



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 08.05.1996  
COM(96) 204 final

1

COMMUNICATION FROM THE COMMISSION  
TO THE COUNCIL AND THE EUROPEAN PARLIAMENT

**Simpler Legislation for the Internal Market (SLIM): A Pilot Project**

1. There is a growing political consensus within the Union in favour of the simplification of legislation: over-complicated regulation carries a high economic cost, endangering the competitiveness of industry and its employment-creating potential. Divergent national regulations and inadequate Community measures could damage the functioning of the Internal Market. All regulation - whether at Community or national level - must be fully justified and proportionate to its objectives. This applies both to new legislative initiatives and to existing legislation, which should be monitored to ensure that it continues to be appropriate in changing economic, social and technological circumstances. The Commission has, in recent years, undertaken several initiatives with regard to the simplification of legislation. For instance, it submitted to the European Council of Brussels in December 1993 a substantial adjustment programme of existing legislation and has implemented the vast majority of actions put forward in this programme. The Commission has also reported to the European Council at its end-of-year meetings, most recently to the Madrid European Council in the report "Better Law-Making". Examples of simplification initiatives are given in Annex 1.
  
2. While much progress has already been made, no effort can be spared to streamline the Community legislative framework for economic activity in the Union, whilst at the same time safeguarding the essential elements of the *acquis communautaire* and ensuring a high level of health and safety and protection of the environment and of consumers. The Commission's earlier initiatives provide an excellent basis on which to build a new, targeted approach to reviewing and simplifying legislation, in partnership with the Member States and with those affected by the legislation. The Commission has responded to the consensus among Internal Market Ministers at their informal meeting in Rome on 24 February 1996 in favour of launching a "pilot scheme" to assess how best to reduce the burden on business of single market rules in particular sectors. The exercise will provide a test-bed for more wide-ranging action. As the Molitor Group (which itself included several business representatives) emphasised, the business community must be at the forefront of the drive for simplification and should be consulted by the Commission.
  
3. To meet this call for action, the Commission proposes to follow these "guiding principles", which are fully in line with the views expressed at the Rome meeting :
  - 1: simplification should be targeted on a few sectors in order to demonstrate rapid and concrete progress;
  - 2: business and other interested parties should be contribute directly to the exercise;
  - 3: a progress report should be ready for consideration by the Council at the end of 1996.

#### A PRACTICAL WAY FORWARD

##### *Objectives of the pilot project*

4. This Communication describes the pilot project phase of this initiative. It aims at making, by November 1996, concrete suggestions about ways in which legislation in four areas could be simplified. This would include not only Community legislation as such but also any unharmonised national legislation affecting the sector concerned.

The degree of progress achieved in relation to these areas of legislation within the time available will be used as a basis for evaluating the success or failure of the working method outlined in this Communication. The Commission's intention is that the approach should be extended more widely when it has been successfully tested.

*Sectors to be examined in the pilot project*

5. The Commission has selected four sectors for a pilot project on simplification. Certain areas proposed at the informal meeting of Internal Market Ministers in Rome on 24 February have not been included because they are subject to imminent Commission proposals:

**Foodstuffs:** As indicated in the comments of the Commission on the report of the Molitor Group<sup>1</sup>, the Commission is working on a general reappraisal of the whole area of food law with a view to the presentation of a Green Paper which will cover, inter alia, the coherence of Community legislation and the scope for simplification and rationalisation of the legislation. The Commission has already adopted, on 17 April 1996, proposals for seven vertical Directives to simplify legislation on certain foodstuffs and consultation of interested groups on the simplification of veterinary legislation is under way;

**Machines:** The Commission also indicated its work programme for this sector in its comments on the Molitor report: it will first propose a codification of the Machinery Directive in preparation for its revision. In parallel, it is working on appropriate amendments to be proposed at the end of 1997;

**Public Procurement:** The Commission is preparing a Green Paper on the present and future operation of public procurement rules.

The Commission considers that inclusion of these exercises, which are already well advanced, in the SLIM pilot project would duplicate work already undertaken and would not further speed up simplification in these areas. It has therefore considered how to add to the existing initiatives by focusing on other areas known to be of concern to business or other interested parties.

The four sectors selected by the Commission are:

Intrastat, the system for collecting statistics on intra-Community trade;

Technical regulations on construction products;

Legislation relating to the mutual recognition of diplomas.

