



# Cut EU red tape

Support for the COMPETE principles

February 2015



# Overview

## The COMPETE Principles

In the October 2013 report '[Cut EU red tape](#)', the Business Taskforce called on the Commission to adopt a new 'common sense filter' for all new proposals – the COMPETE Principles. No new EU legislation should be brought forward which does not successfully pass through this filter.

**C**ompetitiveness test  
**O**ne-in, One-out  
**M**easure impacts  
**P**roportionate rules  
**E**xemptions and lighter regimes  
**T**arget for burden reduction  
**E**valuate and Enforce

## Support for the COMPETE principles

As set out in the November 2014 '[Cut EU red tape: One year on](#)' progress report, there has been considerable support for the COMPETE principles from key UK and EU business organisations, the European Parliament, think tanks, and the Commission's own High Level Advisory Group on Administrative Burdens – the 'Stoiber Group'. In December 2014, the EU Competitiveness Council of Ministers supported a range of key COMPETE principles, and this was subsequently endorsed by EU heads of Government at the European Council later that month.

Notably, calls for regulatory offsetting – a form of EU One-In, One-Out – and the introduction of a target to reduce the overall EU regulatory burden are widely supported. There is also broad support for the systematic application of the SME Test as a way to identify opportunities for micro exemptions and lighter regimes for SMEs. And there are calls for a single Independent Impact Assessment Board to scrutinise all EU impact assessments.

The November 2014 progress report set out some indication of the breadth of support for COMPETE. A more detailed overview is provided [here](#).

# Support for the COMPETE principles

## Competitiveness test:

All new proposals from the Commission must pass a rigorous competitiveness test to demonstrate that they will boost European competitiveness. If they fail, they should be rejected and not allowed to proceed.

The [European Parliament](#) “calls on the Commission and the Member States to be more rigorous in assessing the impact of future and existing regulation on SMEs and competitiveness in general”

The [Competitiveness Council](#) “stresses the importance of applying competitiveness proofing within the Commission’s integrated IAs in all policy areas”. The [European Council](#) endorsed this.

The [Stoiber Group](#) recommends that the Commission should “rigorously apply [...] the competitiveness test to all proposals for legislation and put specific focus on the needs of SMEs and microbusinesses”

[BusinessEurope](#) states that “competitiveness proofing, including the SME Test, must become an integral part of ex-ante impact assessment for all policy initiatives and legislative proposals”

The [European Roundtable of Industrialists](#) states that “competitiveness proofing should become an integral part of ex ante impact assessments of all newly proposed EU legislation”

The [European Automobile Manufacturers Association](#) states that “thorough ‘competitiveness proofing’ should be carried out systematically whenever proposals are drafted”

[CEEMET](#) calls on EU policy makers to “introduce a mandatory, rigorous competitiveness test for all new proposals (the initial draft as well as final legislation) to demonstrate that they will boost competitiveness. If [the] test is failed, then the legislation must be reconsidered”

[The Alliance for a Competitive European Industry](#) states that “competitiveness proofing should also become an integral part of impact assessments of all proposed EU legislation”

[CEFIC](#) states that “competitiveness proofing should also become an integral part of impact assessments of all proposed EU legislation”

[DIGITALEUROPE](#) wants “to see a greater role for instruments such as the already-existing “competitiveness-proofing”, which focuses more on economic impacts of

draft proposals in order to ensure innovation and competitiveness are not unnecessarily stifled by a proposal”

[RegWatchEurope](#) states that “all European Commission impact assessments should include an assessment of the likely impact a proposal for legislation will have on European competitiveness”

[BDI and Confindustria](#) “call on the Commission to ensure a more consistent and transparent application of competitiveness proofing to avoid unnecessary regulatory burden”

[MEDEF and BDI](#) call on the Commission to “make compulsory for any new legislative proposal [...] competitiveness tests”

The [Confederation of Finnish Industries](#) states that a “competitiveness toolkit should be integrated in the [Commission’s Impact Assessment] guidelines”

The [EEF](#) calls for “a rigorous competitiveness test for all new proposals to demonstrate that they will boost European competitiveness. The competitiveness test should also be applied to the final legislation agreed by the Council and Parliament. If at either stage the test is failed the legislation must be reconsidered and changed”

## One-in, One-out:

The European Commission should introduce a one-in, one-out principle for EU legislation, and offset any new burdens on business by reducing burdens of an equivalent value elsewhere.

