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REPORT

on the Communication from the Commission to the Council and the European Parliament on a review of SLIM: Simpler Legislation for the Internal Market (COM(2000) 104 - C5-0209/2000 – 2000/2115(COS))

Committee on Legal Affairs and the Internal Market

Rapporteur: Bert Doorn

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PROCEDURAL PAGE

By letter of 28 February 2000, the Commission forwarded to Parliament its communication on a review of SLIM: Simpler Legislation for the Internal Market(COM(2000) 104 – 2000/2115(COS)).

At the sitting of 3 May 1999 the President of Parliament announced that she had referred the communication to the Committee on Legal Affairs and the Internal Market as the committee responsible and the Committee on the Environment, Public Health and Consumer Policy and the Committee on Industry, External Trade, Research and Energy for their opinions. (C5-0209/2000).

At the sitting of 19 May 2000 the President announced that she had also referred the communication to the Committee on Economic and Monetary Affairs for its opinion.

The Committee on Legal Affairs and the Internal Market appointed Bert Doorn rapporteur at its meeting of 28 March 2000.

It considered the Commission communication and the draft report at its meetings of 16 October 2000 and 21 November 2000.

At the latter meeting it adopted the motion for a resolution unanimously.

The following were present for the vote: Ana Palacio Vallelersundi, chairman; Ward Beysen and Willi Rothley, vice-chairmen; Bert Doorn, rapporteur; Maria Berger, Carlos Candal, Bruno J.-J.M. Gollnisch, Françoise D. Grossetête, Heidi Anneli Hautala, The Lord Inglewood, Kurt Lechner, Donald Neil MacCormick, Luis Marinho, Arlene McCarthy, Manuel Medina Ortega, Bill Miller, Guido Viceconte, Diana Paulette Wallis, Joachim Wuermeling and Stefano Zappalà and Francesco Fiori (for Antonio Tajani, pursuant to Rule 153(2)).

The opinion of the Committee on Economic and Monetary Affairs is attached; on 23 and 25 May 2000 respectively, the Committee on the Environment, Public Health and Consumer Policy and the Committee on Industry, External Trade, Research and Energy decided not to deliver an opinion.

The report was tabled on 23 November 2000.

The deadline for tabling amendments will be indicated in the draft agenda for the relevant part-session.

MOTION FOR A RESOLUTION

Resolution on the Communication from the Commission to the Council and the European Parliament on a review of SLIM: Simpler Legislation for the Internal Market (COM(2000) 104 - C5-0209/2000 – 2000/2115(COS))

The European Parliament,

- having regard to the Commission communication (COM(2000) 104¹ - C5-0209/2000)
- having regard to the report from the Commission to the Council and the European Parliament on SLIM: Results of the third phase of SLIM and follow-up of the implementation of the recommendations of the first and second phases (COM(1999) 88)²,
- having regard to the report from the Commission to the Council and the European Parliament on SLIM: Results of the fourth phase of SLIM (COM(2000) 56)³,
- having regard to the working document of the Commission on background information on the SLIM procedure (SEC(2000) 336)⁴,
- having regard to its resolution of 20 February 1998⁵ on the communication from the Commission to the Council and the European Parliament on SLIM: Results of the second phase and the follow-up of the implementation of the first phase recommendations,
- having regard to the Commission's 'Action programme for the Internal Market' of 9 June 1997 (CSE/1997/0001 - COM (1997) 184)⁶,
- having regard to the opinion of the Economic and Social Committee on the Report of the Commission on the SLIM Pilot Project - Simpler rules for the Internal Market⁷,
- having regard to the declaration in the Treaty of Amsterdam on the quality of the drafting of Community legislation,
- having regard to the Treaty of Amsterdam, and in particular Protocol No 7 thereof on application of the principles of subsidiarity and proportionality,
- having regard to Rule 47(1) of its Rules of Procedure,
- having regard to the report of the Committee on Legal Affairs and the Internal Market and the opinion of the Committee on Economic and Monetary Affairs (A5-0351/2000),

¹ Not yet published in the OJ

² Not yet published in the OJ

³ Not yet published in the OJ

⁴ Not yet published in the OJ

⁵ OJ C080, 16.3.1998, p.284 + 292.

