

**MID-TERM REVIEW OF THE COMMISSION'S WORK PROGRAMME 2006**

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## IMPACT ASSESSMENT ROADMAP

Title of the proposal: **Modification of the negotiating Directives with Serbia and Montenegro following the Montenegrin declaration of independence**

Lead DG/contact person: ELARG/C/2 – Lars Erik Forsberg

Date of adoption of the proposal: 6<sup>th</sup> July 2006

**A. Initial impact assessment screening****1. What are the main problems identified? Are they unlikely to be solved satisfactorily by the sole action of Member States? (principle of subsidiarity – necessity test)**

The European Council at Feira explicitly recognised the Western Balkan countries' vocation as "potential candidates" and spoke of "a clear prospect of accession" once the relevant conditions had been met.

The Copenhagen European Council of June 1993 stated that those candidate countries of Central and Eastern Europe who wish to do so may become members of the Union if they meet the following conditions:

- stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities;
- the existence of a functioning market economy, as well as the ability to cope with competitive pressures and market forces within the Union;
- the ability to take on the obligations of membership, including adherence to the aims of political, economic and monetary union.

The same basic entry requirements apply to the countries of the Western Balkans as to other countries that aspire to join the Union.

The countries must also meet the criteria specific to the Stabilisation and Association process (SAP) as set out in the Conclusions of the General Affairs Council in April 1997 and in accordance with the Commission Communication of May 1999 on the establishment of the SAP<sup>1</sup>. These criteria include full co-operation with the International Criminal Tribunal for the former Yugoslavia (ICTY)<sup>2</sup>, respect for human and minority rights, the creation of real opportunities for refugees and internally displaced persons to return and a visible commitment to regional co-operation.

Following the Commission's presentation in April 2005 of its positive Feasibility Report on the Stabilisation and Association Agreement (SAA) with Serbia and Montenegro and the consequent adoption of the negotiating Directives, the negotiations of an SAA commenced in October 2005. The negotiations were based on the "twin-track approach", meaning that, while concluding a single Agreement with the State Union Serbia and Montenegro and its two constituent republics, the Commission was negotiating separately with the Governments of the State Union, the Republic of Montenegro and the Republic of Serbia according to the division of competences enshrined in Serbia and Montenegro's complex constitutional and institutional structure.

A referendum on 21 May 2006 in Montenegro resulted in Montenegro leaving the State Union and the formation of a new independent state. Serbia is the successor state of the State Union of Serbia and Montenegro and inherits its international personality. Consequently, the current framework of negotiations with the State Union of Serbia and Montenegro for a Stabilisation and Association Agreement will have to be adapted to these developments. In the recommendations the Commission proposes that it continues the negotiations on the basis of the results achieved so far, but with a new Negotiating Directives for Montenegro and an amendment of the Negotiating Directives for Serbia, with a view of concluding two separate agreements, with Montenegro and with Serbia respectively.

<sup>1</sup> COM (99) 235

<sup>2</sup> Cooperation with the ICTY is a legal obligation under UN Security Resolution 827 of 25 May 1999. It is also an obligation under the General Framework Agreement for Peace (the "Dayton/Paris Peace Agreement").

## **2. What are the main policy objectives?**

The main objective is to set future relations between Montenegro, Serbia and the European Union in the framework of the Stabilisation and Association process (SAP) for the Western Balkans.

The components of the SAP are the following:

- I. Stabilisation and Association Agreements (SAA), modelled on the Europe Agreements and also containing SAP related specificities.
- II. Autonomous Trade Measures (ATMs). In November 2000 the EU unilaterally granted almost totally free access to its markets for goods from the Balkans. The aim was clear: to boost the general level of imports from the Western Balkan countries, and thereby to encourage economic growth in the region as well as serving as a catalyst to the development of a network of free-trade agreements between the countries of the SAP and beyond.
- III. Assistance (through CARDS), designed to bring a more strategic approach to the support to the countries of the region and to reinforce the objectives of the Stabilisation and Association process.

Regional co-operation also constitutes an essential element of the SAP and is a specific requirement under the Stabilisation and Association Agreements.

## **3. What are the policy options? What regulatory or non-regulatory instruments could be considered?**

The Stabilisation and Association process (SAP) for South East Europe is the policy framework for relations between the EU and the Western Balkan countries. Since its inception in May 1999<sup>3</sup> the aim of the Stabilisation and Association process has been to equip the countries of the Western Balkans with the means, based on European practice and standards, to maintain stable democratic institutions, to ensure that the rule of law prevails and to sustain open and prosperous economies. Underlying this is the desire to replicate the successful transition achieved by the countries of Central and Eastern Europe before beginning negotiations on accession to the EU.

The “Thessaloniki Agenda for the Western Balkans” of June 2003 reconfirmed the “European perspective of the countries of the Western Balkans, as potential candidates”. The Thessaloniki European Council enriched the EU’s policy for the region, borrowing some elements of the enlargement method, and decided that the SAP “will constitute the overall framework for the European course of the Western Balkan countries, all the way to their future accession.”

The enlargement and the stabilisation and association policies are outside the realm of the Commission’s right of initiative and therefore not policies which the Commission can strictly speaking propose on the basis of policy options and impact assessments; however an important impact assessment element is still built into these processes.

To a large extent the impacts of the Stabilisation and Association Process and then of future accessions are discounted in the Thessaloniki Agenda and in the Treaty’s open-ended wording. The Copenhagen criteria set out more precise criteria (economic, political and regulatory or *acquis*-related) against which applications from non-member European countries are to be assessed by the Union on a case by case basis.

