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**REPORT OF THE GROUP OF INDEPENDENT EXPERTS  
ON LEGISLATIVE AND ADMINISTRATIVE SIMPLIFICATION**

**SUMMARY AND PROPOSALS**

This report has been produced by the group of independent experts on legislative and administrative simplification set up by the Commission in September 1994 to assess the impact of Community and national legislation on employment and competitiveness with a view to finding ways of reducing and simplifying such legislation. The views expressed in the report are those of its authors and not necessarily those of the Commission.

June 1995

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**SUMMARY AND PROPOSALS**

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## **SUMMARY**

### **I. Regulatory frameworks must be reviewed if competitiveness and employment goals are to be achieved**

1. Production, trade and services need adequate regulation in many fields to establish a framework which facilitates business activity and confidence. However, at the same time legislation at all levels (Community and national) can inhibit firm's and citizens' capabilities to create employment and improve business dynamism. This adverse impact can result from the cost and uncertainties created by legislative complexity and rigidity, disproportionate administrative burdens and impediments to innovation.
2. Over-regulation stifles growth, reduces competitiveness and costs Europe jobs. The cumulative impact of regulation frustrates a culture of enterprise, hampers innovation and deters both domestic and inward investment.
3. Single Market measures can bring about simplification, at one level, by harmonizing separate and conflictory Member State regulation. The needs of the single market may, however, unless great care is taken, aggravate the burden of administrative and regulatory constraints on European businesses. Despite application of the subsidiarity principle, the superimposition of European, national and even regional and local legislation can lead to a cumulative burden which inhibits, rather than enhances the achievement of employment and competitiveness goals.
4. If Europe fails to take account of likely trends in the business environment, including its regulatory frameworks, it will suffer reduced competitiveness, slower economic growth and higher levels of unemployment. Europe cannot ignore the fact that other industrial countries with which it competes are making strenuous efforts to reduce their own regulatory burdens.
5. Regulatory and administrative simplification was recognized as an integral part of the comprehensive strategy for growth, competitiveness and employment in the Commission 1993 White Paper. Rejection of simplification at this stage would mean less progress in achieving the goals of this strategy.
6. Simplification means that it is essential to ensure that regulation imposes the least constraint on competitiveness and employment whilst maximising the benefits of direct government intervention. Deregulation means that, in some instances, an unavoidable extension of simplification will be the reduction or removal of government regulations, where such regulations are no longer necessary or where their objectives can be achieved more effectively through alternative mechanisms. Simplification and deregulation should be understood in this way when used in the present report.

## **II. Member States and the European Union must act together**

7. Regulation is both the responsibility of the EC and of national authorities at all levels. The cumulative impact on competitiveness and employment results first from the scope and character of the EC legislation, then from the rigour and evenness with which this legislation is transposed and applied in Member States. Finally additional burdens result from those regulations which are imposed by national governments acting in their areas of national competence.
8. The group has focused primarily on the first of these levels, ie: Community legislation but, where appropriate has noted cases in which the major constraint on competitiveness and employment arises from transposition to national law. The group has not attempted, in the time available, to tackle the third level, ie: the impact of purely national legislation.
9. There will be little purpose in the Union simplifying its legislation if, under the cover of subsidiarity or transposition, Member States take the opposite course.

## **III. A comprehensive action programme is now required**

10. In developing our proposals for an action programme we have taken into consideration actions that the Commission, in particular, has also set in hand. We believe that our proposals will build on these initiatives and ensure that forward momentum is accelerated and action is effective.
11. We have built our proposals for action on the following principles:
  - Wealth creation and sustained employment growth must be recognised as essential conditions to enable further improvement in the quality of life and can only now be achieved if the European economy is world class.
  - Standards to be achieved must be "affordable", given the competitiveness challenge, and must be based on objective need (based where appropriate on scientific evidence).
  - Business, workers and consumers should be consulted and actively involved both in helping to establish appropriate standards and in evaluating the most effective means to achieve them. We need to make best use of market instruments and commitments voluntarily undertaken as an alternative to direct regulation, when appropriate.
  - The impact of direct regulation (both individually and collectively) on competitiveness and employment must be explicitly considered in the design and review of legislation.
  - Simplification and even deregulation must be actively pursued as an

integral part of policies to enhance competitiveness.

