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MEASUREMENT OF ADMINISTRATIVE BURDENS GENERATED BY THE EUROPEAN LEGISLATION

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THIRD INTERIM REPORT
AB QUANTIFICATIONS

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ABBREVIATIONS AND DEFINITIONS

The following terms are defined on the basis of Annex 10 of the Impact Assessment Guidelines, published by the European Commission; and of the International Standard Cost Model manual, published by the SCM Network.

SCM: Standard Cost Model. The Standard Cost Model is designed to measure the administrative consequences of legislation for businesses. The SCM has been developed to provide a simplified, consistent method to estimate the administrative costs imposed on business by central governments. The SCM method is a way of breaking down regulation into a range of manageable components that can be measured. The SCM does not focus on the policy objectives of each regulation. As such, the measurement only focuses on the administrative activities that must be undertaken to comply with regulation and not on whether the regulation itself is reasonable or not.

IO: Information Obligation. Information obligations are obligations arising from regulation to provide information and data to the public sector or third parties. IOs are the unit of analysis of the present report. A piece of legislation may include one or more IOs. A single IO may refer to a single provision, a single article, or to a group of related articles. The EU Standard Cost Model guidelines provide 12 categories to classify an IO.

DR: Data Requirement. Each information obligation consists of one or more data requirements. A data requirement is each element of information that must be provided when complying with an IO. Our analysis usually does not focus on DRs, but only on single IOs. DRs can be used to assess the impact of a new legislative provision changing only part of an existing IOs (for instance, a new proposal on food labelling may impose 5 DRs instead of 6).

AC: Administrative Cost. Administrative costs are defined as the costs incurred by a normally efficient enterprise in meeting legal obligations to provide information on its action or production, either to public authorities or to private parties. Information is to be construed in a broad sense, i.e. including labeling, reporting, registration, monitoring and assessment needed to provide the information. In some cases, information has to be transferred to public authorities or private parties. In others, it only has to be available for inspection or supply on request. Recurring administrative costs and, where significant, one-off administrative costs must be taken into account. Administrative costs are measured over a one-year period.

BAU: Business-As-Usual. BAU costs (or BAU factor, in percentage terms) correspond to the costs resulting from collecting and processing information which would be collected or processed by an undertaking even in the absence of the legislation. For instance, firms would keep annual accounts even if they were not required by law.

AB: Administrative Burdens. Administrative burdens are the part of the administrative costs resulting from collecting and processing information which would not be collected or processed by an undertaking in the absence of legislation. Formally:

ACs = BAU costs + ABs.

Finding that a legislative provision generates many burdens does not imply any judgment on its usefulness and benefits. Our analysis is not a net analysis of costs and benefits created by an act, but only a partial analysis of part of its costs. For instance, highly beneficial acts may be burdensome, and burdens may arise also from provisions whose content has been agreed on by the industry.

P: Price; Q: Quantity. Price and quantity are the key variables of the "core" equation of the Standard Cost Model. Price of an IO is its cost per occurrence, calculated multiplying the time spent on complying with an IO by the appropriate tariff. A price of an IO may also include external and one-off costs. Quantity of an IO is calculated multiplying the number of entities concerned by the frequency of the IO. Administrative costs are calculated through the following formula:

$$\sum P \times Q$$

QUANTIFICATION OF ACTS INCLUDED IN THE EXTENSION LIST

Andrea Renda
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EXECUTIVE SUMMARY

This report contains a measurement of a number of baseline acts that have been included in the Extension List annexed to the Action Programme on Administrative Burdens, or in the Sectoral Reduction Plans. It also includes a measurement of the related amending acts / amending proposals. The main goal of this report is to extend the baseline measurement of administrative burdens generated by the EU legislation, enlarging the original group of 42 acts measured by the Consortium. Furthermore, we provide an assessment of whether some of the policy initiatives of the first Barroso Commission have generated a significant change in the baseline since 1 January 2005.

In particular, we analyse 2 baseline acts from the Extension List (Priority Area: Environment). For both of them, we also analyse the related amending proposals. Subsequently, we assess the impact of 3 reduction measures[1] included in the Sectoral Reduction Plans, 2 from the Priority Area Cohesion Policy and 1 from the Priority Area Taxation and Customs. All of them amend baseline acts included in the Original or in the Extension List.

Measured acts and their impact[2] on Administrative Burdens are shown in the table below. Please note that for baseline acts the total impact is shown, whilst for amending acts / proposals (in italic) we show the expected reduction (if any).

[1] In one case, we had to create a baseline measurement of the IOs concerned by the amending proposal, since they had not been previously measured. Cf. paragraph 3.2.1.

[2] We measure the annual impact of a legislative act, i.e. the number of ACs/ABs imposed on firms over a period of one year.

Acts covered by this report and impact on ABs

Priority Area	Act	Administrative Burdens
ACTS INCLUDED IN THE EXTENSION LIST		
Environment	Directive 98/8/EC of the European Parliament and of the Council of 16 February 1998 concerning the placing of biocidal products on the market	€ 283,420,622
	COM(2009)267 Proposal for a Regulation of the European Parliament and of the Council concerning the placing on the market and use of biocidal products	-€ 68,200,000
	Regulation (EC) No 2037/2000 of the European Parliament and of the Council of 29 June 2000 on substances that deplete the ozone layer	€ 834,014
	COM(2008)505 Proposal for a Regulation of the European Parliament and of the Council on substances that deplete the ozone layer (Recast)	-€ 197,969
ACTS INCLUDED IN THE SECTORAL REDUCTION PLAN		
Cohesion Policy	Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999	€ 922,634,000
	COM(2009)384 Proposal for a Council Regulation amending Regulation (EC) No 1083/2006 concerning general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund as regards simplification of certain requirements and as regards certain provisions relating to financial management;	-€ 62,283,525
	"Guidance Documents"	-€ 18,452,680
Taxation and Customs	Commission Regulation (EEC) No 2454/93 of 2 July 1993 laying down provisions for the implementation of Council Regulation (EEC) No 2913/92 establishing the Community Customs Code (art. 313-313b)	€19,981
	Draft Commission Regulation amending Regulation (EEC) No. 2454/93 laying down provisions for the implementation of the Council Regulation (EEC) No 2913/92 establishing the Community Customs Code	-€ 6,146 (as for management of the ARSS status) -€ 1,259,554 (as for reduction of customs formalities)

The identification of Information Obligations (IOs) in the various pieces of legislation (so-called "Mapping of IOs") has been carried out by us. All the mapping results have nevertheless either been validated by the relevant DG, or the relevant DG had the opportunity to provide comments.

We have quantified the impact of legislative acts on administrative burdens based on a number of sources, including information provided by the relevant DGs, information retrieved from Consortium's baseline measurements, national databases and other public sources; or on the basis of our expert assessment. Our tasks did not include direct surveys of economic operators or stakeholders' consultation.

QUANTIFICATION OF ACTS INCLUDED IN THE EXTENSION LIST

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1 METHODOLOGY

The present report aims at:

1) extending the baseline measurement of ACs/ABs due to European legislation;
2) measuring the reduction of ACs/ABs achieved by the first Barroso Commission.

This goal will be achieved measuring the impact due to acts included in the Extension List attached to the Action Programme on Administrative Burdens, and of other acts included in the Sectoral Reduction Plans.

The list of acts is shown in Table 1. For acts which have either been amended, or for which an amending proposal has been issued, the amending act / proposal is shown in the right column. We will also measure the reduction of ACs/ABs, if any, due to the amending acts / proposals therein listed.

Table 1 – Acts covered by the present report

Existing Act	Amending Act / Proposal
ACTS INCLUDED IN THE EXTENSION LIST (JANUARY COMMUNICATION)	
ENVIRONMENT	
Directive 98/8/EC of the European Parliament and of the Council of 16 February 1998 concerning the placing of biocidal products on the market	COM(2009)267 Proposal for a Regulation of the European Parliament and of the Council concerning the placing on the market and use of biocidal products
Regulation (EC) No 2037/2000 of the European Parliament and of the Council of 29 June 2000 on substances that deplete the ozone layer	COM(2008)505 Proposal for a Regulation of the European Parliament and of the Council on substances that deplete the ozone layer (Recast)

ACTS INCLUDED IN THE SECTORAL REDUCTION PLANS	
COHESION POLICY	
MEASURED BY CEPS – PREVIOUS REPORTS – Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999	a) COM(2009)384 Proposal for a Council Regulation amending Regulation (EC) No 1083/2006 concerning general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund as regards simplification of certain requirements and as regards certain provisions relating to financial management; b) "Guidance Documents"
TAXATION AND CUSTOMS	
Commission Regulation (EEC) No 2454/93 of 2 July 1993 laying down provisions for the implementation of Council Regulation (EEC) No 2913/92 establishing the Community Customs Code (art. 313-313b)	Draft Commission Regulation amending Regulation (EEC) No. 2454/93 laying down provisions for the implementation of the Council Regulation (EEC) No 2913/92 establishing the Community Customs Code

1.1 Sources

Throughout the present report, the individual IOs included in these acts are the unit of analysis. IOs had been identified (mapped) before proceeding with the quantification. The mapping process is carried out by us amd the DGS had the opportunity to comment on the results:

Mapping of baseline and amending acts was complete, that is we identified and tried to measure every IO included in these acts, regardless of the expected burdensomeness. Only in the Taxation and Customs Priority Area, because of the complexity the act and of time constraints, only the IOs concerned by the amending proposal were mapped and measured.

The availability of data on population, costs and time needed to comply with an IO is of paramount importance for the quantification process. The availability of different data typologies explains to a large extent the need to adopt different approaches. Relevant data have been retrieved from a number of different sources, such as:

1. The relevant DGs of the European Commission. They have directly provided quantification-related data alongside the information on IOs, or after being specifically contacted by us. Cooperation and retrieval of information with the relevant DG has been of paramount importance and had a very positive impact on the quality of many quantifications;

2. Impact Assessments of the amending acts/proposals or other studies / internal documents made available by the relevant DGs. These documents sometimes contained comprehensive ACs/ABs quantification of some IOs, which have been adapted and included in this report. In other cases, they have provided us with relevant data. Importantly, we are asked in most cases to avoid re-calculating what the European Commission has already calculated in its official documents. If no explicit calculation of ABs was included in Commission's documents or external studies, it has nevertheless been possible to retrieve from them a large amount of data to perform our own calculations;

3. EU database on AB and other material produced by the Consortium when measuring the acts included in the Action Programme on Administrative Burdens. Thanks to the features included in the latest version,[3] the AB calculator included in the EU database has been used to find possible analogies with IOs already measured by the Consortium, and to perform calculation on the basis of Consortium's data;

4. National documents and databases on ABs. National databases, national impact assessments, explanatory memoranda attached to national proposals implementing a European act and studies at national level on the impact of ACs/ABs have been consulted. Most of the documents originate from the UK, the Netherlands, Germany and Denmark;

5. Position papers and other information material prepared by the industry.

6. Direct contact with experts or economic operators.

1.2 Outcome and scope of the measurement

The quantifications carried out in this report are based upon the EU Standard Cost Model methodology. ACs/ABs attributable to each IO have been quantified, followed by the total ACs/ABs attributable to a whole baseline piece of legislation. In case there is sufficient ground to believe that most of ACs/ABs due to a legal act arise from few IOs, it is possible to limit quantification to these IOs, disregarding other IOs whose impact is likely to be negligible / minor.

In some cases, because of lack of data, a joint estimate of ACs/ABs due to a group of two (or more) IOs has been produced. When there was not sufficient or complete data for a negligible/minor IO, we have preferred not to provide a tentative quantification, and stated that it is unlikely to have a relevant effect on the results for the whole act. Where the lack of data concerned an important IO, we have gone further and tried to provide a tentative quantification based on several assumptions. Only in very few cases a measurement for IOs which are considered as non-marginal could not be provided.

[3] The latest release used for this study is 1.2.7

For each IO that could be measured, the total of ACs/ABs due to it (and consequently the BAU factor applied) is provided. The figures that we provide measure the amount of ACs/ABs imposed on firms over a period of one year. For almost every IO the population subject to it and the cost per occurrence are also provided. When possible, i.e. when disaggregated data on the population could be retrieved, data concerning ACs/ABs per country and national costs per occurrence are also provided.

When an amending act / proposal exists, the impact of the new legal texts on the baseline measurement previously carried out is assessed. E.g., we look at whether a new piece of legislation adds/removes an IO, modifies the time needed to comply with an IO, its frequency, or the subject population. Then, the total amount of ACs/ABs, and their variation, attributable to the amending act / proposal is calculated. An estimate of the reduction (or increase) of ACs/ABs due to the legislative amendment is provided, both in absolute and relative terms.

1.3 Methods of estimation

The quantification methodology varies on a case-by-case basis, according to the single act to be assessed and to the available data. The methodology applied and the data sources used are detailed infra for each quantification. However, the following general principles can be highlighted.

1.3.1 Baseline acts

Three main methods have been used to estimate ACs/ABs due to the IOs included in the baseline acts:

1. Direct application of SCM. If sufficient data on population and costs are available, or if population figures can be extrapolated or cost data can be estimated on the basis of an expert's assessment, ACs/ABs due to the IO have been quantified by applying the SCM formula (Cost X Frequency X Population). Since it is the most direct, this method is likely to be the most reliable and has been used as much as possible. However, its use is affected to a large extent by the availability of sufficient data, especially on population;[4]
2. Extrapolation from national databases / other national measurements. In case national databases or documents on ABs contain sufficiently homogeneous data related on an IO, total ACs/ABs for the EU can be extrapolated. Further details on the parameters used for extrapolation are given in paragraph 1.5 below. If possible, that is if sufficient data on population are available, we retrieve only the cost per occurrence from national databases or

[4] Costs can be more easily estimated on a basis of an experts' assessment, or contacting economic operators.

other measurements, and carry out an extrapolation to calculate only the EU average cost per occurrence, and not total ACs/ABs;

3. Analogy with another IO. In case there is ground for establishing a sound analogy between the IO under analysis and another IO included in the EU database on AB, or already measured by us, it is possible that the latter is used to estimate the total ACs/ABs of the former.