The specific criteria for the Western Balkans stabilisation process as well as the Treaty and the Copenhagen criteria thus effectively set the framework for the whole of the stabilisation and enlargement processes and narrow down the assessment criteria that can be used against forward and actual impacts of the implementation of this policy.

## **4. What are the impacts likely to result from each policy option and who is affected? Which impacts are likely to warrant further analysis?**

At EU level, the Progress Report and the European Partnership form the basis for the Council’s review of the Western Balkan countries and may have an impact on policy options taken.

<sup>3</sup>

Conclusions of the General Affairs Council of 21 June 1999, based on the Commission *Communication to the Council and the European Parliament on the Stabilisation and Association process for countries of South-Eastern Europe* [COM(99)235 of 26.5.99].

In addition, the Report and the European Partnership constitutes a reference document to the Western Balkan countries and serves as guidance for the Western Balkan countries in their reform process. In fact, the European Partnerships identify short and medium-term priorities which the countries need to address; in response to the European Partnerships, the countries have to adopt Action Plans for implementing the necessary reforms, with concrete measures and timetables, indicating also the human and financial resources allocated to the different measures planned, and this has to be reflected in their budgetary decisions; progress is monitored by the Commission and assessed in the next year's Progress Reports.

A Stabilisation and Association Agreement is part of the SAP and contributes to its overall impact and is consistent with EU trade policy.

#### **B. Planning of further impact assessment work**

**5. What information and data is already available? What further information needs to be gathered? How will this be done (e.g. internally or by an external contractor) and by when? What type and level of analysis will be carried out (cf. principle of proportionate analysis)?**

Yearly strategy papers indicating progress made in the SAP and European Partnerships have been issued, accompanied by country reports which make up both the ex-post and a forward-looking impact assessment component of the process. Regular sectoral meetings have been held under the Enhanced Permanent Dialogue.

The next Progress Reports will be published in the Autumn 2006. These are all internal processes, which will not require the services of external contractors.

**6. Which stakeholders & experts will be consulted, how and at what stage?**

Member States, European Parliament, international organisations and civil society and SAP country itself will be consulted during the preparation of the Progress Report.

**7. Will an inter-service steering group be set up for the IA?**

No. However, there is an Enlargement Inter Service Group established which periodically gathers representatives of the concerned Commission services and which aims to ensure mutual communication and coordination. Moreover, formal ISC are launched before adoption of a proposal for a Council Decision.

## ROADMAP

Title of the proposal: **Regulation of the European Parliament and of the Council on roaming on public mobile networks within the Community**

Lead DG/contact person: INFSO/Peter Rodford

Date of adoption of the proposal: 12 July 2006

### **A. Initial impact assessment screening**

#### **1. What are the main problems identified?**

The ability of European users of mobile electronic communications services to use their mobile handsets to make and receive calls while travelling abroad ('international roaming') is an important component of the service, and contributes to the social and economic welfare of the European Union as a whole. However, the high prices that mobile users pay for this service has been identified as a persistent problem by consumer organisations, regulators and policy makers across the Union. While a range of action has been taken in recent years to address this issue under the existing legal framework, the tools available have not proved effective in reducing prices to a level that reflects the underlying costs of providing the services concerned.

#### **2. What are the main policy objectives?**

The objective of this proposal is to amend the existing regulatory framework for electronic communications and to provide the necessary legal basis for effective and timely action to achieving substantial reductions in the level of mobile roaming charges across the EU in a harmonised manner. This is to be achieved through application of the principle that prices paid by users of public mobile networks for roaming services when travelling within the Community should not be unjustifiably higher than the charges payable when calling within the users' home country (the "European Home Market Principle").

The mechanism selected to achieve this objective in a proportionate manner is the application within the EU of safeguard maximum price limits for the provision of roaming services for voice calls between Member States at retail and wholesale levels.

The proposal also provides for the abolition of the charges currently paid by roaming customers for the receipt of calls on their mobile phone while roaming in another Member State.

#### **3. What are the policy options? What regulatory or non-regulatory instruments could be considered?**

Several policy options that could be used to solve the problem have been examined:

- no policy change
- self-regulation
- co-regulation
- soft law
- targeted regulation.

The instruments of competition law both at EU level (Articles 81 and 82 of the Treaty) and at national level permit competent authorities to act to sanction anti-competitive behaviour by individual undertakings. However, such instruments are designed to address past behaviour and do not permit the competent authorities to constrain the future behaviour of undertakings. Similarly, competition law instruments are addressed at the activities of individual undertakings and therefore cannot provide a solution which safeguards the interests of all e-communications users and market players within the Community.

The existing regulatory framework for electronic communications provides a mechanism for the imposition of ex ante regulatory obligations on undertakings within the electronic communications sector, on the basis of the definition of relevant markets susceptible to ex ante regulation and a process of market analysis by the regulatory authorities. This results in the imposition of regulatory obligations where undertakings are found to be dominant in the relevant market. The wholesale national market for international roaming on public mobile networks has been identified as a relevant market for the purposes of these procedures. On the other hand, no retail market for the provision of such services has

been identified as a relevant market, since roaming services at the retail level are not purchased independently but constitute only one element of a broader retail package. Consequently, due to the specific characteristics of the markets for international roaming services, and the cross-border nature of those services, it has not been possible for regulators to address high prices for international roaming by means of these procedures.

Arguably the EU regulatory framework may leave some scope for Member States to address the problems identified in the international roaming markets by means of other legislative measures, such as those related to consumer protection. However, given the cross-border nature of international roaming services, in which wholesale providers are situated in other Member States than the consumers using those services, any such legislative action by Member States would be ineffective and give rise to divergent results across the Community, in the absence of the harmonisation ensured by this Proposal.

