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**COMMUNICATION FROM THE COMMISSION TO THE COUNCIL, THE  
EUROPEAN PARLIAMENT, THE EUROPEAN ECONOMIC AND SOCIAL  
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

**Action Programme for Reducing Administrative Burdens in the European Union**

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**Action Programme for Reducing Administrative Burdens in the European Union**

**1. Introduction**

In November 2006, the Commission proposed launching an ambitious Action Programme to reduce the administrative burden of existing regulation in the EU. As part of this, the Commission proposed that the 2007 Spring European Council fix a reduction target of 25 %, to be achieved jointly by the EU and Member States by 2012<sup>1</sup>. This underlines the Commission's commitment to Better Regulation as part of the "Growth and Jobs" strategy.

The overall 25 % reduction target is a joint objective, which can only be attained on the basis of a shared responsibility and a common endeavour by the Member States and the European Institutions. It is important that all parties involved in this process take appropriate and quick action, so that the political objective can be translated into operational measures, to the benefit of the business community, in particular of the small and medium sized enterprises, and of the consumers.

This Action Programme is not about deregulation. Nor does it aim to change policy objectives set out in the existing Community legislation or the level of ambition in existing legislative texts. Rather it represents an important effort to streamline and make less burdensome the way in which policy objectives are implemented – one important measure of the quality of regulation at every level. Unnecessary and disproportionate administrative burdens can have a real economic impact. They are also seen as an irritant and a distraction for business and are often identified as a priority target for simplification. The Commission is committed to assist in suppressing these unnecessary burdens at all levels and underlines that this is a shared responsibility of the Member States and the European Institutions.

This Action Programme sets out how the Commission proposes that the information obligations (IOs) should be identified, measured and reduced. The programme will measure administrative costs, take a judgement on which of these costs constitute unnecessary burdens and reduce unnecessary administrative burdens. Practically, as the measurement exercise delivers its results, the Commission will analyse these and take the required initiatives towards reduction of the burdens that are unnecessary. The strategy presented in this Communication is ambitious and its success depends to a great extent on active support and cooperation from Member States and the other EU institutions. The pilot project and the national measurements carried out to date<sup>2</sup> have confirmed that the reduction of administrative burdens is a joint responsibility of the European Parliament, the Council, the Commission and the Member States.

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<sup>1</sup> Commission working document COM(2006) 691: "Measuring administrative costs and reducing administrative burdens in the European Union"; Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions COM(2006) 689 : "A strategic review of Better Regulation in the European Union".

<sup>2</sup> "Pilot project on administrative burdens", WIFO-CEPS, October 2006.

Table 1 summarises the different components of the Action Programme and refers to more detailed presentations of the individual building blocks in this Communication .

<b>Table 1 Constituent components of the EU Action Programme for reducing administrative burdens</b>	
	Methodology for measuring costs (Chapter 2 - Sections 2.1-2.2) and principles for reducing burdens (Chapter 5)
	Priority areas for measuring and reducing unnecessary administrative burdens related to EC legislation and “purely” national and regional legislation respectively (Section 2.3)
	Proposed organisational structure (Section 2.4)
	Targets for reducing Administrative Burdens (Chapter 3)
	Proposals for immediate action (Chapter 4)

The focus of the Action Programme is on obsolete, redundant or repetitive IOs which should be clearly distinguished from legislative design features consistent or necessary for achieving the benefits of legislation. The aim is to reduce unnecessary administrative burdens on businesses; however, the programme will also bring about substantial improvements for consumers e.g. through lower prices. It is clear that these measures should not compromise the underlying purpose of the legislation and there are clearly cases where, inter alia, for reasons to do with the protection of public health, protection of workers' rights or the environment or the need to protect the Community's financial interests and ensuring sound financial management, information obligations will remain necessary.

In essence it is proposed that the Commission, with the help of the Member States, measures administrative burdens related to Community legislation and national transposition, and draws up appropriate reduction proposals while Member States measure and reduce the administrative burdens of purely national and regional legislation. The Programme will commence in May 2007 and will aim to provide by November 2008, an assessment of administrative costs imposed by the selected Community legislation. This will contribute to the reduction of administrative burdens on businesses by 25% by 2012. To achieve this ambitious goal, Member States and the Commission must work together to map, measure and reduce the unnecessary burdens on businesses.

The Programme will foster long term economic benefits, while delivering tangible, concrete results in the short to medium term. The emphasis of the Programme is on reducing unnecessary administrative burdens in specific priority areas. The priority areas concerning EU legislation have been identified on the basis of the findings of a pilot project<sup>3</sup> completed in October 2006, stakeholder contributions to the rolling simplification programme and the results of the consultation launched by the Commission working paper adopted on 14 November 2006. The selected priority areas cover the legislative requirements that account for the vast majority of the administrative costs on business, thus allowing the Commission and the responsible legislators to concentrate their efforts and resources on areas where the most significant impact on improving the regulatory environment for business can be made; however, the corresponding modifications should only be made where they would not

<sup>3</sup> "Pilot project on administrative burdens", WIFO-CEPS, October 2006.

jeopardise the underlying objectives of the legislation. At a later stage, the Commission may decide to extend the Programme to other areas that are currently not included in the priority list.

Alongside the reduction target and priority areas, the Action Programme includes a list of fast track actions to be launched during the German Presidency (Annex III). These items constitute a first contribution to reaching the reduction target by producing quick short term results and underline the importance the Commission attaches to the administrative burden reduction strategy. The Action Programme will continually seek to produce concrete results that make life easier for businesses.

### **1.1. Administrative burdens and the EU business environment**

EU legislation pursues objectives set out in the Treaties and public policy objectives that are better reached at Community than at Member State level. This includes ensuring that the conditions for an efficiently functioning Internal Market are in place, including appropriate levels of safety, security and social standards. Information and reporting is central to the mutual confidence at the heart of the internal market: to guarantee that the level playing field is working. Information and reporting is also important in policy areas such as cohesion policy and agriculture where public funds are administered to beneficiaries. But the balance between the benefits of such requirements and their administrative burden needs constant vigilance, and can change over time –some of the existing procedures in place have become needlessly time-consuming, excessively complicated or obsolete, while in some cases the information required is already available from other sources.