   The latest version of the AB calculator allows for an automatic application of the analogical method, both facilitating the identification of the IO upon which the analogy should be based, and performing the calculation. It is now possible to find the most appropriate existing IO for the analogy searching the database according to three criteria: Priority Area, Target Group, and Obligation Type. The user can therefore decide which of these search criteria is the fittest, and obtain from the AB calculator a list of all the possibly relevant IOs. Further scrutiny can subsequently be conducted on the basis of the information included in the EU database, Consortium's report, and legislative texts. The AB calculator also provides the opportunity of considering an IO as a "typical obligation". E.g., the user may consider that a certain obligation to apply for an authorisation represents a "typical application for an authorisation", and use it as the basis to quantify analogous IOs. Using the "typical IO" tool can be useful to standardise calculations and results for certain IOs which are quite similar across different acts and/or priority areas, reducing the risk of having inconsistent or aberrant results.

   Once the proper IO has been individuated for the analogy, the user may type the new estimated values for population, costs, frequency and BAU factor in the AB calculator, which will calculate costs and burdens due to the IO in the scope of the quantification.

1.3.2 Amending acts / proposals

To measure variation of ACs/ABs due to amending acts / proposals, three scenarios are frequent:

1. Change in the population coverage. In this case, the total amount of ACs/ABs generated by the IO is increased/decreased by the same percentage variation of the population. When only a particular group of firms is affected (i.e. small firms), quantification is based on data referred to that group;

2. Change in (part of) the business process needed to comply with the IO. In this case, the variation has been estimated in the cost per occurrence due to the legal changes and applied uniformly to the (part of the) population concerned;

3. Change in the DRs. In this case, we have usually assumed that ACs/ABs generated by the IO are equally spread across the DRs and carry out the quantification accordingly. If any data or evidence shows that DRs should not be

assigned equal weight, this has been expressly stated and duly justified in the report.

In the following sections, a summary table[5] provides an overview of ACs/ABs due to each baseline act, and to the IOs therein included. Then, each IO is analysed, providing a short description and then highlighting data sources, assumptions and steps used to perform the quantifications. Finally, the quantification of ACs/ABs due to each IO is delivered. When an amending act / proposal exists, changes due it are analysed, both on the general legal framework and on single IOs. Quantification is provided for new, changed, or deleted IOs. Finally, a final summary table quantifies the variation of ACs/ABs, if any, due to the amending act / proposal.

In any case, this report does not contain quantification obtained through empirical methods such as interviews or other forms of direct data collection from the affected businesses, which were out of the scope of the task.

Importantly, sometimes the amending act / proposal establishes a new IO or modifies an existing IO, but leaves the specification of details to future implementing measures. In this case, the quantification can be particularly difficult. Generally:

1. If the framework act specifies the DRs but not the means of implementation, we explicitly make assumptions on how the provision could be implemented and provide quantification of the related ACs/ABs.
2. If the framework act establishes only some general principles, leaving the specification of the DRs and of the means of implementation to subsequent measures, sound quantification cannot usually be provided. In this case, only a qualitative analysis is provided.

1.4 The "ceteris paribus" assumption

We try to estimate the effects of the legal changes under a condition of ceteris paribus. It means that, for the purposes of this report, changes in ACs/ABs are not considered if due to:

1. variation of salary rates;
2. variation of prices of equipment or outsourced services;
3. changes in the population figures. With regard to population, in general figures are kept constant, unless the variation of population is a direct consequence of the

[5] Please note that the quantification tables for whole acts or single IOs are colour tables, while other tables inserted in the report are black and white.

amending act. In this case, the variation of population is taken in due account and its effect is quantified.

Our choice not to consider external factors (the ceteris paribus assumption) is justified by the need to reflect the impact of amending acts as precisely as possible. Furthermore, this choice is to a certain extent necessary because data concerning population, costs and salaries do not refer to the same time period – e.g. data on population usually refer to previous and not homogeneous periods; information about costs retrieved from firms refers to their latest experience with complying with the IO.

As a corollary, if the text of the amending act does not differ from that of the baseline, the same amount of ACs/ABs is attributed to both acts. This methodology is necessary since we want to track the impact of legal reforms on the baseline. Similarly, if the text of an IO has not changed, or has changed in a way that does not affect ABs, we consider that ACs/ABs have not varied. When an IO is eliminated, the amount of ACs/ABs due to it is entirely subtracted from the total.

1.5 Extrapolation Parameters

The extrapolation methodology is as simple and sound as possible.

Differently from the Consortium's work, the extrapolation is usually carried out on the basis of a single data point, not on the basis of a series of data; and only EU-totals of ACs and ABs, not national figures, must be delivered. Therefore, we have not resorted to particularly complex econometric or statistical techniques. We consider that for our work, which must be much less detailed than Consortium's, the higher quality of most sophisticated estimates does not compensate for the additional resources needed and for the need of many more assumptions.

Several variables have been used to draw an estimation of the EU-totals on the basis of figures from a single Member State. Below, a list of the relevant variables and of the parameters used to estimate these variables is provided:

1. Dimension of the economy. The biggest is the economy, the greatest is the number of undertakings, and the highest ACs/ABs can be expected to be in absolute terms. To evaluate the dimension of national economies, data on Gross Domestic Product (GDP), both in Purchase Power Parity (PPP) and in nominal prices, have been retrieved from Eurostat. Since our report covers the legislative activity of the Barroso's Commission, we have retrieved data concerning the GDP of the EU Member States over the period 2005-2008. According to our goal to reduce as much as possible variance due to other factors, such as GDP annual variations, annual GDP data over this period have been averaged and the so-obtained value is used to carry out the extrapolation;
2. Number of firms. Where possible, extrapolations have been carried out on the basis of the number of firms belonging to a specific sector and consequently

subject to an IO. In this case, the dimension of the economy, proxied by the GDP, is not used for the extrapolations. Numbers of firms are retrieved from the Structural Business Statistics published by Eurostat;

3. Salary rate. For sake of comparability with the measurement carried out by the Consortium, the national hourly salary rates used by it have been retrieved from the EU database on AB. Salary rates are available for the following categories of workers: (i) Legislators, senior officials and managers; (ii) Professionals; (iii) Technicians and associate professionals; (iv) Clerks; (v) Service workers and shop and market sales workers; (vi) Craft and related trades workers; (vii) Plant and machine operators and assemblers; (viii) Manual workers (agricultural and fisheries); and (ix) Elementary occupations;

4. Working force. In some cases, an EU average salary rate for a certain category of workers must be calculated. In this case, an average of national salary rates, weighted for the dimension of the national workforce, has been calculated. As for GDP, we have retrieved annual data on the dimension of the workforce in the EU Member States for the period 2005-2008 from Eurostat, and calculated the average over this period, to reduce variance due to transient variations;

5. ABs – GDP ratio. An economic study[6] has shown that the EU Member States impose different levels of ACs/ABs on firms. This can be due both to the different number of IOs and DRs imposed by the national legislations and to the different features of the national legal and administrative frameworks. As a consequence, the same IOs of EU origin may impose different burdens in two Member States with a different legal and administrative background. This phenomenon can be proxied by the ratio of ABs on GDP calculated in the paper, providing data for the EU-25 only.[7] To estimate the AB-GDP ratio of Bulgaria and Romania, the ratios of the 10 new Member States acceded in 2004 has been averaged out;

6. Exchange rate. When we had to use values expressed in currencies other than Euros, official exchange rate have been retrieved from the European Central Bank. To reduce the variance of the exchange rates, we have tried to use data referred to a time span as large as possible. For extrapolation purposes, the currency rate of the British Pound is particularly important. Annual €/£ exchange rates for the period 2005-2008 have been retrieved and averaged. The resulting average €/£ exchange rate is of 1.4116. Data from the British database on ABs are reported directly in Euro, for sake of comparability.

[6] Kox 2005: intra-EU differences in regulation-caused administrative burden for companies. CPB Memorandum 136, the Hague.

[7] Belgium and Luxembourg; and the Baltic States, Malta and Cyprus are grouped in single entities.

2 ESTIMATING THE REDUCTION OF ABS: THE EXTENSION LIST INCLUDED IN ANNEX 9 TO THE "JANUARY COMMUNICATION" (COM(2009)16)

2.1 Priority area: Environment

Within this Priority Area, we have to quantify ACs/ABs due to the following baseline acts, and the reduction brought about by the respective amending proposals:

1. Directive 98/8/EC of the European Parliament and of the Council concerning the placing of biocidal products on the market. This act is going to be amended by COM(2009)267 Proposal for a Regulation of the European Parliament and of the Council concerning the placing on the market and use of biocidal products
2. Regulation (EC) No 2037/2000 of the European Parliament and of the Council of 29 June 2000 on substances that deplete the ozone layer. This act is going to be amended by COM(2008)505 Proposal for a Regulation of the European Parliament and of the Council on substances that deplete the ozone layer (Recast)

2.1.1 Placing of biocidal products on the market

On 12 June 2009, the European Commission adopted a proposal for a Regulation concerning the placing on the market and use of biocidal products (COM(2009)267). The proposed Regulation will repeal and replace the current Directive 98/8/EC concerning the placing of biocidal products on the market. The objective of COM(2009)267 is to improve the functioning of the internal market in biocidal products while maintaining the high level of the environmental and human health protection. The proposal will build on the principles laid down in Directive 98/8/EC, in particular the two-tier authorisation process: firstly, an active substance has to be included in the list reported in Annex I, and secondly, biocidal products based on a certified active substance can be authorised. The proposed regulation is scheduled to enter into force on 1 January 2013.

According to the proposal, the Administrative Costs (ACs) and Administrative Burdens (ABs) on the industry and the competent authorities will be reduced compared to Directive 98/8/EC. As usual, we focus only on burdens on the industry. Several provisions are likely to reduce burdens:

1) a centralised authorisation for certain products;

2) rewording provisions concerning data waiving and the use of existing information; the grounds for waiving data requirements are set out in more detail;

3) reformulating the system for low-risk substances/products: they will be marketed on the basis of a single Community authorisation.

Other provisions are beneficial for the industry, but cannot be included in the present quantification because they do not concern Administrative Costs/Burdens:

1) the provision of strict deadlines increases predictability and eases the access to market for biocidal product. Nevertheless, the time that undertakings spend "waiting" for the authorisation to be granted is not quantifiable as Administrative Costs;

2) strengthening of the mutual recognition procedure, in particular the acceptable grounds for opposing mutual recognition are made clear and procedural steps are provided for the resolution of disputes. This provision increases legal certainty, but does not modify the administrative costs due to the procedures;

3) reduction / harmonisation of fees. Fees fall outside of the scope of the Standard Cost Model methodology and are not considered Administrative Costs;

4) data from previous results have to be mandatorily shared: the cost of producing scientific data and studies is a compliance cost, and not an administrative cost.

The new regulation extends the scope of the previous directive. In particular, under the current situation, if an article is treated in the EU then only a biocidal product that is authorised for that purpose may be used. However, if the article is treated with a biocidal product outside the EU and then imported, there is no control over the substance it may incorporate. As part of the revision of the Biocides Directive, it is proposed that all articles or materials must be treated only with biocidal products authorised for that purpose in at least one Member State.

Labelling requirements are accompanying the provision on articles or materials treated with biocides. These have two objectives: to inform consumers that the article was treated with a biocidal product; and to alert competent and/or customs authorities in the Member States and trigger any existing inspection provisions aimed at ensuring compliance. The labelling provisions apply equally to EU and non EU manufacturers.

Below, we quantify the burdens generated by the Directive 98/8/EC, and then proceed to quantify the estimated reduction achieved by the proposed reduction measure, COM(2009)267.

2.1.1.1 Baseline measurement

A detailed list of the 21 IOs generated by the Directive 98/8/EC is found in the UK database on administrative burdens. The list of IOs and the corresponding cost in the UK is found below in

Table 2.

Table 2 – Data on biocidal products from the UK database

DR Description	Origin		AC	BAU	AB
applying to the Minister to use relevant information for the applicant's benefit relating to a biocidal product (i.e. submission of a 'letter of access').	A	EU Directive	£3,601,595	40%	£2,160,957
providing additional information as requested by the Minister where evaluation of the dossier submitted with the application for authorisation to market a biocidal product shows that additional information is needed (e.g. data and results from further testing) to evaluate the risks of the biocidal product in question.	A	EU Directive	£1,639,075	0%	£1,639,075
applying for a variation on the requirements for authorisation for marketing or using a biocidal product. Submitting a dossier relating to the new active substance including: -a detailed and full description of any studies referred to and the methods used in carrying out such studies for at least one biocidal product containing the new active substance. -a declaration that the new active substance is intended for inclusion in a biocidal product.	A	EU Directive	£1,384,520	0%	£1,384,520
applying for a renewal of the authorisation to market or use biocidal products which include an active substance. Submitting a dossier relating to the new active substance including: - a detailed and full description of any studies referred to and the methods used in carrying out such studies for at least one biocidal product containing the new active substance; - a declaration that the new active substances is intended for inclusion in a biocidal product - renewal may be requested for a period of up to 10 years.	A	EU Directive	£542,042	40%	£325,225
notifying the Minister of any new information that may affect the authorisation or registration of the biocidal product or an active substance. providing: -product data relating specifically to the changes and developments in the biocidal product or active substance; -a statement that the notification is made in compliance with the regulations; and -the authorisation or registration number relating to the biocidal product.	A	EU Directive	£301,139	40%	£180,683

seeking authorisation or registration of a biocidal product for placing on the market. Including: -submitting a dossier for each active substance in the biocidal product satisfying, in light of current scientific and technical knowledge specific requirements set out in the regulations. -a detailed and full description of any studies referred to and the methods used in carrying out such studies or a bibliographical reference to the methods. - providing a summary of the dossier submitted in support of the application for authorisation of that biocidal product in the member state in which authorisation was first granted. - submitting a certified copy of the authorisation of that biocidal product in the member state where authorisation was first granted. - a summary of the dossier submitted in support of the application for authorisation of that biocidal product in the member state in which authorisation was first granted, and a certified copy of the authorisation of that biocidal product in the member state where authorisation was first granted.	A	EU Directive	£32,480	20%	£25,984
Preparing and maintaining a written record containing product data, of the use of a biocidal product in an experiment or test for scientific research and development.	A	EU Directive	£6,757	32.4%	£4,567
preparing a dossier containing all available information on the possible effects of the relevant product on human or animal health and on the environment for any unauthorised biocidal product or an active substance intended exclusively for use in a biocidal product is used in an experiment or test for the purpose of scientific or process-oriented research and development.	A	EU Directive	£6,230	32.4%	£4,212
applying to the Minister for a 'letter of access' to the relevant information relating to an active substance (due to data protection requirements for active substances).	A	EU Directive	£5,897	40%	£3,538
providing the ministers with additional relevant information to enable them to review an authorisation or registration.	A	EU Directive	£4,621	41.1%	£2,720
applying for experimental authorisation (including a dossier with product test data) of a biocidal product or an active substance intended exclusively for use in a biocidal product to be marketed for the purpose of any experiment or test in the country which may involve or result the product/substance being released into the environment.	A	EU Directive	£3,130	34.2%	£2,060
applying to the Ministers in writing with justification to keep any information that might harm the applicant's industrial and commercial position confidential.	A	EU Directive	£1,726	34.2%	£1,136

providing additional information either on a label or separate leaflet integral to the packaging of the biocidal product. Including information relating to: -formulation type; -the directions for use; -precautionary measures; -any specific dangers to the environment; and -a clear display of "Read attached instructions before use".	A	EU Directive	£1,220	37.4%	£764
ensuring an authorised biocidal product is packaged in such a way that it is not confused or mistaken for food, drink or feedingstuff.	A	EU Directive	£915	37.4%	£573
labelling an authorised biocidal product clearly, indelibly and in English.	A	EU Directive	£915	37.4%	£573
			£ 7,532,262	24%	£5,736,587

The burdens in the UK equals £5.7 million, which can be converted into €8.05 million. This can be extrapolated at the EU level by means of GDP and corrected for the country distribution list by Kox (2005), yielding a value of €154.6 million of administrative costs, of which €117.7 million are administrative burdens[8].