The existing EU regulatory framework (Article 19 of the Framework Directive, 2002/21/EC) provides for the Commission to issue Recommendations on the harmonised application of its provisions. However, such a Recommendation in this area would not be effective, since it would not be legally binding and the Member States to which it was addressed would still only have available the existing regulatory tools in order to implement its terms.

#### **4. What are the impacts likely to result from each policy option and who is affected? Which impacts are likely to warrant further analysis?**

The impact assessment associated with this proposal examined the following range of options: no policy change, self-regulation, co-regulation, soft law and targeted regulation.

'No policy change' would involve relying on market and technological developments to solve the problem while continuing to use existing regulatory tools and competition law remedies. It is noted that national regulatory authorities have already indicated that existing regulatory tools are insufficient to address this problem.

Self regulation and co-regulation were also considered, although to date there has been no general industry initiative to propose such measures. The risk of certain consumers being left with extremely high charges even though average prices might fall could undermine the overall objective of such approaches.

The option of tackling the issue on the basis of recommendations or other soft law was also analysed. However, given the structural nature of the problem of high consumer prices for international roaming and the fact that existing provisions in the EU regulatory framework for electronic communications have proved to be insufficient to resolve the problem, it was apparent that initiatives which did not alter the legal framework for remedial action would not achieve the desired objectives.

Within the broad option of targeted regulation, three different approaches were analysed: wholesale regulation alone, retail regulation alone and a combination of wholesale and retail regulation.

Imposing regulation at wholesale level only would remedy the problem of high charges between operators but would not guarantee that lower wholesale prices would be passed through to retail roaming customers, given the lack of competitive pressures on operators to do so. The objective of achieving substantial reductions in retail prices for European roaming customers would therefore not be ensured.

Retail regulation alone was also considered, given that it would tackle the problem directly. However, in leaving wholesale regulation to one side such an approach might subject smaller operators to price squeeze, leading to large scale cessation of service.

Finally, a combination of wholesale and retail regulation was examined, under a number of variations. The conclusion of the impact assessment was that such a combined approach to wholesale and retail regulation, involving the establishment of common EU-wide price limits at the wholesale and retail levels, provides the optimum solution while guaranteeing the commercial viability of international roaming services for mobile providers and preserving their freedom to compete within the safeguard limits provided.

#### **B. Planning of further impact assessment work**

#### **5. What information and data is already available? What further information needs to be gathered? How will this be done (e.g. internally or by an external contractor) and by when?**

In order to assess the broad impact of the policy options, the Commission services have used an economic model. To assist in feeding in the data for the model, the Commission services requested specific data from the GSMA and from 16 EU operators, selected so as to provide a representative split between large and small players.

The GSMA has provided the standard inter-operator tariffs (IOTs) of the majority of mobile operators in the EU 25.

**6. Which stakeholders & experts will be consulted, how and at what stage?**

The Commission services launched a two-phased consultation in early 2006. During the first round, general feedback on wide-ranging principles was sought. The services then launched a second round, with a more concrete concept for regulation as a basis for discussion. During the two phases, 152 submissions were received from a range of stakeholders including operators, NRAs, Member States, trade and users' association and others.

**7. Will an inter-service steering group be set up for the IA?**

An inter-service steering group was set up in May 2006

## ROADMAP

Title of the proposal: **The European Programme for Critical Infrastructure Protection**

Lead DG/contact person: DG JLS, D1, Magnus Ovilius/Piotr Rydzkowski

Expected date of adoption of the proposal: October 2006

**A. Initial impact assessment screening****1. What are the main problems identified?**

The security and economy of the European Union as well as the well-being of its citizens depends on certain infrastructures and the services they provide. The existence and operation of for example - telecommunication and energy networks, banking and transport systems, health services, the provision of safe drinking water and food - is crucial to the functioning of the European Union and its Member States. The destruction or disruption of infrastructures providing key services could entail *inter alia* the loss of lives, the loss of property, a collapse of public confidence and moral in the EU.

Critical infrastructure can be damaged, destroyed or disrupted in a multitude of ways including deliberate acts of terrorism, natural disasters, negligence, accidents or computer hacking, criminal activity and malicious behaviour. Any such disruptions or manipulations of critical infrastructure should, to the extent possible, be brief, infrequent, manageable, geographically isolated and minimally detrimental to the welfare of the Member States (MS), their citizens and the European Union. The recent terrorist attacks in Madrid and London have highlighted the risk of terrorist attacks against European infrastructure.

Critical infrastructures present in the European Union are currently subjected to a varying puzzle of protective measures and obligations. Some Member States have already identified their national critical infrastructures and have imposed strong protection measures. Several other Member States are not as advanced however. In certain cases, there has been no concerted effort to even identify the critical infrastructures present under a particular jurisdiction.

Despite the fact that some work has been undertaken at national level in order to deal with national critical infrastructures, very little has been done in terms of studying the interdependencies existing between critical infrastructures in various sectors as well as the interdependencies existing between infrastructures located in different Member States. No effort has been done to identify those critical infrastructures which if disrupted or destroyed could have a significant effect on the functioning of the Community as a whole or a number of Member States.

The vulnerability of critical infrastructures in the European Union is caused by certain owners/operators/users of critical infrastructure which may not be implementing sufficient protection measures, certain Member States which do not possess detailed and systemised knowledge about the existence of critical infrastructures under their jurisdiction or which have not established a national approach to strengthening the protection of critical infrastructures under their jurisdiction, or by the fact that no systematic effort has been made to identify interdependencies existing between sectors and between critical infrastructures existing in various Member States.

The problem potentially affects all European citizens, inhabitants of the European Union, business, the Member State governments and the European Union as a whole. Effects can be both direct (e.g. casualties following a terrorist attack) and indirect (e.g. the disruption of certain services following the surfacing of problems with a particular infrastructure).