Piecemeal reviews and incremental changes will not suffice. We need a wholesale change in the policy culture.

12. The Council of Ministers and the Commission have begun to address these questions. Our proposals for an action programme if implemented will reinforce and extend these efforts.
13. **The group intends that the present report should be a contribution to creating a culture of simplification leading, where necessary, to deregulation - deeply embedded at European Union and national level - stimulating competitiveness and employment.**

## **Proposals for action**

### **1. General proposals**

#### *Proposal 1*

*The present work undertaken by the EU institutions to consolidate legislation ("codification") in the different areas of actions of the Community should be accelerated. Member States should take a similar effort with respect to the transposition of Community legislation into national law.*

#### *Proposal 2*

*In respecting the "acquis communautaire", a programme of simplification, leading where necessary to deregulation, should cover all existing EC legislation and its transposition into national law with the objective of lowering the burdens on business and consumers and creating more opportunities for employment and competitiveness.*

#### *Proposal 3*

*Existing legislation should be tested against the same criteria as new legislation (proposals 4 and 6). The outcome and recommendations should be published as to whether, in the view of the Commission:*

- *the legislation is usable as it stands;*
- *it should be amended;*
- *it should be withdrawn.*

#### *Proposal 4*

*Before putting forward legislation the following questions should be addressed:*

- *is public action either necessary or desirable?*
- *on which level is the action required (Community level, national level)?*

- *is there an acceptable cost/benefit relationship for public action ? (taking all quantitative and qualitative factors into account, including impact on competitiveness and employment, in particular on SME's)*
- *what are the alternatives for public action ?*
- *if public authorities are to act, what is the most appropriate mechanism of action ?*
- *can the length of the period for which action is necessary be limited?*

**Proposal 5**

*When drafting a new piece of legislation, the Commission must ensure that a study is carried out on its incorporation into Member States' national legislation and publish the findings of the study.*

**Proposal 6**

*Each legislative proposal should respond to the following criterias:*

- *are the provisions understandable and user-friendly?*
- *are the provisions unambiguous in intent?*
- *are the provisions consistent with existing legislation?*
- *does the scope of the provisions need to be as wide as envisaged?*
- *are the time scales for compliance realistic and do they allow business to adapt?*
- *what review procedures have been put in place to ensure even enforcement and to review effectiveness and costs?*

**Proposal 7**

*Expert studies made for preparation of legislation should be published in order to create greater transparency in the legislative process.*

**Proposal 8**

*Consultation with those who are concerned by new regulations, in particular consumers, business and workers should be effective, systematic, and carried out in due time.*

**Proposal 9**

*The explanatory memorandum of all new proposals should indicate the expected impact on employment and competitiveness, costs and innovation.*

**Proposal 10**

*The grounds on which a Member State has supported or opposed a new piece of Community legislation should be made public.*

**Proposal 11**

*Any new important Community legislation should provide for a procedure for assessing its results, in particular the attainment of its objectives. These assessments should be made public.*

**Proposal 12**

*Member States should, in parallel with the Commission, simplify the legislation at all levels (national to local) including that which results from the transposition of Community legislation.*

**Proposal 13**

*The Commission should take a vigorous and active approach to auditing the transposition and enforcement of EC legislation at national level in order to avoid, in particular, that national legislation or practices hamper the unity of the Community market. The strengthening of the enforcement mechanism should be considered by the Commission in this context.*

**Proposal 14**

*The possibility of imposing financial penalties on Member States which fail to comply with judgements of the European Court of Justice concerning failure to implement or to enforce Community legislation, should be actively explored.*