Legislation relating to ornamental plants.

The pilot project will thus cover one area relevant to business as a whole, one relating to agricultural and one to industrial legislation, and an area of legislation which is of direct interest to individual citizens.

---

<sup>1</sup>Comments of the Commission on the Report of the Independent Experts Group on Legislative and Administrative Simplification (SEC(95) 2121 final, 29.11.1995)

Annex 2 outlines the aspects of legislation in each area which should be the object of particular attention.

### *Methodology*

#### (i) Outline

6. The work will be carried out by four small teams, each devoted to the examination of one of the chosen areas. These "SLIM" teams (Simpler Legislation for the Internal Market), will bring together the Commission and the representatives of a few Member States and of the users of the legislation, such as business (producers and traders, including SMEs) and, where appropriate, consumers.

The task of each SLIM team is to contribute to the preparation of the report to the Council, in time for the November meeting of the Internal Market Council, which will:

- summarise the need for simplification, including the identification of any national legislation which poses problems for users;
- outline proposals considered by the SLIM teams and their likely effects in terms of meeting the objectives of the legislation while at the same time reducing costs for business and improving the effectiveness of implementation;
- if appropriate, propose further detailed action;
- report on progress being made on codification and related methods of simplification; and
- evaluate the effectiveness of the approach adopted in the pilot project.

#### (ii) Appointment of members of SLIM teams

7. Each team will be chaired by a personally nominated Commission representative, with a strictly limited membership in equal proportion of representatives from Member State administrations and users of the legislation. Commission officials from interested departments will also attend as observers.

Member State representation: In the interests of facilitating an efficient working atmosphere and rapid progress, the Commission will keep the teams small. This will be impossible to achieve if all Member States are to be represented on each team. The Commission therefore envisages limiting Member State representation to about 4 persons in each team. It will therefore invite Member States to indicate the teams in which they are interested in participating in order of preference. They will then be invited to participate in one team. The Commission will invite Member States to make their views known to the teams in which they are not represented. There will also be regular reports to all Member States through the sectoral committees (see iii below) and the Internal Market Advisory Committee.

User representation: The number of user representatives appointed by the Commission will be the same as that of Member States. The Commission intends to approach European and, in some cases, national organisations representing user interests in order to identify user representatives. The appointment of business representatives will take account of the particular importance of simplification for SMEs.

(iii) Keeping Sectoral Committees informed

8. The relevant committee(s) responsible for Community legislation in each sector will be informed of the progress of the work of the relevant SLIM team. The committees concerned are as follows:

Intrastat: Committee on the Statistics relating to the Trading of Goods between Member States;  
Statistical Programme Committee;  
Customs Code Committee - Tariff and Statistical Nomenclature Section.

Construction products: Standing Committee for construction  
Committee 83/189 on technical rules

Diplomas: Committee of Senior Officials responsible for public health;  
Ad-hoc Committees of senior officials responsible for veterinary surgeons and architects;  
Pharmaceutical Committee;  
the seven Advisory Committees on Education and Training attached to the seven sectoral Directives;  
the Coordinators' Group established by the general system Directives.

Ornamental plants: Standing Committee for Propagating Material and Ornamental Plants

CONCLUSION

9. The Commission invites the Council and the European Parliament to support the initiative outlined in the present Communication and to examine constructively the conclusions of the report on the outcome of the pilot project which the Commission will present in November 1996.

Annex 1EXAMPLES OF SIMPLIFICATION WORK ALREADY COMPLETED OR IN PROGRESS**OVERALL APPROACH**

For some time now, the Commission has been working to simplify Community legislation. In 1993 it presented a plan for streamlining existing legislation to the Brussels European Council and to the European Parliament; almost all the specific proposals based on that plan have now been adopted. The areas covered include: foodstuffs, the environment, taxation, mutual recognition of qualifications, competition and consumer protection. Simplification work will also be undertaken in fields not covered by the original plan.

The issue of legislative and administrative simplification was also examined by a group of independent experts (the Molitor group) set up by the Commission, which presented an assessment of the group's initial proposals at the Cannes European Council in June 1995 and its comments on all the group's proposals in November 1995.

In addition, the Commission has set up a Committee on Improving and Simplifying the Business Environment which, with Member States and business organisations, examines how to simplify administrative procedures based on Community or national legislation which create barriers and excessive compliance costs, particularly for SMEs. Following a Forum in Paris in June 1995 and the establishment of working groups, Commission Recommendations to Member States on administrative simplification are likely.

