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**INTERIM REPORT FROM THE COMMISSION TO THE STOCKHOLM
EUROPEAN COUNCIL**

IMPROVING AND SIMPLIFYING THE REGULATORY ENVIRONMENT

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I. BACKGROUND AND AIM

*A new strategy
to simplify the
regulatory
environment*

The aim of this interim report is to give the Commission's initial response to the request formulated by the Lisbon European Council, and addressed to the Community institutions and to the Member States, to "**set out by 2001 a strategy for further coordinated action to simplify the regulatory environment**, including the performance of public administration, at both national and Community level".

*A key
contribution
to the Lisbon
process*

As the Commission's Communication for the Stockholm European Council points out¹, individuals and businesses, and small and medium-sized businesses in particular, need a clear, effective and practical regulatory environment on what is a rapidly changing world market. This is essential if the European Union is to become "the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion".

Formulating a regulatory strategy fits well into the wider issue of how the European Union should operate.

In its contribution to the debate, the Commission intends to proceed in three distinct stages:

*A three step
process*

- (1) the present **interim report**, which takes stock of the situation and sets out the Commission's initial thoughts on putting the Lisbon mandate into practice;
- (2) the adoption, next July, of the **White Paper on European governance**;
- (3) the presentation, by the end of the year, of a **detailed action plan** for improving and simplifying the regulatory environment.

The Commission will also be guided by the conclusions of the report drawn up by the high-level advisory group set up by the Member States' civil service ministries in November 2000.

II. ANALYSIS AND FINDINGS

Earlier action at Community level

*Progress has
already been
made*

The principles underlying the work of simplifying and improving the quality of regulatory work have already been addressed by various Community-level rules and guidelines².

¹ Commission Communication "Realising the European Union's potential: consolidating and extending the Lisbon strategy" - COM(2001) 79 final.

² Protocol on the application of the principles of subsidiarity and proportionality, Interinstitutional agreements on the accelerated procedure relating to the official consolidation of legislative texts, of 20 December 1994, and on common guidelines for the quality of

In addition to this, the Community has launched a number of initiatives in this field since 1985.

Examples of measures taken in the past

- **"New approach"** directives designed to harmonise rules by focusing on the essential requirements and leaving companies considerable leeway as to how they meet them (**sheet I**).
- The option of negotiating **agreements** between the **social partners** in the social policy field: once adopted by the Council, these agreements offer an alternative to legislation (**sheet II**).
- Introduction of **voluntary** systems and measures (e.g. eco-labelling; environmental audits; codes of conduct in air transport or consumer protection; agreements to reduce CO² emissions etc) and the use of **framework regulations** to set precise targets for a specific sector and entrust their implementation to interested parties, more especially way of agreements (**sheet III**).
- Moves to simplify existing legislation, with special reference to the internal market (e.g. **SLIM** – **sheet IV**) and reforms under the **common agricultural policy**, resulting in a decrease in the number of regulations and a reduction in the administrative burden for operators (**sheet V**).
- Introduction of business **impact evaluation**, based on consultation and economic analysis instruments, and on a Business Test Panel pilot project.
- Creation of a business environment simplification task force (**BEST**) (**sheet VI**); on-line (Internet) consultation on certain proposals (e.g. concerning telecommunications); business feedback mechanism.

*But more
needs to be
done*

These efforts have not always produced the expected results. They have never fed into an overall approach; nor have they addressed the legislative cycle as a whole.

In principle, the adoption of European-level legislation has an important simplifying role, since it creates a single set of rules rather than 15 national ones, but the European Union's regulatory work still tends to attract criticism.

The main points of criticism

- **The preparatory** phase is often regarded as insufficient, particularly as regards **analysis of the impact** the proposed measures will have on economic operators and other interested parties. There is call for a more in-depth, systematic **consultation** process which should look particularly closely at whether a regulatory solution is really needed.
- **The volume and accumulation of Community legislation.** The volume is actually quite modest³. The accumulation of legislation, on the other hand,

drafting of Community legislation, of 22 December 1998, and various declarations appended to the Community treaties.