**2. What are the main policy objectives?**

The general objective of the proposed policy would be to improve the protection of critical infrastructures in the EU.

The specific and operational objectives needed in order for the general objective to be achieved are:

- Ensure that owners/operators/users of critical infrastructure implement stronger protection measures
- Ensure that Member States are aware of critical infrastructures under their jurisdiction, and especially about critical infrastructures which if disrupted or destroyed could have an effect on other Member States or the entire EU.
- Ensure EU level coordination and cooperation concerning the protection of critical infrastructures

Ensure the security of all sensitive CIP data



### **3. What are the policy options? What regulatory or non-regulatory instruments could be considered?**

- Option 1: refrain from addressing CIP issues at a European level. Under this option no horizontal actions would be undertaken at European level and the Member States would be left to address the issue individually. This approach has been disqualified by all Member States who generally see a need to address the issue from a European perspective.
- Option 2: the creation of a non-binding framework. Under this option a non-binding horizontal framework would be created at European level, but the Member States would be free to decide whether they want to make use of it.
- Option 3: the creation of a light legislative framework. Under this option, a mix of binding and non-binding measures would be implemented at European level. The Member States would be subjected to a number of general obligations, but strong emphasis would still be put on the exchange of best practices, dialogue and the building of trust at EU level. The use of a Directive as the preferred legal instrument in this regard, would allow the Commission to make key issues obligatory for the Member States, but would give them the necessary freedom to adapt these obligations to their legal systems and CIP traditions.
- Option 4: full harmonization at EU level. Under this option, full harmonization measures would be proposed at EU level concerning the organization of CIP issues in the Member States as well as regarding the protection requirements relevant to the owners/operators of critical infrastructure. This approach may be contrary to the subsidiarity and proportionality principles and would be rejected by all Member States.

### **4. What are the impacts likely to result from each policy option and who is affected? Which impacts are likely to warrant further analysis?**

An initiative in the area of EPCIP would have impacts on citizens, business and governments/administrations. Impacts that have been further analysed include: costs for business and authorities, impacts on: competition, innovation and research, environmental impacts, impacts on: overall security and protection of critical infrastructure, stakeholder involvement, administrative setup, employment and labour markets, and relations between stakeholders.

The following points can be made to summarise the impacts of the different options:

Option 1: refrain from addressing CIP issues at a European level:

The "no policy change" option does not present any clear strengths in terms of improving the protection of critical infrastructures in Europe. It does present however a number of disadvantages stemming from competition issues, greater costs for businesses, insufficient security.

Option 2: the creation of a non-binding framework

The creation of a non-binding framework would most likely have a better impact on improving the protection of critical infrastructures in Europe than Option 1. Option 2 would create a basic framework for cooperation at EU level, which could facilitate the exchange of best practices. Nevertheless, the Member States would still be free to decide as to the level of their participation in CIP activities, which could prevent certain states from taking the necessary measures in the CIP field (due for example to the costs involved). Infrastructures which could have an impact on more than one Member States as well as cross-border infrastructures would therefore not be protected to a satisfactory extent.

Option 3: the creation of a light legislative framework.

The creation of a light legislative framework would most likely have a better impact on improving the protection of critical infrastructures in Europe than Option 2. A number of basic legal obligations of a horizontal nature would be put on the Member States and the owners/operators/users of critical infrastructure with a view to improving the protection of critical infrastructures. At the same time, the framework would be light enough to encourage dialogue and the building of trust between CIP stakeholders and could therefore have a positive effect on future developments related to EPCIP. The strong side of this approach would be that all Member States would have to make an effort to improve the protection of critical infrastructures and would be able to do so by building on their existing systems. Even those Member States which are currently least prepared in the CIP field, would have to implement certain measures so as to increase the security of their critical infrastructures and by doing so increase the security of the entire EU.

Option 3 would be more likely to improve the situation of the private sector as more predictability and similarity concerning CIP measures among the Member States could be expected. Consequently, especially for cross-border infrastructures, the owners/operators would be subjected to similar requirements in each of the Member States.

Option 4: full harmonization at EU level

The creation of a fully harmonized CIP system in the Member States would have a very strong effect on increasing the physical security of critical infrastructures in Europe, but would most likely be counter-productive in terms of building trust and dialogue among stakeholders. Consequently, the long-term development of EPCIP could be put at risk. On the economic side, the owners/operators/users of critical infrastructure would be subjected to identical requirements in all Member States which would significantly decrease their operational costs. This option has already been disqualified by most Member States and other stakeholders.

**B. Planning of further impact assessment work**

**5. What information and data is already available? What further information needs to be gathered? How will this be done (e.g. internally or by an external contractor) and by when?**

Work on the European Programme on Critical Infrastructure Protection began in 2004 following the terrorist attacks in Madrid. Relevant work has been taken forward through the Critical Infrastructure Protection sub-group of the Interservice Group on the Internal Aspects of the Fight Against Terrorism. This CIP sub-group is chaired by DG JLS with participation from: DG TREN, DG MARKT, DG INFSO, DG ADMIN, DG ECFIN, DG ENTR, DG SANCO, DG RTD, DG ENV, JRC, DG REGIO, DG RELEX, DG BUDG, OLAF, SJ and SG.

**6. Which stakeholders & experts will be consulted, how and at what stage?**

All relevant stakeholders have been consulted concerning the development of EPCIP. This has been done through:

The EPCIP Green Paper adopted in on 17 November 2005 with the consultation period ending on 15 January 2006. 22 Member States provided official responses to the consultation. Around 100 private sector representatives also provided comments to the Green Paper. The responses were generally supportive of the idea of creating EPCIP. Summary reports concerning the responses received from the Member States and the private sector to the EPCIP Green Paper consultation are included in Annex 1 and 2.