The [European Parliament](#) invites “the Commission to put forward proposals implementing regulatory offsetting, which would require equivalent cost offsets to be identified in advance of new legislation that would introduce the imposition of costs”

The [Stoiber Group](#) recommends that the Commission should “introduce a system of offsetting new burdens on business stemming from EU legislation by removing existing burdens elsewhere within the acquis”

[BusinessEurope](#) notes that efforts to reduce burdens “must not be undermined by new burdens, but should instead be offset by reductions in existing regulatory costs”

[RegWatchEurope](#) notes that “when new burdens are imposed on business, the impact on business should be offset by removing or reducing burdens from elsewhere within the stock of existing EU legislation”

[MEDEF and BDI](#) call on Europe to “at least apply the “one in, one out” principle”

The [EEF](#) calls for “a one-in, one-out principle for European legislation, with any new burdens on business offset by reducing burdens of an equivalent value elsewhere”

The [ICAEW](#) calls for the “imposition of new regulatory costs [to be] offset by identifiable reductions in existing ones”

## Measure the impact:

(i) The European Commission should publish an annual statement of the total net costs to business of the proposals which it brings forward – and update the figures to take account of changes made by the European Parliament and the Council of Ministers.

The [European Parliament](#) calls for “a statement of net costs to business [...] of the new proposals adopted by the Commission in the preceding 12 months”

The [Competitiveness Council](#) “calls on the Commission to publish an annual report on the likely impacts of its proposals as shown in the IAs produced in the previous year”. The [European Council](#) endorsed this.

The [Stoiber Group](#) recommends that the Commission should “publish annual statements of the total net cost or benefit of new legislative proposals”

[EuroCommerce](#) supports “the assessment of the cumulative cost of legislative burden”

[Eurochambres](#) calls on the Commission to carry out the “measurement of cumulative regulatory burden”

The [European Automobile Manufacturers Association](#) states that “cumulative impact studies [...] should be carried out systematically whenever proposals are drafted, significantly amended by the European Parliament and/or Council, or legislation is reviewed”

The [CBI](#) calls for the introduction of “an independently verified annual statement of the total net cost to business of regulatory proposals issued by the Commission”

The [EEF](#) calls for “an annual statement of the total net cost to business of the proposals brought forward, updating the figures to take account of changes made by the European Parliament and the Council of Ministers”

The [Association of Investment Companies](#) calls on the Commission to “publish revised impact assessments where substantive changes are made to the policy as it develops”

## Measure the impact:

(ii) The European Commission should publish provisional Impact Assessments when it goes out to consultation – setting out the impacts of the options proposed.

The [European Parliament](#) calls for “provisional impact assessments”

The [Competitiveness Council](#) “calls on the Commission to ensure that stakeholders and Member States can contribute at an early stage in the process of impact assessments”. The [European Council](#) endorsed this.

The [Stoiber Group](#) recommends that the Commission should “improve engagement with stakeholders through comprehensive public consultation on draft legislative proposals and an accompanying draft impact assessment before the proposal is adopted by the Commission”

[BusinessEurope](#) states that “Stakeholders must be given the opportunity to address shortcomings in draft [impact] assessments”

The [European Roundtable of Industrialists](#) calls on the Commission to “publish impact assessments during the consultation stage

[Eurochambres](#) calls on the Commission to “publish all draft impact assessments”

[UEAPME](#) states that “draft impact assessments should be subject to public consultation”

[CEEMET and Orgalime](#) call for the involvement of stakeholders “at an earlier stage by consulting them on draft proposals and impact assessments”

The [Alliance for a Competitive European Industry](#) states that “draft impact assessments and draft opinions should be made public before the legislative proposal is adopted”

[CEFIC](#) states that “draft impact assessments and draft opinions should be made public before the legislative proposal is adopted”

[Independent Retail Europe](#) wants “a preliminary Impact Assessment of a proposal that is put to public consultation”

[RegWatchEurope](#) notes that it is “imperative that stakeholders can also provide input on draft impact assessments as well as on draft proposals for legislation”

The [Confederation of Finnish Industries](#) states that “it should be possible for the stakeholders to comment on draft assessments”

