



25 September 2014

SMART REGULATION

- The EU must improve its competitiveness to hold its own against both developed and emerging economic blocs around the world. Taking a smart approach to regulation will enhance growth and investment. The EU should avoid legislative proposals with a disproportionate impact on competitiveness that add no real value to the single market and growth. This requires a sharp focus on smart regulation. Boosting competitiveness and developing the single market through the use of smart regulation tools to cut red tape and devise proportionate legislation should be a mindset of decision-makers. It should remain a priority for the new Commission and European Parliament.

KEY RECOMMENDATIONS

- 1 Focus on competitiveness and growth.** Competitiveness proofing and the SME test must be an integral part of impact assessments for all policy initiatives and legislative proposals.
- 2 Reduce burdens.** There should be a EU target to reduce costs defined for the totality of regulatory costs in all policy areas. This target must be a net target so that regulatory costs due to new legislation are offset by reductions in existing regulatory costs in a given policy area.
- 3 Avoid gold-plating.** When transposing EU legislation, Member States must become more transparent when adding requirements that negatively affect the single market, competitiveness and growth.

KEY PRINCIPLES

- 1 Proportionality.** Avoid legislative proposals with a disproportionate impact on competitiveness. New legislation should provide the most efficient solutions to meet policy objectives. Inconsistencies with other existing rules should be avoided.
- 2 Openness.** Allow for timely and meaningful participation by business organisations and other stakeholders in all rule-making processes.
- 3 Transparency.** Publish draft impact assessments so that stakeholders can address shortcomings before the assessment and legislative proposal is finalized.



KEY TOOLS

- 1 Impact Assessments.** Proper impact assessments must be carried out on all legislative and non-legislative initiatives of major impact, including implementing and delegated acts, and of amendments introduced during the legislative process in the Council and European Parliament. Apply realistic modelling and sound science. Take account of the cumulative effects of different rules. Ensure independent review of impact assessments.
- 2 Consultation.** Comprehensive stakeholder consultation is crucial for collecting high-quality data. It is vital that business organisations and other relevant stakeholders can provide input and that there is sufficient publicity or time afforded to the process. Adequate feedback must be given.
- 3 Evaluation and targets.** Systematic post-implementation monitoring and evaluation of all EU legislation must be carried out to identify excessive burdens, inconsistencies, obsolete or ineffective rules. Resulting proposals for change must deliver a real difference on the ground for businesses and citizens. The EU should adopt a simple and clear target to reduce all business burdens and ensure that reductions are not undermined by new burdens.

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