Alternatively, a more reliable extrapolation can be based on the assumption that costs for authorisations are not depending on the size of the country, as these products are marketed almost in equal number in the Member States (with some countries reporting 18,000 marketed products, and others 15,000). The average number of countries in which a biocidal product is marketed ranges between 10 and 15 according to the Commission impact assessment document (Annex V). Based on these data, the extrapolation (corrected for the country distribution list by Kox (2005)) yields a total administrative cost of €372,137,273, of which €283,420,622 million are administrative burdens.

We consider this as the best estimate of administrative costs and burdens generated by Directive 98/8/EC. Table 3 shows our extrapolation per IO to the EU27.

Table 3 – Data on biocidal products from the UK database – Extrapolation to the EU

DR Description	Origin		AC	BAU	AB
applying to the Minister to use relevant information for the applicant's benefit relating to a biocidal product (i.e. submission of a 'letter of access').	A	EU Directive	€ 177,939,579.78	40%	€ 106,763,747.87

[8] The exchange rate used is 1.4116 Euros for 1 UK pound (average annual exchange rate in the period 2005-2008; source: European Central Bank).

providing additional information as requested by the Minister where evaluation of the dossier submitted with the application for authorisation to market a biocidal product shows that additional information is needed (e.g. data and results from further testing) to evaluate the risks of the biocidal product in question.	A	EU Directive	€ 80,979,765.00	0%	€ 80,979,765.00
applying for a variation on the requirements for authorisation for marketing or using a biocidal product. Submitting a dossier relating to the new active substance including: -a detailed and full description of any studies referred to and the methods used in carrying out such studies for at least one biocidal product containing the new active substance. -a declaration that the new active substance is intended for inclusion in a biocidal product.	A	EU Directive	€ 68,403,278.83	0%	€ 68,403,278.83
applying for a renewal of the authorisation to market or use biocidal products which include an active substance. Submitting a dossier relating to the new active substance including: - a detailed and full description of any studies referred to and the methods used in carrying out such studies for at least one biocidal product containing the new active substance; - a declaration that the new active substances is intended for inclusion in a biocidal product - renewal may be requested for a period of up to 10 years.	A	EU Directive	€ 26,780,003.22	40%	€ 16,068,001.93
notifying the Minister of any new information that may affect the authorisation or registration of the biocidal product or an active substance. providing: -product data relating specifically to the changes and developments in the biocidal product or active substance; -a statement that the notification is made in compliance with the regulations; and -the authorisation or registration number relating to the biocidal product.	A	EU Directive	€ 14,878,004.64	40%	€ 8,926,802.78

seeking authorisation or registration of a biocidal product for placing on the market. Including: -submitting a dossier for each active substance in the biocidal product satisfying, in light of current scientific and technical knowledge specific requirements set out in the regulations. -a detailed and full description of any studies referred to and the methods used in carrying out such studies or a bibliographical reference to the methods. - providing a summary of the dossier submitted in support of the application for authorisation of that biocidal product in the member state in which authorisation was first granted. - submitting a certified copy of the authorisation of that biocidal product in the member state where authorisation was first granted. - a summary of the dossier submitted in support of the application for authorisation of that biocidal product in the member state in which authorisation was first granted, and a certified copy of the authorisation of that biocidal product in the member state where authorisation was first granted.	A	EU Directive	€ 1,604,717.74	20%	€ 1,283,774.19
Preparing and maintaining a written record containing product data, of the use of a biocidal product in an experiment or test for scientific research and development.	A	EU Directive	€ 333,834.80	32.4%	€ 225,682.54
preparing a dossier containing all available information on the possible effects of the relevant product on human or animal health and on the environment for any unauthorised biocidal product or an active substance intended exclusively for use in a biocidal product is used in an experiment or test for the purpose of scientific or process-oriented research and development.	A	EU Directive	€ 307,822.66	32.4%	€ 208,097.53
applying to the Minister for a 'letter of access' to the relevant information relating to an active substance (due to data protection requirements for active substances).	A	EU Directive	€ 291,345.83	40%	€ 174,807.50
providing the ministers with additional relevant information to enable them to review an authorisation or registration.	A	EU Directive	€ 228,328.77	41.1%	€ 134,373.35
applying for experimental authorisation (including a dossier with product test data) of a biocidal product or an active substance intended exclusively for use in a biocidal product to be marketed for the purpose of any experiment or test in the country which may involve or result the product/substance being released into the environment.	A	EU Directive	€ 154,640.06	34.2%	€ 101,771.05

applying to the Ministers in writing with justification to keep any information that might harm the applicant's industrial and commercial position confidential.	A	EU Directive	€ 85,274.36	34.2%	€ 56,120.40
providing additional information either on a label or separate leaflet integral to the packaging of the biocidal product. Including information relating to: -formulation type; -the directions for use; -precautionary measures; -any specific dangers to the environment; and -a clear display of "Read attached instructions before use".	A	EU Directive	€ 60,271.09	37.4%	€ 37,759.84
ensuring an authorised biocidal product is packaged in such a way that it is not confused or mistaken for food, drink or feedingstuff.	A	EU Directive	€ 45,203.32	37.4%	€ 28,319.88
labelling an authorised biocidal product clearly, indelibly and in English.	A	EU Directive	€ 45,203.32	37.4%	€ 28,319.88
			€ 372,137,273.43		€ 283,420,622.57

2.1.1.2 Impact of the reduction measure

The EU Impact assessment contains an assessment of the expected reduction in administrative burdens, which distinguishes between administrative costs and testing costs. A large part of the estimated administrative costs in the IA is due to the fees to be paid for authorisation, which fall outside of the scope of this measurement exercise. Table 4 below is drawn from the IA (page 88).

Table 4 – Impact Assessment: Expected Reduction of Administrative Costs

Directive 98/8/EC concerning the placing of biocidal products on the market						Tariff (€ per hour)		Time (hour)		Price (per action or equip)	Freq (per year)	Nbr of entities	Total nbr of actions	Total cost	Regulatory origin (%)			
No.	Ass. Art.	Orig. Art.	Type of obligation	Description of required action(s)	Target group	i	e	i	e						Int	EU	Nat	Reg
1			Application for individual authorisation or exemption	Producing new data	Treated materials - inclusion of Active Substances in Annex 1					0,0	1	N/A		1.760.000		100%		
2			Application for individual authorisation or exemption	Producing new data	Treated materials - biocidal product autorisation					0,0	1	N/A		556.000		100%		
3			Information labelling for third parties	Designing information material (leaflet conception…)	Treated materials - labelling costs					0,0	1	N/A		33.400.000		100%		
4			Application for individual authorisation or exemption	Producing new data	Product autorisation					0,0	1	N/A		-130.000.000		100%		
5			Application for individual authorisation or exemption	Producing new data	Data sharing - industry					0,0	1	N/A		-41.000.000		100%		
6			Application for individual authorisation or exemption	Producing new data	Data requirements - active substances					0,0	1	N/A		-425.000		100%		
7			Application for individual authorisation or exemption	Producing new data	Data requirements - product auth.					0,0	1	N/A		-2.557.000		100%		
8			Application for individual authorisation or exemption	Producing new data	Data requirements - positive listing of low risk substances					0,0	1	N/A		-1.247.500		100%		

Total Administrative costs (€) -139.514.000

In what follows, we test the validity of this estimated reduction. Table 5 illustrates the changes introduced in the new Regulation and the associated impact in terms of costs or cost savings.

Table 5 – Impact Assessment: New Provisions and expected impact

Preferred option	Total costs / cost savings
Scope: extend scope to treated materials	Costs between €193.6 and 706 million spread over 10 years
Product authorisation: Facilitation, improvement and strengthening of mutual recognition	Cost savings up to €700 million spread over 10 years
Product authorisation: Community authorisation for certain categories of products	Cost savings up to €1.9 billion spread over 10 years
Data sharing: Mandatory sharing of vertebrate animal test data at product authorisation and active substance approval stage	Cost savings between €1.4 and 2.7 billion spread over 10 Years
Data requirements: Rewording provisions concerning data waiving and the use of existing information	Cost savings between €426 and 767 million spread over 10 years
Data requirements: Reformulating the system for low risk biocidal products	Cost savings between €159 million and 340 million spread over 10 years
Fees: Partially harmonized fee structure	
Fees: Specific provisions for SMEs	Cost savings between €75,600 and 639,000 spread
Total costs	Between €193.6 and 706 million spread over 10 years
Total cost savings	Between €2.7 billion and 5.7 billion spread over 10 years

2.1.1.2.1 Policy action 1: extending the scope

EXTENDING THE SCOPE TO TREATED MATERIALS

On average, the Commission estimated that this provision would apply to 4-26 new applications for treated materials per year (40-260 over ten years)[9]. This implies an increase of administrative burdens associated with these approval procedures.

Based on the UK database, the administrative burden of an individual authorization is €61,000, which is broadly in line with the assessment provided in the Commission Impact Assessment. Also, the administrative cost would be €101,680. Adding up to 26 new products per year to Annex I in an average of 15 countries in Europe would thus lead to average additional administrative costs of €45.8 million, and administrative burdens of €27.4 million per year. This figure is broadly comparable to the one offered by the Commission (between 19 and 70 million per year).

LABELLING COSTS

According to the Commission IA the new Regulation would also pose costs to both importers and EU manufacturers for labelling of treated materials, between €15.4

[9] See IA page 34.

million and €51.4 million for all treated materials yearly. Again, we use the results of the UK measurement to check the robustness of this figure.

The corresponding IO in the UK database (DRID 12725) shows that labelling would require an average 20 minutes per occurrence. We apply the average salary rate of plant machine operators and assemblers in Europe (€13.30), and assume that 26 new products would be marketed in an average of 15 countries. We further assume that for each new product, 5000 labels have to be put every year in the EU27. We reach administrative costs of €8.6 million and administrative burdens of €5.4 million, which is close to the Commission's low-end estimate.

TOTAL

In conclusion, our estimate of the impact of the chosen option in policy action 1 is additional €54.4 million of administrative costs, and €32.8 million of administrative burdens.

2.1.1.2.2 Policy action 2: simplifying authorisations

The strengthening of the mutual recognition could imply replacing a system requiring one authorisation per country with a system where only one authorisation would be required. According to our calculation based on the UK database, the authorization procedure leads to administrative costs of €178 million and administrative burdens of €107 million per year. Replacing an average of 15 authorisation procedures (one per country) with a single one would lead to savings up to €166.1 million of administrative costs, and €99.6 million of administrative burdens per year. This figure is in line with the Commission's estimates (page 37 of the IA).

By taking into account all IOs related to the authorization procedure (including renewal applications, provision of additional information when requested, etc.), savings would reach €346 million in administrative costs and €264 million yearly in administrative burdens.

These estimates may have to be slightly revised downwards if member states make use of Article 31 of the new proposal, which allows them to refuse mutual recognition.

2.1.1.2.3 Policy action 4: data requirements

The Commission estimates that the option b "Rewording provisions concerning data waiving and the use of existing information" has the potential to reduce active substance testing costs by 75% and product testing costs by 66%, leading to yearly savings for the industry of €8.5 million for additional active substances and in the range from €34 million to €68 million for product authorisations. The savings are based on two scenarios with 4,500 and 9,000 estimated applications for product authorisation.

In terms of administrative burdens, the reduction would however be confined to the communication of the results of the tests, which is part of the submission of the request for authorization. Product testing cannot be considered Administrative Costs, but compliance costs. According to our calculation based on the UK database, the authorization procedure leads to administrative costs of €178 million and administrative burdens of €107 million per year. However, gathering information and communicating the results of the test is estimated to take only 4 hours. This being the case, the impact on administrative burdens would be minimal.

A greater potential impact is exerted by the possible listing of low-risk substances. According to the Commission IA, the positive listing of low risk substances could result in cost savings to industry ranging between €15.9 million and €34 million. However, all depends on the portion of total substances that is listed. So far, only 50 biocidal active substances supported under the Directive are included in positive lists under other legislative acts. Assuming that 10% of the substances would be included in the positive list, this would generate a cost saving of administrative costs of €17.8 million and administrative burdens of €10.7 million per year. The estimated percentage is however arbitrary, and would need to be validated.

2.1.1.2.4 Policy action 5: specific provisions for SMEs

The proposal implies fee reductions depending on the company size: 30% for medium companies; 60% for small sized companies; and 90% for micro enterprises. In the UK database, the population is composed by 27 micro firms (54%), 13 small firms (26%) and 10 medium-sized firms (20%). Based on the UK database, the administrative burden of an individual authorization is €61,000, which is broadly in line with the assessment provided in the Commission Impact Assessment. The administrative cost is €101,680.