Three Critical Infrastructure Protection seminars hosted by the Commission (in June 2005, September 2005 and March 2006). All three seminars brought together representatives of the Member States. The private sector was invited to the seminars held in September 2005 and March 2006.

Informal meetings of CIP Contact Points. The Commission hosted two meetings of the CIP Contact Points of the Member States (December 2005 and February 2006).

Informal meetings with private sector representatives. Numerous informal meetings were held with representatives of particular private business as well as with industry associations.

**7. Will an inter-service steering group be set up for the IA?**

See point 5.

## ROADMAP

Title of the proposal: **Implementation & update of the Commission Simplification Rolling Programme**

Lead DG/contact person: SG / Patricia Bugnot; co-lead DG ENTR / Michel Ayrat

Expected date of adoption of the proposal: November 2006.

**A. Initial impact assessment screening****1. What are the main problems identified? Are they likely to be solved satisfactorily by the sole action of Member States? (principle of subsidiarity – necessity test).**

The Commission adopted in October 2005 a new simplification strategy in line with the political priorities set out for its Better Regulation policy in March 2005 with a view to concentrating its action in order to impact on growth and jobs. This strategy for the simplification of the regulatory environment covers an entire range of simplification methods. It provides for a three-year Rolling Programme, initially listing 220 basic legislative instrument regrouped into approximately 100 initiatives that the Commission intends to simplify, based on extensive consultations with the Member States, businesses and citizens. This new strategy also involves repealing legislation that has become obsolete, codification and other practical improvements of the regulatory approach. The success of the strategy depends on the two branches of the legislature cooperating fully and adopting the Commission's simplification proposals promptly. The new Communication will update the Commission's 2005 Simplification Rolling Programme, for the period 2005-2008.

**2. What are the main policy objectives?**

The EU has repeatedly confirmed the objective of simplifying and improving the quality of its legislation and action to this end has been underway for some years. This Communication, which will accompany the Commission's horizontal communication on the global review of better regulation, will review progress, identify problems and propose remedial actions based on our past experience. It will in particular update and enhance the commission's rolling programme for simplification launched in 2005. At the inter-institutional level, progress of decision-making on simplification proposals will also be reviewed as well as needs and options for speeding up the adoption process. As action at EU level alone is not sufficient, the need to complement the Simplification strategy with initiatives at national level will also be addressed in the Communication

**3. What are the policy options? What regulatory or non-regulatory instruments could be considered?**

This communication is not a regulatory instrument, nor a new initiative. It will review and up-date action set out in the Commission's 2005 strategy on simplification of Community legislation. A communication is the appropriate form for the Commission to inform the other institutions and stakeholders about its priorities and work plan on simplification, which will subsequently be implemented through concrete legislative proposals. It may reinforce existing action and propose new action to be implemented by the Commission or the other institutions to achieve more effective and efficient simplification of EU legislation, including what other simplification methods could be brought into play. Options for new action include: reinforcement of the sectoral screenings to identify simplification potential; and reinforced contribution from the other institutions for delivery of the programme.

**4. What are the impacts likely to result from each policy option and who is affected? Which impacts are likely to warrant further analysis (cf. list of impacts in the impact assessment guidelines)?**

Impacts may occur at two levels. While the options to be considered have direct impacts only on the work of the Commission and the other institutions, the ultimate impacts for operators and citizens will be in terms of the timing, scope and depth of simplification of EU legislation. The Communication will stress the necessity to reinforce the assessment of simplification needs and the impacts of individual simplification proposals. This means that the Commission's future initiatives should better highlight simplification impacts. No specific impact assessment is envisaged for the present Communication as a whole.

## **B. Planning of further impact assessment work**

**5. What information and data is already available? What further information needs to be gathered? How will this be done (e.g. internally or by an external contractor) and by when? What type and level of analysis will be carried out (cf. principle of proportionate analysis)?**

The review and update of the simplification programme will be based on experience and information gained during 2003-2005 concerning the implementation of EU simplification work and from the institutions, Member States and stakeholders concerning the burdens and complexities of EU legislation in terms of regulatory approaches, specific legal acts and provisions as well as complications due to transposition and application of EU legislation in the Member States. Such evidence has been collected on a regular basis by the Commission, in particular through the Council's 2003-2004 exercise to establish its simplification priorities, the recent Better Regulation package adopted by the European Parliament in Spring 2006 and the Commission's public consultation in 2005, as well as more targeted consultations carried out in 2005 with industry and Member States. The communication will be elaborated in close collaboration with DGs under the leadership of the SG and DG ENTR, drawing on their respective knowledge of the acquis and its impacts.

As for impacts of EU legislation in Member States and for operators and citizens, much information is available from various sources and consultations, but this information needs to be better assessed and complemented by the competent DGs so as to reinforce priority setting among alternative simplification actions and proposals, taking into account the capacity constraints of EU institutions and Member States in legislative processing.

**6. Which stakeholders & experts will be consulted, how and at what stage?**

SG and DG ENTR, as co-lead services, will organise coordination with DGs (who will draw on their own contacts and inputs) and make sure that use is made of a range of available sources (including focused and open consultations) that have identified needs for simplification. In 2005, the Commission carried out a comprehensive public consultation as well as more targeted consultations of Member States and industry. No new public consultation of external stakeholders is envisaged, but existing inputs stemming from the previous consultations will be exploited to the full.

**7. Will an inter-service steering group be set up for the IA?**

No formal interservices steering group will be set up for the preparation of the present communication. Informal interservices meetings with relevant services are organised by the SG and DG ENTR and have been held on a regular basis since October 2005 to monitor the implementation of the 2005 simplification rolling programme and to prepare the present communication.

