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# Cutting redTape

Information about the E.U. Action Programme

**Cutting Red Tape for Europe**  
Quarterly E-Magazine

## “Commission has far exceeded expectations of Mandelkern report”

At the Bertelsmann Foundation’s ‘Better Regulation 2008’ Conference held in Brussels on September 10 - 11, European Commission Vice-President Günter Verheugen stressed that the European Commission is delivering Better Regulation and that the results are more than living up to the recommendations included in the 2001 Mandelkern Report.



Mr. Verheugen backed up his statement by giving the audience an overview of the progress made on the three main pillars of the Better Regulation strategy i.e. the rolling simplification programme, the Action Programme for reducing administrative burdens and, last but not least, the impact assessment system.

Of the 162 simplification proposals the Commission has committed to drawing up between 2005 and 2009, 113 – or 70% – have already been put forward, Mr. Verheugen told the audience. The need for compromise when a proposal is discussed within the Council of the European Union and between the Council and the European Parliament has often led to legislation which is not as consistent and coherent as it should be. This is why simplification is needed. Mr. Verheugen warned, however, that the full benefits of the simplification programme will only be reaped when the proposals currently pending before the co-legislators have been adopted and implemented in the Member States. Mr. Verheugen cited the ‘Single euro Payments Area’ as a good example of simplification. SEPA could save the EU economy up to € 28 billion, he pointed out.



In the area of administrative burden reduction, the Commissioner said the Action Programme for reducing administrative burdens in the European Union is well under way. The Commission has proposed several fast track actions to reduce administrative burdens and the mapping of the main information obligations has been completed, with their costing planned for the end of the year.

The Commissioner cautioned further that European policymakers have to strike a careful balance in their effort to introduce Better Regulation when correcting market failures so that they do not over-correct and produce undue negative effects. The role of impact assessments is vital in this, he said, pointing out that in the last two years, the Commission has carried out 241 Impact Assessments. He highlighted the fact that an independent Impact Assessment Board working under the direct authority of the President of the Commission, José Manuel Barroso, is responsible for scrutinising the quality of the Impact Assessments before they are finalised. Implementation of the Common Approach to Impact Assessment agreed in 2006 – and in particular the possibility for the Council and the European Parliament to carry out impact assessments on their substantive amendments to Commission proposals – is crucial to achieving Better Regulation, he added.



The Commissioner concluded his statement by saying that the Commission has managed to implement the Mandelkern Principles pragmatically, adapting them to the particular settings of EU institutions and to the new challenges of a globalised economy, especially since 2005.



## Measurement completed in Member States

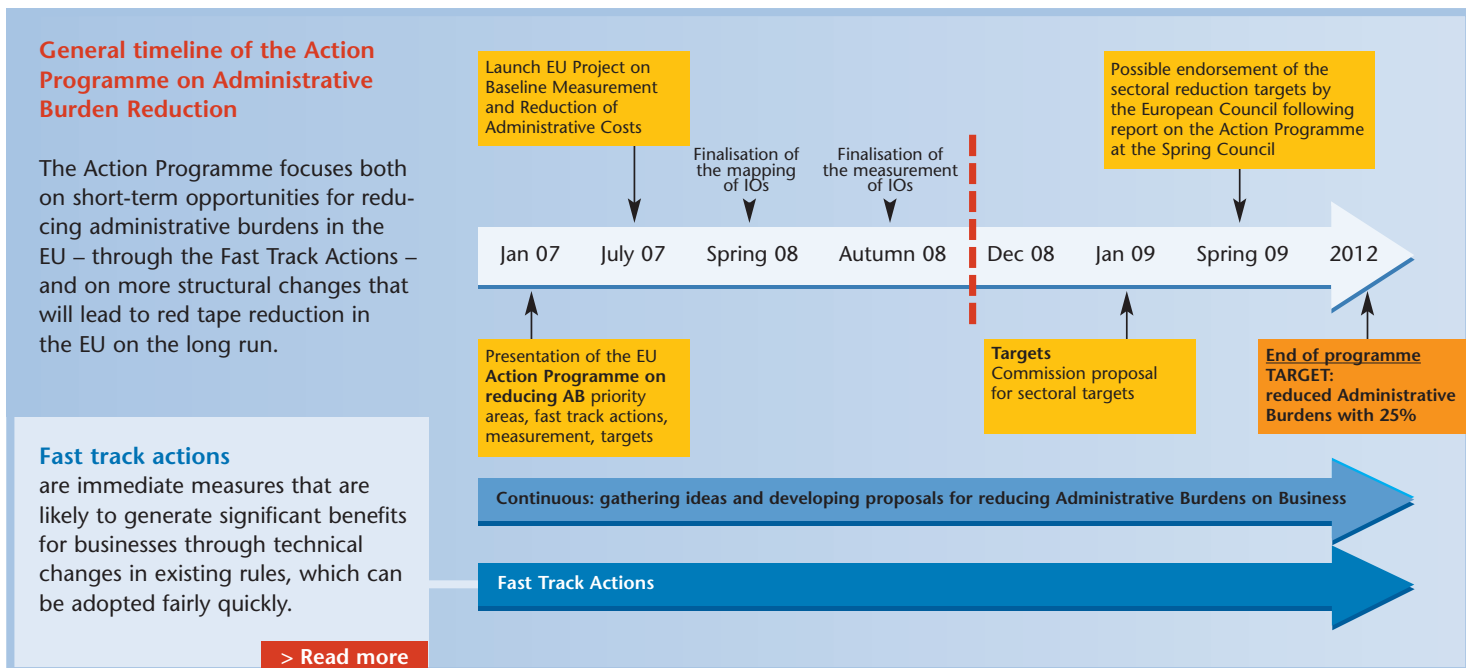
With completion of the measurement in Member States of the administrative costs of information obligations (IOs), two of the three steps in the 'EU project on baseline measurement and reduction of administrative burdens' have been finalised.