Administrative requirements are an important determinant of the business environment since businesses across the EU are obliged to spend considerable amounts of time filling in forms and reporting on a wide range of issues. These costs are presently estimated to amount to 3.5% of GDP in the EU. By reducing, for example, unnecessary reporting a company's employees can spend more time on core business activities which reduce production costs and allow additional investment and innovation activities to materialise, which in turn should improve productivity and overall competitiveness.

The joint target to reduce administrative burdens by 25 % in 2012 covers Community legislation as well as national regulatory measures. Achieving this objective could lead to an increase in the level of EU GDP of approximately 1.4% or € 150 billion in the medium term<sup>4</sup>.

### **1.2. Defining administrative costs and burdens**

It is important to clarify the definition of administrative costs and burdens respectively – these definitions are provided below on the basis of the agreed international Standard Cost Model manual and the EU Standard Cost Model Methodology (EU SCM) definitions<sup>5</sup>.

*Compliance costs are all the costs of complying with regulation, with the exception of direct financial costs and long term structural consequences. In the context of the Standard Cost Model, these can be divided into*

<sup>4</sup> Gelauff, G.M.M. and A.M. Lejour (2005). Five Lisbon highlights: The economic impact of reaching these targets. CPB Document 104. CPB, The Hague.

<sup>5</sup> *EU model – manual*, March 2006, p. 1 ([http://ec.europa.eu/governance/impact/docs/sec\\_2005\\_0791\\_anx\\_10\\_en.pdf](http://ec.europa.eu/governance/impact/docs/sec_2005_0791_anx_10_en.pdf)); *International Standard Cost Model Manual – measuring and reducing administrative burdens for businesses*, October 2005, p. 7 (<http://www.oecd.org/dataoecd/32/54/34227698.pdf>).

*'substantive compliance costs' and 'administrative costs'.*

*Administrative costs are defined as the costs incurred by enterprises, the voluntary sector, public authorities and citizens in meeting legal obligations to provide information on their action or production, either to public authorities or to private parties.*

*Information is to be construed in a broad sense, i.e. including costs of labelling, reporting, monitoring and assessment needed to provide the information and registration. In some cases, the information has to be transferred to public authorities or private parties. In others, it only has to be available for inspection or supply on request.*

*An important distinction must be made between information that would be collected by businesses even in the absence of the legislation and information that would not be collected without the legal provisions. The costs induced by the latter are called administrative burdens. Some of the administrative burdens are necessary if the underlying objectives of the legislation and prescribed level of protection defined in the Treaties are to be met effectively; for instance where information is needed to make markets transparent. But there are also many cases where burdens can be streamlined and reduced without affecting the underlying objectives as such – the latter burdens are clearly unnecessary.*

*The Action Programme is aimed at measuring administrative costs, identifying and reducing administrative burdens, without undermining the underlying objective of the legislations<sup>6</sup>.*

## **2. Developing an eu wide measurement of administrative burdens**

### **2.1. The EU SCM model**

On 23 March 2005, the European Council requested “the Commission and the Council to consider a common methodology for measuring administrative burdens with the aim of reaching an agreement by the end of 2005”. On 16 March 2005 the Commission's Communication on Better Regulation for Growth and Jobs in the European Union included, as a companion Staff Working Paper, a detailed outline of a possible “EU Net Administrative Cost Model”<sup>7</sup> based on the Standard Cost Model<sup>8</sup>.

The outline of an EU Net Administrative Cost Model was amended and refined through a pilot phase carried out from April to September 2005 that led the Commission to present a revised methodology, also called the "EU SCM"<sup>9</sup>. The Commission listed a number of possible improvements to the EU SCM, while making clear that such optimisation was no precondition for its application. An operational manual for applying the model was included on 15 March 2006 in the Impact Assessment guidelines<sup>10</sup> and translated in all EU official languages to facilitate methodological convergence. The EU SCM has been applied in a number of

<sup>6</sup> "International SCM manual" <http://www.oecd.org/dataoecd/32/54/34227698.pdf>.

<sup>7</sup> European Commission, Staff Working Paper, Annex to the 2005 Communication on Better Regulation for Growth and Jobs in the European Union, Minimizing Administrative Costs Imposed by Legislation, Detailed Outline of a Possible EU Net Administrative Cost Model - SEC(2005) 175, 16.3.2005.

<sup>8</sup> The use of the SCM has shown significant progress with regulatory reform in several Member States, and this Action Programmes clearly aims at building upon these experiences. The SCM is currently being used by 17 Member States and the OECD. <http://www.administrative-burdens.com/>

<sup>9</sup> See Staff Working Document, *Developing an EU common methodology for assessing administrative costs imposed by EU legislation - Report on the Pilot Phase* (April– September 2005), SEC(2005) 1329, annexed to the Communication on a “EU common methodology for assessing administrative costs imposed by legislation” - COM(2005) 518, 21.10.2005.

<sup>10</sup> See [http://ec.europa.eu/governance/impact/docs\\_en.htm](http://ec.europa.eu/governance/impact/docs_en.htm).

published or upcoming Impact Assessments<sup>11</sup> to ensure that any administrative burdens generated by new legislation are justified and minimised<sup>12</sup>.

## **2.2. The EU measurement and the identification of Information Obligations (IOs)**

The Action Programme will use the EU Standard Cost Model (EU SCM)<sup>13</sup> to identify the most burdensome Information Obligations (IOs) - requirements for submitting information (e.g. submission of a certificate of conformity) in the priority areas proposed in this Communication, to assess them and to generate insights into how these burdens can be reduced.