## ROADMAP

Title of the proposal: **Communication on Better Regulation global review - progress report and next steps**

Lead DG/contact person: SG / Patricia Bugnot; co-lead DG ENTR / Gert Jan Koopman, Michel Ayrat

Expected date of adoption of the proposal: November 2006

**A. Initial impact assessment screening****1. What are the main problems identified? Are they likely to be solved satisfactorily by the sole action of Member States? (principle of subsidiarity – necessity test).**

The Commission announced at the 2006 Spring European Council (see Presidency conclusions SI(2006)300 paragraph 62) its intention to prepare “an analysis of the progress to date and of where further work is needed to continue to make progress in all areas of better regulation: simplification, impact assessment, repeals and withdrawals, codification, sectoral analysis, reduction in administrative burdens, business involvement, small and medium sized enterprises (SMEs)”. The European Council recalls that better regulation is also a matter for Member States to implement in their domestic law-making and in the transposition of Community law and reaffirms its commitment to making progress in all of these areas”. While the Commission and other EU institutions must assume the lead for better regulation policy at EU level, effective action needs to be coordinated with and complemented by action at national level. Better regulation is included among the objectives of the revised Lisbon Strategy and relevant action forms part of the MS’s National Reform Programmes (NRPs).

**2. What are the main policy objectives?**

The Commission's objective is to give a new impetus to the conception and realisation of better regulation in the EU. The new Commission communication will up-date the Commission's previous policy statements and action plan in the area of Better Regulation. The objective pursued is to give a new impetus towards simplifying and improving EU legislation and to up-date the Commission's better regulation action, given that previous policy documents (in particular the communication Better Regulation for Growth and Jobs of March 2005 and the Simplification strategy of October 2005) have been implemented or are in the course of implementation.

**3. What are the policy options? What regulatory or non-regulatory instruments could be considered?**

As the objective is to make a significant and strategic contribution to policy development, the form of a policy communication is appropriate. The global review will take the form of a horizontal policy communication and it will be accompanied by separate communications on i.a. legislative simplification and administrative costs.

**4. What are the impacts likely to result from each policy option and who is affected? Which impacts are likely to warrant further analysis?**

This Communication will set strategic objectives and action to pursue the Lisbon objectives of growth and jobs. It will affect future EU policies and action that will have methodological, organisational and resources impacts for public administrations (EU institutions but also Member States) in areas such as impact assessment (e.g. scope, proportionality, quality, timing), simplification (e.g. rolling simplification programme, codification, sectoral initiatives), administrative costs, self and co-regulation, evidence based indicators and regulatory statistics, inter-institutional aspects and articulation with Member States activities. These actions will ultimately have impacts for citizens and operators. It is understood that further to this global review, the specific instruments and actions for the realization of the policy options will be accompanied by specific impact assessment when appropriate.

## **B. Planning of further impact assessment work**

**5. What information and data is already available? What further information needs to be gathered? How will this be done (e.g. internally or by an external contractor) and by when? What type and level of analysis will be carried out (cf. principle of proportionate analysis)?**

No specific impact assessment is foreseen for the present communication as a whole. However, the Commission is carrying out an external evaluation of its impact assessment system and the final outcome is expected in early 2007. Some new actions may require more detailed analysis of impacts.

**6. Which stakeholders & experts will be consulted, how and at what stage?**

SG and DG ENTR as co-lead services will propose the strategy and main lines for action, but an important contribution will have to be made by the all other DGs. The views of other institutions, Member States, and wider stakeholder groups will be taken into account. The views of the other institutions and stakeholders are well known from past position-taking and consultations (considerable insights already exist through the political process and from previous consultations on issues such as simplification). However, Member States have been – and will continue to be – involved and consulted on key issues, in particular through the High-Level Group of National Experts on Better Regulation. Wide public consultations are also being carried out in specific areas, in particular in the context of the external evaluation of the Commission's impact assessment system and on the Commission's minimum standards for consultation.

**7. Will an inter-service steering group be set up for the IA?**

No.

**ROADMAP**

Title of the proposal: **Framework Communication on Innovation**

Lead DG/contact person: SG / Gerard de Graaf and ENTR / Reinhard Büscher

Expected date of adoption of the proposal: 13 September 2006

**A. Initial impact assessment screening****1. What are the main problems identified? Are they unlikely to be solved satisfactorily by the sole action of Member States? (principle of subsidiarity – necessity test)**

Europe needs more innovation to increase its competitiveness. Based on the Lisbon Strategy for growth and jobs many initiatives to foster innovation have already been taken. So far, however, innovation policies at European and national level have predominantly focussed on increasing research expenditure and support for the development of new technologies. The 2006 Spring European Council has called for a broader approach, paying more attention to the framework conditions and demand side of innovative products and services.

**2. What are the main policy objectives?**

The objectives are to review the obstacles that are holding innovation in Europe back, identify areas where more action is needed and to present a number of initiatives – to be taken both at EU and MS level - which could contribute to a more innovation-friendly environment.

**3. What are the policy options? What regulatory or non-regulatory instruments could be considered?**

"No action" is not a viable option as Europe's performance in innovation continues to be disappointing. While many actions have already been taken, there is now a need to strengthen the political commitment to innovation and to have Ministers discuss and agree a number of priority initiatives for the coming years. The most appropriate policy option at this stage is thus a Communication setting out the proposed approach and identifying possible flagship initiatives. It is only following political endorsement that more concrete proposals will be developed in specific fields.