³ Current rules and regulations account for some 70 000 pages in the Official Journal. The statistics also show that the number of proposed legal measures has declined significantly over recent years (250 proposals for new legislation presented by the Commission in 1990-94, compared with 96 in 1995-99).

sometimes makes it difficult, in certain areas, and after 50 years of activity, to understand what is current and how it is put into practice.

- **The complexity**, due to various factors:
 - the tendency to have too much detail in the basic acts;
 - the result of sometimes difficult textual compromises as a result of negotiations within the European Parliament and the Council;
 - the fact that Community legislation is often fleshed out by national implementing provisions.
- **The length of the legislative process.** It takes on average 20 or so months for a legislative instrument to be adopted. A further 18 to 24 months can elapse before directives have been transposed by the Member States. It is difficult to reconcile such lengthy periods with the speed with which markets and technologies are changing.
- **The transposition and implementation** of directives in the Member States are a source of additional complexities, divergences and delays, not to mention straightforward non-transposition.
- **The application and verification** of Community law within national systems often require measures which can have a differing impact on economic and social operators.
- **Information** on the current status of the law is not always easily accessible for interested parties.
- **The adaptation and consolidation of legislation.** The Commission's efforts to update the Community's corpus of regulation, be it by consolidation (compilation for information), codification or the recasting of legislative instruments (binding replacement texts), have not always been an unqualified success.

*The rapid
pace of
change
requires
faster,
flexible
regulation*

The report produced by the high-level group chaired by Mr Alexandre Lamfalussy on the regulation of European financial markets takes up a number of these points of criticism, more particularly the slowness and the rigidity of the current regulatory system, and the ambiguities it produces. In particular, the report stresses that there is an imbalance between the Commission's aspirations and the legislative and regulatory instruments available to the European Union to cope with the rapid change on financial markets. It advocates closer linkage between primary legislation and the implementing provisions. The report also recommends strong political commitment to a more flexible approach to financial regulation, bearing in mind the role of the various Community institutions.

III. THE MAIN ASPECTS OF A REGULATORY STRATEGY

A new coordinated initiative

*New political
commitment
is now needed*

Having a policy of simplifying and improving the quality of regulatory work is not just one option among many, but an **imperative**, following on logically from the success story of European integration and becoming, increasingly, a basic condition for the legitimacy of Community action.

The Commission has a special responsibility in the process of drawing up Community instruments, since it holds the right of initiative⁴. The success of its efforts to simplify and improve the regulatory environment depends, though, on the involvement and active commitment of all the players throughout the "legislative chain", i.e. the Community institutions and the Member States. Hence the need for coordinated action.

An overall strategy within a clearly defined framework

The European Union needs an overall strategy addressing all the aspects of improving and simplifying the regulatory environment, and embracing the whole life cycle of a Community act, from its preparation right up to its application and, if necessary, any requisite changes.

The main principles of a regulatory strategy

- legislative action only where necessary
- broad consultations and impact analysis before any proposal
- choose the appropriate instrument
- speed up the legislative process
- ensure rapid and correct transposition and effective application
- evaluate the effects of the legislation
- speed up the simplification and codification of existing texts

*A global
strategy to
improve each
phase of the
legislative
process*

This strategy will have to be developed within the European Union's institutional framework. The Treaties offer opportunities and impose constraints at the same time. They lay down objectives, say who does what, and what the procedures and principles are, all of these being incumbent on the institutions and on the Member States.

*The aim is
better
regulation, not
deregulation*

The Commission sees the drive to improve and simplify the regulatory environment as not just a synonym for "deregulation". The Commission intends to continue to make full use of Treaty's instruments and to play its driving role, having regard to the powers available to it. The new challenges – be they food safety or the creation of an

⁴ The new regulatory strategy we are discussing here should also apply to the right of initiative available to the Member States under Title IV of the EC Treaty.

area of security, freedom and justice – require an appropriate legislative response from the European Union. This is not incompatible with the desire to simplify the regulatory environment or with the search for new approaches which are complementary to the instruments laid down by the Treaties.

When is it appropriate to regulate at European level?