⁶ Not yet published in the OJ

⁷ OJ C 206, 7.7.1997, p. 14

- A. having regard to the great importance which should be attached to improving the quality of legislation in the European Union, as recognised by Parliament in previous reports, for example by Mrs Mosiek-Urbahn, Mr Crowley, Mr Cot and Mrs Palacio,
- B. whereas research shows that 4 - 6% of the gross domestic product of the Member States of the European Union is wasted on unnecessary administrative burdens on business enterprises,
- C. whereas good quality, transparent and clear rules are of importance for the functioning of the internal market and for the competitive position of European businesses, and whereas they make for employment,
- D. whereas the Commission has recently completed the third and fourth phases of SLIM, in which rules for co-ordinating social security schemes, the directive for electromagnetic compatibility, insurance legislation, company law, rules on dangerous substances and rules on pre-packaging were examined,
- E. whereas the evaluation report drawn up by the Commission on the SLIM exercise as a whole shows that the Commission is satisfied with the results of the SLIM project hitherto but wants to make improvements in a number of areas,
- F. whereas SLIM needs to become more effective given that only fourteen areas of legislation have been examined since 1996 and given that the evaluation shows that too great a period of time elapses between the publication of the SLIM teams' conclusion and implementation of these conclusions by the Commission in specific (legislative) proposals,
- G. whereas it is very important to improve coordination of the various initiatives of the Commission in the field of legislation,
- H. whereas it is important to chart the initiatives of the Member States with regard to simplifying and improving the quality of legislation, so that the Commission and the Member States can learn from each other,
 - 1. Calls on the Commission to translate the third and fourth phase SLIM proposals into specific legislative proposals as rapidly and as efficiently as possible;
 - 2. Declares its willingness to consider the SLIM proposals rapidly and efficiently;
 - 3. Hopes that the Council will follow this example;
 - 4. Notes with approval the Commission's conclusions so far from the evaluation of the SLIM exercise, but points out that the intention to set up a special group within the Advisory Committee may be useful, provided it does not result in delays or is to the detriment of the important role assigned to users in the SLIM exercise,
 - drawing up a guide clearly setting out the objectives and working methods of SLIM is important for the proper functioning of the SLIM teams, but that the quality of the participants is the key factor in the success of the SLIM exercises;

- more synergy and cohesion between the different Commission initiatives in the field of improving legislation is necessary, and invites the Commission to submit specific proposals;
5. Believes, however, that the present proposals which the Commission attaches to the SLIM evaluation are not sufficient to guarantee the efficiency and speed of the SLIM process in the future, and therefore invites the Commission to:
- ensure that good and effective consultation takes place with users at all stages in the SLIM process,
 - ensure that the conclusions of SLIM teams are drawn up and published as specific (legislative) proposals within six months,
 - ensure, in consultation with the users, maximum input of practical expertise in the SLIM teams,
 - ensure that the department responsible for the SLIM exercises has sufficient manpower, resources and authority to enable the preparatory work, monitoring and follow-up of the SLIM teams to proceed rapidly, correctly and efficiently,
 - to make use of the methods and techniques of international organisations with experience in the field of evaluating the legislative process, for example the OECD;
6. Calls for more structured cooperation in the field of simplification of legislation and improvements in the quality of legislation between the Commission and the Member States; publishing an annual survey of best practices in simplification of legislation and improvement of the quality of legislation in the Member States could help achieve this goal;
7. Stresses that complex simplification exercises could be dispensed with if efforts are made from the very beginning to ensure the creation of high quality legislation, with a clear focus on the administrative and financial consequences, and therefore calls on the Council and Parliament to show the political will to make sure that legislation is clear and simple when it leaves the Community Institutions;
8. Calls on the national governments and parliaments of the EU Member States to guarantee the correct and prompt transposition of Community directives in national legislation;
9. Instructs its President to forward this resolution to the Commission, the Council and the governments and parliaments of the Member States.