**4. What are the impacts likely to result from each policy option and who is affected? Which impacts are likely to warrant further analysis (cf. list of impacts in the impact assessment guidelines)?**

The direct impacts expected from the Communication are first and foremost a stronger commitment by Ministers and policy-makers to promote measures that stimulate innovation. Once an approach has been agreed, specific initiatives will be developed in a second stage..

**B. Planning of further impact assessment work****5. What information and data is already available? What further information needs to be gathered? How will this be done (e.g. internally or by an external contractor) and by when? What type and level of analysis will be carried out (cf. principle of proportionate analysis)?**

Considering the broad, political nature of the Communication, no impact assessment report will be produced beyond this Roadmap. However, the Communication will build on various sources and studies in the field, for example the Aho Report on more innovation in Europe.. Moreover, information available from the latest European Innovation Scoreboard, the European Business Test Panel and the European Technology Platforms will be taken into account as well.

**6. Which stakeholders & experts will be consulted, how and at what stage?**

See above.

**7. Will an inter-service steering group be set up for the IA?**

An ad hoc working group on innovation – with participation of the DGs most involved – has been established. This group is led by DG ENTR and the SG.

## ROADMAP

Title of the proposal: **Proposal for a Council decision establishing negotiating directives for an Association Agreement between the EU and Central America**

Lead DG/contact person: DG RELEX, G2: Nicolas BULTE, Federico ZORZAN

Expected date of presentation to College: October 2006

**A. Initial impact assessment screening****1. What are the main problems identified?**

This proposal responds to the decision taken by the Heads of State and Governments at the IV EU Latin America and Caribbean Summit, which was held in Vienna in May 2006, to launch negotiations for an Association Agreement between the EU and Central America, including a Free Trade Area.

The rationale for this initiative is the shared aspiration of the EU and Central American countries to consolidate and deepen further their relationship (wide-ranging political dialogue, enhanced cooperation and reinforced trade and economic links). Likewise, the possible conclusion of a bi-regional Association Agreement has to be seen as instrumental in furthering the on-going regional integration process in Central America, which the EU has traditionally strongly supported.

The future Association Agreement will build on and replace the existing 1993 Framework Co-operation agreement, as well as the EU-Central America Political Dialogue and Cooperation Agreement, which was signed in 2003 and will enter into force after ratification by all parties.

**2. What are the main policy objectives?**

To further reinforce EU – CA relations based on common values, with a view to closer political co-operation, efficient cooperation and enhanced bilateral trade, including a Free Trade Area. Moreover, the Association Agreement aims at promoting Central American regional integration.

**3. What are the policy options? What regulatory or non-regulatory instruments could be considered?**

The intention is to conclude a bi-regional Association Agreement, including a Free Trade Area. In view of this overall objective, the following policy options should be analyzed by the Impact analysis:

As regards the content of the agreement: just complementing the existing relationship (Cooperation Agreement + Political Dialogue and Cooperation agreement) with a Free Trade Agreement, or trying to upgrade the whole relationship by enhancing the existing contractual links.

As regards the trade component of the agreement: concluding a mere WTO-compliant agreement or going for a more comprehensive and ambitious Free Trade Agreement, covering i.a. services, sanitary and phyto-sanitary measures, technical barriers to trade, intellectual property rights, trade defense instrument...(dubbed “WTO+” agreement)

As regards the structure of the negotiations, accepting to negotiate some of the provisions with the Central American states on an individual basis or insisting on the principle of a region to region agreement, implying a bi-regional negotiation process.

**4. What are the impacts likely to result from each policy option and who is affected? Which impacts are likely to warrant further analysis?**

The envisaged Association agreement aims at covering the whole range of EU –CA relations (political, cooperation, trade), the agreement is expected to result in reinforced relations between the EU and CA, with mutual benefits for both parts. Additionally, it will have a positive impact in deepening Central American regional integration. In due course, the social and environmental sustainability will be paid particular attention.



## **B. Planning of further impact assessment work**

### **5. What information and data is already available? What further information needs to be gathered? How will this be done (e.g. internally or by an external contractor) and by when?**

A regular follow up of the implementation of the EU – CA relations is taking place through the San José dialogue (a mechanism for political dialogue started in 1984 and which takes place in the form of annual meetings at ministerial level), the institutions already established under the 1993 Framework Co-operation Agreement, and through a day-to-day follow up by the Commission, including inputs from Member States, other EU institutions, CA. In addition, the Commission maintains regular dialogue with other possible interested parties (economic operators, NGOs, academic community, etc). Furthermore, the current and future EC cooperation programmes aimed at promoting the CA regional integration may contribute to this overall purpose. Moreover, an EU-CA Joint Assessment on economic regional integration in Central America was concluded in March 2006.

### **6. Which stakeholders & experts will be consulted, how and at what stage?**

See above point 5.

### **7. Will an inter-service steering group be set up for the IA?**

The inter-service group for the drafting of the negotiating directives will also follow up work in this context.

## ROADMAP

Title of the proposal: **Proposal for a Council decision establishing negotiating directives for an Association Agreement between the EU and the Andean Community**

Lead DG/contact person: DG RELEX, G3: Marianne VAN STEEN

Expected date of presentation to College: November 2006

**A. Initial impact assessment screening****1. What are the main problems identified?**

This proposal responds to the decision taken by the Heads of State and Governments at the IV EU Latin America and Caribbean Summit, which was held in Vienna in May 2006, to initiate a process leading to the negotiation of an Association Agreement between the EU and the Andean Community.

The rationale for this initiative is the shared aspiration of the EU and the Andean Community to consolidate and deepen further their relationship (wide ranging political dialogue, enhanced cooperation and reinforced trade and economic links). Likewise, the EU's insistence on negotiating a bi-regional Association Agreement is considered instrumental to encourage the further deepening of the regional integration process in the Andean Community, for which the EU has always been a strong supporter. From a commercial/trade point of view, the agreement intends to provide for a more stable, mutually beneficial and balanced relationship between both regions.