Assuming that the fee accounts for €19,000 on average (as in the Commission IA), out of the costs and burdens per authorization procedure, and based on the distribution of sizes as reported in the UK database, the new average fee would amount to €6.802. This leads to an average saving of €48,802, i.e. a 20% reduction in administrative burdens (and costs). Total savings would then amount to administrative costs of €35.6 million and administrative burdens of €21.4 million per year.

Normally, fees are not included in the calculation of administrative burdens. However, in the Impact Assessment the Commission has considered the impact of fees as a saving in administrative costs. Below, we will keep this impact separate from our calculation of administrative burdens.

2.1.1.2.5 Total estimated impact on administrative burdens

Below, we show our findings for the Reduction measure. As shown Table 6, our estimate is broadly in line with the figure provided by the European Commission in its Impact Assessment.

Table 6 – Impact of the proposed options of COM(2009)267

Preferred option	Impact on administrative costs	Impact on administrative burdens
Policy action 1: Scope	+60.5 million	+ €42.1 million
Policy action 2: product authorisation	-166.1 million	-99.6 million
Policy action 4: data requirements	-17.8 million	-10.7 million
Total Impact	-123.4 million	-68.2 million
Commission estimate	-139.5 million	
Other impacts:		
Policy action 5: fees	-35.6 million	-21.4 million

Finally, we can estimate the following:

- Directive 98/8/EC generates administrative costs of €372,137,273, of which €283,420,622 million are administrative burdens.
- The Reduction measure would lead to savings of €123.4 million in administrative costs, and €68.2 million of administrative burdens.
- This represents a saving of 33.2% in administrative costs and 24% of administrative burdens.

Results are summarized in Table 7.

Table 7 – Summary table for Directive 98/8 and COM(2009)267

SUMMARY			
Priority Area	*Environment*		
Existing EU legislation	**Dir. 98/8**	Amending Act	**COM(2009)267**
	QUANTIFICATION		
	Dir. 98/8	**COM(2009)267**	
Administrative Costs	€ 372,137,273	*€ 248,737,273*	
Administrative Burdens	**€ 284,420,622**	***€ 216,220,622***	
AC Difference	**-€ 123,400,000**	**-33.2%**	
AB Difference	**-€ 68,200,000**	**-24.0%**	

2.1.2 Substances that deplete the ozone layer

We try to carry out a baseline measurement of Regulation (EC) No 2037/2000 of 29 June 2000 on substances that deplete the ozone layer. It is going to be recast by COM(2008)505: Proposal for a Regulation of the European Parliament and of the Council of on substances that deplete the ozone layer. The European Commission has estimated that the amending proposal will lead to AC/AB savings of about €0.5 million per year.

Below, we assess the baseline and then evaluate the estimated reduction of administrative burdens foreseen by the European Commission.

2.1.2.1 Assessing the baseline

The relevant provisions in this Regulation include the following:

> Article 12, par. 1 and 3
>
> 1. Exports from the Community of controlled substances shall be subject to authorisation. Such export authorisation shall be issued by the Commission to undertakings for the period 1 January to 31 December 2001 and for each 12-month period thereafter after verification of compliance with Article 11. The Commission shall forward a copy of each export authorisation to the competent authority of the Member State concerned.
>
> 3. Each exporter shall notify the Commission of any changes which might occur during the period of validity of the authorisation in relation to the data notified under paragraph 2. Each exporter shall report to the Commission in accordance with Article 19.
>
> Article 19 (Reporting)
>
> Every year before 31 March, each producer, importer and exporter of controlled substances shall communicate to the Commission, sending a copy to the competent authority of the Member State concerned, data as specified below for each controlled substance in respect of the period 1 January to 31 December of the previous year.
>
> Article 20 (Inspection)
>
> 1. In carrying out the tasks assigned to it by this Regulation, the Commission may obtain all the information from the governments and competent authorities of the Member States and from undertakings.

The main IOs are:

1) Reporting requirements. This burden falls upon importers, exporters and producers of ozone depleters;
2) Retaining evidence of lawful importation or exportation of ozone depleters;
3) Co-operating with examination or investigation in relation to ozone-depleting substances;

4) Producing record necessary for examination and investigation;

5) Applying for an exemption: obtaining a license for the importation for free circulation (in the Community) of any controlled substance; or for inward processing of certain specified controlled ozone depleting substances.

The European Commission estimated that reporting requirements impose on businesses a cost of €420,000 over a period of 10 years. The population to which the Commission refers seems to amount to 500 businesses throughout Europe (importer, exporters and producers). We will retain the figure of €42,000 yearly for this IO.

In addition, the remaining four IOs are reported in the UK database.

Table 8 – Regulation 2037/2000 – Costs in the UK

Obligation type	Admin Burden	Obligation description
Keeping records	£17,675	Retaining evidence of lawful importation or exportation of controlled substance (ozone depleters)
Cooperating with audits/inspections	£15,987	co-operating with examination or investigation in relation to ozone-depleting substances by providing answers to the satisfaction of an authorised officer.
Cooperating with audits/inspections	£4,484	producing any records necessary for the purposes of an examination or investigation elating to ozone depleting substances
Applications for permission for or exemption from	£448	obtaining a licence for the importation for free circulation (in the Community) of any controlled substance; or inward processing of certain specified controlled ozone depleting substances

The population for the first IO is 4500 micro firms. The second and third IOs are associated to a population of 300 micro firms. The last IO is associated with a population of 38 micro firms.

Extrapolating for the GDP and applying the country distribution by Kox (2005), these estimates lead to a total administrative cost generated by the current Regulation equal to €1,181,370. The BAU factor applied by the UK measurement varies according to the IO. Applying the corresponding BAU factors, the administrative burdens amount to €834,014.

Table 9 – Regulation 2037/2000 – Costs in the EU

Obligation type	Obligation description	Admin cost		Admin Burden
Reporting	Producers, importers and exporters must report to the Commission the information required in art. 19	€42,000.00	0%	€42,000.00
Keeping records	Retaining evidence of lawful importation or exportation of controlled substance (ozone depleters)	€ 536,537.44	32%	€ 362,715.73
Cooperating with audits/inspections	co-operating with examination or investigation in relation to ODS	€ 462,228.70	29%	€ 328,072.32
Cooperating with audits/inspections	producing any records necessary for the purposes of an examination or investigation relating to ODS	€ 129,655.52	29%	€ 92,024.55
Applications for permission for or exemption	obtaining a licence for the importation for free circulation (in the Community) of any controlled substance; or inward processing of certain specified controlled ozone depleting substances	€ 10,948.69	16%	€ 9,201.30
Total		€ 1,181,370.35		€ 834,013.90

2.1.2.2 The reduction measure

In identifying amendments to Regulation (EC) No 2037/2000, the European Commission points at the costs generated by the interpretation of the legal text. These costs are however not linked to any specific IO, and cannot be counted in our measurement of administrative burdens. The Commission estimates that the extra time required to interpret this Regulation (compared to the same Regulation drafted according to best practice standards) yields a total of about 12 full-time equivalent professional staff per year across 500 companies. This estimate includes the time that EU businesses spend in interpreting the legal text and by trade associations in supporting their members at EU and national level. The current complexity and lack of clarity is felt to be particularly disadvantageous to SMEs and new entrants to the market. The overall administrative costs for interpreting the legal text over the period 2010-2020 would be €5.6 million, including €5.4 million for EU industry, €42 900 for Member States, and €81 100 for the Commission. The estimate for businesses over a timeframe of 10 years mirrors the administrative cost generated by the legislation for 1 year, and is broadly in line with our estimate in the previous section (€1.2 million).

2.1.2.2.1 Simplification of legislation

The Commission estimates the impact of a simplification of the legislation at €2.3 million. We understand that this is an estimate that covers the period 2010-2020, although this is not clearly stated in the Commission's IA (page 21). Assuming a 25% reduction in the time needed for complying with the IOs, we would reach an estimated

saving of €295,343 of administrative costs, and €208,503 of administrative burdens.

2.1.2.2.2 Streamlining/elimination of reporting obligations

The elimination of reporting obligations would result in eliminating the first IO, which yields and estimated saving of administrative costs and burdens of €42,000.

2.1.2.2.3 Updating Exemption Regimes and Related Administrative Processes

Here, the Commission proposes the adoption of the following measures:

- Ending production of ODS for Basic Domestic Needs. This option would remove the current Article 3(6) provision allowing production of TCA for BDN
- Ending the Inward Processing Relief Regime for Methyl Bromide and HCFCs. This option would end the IPR regime for MB and as such correct what is generally considered a loophole. IPR for ODS has traditionally been allowed until their placing on the EU market was banned according to the Regulation. For MB, the IPR regime did not stop when the import ban came into place. This is generally considered as an omission at the time the Regulation was developed. It would also end the IPR regime for HCFCs in 2010, when the import ban for HCFCs will come into effect.
- Ending exempted uses of HCFCs for replacing halon. This option would remove the present derogation in Article 5(3) of the Regulation allowing the use of HCFCs as replacements for halon critical uses. This option is considered as merely updating the Regulation to reflect the present state of play.
- Inserting a new exempted use clause for critical uses of Halons. This option would insert a modified exemption clause in the Regulation, to avoid possible disproportionate costs and adverse safety implications linked to the phase out dates for critical uses likely to be proposed as a result of the separate review of Annex VII to the Regulation.
- Updating essential use regime for laboratory and analytical purposes. The preferred option is for the Commission to assess requests and grant exemptions for multiple years, rather than annually as currently practiced, and to establish a cap on total ODS consumption at a level close to that of recent historic use. The latter would serve as an additional signal to laboratories that the ultimate goal is for them to move away from ODS use. The option also implies further non-legislative initiatives whereby the Commission and/or Member States would develop web-based information to better inform laboratories on the alternatives to ODS use.

These provisions would eliminate almost all the possible exemptions, thus limiting also the costs incurred because of applications for exemptions. In our measurement, assuming a reduction of 90% in costs due to this IO, we would reach an estimated saving of €4,222 of administrative costs, and €3,548 of administrative

burdens yearly. The Commission's estimated saving of administrative costs for businesses is €1 million over 10 years (2010-2020).

2.1.2.2.4 Strengthening enforcement

Along with the recast and amendment of Regulation (EC) No 2037/2000, the Commission proposes to:

- Update inspections provisions. This option would amend Article 20 to highlight the need for risk-based inspection regimes. Assuming a 20% reduction in the number of inspections (as a result of better targeting), we estimate a saving of €50,718 of administrative burdens, and €35,918 of administrative burdens yearly.
- Label existing products and equipment during servicing, recycling, and reclaiming. This option would involve affixing labels to fixed equipment (mainly large cooling installations), during servicing and whilst recycling, reclaiming and topping up any losses from leakages. We found no data to either validate or dismiss the Commission's assumption of an average yearly administrative cost of €92,000 for the next ten years (initially €400,000 annually, and €920,000 over the period 2010-2020).

2.1.2.2.5 Overall impact of the reduction measure

The combined effect of the preferred measures that have an impact on administrative burdens is as follows:

Table 10 – Reduction brought about by COM(2008)505

Measure	Administrative cost	Administrative burden
Baseline	€1,181,370	€834,014
Simplification of legislation	-€295,343	-€208,503
Streamlining of reporting	-€42,000	-€42,000
Updating exemption regimes	-€4,222	-€3,548
Updating inspection provisions	-€50,718	-€35,918
Labeling	€92,000	€92,000
Total AB impact	-€300,283	-€197,969
Final	€881,087	€636,045
% Reduction	25.4%	23.7%

Results are summarized in Table 11.

Table 11 – Summary table for Reg. 2037/2000 and COM(2008)505

SUMMARY			
Priority Area	*Cohesion Policy*		
Existing EU legislation	**Reg. 2037/2000**	Amending Act	**COM(2008)505**
	QUANTIFICATION		
	Reg. 2037/2000	**COM(2008)505**	
Administrative Costs	€ 1,181,370	*€ 881,087*	
Administrative Burdens	**€ 834,014**	***€ 636,045***	
AC Difference	**-€ 300,283**	**-25.4%**	
AB Difference	**-€ 197,969**	**-23.7%**	

3 ESTIMATING THE REDUCTION OF ABS: OTHER ACTS INCLUDED IN THE SECTORAL REDUCTION PLANS

3.1 Priority Area: Cohesion Policy

Within this area, we have to quantify the reduction of ACs/ABs due to the following amending acts:

1. COM(2009)384 Proposal for a Council Regulation amending Regulation (EC) No 1083/2006 concerning general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund as regards simplification of certain requirements and as regards certain provisions relating to financial management;
2. "Guidance Documents". With this term, we refer to several non-binding guidance documents included in the Cohesion Policy Sectoral Reduction Plan issued by DG REGIO and addressed to national managing, certifying, and national authorities. The list of guidance documents in the scope of the quantification is reported in paragraph 3.1.2.

All these acts are going to affect, directly or indirectly, the burdens generated by Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999. This act has already been measured by us in our previous report.[10]

In Table 12 below, ACs/ABs measured by the Consortium for reg. 1260/1999 are reported. On the basis of our analysis, we have estimated that reg. 1083/2006, which is currently in force, creates the same IOs and imposes the same ACs/ABs as reg. 1260/1999. This has been confirmed by the opinion of DG REGIO, stating that most of the reforms included in reg. 1083/2006 aim at improving the relationship between the Commission and national/local authorities in charge of managing the European funds. The effects on ACs/ABs imposed on beneficiaries would therefore be indirect and not very relevant.

The problem of "indirectness" is a common feature of all the measures in the Priority Area "Cohesion Policy". The great part of the European legislation has a direct impact on national/local authorities managing the programmes, rather than on beneficiaries. Estimating the impact on beneficiaries on the basis of norms which regulate the relationship between the Commission and national/local authorities is quite hard. This exercise is even harder because the present measurement is based only on EU legal texts, and not on direct measurement.

In addition, other hindrances make quantifications in this Priority Area particularly difficult. The Consortium reports and database provide information about the

[10] Measurement of Administrative Burdens generated by the acts included in the "Original list", 19 october 2009

programming period "2000-2006", but we are going to measure amendments applicable to the programming period "2007-2013". Even though we have assumed that costs and burdens remain more or less the same, and DG REGIO has agreed on it, this assumption adds a further layer of uncertainty. Importantly, data collected by the Consortium concerned not only burdens on undertakings, but also on NGOs and (semi)public authorities. Consequently, it is not possible to disentangle the effects on the different groups. Furthermore, in this priority area data are not always easily retrievable, since in most cases they are scattered among more than 400 national/local authorities.