EXPLANATORY STATEMENT

Introduction

In the past Parliament has repeatedly drawn attention to the great importance that should be attached to improving the quality of legislation in the European Union. I would refer in this context to the reports by Mrs Mosiek-Urbahn in 1995, the reports by Mr Crowley and Mrs Palacio in 1996 and 1994 and the reports on the SLIM interim reports, for the last of which the rapporteur was Mr Cot in 1997. SLIM (Simplification of Legislation in the Internal Market) was launched in 1996 as an initiative for improving the quality of legislation, for counteracting superfluous legislation and for limiting the costs associated with implementing legislation. Research carried out by the OECD has shown that 4-6% of the gross domestic product of the Union's Member States goes on red tape. Red tape impairs the competitive position of businesses on the world market and is a threat to jobs:.

The Commission has recently completed the third and fourth phases of SLIM. In the third phase SLIM teams evaluated the rules for coordinating social security, the directive on electromagnetic compatibility and insurance legislation and submitted proposals for simplification. Directives on company law, dangerous substances and legislation on pre-packaging were evaluated in the fourth phase. The rapporteur proposes not discussing these specific proposals in detail, but simply urging the Commission to transpose SLIM opinions, where appropriate, into specific legislative proposals as rapidly as possible. The Council and Parliament also need to make a commitment to ensuring that there is a fast-track procedure for considering simplification procedures based on SLIM opinions.

The rapporteur calls for special attention for the evaluation of the entire SLIM project hitherto, and the proposals for improvements attached by the Commission. The Commission has asked the participants in the SLIM projects and the Member States to make known their views so far on the SLIM project as a whole. The results of this survey are given in Commission document SEC(2000) 336 final. The Commission indicates that it is broadly satisfied with the results of the SLIM project, although it feels improvements are needed in a number of areas, in particular:

- * the need to create a special group within the Internal Market Advisory Committee consisting of experts in the simplification of legislation. This group would help to determine the direction of SLIM and be a forum for discussing the sectors eligible for evaluation by the SLIM teams;
- * more information on the working methods of the SLIM teams. The Commission wants to produce a guide clearly setting out the objectives of SLIM and how it works;
- * the need for greater consistency and synergy between its different initiatives for improving legislation. The Commission is seeking an effective and continuous programme of simplification of legislation;
- * more information on the national simplification programmes in the Member States. The Commission wants to use information on simplification techniques applied at

national level as a means of improving the SLIM process.

The Commission states that the suggestions for simplification must not jeopardise the existing *acquis communautaire*. Interested parties should be fully involved in the SLIM project. The Commission, of course, retains ultimate responsibility.

Comments

The rapporteur is of the opinion that, in the light of the earlier reports by Parliament on simplification, the Commission is on the right track. The Commission's recommendations should be supported by Parliament. It is vitally important to fight superfluous legislation and improve the quality of legislation. The administrative burden on users must be reduced, and the internal market requires an effective legal framework.

Nevertheless, the rapporteur has a number of criticisms. These relate to the following points:

- * The Commission started on the SLIM project in 1996. Since then 14 legislative areas have been examined by SLIM teams. Seen in the light of the Union's total legislative output, this is a poor return. There are two possible conclusions: either the great majority of EU legislation and rules is of such a high quality that there is relatively little to simplify, or the effectiveness of the SLIM project leaves much to be desired. The many complaints by individuals and firms about excessively complicated rules and red tape in the EU point, however, towards a lack of effectiveness.
- * There is no centralised approach within the Commission towards SLIM. It is essentially an informal initiative. The services of the Commission are not obliged to play an active role in this process of simplification. Moreover, it is entirely unclear to the outer world why particular items of legislation are candidates for evaluation under SLIM. The evaluation also shows that a lot of time is also involved in transposing the recommendations of the SLIM teams in specific legislative proposals. Members of the teams and the sectors involved regard this as disappointing. The rapporteur is of the opinion that simplification of existing legislation within the Commission needs to be tackled in a more structured way.
- * In view of the shortcomings of the SLIM exercise, the rapporteur advocates giving the department within the Commission responsible for the SLIM exercises more manpower, resources and authority to enable the preparatory work, monitoring and follow-up of SLIM working parties to proceed rapidly, correctly and efficiently. Good consultation with users is needed to ensure that the proper priorities apply to the selection of subject areas. Consultation with firms and their organisations on best expert practical input is indispensable. The conclusions of the SLIM teams need to be translated into specific (legislative) proposals within six months.
- * The rapporteur welcomes the Commission's proposal to invite the Member States to report, in the Internal Market Advisory Committee, on national simplification programmes. The rapporteur is of the opinion that it makes sense to learn from experience at national level. However, this is not the end of the story. On the basis of this exchange of information the Commission should produce an overview of best practices in the Member States on simplification of legislation. This would need to be

published on an annual basis. Only through a joint effort on the part of the Commission and the Member States in the SLIM project will it actually be possible to make any progress in improving the quality of legislation. With maximum coordination of information between national and European initiatives the SLIM exercise can have an accelerating effect on improving legislation in the European Union.