The EU project on baseline measurement involves three steps:

- mapping of Information Obligations (IOs);
- measuring administrative costs caused by IOs and
- developing ideas for reducing administrative burdens.

With the completion of the first two steps the project is on time and running smoothly. The project has now entered its final stage: the formulation of ideas that should help reduce administrative burdens.

**Results:** a selection of reduction ideas should be presented at the Spring Council in 2009. Project results (mapping, measurement and reduction ideas) will be published on [the Commission website](#).

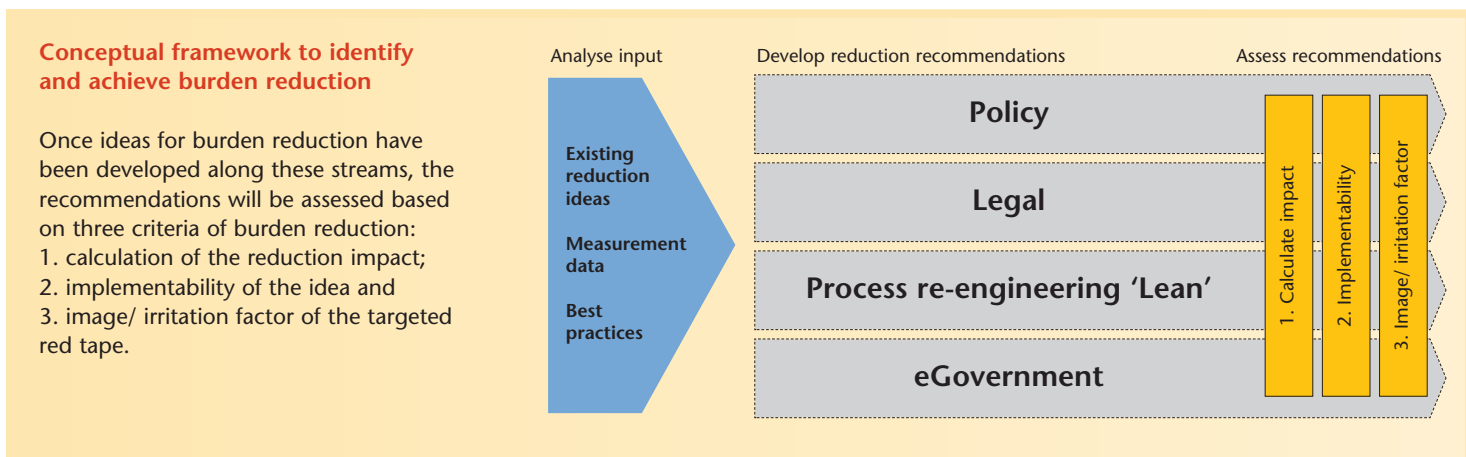


## Consultants to present reduction suggestions Reduction 'brain box' opened

With the input from the first two, more technical steps of the baseline measurement, the work of the consultants has now moved to the more analytical and creative process of developing reduction suggestions.

The consultants have identified four main streams for reduction:

- **policy stream** – focusing on recommendations related to the policy making and policy implementation process;
- **legal stream** – focusing on simplifying the EU/national legislation in itself by eliminating Information Obligations or changing their parameters (frequency, target group, etc.)
- **process re-engineering ('lean')** – optimising the process for exchange of information within and between business and government;
- **eGovernment** – the use of ICT solutions to ease the exchange of information between government and business.