**Proposal 15**

*The Community should consider whether there are areas in which Community regulation (as an alternative to directives) would provide the best reconciliation of simplification and single market objectives.*

**Proposal 16**

*The Community should energetically pursue the principle of mutual recognition wherever possible within a comprehensive simplification framework.*

**Proposal 17**

*The Community should, as far as possible, announce its legislative programme in the different areas at an early stage. The use of white and green papers by the Commission should be extended.*

**Proposal 18**

*Progress in simplification leading, where necessary, to deregulation at national levels should be monitored by the Commission and reported to the European Parliament and the Council. The Commission should allocate overall responsibility for this to one of its Members supported by a small central coordination unit.*

## **2. Machine standards**

### **Interpreting the Machinery Directive - A need for clarity**

#### **Clarifying the definition of machinery**

*Proposal 1*

*The definition of machinery should be clarified, in consultation with interested parties. The definition of machines to be included and excluded should be improved.*

*Proposal 2*

*With regard to "placing-on-the-market" it should be made clear that a machine should comply with the legal provisions in force on the date when it was actually "placed-on-the market" for the first time.*

*Proposal 3*

*The possibility to apply the Machinery Directive only to complete ready-for-use machines ("putting into service") and to safety components sold directly to the final users should be considered.*

#### **The CE mark**

*Proposal 4*

*The Commission should remove the uncertainties surrounding the application of the CE mark.*

#### **Safeguarding the "second-hand" machinery market**

*Proposal 5*

*The Machinery Directive should be reviewed to ensure that it doesn't inhibit an effective second-hand market for safe machines.*

### **Differentiating between directives - the need to avoid overlap**

#### **Defining electrical risks**

*Proposal 6*

*The agreement between the standards bodies to clarify the overlap between the Low-Voltage and Machinery Directives should be published as soon as possible.*

#### **Avoiding confusion on safety**

*Proposal 7*

*It should be clearly stated that the Machinery Directive, and any other relevant new approach directives, are excluded from the scope of the*



*Directive on General Product Safety (92/59/EEC).*

**Simplifying assessments**

*Proposal 8*

*A general review of the list and the criteria of high risk machines and safety components (Annex IV) is required, with a view to significantly limiting the categories of machines subject to special conformity assessment. In addition, unnecessary notification procedures should be eliminated.*

**Reducing compliance costs**

**Technical documentation**

*Proposal 9*

*The Machinery Directive requirements for a technical construction file should be simplified when a machine is produced in accordance with harmonized standards. In such cases a single document based on the EC declaration of conformity should be sufficient.*

**The language of instruction and declarations**

*Proposal 10*

*Annex V should be modified to make it clear that the copy of instructions contained in the technical file should be in the original language. Under this condition, the machine should be allowed to circulate with only a translation in the official language of the country of use.*

**Scope of the instructions**

*Proposal 11*

*Manufacturers should be obliged to provide instructions which, if observed, would ensure safe use, adjustment and maintenance of the machine in question. However specific requirements for the content of those instructions should be kept to the strictest necessary possible. It is urgent to present guides in order to facilitate the establishment of instructions by the manufacturers, especially the SMEs.*

**Creating market-oriented standards**

*Proposal 12*

*In order to ensure that the new approach and the associated harmonized standards support the development of the machinery sector as a source of competitiveness and employment, the Commission needs to ensure that each set of standards remains relevant in market and commercial terms.*

### **3. Food hygiene**

#### **Harmonization and simplification of the rules**

*Proposal 1*

*A single set of hygiene rules should be created, which should incorporate product specific hygiene arrangements (where these are truly required) in its annexes. This implies a revision and upgrading of horizontal Directive 93/43/EEC.*

*Proposal 2*

*When the single set of harmonized hygiene rules is created (proposal 1), there should be a general review of all product-specific regulation with a view to ensuring that it is understandable and that ambiguities in definitions, terminology, requirements and procedures are removed.*