- * Failure to transpose EU directives correctly and promptly in national legislation causes problems and confusion which have an unnecessarily adverse effect on users. The governments and parliaments of the Member States are requested to ensure correct and prompt transposition.
- * In conclusion, the rapporteur would stress that complex simplification and improvement exercises would not be necessary if steps were taken to ensure that high quality legislation is produced in the first place, with a clear focus on the administrative and financial consequences. The 'fiche d'impact' which looks at the impact of legislation on SMEs, and the BEST project, which is still at an experimental stage, together with the SLIM project are a step in the right direction, but more is needed. The Commission is invited to present more detailed proposals in this respect. The Commission could consult Member States and countries outside the EU which have already launched interesting projects in this area. However, producing good quality legislation is not the task of the Commission alone. The Council and Parliament also bear a heavy responsibility.

22 June 2000

OPINION OF THE COMMITTEE ON ECONOMIC AND MONETARY AFFAIRS

for the Committee on Legal Affairs and the Internal Market

on the Communication from the Commission to the Council and the European Parliament on a review of SLIM: Simpler Legislation for the Internal Market.
(COM(2000) 104 - C5-0209/2000 - 2000/2115(COS))

Draftsman: Luis Berenguer Fuster

PROCEDURE

The Committee on Economic and Monetary Affairs appointed Luis Berenguer Fuster draftsman at its meeting of 3 April 2000.

It considered the draft opinion at its meetings of 25 May and 21 June 2000.

At the latter meeting it adopted the conclusions below by 33 votes unanimously.

The following were present for the vote: Christa Randzio-Plath, chairman; José Manuel García-Margallo y Marfil and Ioannis Theonas, vice chairmen; Luis Berenguer Fuster, draftsman, Alejandro Agag Longo, Richard A. Balfe, Pervenche Berès, Hans Blokland, Benedetto Della Vedova, Jonathan Evans, Carlo Fatuzzo (for Amalia Sartori pursuant to Rule 153(2)), Ingo Friedrich (for Charles Tannock), Norbert Glante (for Simon Francis Murphy), Robert Goebbels, Pierre Jonckheer, Othmar Karas, Gorka Knörr Borràs, Werner Langen (for Piia-Noora Kauppi), Astrid Lulling, Thomas Mann (for Alain Madelin), Ioannis Marinos, Karla M.H. Peijs (for José Javier Pomés Ruiz), Fernando Pérez Royo, John Purvis (for Christoph Werner Konrad), Alexander Radwan, Bernhard Rapkay, Olle Schmidt, Marianne L.P. Thyssen, Helena Torres Marques, Bruno Trentin, Ieke van den Burg (for Hans Udo Bullmann), Theresa Villiers, Karl von Wogau.

SHORT JUSTIFICATION

Taking into account that, according to the Commission, regulatory costs and red tape are estimated at 3-5% of the EU's GDP, improving regulatory quality and reducing the regulatory burden are of primary importance. The simplification of legislation strengthens the competitiveness of European industry, facilitates market integration and thus contributes to stronger economic growth. In the public's opinion, it is in particular the European Union which is often seen as the principal origin of numerous, complex and often superfluous regulations. It should be noted, though, that the *lion's share* of the above-mentioned 3-5% of GDP is not due to EC legislation, but rather to national and regional regulation.

The SLIM initiative's broad objective is 'to streamline the operation of the Internal Market by identifying ways in which relevant (national and European) legislation can be simplified and improved' (p. 3). It is most important to underline that it is not only European but also national legislation which must be reviewed. Action must be taken at national level as regards the transposition of European legislation as well as original national legislation. In its opinion of 21 January 1998 on the second phase of SLIM and the follow-up to the implementation of the first-phase recommendations, this committee already called on the Member States not to 'gold plate' legislation during transposition and to follow the principle of simplification when introducing Community legislation. This call was unfortunately not heeded in all Member States.