## What countries which have already undertaken major red tape-cutting programmes recommend



Wim Jansen,  
Regulatory Reform Group, the Netherlands

### What are the main lessons your country has learned in relation to the red tape reduction process?

- *Management of expectations: it is important to be clear that reducing red tape in a tangible way takes time.*
- *Significant results: costs of companies can be reduced to large extent. Important, however, to target simultaneously costs involving high irritants for companies.*
- *Importance of communication: changes occur only if companies are told that rules and procedures are simplified.*

### When formulating ideas to reduce red tape in Europe what, in your opinion, should be kept in mind?

- *To target issues that reflect irritants as well as high volume.*
- *To find issues where several member states are supporters for change.*



Dr. Jochen Gebauer,  
Federal Chancellor, Germany

### What are the main lessons learned for red tape reduction?

*"A 'clear cut' (complete removal of an IO, taking large segments out of the scope of regulation) is faster and simpler as a simplification measure than tailor-made solutions and often has more reduction impact. Either way this normally includes a 'reduction of standards' as well and thus only works if the political will for reduction is available. This is not a task for 'SCM-experts'.*

*Besides this 'clear cut' simplification is a challenging task requiring much time and expert knowledge. Tailor-made simplification measures particularly require the collaboration between generalists (SCM and Better Regulation experts) and specialists of the ministries/associations. The latter are the ones who know the administrative processes and the practice in their respective area by heart. If the specialists do not take time to listen to each other and to find a common language and function, then such tailor-made simplification measures will not be successful or sustainable."*



Mag. Clemens Mungenast,  
Federal Ministry of Finance, Austria

### What is the main lesson your country has learned in relation to the red tape reduction process?

*"Keep it simple and pragmatic. the Standard Cost Model is an instrument to manage simplification and not an end in itself."*

### When formulating ideas to reduce red tape in Europe what, in your opinion, should be kept in mind?

*"Try to tackle real problems of businesses, keep in touch with them and avoid measures which have no direct impact on businesses."*

## Special focus: eGovernment



### Interview with Ms. Geneviève Pons, Head of Unit - European Commission, Directorate General Enterprise and Industry

#### In your opinion, can eGovernment help reduce red tape?

*"Yes, however I think eGovernment is only one of the ways to achieve reduction. To really reduce red tape it is often necessary to take different types of action: a change in legislation; simplification of legislation, etc. Also, eGovernment solutions are not good in themselves. They have to be well designed and implemented, e.g. if electronic invoicing is accompanied by all sorts of security measures to reduce risk, it can be even more expensive and burdensome than paper invoicing.*

There are a few principles that should be applied in general to reach better regulation, and also in eGovernment solutions:

- *The 'only once' principle: business should never need to provide the same information more than once;*
- *The public authority shall provide the simplest possible method for reporting;*
- *Public authorities should not ask for more information than is actually used."*

#### In your opinion, how can eGovernment be used effectively to reduce red tape?

*"There are four principles that can help make eGovernment tools effective:*

- *Integration with internal tax systems already in use within business;*
- *Common user interfaces: all electronic forms should be developed in a uniform manner that is recognisable to users;*
- *Pre-completion of forms: forms should be pre-filled in with all the basic data that is already available to government;*
- *Legislation should provide for electronic interaction: relevant legislation must be reviewed regularly in order to ensure that satisfactory electronic services and interaction are provided for."*



## Interview with Mr. Jean Martin, director – CIAA, Confederation of the Food and Drink Industries in the EU

### “Measures must lead to concrete results. This is how we will measure their success”

On 2 July 2008, CIAA, the Confederation of the food and drink industries of the EU, held a conference to discuss the competitiveness of European agro-food SMEs. The EU food and drink industry is an important pillar of the European economy, serving approximately 500 million consumers with a vast variety of safe and high quality products. It is the largest manufacturing sector in Europe, with a turnover of € 870 billion in 2006 and provides direct employment to over 4 million people. It is a sector where 99.1% of the companies are SMEs. Cutting redTape interviewed Mr. Martin on the impact of red tape on SMEs.

#### Why are SMEs so important for Europe?

“Small and medium-sized enterprises are the backbone of the food and drink sector with more than 280,000 SMEs employing over 61% of all food and drink workers and generating approximately 50% of our turnover. This means that SMEs are not only key for economic growth and job creation but they also continue to contribute towards providing the variety and diversity of products consumers have grown to enjoy.”

