Regulated and non-regulated professions in the Netherlands

Jennefer Baarn
Head of Unit
Competitiveness and Internal Market

17 June 2013
Outline

1. Horizontal policy framework: rationale behind regulation
2. Overview regulated professions in the Netherlands
3. Forms of regulation in the Netherlands
4. Deregulation 1999-2004
5. Transparency exercise
6. Lessons learned /recommendations
1. Horizontal policy framework: rationale behind regulation

- General principle: no intervention/regularation

Only in exceptional cases:
- Evident public interest: i.e. access, affordability of professional services
- Market failure: i.e. information a-symmetry
- Only if regulation (public and/or private) can be effective in addressing market failure
- Using means which restrict competition least, with lowest administrative burden for citizen and entrepreneurs
2. Regulated professions in the Netherlands

Total: 122 professions

- Civil servants 9
  - governmental archivist
- Police, legal and security 19
- Fireman 2
- Medical professions (incl. physiotherapist, dentist, pharmacist) 29
- Animal health (incl. veterinarian, embryo transplantation) 8
- Education 10
Regulated professions in the Netherlands

Hazardous activities 10
(pesticides, radiation, fire works, professional diving)

Transport 19
(incl. shipping pilot, air traffic controller)

Architect 4
(interior, garden, urban planner)

Financial advisor 7

Construction 5
(Crane operator, asbestos remover, explosives engineers)
3. Forms of regulation: market entrance

- Professional qualifications: all
- Reserved title: all
- Official oath: notaries, lawyers
- Reserved activities: not many, certain activities of i.e. doctors, lawyers and notaries
- Personal fitness: i.e. professional diving instructors
Forms of regulation: market behaviour

• Tariffs: None (before reform for real estate agents and notaries)

• Advertisement: None

• Code of practice: Lawyers, notaries, medical prof., police, vets

• Life long learning: Financial profs, lawyers, notaries, medical, transport

• Business administration: None

• Cooperation limitation: Auditors, lawyers
4. Reform 1999-2004

- Reforms professions: notaries, architects, lawyers, real estate agents
- Part of large scale reform of Dutch economy (i.e. energy, postal services, telecom)

**Rationale**
- Less administrative burden for economic operators
- More transparency for consumers
- More competition (new entrants)
- Different view on the role of the government

**Two examples:** notaries and real estate agents
Real estate agents

“The roof leaks, the furnace doesn’t work, and the plumbing needs repair...but it’s located on the greatest planet in the universe!”
Real estate agent

Before reform
- “Advisory” prices (abolished in 1996)
- Real estate agent is a protected title (no reserved activities)
- Education: qualifications required in architecture, economy and marketing, private law, bookkeeping and business economy, practice

After reform (2002)
- No sector specific regulation for real estate agents
Notaries
Notaries

Before reform
• Prices set by law
• Protected title and reserved activities
• Education: qualifications required in Dutch notary law

After reform (2006)
- Prices set by the market
- Still professional qualifications and reserved activities
Public debate

Resistance
• Incumbent real estate agents / notaries

Advocates
• Consumer associations
• New entrants (e.g. “real estate consultants” who wanted to become real estate agents too)

Furthermore: strong political support
## 4. Effects

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<th>Quality according to consumers</th>
<th>Product differentiation</th>
<th>Availability</th>
<th>Affordability</th>
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<td><strong>Notaries</strong></td>
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5. Transparency exercise

**Aim**

Create good functioning and competitive economic environment, where entrepreneurs can run their businesses in a competitive environment, with the lowest regulatory burdens (see also CSRs)

- Important to regularly check whether the arguments for regulating a particular profession are still valid.
- Important to regularly check whether the chosen form of regulation is still proportionate and effective, allowing for maximum competition and minimum regulatory burdens.
- Comparable to the mutual evaluation exercise in the field of services.

Member States should share experiences and knowledge to learn from ‘least regulated practices’
6. Lessons learned /Recommendations

• Start a debate on public interests (which are dynamic).
• Choose form of regulation which is effective and proportionate and restricts competition least.
• Overcome information asymmetry by public or private information sources (websites etc.).
• Competition between professional associations should be encouraged.
• Governmental surveillance on the functioning of the market is crucial (i.e. good functioning independent competition authority).
• Every market is different. Sector specific problems require sector specific solutions.
Contact details

Ministry of Economic Affairs
European Affairs Department
Jennefer Baarn
j.b.baarn@minez.nl
+31 70 370 62 12