



MINISTER
MINISTRY OF ECONOMIC AFFAIRS

Mr Frans Timmermans
Vice-President of the European Commission

The Hague, 01 APR 2015

Dear Mr Timmermans,

The European Council, as well as the Council, have repeatedly underlined the importance of better regulation for competitiveness, growth and jobs in the EU. We therefore warmly welcome the Commission announcement last year to make better regulation one of the main priorities of this mandate.

Please find enclosed a joint paper from several Member States, which I am submitting to you on their behalf. It sets out our key priorities for the new Commission's strategy on better regulation, which we would hope to see duly reflected in the upcoming Better Regulation communication and Commission proposal on a new inter-institutional agreement.

In so doing we express our full support to your important work and are looking forward to working with you in this regard.

With best wishes,

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(w.g.)

Henk Kamp

Like-minded paper on priorities in the area of EU better regulation:

Momentum for better regulation

Following the high priority given to better regulation by the new Commission and the ambitious conclusions of the Competitiveness Council in December 2014, we the undersigned holding responsibility for Better Regulation, have agreed on the following suggestions for better EU regulation. We also reserve the right to put forward, collectively or individually, more proposals in the coming months.

Introduction

We welcome and support the Commission's commitments to better regulation, particularly the new Commission Work programme and the announcement concerning the changes to the Commission's Impact assessment Board. We would like to work with Vice-President Timmermans on his better regulation review, and include some proposals which might be helpful in the exercise.

1. Quantification of regulatory burden reduction (targets and REFIT-scoreboard)
2. Better and greater independent regulatory scrutiny
3. Future proof legislation: fit for SMEs, (digital) competitiveness and innovation
4. Improved consultations of and discussions with Member States, stakeholders and end-users

1. Quantification of regulatory burden reduction (targets and REFIT-scoreboard)

The transparency of goals in the field of better regulation and the progress towards these goals can be enhanced by systematic quantification. Clear quantitative measurement can help us to monitor and visualise progress and to communicate with stakeholders about the results of the Better Regulation policy. To this end we call for the introduction of reduction targets in particularly burdensome areas, especially for SMEs, and the enhancement of the REFIT-scoreboard, while always taking into account proper protection of consumers, health, the environment, employees and financial market stability and respecting existing protection standards.

- Reduction targets should be developed by the Commission in close dialogue with Member States and stakeholders and focus on all costs of regulation, including compliance costs and should take into account both costs and benefits of regulation. A baseline measurement is not necessary. For the design of reduction targets, the Commission can draw upon practices in member states, such as the reduced costs approach of the Netherlands, the 'life event approach' of Germany, the monetary target in Denmark and Sweden or the 'one in one out approach' of the UK as well as of Germany.
- The REFIT scoreboard should be enhanced to provide clear insights into the expected quantitative and qualitative results of the proposed changes in legislation and to create clarity on the progress made. The scoreboard should also present an overall view of the REFIT program and the costs it saved for stakeholders in the EU.

2. Better and greater independent regulatory scrutiny

The process of assessing the costs and benefits of new legislation should be improved and made more independent. The recent decision of the Commission to transform the Impact Assessment Board into a Regulatory Scrutiny Board, with two external members, is a very good first step.

- However, for the medium to long term our goal is the creation of an independent Impact Assessment Board to scrutinise IAs from all three EU institutions. Therefore a new independent and external Impact Assessment advisory group should be created. This group should scrutinise the work of the Impact Assessment Board/Regulatory Scrutiny Board of the Commission, the impact assessment unit of the EP and assist the Council in the field of impact assessments. Alternatively, a common Regulatory Scrutiny Board would scrutinize the impact assessments of all three EU institutions, replacing the internal impact assessment unit of the EP and the Impact assessment Board/Regulatory Scrutiny Board of the EU Commission. We feel that this idea should be reflected in the upcoming renewed inter-institutional agreement on Better law-making. All institutions have a role to play in relation to Better Regulation and a single scrutiny and advisory authority will help to create a common Better Regulation approach.
- Consultation stage Impact assessments should be published when the Commission consults on policy options, providing estimates of the benefits and net costs to business of the different options. Impact assessments should be living documents, and a final stage IA should adequately reflect the comments received during the legislative process (from stakeholders, Member States etc.).

