

DI'S APPROACH TO

Better Regulation at
NATIONAL and EU LEVEL



DANSK INDUSTRI

1. Introduction

Confederation of Danish Industries (DI) regards better regulation as one of the core elements in achieving the goals of the Lisbon Strategy. Better regulation is a necessity to ensure and strengthen the growth in the European businesses.

Simplification is especially important when it comes to small and medium sized enterprises (SME) and entrepreneurs. Owing to the fact that SMEs do not have the same administrative resources (e.g. ERP) as larger enterprises. A study shows that, divided on the number employees, burdens are almost double the amount at enterprises with ten or less employees than at enterprises with more than ten employees.

Better regulation reduces the administrative burdens imposed on the businesses and hence strengthen the competitiveness of the businesses. Furthermore better regulation is a tool to achieve a more efficient public administration.

The methods to achieve the goals of better regulation are:

- Standardized measurement of the administrative burdens (Standard Cost Model—SCM).
- Simplification of regulations.
- Deregulation
- Implementation of ICT (eGovernment).

2. DI's organization

DI's department for small and medium sized enterprises (SME Department) is responsible for the general policy area “better regulation” at both national and EU level. The specific work with simplification of existing regulation and ensuring that new regulation is simple and as free of burdens as possible is handled by the individual departments.

In addition to “better regulation” the SME Department is responsible for the following policy areas:

- eGovernment. Digitalising the public sector and electronic contact between companies and the public sector e.g. electronic invoicing and electronic income register
- Entrepreneurship
- Succession and transfer of business

Internally in DI the SME Department is responsible for ensuring an ongoing focus on better regulation across DI's policy areas and initiatives. Furthermore the SME Department functions as “counsellor” for the other departments in DI.



3. Better regulation at national level

In 2001 the Danish government put forth the ambitious objective of reducing administrative burdens up to 25 per cent by the end of 2010. Since August 2004 the Standard Cost Model (SCM) has been used to measure the burdens in all relevant legislation.

In 2001 the administrative burdens mounted up to approximately 3 billion euro. Almost one half of the burdens stems from EU or other international legislation (45 per cent stemming from EU / international regulation and 55 per cent stemming from Danish regulation).

In 2005 the Danish government established 16 committees with representatives from the public authorities and employers' organisations. The purpose of the committees is to identify areas of simplification transversely to the jurisdiction of the different public authorities.

In the middle of 2006 the Danish government have succeeded in reducing the administrative burdens with approximately 5 per cent.

DI's policy

Concerning "better regulation" DI's role can be summed up in the following bullets:

- Identifying business regulation areas for simplification and / or implementation of eGovernment
- Publication of suggestion for simplification and / or implementation of eGovernment
- "Watch-dog" function—supervising the progress of the governments issues to reduce the administrative burdens

Experience from the process of simplification in Denmark underlines the importance of the authorities not to engage in too many proposals for simplification at the same time. Instead DI recommends that focus is on the areas containing the largest administrative burdens.

Furthermore DI recommends that the authorities act with caution while implicating existing regulation. All enterprises have adapted their procedures to existing legislation, so transition burdens will always accompany new legislation and hence reduce the effect of the simplification.

E-government and better regulation are tools which can improve running a business in Denmark. Moreover, e-government might be a part of minimizing public expenditure. Therefore DI work to ensure that new business regulation can be implemented by the use of eGovernment e.g. don't require original documents if not necessary.

DI's work and initiatives

DI is in close contact with the Division for Better Regulation and the Danish Commerce and Companies Agency. The Division for Better Regulation is placed within the Ministry of Finance and coordinates the government's effort concerning better regulation. The Danish Commerce and Companies Agency is responsible for monitoring the mapping of the administrative burdens by means of the Standard Cost Model. Furthermore the agency have a coordinating role in the work to promote eGovernment concerning business regulation.

One way DI is in contact with the civil servants is through participation in working groups under the ministries responsible for business related regulation.

Also the SME Department invites 20 high officials on a bus tour to four-five SMEs every second year. The purpose of the tour is to give the officials knowledge of issues that are of significance to the SMEs; among these especially administrative burdens and better regulation.