**SPECIFIC CASES**

Simplification measures already presented:

- simplification of seven vertical Directives on foodstuffs;
- communication sent to the Council and to Parliament regarding Community policy on water; among other things, it envisages the presentation, during 1996, of a proposal for a framework Directive to replace all the existing Directives on water supplies;
- mutual recognition of qualifications: a Directive covering commerce and craft occupations;
- Community legislation on the rational use of energy and on petroleum products.

Simplification measures currently being prepared:

- Green Paper on foodstuffs law;
- proposals for Directives on medicinal products for (i) veterinary use and (ii) human use;

simplification exercise with regard to veterinary hygiene;

proposal for simplifying the Community rules on plant health, together with supplementary plant-health measures in view of the single market (procedures and resources for imports from third countries).

## Annex 2

### Aspects of the legislation requiring particular attention with a view to simplification

#### INTRASTAT

The INTRASTAT system is governed by a basic Council Regulation (EEC) No 3330/91 and by various Commission Regulations (in particular Regulation (EEC) No 3046/92 laying down implementing provisions).

Operational since 1993, INTRASTAT is still not producing results of sufficiently high quality as regards either overall trade or detailed data on specific goods, and the system is taking too long to compile statistics.

Despite the numerous simplification measures taken, businesses (and particularly SMEs) providing data still regard the system as imposing an excessive burden.

A survey conducted in February 1996 among the suppliers and users of INTRASTAT data, together with the seminar on the system held in Luxembourg on 13 and 14 March, confirmed that this was still the case and enabled various possible means of improvement and simplification to be identified.

There was broad agreement on the need to continue the EDICOM measures undertaken to modernize and automate data collection and processing - particularly by making greater use of EDI, an indispensable means of making input easier and ensuring that the resulting statistics are more reliable and more up-to-date.

The other measure advocated by a majority of firms and most suited to bringing about a significant improvement is simplifying the nomenclature for the classification of goods.

The SLIM team should advise whether, as requirements for intra-Community trade data change in the run-up to monetary union, more fundamental alterations should be made to INTRASTAT such that, for example, a given Member State would have to record only one trade flow and could calculate the remainder from the corresponding data supplied by the other Member States.

Since the differing needs of those supplying and those using the data (which were clearly brought out during the various consultations) make such radical changes difficult to implement, the basis for doing so has to be an unambiguous political resolve on the part of all Member States.

The other measures envisaged are less wide-ranging, being designed instead to consolidate and improve current procedures. Such measures, which include reducing the



number of variables required, bringing INTRASTAT response times into line with those for taxation, raising the thresholds and shortening the intervals, are being examined on a case-by-case basis and assessed in terms of how much they would improve quality and reduce the administrative burden.

The assessment of the Member States' national systems carried out at the end of 1995 resulted in a number of specific proposals for improving INTRASTAT (particularly as regards the procedures for aligning data, processing and monitoring, and harmonizing legal procedures and provisions); once these proposals have been examined, current legislation could be amended accordingly.

### Construction products

The SLIM team should review the operation of the construction products Directive adopted in 1988.

This Directive is the instrument for assuring a single market for all construction products. It relies on the adoption of European technical specifications - in particular standards - which are a compulsory element to be taken into account for assessing the conformity of products and permitting CE marking.

The Directive will only be effective once harmonised standards are adopted. To date, none have been adopted.

This situation arises from the fact that firstly, the Directive requires many decisions to be taken and other preparatory work to be done before standards can be adopted and, secondly, that there is no alternative basis for CE marking but conformity to these standards.

In the framework of the debate on the report on the operation of the Directive in 1995, all parties acknowledged that commitments must be made to speeding up the operation of the Directive. In parallel, parties agreed to continue to deliberate on the functioning of the internal market in this sector.

The SLIM team's contribution is therefore required on the improvement needed in the functioning of the internal market as well as on implementation of the Directive.

This reflection might, inter alia, tackle the long delays needed for CE marking of construction products and the increase in national measures taken by Member States in the meantime which disrupt the internal market.

### Mutual recognition of diplomas

The SLIM team should review the structure and operation of the seven sectoral Directives governing doctors, nurses responsible for general care, veterinary surgeons, dental practitioners, midwives, architects and pharmacists, adopted between 1975 and 1985.

