

Speech Minister of Foreign Trade,
Mrs C.E.G. van Gennip MBA,
Conference '*Simple is Better*,
Effective regulation for a competitive Europe'
Amsterdam, 7 October 2004.

Ladies and Gentlemen,

[Introduction]

I am happy to speak to you on this conference. Not only because you are excellent company, but also because Better Regulation for a competitive Europe is a top priority for the Dutch Government and a key element during our presidency of the council. Therefore, three of my colleagues are also included as speakers in today's and tomorrow's programme.

[EU economically lagging behind]

Economic growth in the European Union is lagging behind. 1,6 Percent growth is insufficient to keep up with economic powers such as the United States, China and India, and to realize the Lisbon Strategy's goal to make Europe the most competitive economy in the world by 2010.

There are several causes for this poor performance. One of these is the huge quantity of regulations that entrepreneurs have to deal with. Regulations which make it more than ten times harder to start a company in Europe than in the United States of America. This is a serious problem, and we should deal with it as a matter of urgency.

[Regulatory reform program: action]

Very often the measures that we have to take to improve competitiveness are not very popular with the people at large. It's about reducing government spending, preventing that wage rise disproportionately, and working more hours and until a higher age. That's why it's good to know that we have also got popular measures to improve Europe's competitiveness. I am referring to reducing red tape and making regulation more efficient. Surely nobody would take to the streets for that!

On better regulation the European Union has come a long way in the last 3 years when the so-called Mandelkern –report was presented. This report was followed by the European Commission's action plan on better regulation and several conclusions in European Summits underlining the importance and the necessity of better regulation.

But phase 1 of the process –the agenda setting of the issue – is over now, we should altogether enter phase 2 : concrete action instead of political rethoric and implementation of all these plans and programs because that's what entrepreneurs expect from us.

[Action on the Commission level]

In several areas the action has already started. The European Commission now has a standing practice of assessing major proposals on their implications. The years 2003 and 2004 were transition years for implementing this new tool, and we are expecting a first evaluation from the Commission later this month. Also the Commission has set minimum standards for consulting stakeholders. In particular I welcome the rolling program to bring down the monstrous 90 thousand pages of the *acquis communautaire*.

[Action on the Council level]

As for the Council, last spring Member States committed themselves to relieve the regulatory burden for business. This political commitment was followed up by a joint initiative from the Irish and Dutch Presidencies asking the member states to submit concrete suggestions to simplification. I am very happy to tell you that - so far - 21 Member States have responded to this call, submitting over 300 very specific suggestions, which is a very impressive response.

Among the 300 suggestions made by the member states is one of Denmark and Sweden concerning an area of this conference - statistics. It points out that in order to have statistics on trade *within* Europe, we require companies to fill in forms on both import and export alike. Now Denmark and Sweden suggest we can cut the administrative burden for business by *half* if we only require them to fill in forms on - say - export. If all members have the same definitions, figures on *import* would then follow by a simple exercise of calculation.

[Action on the Member State level]

As for the Member State level, I will give you an example taken from the Dutch practice. In 2003 my department of Economic Affairs started a national campaign, specifically aimed at solving contradictory legislation. Companies were invited to name and shame the regulations which hindered them most. We had an overwhelming response of 800 reports. One report was about fire exits in restaurants and other public venues. Entrepreneurs faced successive inspectors, one telling them fire doors should swing outwards, so that the public can easily open it and escape. But other inspectors insisted it should swing inwards, so that the door could not hurt someone walking by on the street. Both claimed the authority of a different regulation.

Another reported problem was about hygiene inspectors, ordering a slippery kitchen floor, for better cleaning. At the same time inspectors on workers' safety required the floor to be *rough*, fearing employees might slip.

Fortunately, we were able to remove most of the 800 reported obstacles this year. The bulk of the problems reported, have been solved by better *coordination*. It often turned out that not the rule itself was the problem, but the interpretation of local inspectors. An experience like this stresses the importance of committing relevant stakeholders to the process of regulation and educating them afterwards.

[Conclusion]

Ladies and Gentlemen,

Companies are more willing to follow rules when implementation costs are low. Less and better regulation is a precondition for that.

For we should not forget that in the end, it is only the *companies* that can fulfill the promise of Lisbon. It is the *companies* that have to be inspired to an ambition for growth. We can only take away the obstacles.

This requires a new mindset for the civil servants of today. They should continuously ask themselves: is this rule really necessary? Doesn't it conflict with other regulations? Doesn't it create too much paper work for companies? We have to exchange information among government service about these matters. We'd better spend more time ourselves preparing good legislation, than requiring companies to invest time and resources in complying with poor quality legislation for which we are responsible.

I am glad that politicians and civil servants are developing this mindset. And I am convinced that this is going on on all levels (European, national and local) and in all stages of the legislative process. And I sincerely hope our conference will give an extra impulse.

The stakes are high, our timetable is tight, let's show the public what we have got.

Thank you.