The [CBI](#) calls for increased transparency “by publishing Impact Assessments during the consultation stage providing estimates of the net cost to business of regulatory proposals”

The [EEF](#) calls for the “publication of Provisional Impact Assessments with all new proposals that go out for consultation – setting out the impacts of the options proposed”

The [ICAEW](#) calls on the Commission to “fix the impact assessment process by [...] allowing stakeholders to comment on drafts”

The [Association of Investment Companies](#) states “the Commission should publish drafts of the impact assessment before a final impact assessment is published”

## Measure the impact:

(iii) A single independent Impact Assessment Board should scrutinise all EU Impact Assessments. Proposals which do not receive a positive opinion from the Impact Assessment Board should not proceed.

The [European Parliament](#) calls for the Commission “only to finalise and present legislative proposals where they have been approved with a favourable opinion by the Board”

The [Stoiber Group](#) recommends all institutions “empower an independent body to scrutinise the Commission’s impact assessments before the legislative proposal is adopted by the Commission and to assess the evidence base and costs and benefits supporting legislative amendments by the European Parliament and Council before the legislation is adopted”

The [European Roundtable of Industrialists](#) calls for “an independent impact assessment structure outside the European Commission”

[CEEMET](#) calls on EU policy makers to “create a single independent Impact Assessment Board (IAB) to scrutinise all EU Impact Assessments, which will take evidence from all stakeholders, including business. Proposals which do not receive a positive opinion from the IAB should not proceed and the reasons for the opinion should be made publically available”

The [Centre for European Policy Studies](#) states that “If the IAB opinion does not provide a clear endorsement, the Commissioner responsible should provide a statement setting out the reasons for proceeding with the proposal. The composition and the rules of procedure of the IAB should be modified to guarantee its independence”

[RegWatchEurope](#) recommends a “common independent impact assessment body supporting the efforts of the European Commission as well as the European

Parliament and the European Council in scrutinising impact assessments for all legislative proposals, as well as for amendments to proposals”

The [CBI](#) calls for efforts to “strengthen the role of the Impact Assessment Board (IAB) by giving greater consideration to IAB opinions on Commission Impact Assessments before it adopts a proposal, and by making regular use of independent expert knowledge. In particular, there should be a requirement for new regulatory proposals to have a positive opinion from the Commission’s IAB before they can emerge from the Commission”

The [EEF](#) calls for the “creation of a single independent Impact Assessment Board to scrutinise all EU Impact Assessments. Proposals which do not receive a positive opinion from the Impact Assessment Board should not proceed until amended and the reasons for the opinion should be made publicly available”

The [FSB](#) calls for “greater independence for the Impact Assessment Board”

The [ICAEW](#) calls on the Commission to establish “a fully independent Impact Assessment Board”

## Proportionate rules:

- (i) The European Commission should take a risk-based and proportionate approach when developing new proposals, drawing on objective scientific advice.
- (ii) The European Commission should bring forward clear guidance as soon as possible after legislation has been agreed, where this would help businesses comply with EU legislation in the least burdensome way.

The [European Parliament](#) “calls on the Commission to step up its review of the application of the principle of proportionality”

The [Competitiveness Council](#) stresses the need to respect “the proportionality principle in relation to the size and risk level of businesses, while ensuring the use of generally applicable requirements where justified and needed”. The [European Council](#) endorsed this.

The [Stoiber Group](#) recommends that all the EU institutions “focus only on those interventions which are indispensable at EU level, which increase the effectiveness and efficiency of EU legislation and which add the greatest value in comparison to national or regional action”

[EuroCommerce](#) states “regulation must be used only where necessary and the burden it imposes must be proportionate to its aim”

The [European Roundtable of Industrialists](#) calls for “the systematic use of science in EU policy-making with a view to inform better application of the precautionary principle and avoid needless limitations on the EU industries’ innovation capacity”

[UEAPME](#) calls for the application of the “proportionality (risk based) principle”

[RegWatchEurope](#) states “the Commission needs to be proportionate – big on the big issues, and small on the smaller issues”

The [Confederation of Finnish Industries](#) notes that the “principle of [...] proportionality must be followed”

The [Centre for European Policy Studies](#) states that the IA process “should serve the two-fold purpose of identifying the best alternative for action and stopping poor or disproportionate policy proposals”

The [EEF](#) calls for the “introduction of a risk-based and proportionate approach to developing new proposals, drawing on objective scientific advice” and the “Provision of clear guidance as soon as possible after legislation has been agreed, where this would help businesses comply with EU legislation in the least burdensome way and providing safe harbours for them”

The [FSB](#) calls on the Commission to “make sure legislation is proportionate and evidence-based”

## Exemptions and lighter regimes:

The European Commission should exempt micro-enterprises and young companies from new legislation whenever possible; and always propose lighter regimes for SMEs and young companies when developing proposals.