The future Association Agreement will build on and replace the existing 1993 Framework Co-operation agreement, as well as the EU-Andean Community Political Dialogue and Cooperation Agreement, which was signed in 2003 and will enter into force after ratification by all parties.

**2. What are the main policy objectives?**

To further reinforce EU – Andean Community relations, based on common values, with a view to closer political dialogue, efficient cooperation and enhanced bi-regional trade. Moreover, the Association Agreement aims at promoting regional integration within the Andean Community.

**3. What are the policy options? What regulatory or non-regulatory instruments could be considered?**

The policy option is either to stick to the current status quo or to start negotiating a bi-regional comprehensive Association Agreement, including political, cooperation and trade pillars. Within the latter option, different sub-options should be addressed by the Impact Assessment. Those are:

- In respect of the ambition of the agreement : either complementing the existing Political Dialogue and Cooperation Agreement with a trade chapter or aiming to upgrade the entire relationship through a thorough revision of all its existing components;
- In respect of the trade chapter : either sticking to WTO compatible provisions or aiming to go for more comprehensive and ambitious provisions covering, inter alia, technical barriers to trade, sanitary and phyto-sanitary measures, services, intellectual property rights, trade defense instruments, etc..

**4. What are the impacts likely to result from each policy option and who is affected? Which impacts are likely to warrant further analysis?**

If the policy option would be to stick to the current status quo and not consider the opening of negotiations, this would seriously risk to discredit the EU not only in the Andean Community countries but also in other Latin American countries; this would further risk to damage trade relations in the medium term as well as negatively impact upon European investments in the region. Moreover, it would, under the current circumstances, risk leading to the falling apart of the Andean Community's regional integration process. If, on the other hand, the policy option would be to start negotiations for a comprehensive Association Agreement, covering the whole range of EU–Andean Community relations, this is expected to result in reinforced relations between the EU and the Andean Community, with mutual benefits for both parts, from a political, trade and economic point of view. Additionally, it will have a positive impact in respect of the survival and deepening Andean Community regional integration.

As regards the impacts of the different sub-options, these are being addressed in the impact assessment.

## **B. Planning of further impact assessment work**

### **5. What information and data is already available? What further information needs to be gathered? How will this be done (e.g. internally or by an external contractor) and by when?**

Since 1996, there is a regular political dialogue between the EU and the Andean Community. A regular follow up of the EU – Andean Community relations is further taking place within the context of the 1993 Framework Co-operation Agreement, and through a day-to-day follow up by the Commission, including inputs from Member States, other EU institutions, the Andean Community countries and its institutions. In addition, the Commission maintains regular dialogue with other possible interested parties (economic operators, NGOs, academic community, etc) and has a number of cooperation programmes ongoing and planned also contributing to this overall purpose. Moreover, in order to prepare for the trade part of a future Association Agreement, an EU-CAN joint assessment exercise on regional economic integration was carried out in the course of 2005/2006.

### **6. Which stakeholders & experts will be consulted, how and at what stage?**

All relevant stakeholders referred to under point 5 (relevant Commission services, Member States, EP, ESC, CoR, Andean countries institutions and administrations, civil society at large, including economic operators, employers and workers confederations, NGO's, the academic community, etc...) have and will continue to be involved in the process. More details are being addressed in the Impact Assessment

### **7. Will an inter-service steering group be set up for the IA?**

The inter-service group for the drafting of the negotiating directives will also follow up work in this context.

**ROADMAP**

Title of the proposal: **Green Paper on trade defence instruments**

Lead DG/contact person: TRADE/Andreas Schwarz, Xavier Coget  
Expected date of adoption of the proposal: December 2006

**A. Initial impact assessment screening****1. What are the main problems identified?**

Globalisation has made the practice of trade – between companies and between countries - more complex and more interconnected than it was in the past. To be able to respond to these changing circumstances, the Commission will analyse whether our trade defence instruments and our use of them take account of the new realities of globalisation. For example, we need to reflect on the re-location of EU domestic industry production to Asia and, therefore, if and to what extent the interest of de-localised companies are sufficiently taken into consideration in the Community interest test. Furthermore, we will analyse if we sufficiently take into account the welfare effects of our measures outside the Union, particularly when dealing with developing countries.

The Green Paper will set out the results of this internal reflection process.

**2. What are the main policy objectives?**

To assess if EC trade defence instruments adequately respond to the challenges of globalisation and, if not, describe and discuss possible changes to EC trade defence instruments

**3. What are the policy options? What regulatory or non-regulatory instruments could be considered?**

As this is an open-ended reflection process it is not clear what precise policy options will be presented. The main point of attention of this reflection process is if, and how, we need to change the way the Community interest assessment is carried out in Anti-Dumping/Anti-Subsidy cases.

**4. What are the impacts likely to result from each policy option and who is affected? Which impacts are likely to warrant further analysis (cf. list of impacts in the enclosed guide)?**

Too early to say at this stage.

**B. Planning of further impact assessment work****5. What information and data is already available? What further information needs to be gathered? How will this be done (e.g. internally or by an external contractor) and by when?**

Available: External evaluation study, results of stakeholder seminars held in 2004/2005.

Additional information: Brainstorming session between the Commissioner and a selected group of external experts on 11 July.

**6. Which stakeholders & experts will be consulted, how and at what stage?**

Producers, traders, exporters from third countries, representatives of the law Community, and trade-unions will be specifically invited to react to the Green Paper.

**7. Will an inter-service steering group be set up for the IA?**

No.