With the exception of the Directive governing architects, these Directives lay down minimum common standards of education and training for the profession concerned and

contain lists of national diplomas which meet these common standards and as a consequence benefit from automatic mutual recognition. For architects, the Directive lays down certain criteria which must be met in order for a diploma to benefit from mutual recognition; however, Member States may continue to award diplomas in the field of architecture which do not meet these criteria and, as a result, fall outside the scope of the recognition provided for in the Directive.

The sectoral approach, which creates a certain European profile for education and training, obliged many Member States to amend national legislation governing access to the professions concerned and in some cases (for example, dentists in Italy and Austria) it required the creation of a profession which had not previously existed. The sectoral Directives may also impede reform at national level, when the changes envisaged would render national rules incompatible with the relevant Directive. This was one of the reasons which led the Community to adopt a new approach to recognition of diplomas - the general system - which leaves to Member States the decisions as to the appropriate level and structure of education and training and the need for regulation. However, the general system, unlike the sectoral Directives, does not offer the migrant a guarantee of automatic recognition.

In addition, the need to keep the agreed common rules on education and training under review resulted in the creation, for each sectoral Directive, of an Advisory Committee. These committees, which are currently composed of 45 members, place a considerable administrative burden on the Commission. They issue recommendations and opinions addressed to the Member States and also advise the Commission as to whether amendments to the Directives are necessary; in practice, few of their recommendations for changes to the Directives have met with the approval of the Member States.

### Ornamental plants

The SLIM team should review the transparency and the operation of the ornamental plants Directive adopted in 1991 with a view to the single market.

This Directive has harmonised different measures, established at national or regional levels, to set out minimum quality standards and conditions at Community level with supporting accreditation procedures and documentary evidence, and to ensure the free marketing of propagating material of ornamental plants complying with such standards and conditions.

Due to its hurried adoption at the end of 1991, there are various inconsistencies in the text which have given rise to problems of interpretation for Member States when transposing and implementing the legislation. In an attempt to overcome these problems, the Commission issued an Interpretative Note to Member States in 1992 on those provisions which had caused most difficulty. However, this was not sufficient to ensure rapid and uniform implementation by Member States.

In addition, one Member State wrote to the Commission asking it to review the Directive in certain areas: in particular the scope, the exceptions for the local market, the exceptions for woody plants and the requirements relating to varieties.

Finally, due to the difficulties outlined above, the Commission has not been able to develop further implementing measures required by the Directive.

The SLIM team's contribution is therefore required for an improvement of the Directive to permit speedy adoption by the Commission of the necessary implementing measures, as well as rapid and uniform implementation by Member States.

## Financial Statement

### 1. TITLE OF OPERATION

Simpler Legislation for the Internal Market (SLIM) Pilot Project (to be implemented by the establishment of four working groups to be known as "SLIM Teams").

### 2. BUDGET HEADING CONCERNED

A 250: Meetings and convocations

### 3. LEGAL BASIS

Articles 3c, 7A, 48-66, 100A of the Treaty

### 4. DESCRIPTION OF THE OPERATION :

#### 4.1 Objectives

The Pilot Project aims at making, by November 1996, concrete suggestions about ways in which legislation in four areas could be simplified. These are INTRASTAT, construction products, mutual recognition of diplomas, and ornamental plants. The purpose of this simplification is to improve the competitiveness of business and its employment-creating potential by ensuring that over-complicated regulation at Community or national level does not impede its effective participation in the Single Market and to improve the effectiveness of the legislation on the mutual recognition of diplomas.

#### 4.2 Duration

The SLIM teams will be appointed in June 1996 and will be required to contribute to a report which will be submitted to Council and Parliament in November 1996.

### 5. CLASSIFICATION OF EXPENDITURE/REVENUE

#### 5.1 Non-compulsory expenditure

#### 5.2 Differentiated appropriations

#### 5.3 Nature of revenues: Not applicable

### 6. NATURE EXPENDITURE/REVENUE

#### 6.1 Nature of expenditure

Meeting expenses for the 32 members of the SLIM teams (8 per team): 5 one-day meetings per team in Brussels.

#### 6.2 Revenues

The pilot project is financed 100% by the Community budget

## 7. FINANCIAL IMPACT ON THE OPERATIONAL APPROPRIATIONS

None

## 8. ANTI-FRAUD MEASURES

The verification of the expenses claimed for attendance at meetings will be undertaken by the Commission service providing the secretariat for the SLIM team in question (Eurostat, DG III, DG VI or DG XV).