3. Future-proof legislation: fit for SMEs, (digital) competitiveness and innovation

In this dynamic, fast changing age it is essential to make sure that legislation is not blocking tomorrow's innovation and the potential of the digital age in particular. EU legislation should thus stimulate as much as possible the competitiveness of the EU businesses, especially SMEs.

"Think small first" should be the leading criterion when making an assessment of the regulatory burdens and other effects that are imposed on businesses. Regulatory burdens should be bearable and workable primarily for SMEs and micro enterprises, not just for big companies – while always taking into account proper protection of consumers, health, the environment, employees and financial market stability and respecting existing protection standards.

- Comprehensive Impact assessments should identify the effects on competitiveness and innovation. This should be anchored firmly in the impact assessment guidelines.
- Existing legislation should be reviewed in the framework of the REFIT programme to remove barriers for digitalization, innovation and competitiveness.
- The "think small first" principle should be used more systematically by all EU legislative institutions and they should also give particular attention to competitiveness and (digital) innovation.
- A digital dimension should be introduced in the impact assessment guidelines in order to ensure that all new legislation is fit for the digital age and does not hinder digitalization.
- The above mentioned elements must constitute core elements of the new Commission impact assessment and evaluation guidelines and should be incorporated in the upcoming renewed inter-institutional agreement on Better Law-making.

4. Improved consultations of and discussions with Member States, stakeholders and end-users

We consider effective consultations of Member States as well as stakeholders and end-users an indispensable element of better regulation. They must thus be ambitiously improved which requires systematic involvement during the entire law-making and review process, including at the preparatory stage (on draft regulation and the accompanying IAs, see above), and effective and reliable feedback mechanisms. With respect to delegated acts, the transparency in the legislative process should be increased, duly ensuring the Member States' roles.

Stakeholders, especially SMEs and citizens, usually lack the capacity to read and assess lengthy, technical documents. Yet they constitute the vast majority of those affected by new regulation, their concerns must thus be at the core of policy-making. Hence consultation documents need to be easily understandable, especially (draft) impact assessments and evaluations. A suitable approach in our view would be an obligatory (digital) explanatory memorandum, accompanying regulation at all stages. It would be continuously updated and outline and summarise the recent developments of the regulation, such as f.i. the key results of impact assessments, consultations and evaluations.

Also, efforts should be made to enhance the consultations with stakeholders and end-users regarding burdens and benefits in existing legislation in order to receive inputs and proposals to focus the better regulation effort and also to strengthen the feedback mechanisms in this regard.

In order to be successful, member states and Commission need to have a clear overview of all Better Regulation initiatives and a common dedicated platform for comprehensive discussions and cooperation. We believe the '*High level group of national regulatory experts on Better Regulation*' for cooperation between member states and the Commission should therefore be revived.

Ivan Vrdoljak, Minister of Economy, Croatia

**Jiří Dienstbier, Minister for Human Rights,
Equal Opportunities and Legislation, Czech Republic**

Sigmar Gabriel, Federal Minister for Economic Affairs and Energy, Germany

**Dara Murphy, Minister of State at the Departments of An Taoiseach
and Foreign Affairs and Trade, Ireland**

Maria Anna Madia, Minister for Simplification and Public Administration, Italy

Evaldas Gustas, Minister of Economy, Lithuania

Henk Kamp, Minister of Economic Affairs, The Netherlands

Pavol Pavlis, Minister of Economy, Slovak Republic

Boris Koprivnikar, Minister of Public Administration, Slovenia

Mikael Damberg, Minister for Enterprise and Innovation, Sweden

Matthew Hancock, Minister of State for Business and Enterprise, United Kingdom