Reducing administrative Burden for SMEs

Activities of the High Level Group

European Parliament
Committee on Industry, Research and Energy

SMEs: Competitiveness and Business Opportunities

8 May 2012

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Commission Action Programme 2007-2012

• Target: reduce administrative burdens caused by EU legislation by 25% by 2012
• Initial focus: 42 legal acts, extended to 72, covering an estimated 80% of EU-generated administrative burden
• Measurement: total admin burden 123.8 bn. €
• Reduction potential for measures identified:
  - Total proposed reduction 40 852 100 € (33%)
  - Currently adopted 27 100 000 € (22%)
  - Pending adoption 13 752 000 € (11%)

(January 2012)
High Level Group of Independent Stakeholders on Administrative Burdens

• Set up in 2007 to advise the European Commission on the implementation of the Action Programme for Reducing Administrative Burdens in the EU.

• Chaired by Dr. Edmund Stoiber, former Prime Minister of Bavaria.

• 15 members selected on the basis of their expertise in better regulation and/or the policy areas covered by the Action Programme.

• Complemented by Observers from the European Parliament, the Committee of the Regions, ACTAL and Regelrådet.

• Group’s mandate renewed in 2010 and to be extended until Autumn 2014.
Group has adopted more than 30 opinions covering more than 300 suggestions on how to reduce administrative burdens for businesses. E.g.:

– Simplifying e-invoicing
– Facilitating annual accounts for micro-enterprises
– Modernising tachograph legislation (incl. wider exemptions for craftsmen)

Savings potential of these suggestions is estimated to exceed EUR 41 bn. per annum
HLG opinions and SMEs

• Several opinions refer explicitly to SMEs
• In general: Think small first principle, cf. pt. 7 of ‘Decalogue for Smart Regulation’, 12.11.2009
• Specific issues such as lighter audit regimes (10.7.2008), less admin burden for SMEs in REACH (17.4.2009, 10.3.2011), simplification for small-scale fisheries (28.5.2009), MS should use small shop exemption for food products (4.3.2009), lighter health claims regimes (12.11.2009), one-stop-shop for VAT (28.5.2009), simplification of customs code (20.5.2010), exemption for micro companies undertaking low-risk activities from the obligation to produce a written document assessing the risks on health and safety of workers (28.5.2009)
The report was adopted in Warsaw on 15 November 2011 following a year of intensive work on best practice examples sent by all EU Member States, regional and local authorities, stakeholders and others.

Under the 2010 mandate the group was asked to prepare a report documenting Member States' best practices in implementing EU legislation in the least burdensome way by November 2011.
Best Practice Report: Key Features

• Recommendations (excerpt):
  – take perceived burdens seriously: even relatively light burdens may appear excessive to SMEs and create resentment
  – focus on SMEs and micros: ‘Think Small First’ to ensure new legislation always starts with the smallest businesses
  – use existing exemptions or derogations for SMEs, or else explain why not

• A checklist on good implementation
• 74 examples of good practice from national, regional and local governments
**Example 1: The SME Monitor**

- Tool enabling SMEs to access information on planned initiatives early on in the process.
- Also allows SMEs to get involved in activities and consultations.
- Ministry marks EU initiatives according to SME relevance using a traffic light system.
- Process actively involves SME organisations. SME remarks on how to address particular concerns forwarded to ministries responsible.
- List used as basis for discussion with policymakers and stakeholders.
Example 2: New Transposition Framework

All government departments follow ‘guiding principles’ when transposing EU legislation.

Impact Assessment: any Gold-plating stemming from transposition of EU legislation must be:
  • justified by the relevant administrators
  • follow the one-in, one-out rule: new burdens must be accompanied by equivalent reductions

Process includes checks on whether pre-existing national standards exceed those of the directive in question

Small business moratorium: from 2011-14, all SMEs and micros will be exempted from additional regulation in areas including employment law, to provide the stability they need to grow
Example 3: Cross border Initiative for SMEs

Countries: Austria (Upper Austria), Czech Republic (South Bohemia), Germany (Bavaria)

Government service: Initiative by Regional Chambers of Commerce

Measure taken: minimise or eliminate obstacles to cross-border business faced by SMEs

Result: elimination or clarification of procedures, training and counselling to over 500 SMEs

‘Grenzoffensive’
Minimises or eliminates administrative obstacles faced by local SMEs when attempting to expand their operations to the other side of the border. Focus of ‘Grenzoffensive’ has been on facilitating the provision of cross-border services, particularly procedures for posting of workers.

www.grenzoffensive.org
• presents relevant legislation
• explains the procedures
• provides all forms electronically.

Also
• some procedures between three regions eliminated,
• others procedures clarified.
• Training, seminars and counselling provided for SMEs.
Checklist on Good Implementation

Nine points to consider when implementing EU legislation, including:

- **Exchange of best practice**: look beyond borders
- **Comply or explain**: use of derogations or lighter regimes e.g. for SMEs, avoid gold-plating
- **end-user focus**: *transition periods, common commencement dates*, involving **end-user associations** in implementation issues, **incentives** to ensure high degree of compliance, check **Small Business Act recommendations** such as the SME test or a one-stop-shop
November 2009 Commission initiative on regulatory burden for SMEs


- ‘Think Small First’ principle reversed: presumption that micro-enterprises are exempted or benefit from lighter regimes with a need to justify exceptions

- More information:
  - List of ‘top ten’ worst cases of regulatory burden imposed by EU legislation
  - Scoreboard to show progress
Future HLG mandate

• **Extension of HLG** announced by President Barroso on 21 February 2012:

“So I think this is the theme for the next phase of the group lead by Dr. Stoiber - better regulation, SMEs and also administrative reform, so that we can make also our administration […] more responsive to the concerns of our SMEs and more responsive of course to the needs and the imperative on growth.”

• **Third mandate**: group will continue until the end of the current Commission, with a new special focus on **SMEs and efficient public administration**
The High Level Group
http://ec.europa.eu/dgs/secretariat_general/admin_burden/ind_stakeholders/ind_stakeholders_en.htm

Europe can do better: Report on best practice in Member States to implement EU legislation in the least burdensome way

Better Regulation
http://ec.europa.eu/governance/better_regulation/index_en.htm

Administrative burden reduction
http://ec.europa.eu/dgs/secretariat_general/admin_burden/index_en.htm

Evaluation
http://ec.europa.eu/dgs/secretariat_general/evaluation/index_en.htm

Fitness checks:
http://ec.europa.eu/dgs/secretariat_general/evaluation/docs/fitness_check_en.pdf

Impact Assessment:
http://ec.europa.eu/governance/impact/index_en.htm

Minimising the regulatory burden for SMEs:

Better Regulation key documents:
http://ec.europa.eu/governance/better_regulation/key_docs_en.htm
Thank you

Few things are harder to put up with than the annoyance of a good example.  
*Mark Twain, Pudd'nhead Wilson (1894)*