A key finding of the pilot project is that the identification of specific IOs must constitute the basis of the measurement programme. Even if the number of IOs is known to vary considerably across Member States<sup>14</sup>, IOs are easier to compare than entire pieces of legislation which vary across Member States. Hence, the IOs constitute the building blocks of any administrative burden reduction programme. This implies a clear classification of such IOs in the basic acts and in the subsequent implementation rules, both at the EU and national levels. The first stage of the exercise will, therefore, consist of a precise mapping of all the major IOs legally required by the legislative acts covered. IOs prescribed by Community legislation will be mapped first, allowing those that are linked to Community legislation but added by Member States in their transposing legislation to be mapped subsequently. The Commission and Member States will work together closely to assign the IOs before the measurement of costs takes place.

As the Member States which have already completed their baseline measurements adopted slightly different variants to the original SCM, cross-country comparisons of the existing data are difficult to make, in particular when trying to aggregate results and determine the origin of the IOs. Some technical harmonisation will be required (See Annex I).

## **2.3. The scope of the action programme: which legislation will be evaluated**

In line with the Growth and Jobs strategy, and following consultation and discussion on the working document<sup>15</sup>, the Commission proposes to limit the scope of the Action Programme to obligations put on businesses<sup>16</sup>.

Moreover, following consultation on the November Working Document, there is broad agreement that the Commission with the Member States should focus on identifying IOs,

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<sup>11</sup> See, for instance, Impact on postal services SEC(2006) 1292 accompanying COM(2006) 594.

<sup>12</sup> Though they share a common methodology, the administrative burden reducing exercise is different from normal Impact Assessment practice. This administrative burden exercise aims to provide a comprehensive ex-post measurement of legislation in a policy area for all levels of legislation and then subsequent identification of reduction targets. Impact assessment, on the other hand, measures all the costs and benefits of available policy options, while the administrative burden methodology is only a partial measurement tool which is to be applied proportionately and used only in assessing ex-ante impacts of proposed changes of legislation (marginal approach).

<sup>13</sup> SEC(2005) 175.

<sup>14</sup> The UK mapped almost 20 000 obligations against 1 100 in Denmark and 3 000 in the Netherlands.

<sup>15</sup> Commission working document COM(2006) 691: "Measuring administrative costs and reducing administrative burdens in the European Union".

<sup>16</sup> Nonetheless, the Commission will analyse administrative requirements for all beneficiaries of the Cohesion policy. In addition, this action programme does not prevent other Commission initiatives aimed at reducing administrative burdens for citizens, public administrations and/or the voluntary sector.

measuring their cost and identifying measures to reduce burdens of<sup>17</sup>:

As regards Member States and the Commission:

- EC regulations and directives (including IOs originating from international law) in those priority areas where burdens are highest and/or which are perceived to be so ("business irritants")

and

- national transposition and implementing measures associated with these EC regulations, directives.

As regards Member States:

- Member States should meanwhile either carry out full baseline measurements of IOs in their country or target priority areas for measurement and reduction of purely national and regional IOs.

The Commission is encouraged by the fact that in 2006 seventeen Member States, up from eleven the previous year, have decided to measure and reduce administrative burdens and that a further two are testing the methodology. The action programme would foresee that by 2009 all Member States would have completed the measurements of IOs in the key national and regional priority areas. Member States and the Commission will also need to agree on the 'across the board' baseline measurement in priority areas and reduction targets, shared between the Community and the Member States in function of the origins of administrative burdens. Following discussions and consultation on the Working Document of 14 November, the Commission has identified the following priority areas concerning Community legislation which should be addressed:

1. Company law
2. Pharmaceutical legislation
3. Working environment/employment relations
4. Tax law (VAT)
5. Statistics
6. Agriculture and agricultural subsidises
7. Food safety
8. Transport
9. Fisheries
10. Financial services

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<sup>17</sup> For further technical details see *EU Model - manual* ([http://ec.europa.eu/governance/impact/docs/sec\\_2005\\_0791\\_anx\\_10\\_en.pdf](http://ec.europa.eu/governance/impact/docs/sec_2005_0791_anx_10_en.pdf)).



11. Environment
12. Cohesion policy
13. Public procurement

In Annex II a list of these priority areas is accompanied by specific legislation in these areas selected for the measurement. In areas where work to measure administrative costs or assess broad economic impact of legislation is already in progress in 2007 or planned (e.g. in Company Law, Agriculture, Public Procurement and Cohesion policy), close coordination will be ensured to maximise synergies. Should further work point at highly burdensome pieces of legislation at EU level that have been omitted in the annexed list, these will be added. The list of priority areas and specific legislation is without prejudice to subsequent actions to reduce administrative burdens. In some cases, measurements may even reveal that all burdens imposed by legislation are indeed necessary. Clearly, these obligations will not be removed.

## **2.4. Organisational issues**

The Commission proposes that the approach outlined above be taken forward through a partnership with the Member States. The Commission will ensure the compatibility of this exercise with its earlier commitment to on-time delivery of proposals listed in its Work Programmes.

### **2.4.1. External consultants**

The Commission will outsource the execution of the actual measurement of the administrative costs of Community legislation to an external consultant to be chosen in early 2007 following a call for tenders. The consultants will conduct the measurements, in close cooperation with Member States and the Commission; will report on the pieces of legislation selected for measurement and provide suggestions to the Commission for reduction in all policy areas. The coverage of the Programme may be extended in function of the identification of further IOs eligible for reduction

### **2.4.2. Member States and Commission**

The project will be monitored by a Steering Group and several expert subgroups to be defined at a later stage.

It is proposed that Member States' involvement be channelled through the High Level Group of National Experts on Better Regulation. This group will regularly review progress, provide advice to the Commission and ensure that contact points in Member States administrations be made available to the Commission services and their contractors. Other groups of experts advising the Commission will serve as contact point for specific priority areas.

