplification would directly relieve burdens for business and not merely mean consolidation or codification of existing legislation. UNICE hopes that the Commission will soon react to all the suggestions. It is important that initiatives in this area are taken to ensure faster progress regarding the adoption of simplification measures and to encourage participation of stakeholders.

UNICE agrees that Member States should set up simplification programmes and supporting structures adapted to their national circumstances. Concrete action plans to simplify existing red tape must be put in place with ambitious and quantitative targets, deadlines and controls. UNICE appreciates the Commission's intention to encourage such simplification, including the setting up of a dialogue to curb the practice of "gold-plating" EU directives at national level, and hopes that the exchange of best practices and peer review, also in the area of impact assessments, will achieve better regulation at national level.