The SLIM initiative was started in 1996, and since then four phases of SLIM have been launched by the Commission, covering 14 sectors. The first phase concentrated on

- Ornamental plants
- Intrastat
- Recognition of diplomas
- Construction products.

Phase II covered

- VAT obligations
- Fertilisers
- Banking legislation
- Combined nomenclature for external trade

Phase III dealt with

- Social security coordination rules
- Electro-magnetic compatibility
- Insurance.

The results of the fourth phase, which focused on

- Company law
- Dangerous substances
- Pre-packaged products

were only published by the Commission earlier this year (COM(2000)56 final of 4 February 2000) and are not dealt with in this report.

In its review of SLIM the Commission evaluates the operation of the initiative over the first

three phases and sets out a series of actions designed to improve the operation of SLIM. The following four areas are addressed in the review: objectives of SLIM, the selection of legislation for review under SLIM, the operation and management of teams, and the implementation of recommendations. Together with the review the Commission published a staff working paper providing relevant background material for the review. Your draftsman regrets that the results of the fourth phase are not supposed to be part of the current European Parliament's report on SLIM, which would have allowed for a more comprehensive examination.

Overall the results of the three phases give a mixed picture. It has not been possible to achieve satisfactory results in all the sectors concerned. In some cases the Commission blames Council and Parliament for delaying adoption of proposed legislation. It proposes that the Council and Parliament develop a mechanism to ensure that proposals on simplification are adopted quickly. This is a reasonable proposal, as is the Commission's commitment to come forward with proposals within six months of a SLIM report. Both measures appear suitable in order to increase the effectiveness of SLIM.

Your draftsman is generally sceptical of bureaucracies' initiatives to simplify their own output. Experience shows that this often results in more bureaucracy, more administrators and more costs. Nevertheless, SLIM is not an initiative of that kind; it has made an important contribution to the simplification of legislation and it is not expensive. Its costs are confined to the expenses required to set up meetings, as was confirmed by the Commission at a meeting of this committee. Your draftsman underlines that this must continue: the SLIM initiative must remain cost-effective and should not lead to the creation of new organisational and administrative structures. The SLIM teams, generally composed of five Member State officials and an equal number of user representatives and chaired by a Commission official, are working well. In your draftsman's view a change of the team composition and structure is neither required nor advisable. Furthermore, the Commission's plans outlined in its review (15 key actions) seem satisfactory and promising.

It should finally be noted that, while it is most important to simplify existing legislation, efforts should be concentrated - at European and national level - on producing clear and simple new legislation in the first place.

CONCLUSIONS

The Committee on Economic and Monetary Affairs calls on the Committee on Legal Affairs and the Internal Market, as the committee responsible, to incorporate the following points in its draft resolution:

1. Welcomes the Commission initiative enabling a review of the SLIM project to take place; considers, however, that the report on the results of the fourth phase of SLIM ought to be assessed at the same time;
2. Is aware of the difficulties involved in a project designed to simplify legislation; considers it vital to pursue such objectives further, however modest the results achieved may prove;

3. Regards the current composition of the SLIM teams as satisfactory, in that it allows for the involvement of ‘users of legislation’ whilst keeping costs low;
4. Recommends submitting the reports by the SLIM teams, in the interest of transparency, for general assessment by industrial and consumer groups before further processing by the institutions;
5. Opposes any attempt to set up specific units to run SLIM projects on a permanent basis, insofar as it would bring about an unnecessary increase in costs, whilst at the same time causing disruption to legislative work;
6. States that any initiative which serves to make SLIM exercises more transparent and effective will enjoy the support of the European Parliament;
7. Considers it desirable to introduce systematic, preventive evaluation by the European Parliament of the law, to verify its need and assess its impact, so as to safeguard the quality of legislation from the outset;
8. Calls on the Member States to agree to report on the scope for simplifying legislation at national level affecting the sectors under review in each SLIM exercise;
9. Calls on the Commission and the Council to look into the appropriate means of adopting reworked texts of Community rules when successive amendments so require.
10. Calls on the Commission to provide codified proposals in which amendments are integrated into existing directives/regulations, whenever it proposes changes to existing EC-law.