It is also envisaged to exchange views on a regular basis with the existing SCM network and to seek their input on methodological issues that may arise. In addition, the Commission will work with Member States to identify and disseminate good practices for reducing burdensome Information Obligations at national/regional level.

The Commission intends to regularly report on the progress of the Action Programme to the European Parliament and the Council.

### **2.4.3. Relation to other relevant ongoing activities**

The Community Action Programme for reducing administrative burdens runs in parallel to several other ongoing activities, in particular the Commission's rolling simplification programme which already contains a number of pieces of legislation included in the priority areas defined in this Action Programme. The reduction of administrative burdens is a specific form of simplification and the measurement and reduction analysis in the Action Programme will, therefore, feed into the Commission's simplification programme more generally.

A number of ongoing or planned studies on the measurement of administrative burdens in specific sectors will also be of high relevance to the Action Programme<sup>18</sup>. For example, as regards Council Regulation (EC) No 1782/2003 a study on the measurement of administrative burdens for farmers resulting from the 2003 CAP reform was launched in December 2006.

### **2.4.4. Deliverables of the measurement and simplification proposals**

This measurement exercise will take approximately two years but this Action Programme intends to spark off immediate action. The Commission will not wait until the end of the project before making proposals for reducing administrative burdens. During the measurements, the Commission will continually seek to identify requirements that can be simplified, removed or modified in order to reduce unnecessary administrative burdens.

### **2.4.5. Involvement of stakeholders**

The Action Programme will take a transparent approach, continuously replying on input from stakeholders all over Europe<sup>19</sup>. Furthermore, European businesses will have the possibility to become deeply involved in the measurements exercise, e.g. through in-depth interviews. Finally, electronic possibilities for optimized interaction will also be investigated.

## **3. Targets for reducing administrative burdens**

The Commission has proposed an ambitious strategy to map: measure and reduce administrative burdens in the EU. A common reduction target ensures political momentum and fosters responsibility at all levels. With targets, it becomes easier to monitor the whole process of administrative burden reductions<sup>20</sup>. What gets measured gets done.

The Commission has proposed a joint EU target, covering Community as well as national and regional levels, for reducing the administrative burdens by 25% in 2012. This mirrors national targets where they have been set<sup>21</sup>.

### **3.1. Target setting in four Member States**

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<sup>18</sup> COM(2006) 689, p. 10.

<sup>19</sup> This will be structured through the pilot project proposed in the 2007 budget (budget reference line: 26 01 08).

<sup>20</sup> World Bank Group Review of the Dutch Administrative Burden Reduction Program, November 2006; Administrative Simplification In The Netherlands, OECD, 24 November 2006.

<sup>21</sup> Some countries have set a 'political' overall target before getting the results (UK, SE) or even before starting the measurement phase (NL, DK, CZ, AT). All these countries have set a target of 25% with the exception of the Czech Republic (20%).

By examining actions taken in Member States which have already embarked on administrative burdens measurement and reduction programmes, the following lessons can be drawn for the development of an EU strategy.

*The evidence from the four Member States that have carried out a full baseline measurements, covering both burdens originating at Community and Member State levels, suggests that a 25% reduction target can be met by updating and streamlining information requirements at both levels. This is further corroborated by the more partial measurement exercises carried out by a larger number of Member States in individual sectors. These empirical results demonstrate the existence of significant administrative burdens that can be reduced by relying on a number of cost reduction methods set out below without affecting the objectives of the underlying legislation.*

### **3.2. Lessons for developing EU targets**

#### **3.2.1. *The joint 25% target as an anchor for the programme***

The experience of the Member States reviewed suggests that a general target should be set at an early stage in conjunction with the launching of a measurement exercise based on the agreed methodology. The Commission considers that the European Council should set this joint target in spring 2007. It is proposed that it should amount to an administrative burden reduction of 25% in the entire EU and that this target be used as a political anchor to generate momentum for action.

More specifically, the Commission also considers that the European Council should endorse a 25% reduction target for both EC legislation and its transposition and implementing measures. The European Council should call on Member States to set comparable targets at national level by October 2008 at the latest. It is only through this combined strategy that businesses will benefit from clear improvements in the business environment.

#### **3.2.2. *The EU and Member States joining action to reduce administrative burdens***

In this Action Programme, the Commission presents its plans for measuring and reducing administrative burdens related to Community legislation and related transpositions measures. However, reaping the full benefits of a joint 25 % target requires equal commitment from Member States with regards to purely national and regional measures and transposition.

For those parts of the measurement to be carried out by the Commission with the help of the Member States, action will be directed to burdens originating in the priority areas listed in this Action Programme<sup>22</sup>. It is expected that the joint 25% target will be achieved within 5 years. It is proposed to take stock of progress in Spring 2009. This timeframe is ambitious given that a measurement exercise on this scale is unprecedented and will take a considerable amount of time – presently estimated at least 1,5 year. The Commission and the Member States will need to draw up reduction proposals indicating why information obligations are no longer necessary. Finally, the changes necessary at Community level will, to a large extent, need to be decided through the interinstitutional process. This timeframe will, therefore, require strong

<sup>22</sup> The administrative burden related to Council Regulation (EC) No 1782/2003 is measured in a separate study which is ongoing. The results of this study will be available in 2007 and will be taken into account when the regulation will be up for review in 2008. Any reduction in administrative burden resulting from this review will be taken into account for the 25% administrative burden target.

commitments of the EU institutions and Member States to ensure that the legislative processes at EU and at national levels are completed in time for the relevant measures to become effective by 2012.

It is proposed that more specific partial targets be set, by policy areas on the basis of the results of the measurements by the Spring 2009 European Council: higher reduction targets could be envisaged in policy areas where the administrative burdens are particularly heavy and the scope for reduction is significant. Generally speaking it should be clear that the 25% is an overall political target. Consequently, differential targets will be envisaged. In particular targets may differ between Member States depending on regulatory traditions, in different sectors and even pieces of legislation, depending on regulatory intensity and eligibility for administrative simplification.