#### Why should the EU pay special attention to the reduction of red tape on SMEs?

“The Small Business Act (see below) shows that the costs of compliance with all the EU rules and regulations are higher in relative terms for SMEs. If for a large company the cost can be up to € 1 per employee, it can be as high as € 10 per employee for an SME. This fact must be taken into account when designing EU regulations through appropriate impact assessments, the setting of transitional or lead-in periods, and by providing certain flexibilities.”

#### What are your hopes and concerns regarding the Action Plan for reducing administrative burdens in the European Union?

“CIAA recognises and welcomes the efforts made by EU policy makers. Initiatives like the Small Business Act show that the EC recognises that SMEs play a vital role in the competitiveness of Europe. There remains however room for improvement. Problem areas include: changes to regulation, i.e. labelling legislation, sector-specific origin labelling, approval of new ingredients, controls, and environmental legislation.”

#### What is your key statement regarding red tape reduction in Europe?

“Actions in support of SMEs should be reinforced and streamlined to allow them to grow, create jobs and make full use of their innovation capacities. We feel encouraged by the Small Business Act, notably by the introduction of the ‘Think Small First’ principle in the decision making process. Also the launch of the High Level Group on the Competitiveness of the Agro-Food Industry will help support the sector and SMEs in particular. CIAA will assess the success of the various initiatives introduced by the European Commission by the delivery of concrete measures that improve the framework conditions for EU SMEs.”



### According to CIAA European SMEs face the following major competitive challenges

#### • Administrative burden:

The administrative burdens deriving from EU legislation are higher in relative terms for SMEs than for large companies which can achieve some economies of scale. There is a clear need for a flexible, business-friendly framework that takes into account the more limited capacities of SMEs.

#### • Financial instruments:

Many SMEs have considerable need for finance, and in general, they lack capital. Financial instruments that are adapted to SMEs' needs must be available, which evolve as SMEs develop.

#### • R&D and innovation:

SMEs have considerably fewer resources to invest in R&D and to participate in joint research projects. However, access to both efficient knowledge and technology transfer, as well as to EU funding, training, networking and partnership, can support their innovative activity.

#### • Capacities, resources and competences:

SMEs must be given appropriate support, for example, by providing one-stop-shops at both EU and national level, where they can easily find business-related information.

#### • Relationship with trade:

Late payments, long payment terms and grossly unfair trade practices can seriously affect SMEs operations. There is a need to review and strengthen Directive 35/2000 on late payments.

#### • Reaching out to non-EU markets:

There should be an improved framework for trade within multilateral (WTO) and bilateral negotiations leading to further market openings. However, this is not sufficient for SMEs. Developing export markets is costly, and requires significant investments and capacities to overcome regulatory, cultural and many other hurdles. Appropriate programs can support their export activity.



**Mr. Luc Hendrickx, Director Enterprise Policy and External Relations (UEAPME), comments on red tape and SMEs**

**“SMES are not the exception, we are the rule!”**



UEAPME is the employers' organisation representing the interests of European crafts, trades and SMEs at EU level. It represents more than 12 million enterprises, which employ around 55 million people across Europe. UEAPME has contributed amongst other to the Commission's offline consultation on administrative burdens by submitting more than 70 reduction ideas. Mr. Hendrickx's reaction to some provocative statements on SMEs and the administrative burden put to him by Cutting RedTape are:

**The best way to improve SME competitiveness is to exempt SMEs from administrative burdens altogether**

“No. In principle, legislation should apply to all companies regardless of their size. But legislation must be drafted to best match the situation of SMEs so that it can be easily implemented by SMEs. Politicians and public servants often do not know how SMEs work; this is why they think that exemptions are a good tool. But they are not. Actually, exemptions can be counterproductive, since they can hamper trust in SMEs and SME products if they are not subject to the same rules.”

**European SMEs are in a good position to exploit the benefits of the Internal Market**

“In principle, yes. SMEs have the flexibility needed to be successful in the Internal Market, even though individual companies will always run into practical difficulties like language issues. The focus of the Commission should be to try as much as possible to create a level playing field over the areas it can influence.”

**SMEs have enough communication channels to get red tape worries onto the agenda**

“Our members have been mobilised on the topic of administrative burdens reduction for over 30 years. Now it has finally also reached the European agenda. I feel that only after the oil crisis in the nineteen seventies did governments start to realise the relevance of SMEs for the economy.”

**The main benefit of red tape reduction for SMEs will be ...**

“... Less costs and more time for company owners to dedicate themselves to their core business tasks and personal lives.”