The [European Parliament](#) urges the Commission to “increase, where appropriate, the use of exemptions or lighter regimes for micro-enterprises and SMEs when proposing new legislation”

The [Competitiveness Council](#) endorses “the rigorous application of the ‘Think Small First’ principle [...] including the use of the ‘SME Test’ in impact assessment, so that legislative proposals take into account the concrete needs and constraints of SMEs and micro-enterprises in particular”. The [European Council](#) endorsed this.

The [Stoiber Group](#) recommends that the Commission should rigorously apply the “think small first” principle [...] SMEs and microbusinesses should be exempted from EU obligations as far as this is possible and the political aim of the legislation is not jeopardized”

[BusinessEurope](#) states that “it is very important that the Commission [...] prepares future legislative proposals on the premise that in particular micro-entities should be excluded [...] unless the proportionality of them being covered can be demonstrated”

[Eurochambres](#) calls for the “rigorous application of the ‘think small first’ principle [...] in particular a consistent [...] application of the SME test”

[EuroCommerce](#) notes that “businesses need a SME-friendly regulatory environment with a systematic implementation of the “Think Small First” principle”

The [European Builders Confederation](#) calls for the application of “the “SME Test” to all new legislative proposals and during the legislative process within the European Parliament and Council”

[UEAPME](#) calls for “a consequent application of the Think Small First principle”

[Business for New Europe](#) insists that “no legislation can be passed without a rigorous SME Test”

[RegWatchEurope](#) calls on the institutions to “seek out opportunities to exempt smaller business from the burdensome requirements of European legislation if feasible. Similarly, identify lighter regimes and mitigating actions to reduce the disproportionate impact legislation can have on Europe’s small and medium businesses”

The [CBI](#) calls on the Commission to “continue and strengthen its work to make rules appropriate for SMEs and microbusinesses”

The [EEF](#) calls for the “exemption of micro-enterprises and start-ups from new legislation whenever possible” and “proposals for lighter regimes for SMEs and young companies when regulations are proposed”

The [FSB](#) wants the consideration “on a case-by-case basis how legislation might be adapted for micro-businesses to stop ‘one-size-fits-all’ laws”

## Target for burden reduction:

In addition to applying the one-in, one-out principle, the EU should adopt a target to reduce the overall EU regulatory burden on business.

The [European Parliament](#) states “the next Commission should establish a European objective of a 30% reduction in the costs to SMEs generated by administrative and regulatory burdens by 2020”

The [Competitiveness Council](#) “calls on the Commission to develop and put in place [...] reduction targets in particularly burdensome areas, especially for SMEs”. The [European Council](#) endorsed this.

The [Stoiber Group](#) recommends that the Commission should “set a net target for reducing regulatory costs”

[BusinessEurope](#) calls for “a new quantitative target for 2016” and that “reduction targets should also be set for compliance costs”

[Eurochambres](#) calls for “a new commitment [...] to minimise the overall regulatory burden by establishing a new target”

The [European Roundtable of Industrialists](#) states that “the new Commission should bring forward to the Council a target for reducing administrative and regulatory burdens for EU companies, to be achieved within its five-year term. This could complement specific sectoral targets to minimise burdens in those strategic sectors that are vital for EU growth”

[UEAPME](#) states that “setting quantitative targets remains politically important but it should be net targets”

[RegWatchEurope](#) calls on the Commission to introduce “a programme that includes a target for achieving an overall net reduction in burden [...and] that addresses overall regulatory costs on business”

[CEEMET and Orgalime](#) call for “an ambitious action plan with defined targets [...addressing] the total cost of regulation”

The [CBI](#) calls on the Commission to “bring forward to the Council a target for burden reduction to be achieved within its five year term, with mid-term objectives”

The [EEF](#) calls for Commission action in “setting a target to reduce the total EU regulatory burden on businesses”

The [ICAEW](#) calls for the use of “‘regulatory budgets’ to set out the maximum costs of new regulation that can be introduced in determined policy areas over set periods of time”

## Evaluate and Enforce:

The European Commission should not bring forward any new proposals until the existing legislative framework has been evaluated, and should ensure EU legislation is implemented and enforced consistently across the EU.