#### **Proportionality in legislative design**

*Proposal 3*

*Vertical product directives should be revised in order to eliminate disproportionate burdens on business, and in particular SME's.*

*Proposal 4*

*The use of dried meat should be exempt from special legislation.*

*Proposal 5*

*Directive 91/497/EEC should be changed in order to allow the chilling of fresh meat during transportation to the benefit of both companies and consumers.*

*Proposal 6*

*Directive 91/497/EEC should be reviewed in order to reduce, wherever possible, the burdens on small abattoirs without compromising fresh meat safety standards.*

*Proposal 7*

*Microbiological standards in Directive 94/65/EC should be simplified taking into consideration the proportion of the specific health risks involved.*

*Proposal 8*

*The requirement to use health marks and to provide detailed transport documents should be less strict and more proportionate. A radical revision of this set of rules is needed.*

*Proposal 9*

*Directive 92/45/EEC on wild game should be reviewed in order for the*

*provisions to be built on a rigorous risk analysis.*

### **Using risk analysis**

*Proposal 10*

*In all food hygiene directives reference should be made to risk assessment as a basis for future measures.*

*Proposal 11*

*Data for, and understanding of, risk assessment should be improved and widely disseminated.*

*Proposal 12*

*Common principles of Hazard Analysis and Critical Control Points approach (HACCP) should be used as the foundation of all food hygiene legislation, taking into consideration the risks involved.*

### **Harmonizing, application and enforcement of regulation**

*Proposal 13*

*A review of product-specific directives based on a general application of HACCP principles should lead to less detailed and prescriptive provisions which could limit the recourse to derogations.*

*Proposal 14*

*Enforcement of food hygiene legislation should be equally effective across Member States, both inside the Union and at its external borders. Standards of enforcement and control in the Member States should be harmonised and supervised by the Community inspectorate.*

### **Choice of legal instruments**

*Proposal 15*

*On important matters, the Community should consider the use of Community regulations in order to ensure a high and equal level of protection. In other areas, the Union should, wherever practicable, make use of alternative instruments such as mutual recognition, subsidies and codes of conduct drawn up by the trade bodies concerned.*

### **Closer harmonisation with internationally recognised practice**

*Proposal 16*

*European food hygiene legislation should be referenced to the Codex Alimentarius' standards where these are satisfactory. The Union should play a stronger role in developing a common Community position which can be adopted at the world level.*

## **4. Employment and social policy**

### **Labour law**

#### **A new approach**

##### *Proposal 1*

*In order to achieve a real simplification in relation to labour law, the Community should explore the possibility to agree upon fundamental rights and principles directly applicable in the Member States.*

##### *Proposal 2*

*Community legislation should primarily focus on recognized trans-national problems. The relevant legislation should be as simple as possible.*

#### **General proposals**

##### *Proposal 3*

*The Community should coordinate the terminology used in legislation pertaining to labour law.*

##### *Proposal 4*

*The Commission must make use as often as possible of explanatory notes to indicate the broad lines of Community law.*

##### *Proposal 5*

*The Commission should ensure, in close cooperation with the national public authorities, the social partners and other relevant organizations, that Community labour law is properly applied in the various Member States. The relevant analyses should be made public.*

#### **Specific proposals**

##### **Choice of instruments**

##### *Proposal 6*

*Wherever the situation is trans-national by definition, recourse to a regulation should be possible and should be considered as a priority.*

##### *Proposal 7*

*It is important that, in liaison with the Commission, the social partners agree as soon as possible on arrangements which would render legislative initiative on the part of the Community superfluous.*

## Content of certain directives

### *Proposal 8*

*There should be a simple rule at Community level on the right of all paid employees to be informed, as quickly as possible, of their essential conditions of employment and the employer's corresponding obligation to provide the appropriate information.*

