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to : Working Party on Competitiveness and Growth
from : Presidency
Subject : Better Regulation - Progress Report

In preparation of the exchange of views on Better Regulation at the Competitiveness Council of 4-5 December 2006, delegations will find below a draft Progress Report by the Presidency for discussion at the forthcoming meeting of the Working Party on 20 November 2006.

I. Introduction

1. The Better Regulation agenda contributes to progress towards the Lisbon objectives of growth and jobs. It is an important crosscutting element in particular when planning single market policy, promoting innovation and improving business environment.
2. The Presidency has taken Better Regulation forward in line with the six-Presidency initiative on regulatory reform (Ireland, Netherlands, Luxembourg, United Kingdom, Austria and Finland) of December 2004, and in following up to the European Council Conclusions of 15-16 June 2006.
3. The Presidency welcomes the Strategic review of Better Regulation in the European Union¹ and accompanying Commission Working documents on the First progress report on the strategy for the simplification of the regulatory environment² and Measuring administrative costs and reducing administrative burden³, presented by the Commission on 14 November 2006, analysing the progress to date as well as proposing the next steps needed to continue to make progress in all areas of Better Regulation. The Strategic review is an important contribution to work in Better Regulation and will be studied carefully in coming months. The upcoming Presidency will take the work forward.
4. This Progress Report contains a brief review of the progress made in the implementation of Better Regulation principles in the Council's legislative process. The Presidency's priority has been to integrate the use of impact assessment into the work of the preparatory bodies across the Council, following the work under previous presidencies, and to gain further practical experience. In addition the Presidency has taken forward individual proposals included in the Commission rolling programme for simplification.

¹ COM(2006) 689

² COM(2006) 690

³ COM(2006) 691

II. Impact assessments

5. The aim of impact assessments (IA) is to bring more knowledge base to the decision making process. In line with the Common Approach to the Impact Assessment the institutions have recognised and emphasised the usefulness of IA and are committed to make full use of them in their work.
6. The Presidency has taken steps to make the examination of the Commission IA an integral part of the work of working parties in the Council. This work has build on the handbook “Handling Impact Assessment in Council – Indicative Guidance for Working Party Chairs” prepared during the Austrian Presidency. During the Finnish Presidency, as of end October 2006, Commission IAs have been examined in connection with 24 Commission initiatives, including legislative and non-legislative proposals, in 16 different Working Parties.
7. As a general observation, the Council is still in a learning process in using Commission IAs. Some working parties have already integrated the use of Commission IA as a standard part of their working methods, some working parties have handled IA for the first time.
8. Experience shows that the “learning by doing” approach has been the right way forward. As the knowledge of utilising IA progressively develops in the working parties, this will bring true value added to the policy-making process and improve the legislative quality. The building up of the knowledge requires joint efforts by the Presidencies, supported by the Council Secretariat, and Member States. The Commission has an important role to play by giving advice and technical support.
9. In addition, experience suggests that the quality of Commission IA is decisive for thorough discussion. In some cases the working parties found additional information or clarifications necessary, in order to deepen the knowledge base and to facilitate the debate on the proposal.

10. The summaries of the main finding of IAs, produced by the Commission and translated into all Community languages have been useful and contributed to the examination of the IA.
11. The Presidency notes the ongoing external evaluation of the Commission IA system and looks forward to the results expected in spring 2007. The Presidency notes the intention already announced to set up the Impact Assessment Board under the direct authority of the President to the Commission to enhance quality control and support for Commission IA
12. As regards Council's commitment to assess the impacts of its own substantive amendments, the Presidency is aware that a number of organisational and practical matters need further consideration. The practical ways of organising the work on Council's IA have to be further elaborated in close co-operation with the Council Secretariat, who has an important role in supporting Presidencies in organising, coordinating and ensuring the coherence of the Council's work.

III. Simplification

13. Simplification and modernisation of the regulatory environment is an essential part of the Better Regulation agenda. The integration of simplification into the yearly programming cycle as in the Commission Legislative and Work Programme 2007⁴, including the updated simplification programme for 2007 as well as list of pending proposals which the Commission intends to withdraw, is a welcomed approach.
14. The Presidency has, in line with the Council commitment from June, given priority to progressing proposals included in the Commission's rolling simplification programme. Important progress has been made on many items, but there were also proposals which have not advanced as expected. Currently⁵ 22 proposals included in the rolling programme are pending before the co-legislators.

⁴ COM(2006) 629

⁵ as to 16 November 2006

15. As a general observation, based on the experience gained during the Finnish Presidency, the main challenge in progressing simplification files is the scope of the proposal and the political interest in a specific file. The big modernisation proposals include significant simplification potential but are at the same time often subject to difficult negotiations.
16. Visibility of the process is vital in order to make good progress. This includes regular follow-up and update of the Commission's rolling simplification programme as well as bi-annual follow-up of the state of play on pending proposals in the Council. The information provided by the Commission on the objectives and means of the simplification proposal, in impact assessment or explanatory memorandum, contribute to processing the proposal in the Council. The possible ways to accelerate the legislative process in simplification have to be elaborated further.
17. The Presidency notes the ECOFIN Council conclusions adopted on 10 October 2006 on progress towards Better Regulation and the reduction of the EU administrative burden⁶ as well as the conclusion adopted on 28 November on multilateral surveillance of the 2006 Lisbon National Reform Programmes⁷. In this context the Presidency notes the close link between the work on administrative burden reduction and simplification work in general.

IV. Progress at Member State Level

18. The Presidency underlines the importance of action by the Member States themselves to improve the regulatory framework at national level and notes the results of the multilateral surveillance of the 2006 Lisbon National Reform Programmes in which promoting Better Regulation was one of the focal areas⁸.

⁶ 13464/06

⁷ to be added

⁸ to be added