AN EXAMPLE OF THE CLOSE CONTACT AND COOPERATION WITH THE PUBLIC AUTHORITIES.

On the 28th of October 2003 DI and the Danish government initiated a seminar on better regulation in Denmark. The interest and attendance to the seminar showed that the issue on rule simplification was a rather hot political issue at that time—and still is. More than a 100 participants attended. Among them were members of the Parliament and representatives from 12 ministries (out of 18 ministries).

One of DI's main goals in 2003 was to get the Dutch Standard Cost Model (SCM) implemented in Denmark. In January 2004 the Danish version of SCM known as AMVAB was introduced.

Since 2003 DI has published an annual report on the governments progress concerning better regulation. Included in the progress report DI has put forward proposals for further simplification of the regulation.

In addition to the contact with the civil servants DI has ongoing contact with politicians from both sides of the Parliament; especially members of the Trade and Industry Committee.

Finally DI is in close contact with the business orientated news media. Hereby ensuring that better regulation stays on the political agenda.



4. Better regulation at EU level

Forty-five per cent of the administrative burdens that affect the businesses in Denmark stems from international regulation principally EU regulation. Therefore DI supports the process of ensuring better regulation in EU.

DI recognizes that progress has been made at EU level to reduce the administrative burdens but the results are still barely perceptible. For that reason DI is engaged in influencing both politicians and officials at national and EU level to keep focus on the importance of better regulation at EU level.

DI's policy

DI is concerned about the slow progress with the simplification program. Therefore DI recommends that regulation resulting in the largest burdens is given high priority. If the EU tries to simplify everything at once, we risk ending up with uncoordinated proposals for simplification which lacks thoroughness.

Furthermore DI stresses the importance of a clear and rather short schedule for the completion of the simplification initiatives. DI proposes that the EU institutions jointly draw up a clear and rather short schedule for the completion of the existing simplification initiatives.

In continuation of this DI proposes that the EU institutions put words into action concerning the interinstitutional agreement on better law-making and establish fast-track procedures concerning simplification proposals.

DI welcomes the introduction of the Standard Cost Model at EU level. DI views the SCM as essential for ensuring an ongoing focus on Better Regulation. Furthermore the SCM can help identify best practice cases among the member states.

The results from the Standard Cost Model must be taken into consideration at all levels in the EU system. The decision-makers must ensure that the simplifications in a proposal are maintained throughout the decision process. This means that changes made to the original proposal must be thought through, bearing in mind that new burdens are not introduced.

EU institutions should jointly put forward quantitative targets for the reductions at all levels and a time schedule for the reductions. DI welcomes Commissioner Verheugens statement of a 25 per cent reduction. But it is important that this target is supplied with a target for completion. These targets should be binding for all the General Directorates. DI supports that an independent body should supervise the progress in an annual report to the EU institutions. This would keep the process on track and promote identification of best practices.

DI believes that simplification of existing legislation should be done with caution and based on the SCM. Simplification measures should result in genuine reductions in the administrative burdens. The Commission should act with caution in revising existing EU legislation. Enterprises have adapted their procedures to existing legislation, for this reason revisions should only be attempted when the gains are evident.

Finally DI stresses the need for a more coordinated, systematic and transparent business consultation procedure.

DI's work and initiatives

DI is in close contact with the Danish Commerce and Companies Agency. In addition to the national efforts towards reducing the administrative burdens on businesses, the agency pursues corresponding objectives internationally and in particular with respect to the EU. In this regard, DI and the agency work together to promote the introduction of the SCM in the EU system and among the other EU member states. We also collaborate on the introduction of quantitative targets at the EU level and a short schedule for the completion of the simplification initiatives.

In addition, DI has hosted joined meetings with members of the European Parliament concerning better regulation.

DI is the voice of Danish Industry - a strong voice which is listened to. Currently 6.400 companies have chosen to join forces within DI. DI aims to provide the best working conditions for Danish Industry in order to improve the competitive edge.

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