### *Proposal 9*

*On subjects which are as complex and important for the creation of jobs and for developing new forms of work and lifestyles as the organisation of working time, it is important to base directives on thorough analysis. It is particularly important to ensure the necessary flexibility taking into account both the interests of the employers and the workers. Directive 93/104 should be reviewed with a view to defining general orientations. There should be a simple and realistic rule for calculating the reference period for determining weekly working time: a maximum period of 12 months (rather than 4 months) should be laid down for the compensation of overtime. This period being a maximum one, it is possible for Member States and social partners to provide for a shorter period.*

### *Proposal 10*

*In encouraging the development of flexible forms of employment, the Community should ensure the upholding of the principle of equal treatment of workers, whatever forms of employment are concerned.*

## Health and safety at work

### **Integrating directives**

#### *Proposal 11*

*The Community should accelerate the review and the codification of all directives. Coherence of the terminology used in the various health and safety directives should be ensured. Overlapping between directives should be prevented.*

#### *Proposal 12*

*Until the proposed review is done, there should be a strong presumption against new regulatory initiatives at the European level. There would need to be convincing arguments for any breach. Greater focus is necessary on effective implementation of directives which have already been adopted.*

#### *Proposal 13*

*The implementation and enforcement by Member States of Community health and safety at work legislation should be strengthened. A specific short, comparative annual report should be published by the*

*Commission within the subsequent year.*

**Proposal 14**

*In the context of the desired review, proposals for directives currently submitted before the Council should be reexamined; this concerns in particular the proposal for a directive on the minimum safety requirements for workers exposed to risks due to physical agents and the proposal for a directive on the minimum safety requirements for workers exposed to risks due to chemical agents.*

**Proposal 15**

*It should be clarified that an employer is meeting his obligations for the installation of a new machine if he is following instructions accompanying a new machine which conforms to the health and safety characteristics imposed by the Machinery Directive unless he had grounds for believing the instructions to be erroneous.*

**Proposal 16**

*It should be clarified that an employer who installs a new machine which conforms to the health and safety characteristics imposed by the Machinery Directive, should not be obliged to evaluate this machine again on installation.*

**Proposal 17**

*The same clarification is necessary for an employer who uses equipment which conforms to the Personal Protective Equipment Directive (89/686/EEC).*

**Proposal 18**

*In general, Article 118a should not be used to impose requirements in respect of matters already covered by Article 100a harmonizing measures. In particular, provisions linked to the design and construction of goods, machines and equipment should be based on Article 100a.*

**Small and medium-sized enterprises**

**Proposal 19**

*Health and safety legislation should effectively take into consideration the needs of small and medium-sized enterprises whilst ensuring the same high level of protection. Special attention should be paid to involving those with practical SME experience in the design of health and safety legislation.*

**Scientific evidence**

**Proposal 20**

*All health and safety legislation should as far as possible be based on*

*well-established scientific data which justify its existence.*

**Proposal 21**

*Legislation must be regularly reviewed to take account of new scientific data and technological innovation in equipment.*

**Proposal 22**

*Prescriptive details such as in the Display Screen Equipment Directive, should be reviewed taking into account technological development.*

**Simplifying excessively detailed rules**

**Proposal 23**

*Obligations imposed by the directives, and in particular their annexes, should not be unduly detailed. An obligation should be defined by reference to a general description of the specific topic which an employer is bound to consider, such as:*

- *a safe system of work;*
- *a safe and healthy workplace;*
- *proper training;*
- *safe work equipment;*
- *provision of protective equipment.*
- *etc.*

*Detailed requirements specifying the extent of their obligations should be presented, if possible, in the form of guides for employers or recommendations to Member States.*

**Proposal 24**

*Legislation that affects working practices such as manual or repetitive work should only be considered where it addresses recognized health and safety risks.*