One question that has to be answered before any regulatory work is undertaken is whether it is really necessary. Do we need the legislation? Are there possible alternatives?

The first question – is EU regulation needed

Simply pointing to the European dimension or to the scale of a problem is not enough to justify the need for Community regulatory action. The Commission's right of initiative includes the right to decide not to legislate, even where it is under pressure to do so from other institutions, the Member States, interested parties or civil society.

Legislative pressure

Of all the Commission's proposals:

- **between 20 and 25%** are a follow-up to Council or European Parliament resolutions or to requests on the part of the social partners or economic operators.
- **around 30%** arise from international obligations on the part of the Community.
- **between 10 and 15%** have to do with obligations under the treaty or secondary legislation.
- **around 20%** are for updating existing Community legislation (e.g. adapting it to technical or scientific progress)

The primary consideration, then, should be whether Community action is the appropriate way to tackle a given problem. In deciding this, the Commission will take a closer look at the principles of subsidiarity and proportionality. It will also continue its practice of producing consultation documents and collecting and analysing the feedback. This approach will be backed by greater rigour on the part of the Commission in programming its legislative initiatives. Finally, the White Paper on governance will feed into the debate on what is the most appropriate level of decision-taking.

Respecting proportionality and subsidiarity

Before embarking on any legislative action, the Commission must examine whether such action is necessary to implement the Treaty's provisions.

Once it has been decided to take action at Community level, the immediate concern is what arrangements and instruments are most appropriate. There are various alternative or complementary solutions to legislation, involving the various interested parties. Lisbon's open coordination method created an extra instrument for sharing experience and comparing progress. Voluntary measures, such as self-regulation, may also be appropriate.

Examining alternatives to legislation

Alternative and complementary approaches

- **Self-regulation.** This is voluntary, and is based on cooperation between all interested parties, where appropriate incorporating Community rules governing the agreements between the parties. Where there is no need for binding rules, the Commission encourages the use of voluntary arrangements (sheet III).
- **Co-regulation.** This combines the advantages of legislation – more especially its predictable and binding nature – with the more flexible approach under self-regulation. Co-regulation has already been used in various fields, more particularly:
 - the "new approach", where the essential requirements are laid down in a framework directive, leaving business and industry to decide for themselves how to meet their obligations (sheet I);
 - the possibility, introduced by the Maastricht Treaty, of using agreements between the social partners (on their own initiative or after consultation by the Commission) as an alternative method of regulation in fields concerned with working conditions and access to work (sheet II).

*Choosing the
right
instruments*

The **choice** and, where appropriate, combination of these instruments has to be done on a case-by-case basis, incorporating a degree of flexibility, and having analysed what looks like being the best way of meeting the specified objective. This should be done without jeopardising either democratic control of the legislative process or the rules of the Treaty, particularly the competition rules. Alternative solutions can only be considered in appropriate cases.

Regulatory action as such provides **monitoring instruments** and guarantees **legal certainty** and **respect for the general interest**. It follows that regulation should be the preferred option where mechanisms like co-regulation or self-regulation have either failed or have been shown to be insufficient. On the other hand, legislation must be the option in the cases provided for by the Treaties. Generally speaking, where the point is to spell out policy objectives and where implementation has to be uniform across the board, there can be no question of using different approaches or voluntary agreements.

Quality and simplification

Where it has been decided to opt for legislation, the constant concern, throughout the life cycle of a legal instrument, must be quality and simplification.

✓ Better preparation and prior consultation

- Impact assessment must be comprehensive, objective and transparent. Prior **consultation** of interested parties should be extended and made more in-depth, although this does not necessarily mean speeding up the legislation. More particularly, it should cover:
 - more involvement on the part of **civil society**, drawing especially on positive experience of on-line consultation via the Internet. Such

*Improving
consultation*

consultation might relate to the appropriateness of a particular initiative and its form. The Commission will be presenting a communication on relations with civil society in June 2001. It is currently examining, together with the Economic and Social Committee and the Committee of the Regions, the possibility of conducting broader consultations with these Committees in the phase leading up to presentation of an initiative, by way of exploratory opinions in particular;

*Better
preparation
and impact
assessment*

- qualitative and quantitative **impact analysis** based primarily on a feedback mechanism: the existing procedures should be strengthened, developing ongoing pilot projects where appropriate, and refining the economic analysis instruments⁵.
- As regards **preparation**, the Commission will make every effort to put forward the simplest possible instruments, doing whatever it can to strengthen the various internal provisions and procedures for improving the quality of legislation.

