

Signhild Arnegård Hansen

International Regulatory Reform Conference 2009

Speech for Plenary Session IV "Better Regulation: Messages for the Future" - 13 November 2009

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President

Confederation of Swedish Enterprise &
Vice President of BUSINESSEUROPE

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Ladies and gentlemen,

We have reached the end of this conference...but, at the same time, the starting point of the work that lies ahead.

Yesterday we heard about many innovative projects to improve regulation and make it easier for business to comply with it. This is encouraging.

Today, we have talked about the future and the challenge of deciding where we go from here.

Businesses are operating in a reality that changes rapidly and constantly. The global economy will not slow down. Anything we can do to speed up government processes and make regulation more dynamic, we must do.

The debate about what efficient regulation is, is as old as the regulated society.

It is not the first time that regulatory reform is a main topic during a presidency of the EU. It was discussed during the Swedish Presidency in 2001...we then saw the "four Presidency initiative", which became a "six Presidency joint statement" on advancing regulatory reform...and it has continued to be high up on the agenda in the EU, and in its Member States.

And, as has become clear during this conference, regulatory reform is given much attention in many countries across the world, and in international forums.

But, what is new - and this is a positive development - is the wide-ranging recognition that regulation is not always a solution to problems...it can also create new problems.

When regulation hinders, instead of helps, entrepreneurial activity and economic development, it is a problem.

What is also new is the growing recognition that it is not just companies' administrative costs of regulation that have to be reduced. All costs, including policy and financial costs, as well as indirect costs caused by uncertainty or inefficient regulatory processes have to be addressed.

I can only speak about the reality that I know...as an entrepreneur and businesswoman, as the President of the Confederation of Swedish Enterprise and as Vice President of BUSINESSEUROPE.

There have been improvements, especially in terms of how the public decision-making process works in Sweden and at EU-level. But I also know that business people are not experiencing the promised improvement in their day-to-day running of their companies.

Looking to the future, this difference between the reality of government, and the reality that businesses operate in, is something that we have to consider.

Yes, we are urging national governments and the EU institutions to show political leadership to keep efforts to improve regulation at the top of the political agenda. Yes, we understand that long-term commitment is necessary if results and real change are to be delivered.

Anything we can do to bring the two realities closer together, we must do.

How? I would say more, and better, communication between politicians and civil servants and business representatives is a key factor.

No-one has all the answers. No-one can say what the optimal level of regulation is. And, there will always be different interest to take into consideration.

To find solutions, it should be self-evident that co-operation is the only way forward...if we all want our market economies to work as well as possible.

We are pleased that consultation with business is now recognised as a key part of the decision-making process, at national and EU level. I would urge politicians, and civil servants, to use us. Use our knowledge and experience. We can be one of your most important sources of information. We know from experience what works well and what works less well.

Of course, business representatives also have a responsibility to engage with government representatives in a constructive way. We need to be specific, and prepared to discuss details, and try to offer solutions to problems.

The European business community has identified many, many proposals for simplification of regulation. And we have submitted these to our national governments and to the EU Commission.

We know that some of these are being processed and a few have been implemented. But with many of these proposals we do not know what has happened.

Again, communication is necessary.

Those who have submitted proposals must receive feedback...information about what action will be taken in response to a proposal, and why.

To inspire trust in the work to simplify the regulatory environment, it is vital that those responsible for the reform work focus on the type of changes that companies want.

Change is always costly for business. Adapting to changes in the regulatory environment, is frequently quoted as burdensome by business. So, the benefits of change have to be higher than the transition cost.

As important, of course, is the follow-up of actual results and outcomes of new, or changed, regulation. Systematic post-implementation review of regulation is necessary to assess if it is delivering expected outcomes. Did what was anticipated in an Impact Assessment really happen?

We welcome that President Barroso says he will put as many resources into ex-post evaluation of legislation, as into ex-ante assessments. We would like to see more national governments systematically engaging in this type of work as well.

Now, a new college of commissioners is about to take over the reins of the EU Commission. At this point, the messages from the European business community can be summed up as three:

- This is not a time for grand new schemes, but a time to implement – in co-operation with business - the current programme of simplification. Give high priority to the ongoing better regulation process. We would like this process to proceed without interruption.
- It will be necessary to show political will and leadership to keep efforts to improve the Community acquis at the top of the EU political agenda, and
- everyone involved in the development of policy and legislation at the Commission must be guided by the principles of cost-effectiveness, proportionality, efficiency and relevance.

Of course, it is not, and cannot be, the responsibility of the Commission alone to ensure that community legislation is business-friendly. The European Parliament, the Council and national governments also need to engage fully in this work.

To quote from an earlier Commission report:

"Businesses, SMEs in particular, need a clear, effective and practical regulatory environment on what is a rapidly changing world market".¹

This was true when it was said in 2001. It is just as true today. Let's make this the mantra for our future regulatory reform work.

Thank you.

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¹ EU Commission, Interim Report from the Commission to the Stockholm European Council COM (2001) 130 final, *Improving and Simplifying the Regulatory Environment*, 7 March 2001