For these reasons, we would like to stress that quantifications in this Priority Area are likely to enjoy a higher degree of approximation than in others. We would recommend further research, based on direct contacts with and survey of the beneficiaries, possibly better focusing on burdens imposed on undertakings.

Table 12 – Summary Table for reg. 1260/1999 and 1083/2006

SUMMARY OF BASELINE ACTS			
Priority Area:	Cohesion Policy		
Baseline Act:	Council Regulation (EC) No 1260/1999 laying down general provisions on the Structural Funds		
(analoguesly):	Council Regulation 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) 1260/1999		
	INFORMATION OBLIGATION	**AC**	**AB**
IO 1	Financial Control on Final Beneficiaries by the Member States	€ 132,136,261	€ 132,136,261
IO 2	Financial Control on Final Beneficiaries by the European Commission	€ 5,421,659	€ 5,421,659
IO 3	Intermediate Payment Request	€ 98,198,997	€ 98,198,997
IO 4	Final Payment Request	€ 34,892,057	€ 34,892,057
IO 5	Submitting Information needed by Management Authorities to draft Annual Implementation/Final Report	€ 585,991,709	€ 585,991,709
IO 6	Information and Publicity	€ 65,993,328	€ 65,993,328
	TOTAL	€ 922,634,011	**€ 922,634,011**

During our meetings with DG REGIO, we have received several comments about the amount of ACs/ABs measured by the Consortium, namely about IO 5. Several officers were concerned by the excessively high burden measured compared to other IOs. In particular, it has been suggested that its burdensomeness could be justified only assuming that IO 5 covers the whole flux of information submitted on a continuous basis by beneficiaries to managing authorities, not only related to annual/final reports. In any case, correcting drastically the Consortium's approach is out of the scope of this report, therefore we have to work on the basis of the present baseline measurement.

3.1.1 COM(2009)384: Commission Proposal for a Council Regulation amending Regulation 1083/2006

COM(2009)384 is a proposal for a Council Regulation amending reg. 1083/2006 and aimed at tackling the current economic downturn by increasing the amount of resources available to Member States for the years 2009 and 2010, and simplifying the current legislative framework concerning Structural Funds. The simplification measures are based on the feedback provided by national authorities and final beneficiaries. The bulk of simplification is targeted atnational, regional and local authorities, providing them with "clearer and less bureaucratic rules that will allow more flexibility to adapt the programmes to the new challenges".[11] Nevertheless, part of these benefits is likely to pass on final beneficiaries as well.

COM(2009)384 modifies several articles of reg. 1083/2006. Some of these piecemeal changes are expected to have an impact on administrative burdens, and our attention is focused on them. In some cases, impact on administrative burdens is very marginal, and consequently, according to the principle of proportional analysis, we do not proceed with a complete quantification. In some cases, the impact cannot be quantified in a proper way because i) data are missing; or ii) impact on final beneficiaries cannot be clearly figured out given the nature of the proposed change. Nevertheless, we believe that we have been able to provide an overall estimate of reduction of burdens due to the present proposal. As always in similar cases, we choose do understate the benefits rather than to overstate them.

In each paragraph below, we describe the parts of the proposal which are relevant for the quantification of burdens, the current situation, the proposed changes, and the effect on burdens where non-negligible and quantifiable.

3.1.1.1 Major projects (art. 39-41 of reg. 1083/2006)

Major projects are currently regulated by art. 39-41 of reg. 1083/2006. Major projects are defined in art. 39 as

> operation[s] comprising a series of works, activities or services intended in [themselves] to accomplish an indivisible task of a precise economic or technical nature, which [have] clearly identified goals and whose total cost exceeds EUR 25 million in the case of the environment and EUR 50 million in other fields [.]

Major projects must be expressly approved by the European Commission, through a Commission Decision. The application process is much more cumbersome and detailed; it is described in art. 40 of the regulation. In case a major project is financed by more than one operational programme, a notification and approval procedure must be initiated for each programme. The day-to-day management of the programme is particularly cumbersome as well, especially as for controls by the member states and the European Commission, and submission of information to the managing authorities.

[11] COM(2009)384, page 5.

As reported by DG REGIO, in the 2007-2013 programming period 261 major projects were submitted to the Commission so far, of which 103 have already been approved. The expected number of major projects for the whole period is 949, based on the indicative lists included in the operational programmes submitted by the member states.

COM(2009)384 modifies the current framework for major projects in two respects:

1) the threshold for a project to be considered major is raised to €50 million also for environmental projects;
2) in case a major project is co-financed by more than one programme, a single notification should be submitted and a single approval procedure takes place.

As for the first issue, the number of environmental projects falling between the old threshold and the new threshold expected to be submitted in the period 2009-2011 amounts to 110, i.e. about 37 per year. These projects are going to benefit from a reduction of administrative costs and burdens generated by COM(2009)384. As for the second issue, so far no major project financed by more than one operational programme has been submitted. According to information provided by DG REGIO, 4 member states[12] could be in a position to submit major projects financed by more than one operational programme.

Therefore, COM(2009)384 has an immediate beneficial effect on 37 environmental major projects per year which are not going to be considered major anymore, and a possible beneficial effect on future major projects co-financed by more than one operational programme. On the basis of our analysis, 3 IOs are mainly affected by this simplification: “Submitting Information needed by management authorities to draft annual implementation / final report”; “Financial control on final beneficiaries by the Member States”; and “Financial control on final beneficiaries by the European Commission”. We assume that, on average, burdens on major projects are ten times larger than burdens on normal projects.[13] Total benefits are quantified by calculating the expected decrease in the cost per occurrence of and multiplying it by the number of occurrence reported by DG REGIO.

As far as the environmental major projects are concerned, the calculation of the number of occurrence is quite straightforward, since DG REGIO was able to report the expected number of projects yearly benefitting from the new provision. Results are summarized in Table 13.

[12] Namely the Czech Republic, Ireland, Romania and the United Kingdom

[13] The average size for ERDF project is €500,000, therefore one hundredth of the major project threshold. However, administrative costs and burdens increase less than proportionally compared to the size of projects and/or firms.

Table 13 – Reduction of ACs/ABs for environmental major projects falling below the new threshold

Information Obligation	Average cost per occurence	Estimated cost per occurence - major projects	Difference	Total saving
Financial control on final beneficiaries by the Member States	€ 1,602	€ 16,016	€ 14,414	€ 533,333
Financial control on final beneficiaries by the European Commission	€ 879	€ 8,790	€ 7,911	€ 292,707
Submitting Information needed by management authorities to draft annual implementation / final report	€ 5,701	€ 57,006	€ 51,305	€ 1,898,300
			TOTAL	**€ 2,724,340**

As far as co-financed major projects are concerned, if we strictly applied the ceteris paribus rule described in the methodology, no expected reduction of burdens could be quantified, since the current population benefitting from this modification is 0. So far, no major project is co-financed by more than one Operational Programme, as it is a new possibility offered by the revised Regulation. To provide a tentative quantification, we assume that each of the member state reported by DG REGIO is going to submit at least one major project financed by two operational programmes. Therefore, under the new framework provided by COM(2009)384, final beneficiaries are going to incur burdens equal to the estimated cost per occurrence for major projects, and not duplicate ones. Results are summarized in Table 14.

Table 14 – Reduction of ACs/ABs for major projects co-financed by more than one operational programme

Information Obligation	Estimated cost per occurence - reg. 1083/2006	Estimated cost per occurence - COM(2009)384	Difference	Total saving
Financial control on final beneficiaries by the Member States	€ 32,032	€ 16,016	€ 16,016	€ 64,064
Financial control on final beneficiaries by the European Commission	€ 17,580	€ 8,790	€ 8,790	€ 35,160
Submitting Information needed by management authorities to draft annual implementation / final report	€ 114,012	€ 57,006	€ 57,006	€ 228,024
			TOTAL	**€ 327,248**

3.1.1.2 Evaluation (art. 48 of reg. 1083/2006)

COM(2009)384 reduces the requirements for the evaluation of an operational programme in case a member state decides to revise it during the programming period because of new circumstances. This provision is expected to facilitate the revision process of operational progammes, reducing time and costs associated with it, and increasing the flexibility of EU funds to adapt to new circumstances.

In terms of administrative costs and burdens imposed upon final beneficiaries, this is likely to be a “border-line” provision. Evaluation process of operational programmes is

carried out by public authorities, and the simplification is primarily addressed to them. However, it is possible that a simplified revision process will also require a reduced amount of data to be collected from final beneficiaries. At the moment, it is not possible to state whether in this respect COM(2009)384 will have an effect on final beneficiaries, nor the magnitude of this effect. Therefore, we refrain from the quantification of this specific aspect of COM(2009)384.

3.1.1.3 Revenue-generating projects (art. 55 of reg. 1083/2006)

Art. 55 of reg. 1083/2006 states the rules to be complied with for revenue-generating projects. It has been already amended by reg. 1341/2008, whose impact on ACs/ABs has been measured by us in a previous report.[14] Art. 55 provides for the criteria to calculate the eligible expenditures of co-financed projects that are going to generate revenues. Infrastructural projects typically generate revenues in case their use is subject to charges borne by users. Non-infrastructural projects may generate revenues as well, e.g. through selling or renting land or buildings, or through the provision of services against payment.

COM(2009)384 is going to reduce the period during which revenues have to be monitored. This burden falls upon final beneficiaries of revenue-generating projects financed by the ERDF or Cohesion Fund and the total cost of which exceeds €1,000,000. For these projects, under the current framework, revenues have to be monitored up to three years after closure of the programme. Thanks to COM(2009)384, revenues will have to be monitored until the closure of the programme, not any longer. In practical terms, this means that beneficiaries of revenue-generating projects must not undergo the monitoring of the revenues (and keep the relevant documentation) after the closure of the programme, i.e. for three year less than required by the current text of reg. 1083/2006. This is going to reduce ACs/ABs on beneficiaries. Furthermore, and most importantly, it reduces the period of legal and financial uncertainty about the element of revenues to be taken into account, and about the final amount of payments. Nevertheless, this important benefit cannot be quantified via the Standard Cost Model methodology.

On the basis of the information provided by DG REGIO, a programme lasts, on average, 12 years. Current programming period lasts 7 years, then programmes can be completed, and money can be spent, for 2 year after the end of the period. Subsequently, the national authorities have 15 months for carrying out the operations for closure and submit the results to the European Commission, and further time is spent because of the approval process within the Commission. Therefore, an average life of 12 years for programmes can be estimated. Nevertheless, the variance is likely to be quite high.

[14] Cf. Report no. 1 on the Original List, available at http://ec.europa.eu/enterprise/policies/better-regulation/files/abst09_ceps_initial_en.pdf

Therefore, if COM(2009)384 is approved, we estimate that revenues will have to be monitored on average for 12 years instead of 15, consequently reducing administrative costs and burdens on final beneficiaries carrying out these projects. Revenue monitoring implies that beneficiaries have to observe and track revenues, keeping the appropriate documents in their archives, and submit documents to the national authorities showing the level of revenues.

We consider that the IOs touched by this amendment are "Financial control on final beneficiaries by the Member States" and "Financial control on final beneficiaries by the European Commission". These IOs include keeping records of documents for control purposes, and dealing with checks and inspections.

In the previous report, we have estimated, on the basis of an expert assessment and of the information submitted by DG REGIO, that 20% of projects financed by the ERDF are revenue-generating, and that 20% of these projects fall above the €1,000,000 threshold. As we did in other cases, we estimate the number of the ERDF projects over the total number of projects using the resources allocated under this fund, which represents 57.7% of the total, as a proxy. Therefore, we estimate that the population benefitting from this simplification is equal to 2.31% of total projects funded by the Structural and Cohesion funds (57.7% X 20% X 20%). Assuming that burdens generated by the 2 IOs in the scope of this quantification are evenly distributed among the 12 + 3 years of duration of a programme, the reduction of the period in which revenues are to be monitored by 3 years can be estimated to lead to a reduction of burdens of 20% for these beneficiaries. Therefore, we assume that this amendment is going to reduce burdens generated by the IOs "Financial Control on final beneficiaries by the Member States" and "Financial Control on final beneficiaries by the European Commission" by 0.46%, i.e. respectively by €607,827 and €24,940.

3.1.1.4 Annual and final report on implementation (art. 67 of reg. 1083/2006)

"Submitting information to management authorities to draft annual implementation / final report" is the most burdensome IO of the Cohesion Policy Priority Area, generating burdens equal to €585,991,709, according to Consortium's estimates. COM(2009)384 is going to partially simplify this IO adjusting the information submitted by final beneficiaries for annual and final reports to the information already submitted through payment request. Therefore, final beneficiaries will save time needed to collect, fill-in and submit the additional information on payments needed not for the payment requests, but required by national authorities for report purposes.

This is a cross-cutting simplification measure, i.e. it has an impact on the whole population of final beneficiaries of EU Structural and Cohesion Funds, therefore the expected benefits are expected to be large. To correctly assess the magnitude of the burden reduction, we should wait to see how the European Commission and national authorities will implement this provision in all its details. Nevertheless, based on our previous experience in this Priority Area and on DG REGIO's feedback, we tentatively

estimate that in this respect COM(2009)384 can be estimated to reduce the administrative costs and burdens of this IO by 10%, i.e. by €59 million.

We do not propose an higher figure for the following reasons: i) information on payments represents only a subset of the information required from final beneficiaries for report purposes; ii) based on DG REGIO's analysis, in previous reports we had considered that to justify such a high figure for this IO, we needed to include therein all the burdens generated by the day-to-day relations between managing authorities and final beneficiaries, and the proposed regulation is not going to touch upon these relations in a broader sense; iii) in case of tentative assessments, we prefer to underestimate rather than to overstate burden reduction Further research should be carried out to refine this analysis after approval and implementation of the proposed regulation.

3.1.1.5 Partial closure (art. 88 of reg. 1083/2006)

Art. 88 of reg. 1083/2006 provides provisions for the partial closure of programmes. It is a tool that member states may decide to use to administratively close operations which were completed in previous years. An operation is deemed completed when all the activities under it have been carried out and expenditures by public beneficiaries and public contribution have been made.