✓ **Choice of instrument**

*A new focus on
the choice of
instrument*

- The Commission will undertake an in-depth and more systematic examination of **what instrument should be used** to achieve different objectives, in accordance with the Protocol on application of the principles of subsidiarity and proportionality. However, in appropriate cases, and more especially when it comes to the adoption of detailed technical norms requiring uniform application in the Member States, it will opt for **regulations**, which have immediate and uniform effect, in preference to **directives**, which need 15 countries to separately enact national transposing legislation. The Commission will give reasons for its choice.
- The Commission will take a periodic look at its timetable for legislative work, and decide whether it reflects the broader concern for simpler and effective legislative action.

✓ **The procedure for adopting legislative acts**

*Speeding up the
decision
making process*

- The Commission will encourage the stricter application of **qualified majority voting** for Council decisions, given that a protracted quest for consensus tends to add to the adoption time frame and make the various instruments more complicated and more ambiguous.
- Quicker legislative procedures will be sought by way of **agreements between the institutions**, with a view to making more use, under the co-decision procedure, of the possibility to wrap things up at first reading, and of fast-tracking the examination of proposals from the Commission.

⁵

On-line consultation via the Internet and impact analysis by way of a feedback mechanism are key elements in an initiative which the Commission is pursuing under its White Paper on reform (the e-Commission scheme).

*Taking
decisions at the
right level*

- More use should be made of **delegating to the Commission** powers for adopting implementing provisions for achieving the legislative act's objectives. More use could then be made of simpler framework regulations, covering the act's essential elements. Such delegation would have to pay heed to the same principles (e.g. transparency and consultation) which govern the legislative process.
- The Commission will consider introducing, for proposals at risk of becoming obsolete, a "**guillotine**" clause, whereby the proposal will lapse if it is not adopted within a given time frame.

*Avoiding
unnecessary
complications*

- The Commission will consider **withdrawing** its proposal if compromises worked out in the Council or the European Parliament introduce a level of legislative complexity which is incompatible with the principles of the Treaty — and more especially with the principles of subsidiarity and proportionality — or with the objectives of the proposal itself.

✓ **Transposition and application at national level**

There must be consistency in the way Community legislation is put into practice. It is up to:

*Better and
faster
implementation*

- the **Member States** individually to ensure that Community acts are **faithfully transposed within the set deadlines**, that their national provisions are **effectively applied** and that "purely national" legislation is simplified. When transposing directives into national law, the Member States should systematically produce a concordance table, showing which national measures are concerned with which parts of the Community legislation;
- the **Commission** to propose, wherever possible, **shorter deadlines** for the transposition of directives. The Commission will also have to carry out more systematic and swifter **checks** and propose, wherever necessary, ways of eliminating inconsistencies and avoiding any non-uniform application of Community law.

There will have to be concertation procedures between the Member States and the Commission to improve the way the rules are applied and to ensure that they can be quickly adapted to commercial, technical or any other kind of change.

✓ **Evaluating the effects of Community legislation**

*Regular
evaluation and
reviews*

- The Commission will carry out a regular appraisal of the results and consequences of Community regulations, in conjunction with the national administrations and the various economic and social players. This will enable it to decide whether to propose that the action be continued, that the act be amended, or that it be repealed.
- The Commission will improve information access arrangements so as to make Community law more accessible, with special reference to access using the new technologies.

- The Commission will introduce into each of its proposals concerned with areas subject to rapid technological, organisational or market change a deadline for re-examination of the act or a "sunset clause".