**Risks in special activities**

**Proposal 25**

*When a specific well-defined and not unlawful activity, such as private emergency services or employed sportsmen, involves a known, unavoidable risk to a worker, and where safety and health of the worker cannot be ensured on the basis of a general provision of the current legislation even though the employer has taken all appropriate precautions against the risk consistent with the continuance of the activity, consideration should be given to introducing specific complementary Community legislation to clarify the rights and obligation of the concerned parties.*

## **Modification of existing work equipment**

### *Proposal 26*

*Taking into account the unequal level of transposition of the Work Equipment Directive (89/655/EEC) by the Member States and the efforts developed by many of them to attenuate the difficulties caused by the 1 January 1997 deadline for the compliance of old work equipment, the Commission should urgently convene the interested parties in order to adopt common solutions. The costs for implementing this directive should be balanced against the investments which would be involved in the renewal of work equipment in normal investment cycle.*

## **5. Environment**

### **Policy development**

#### *Proposal 1*

*The new approach to environmental regulation, which stresses the setting of general environmental targets whilst leaving the Member States and, in particular, industry the flexibility to choose the means of implementation, should be pursued vigorously, and should be the basis for a full scale phased review of existing environmental legislation.*

#### *Proposal 2*

*Policy should, wherever possible, be designed to achieve a required level of environmental quality, bearing in mind available technology; balancing known emissions with the carrying capacity of the environment, and minimizing leaks such as uncontrolled waste or fugitive emissions.*

#### *Proposal 3*

*Where a significant degree of harmonisation of basic environmental standards is necessary to avoid distortion of competition, that too should be based on targets rather than prescription.*

#### *Proposal 4*

*The implementation of policies aimed at broad environmental goals should, where appropriate, approach the environment through the integrated chain management of substances, focusing on inputs, process, waste, emissions, and the consumption and disposal of the final output.*

#### *Proposal 5*

*As environmental policy increasingly shifts responsibility for implementation to the private sector, governments need to develop new ways to check that firms are meeting their obligations.*



## **Implementation and enforcement**

### *Proposal 6*

*The implementation and enforcement by Member States of Community environmental legislation should be strengthened. A specific, short, comparative annual report should be published by the Commission within the subsequent year.*

## **Environmental impact assesment- the unlevel building site**

### *Proposal 7*

*The Commission should consider how to ensure that Member States use the same definition, or the closest possible definition, of projects likely to have significant effects on the environment and hence subject to an assessment under the Environmental Impact Assessment Directive (85/337/EEC).*

### *Proposal 8*

*Construction and infrastructure projects in receipt of Community funds should demonstrate that a satisfactory environmental impact assessment was prepared, in advance of work commencing, before Community funds are paid.*

## **Cost benefit analysis**

### *Proposal 9*

*Proposals should not be brought forward unless the cost benefit analysis has demonstrated that the action could be justified, and that specific objectives or targets are based on sound cost-benefit and scientific analyses.*

### *Proposal 10*

*Any new proposal should be accompanied by a careful analysis or whether or not market-based methods could be employed to achieve the same goals; where a market based approach is feasible, any departures from it should be justified.*

## **Definitions**

### *Proposal 11*

*Definitions should be as clear as possible, and consistent across directives. To facilitate this process, review dates of related directives should be brought into line.*

## **Waste**

### *Proposal 12*

*In the Waste Framework Directive, waste should be redefined as those*

*substances which have fallen out of any production or manufacturing cycle.*

*Proposal 13*

*A timetable should be agreed and announced for the simultaneous review of all regulations affecting waste with the aim of consolidating, simplifying and clarifying.*

*Proposal 14*

*The Community should rapidly adopt minimum standards for landfill in order to reduce barriers to trade.*

*Proposal 15*

*Given the problems of matching waste processing capacity to demand and achieving economies of scale in recycling, the Community should work to remove artificial national barriers to shipment of waste for recovery.*

*Proposal 16*

*Product waste policy should place greater emphasis on voluntary agreements. To avoid competitive distortion, a high degree of harmonisation of product waste policy or - at minimum - mutual acceptance of national measures is necessary.*