The possibility of partial closure brings along a series of advantages for final beneficiaries as the earlier a programme is closed, the sooner the three-year document retention period starts and finishes as well as the sooner the respective controls by member states and the European Commission may start. Furthermore, partial closure helps Member States better plan and better use their resources so that heavy concentration of administrative efforts at final programme closures can be avoided. Consequently, final beneficiaries would for sure enjoy a reduction of administrative costs and burdens thanks to its use.

Partial closure is a new feature of the programming period 2007-2013 and was introduced by reg. 1083/2006. COM(2009)384 does not modify the basic principles of partial closure, however, gives member states a greater incentive to resort to this tool. The current framework requires member states to reimburse any financial correction concerning operations subject to partial closures, while COM(2009)384 allows member states to re-use the amount of financial corrections (provided that corrections are triggered by the member state itself and not by the European Commission, the European Court of Auditors, or by the European Anti-fraud Office). Therefore, COM(2009)384 provides an incentive for member states to resort to this tool. Since net corrections are not a rare phenomenon when closing programme, we consider this new element to be a strong incentive.

Since we are still in the relatively early stage of the programming period 2007-2013, we are very far from any programme closure, be it partial or final. At the moment, no request for partial closure has been submitted by any member state, and it is difficult to foresee whether and to what extent this tool will be used. Furthermore, since the act in

scope of the quantification is COM(2009)384, we should be able to further distinguish the additional effect of the proposed amendment compared to the framework for partial closures already provided by reg. 1083/2006. This analysis is likely to prove very difficult to be carried out ex-ante. For these reasons, we refrain to propose a figure for this quantification and recommend that further analysis is carried out when data about the use of partial closures become available.

Table 15 summarises the estimated reduction of administrative costs and burdens brought about by COM(2009)384. According to our analysis, it amounts to €62.3 million, that is almost 7% of burdens generated by the Cohesion Policy Priority Area.

Table 15 – Summary table for COM(2009)384

CHANGED IOs			
Priority Area	*Cohesion Policy*		
Existing EU legislation	**Reg. 1083/2006**	Amending Act	**COM(2009)384**
EU Info obligation	Financial Control on Final Beneficiaries by the Member States		
Obligation Type	09. Inspection on behalf of public authorities		
	QUANTIFICATION		
	Reg. 1083/2006		**COM(2009)384**
Frequency (per year)	on occasion		on occasion
Population	82,504		82,504
Administrative Costs	€ 132,136,261		*€ 130,931,037*
Administrative Burdens	**€ 132,136,261**		***€ 130,931,037***
AC Difference	**-€ 1,205,224**		**-0.9%**
AB Difference	**-€ 1,205,224**		**-0.9%**

CHANGED IOs			
Priority Area	*Cohesion Policy*		
Existing EU legislation	**Reg. 1083/2006**	Amending Act	**COM(2009)384**
EU Info obligation	Financial Control on Final Beneficiaries by the European Commission		
Obligation Type	09. Inspection on behalf of public authorities		
	QUANTIFICATION		
	Reg. 1083/2006		**COM(2009)384**
Frequency (per year)	on occasion		on occasion
Population	6,168		6,168
Administrative Costs	€ 5,421,659		*€ 5,068,852*
Administrative Burdens	**€ 5,421,659**		***€ 5,068,852***
AC Difference	**-€ 352,807**		**-6.5%**
AB Difference	**-€ 352,807**		**-6.5%**

CHANGED IOs			
Priority Area	*Cohesion Policy*		
Existing EU legislation	**Reg. 1083/2006**	Amending Act	**COM(2009)384**
EU Info obligation	Submitting Information needed by Management Authorities to Draft Annual Implementation/Final Report		
Obligation Type	02. Submission of (recurring) reports		
	QUANTIFICATION		
	Reg. 1083/2006		**COM(2009)384**
Frequency (per year)	on occasion		on occasion
Population	102,794		102,794
Administrative Costs	€ 585,991,709		*€ 525,266,214*
Administrative Burdens	**€ 585,991,709**		***€ 525,266,214***
AC Difference	**-€ 60,725,495**		**-10.4%**
AB Difference	**-€ 60,725,495**		**-10.4%**

SUMMARY			
Priority Area	*Cohesion Policy*		
Existing EU legislation	**Reg. 1083/2006**	Amending Act	**COM(2009)384**
	QUANTIFICATION		
	Reg. 1083/2006		**COM(2009)384**
Administrative Costs	€ 922,634,000		€ 860,350,475
Administrative Burdens	**€ 922,634,000**		**€ 860,350,475**
AC Difference	**-€ 62,283,525**		**-6.8%**
AB Difference	**-€ 62,283,525**		**-6.8%**

3.1.2 Guidance Documents

In this paragraph, we carry out the quantification of several guidance documents issued by DG REGIO and addressed to national managing, certifying, and national authorities. Some of these guidance documents were included in the Cohesion Policy Sectoral Reduction Plan, namely:

1) Guidance note on Annual Control Reports and Opinions [Article 62 (1) (d) (i) & (ii) of Council Regulation (EC) 1083/2006];
2) Guidance note on the concept of reliance on the work of other auditors;
3) Guidance document on management verifications to be carried out by Member States on operations co-financed by the Structural Funds and the Cohesion Fund for the 2007-2013 programming period;
4) Guidance document on the functions of the certifying authority for the 2007-2013 programming period;
5) Guidance note on Partial Closure (under Article 88 of Regulation (EC) No 1083/2006);
6) Information note to the COCOF – Guidance Note on Article 55 of Council Regulation (EC) No 1083/2006: Revenue-generating Projects;
7) Information Note on Fraud Indicators for ERDF, ESF and CF.

Furthermore, DG REGIO submitted for quantification other guidance documents not included in the Sectoral Reduction Plan:

8) Guidance document on a common methodology for the assessment of management and control systems in the Member States (2007-2013 programming period);
9) Information note on Article 55(6) of Regulation (EC) No 1083/2006;
10) Guidance note on sampling methods for Audit Authorities (under article 62 of Regulation (EC) No 1083/2006 and article 16 of Commission Regulation (EC) N° 1028/2006);
11) Rules and conditions applicable to actions co-financed from Structural Funds and Cohesion Fund – An overview of the eligibility rules in the programming period 2007-2013.

The present guidance documents are non-binding acts issued to clarify the legal framework and the actual functioning of the EU Cohesion Policy for the programming period 2007-2013. Some of them have been issued specifically for the 2007-2013 programming period, some others are the result of updating existing documents according to the feature of the new legal framework. Guidance documents are drafted and revised on an ongoing base, according to the input and feedbacks received from national authorities and member states.

Since these acts do not delete or change existing IOs, their impact is only indirect, and consequently rather marginal. Nevertheless, they play an important role, and, although

they are mostly addressed to national authorities, final beneficiaries usually call for their adoption. As we did in other Priority Areas,[15] we believe that the impact can be roughly quantified and provide the related analysis. Differently from most of other quantifications, it is possible only to measure the general effect on the burdens attributed to the Cohesion Policy Priority Area, rather than carrying out a specific analysis for each IO.

According to our analysis, the guidance documents in scope of the quantifications have mainly three functions: i) providing clear and detailed guidelines to the national authorities, certifying and audit authorities in charge of the day-to-day implementation of the Structural and Cohesion Fund; ii) increasing the level of homogeneity in the implementation of the Cohesion Policy among the Member States; iii) increasing the level of legal certainty and of information about the functioning of the Funds for final beneficiaries, providing guidelines and examples about what national authorities are expected to do when performing their duties. The third function is likely to have an effect on the amount of administrative costs and burdens imposed on final beneficiaries, which are the relevant subjects of the present quantification. In particular, we deem that the most important benefit in terms of ACs/ABs is the reduction of the time needed to familiarise with the Information Obligations of the Cohesion Policy Priority Area.

In Table 16, we provide an analysis of which guidance documents are relevant for this quantification, i.e. can be expected to have an impact on burdens on final beneficiaries, distinguishing between relevant documents, marginal documents, i.e. having a very low impact on burdens, and non-relevant documents. For each document, a short explanation supporting our classification is provided

Table 16 – Analysis of relevance of the guidance documents

Guidance Document	Assessment
1. Guidance note on Annual Control Reports and Opinions	RELEVANT
Description	
Submission of information for annual and final reports is the most burdensome Information Obligation in the Cohesion Policy Priority Area. Clearly defining what information should be included therein can be expected to exert a double effect on burdens: i) avoiding that unnecessary information are collected from final beneficiaries; ii) making clear to final beneficiaries what documents and other pieces of information should be kept for this purpose.	

[15] I.e. when we measured the reduction of ACs/ABs attributable to a Guidance Document issued in the Working Environment / Employment Relation Priority Area.

Guidance Document	Assessment
2. Guidance note on the concept of reliance on the work of other auditors	MARGINAL
Description	
This document deals with the coordination of work in case national Audit Authorities rely on the work of other audit bodies. The only expected benefits for final beneficiaries could stem from better coordination among audit authorities, which should lead to avoiding duplicated checks and inspections.	

Guidance Document	Assessment
3. Guidance document on management verifications to be carried out by Member States on operations co-finance by the Structural Funds and the Cohesion Fund for the 2007-2013 programming period	RELEVANT
Description	
This document includes references about by whom, how, when and on whom on-the-spot verifications on final beneficiaries should be carried out, therefore it is going to affect ABs. Furthermore, it specifies standards to be complied with about verifications concerning audit certificates, tender procedures, and state-aids.	

Guidance Document	Assessment
4. Guidance document on the functions of the certifying authority for the 2007-2013 programming period	NOT RELEVANT
Description	
It deals with the functioning of the Certifying Authority and its relations with the other national authorities and the European Commission. However, no relevant indication about the relation with final beneficiaries is included therein.	

Guidance Document	Assessment
5. Guidance note on Partial Closure	RELEVANT
Description	
This document better clarifies the use of a new tool available to Managing Authorities, that is Partial Closure, which is a simplification introduced for the 2007-2013 programming period. The document has two main beneficial effects on ABs: i) making the legal framework for Partial Closure clearer, therefore possibly enabling its wider use; ii) providing detailed information to final beneficiaries about the functioning of this new opportunity.	

Guidance Document	Assessment
6. Information note to the COCOF – Guidance Note on Article 55 of Council Regulation (EC) No 1083/2006: Revenue-generating Projects	RELEVANT
Description	
This document clarifies the rules for revenue-generating projects. Since these projects are subject to new provisions under reg. 1083/2006, the guidance is likely to alleviate burdens on final beneficiaries, clearly stating what criteria the Managing Authorities should use to evaluate this kind of projects and the amount of resources which can be disbursed by the Funds	

Guidance Document	Assessment
7. Information Note on Fraud Indicators for ERDF, ESF and CF	NOT RELEVANT
Description	
It deals with reduction of frauds related to the Structural and Cohesion Funds. Namely, it provides guidance about the identification of frauds and the system to be put in place by the Member States to reduce them. However, the SCM methodology assumes full and correct compliance with the norms, and does not include measurement of fraud- and irregularity-related burdens	

Guidance Document	Assessment
8. Guidance document on a common methodology for the assessment of management and control systems in the Member States (2007-2013 programming period	MARGINAL
Description	
This guidance deals with the methodology of assessing management and control systems, and therefore it is in principle not related to final beneficiaries. However, some of the checks to be performed on Managing Authorities concern the organisation of on-the-spot verifications, consequently in this respect a marginal effect on final beneficiaries can be envisaged.	

Guidance Document	Assessment
9. Information note on Article 55(6) of Regulation (EC) No 1083/2006	MARGINAL
Description	
This document concerns the relationship between revenue-generating projects and state aids, better clarifying the new legal regime. Marginality of its impact is due to the very small niche of project it is expected to concern.	

Guidance Document	Assessment
10. Guidance note on sampling methods for Audit Authorities	MARGINAL
Description	
This document provides guidance to the Audit Authorities as for the sample methodology to be used to perform checks and verifications. We cannot exclude that is has an effect on a better organisation of checks and verifications, and therefore that it marginally reduces burdens on final beneficiaries	

Guidance Document	Assessment
11. Rules and conditions applicable to actions co-financed from Structural Funds and Cohesion Fund – An overview of the eligibility rules in the programming period 2007-2013	RELEVANT
Description	
It is a general overview of the rules applicable to project financed by the Structural and Cohesion Funds, concerning both the eligibility rule for a project to be financed, and the rules to be complied with during the progress of the operations.	

Data about the time spent to familiarise with IOs in the Cohesion Policy Priority Area are retrieved from the EU database on AB and summarized in Table 17. It shows only

data from measurement countries.[16] In case the target groups subject to IOs are segmented, only minutes spent by firms are considered.

Table 17 – Time spent to familiarise with the legal rules – Cohesion Policy PA

Information Obligation	Weight on CP total	BE	GR	HU	IE	LT	SE	Average	Average w/o LT&SE
Financial Control on Final Beneficiaries by the Member States	14.3%	7.3%	0.0%	8.8%	17.6%	0.0%	0.0%	5.6%	8.4%
Financial Controls on Final Beneficiaries by the European Commission	0.6%	7.2%	0.0%	11.0%	17.6%	0.0%	0.0%	6.0%	9.0%
Intermediate Payment Request	10.6%	3.6%	3.7%	8.3%	4.1%	0.0%	0.0%	3.3%	4.9%
Final Payment Request	3.8%	3.5%	5.7%	15.6%	3.4%	0.0%	0.0%	4.7%	7.1%
Submitting Information needed by Management Authorities to draft Annual Implementation/Final Report	63.5%	9.5%	0.0%	11.9%	0.0%	0.0%	0.0%	3.6%	5.4%
Information and Publicity	7.2%	3.5%	3.7%	66.7%	0.0%	0.0%	0.0%	12.3%	18.5%
Weighted average	-	7.9%	0.9%	15.1%	3.2%	0.0%	0.0%	4.5%	6.8%

Source: CEPS elaboration on Consortium's data

In the measurement countries firms spend on average 4.5% of the total time needed to comply with the IOs of this Priority Area to familiarise with the obligations. If we exclude from the average Lithuania and Sweden, where no time for familiarizing was reported, this value increases to 6.8%, and we consider the latter value as more reliable.[17]

In the Sectoral Reduction Plan, an expected reduction of 2% has been estimated. Given that, i) according to our analysis, total time spent to familiarize with the IOs amounts to 6.8%; and ii) the guidance documents have an effect on administrative burdens mainly by increasing the level of information, awareness and legal certainty, we consider that the AC/AB reduction is likely to be of about 2%. Given the non-binding nature of these acts, it is not possible to carry out a more detailed assessment, but we are confident that the possible error would be in the order of magnitude of several tenth of percentage point. Given that the overall impact is very low, we consider this estimate to comply with the principle of the proportionate analysis. In absolute value, we estimate that the guidance documents in scope of the quantification reduce ACs/ABs generated by reg. 1083/2006 by 18.5 million of €. Results are summarized in Table 18.

