



EUROPEAN COMMISSION
IMPACT ASSESSMENT BOARD

Brussels,
D(2011)

Opinion

Title **DG ENTR – Impact Assessment accompanying a Communication of the Commission on a Security Industrial Policy**

(draft version of 18 November)

(A) Context

So far, the main initiative addressing the issue of security industrial policy in the EU has been the establishment of the European Security Research and Innovation Forum (ESRIF) in 2007, providing recommendations and an extensive list of security research topics for the EU over the next 20 years. In December 2009, the Commission published a Communication setting out its initial position on ESRIF's key findings and recommendations (COM(2009) 691 final) and made the security industry one of the parts of the EU 2020 flagship initiative "An Industrial Policy for the Globalisation Era Putting Competitiveness and Sustainability at Centre Stage". The envisaged Communication on a Security Industry Policy aims at enhancing the security of the EU citizens as well as the competitiveness of the sector.

(B) Overall assessment

While the report presents useful and relevant background information for the purpose of the proposed Communication, it should be improved in several respects. The report should more clearly identify the scope of a future security policy initiative and present it in the context of related EU and national initiatives. It should then better demonstrate the identified problems and indicate how the necessary evidence will be gathered for the purpose of future impact assessments on concrete follow-up initiatives. The report should present more realistic policy objectives, clarify what specific measures will be taken for each of the options and how future priority technologies, or areas with high EU value added potential will be determined. The impacts of the proposed initiative should be presented more cautiously at this early stage of the policy development process while demonstrating the acceptability of the measures among Member States and other affected groups.

Given the exploratory nature of the envisaged Communication and the commitment of DG ENTR to carry out fully fledged impact assessments on the announced legislative proposals (on certification/conformity assessment procedures in intrusion and fire alarm systems and airport screening equipment), the Board recommends that this report be presented as a Staff Working Document.

(C) Main recommendations for improvements

(1) Better define the scope of EU action. The report should better explain the policy context and clarify the role of the proposed initiative vis-à-vis previous EU initiatives in the area of security and highlight synergies with other initiatives at EU and national level. It should provide a clearer outline of the scope and perimeter of the industry and indicate which areas will be concerned by an EU security industry policy. The report should clearly indicate the actors that will be primarily affected as well as the ways and extent to which they will be affected.

(2) Better demonstrate the problems and underpin them with further evidence. The report should better demonstrate the negative consequences of the current market and regulatory situation for the security of citizens, the optimal use of public money, and the competitiveness of EU security industry sectors (for instance by providing data showing the share of EU security market producers in the world market, and the evolution of this market share over time). It should demonstrate that the existing fragmentation of the EU security market requires a different policy approach compared to, for example, other similarly fragmented high-technology sectors. The report should clearly explain the reasons for a lack of robust evidence and indicate how the data availability problem will be rectified for the future impact assessments. Moreover, the report should better explain the failure of mutual recognition across Member States, and the existing patchwork of standards and certification systems. It should attempt to demonstrate the costs associated with market fragmentation (for instance by indicating out of the 200 MEUR in certification costs how much of this is due to multiple testing and certification). The report should also better demonstrate that security companies are dissuaded from R&D investments (including liability risks, institutional nature of the market and the uncertainty about social acceptance as the drivers).

(3) Justify the need for and value added of EU action. The report should better demonstrate that Member States would not be able to overcome the challenges on their own, differentiating by industry sector as appropriate. In doing so, it should indicate areas where the differences in Member States' views and perceptions of security are the smallest and where the greatest benefits of market harmonisation can be gained. The report should also define criteria supporting the identification of priority sectors and actions with high EU value added potential.

(4) Improve the intervention logic and better present impacts. The report should present more realistic policy objectives that would better correspond to the early stage of the security policy development and the nature and the scope of the considered policy instruments. Operational objectives should relate better to the identified problem drivers. The report should be clearer in explaining what specific measures will be taken for each of the options and how the two areas for the EU wide certification scheme have been chosen. Given the relatively narrow focus of the outlined policy measures, the report should also demonstrate in a more transparent way the extent to which the measures can improve the described problems. More specifically, the report should clarify how the EU-wide conformity assessment scheme would work in the absence of the EU performance requirements and/or harmonised standards.

(5) Better present different stakeholder views. The report should present more clearly the different views of the key stakeholder groups on the problem definitions and broad policy measures discussed and demonstrate more clearly the acceptability of the measures among the affected groups and Member States in particular.

Some more technical comments have been transmitted directly to the author DG and are expected to be incorporated in the final version of impact assessment report.

(D) Procedure and presentation

The report should be carefully proofread and provide a glossary explaining technical terms.

(E) IAB scrutiny process

Reference number	2011/ENTR/014
External expertise used	No
Date of Board Meeting	14 December 2011