*Proposal 17*

*The Commission should indicate the conditions under which voluntary agreements in the field of waste disposal are consistent with EC competition legislation.*

*Proposal 18*

*The implementation of the Packaging and Packaging Waste Directive (94/62/EC) should be reviewed by the Commission, two years from the date by which the Directive must be implemented in national law, in order to assess the extent of effective mutual recognition and to report any specific problems.*

**Water**

*Proposal 19*

*All water quality legislation and legislation relating to the discharge of substances to them, should be consolidated, taking full account of the trade-offs between them (and other pieces of legislation such as the proposed Integrated Pollution Prevention and Control Directive).*

*Proposal 20*

*Given the importance of the proposed Integrated Pollution Prevention and Control (IPPC) Directive for the future water policy of the Community, it is essential to clarify urgently the impact of this*

*proposed directive on existing legislation. It is particularly important to avoid placing unjustified burdens on less polluting plants, and to learn from the experience of national integrated programmes in other fields. Appropriate means of monitoring and enforcement should be assured.*

*Proposal 21*

*The Drinking Water Directive (80/778/EEC) should be amended along the lines envisaged in the Commission proposal to drop all 40 guide levels, set values at EU level only for those parameters essential to protect public health whilst leaving Member States the flexibility to set additional parameters for regional or local supply, and leave Member States to set their own standards for aesthetic parameters (colour, taste, smell).*

*Proposal 22*

*The time scale for adaptation in the Urban Waste Water Treatment Directive (91/271/EEC) should be reviewed.*

**Other measures**

*Proposal 23*

*The pressures for a European Polluting Emissions Register should be resisted; it is for the European Environment Agency to consider how best to collect data and to inform the various audiences.*

**6. Further areas of concern**

**Biotechnology**

*Proposal 1*

*Operations for research purposes should not be limited to a specific limit of culture volume. The non-risk based differential treatment of operations for administrative purposes should be abolished (deletion of paragraphs (d) and (e) from Article 2 of Directive 90/219/EEC).*

*Proposal 2*

*Operations involving organisms which pose no risk to man or the environment should be exempted from the administrative procedures of Directive 90/219/EEC.*

*Proposal 3*

*The present procedure for the low-risk group, Group I, should be replaced by the introduction of a notification procedure without a waiting period.*

*Proposal 4*

*The procedures for the approval of the deliberate release of genetically*

*modified organisms (Part B of Directive 90/220/EEC) should be simplified in such a way that one single approval suffices for multi-state releases. For the placing on the market of products containing genetically modified organisms (Part C of Directive 90/220/EEC) the principle of "one door-one key" should be implemented by way of adoption of vertical legislation.*

*Proposal 5*

*The Commission should put forward as soon as possible a new proposal for the legal protection of biotechnological inventions in order to avoid further increasing the gap between the legislative framework for investment in the EU and in its main competitive countries.*

**Public procurement**

*Proposal 6*

*As far as the instrument of the directive is chosen, they must be transposed within the time-limits laid down.*

*Proposal 7*

*The scope of directives which are meant to facilitate access to public procurement ought not to be altered by national rules directly or indirectly limiting their effect.*

*Proposal 8*

*The Community should consider replacing directives by a set of clearly defined principles underpinned if necessary by a regulation in order to avoid differences between Member States and to promote transparency.*

*Proposal 9*

*Member States should ensure that sanctions, applying in the event of violation of Community rules on public procurement, are equally effective across the Community.*

*Proposal 10*

*While the principle of publication of contracts in their entirety should be maintained, there should be wider recourse to national or international subcontracting, so as to enable SMEs to take part.*

**Construction products**

*Proposal 11*

*The establishment of harmonized European standards for construction products should be speeded up. In the meantime, the Commission should prepare proposals to achieve these goals by completing and implementing as soon as possible the Article 23 review of the Construction Products Directive (89/106/EEC) and by allowing*