✓ Simplifying existing legislation

The simplification and systematic updating of current legislation should ensure that the current corpus of legislation is always appropriate to its objectives. The Commission intends to:

- rapidly **assess any feedback** indicating excessively complex and unjustified situations;
- lay down a **multi-annual plan** for simplification action, updated regularly and applying politically binding time scales as agreed by the various institutions;
- propose an **agreement between the institutions**, with a view to laying down the principles of simplification and entering into a political commitment to speed up legislative work to this end;
- systematically introduce a simplification element in any periodic review of directives or regulations currently in force;
- build on action already undertaken with regard to **codifying, recasting and consolidating** existing instruments, and systematically and rapidly publish the consolidated texts, for information purposes, whenever an amendment is made. There is an urgent need here to finalise the inter-institutional agreement on the recasting exercise.

A systematic focus on simplification

Developing a new administrative and regulatory culture

The planned new strategy should be accompanied by a profound change in administrative and regulatory culture, requiring action from the Community institutions and the Member States.

In several Member States and, more generally speaking, within the OECD, great efforts are being made to simplify legislation and decision-making procedures. Some countries have set up specific structures for this purpose. For its part, the Commission intends to use the existing structure within the Secretariat General and the existing coordination mechanisms to set up a simplification and internal quality control network, which could equally examine ways of sharing best practice.

A change of culture- a shared responsibility

IV. CONCLUSION

This interim report is a first attempt to analyse the challenges facing the EU in responding to the Lisbon mandate to simplify the regulatory environment, including the performance of public administration, at Community level. The Commission, for its part, will pursue and develop its work in this area. It will undertake more in-depth reflection in the context of the White Paper on Governance, to be adopted in July 2001, before presenting its proposals for an overall strategy to the European Council by the end of the year.

The Commission's first contribution to a global strategy

*Action is also
needed at
national level*

Effective action in this area also requires the full involvement of the European Parliament, the Council and the Member States. The mandate from the Lisbon European Council also stresses the need for action at national level. The work of the high-level advisory group set up by the Member States' civil service ministries will hopefully make an important contribution in this regard.

THE “NEW APPROACH” DIRECTIVES

The Council Resolution of 7 May 1985 introduced “*a new approach to technical harmonisation and standards*”. Its aims were to establish a level playing field for the freedom of movement of products on the internal market, while guaranteeing a high level of protection. The legislative instrument proposed was a form of joint regulation in which framework directives would set out the essential requirements, the procedures for evaluating conformity and the introduction of the CE marking, while business and industry would have the choice as to how they would comply with these obligations. Within this framework, the European standards organisations have the task of drafting technical specifications which would offer one way (amongst others) of complying with the directives.

The “new approach” directives apply to products to be placed (or put into service) on the Community market for the first time. They accordingly apply to new products manufactured in the Member States and to new, used and second-hand products imported from third countries. Here are the main features of this type of internal market legislation:

- **legislative harmonisation is limited to the essential requirements** to which the products placed on the Community market must conform in order to benefit from freedom of movement on the EC market;
- the **technical specifications** of the products reflecting the essential requirements, as defined in the relevant directives, are established by harmonised standards;
- **application of the harmonised standards remains voluntary** and the manufacturer can always apply other technical specifications to meet the essential requirements;
- products manufactured in conformity with the harmonised standards are **presumed to conform** with the essential requirements.

Since 1987, some 20 directives have been adopted by the Council and the European Parliament, their application ranging from medical instruments and pressure equipment to machinery and toys.

A Council Resolution of 28 October 1999 on “*the role of harmonisation in Europe*” called on the Commission to systematically examine whether the new approach could be applied to sectors not yet covered, in order to improve and simplify legislation.

AGREEMENTS BY THE SOCIAL PARTNERS

Since 1993 (Maastricht), the European social partners have been empowered to negotiate agreements in order to regulate social policy matters governing working conditions, such as:

- the working environment, in order to protect worker health and safety;
- working conditions;
- information and consultation of workers;
- integration of people excluded from the labour market, and equality for men and women on the labour market and in terms of working conditions;
- social security and social protection.