[16] That is Belgium, Greece, Hungary, Ireland, Lithuania and Sweden

[17] It is very difficult to explain such a discrepancy between the measurement countries. For Sweden, there is a specific network of public bodies helping firms in applying for EU funds, and this could partly explain a very low time spent on familiarizing with the IOs. However, this is much more difficult to explain as for Lithuania, which have just acceded to the EU and whose firms are likely not to be familiar with the Structural and Cohesion Funds. We believe that this discrepancy can better explained by taking into account that different national measurements have been carried out by different teams within the Consortium, and that, consequently, their different approaches leaded to different results. For this reason, we prefer to work on the average excluding LT and SE.

Table 18 – Summary table – Reg. 1083/2006 and guidance documents

SUMMARY			
Priority Area	Cohesion Policy		
Existing EU legislation	**Reg. 1083/2006**	Amending Act	**Guidance Documents**
	QUANTIFICATION		
	Reg. 1083/2006	**Guidance Documents**	
Administrative Costs	€ 922,634,000	*€ 904,181,320*	
Administrative Burdens	**€ 922,634,000**	***€ 904,181,320***	
AC Difference	**-€ 18,452,680**	**-2.0%**	
AB Difference	**-€ 18,452,680**	**-2.0%**	

3.2 Priority Area: Taxation and Customs

The present report aims at measuring the Administrative Costs (ACs) and Administrative Burdens (ABs) generated by the norms regulating the "Authorised Regular Shipping Service" (ARSS), and the reduction brought about by the foreseen amendment to these norms.[18] ARSS is regulated by articles 313, 313a and 313b of Regulation 2454/93 laying down provisions for the implementation of Council Regulation 2313/92 (the Community Customs Code).[19] They were at first introduced in 1998, through Commission Regulation (EC) No 75/98.[20] Subsequently, we are measuring the reduction of ABs due to Draft Commission Regulation amending Regulation (EEC) No. 2454/93 laying down provisions for the implementation of the Council Regulation (EEC) No 2913/92 establishing the Community Customs Code

Shipping companies established in the Community, and operating regularly between two or more EU ports, can apply for the status of an ARSS. If a company is granted the status of ARSS for an intra-EU route, Community goods[21] transported via that route must not undergo customs formalities, unlike Community and non-Community goods carried via a non-ARSS sea shipping service. Generally, goods transported via sea are considered to leave the customs territory of the Community even if the ports of loading, call and destination are all situated within the EU. Therefore, at the port of destination the shipper must prove the Community status of the goods transported. In a nutshell, both Community and non-Community goods carried via sea are subject to many of the procedures which imported goods must undergo at the external borders.

On the contrary, when goods are transported via an ARSS, the status of Community goods must not be proved at destination, and consequently usual customs checks and procedures are not to be performed.[22] As for goods in transit, ARSS-covered shippers have access to two simplified procedures.

In paragraph 3.2.1 the baseline quantification is carried out. We distinguish between two kinds of relevant ACs/ABs:

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[18] Most of the data have been provided by the Finnish customs authority and by the Preparatory Study for the Impact Assessment Relating to Achieving the Internal Market for Intra-European Trade Using Maritime Transport, carried out by PwC for DG TREN.

[19] We base this measurement upon the consolidate version of reg. 2454/93 at 01/01/2005.

[20] Commission Regulation (EC) No 75/98 amending Regulation (EEC) No 2454/93 laying down provisions for the implementation of Council Regulation (EEC) No 2913/92 establishing the Community Customs Code.

[21] Community goods are goods fulfilling one of the following criteria: i) goods originating in the Community; ii) goods introduced from a non-EC country, provided that all applicable duties and other charges have been paid ("released for free circulataion"); or iii) goods manufacture in the Community from materials or parts imported from a non-EC country, provided that all customs duties and other charges applicable to these materials or parts have been paid.

[22] Cf. SEC(2004)333 Commission Staff Working Paper – Simplified Customs Procedure in Short Sea Shipping: 'Authorised Regular Shipping Service'

1) burdens generated by the administrative management of the ARSS regime, attributed to articles 313, 313a and 313b of the implementing measure of the Customs Code;
2) burdens generated by customs formalities performed on goods carried by sea. These burdens cannot be attributed to the part of the implementing measure of the Customs Code related to ARSS. They should be considered as burdens generated by the Customs Code, and therefore already measured in our previous report on the Extension List.[23] For this reason, we do not carry out a new baseline measurement.

In paragraph 3.2.2, an analysis of the reduction of ACs/ABs brought about by the proposed amending regulation is carried out. Three main kinds of expected benefits are identified:

1) reduction of ACs/ABs related to the management of ARSS status, i.e. generated by articles 313-313b of reg. 2454/92;
2) reduction of ACs/ABs brought about by fewer customs formalities occurring because of the expected increase in the number of shippers adopting the ARSS status;
3) other economic and environmental benefits brought about by the foreseen modal shift to the Short Sea Shipping. The proposed simplification is likely to allow for a growth of maritime transports compared to other transport modes, therefore reducing transport economic and environmental costs.

Benefits belonging to categories 1 and 2 are relevant for the present quantification. Although very relevant, benefits belonging to category 3 cannot be quantified via Standard Cost Model and are only described in paragraph 3.2.2.

3.2.1 Baseline Measurement

In this section, we measure the burdens due to articles 313, 313a and 313b of reg. 2454/93 in order to create the baseline to be compared with the changes due to the draft regulation. We focus on two aspects: i) ACs/ABs arising because of the management of the ARSS status; ii) ACs/ABs linked to the customs formalities for goods transported under the ARSS status. Strictly speaking, ACs/ABs linked to the customs formalities cannot be attributed to the articles 313, 313a and 313b of reg. 2454/93, but to the Community Customs Code itself.[24]

[23] Cf. CEPS "Report on the extension list", available at http://ec.europa.eu/enterprise/policies/better-regulation/files/abst09_ceps_extension_en.pdf

[24] We have measured the Community Customs Code in our previous report on the Extension List.

3.2.1.1 Administrative costs and burdens generated by the management of the ARSS status – articles 313, 313a, and 313b of reg. 2454/93

According to our analysis and mapping, articles 313, 313a, and 313b of reg. 2454/93 create 3 IOs. Two of them are measured, which are very likely to produce the bulk of ACs/ABs. These IOs impose ACs/ABs of about €20,000. Results of this baseline measurement are summarized in Table 19. Each IO is analysed in depth underneath.

Table 19 – Summary table for articles 313, 313a, and 313b of Regulation 2454/93

SUMMARY OF BASELINE ACTS			
Priority Area:	Taxation and Customs		
Baseline Act:	Regulation 2454/93 laying down provisions for the implementation of Council Regulation 2313/92 (the Community Customs Code) - Articles 313, 313a and 313b		
INFORMATION OBLIGATION		**AC**	**AB**
IO 1	Application to establish an Authorised Regular Shipping Service	€ 9,329	**€ 9,329**
IO 2	Notification of changes of the characteristics of the Authorised Regular Shipping Service	€ 10,652	**€ 10,652**
IO 3	Notification to customs authorities in case of force majeure	-	**-**
	TOTAL	€ 19,981	**€ 19,981**

3.2.1.1.1 IO1: Application to establish an Authorised Regular Shipping Service

The application procedure to obtain the ARSS status is regulated by art. 313b of reg. 2454/93. Any shipping company operating a regular service between ports situated in the Community can apply for the status of ARSS. To obtain this status, three conditions have to be met:

1) the shipping service must not come from, go to or call at any port outside the customs territory, or any free zone of type 1 of a port located in the customs territory of the Community;
2) the applicant shipping company must be established in a member state of the European Community;
3) the applicant shipping company is free of serious or repeated offences linked to the operation of a regular shipping services.

The shipping company must submit the application for an ARSS status to the customs authority of the Member State where it is established. The application must include the following details:

1) the ports concerned;
2) the name of the vessels assigned to the regular service;
3) other information, in particular the services' timetable.

The customs authorities where the application is lodged must notify the request to the other customs authorities along the route of the service. The latter can consent to or refuse the application within 60 days. If they accept it expressly, or do not refuse within

the time limit, the customs authority where the application has been lodged can grant the status of ARSS for the services concerned to the applicant shipping company. The authorisation certificate must be kept on board of the covered vessels in case their status is to be verified.

When a shipping company, which has been granted the status of ARSS, intends to change the ports concerned by the existing authorisation, it must follow the same procedure, i.e. a new authorisation must be applied for. If a shipping company intends only to change vessels covered by the authorisation, then it should not re-apply, but only notify the changes (the procedure in described under IO2).

According to information retrieved from the Finnish Customs authorities[25],until 2006 233 authorisations for ARSS had been granted by all maritime member states, excluding Italy.[26] Since Italian ports handle about 13.5% of sea-transported goods in the EU-27,[27] the number of authorisations in the EU is estimated at 269.

Importantly, data do not refer to authorisations granted in 2006, but to authorisations in place in 2006. To perform the quantification, the number of authorisations granted per year is necessary. Tentatively, we assume that on average new authorisations issued per year amount to 20% of total existing authorisations, i.e. 54 authorisations per year. Furthermore, we assume that 50% of shipping companies must re-apply for an authorisation because of changes in the ports of loading/call/destination, i.e. additional 135 occurrences per year. Therefore, the population for this IO is estimated at 189 occurrences.

To assess the time spent to comply with this occurrence, the CASH table developed for the Dutch AB baseline measurement has been used.[28] The expert assessment is based on the application form for ARSS used by the British customs authority.[29] Results are detailed in Table 20. Please take into account that time spent on "collecting the required info" and "assessing the required info and data" has been tripled, since we have supposed that the time reported in the CASH table for these activities has to be spent for each of the three Data Requirements included in the application form. [30]In total, we estimate that this IO takes 206 minutes to be fulfilled.

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[25] The Finnish Customs has performed an EU-wide study on the ARSS, in occasion of the Finnish Presidency. The findings of the study are available at http://shortsea.utu.fi/cutenews/data/upimages/Authorised-Regular-study.pdf. We thank the Finnish Customs authority, and in particular Mr. Olli Tuomisto, for the documents and the information provided.

[26] The Finnish Customs Authorities has reported to us that some member states issue a separate authorisation for each vessel and its route, whereas some member states may have combined different vessels and routes to the same authorisation. Unfortunately, we do not dispose of any more precise and/or detailed data therefore are compelled to use the figure reported above.

[27] Data retrieved from Eurostat. They refer to 2007.

[28] For more information, please refer to http://www.administrative-burdens.com/filesystem/2006/11/german_scm_manual_283.pdf, page 59.

[29] Available at:

http://customs.hmrc.gov.uk/channelsPortalWebApp/downloadFile?contentID=HMCE_PROD1_025584

[30] The 3 DRs are: i) details of the control system to verify the customs status of the goods; ii) relevant offences; iii) details of the regular shipping service.

Table 20 – CASH table for IO "Application to establish an Authorised Regular Shipping Service" – ex novo application

	General standard activity	Simple	Medium	Complex	
1	Familiarisation with the IO			21	
2	Receiving the info				
3	Collecting the required info			19	X 3
4	Assessing the required info and data			15	X 3
5	Filling in or entering the required data			9	
6	Making calculations and/or estimates				
7	Printing out/recordin the results			5	
8	Checking and possibly correcting the results		12		
9	Obtaining info from third parties				
10	Consultation				
11	Declarations/explanations			54	
12	Settlement/payment				
13	Sending the info		1		
14	Filing the info		2		
	TOTAL	**0**	**15**	**191**	**206**

In case of re-application because of changes in the ports of loading/call/destination, we estimate that the information concerning the details of the control system to verify the customs status of the goods, and the relevant offenses must not be collected and assessed again by the firm. Furthermore, less time has to be spent to familiarise with the IO. Therefore, in this case, the CASH table reported in Table 21 applies. We estimate that when application is not submitted ex novo, this IO takes 127 minutes to be fulfilled.

Table 21 – CASH table for IO "Application to establish an Authorised Regular Shipping service" – re-application

	General standard activity	Simple	Medium	Complex	
1	Familiarisation with the IO		10		
2	Receiving the info				
3	Collecting the required info			19	
4	Assessing the required info and data			15	
5	Filling in or entering the required data			9	
6	Making calculations and/or estimates				
7	Printing out/recordin the results			5	
8	Checking and possibly correcting the results		12		
9	Obtaining info from third parties				
10	Consultation				
11	Declarations/explanations			54	
12	Settlement/payment				
13	Sending the info		1		
14	Filing the info		2		
	TOTAL	**0**	**25**	**102**	**127**

In our opinion, no external or equipment costs are relevant in this calculation. Time spent is transformed in monetary values using the EU weighted average salary rate of a clerk, that is €19.8. The average salary has been obtained by weighting national salaries on the basis of the relative importance of each member state in the intra-EU maritime transport sector.[31] In case of ex novo application, the cost per occurrence amounts to €67.98. In case of re-application, the cost per occurrence amounts to €41.91. In total, we estimate that the present IO imposes ACs for €9,329. Business-As-Usual (BAU) rate should be 0%, therefore the present IO imposes an equivalent amount of ABs.

3.2.1.1.2 IO2: Notification of changes of the characteristics of the Authorised Regular Shipping Service

According to art. 313b.5 of reg. 2454/93, the shipping company shall communicate any withdrawal or change in the characteristics of the authorised service to the authorising customs authority. This paragraph creates the IO "Notification of changes of the characteristics of the Authorised Regular Shipping Service".