*manufacturers to sell their products in other Member States.*

## **Rules of origin**

### *Proposal 12*

*Taking into account the difficulties in the Community caused by the variety of rules of origin, the Commission should, as rapidly as possible, make concrete proposals to simplify these rules along the lines of the conclusions of the European Council of Essen, keeping in mind the trade interests of the Community.*

## **7. Small and medium-sized enterprises**

### **Identifying the SME interest**

#### *Proposal 1*

*In order to limit the costs and constraints on SMEs imposed by new legislation, the Community should improve the scope and application of the ex-ante impact assessment procedures. Increased consultation with representatives of SMEs is required and cost-benefit analyses focussed on the impact on growth, employment and competitiveness with a special reference to SMEs, should be published as a matter of routine for all new proposals.*

#### *Proposal 2*

*The Community should adopt procedures to identify the impact of the cumulative burden of legislation on SMEs and should ensure that this analysis is taken fully into account when considering specific new proposals.*

### **The role of Member States**

#### *Proposal 3*

*Using its powers of Recommendation, and based on systematic research, the Community should intensify the spread of best practice policies for SME development focusing on both the transposition of Community Directives and national legislative and administrative practices. This spread of best practices could, in particular, deal with the creation of one-stop shops capable of providing SMEs with necessary informations and with the grouping of the various forms of decisions, authorizations or controls from public authorities which affect the creation and the development of SMEs.*

### **Company law**

#### **Access to capital and credit**

*Proposal 4*

*The Fourth Directive on Company Law (78/660/EEC) should be amended in order to substantially increase (by 50-100%) the thresholds for abridged accounts, limited disclosure or outside auditing. General disclosure requirements should also be kept under close review to ensure that they provide an appropriate balance between costs to SMEs and the need for transparency in corporate performance. The case of GmbH & Co Kg should be reconsidered.*

**Access to the Single Market**

*Proposal 5*

*The Community should make recommendations to ensure that national legislation does not inhibit cross-border investments and acquisition by SMEs, as well as the free provision of services.*

*Proposal 6*

*Council Regulation (EEC) No 2137/85 on the European Economic Interest Grouping should be amended in order to transform this associative form into a modern legal instrument for SMEs which helps to develop the economic activities of the group members and to enhance the result of these activities. These amendments should reduce or eliminate existing operational restrictions for members or the grouping itself, without undermining the Community's commitment to competition.*

*Proposal 7*

*The Community should introduce proposals for new directives on corporate organisation of specific relevance for the development of SMEs. These could include the statutes of a European SME Company.*

*Proposal 8*

*The Community should make consistent recommendations on Company Law to Member States in order to promote the development of simplified legal statutes for closely held limited liability companies.*

**Statistics**

*Proposal 9*

*A short moratorium on further EC statistical requirements should be declared whilst thresholds, the use of sampling and the frequency of surveys are reviewed and revised as appropriate.*

*Proposal 10*

*Procedures should be developed to ensure that providers and final users are consulted on all proposals for new EC statistical regulations and that impact assessments are prepared.*

*Proposal 11*

*The Community should reduce the burdens of statistical reporting for SMEs, for example by:*

- *achieving close coordination of INTRASTAT and VAT reporting*
- *abolishing the obligation of Member States to establish business registers*
- *reducing the coverage of structural business statistics;*
- *making more extensive use of sampling techniques.*

**Social and environmental protection**

*Proposal 12*

*Implementation periods for new legislation should be realistic and based on an objective understanding of affordability in the SME sector.*

*Proposal 13*

*Member States should be encouraged to use inspection and enforcement resources to work with SMEs in developing efficient processes to achieve appropriate standards of protection.*

*Proposal 14*

*The Community should facilitate the sharing of best-practice applications in regard to SMEs, both between inspection and enforcement agencies and between SMEs themselves.*