The procedure, described in Articles 138 and 139 of the Treaty, focuses on three main stages: firstly, the Commission initiates consultation of the European social partners, in two phases, on the advisability and subsequently the content of an initiative; secondly, the social partners are given nine months in which to negotiate; thirdly, the Commission submits the negotiated agreement to the Council for it to be implemented by way of a directive. The Council may adopt or reject the agreement.

Since the Maastricht Treaty came into force, five agreements, two of them sectoral, have been drawn up, viz.

- agreement on parental leave;
- agreement on part-time work;
- agreement on fixed-term work;
- agreement on the organisation of working time for mobile workers in civil aviation;
- agreement concerning the organisation of the working time of seafarers.

An agreement on interim work is currently being negotiated at cross-industry level.

The whole procedure has generally taken less than two years on average, which is not excessive compared with the time taken to draw up Community legislation in the social field.

Creating Community provisions by way of agreements produces acts which meet the needs of the social partners, which are better in terms of proportionality and subsidiarity, and which make an effective contribution to the objectives of social policy.

PARTICIPATION OF INTERESTED PARTIES

For some years, the Commission has encouraged the voluntary participation of interested parties from the public and private (NGO) sectors in various areas.

In the *environmental sector*, the Commission has proceeded:

either by a regulatory framework which elicits voluntary commitments:

- The regulation enabling the voluntary participation of organisations in a Community environmental management and audit system (EMAS) encourages the voluntary support of industrialists for a system whose aim is to improve their environmental performance.
- The Eco-label regulation associates industrialists, NGOs and consumer organisations in drafting criteria for the Community ecological label awarded to products which meet the essential requirements with regard to the environment.

or refraining from creating binding legislation and using recommendations to encourage voluntary commitments by industrial sectors:

- Reducing CFCs — a voluntary commitment from the aerosols industry, the plastic foam industry and the refrigeration industry.
- Code of good environmental practice in the detergents sector.
- Reduction of CO² emissions from private vehicles — voluntary commitments by European, Japanese and Korean car manufacturing associations, associated with the drafting of the AUTO-OIL programme on air quality.
- Granting an exemption under Article 81 of the Treaty for voluntary commitments by manufacturers of washing machines, televisions and video recorders to reduce energy consumption.

In the field of *consumer health and protection*, various **codes of conduct** and **voluntary agreements** have been put forward. To take an example, consumer NGOs and professional organisations in the sector have agreed on a code of conduct on mortgage lending. This forms the basis for a Commission recommendation in this area.

The *E-confidence* initiative, bringing in consumers and industrialists, was launched to identify the principles for drafting codes of conduct in e-commerce and systems for monitoring and evaluating these codes. *EuroLogo Negotiation*, a European code of conduct signed in 1998 by consumer associations and professional associations, sets out the rules for consumer information as regards the euro, awards a European confidence logo and brings in Commission monitoring procedures.

SLIM

The SLIM initiative (simpler legislation for the internal market) is one of the pilot projects to simplify national and Community legislation relating to the internal market.

The SLIM method is based on three central ideas:

- a choice of specific working sectors (currently 14 sectors compared with four initially in 1996);
- small working teams (chaired by the Commission with an equal number [4 or 5] of representatives from the Member States and the industries concerned, and some Commission officials with observer status);
- a limited period to identify the problems and put forward solutions on the basis of a clear objective of simplification.

The SLIM recommendations concern existing legislation and may or may not be endorsed by the Commission. The Commission has up to now, in line with the SLIM recommendations, put forward legislative proposals for six sectors. The Council and the European Parliament have adopted legislation for four of these sectors.

The SLIM teams have generated a demonstration effect and acted as laboratories for creating consensus among the Member States, the industries concerned and the Commission. Unfortunately the overall impact remains small.

In 2000, the Commission reviewed the SLIM initiative and put forward a series of recommendations to improve the methods and perhaps use a broader approach. Some of the key recommendations stemming from this review are:

- the creation of a group of specialists for “better lawmaking”, working under the supervision of the internal market advisory committee, and which would help to steer SLIM;
- more transparency as regards the selection of the sectors and objectives, and consultation of the Member States and the European Parliament on this matter;
- for the Commission, set an objective to put forward proposals within six months of a SLIM report;
- for the Council and the European Parliament, devise mechanisms for ensuring that simplification proposals are adopted swiftly;
- for the Member States, regularly inform the internal market advisory committee on national simplification programmes.