**...and last but not least....**

“We firmly believe in the ‘Only Once’ and the ‘Think Small First’ principles in order to effectively reduce red tape affecting SMEs. The ‘Only Once’ principle means that business and citizens provide information to government only once. This implies that government bodies must be able to safely exchange information with each other. Regarding ‘Think Small First’ we think it is really strange that even though 99.9% of all European businesses are SMEs, legislation is drafted to match the situation of large companies. They are the exception, we are the rule!”

## Small Business Act



**Less red tape and more red carpet for SMEs**

**The European Commission in June unveiled a new policy framework for SMES – the Small Business Act for Europe (SBA). The act presents ten guiding principles and proposes policy actions to be undertaken by both the Commission and Member States. With the Small Business Act the Commission wants to assist European SMEs to fully unlock their potential of long term sustainable growth and of more job creation.**

**Commission President, José Manuel Durão Barroso, said when unveiling the Act:**

“The Small Business Act is a step towards a Europe of entrepreneurs, with less red tape and more red carpet for Europe's 23 million SMEs. It aims to help small businesses to thrive and to give the best ones a launch pad to grow into world beaters.

The Small Business Act is a crucial milestone in the implementation of the Lisbon Strategy for Growth and Jobs. It will mean more responsive public administrations, less late payment of invoices, access to more help with finance, innovation and training, lower VAT for services supplied locally and better access to public procurement contracts. The package will also give SMEs access to a European Private Company Statute to cut bureaucracy and increase clarity.”



## Better Regulation 2008

On 10 and 11 September, the Bertelsmann Stiftung and the European Institute of Public Administration (EIPA), with the support of the European Economic and Social Committee, brought together approximately 100 leading practitioners, academics and stakeholders with a direct interest in Better Regulation, to meet at a high-level European colloquium under the heading 'Delivering Better Regulation for Europe's citizens and businesses? - Taking stock of the EU's Better Regulation Strategy'.

The colloquium drew attention to the challenges that lie ahead of the better regulation agenda and made a critical appraisal of what has been achieved since the publication of the Mandelkern Report in 2001.

**Two central questions discussed at the event included:**

- What should be the proper assignment of tasks between actors on all levels to make 'Better Regulation' work in the European system of multi-level governance?
- How ought we to apply and further develop the available Better Regulation instruments?

[> Read more](#)

## Your opinion counts

### Submit your ideas!

The Commission continues to urge businesses throughout the EU to send in ideas on how to reduce administrative burdens. By responding to this call, business can actively contribute to a more competitive Europe!

### How to submit an idea:

To facilitate businesses in this effort, the Commission has created an [online consultation form](#).

### What happens then?

The online questionnaire has been designed to register problems and suggestions on administrative burdens. The input businesses provide will be taken into account in the preparation of EU measures reducing administrative burdens and it will be regularly published on [the Commission website](#).

## Best Idea for Red Tape Reduction Award



**High Level Group on Administrative Burdens launches 'Best Idea for Red Tape Reduction Award'. Good and not yet implemented ideas for cutting bureaucracy can be submitted now!**

**Entries will be assessed on the following criteria:**

- originality and degree of innovation
- feasibility (i.e. potential for simple and quick implementation)
- reduction potential (i.e. what could be saved in time, money or irritation – since small burdens can sometimes have the highest irritation factor)
- transferability of possible solutions to other sector/other Member States.

Please note that ideas to reduce administrative burdens which derive exclusively from national, regional or local legislation are not eligible.

### How to take part!

Anyone who has a good idea may participate. The competition is therefore open to all: citizens, companies, business associations, public authorities, non-profit organisations and others. To enter, simply fill in the online consultation form, and make sure to tick the competition box. The deadline for entering the competition is 31 January 2009.

[> Read more](#)

## Most recent red tape news

**Are you interested in reading the most recent news on red tape reduction in the EU?**

Please visit the press room of the European Union to find the most recent selection of press releases, memo's, speeches and publications. In the news room you will find among other the following articles:

- [Statutory Audit: Commission decision cuts red tape for audit firms from third countries \(04.08.2008\)](#)
- [Irish Prime Minister's Office reports on the effectiveness of its regulatory impact assessment system \(18.08.2008\)](#)
- [UK Government launches consultation on limiting the cost of new regulations \(12.08.2008\)](#)
- [25 ideas for simplifying EU law \(22.07.2008\)](#)
- [You tube coverage of the Better Regulation 2008 event](#)
- [Bertelsmann Stiftung organises second International Regulatory Reform Conference \(IRRC\) from 16 - 18 November 2008 in Berlin](#)

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