It is proposed that the target be set with respect to the level of administrative burdens prevailing during 2004 – thereby ensuring that the Community and Member States are credited for action that has already been taken<sup>23</sup>.

Given the fact that the future administrative burden simplification proposals will not change either the political objectives of the specific proposals or the substance of the Community policy, it is recommended that the three institutions agree that the administrative burden reduction proposals should receive priority treatment in interinstitutional decision making<sup>24</sup>.

#### **4. A strategy for immediate action**

These targets add up to an ambitious long-term agenda for change. But the Commission also proposes to start work already in the first half of 2007 on a limited number of administrative burden reduction proposals at Community level. The Commission has identified a series of fast track actions where significant benefits could be generated through relatively minor changes in the underlying legislation. They should thus be relatively straightforward to decide and implement without challenging the overall purpose of the legislation. The proposals are based on stakeholder consultation and suggestions from experts in Member States and the Commission. Translating these amendments quickly into real change on the ground would require a strong commitment by both Council and Parliament. The Commission would therefore invite the European Council to call upon the Council and the European Parliament to give special priority to the measures set out in Annex III once the Commission has made the corresponding proposals.

Annex III proposes 11 items that could reduce administrative burdens by approximately 1.3 billion euro<sup>25</sup>.

#### **5. Common principles for reducing administrative burdens**

Measuring administrative requirements in the EU is not a goal in itself. The aim is to reduce red tape for businesses in Europe. Regarding the question of how to reduce these burdens, the Commission proposes that the following principles should guide the process since they could make a significant contribution to reducing administrative burdens:

<sup>23</sup> The effects of reductions achieved in the Rolling Simplification Programme will also be assessed.

<sup>24</sup> Interinstitutional agreement on Better Regulation, December 2003 (OJ C 321, 31.12.2003, p. 1).

<sup>25</sup> The total amount is still in course of calculation.

- Reduce the frequency of reporting requirements to the minimum levels necessary to meet the substantive objectives of the legislation and align the frequency of reporting across different related pieces of legislation, where possible;
- Review whether the same information obligation is not requested several times through different channels and eliminate overlaps (e.g. a number of environmental information obligations are presently required by more than one piece of legislation);
- Require electronic and web-based reporting where paper based information gathering is presently required, using intelligent portals where possible;
- Introduce thresholds for information requirements, limiting them for small and medium sized companies wherever possible, or rely on sampling (it is well known that SMEs suffer particularly strongly from administrative burdens – data collection for information purposes should take this into account);
- Consider substituting information requirements on all businesses in a sector by a risk based approach – targeting information requirements on those operators that perform the highest risk activities;
- Reduce or eliminate information requirements where these relate to substantive requirements that have been dropped or modified since the information requirement was adopted (e.g. there are still information obligations in road transport dating back to the time that permits were required to carry out international transport);
- Provide official clarification of complex pieces of legislation that may either slow down business activities, or require acquiring legal expertise.

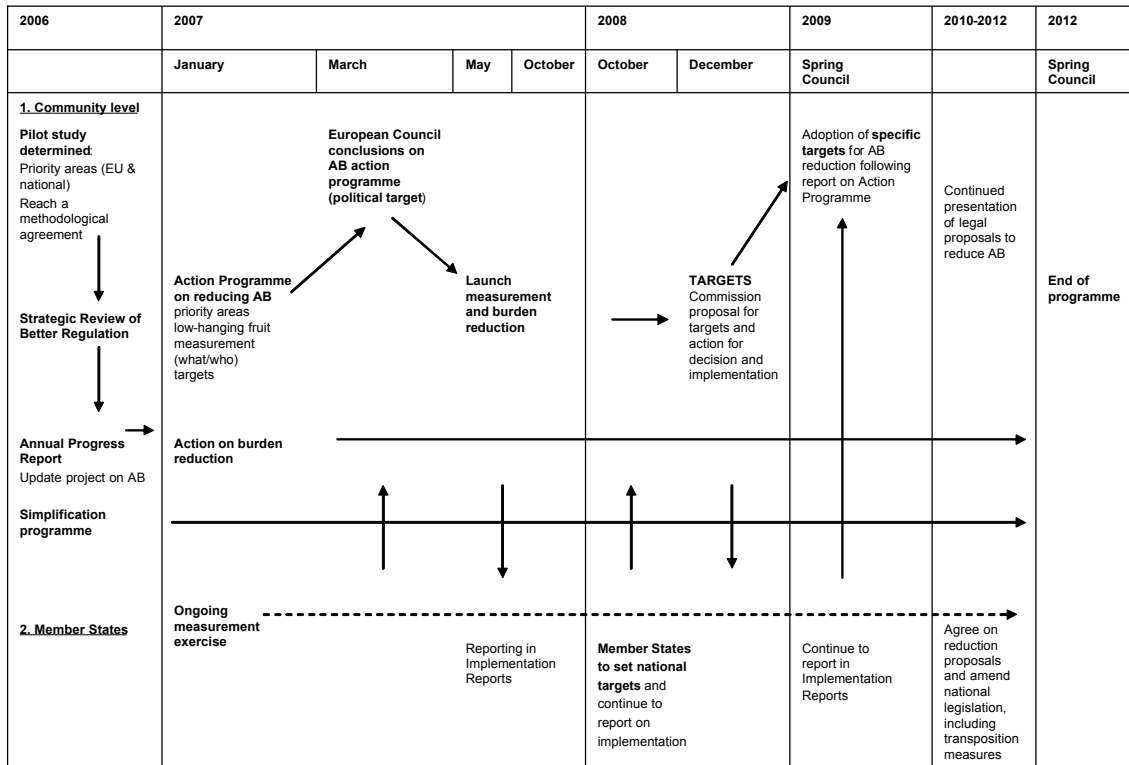
## 6. The next steps

The Commission envisaged a number of steps in its Strategic Review of Better Regulation in the European Union<sup>26</sup>. These include the presentation of this Action Programme to reduce administrative burdens on the basis of consultation results on the Commission working document and the Strategic Review of Better Regulation.