## 9. ELEMENTS OF COST-EFFECTIVENESS ANALYSIS

### 9.1. Specific quantifiable objectives, target population

- The pilot project aims at making, by November 1996, concrete suggestions about ways in which legislation in four areas could be simplified. This would include not only Community legislation as such but also any unharmonised national legislation affecting the sector concerned. The degree of progress achieved in relation to these areas of legislation within the time available will be used as a basis for evaluating the success or failure of the working method outlined in this Communication.
- Target population : The pilot project is targeted on the needs of businesses and professional people throughout the Community for clear, simple and proportionate regulation that allows them to exercise their Single Market rights without unnecessary restrictions or excessive expense. Small and medium-sized enterprises are particularly affected by compliance costs.

### 9.2. Grounds for the operation

#### 9.2.1 Need for the budgetary intervention of the Community

The pilot project is designed to improve the operation of the single market by simplifying and improving some of the rules which govern it. The economic benefits to be expected from such simplification more than justify the intervention proposed.

This action is to be seen in the light of the Commission's other activities with regard to the simplification and codification of legislation (see the report to the European Council of December 1995, "Better Law-Making").

#### 9.2.2 Choice of the method of intervention

The choice of the "SLIM team" approach, which will bring together the Commission, a small number of Member States and representatives of those affected by the legislation in small working groups is dictated by the need to bring together the different perspectives of those involved with enforcing the legislation and those affected by it. The teams are deliberately small in order to facilitate a genuine exchange of views which may be more difficult in larger and more formal groups and in to facilitate rapid progress.

#### 9.2.3 Main factors of uncertainty which could affect the specific results of the operation

Given that the exercise is a pilot project, there is inevitably a degree of uncertainty as to the possibility of achieving the expected results. The size of the groups, the choice of members, the sectors chosen and the deadline imposed are all factors that may influence the outcome.

### **9.3 Monitoring and evaluation of the operation**

#### **9.3.1 Performance indicators**

See 9.3.2

#### **9.3.2 Methods and frequency of the evaluation foreseen**

Progress will be reported periodically to a Group of Commissioners, as decide by the Commission on 27 March 1996.

Progress will also be reported to the Internal Market Advisory Committee and to the sectoral committees concerned.

Within the Commission, the services responsible for the different SLIM teams and other interested services concerned will meet to review progress and compare experiences in the operation of the pilot project.

A report on the pilot project will be submitted to the Internal Market Council in November and the European Council will also be informed of the results obtained.

#### **9.3.3 Assessment of the results obtained**

The results obtained will be the subject of a report to the Council, as mentioned above. This report will contain the suggestions of the SLIM teams for simplifying the legislation in question and an evaluation, based on the views of the teams themselves and the interested Commission services, of the value of the exercise. The report itself will be discussed with the Member States. The key element in the evaluation of the pilot project will be the degree to which it has been possible to arrive at concrete proposals on simplification in the four sectors.

### **9.4 Coherence with financial programming**

The pilot project, which results largely from a discussion at the Informal Internal Market Council of 24 February 1996, is not included in the financial planning of the services by which it will be cofinanced (DG XV, DG III, DG VI, Eurostat).

## **10. ADMINISTRATIVE EXPENDITURE (PART A OF THE BUDGET)**

The resources will be found within the overall envelope which the Commission attributed to the services responsible for each of the sectors concerned in its decision on the allocation of resources for 1996, i.e., DG III (construction products), DG VI (ornamental plants), DG XV (diplomas), Statistical Office (Intrastat).

### **10.1 Impact on the numbers employed**

None.

### **10.2 Overall financial impact of the additional human resources**

None.

### 10.3 Increase in other administrative expenditure arising from the operation

The total expenses for the 4 SLIM teams come to 120.000 ecus.

All expenses relate to A 250 - Meetings and convocations. They will be shared by the four responsible services indicated above, each service covering the expenses of the SLIM Team for its area of responsibility.

The cost has been estimated as follows:

4 SLIM Teams x 5 one-day meetings = 20 meetings

20x4 government experts = 20x4x695ecus (average cost) = 55.600 ecus

20x4 private experts = 20x4x804 ecus (average cost) = 64.320 ecus

**TOTAL:** 119.920, say **120.000 ecus**