The [European Parliament](#) calls on the Commission “in the context of the REFIT programme, to check that all legislation is doing what it was intended to do, and to identify areas where there are inconsistencies or ineffective measures affecting employment opportunities”

The [Stoiber Group](#) recommends that the Commission should “develop a common methodology to measure regulatory costs and benefits and make the evaluation of all EU legislation compulsory on the basis of this common methodology to measure actual outcomes against original objectives before any proposal for revision or new legislation is made”

[BusinessEurope](#) “support the ‘evaluate first’ principle”

[EuroCommerce](#) notes that “strengthening the implementation of existing legislation, enforcement and administrative coordination and cooperation are key in order [...that] businesses have the possibility to fully exploit the benefits of the Single Market”

The [European Roundtable of Industrialists](#) calls on the Commission to “extend regulatory fitness checks of existing legislation to a larger number of industrial sectors beginning with those under competitive pressure, and ensure that follow-up actions are implemented” and that “existing Single Market rules in Member States must be fully and consistently implemented”. The European Roundtable of Industrialists also states that the Commission “should strengthen its Single Market enforcement powers and consider leveraging the EU Semester to address major obstacles to the effective functioning of the Single Market. Regulatory enforcement should be aligned with EU policy priorities”

[RegWatchEurope](#) states that “the “evaluate first” principle needs to be reinforced”

[BDI and Confindustria](#) call on the Commission to “step up its efforts to streamline and critically evaluate existing legislation (REFIT program) in sectors where there is a competitive disadvantage due to regulatory and normative burdens”

The [CBI](#) calls on the Commission to “improve evaluation of proposals and existing legislative frameworks” and states that “EU regulation must be easy to understand, simple to comply with and enforced properly in the Member States”

The [EEF](#) calls for “requirements for existing EU legislative frameworks to be evaluated with an independent post-implementation impact assessment, and for existing legislation to be implemented and enforced consistently across the EU before new proposals are brought forward”

The [FSB](#) proposes asking “if new legislation is needed or if better enforcement will solve the problem”

# Glossary

Name	Description
Alliance for a Competitive European Industry (ACEI)	Formed of 11 major European industry associations and BusinessEurope
Association of Investment Companies (AIC)	Trade body for closed-ended investment companies including investment trusts and venture capital trusts
BDI	The Federation of German Industries, representing 36 sector associations and over 100,000 enterprises
BusinessEurope	Represents businesses in 33 European countries
Business for New Europe	An independent coalition of business leaders
CBI	Confederation of British Industry
CEFIC (The European Chemical Industry Council)	Represents 29,000 large, medium and small chemical companies in Europe
Competitiveness Council	The formation of the EU Council of Ministers that deals with competitiveness matters
Confederation of Finnish Industries	Represents 27 member associations and 16,000 member companies
Confindustria	The Confederation of Italian Industry, representing over 150,000 manufacturing and service companies
CEEMET (Council of European Employers of the Metal, Engineering and Technology-based Industries)	Represents over 200,000 companies in the metal, engineering and technology-based industries
Centre for European Policy Studies (CEPS)	An EU think tank focussed on EU affairs
DIGITALEUROPE	Represents the digital technology industry in Europe, including 36 national trade associations
EEF	Represents UK manufacturing and engineering industries
European Automobile Manufacturers Association	Represents manufacturers of passenger cars, vans, trucks and buses with production sites in the EU