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<sup>26</sup> COM(2006) 689, 14.11.2006.

Programme for reduction of administrative burdens



The Commission, the other EU Institutions and the Member States should subsequently launch the measurement programme and take action in respect of the fast track items. The Commission's large measurement of EC legislation and related transposition measures will commence in the spring of 2007 and report in the fourth quarter of 2008. These actions will also be monitored through the Rolling Simplification Programme which already contains a number of important proposals to reduce administrative burdens<sup>27</sup>. There will be regular reporting on the progress in the reduction of administrative burdens. In parallel, Member States should engage in similar actions during this period and deliver on burden reductions by modifying national and/or regional legislation. Member States should report on their national administrative burden reduction programmes in the "Better Regulation" chapter of their progress reports in the context of the "Growth and Jobs" Strategy. In this way, the Commission will annually report on overall progress – at Community and national level – in its Annual Progress Report (APR) on the Growth and Jobs Strategy, thereby assisting the European Council in giving further direction to this programme. As set out above, the Spring

<sup>27</sup> See "First progress report on the Simplification Strategy To Improve The Regulatory Environment", Staff Working Document, October 2006. For instance in the following policy areas:

Environment: review of the Integrated Pollution Prevention and Control Directive (IPPC) and other related legislation on industrial emissions with a view to improving clarity and consistency (notably in terms of reporting) and streamlining requirements; Construction products Directive, with a view to clarifying and reducing the administrative burden, in particular for SMEs, through more flexibility in the formulation and use of technical specifications, lighter certification rules, and elimination of the implementation obstacles that so far have hampered the creation of a full internal market for construction products; statistics: lighten statistical reporting by economic operators, possibly exempting SMEs, taking into account the outcome of the ongoing pilot project on the measurement and reduction of administrative costs and the feasibility study to analyse the workability of a collection system limited to one flow.

2009 European Council will be an important mid-point in the Action Programme and the 2008 Commission APR will, therefore, contain mid-term assessment of the Programme, accompanied, where necessary, by further proposals to strengthen it.

It is expected that by March 2009 all Member States will have completed their measurement – at least in priority areas at national level and will be ready to set their own specific national targets. For Member States this is a process that invariably will take into account different starting points as several have already carried out baseline measurements and are advancing in their cost reduction programmes.

Only if all actors involved engage in delivering in accordance with the above timetable, then the Spring European Council of 2012 will be able to take stock of the entire strategic programme and conclude it.

## **7. Conclusions**

The Action Programme set out in this Communication holds out the prospect of making a significant contribution to improving the business climate in the EU. It contains a detailed road map for measuring and reducing unnecessary administrative burdens in the EU as well as targets to guide the process.

The Action Programme will require strong commitment from Member States and the co-legislator. The Spring 2007 European Council is, therefore, requested to:

- (1) Endorse the Action Programme for Reducing Administrative burdens set out in this Communication, including the priority areas chosen, the proposed methodology, principles for reducing burdens, the list of fast track actions and the organisational structure.
- (2) Invite Member States to support the Commission with the measurement of administrative burdens associated with Community legislation and transposition as set out in this Communication.
- (3) Set a joint reduction target for administrative burdens, caused by EC and national legislation of 25% overall, to be achieved by 2012. To facilitate the attainment of this objective a 25% reduction target should also be set specifically for administrative burdens related to EC legislation and its transposition. This target will subsequently be differentiated across the priority areas on the basis of the results of the Action Programme.
- (4) Invite Member States to set administrative burden reduction targets at national level by October 2008, at the latest, and to report on the measurement and reduction of administrative burdens annually in their national Growth and Jobs Strategy progress reports, starting in October 2007.
- (5) Call upon the Council and the European Parliament to give special priority to the measures set out in Annex III once the Commission has made the corresponding proposals, with a view to adoption as soon as possible, in 2007.

## **Annex I: Minimum harmonisation requirements**

As the Member States which have already completed their baseline measurements adopted slightly different variants to the original SCM, cross-country comparisons of the existing data are difficult to make, in particular when trying to aggregate results and determine the origin of the IOs.

The pilot project completed in October 2006 has demonstrated that a certain minimum level of harmonisation of definitions will be required to allow the validation and comparison of data across countries, to produce meaningful results at the EU level and for setting up of ad hoc reduction targets. This concerns in particular:

- the classifications by origin of IOs;
- the standardised cost ratios (overheads);
- the type of administrative activities concerned and the populations (segmentation of the number of sectors firms) affected;
- the definition of an “efficient business”;
- the entities concerned (e.g. households, businesses, administrations, etc.).

In line with the Growth and Job Strategy, the Commission proposes to limit the scope of the Action Programme to obligations put on businesses<sup>28</sup>.

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<sup>28</sup> Nonetheless, the Commission will analyse administrative requirements for all beneficiaries of the Cohesion policy funds. This will serve as a pilot. In addition, this action programme does not prevent other Commission initiatives aimed at reducing administrative burdens for citizens, public administrations and/or the voluntary sector.