The Council (May 2000) and the European Parliament, in their approval of the SLIM review, stressed the need for transparency, consistency and coordination at national and Community levels.

SIMPLIFICATION OF AGRICULTURAL LEGISLATION

Over recent years, the Commission has made **simplification** one of the guiding principles of its work on the reform of the Common Agricultural Policy (CAP), and has prioritised the following two **objectives**:

- to make agricultural legislation as clear, transparent and accessible as possible;
- to minimise the administrative burden the CAP places on farmers and other interested parties, and on the national and Community authorities.

With a view to making **agricultural legislation clearer and more accessible**, the Commission has taken the following steps:

Internal guidelines for departments responsible for producing agricultural legislation: These guidelines are intended to make any new legislative proposal and any amendment to existing legislation clear and simple.

Informal consolidation of agricultural legislation: Since 1999, the Commission has been working on the informal consolidation of agricultural legislation in all the official languages of the Community. In view of the frequent amendments to agricultural legislation, the purpose of this is to make the legislation more accessible.

Reducing the number of regulations: The volume of legislative acts and administrative acts has been reduced (e.g. a single Regulation for each common market organisation).

Trade mechanisms: Recent changes have made the regulations concerning trade mechanisms clearer and simpler.

Under **Agenda 2000**, the reforms adopted for arable crops and rural development have contributed to the simplification drive. Other reforms adopted or proposed more recently in the wine, meat, flax and hemp sectors will also result in simpler agricultural legislation.

In addition to initiatives under the last reform of the CAP, the Commission has taken other **specific initiatives** to simplify administrative procedures and reduce the administrative burden faced by farmers, particularly small farmers, in terms of financial aid and funding; this is the “**small farmers’ scheme**”. More than 20% of the EU’s farmers stand to benefit from this lightening of the administrative burden.

BUSINESS IMPACT ASSESSMENTS AND SIMPLIFICATION OF THE REGULATORY ENVIRONMENT FOR BUSINESS

The business impact assessments were designed to ensure that proposed Community legislation does not entail excessive burdens on companies (particularly SMEs), to encourage better consideration of commercial interests when legislation is being drafted, and to inform the Community institutions of the likely implications for business and industry.

The business impact assessment system has since 1986 proved useful in assessing the impact of legislation on companies. However, it has not always delivered what had been expected of it, in that it has produced merely a qualitative (rather than quantitative) appraisal and has fed into the assessment process at too late a stage.

The system for assessing the impact on EU companies is currently being re-examined. In an endeavour to take stock and to strengthen the evaluation arrangements, including systematic consultation of the stakeholders, the Commission has launched a pilot project. It will accordingly carry out extensive evaluations on a sample of legislative proposals which feature in the Commission's work programme for 2001.

In response to a mandate from the Amsterdam European Council (1997), **the Commission started up a business environment simplification task force (BEST)** which comprises representatives of business and the public authorities in the Member States. One aspect of BEST's field of analysis and terms of reference was to point up the options for improving legislation and removing unnecessary obstacles to the development of European businesses in general and SMEs in particular. The task force submitted its final report to the Commission in May 1998. On the basis of its recommendations, the Council called on the Commission to prepare a timetable for evaluating how European and national policies encourage entrepreneurship and competitiveness. An action plan was accordingly presented by the Commission on 30 September 1998 and adopted by the Council on 29 April 1999.

One of BEST's observations as regards the regulatory environment concerns the improvement of public administration. Many Member States have introduced initiatives (or are in the process of doing so) to improve the regulatory framework for businesses, and have developed evaluation systems to gauge the business impact of legislation, while some countries have introduced registers of all the obligations businesses have to meet, and have set up simplification working groups, interministerial committees and regulatory impact units.

The Commission — in close conjunction with the Member States — is required to submit implementation reports on the BEST action plan as a whole.