Most of the occurrences of this IO can be expected to take place in case of changes of vessels carrying out the ARSS. As specified by the Commission Guidance on ARSS:[32]

> the authorisation of an 'Authorised Regular Shipping Service' is given to named vessels on the route. If a vessel is changed and replaced by another vessel or if vessels are added to the service, the shipping company has to notify the authorising authorities. Such notification must contain the names of vessels concerned. The authorising authorities in turn will inform the corresponding authorities in the other Member States at which the regular shipping service calls. No procedure corresponding to that of applying for a new authorisation is needed.

As clearly stated, in case of changes of vessels the shipping companies must not re-apply for an authorisation (as in the case of changes of ports, for instance), but only have to notify this change to the customs authority where they have applied for the ARSS status.

We assume that on average each authorisation holder needs to change vessels covered by operation four times a year, therefore the number of occurrence for this IO is equal to 1076.

As for the cost per occurrence, we believe that IO2 takes much less time than IO1. Based on our assessment, we estimate that 30 minutes are spent to fulfil the present IO. As above, time is transformed in monetary values via the EU weighted average salary rate of a clerk, that is €19.8. Accordingly, the cost per occurrence is estimated at €9.90.

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[31] In particular, these weights avoid including the national salaries of landlocked countries in the calculation. Data on maritime transports have been retrieved from the PwC study, which is based on Eurostat data for 2007. National salary rates have been retrieved from the EU Database on Administrative Burdens.

[32] Cf. SEC(2004)333, pag. 7.

Total ACs imposed by the present IO are estimated at €10,652. As above, we believe that the appropriate BAU level is 0%, therefore ABs as well are estimated to amount to €10,652.

3.2.1.1.3 IO3: Notification to customs authorities in case of force majeure

Art. 313b.7 of reg. 2454/93 requires that in case a vessel covered by an ARSS authorisation is forced to tranship at sea, or is put into a third-country o a free-zone port, the shipping companies shall immediately inform the customs authorities of the subsequent ports of call along the vessel's scheduled route.

Both the number of occurrences and the cost per occurrence can be expected to be quite low. Accordingly, ACs/ABs due to this IO can be expected to be negligible, both in absolute terms and relatively to IOs 1 and 2. For this reason, and since a solid ground to accurately estimate both the population and the cost per occurrence is missing, this IO is not measured. Nevertheless, we estimate that by measuring IOs 1 and 2 the bulk of burdens due to the process of granting and modifying an ARSS status are measured.

3.2.1.2 Administrative costs and burdens generated by the customs procedures imposed over intra-Community maritime transporters

As regards customs procedures, intra-EU maritime shipments are at disadvantage compared to other transport modes. When goods originate from the Community, or have lawfully entered the customs territory, they are generally released for free circulation, and can consequently freely circulate through the different member states. This may not be true when a good is transported from one member state to another via sea. When leaving ports, Community goods lose their status and their origin must be proved again at the port of destination. On the contrary, when goods cross an internal Community border via road or railway, they are not subject to any customs procedure.

When both Community and non-Community goods are carried via sea, they must be presented to the customs authority at the port of destination, usually via a Standard Administrative Document or an equivalent document, and must be also covered by a pre-arrival summary declaration. Goods shipped via sea must then undergo usual customs procedures and checks. On the contrary, Community goods shipped via a service covered by the ARSS status must not be presented at the customs office of the port of destination and can freely circulate. An ARSS shipment operates like a road bridge between the two ports, and as in case of road transport, Community goods transported via ARSS services do not lose their status and must not undergo customs checks at destination.

Burdens generated by customs formalities cannot be attributed to the articles regulating the management of the ARSS status, which is the baseline act in the scope of the present analysis. Indeed, they can be considered as burdens generated by the Customs Code, and therefore have been already covered by the measurement of the

baseline act included in the extension list "Council Regulation (EEC) No 2913/92 establishing the Community Customs Code." They are relevant in the present quantification only to better assess the benefits of the amending draft regulation on the bulk of ACs/ABs attributed to the customs legislation (see paragraph 3.2.2.2 below).

3.2.2 Amending Measure

The articles of the implementing regulation of the Customs Code concerning ARSS are currently under review. The Commission drafted a proposal for a Commission Regulation on this respect (hereinafter: draft regulation), aimed at amending art. 313, 313a and 313b of reg. 2454/93.

Most of the benefits generated by the simplification of the ARSS regime will be reaped because reducing administrative barriers to short sea shipping is likely to produce a modal shift from other transport modes. In case of intra-EU movements of goods, short sea shipping is a very efficient modality both in economic and environmental terms. Accident, congestion and infrastructure costs are lower, and short sea shipping has a less negative impact also on air pollution, global warming and noise pollution.[33]

Although very relevant, these benefits cannot be quantified via the Standard Cost Model methodology. The present quantification focuses indeed on the reduction of administrative burdens and costs due to the simplification of the ARSS regime. We also assume that reducing administrative burdens linked to the granting of the ARSS status, namely making the regime more flexible, is likely to increase the number of shipping companies resorting to it. Therefore, we also measure the expected benefits in terms of fewer administrative costs and burdens stemming from a wider use of the ARSS regime.

3.2.2.1 Reduction of burdens due to the management of the ARSS status

As reported by the maritime industry in several documents,[34] the low flexibility of the legal provisions regulating the ARSS status is considered a bottleneck. The draft regulation tries to increase the degree of flexibility, and to reduce burdens, through two new features:

1) Notification concerning changes in the name of vessels will be made via an electronic system (art. 313e);
2) In case of changes of ports of loading/call, the shipping companies shall not re-apply for an authorisation, but shall only notify, via electronic means, the changes to the relevant customs authority (art 313e). This provision does not apply if the

[33] Cf. SEC(2009)47 Report on impact assessment of different options to simplify/reduce/eliminate administrative procedures for Short Sea Shipping and implementing a European Maritime Transport Space without Barriers

[34] Cf. inter alia http://www.mif-eu.org/SSS_customs_paper_260303.pdf

modified authorisation is going to cover Member States that were not part of the original authorisation (art. 313c.3).[35]

In practical means, these provisions have the following effect on the IOs measured above:

1) Reduction of the population of IO1, as re-authorisation is not to be requested in case of changes of the ports of call / loading (as long as new ports are located in the same Member States already covered by the authorisation). In particular, the number of occurrences for this IO was previously estimated at 189, of which 135 were linked to the re-authorisation process. We estimate that 75% of the re-authorisation requests, that is 101, shall not be submitted anymore;

2) Reduction of the cost per occurrence of IO2, as notifications will be submitted via electronic means. As done when measuring the impact of the Modernised Customs Code, we estimate that the introduction of the e-procedure for notification will reduce costs per occurrence by 25%. In practical terms, we estimate that the time spent on IO2 is reduced from 30' to 22'30''. The cost per occurrence is accordingly reduced from €9.90 to €7.43;[36]

3) increase of the population of IO2, since part of the occurrences of re-authorisations are going to be dealt with through notifications. The 101 occurrences in which we estimate that a re-authorisation is no longer needed will have to undergo notification. Therefore, the number of occurrence for IO2 is increased to 1,177.

The draft regulation also reduces the number of days for the customs authorities to issue / deny the ARSS status. However, this kind of savings is not quantifiable via the Standard Cost Model methodology.

The impact on ACs/ABs is summarized in Table 22.

Table 22 – Summary table for reg. 2454/93 and Draft Regulation

CHANGED IOs			
Priority Area	*Cohesion Policy*		
Existing EU legislation	**Reg. 2454/93**	Amending Act	**Draft Regulation**
EU Info obligation	Application to establish an Authorised Regular Shipping Service		
Obligation Type	6. Application for general authorisation or exemption		
	QUANTIFICATION		
	Reg. 2454/93		**Draft Regulation**
Frequency (per year)	on occasion		on occasion
Population	189		*88*
Administrative Costs	€ 9,329		*€ 5,096*
Administrative Burdens	**€ 9,329**		***€ 5,096***
AC Difference	**-€ 4,233**		**-45.4%**
AB Difference	**-€ 4,233**		**-45.4%**

[35] The draft regulation also reduces the time necessary to obtain the ARSS status. However, this benefit cannot be quantified via the Standard Cost Model.

[36] These benefits will be reaped when the Customs Authorities will set up an appropriate IT system.

CHANGED IOs			
Priority Area	*Cohesion Policy*		
Existing EU legislation	**Reg. 2454/93**	Amending Act	**Draft Regulation**
EU Info obligation	Notification of changes of the characteristics of the Authorised Regular Shipping Service		
Obligation Type	1. Notification of (specific) activities or events		
	QUANTIFICATION		
	Reg. 2454/93		**Draft Regulation**
Frequency (per year)	on occasion		on occasion
Population	1,076		*1,177*
Administrative Costs	€ 10,652		*€ 8,739*
Administrative Burdens	**€ 10,652**		***€ 8,739***
AC Difference	**-€ 1,913**		**-18.0%**
AB Difference	**-€ 1,913**		**-18.0%**

SUMMARY			
Priority Area	*Cohesion Policy*		
Existing EU legislation	**Reg. 1083/2006**	Amending Act	**Draft Regulation**
	QUANTIFICATION		
	Reg. 1083/2006		**Draft Regulation**
Administrative Costs	€ 19,981		*€ 13,835*
Administrative Burdens	**€ 19,981**		***€ 13,835***
AC Difference	**-€ 6,146**		**-30.8%**
AB Difference	**-€ 6,146**		**-30.8%**

The draft regulation has an impact on IO3 as well. Art. 313d of the draft regulation requires the shipping companies to inform the customs authorities of the subsequent port(s) of call along the vessel's scheduled route when an ARSS-covered vessel is temporarily put in any port that is not a part of the vessel's scheduled route. It means that notification is required not only when the vessel is temporarily put into a port outside of the customs territory, or in a free-zone of a port within the customs territory, but also when it is temporarily put into any port of the customs territory that is not part of the scheduled route. The number of occurrences of this IO can be consequently expected to increase. We continue to believe that the ACs/ABs attributable to this IO are negligible, even taking account of the changes due to the draft regulation.

3.2.2.2 Reduction of burdens due to fewer customs formalities

The draft regulation has an indirect effect on the ACs/ABs generated by the customs legislation. Since the framework for ARSS is made more flexible, it is likely that more shipping companies resort to it, and that more vessels are covered. Consequently, more goods transported via ships do not lose the Community status, and a lower number of customs procedures and checks are performed. The PwC study on the impact of the EU maritime transport strategy assume that the administrative simplification is likely to increase from 62% to 75% the share of goods transported via sea within the EU via ARSS-covered services. We consider that this increase is directly attributable to the legislative simplification carried out at EU level, and that is consequently relevant for

the current quantification. Instead, we apply the ceteris paribus assumption to any other factor possibly influencing the population subject to these burdens, e.g. we do not take into account any variation of population due to the expected growth of maritime trade.

Having an ARSS status allows the carrier to reduce the time spent on customs formalities for EU goods. Indeed, when transporting non-EU goods, the ARSS status does not allow for any facilitation or time reduction in customs formalities. Therefore, a reduction of administrative burdens occurs because part of the EU goods shipped via non-ARSS services are now shipped via ARSS services, and consequently their EU-origin must not be proved at the port of call. The PwC study estimate that 1.96 hours per call are spent on customs formalities for EU goods shipped via non-ARSS services.

The number of calls made by ships on intra-EU routes has been assessed in the same study on the basis of statistical information, expert assessment and stakeholder consultation. We use PwC data, since double-checking data and assumptions already used by the European Commission in its impact assessment is out of the scope of our tasks. To estimate the saving of administrative burdens we have to assess the increase of calls covered by the ARSS status, and it is done in Table 23 and Table 24.

Table 23 – Number of calls covered by the ARSS status - baseline scenario

Vessel Type	No. of intra-EU lines	%ARSS	No. of ARSS lines	No. of non-ARSS lines	Average No. of calls per line	Average No. of line loops per year	Total No. of calls	No. of calls - ARSS	No. of calls - non-ARSS
Ro-Ro	136		84	52	2.86	195.1	75810	47002	28808
Ro-Lo	39		24	15	4.17	153.0	24863	15415	9448
Container	308	**62%**	191	117	4.17	67.2	86240	53469	32771
Ro-Pax	74		46	28	2.04	415.5	62749	38904	23845
TOTAL	557		345	212			249662	154790	94871

Source: CEPS elaboration of PwC and CERTeT data

Legend: Ro-Ro: Roll-On/Roll-Off; Ro-Lo: Roll-On/Lift-Off; Ro-Pax: Roll-On/Roll-Off Passenger

Table 24 – Number of calls covered by the ARSS status - forecasts

Vessel Type	No. of intra-EU lines	%ARSS	No. of ARSS lines	No. of non-ARSS lines	Average No. of calls per line	Average No. of line loops per year	Total No. of calls	No. of calls - ARSS	No. of calls - non-ARSS
Ro-Ro	136		84	52	2.86	195.1	75810	56858	18953
Ro-Lo	39		24	15	4.17	153.0	24863	18647	6216
Container	308	**75%**	191	117	4.17	67.2	86240	64680	21560
Ro-Pax	74		46	28	2.04	415.5	62749	47062	15687
TOTAL	557		345	212			249662	187246	62415

Source: CEPS elaboration of PwC and CERTeT data

Legend: Ro-Ro: Roll-On/Roll-Off; Ro-Lo: Roll-On/Lift-Off; Ro-Pax: Roll-On/Roll-Off Passenger

According to the analysis reported above, 32,456 additional calls will be carried out by ARSS-covered vessels because of the modal shift stemming from the administrative quantification. It implies that about 63,614 hours are saved because of fewer customs formalities. We transform this time saving into monetary savings multiplying it by the EU weighted average salary rate of a clerk, that is €19.8. The average salary has been obtained by weighting national salaries on the basis of the relative importance of each member state in the intra-EU maritime transport sector. In total, we estimate that the draft regulation will cause a reduction of administrative costs equal to €1,259,554.

According to other quantifications of customs-related burdens, we apply a BAU factor of 0%.

This saving has to be added to that estimated in paragraph 3.2.2.1, leading to an overall estimated AB reduction of €1,265,700 for the draft regulation. Since we have included in this quantification also the reduction of burdens not attributable to the baseline act, it does not make sense to express this reduction in percentage terms.