**Annex II: Priority areas for the Commission's measurement of administrative burdens deriving from information obligations**

No	Area	EC Legislation
1	<b>Company Law</b> <sup>1</sup>	<p>Fourth Council Directive 78/660/EEC of 25 July 1978 based on Article 54 (3) (g) of the Treaty on the annual accounts of certain types of companies.</p> <p>3<sup>rd</sup> Council Directive of 9 October 1978 (78/855/EEC)</p> <p>6<sup>th</sup> Council Directive of 17 December 1982 (82/891/EEC)</p> <p>Second Council Directive of 13 December 1976 on coordination of safeguards which, for the protection of the interests of members and others, are required by Member States of companies within the meaning of the second paragraph of Article 58 of the Treaty.</p>
2	<b>Pharmaceutical legislation</b>	<p>Directive 2001/83/EC of the European Parliament and of the Council of 6 November 2001 on the Community code relating to medicinal products for human use</p> <p>Directive 2001/20/EC on the approximation of laws, regulations and administrative provisions of the Member States relating to the implementation of good clinical practice in the conduct of clinical trials on medicinal products for human use</p>
3	<b>Working environment/employment relations</b>	<p>Council Directive 89/391/EEC of 12 June 1989 on the introduction of measures to encourage improvements in the safety and health of workers at work</p> <p>Directive 92/57/EEC of 24 June 1992 on the implementation of minimum safety and health requirements at temporary or mobile construction sites</p>
4	<b>Tax law (VAT)</b>	<p>Sixth Council Directive 77/388/EEC of 17 May 1977 on the harmonization of the laws of the Member States relating to turnover taxes - Common system of value added tax: uniform basis of assessment</p>
5	<b>Statistics</b>	<p>Council Regulation (EEC) No 3330/91 on the statistics relating to the trading of goods between Member States</p> <p>Council Directive 2001/109/EC of the EP and Council on fruit trees; Council; Council Directive 93/23/EEC of 1 June 1993 on the statistical surveys to be carried out on pig production, Council Directive 93/24/EEC of 1 June 1993 on the statistical surveys to be carried out on bovine animals</p> <p>Council Regulation (EEC N) 3924/91 of 19 December 1991 on the establishment of a Community survey of industrial production</p> <p>Council Regulation (EC, Euratom) No 58/97 of 20 December 1996 concerning structural business statistics</p>

Annex II: Priority areas for the Commission's measurement of administrative burdens deriving from information obligations

No	Area	EC Legislation
6	<b>Agriculture and Agricultural Subsidies</b>	Council Regulation (EC) 1782/2003 of 29 September 2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers <sup>2</sup> .
		Commission Regulation (EC) No 1291/2000 of 9 June 2000 Laying down common detailed rules for the application of the system of import and export licences and advance fixing certificates for agricultural products.
7	<b>Food Safety</b>	Regulation (EC) No 1760/2000 of the European Parliament and of the Council of 17 July 2000 establishing a system for the identification and registration of bovine animals and regarding the labelling of beef and beef products and repealing Council Regulation (EC) No 820/97
		Council Regulation (EC) No 21/2004 of 17 December 2003 establishing a system for the identification and registration of ovine and caprine animals and amending Regulation (EC) No 1782/2003 and Directives 92/102/EEC and 64/432/EEC.
		Directive 2000/13/EC of the European Parliament and of the Council of 20 March 2000 on the approximation of the laws of the Member States relating to the labelling, presentation and advertising of foodstuffs.
		Council Regulation (EC) 1/2005 - Protection of animals during transport and related operations.
		Regulation 1830/2003 GMOs - traceability rules require that operators have in place system to hold information for 5 years.
		Council Directive Plant health – legislation requires operators to keep plant passports (certificates confirming compliance with EC legislation in this area) for 1 year.
8	<b>Transport</b>	Directive 98/6/EEC of the European Parliament and the Council of 16 February 1998 on consumer protection in the indication of the prices of products offered to consumers
		Regulation (EC) No 561/2006 of the European Parliament and of the Council of 15 March 2006 on the harmonisation of certain social legislation relating to road transport and amending Council Regulations (EEC) No 3821/85 and (EC) No 2135/98 and repealing Council Regulation (EEC) No 3820/85 <sup>3</sup>
		(Directive 2004/49/EC of the European Parliament and of the Council of 29 April 2004 on safety on the Community's railways and amending Council Directive 95/18/EC on the licensing of railway undertakings and Directive 2001/14/EC on the allocation of railway infrastructure capacity and the levying of charges for the use of railway infrastructure and safety certification (Railway Safety Directive);)
9	<b>Fisheries</b>	Council Regulation (EEC) No 2847/93 of 12 October 1993 establishing a control system applicable to the common fisheries policy

Annex II: Priority areas for the Commission's measurement of administrative burdens deriving from information obligations

No	Area	EC Legislation
10	Financial Services	Directive 2006/48/EC of the European Parliament and of the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions.
		Directive 2006/49/EC of the European Parliament and of the Council of 14 June 2006 on the capital adequacy of investment firms and credit institutions.
		Directive 2002/83/EC of the European Parliament and of the Council of 5 November 2002 concerning life insurance
11	Environment	Regulation (EC) No 1013/2006 of the European Parliament and of the Council of 14 June 2006 on shipments of waste <sup>4</sup>
		Council Directive 96/61/EC of 24 September 1996 concerning integrated pollution prevention and control <sup>5</sup>
		Waste Electrical and Electronic Equipment (WEEE) Directive 2002/96/EC.
		Directive 2000/53/EC of the European Parliament and of the Council of 18 September 2000 on end-of life vehicles
		Directive 2003/105/EC of the European Parliament and of the Council of 16 December 2003 amending Council Directive 96/82/EC on the control of major-accident hazards involving dangerous substances
12	Cohesion policy	Council Regulation (EC) No 1105/2003 of 26 May 2003 amending Regulation (EC) No 1260/1999 laying down general provisions on the Structural Funds.
		Council Regulation (EC) No 1260/1999 of 21 June 1999 laying down general provisions on the Structural Funds.
		Commission Regulation (EC) No 621/2004 of 1 April 2004 laying down rules for implementing Council Regulation (EC) No 1164/94 as regards information and publicity measures concerning the activities of the Cohesion Fund.
13	Public Procurement <sup>6</sup>	Directive 2004/17/EC of the European Parliament and of the Council of 31 March 2004 coordinating the procurement procedures of entities operating in the water, energy, transport and postal services sectors.
		Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004 on the coordination of procedures for the award of public work contracts, public supply contracts and public service contracts.
		Commission Regulation (EC) No 1564/2005 of 7 September 2005 establishing standard forms for the publication of notices in the framework of public procurement procedures pursuant to Directives 2004/17/EC and 2004/18/EC of the European Parliament and of the Council (Text with EEA relevance).

