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**NOTE**

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Following preparations in the Permanent Representatives Committee on 12 May 2006 delegations will find attached a Presidency Progress Report on Better Regulation, which the Competitiveness Council is invited to take note of and use at its session on 29/30 May 2006 as a basis for an exchange of views on future priorities for work on Better Regulation.

## **Progress Report on Better Regulation**

**Presented by the Austrian Presidency to the Competitiveness Council, 29-30 May 2006**

### **Introduction**

1. The Better Regulation agenda aims to improve the quality and form of EU legislation and ensure it meets its objectives without imposing unnecessary burdens. The March 2006 European Council underlined the importance of Better Regulation as a core element of achieving the goals of the Lisbon Strategy to create jobs and growth, urging all institutions and Member States to implement their respective commitments.
2. The Austrian Presidency has taken forward better regulation in all relevant Council formations in line with the six-Presidency initiative on regulatory reform (Ireland, Netherlands, Luxembourg, United Kingdom, Austria and Finland) of December 2004, following up the Competitiveness Council Conclusions of 28-29 November 2005.
3. The Presidency also notes progress in other EU institutions. The Presidency welcomed the Commission announcement at the March 2006 European Council of a planned analysis of progress to date and of where further work is needed in all areas of better regulation. The Presidency also welcomes developments in the European Parliament, particularly the reports<sup>1</sup> [to be] adopted in the plenary session of 16<sup>th</sup> May.
4. The Austrian Presidency highlights the following work in progress:

### **Impact Assessment**

5. The Presidency notes that 85 items of the Commission's Legislative and Work Programme 2006 will be subject to a proportionate Impact Assessment (IA) and welcomes the launch of a comprehensive independent evaluation of the Commission IA system in May 2006. The results of this are expected in early 2007, and the Presidency expects this will focus on improving

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<sup>1</sup> "Monitoring of the application of Community legislation"; JURI Committee (Rapporteur: Ms Frassoni).

"A strategy for the simplification of the regulatory environment"; JURI Committee, (Mr Gargani)

"Better lawmaking: application of the principle of subsidiarity -12<sup>th</sup> Annual report"; JURI Committee (Mr Doorn).

"Implementation consequences and impact of internal market legislation in force"; IMCO Committee (Ms McCarthy).

"Monitoring of the application of Community legislation"; JURI Committee (Ms Frassoni).

quantitative analysis, earlier and more transparent stakeholder consultation, greater focus on SME impacts, measurement of administrative costs of policy options and, where appropriate, the use of alternatives to regulation. The review could also consider further incorporating assessments of the subsidiarity and proportionality principles into Impact Assessments.

6. Commission IAs have provided technical information to inform political debate and improve legislative outcomes across Council formations. Experience suggests that greater clarity for chairs on how to embed examination of impact assessment into discussions, and of when further information could be requested from the Commission, would ensure consistency across Council formations.
7. In response to a suggestion from COREPER and to the need for clarity about how Commission IAs should be analysed in Council, as expressed at the December High Level Technical Group for Inter-Institutional Cooperation, the Presidency produced a practical handbook entitled "Handling Impact Assessments in Council - Indicative Guidance for Working Party Chairs", in consultation with the Council Secretariat, Member States and the Commission.

### Simplification

8. The Presidency notes the ongoing implementation of the Commission's rolling programme of simplification as announced in October 2005. Simplification at Community and national levels can make regulation less burdensome on economic operators, easier to apply and thereby more effective in achieving its objectives. 54 simplification initiatives are listed in the Rolling Programme for 2006. By early 2006, 16 simplification proposals had been presented, representing actions programmed for 2005 and for early 2006, 3 of which have been completed in Council, while 19 Commission simplification proposals are pending before the legislator<sup>1</sup>.

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<sup>1</sup> NB: The Commission will update the numbers on simplification proposals adopted since October 2005 at the 12<sup>th</sup> May COREPER discussion of this document.

9. The Commission has identified the need for further simplification and will update its rolling programme following analysis of the acquis in selected sectors as announced in its Communication on a new strategy for simplification of the regulatory environment (COM(2005)535).
10. The 2006 Spring European Council also called on Member States to complement this work with national programmes, as a number of Member States are doing in the context of their National Reform Programmes.

#### Screening of pending legislative proposals

11. The systematic screening of existing proposals is a visible and practical element of the Better Regulation agenda. The Commission's 2005 screening exercise was concluded in March 2006 with publication in the official journal of 67 proposals that the Commission has withdrawn. The Presidency invites the Commission to continue to screen pending proposals and to consider repeating this exercise.

#### Assessing and reducing administrative costs

12. The Presidency notes and welcomes progress made in the Commission and the ECOFIN Council on assessing and reducing administrative burdens. The Commission has updated its Guidelines for Impact Assessment to include a full operational manual for assessing administrative costs for use in impact assessments. In response to a European Council request, the Commission has launched a pilot project to measure administrative costs associated with EU rules in specific areas. The Commission was invited to explore options for establishing measurable targets in specific sectors for reducing these costs and will report to Council by the end of 2006. Preliminary results will be available in the autumn.

### Specific measures for SMEs

13. The European Council underlined the crucial role of SMEs in creating growth and better jobs in Europe and the need to develop comprehensive supportive policies for SMEs of all types, as well as a regulatory environment that is simple, transparent and easy to apply. The Presidency notes the Commission will bring forward specific provisions to encourage SME growth and development, such as longer transition periods, reduced fees, simplified reporting requirements and exemptions. Examples of these measures can be seen in the current version of the REACH Regulation under negotiation, such as a 'targeted approach' for registrations of between 1 and 10 tonnes of a substance. This encourages a risk-based approach while giving due attention to environmental protection objectives.

### Progress on cooperation with the European Parliament

14. The Presidency notes the ongoing implementation of the Inter-Institutional Agreement on Better Law Making and co-operation and dialogue between the EU institutions.

15. State Secretary Winkler represented the Presidency at the European Parliament debate on Better Regulation on 4 April, and European Parliament representatives presented their work on Impact Assessment to the Working Party on Competitiveness and Growth on 27 March. The High Level Technical Group for Inter-institutional Cooperation (Parliament, Council and Commission) met on 16 December 2005 to discuss Impact Assessment, Simplification, Transparency and the use of alternatives to regulation.

## Subsidiarity

16. At the 2006 European Subsidiarity Conference “Europe begins at home” on 18/19 April in St. Pölten, the Austrian Presidency focused on the inter-relation of better regulation and a more effective application of the subsidiarity principle in the European legislative process. Subsidiarity, proportionality and improvement of the regulatory environment are closely linked, as these principles oblige the Union to limit actions to those that are necessary and effective.
17. The conference examined the contribution that the current better-regulation initiatives and projects in the context of the European Union could make to this agenda. The Commission was encouraged to consider options to ensure examination of these principles in Commission Impact Assessments was consistent and systematic, and how economic analysis and other objective measures could inform decisions about the necessity of EU action.

## Raising Better Regulation expertise

18. The Presidency notes and welcomes the initiative to organise training for national officials, which is being developed in the framework of the Directors of Better Regulation Group. Several institutions and universities are currently being considered as candidates to hold a first pilot course in 2006.

## Further Work

19. Better Regulation requires long-term commitment by all institutions and Member States. Further work in the Council is needed to implement the decisions and commitments made, including by making full use of impact assessment and giving priority to progressing simplification proposals. The Council will review progress on simplification in Autumn 2006 on the basis of a report from the Commission.