Name	Description
(ACEA)	
European Builders Confederation	Represents over 2 million construction craft enterprises and SMEs
Eurochambres	Network of national, regional and local Chambers of Commerce, representing over 20 million businesses in Europe
EuroCommerce	Represents 6 million retail, wholesale and other trading companies
European Council	Meeting of EU Heads of State or Government
European Parliament	Comprising 751 directly-elected members from the 28 EU Member States
European Roundtable of Industrialists (ERT)	A forum of 50 CEOs and Chairmen of major multinational companies of European parentage
FSB (Federation of Small Businesses)	Represents some 200,000 self-employed and small firms in the UK
ICAEW (Institute of Chartered Accountants in England and Wales)	Represents over 142,000 chartered accountants worldwide
Independent Retail Europe	EU umbrella association for groups of independent retailers in the food and non-food sectors
MEDEF	Association of French Enterprises, representing over 750,000 member companies
Orgalime	European Federation representing EU mechanical, electrical, electronic and metal articles industry
RegWatchEurope	The EU's 5 independent national advisory boards on better regulation
Stoiber Group	The high level group of independent experts which advised the European Commission on reducing administrative burdens in Europe from 2007 to 2014
UEAPME	European Association of Craft, Small and Medium-sized Enterprises, representing over 12 million EU crafts, trades and SMEs

# References

Alliance for a Competitive European Industry. 2014. ACEI response to the public consultation on the revision of the Commission's Impact Assessment guidelines.

Association of Investment Companies. 2014. Consultation on the 2014 Revision of the European Commission Impact Assessment Guidelines.

BDI and Confindustria. 2014. A call from BDI and Confindustria to the German and Italian Government ahead of the Spring European Council.

BDI and MEDEF. 2014. Strengthening Competitiveness and Creating More Jobs in Europe: A call from BDI and MEDEF to the European Council (20 – 21 March 2014).

BusinessEurope. 2013. Position Paper: Smart Regulation – reduction of regulatory burdens.

BusinessEurope. 2014. Recommendation for an Industrial Compact.

Business for New Europe. 2013. A Europe that works: A Business Manifesto for Reform.

CBI. 2013. Our Global Future: The Business Vision for a Reformed EU.

CEFIC. 2014. Cefic contribution to the 2014 revision of the Commission's Impact Assessment Guidelines.

The Competitiveness Council. 2014. Smart Regulation. Competitiveness Council Conclusions. Brussels, 4 December 2014.

Confederation of Finnish Industries. 2014. Impact Assessment and Stakeholder Consultation Guidelines.

CEEMET. Industrial Competitiveness for a Social Europe.

CEEMET and Orgaline. Policy Manifesto: Manufacturing a stronger and greener Europe.

Centre for European Policy Studies. 2014. Shifting EU Institutional Reform into High Gear. Report of the CEPs High Level Group.

DigitalEurope. 2014. Public Consultation on the Revision of the Impact Assessment Guidelines.

EEF. 2014. Europe: A Manifesto for Growth.

European Automobile Manufacturers Association. 2014. A Manifesto for a Competitive European Automobile Industry.

European Builders Confederation. 2014. EBC Manifesto for the European Elections.

Eurochambres. 2014. Eurochambres' 10 priorities for EU Better Policy-Making for the 2014-19 legislative term.

EuroCommerce. 2014. Briefing: Regulatory Fitness and Performance Programme (REFIT).

European Council. 2014. European Council (18 December 2014) Conclusions.

European Parliament. 2014. European Parliament Resolution of 4 February 2014 on EU Regulatory Fitness and Subsidiarity and Proportionality – 19<sup>th</sup> Report on Better Lawmaking.

European Parliament. 2014. European Parliament resolution of 15 April 2014 on 'How can the European Union contribute to creating a hospitable environment for enterprises, businesses and start-ups to create jobs?

European Parliament. 2014. European Parliament resolution of 17 April 2014 on the 'top ten' consultation process and lightening the burden of EU regulation on SMEs.

European Roundtable of Industrialists. 2014. EU Industrial Renaissance: ERT agenda for action 2014 – 2019.

FSB. 2014. Be the Voice of Small Businesses. FSB Manifesto European Elections 2014.

ICAEW. 2014. Growth in Europe: Priorities for the next five years.

Independent Retail Europe. 2014. Public consultation on the revision of the Commission's impact assessment guidelines.

RegWatchEurope. 2014. A smart agenda for the new European Commission.

Stoiber Group. 2014. Cutting Red Tape in Europe. Legacy and Outlook. Final Report.

UEAPME. 2014. Crafts and SMEs priorities for the next term of the European Commission and the European Parliament.





**Cut EU red tape – Support for the COMPETE principles**

February 2015  
#cutEUredtape