(1) A separate study to measure administrative cost stemming from company law is already in progress.

(2) The administrative burden related to Council Regulation (EC) No 1782/2003 is measured in a separate study which is ongoing. The results of this study will be available in 2007 and will be taken into account when the regulation will be up for review in 2008. Any reduction in administrative burden resulting from this review will be taken into account for the 25% administrative burden target.

(3) Measurement to focus on the benefits of the new act compared to the old legislation.

4) The measurement for this piece of legislation will commence only in 2008 in order to provide an insight into the expected reductions made by the 2006 revision as compared to the 1993 regulation.

(5) The Commission is completing a full review of the IPPC directive and will propose a legislative revision before the end of 2007. Administrative burdens have been taken into account as a part of this review and the work of the consultants will therefore primarily focus on identifying and measuring those burdens that exist as a result of Member States' application of the directive.

(6) Measurements in the public procurement area shall be carried out as an integrated part of the overall intermediate evaluation of these relevant Directives currently scheduled to commence in 2008.

### Annex III: Items for fast track actions

Area	<b>Company Law</b>
Description	Ease requirements regarding written reports to the stockholders in case of merger and division
EC legislation	Third Council Directive 78/855/EEC of 9 October 1978 based on Article 54(3)(g) of the Treaty concerning mergers of public limited liability companies and Sixth Council Directive 82/891/EEC of 17 December 1982 based on Article 54(3)(g) of the Treaty, concerning the division of public limited liability companies
Reduction measure	Make the requirements voluntary and give stockholders the opportunity to decide whether the document should be drawn up in a national merger or division to align with the provision of the tenth directive

Area	<b>Agriculture</b>
Description	Ease the obligations for farmers, collectors and/or processors of energy crops that have to be complied with in order for the farmers to receive support for the cultivation of energy crops
EC legislation	Commission Regulation (EC) No 1973/2004
Reduction measure	Reduce the reporting obligation for the operators and make it possible to replace the obligatory lodging of a security by the operators by another system offering equivalent assurance for the good financial control of the system

Area	<b>Agriculture</b>
Description	Ease the requirements concerning the documentary proof to be delivered by operators in order to receive export refunds for exporting certain agricultural produce
EC legislation	Commission Regulation (EC) No 800/1999
Reduction measure	Raise threshold. Article 16(1) requires exporters to deliver a copy of a customs document as proof of importation in a third country in order to get differentiated refunds paid. Under certain conditions the paper copy may be replaced by IT generated information. Article 17 gives Member States the option to waive the requirement of Article 16(1) for refunds up to certain thresholds, depending on the destination. In that case only a transport document is required. To the extent possible, an extension of the waiver in order to cover more situations will be considered

Area	<b>Statistics</b>
Description	Ease certain statistical obligations on farmers
EC legislation	Council Directives 93/23/EEC; 93/24/EEC and 93/25/EEC
Reduction measure	Reduce frequency of certain agricultural statistics to once a year by merging and simplifying the 3 Directives. More specifically frequencies will be reduced for surveys in Member States with pig populations smaller than 3 million head and cattle population smaller than 1.5 million heads. Furthermore, Member States will be allowed to use sources other than surveys (e.g. the system for the identification and registration of bovine animals) to make the required estimates, thus easing the response burden on farmers

Area	<b>Statistics</b>
Description	Ease certain statistical obligations regarding the information society
EC legislation	Implementing regulation applying (EC) No 808/2004 of the European Parliament and of the Council of 21 April 2004 concerning Community statistics on the information society
Reduction measure	Simplify the ordinary and sector questionnaire in the annual Commission Regulation that implements regulation 808/2004, thus easing the administrative burdens for respondents. The proposal aims at reducing the volume of statistical questions posed to businesses in the information society

Area	<b>Transport</b>
Description	Ease certain obligations to provide transport statistics
EC legislation	EEC Council: Regulation No 11 concerning the abolition of discrimination in transport rates and conditions, in implementation of Article 79(3) of the Treaty establishing the European Economic Community
Reduction measure	Remove the obligation to provide information on tariffs, agreements, price deals and transport. The proposal will remove outdated requirements (from 1960) for documentation on a series of issues when transporting goods across national borders within the EU

Area	<b>Transport</b>
Description	Ease information obligations in the transport sector
EC legislation	Council Directive 96/26/EC of 29 April 1996 on admission to the occupation of road haulage operator and road passenger transport operator and mutual recognition of diplomas, certificates and other evidence of formal qualifications intended to facilitate for these operators the right to freedom of establishment in national and international transport operations
Reduction measure	Introduce electronic register to enhance exchange of data and allow targeted checks, thereby reducing administrative burdens on businesses

Area	<b>Transport</b>
Description	Ease information obligations in the maritime sector
EC legislation	Council Directive 96/35/EC of 3 June 1996 on the appointment and vocational qualification of safety advisers for the transport of dangerous goods by road, rail and inland waterway
Reduction measure	Simplify the administrative procedures both for public authorities (EU or national) and for private bodies

Area	<b>Food hygiene</b>
Description	Exempt small businesses from certain HACCP requirements
EC legislation	Regulation (EC) No 852/2004
Reduction measure	Exempt mall retailers (butchers, bakers etc.) from certain HACCP (Hazard Analysis and Critical Control Point) requirements, thereby not imposing the same burdens on small butchers, bakers, etc. as on large supermarkets

Area	<b>Food hygiene</b>
Description	Simplify administrative requirements for small fishing vessels
EC legislation	Regulation (EC) No 853/2004
Reduction measure	Remove unnecessary requirements for small fishing vessels