

Simpler, Better, Less
Ground Rules for Good Rules

Speech by the Minister for European Affairs
Conference 'Simple is Better'
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Summary

European rules directly affect people's lives and businesses. That creates obligations, Minister for European Affairs Atzo Nicolaï said at a conference on effective legislation for a competitive Europe. Stressing the shared responsibilities of Member States, the Commission and the European Parliament, Minister Nicolaï concluded that steady progress is being made in the quest for simpler, better and less European legislation.

[Check against delivery]

[Introduction]

Ladies and gentlemen,

The Netherlands is a country of water. In the old days, boats were often the only means of transport. Some 500 traditional sailing boats have been preserved and are now rented out as pleasure craft – sometimes for a day, sometimes for a month or more.

But this "brown fleet" – named after their typical brown sails – is being threatened with extinction. That is at least what the skippers say. And they are blaming Brussels. The skippers claim that a new European directive on internal navigation and passenger transport is going to torpedo them. The Transport Council is due to consider the directive around December.

Skippers have been pouring out a tale of woe in the national newspapers. They say that the new European rules would force them to make all sorts of changes. They would have to broaden gangways for wheelchair access, raise decks to create at least two metres of standing room and split their vessels into three compartments to stop them from sinking outright in the event of a collision. The skippers claim that nothing will be left of the

traditional boats. And that the charm of brown fleet sailing will be destroyed.

It turns out that the whole story is a bit of a storm in a teacup. Because the annexes to the directive include a separate chapter for sail-powered passenger vessels. That chapter is modelled on current Dutch legislation on the brown fleet. In reality, therefore, little will change. So Brussels is being blamed unfairly.

[Public perception]

And yet Brussels partly has itself to blame. Rules such as the ban on chocolate cigarettes, restrictions on ladder use by window cleaners, zoo animal feed regulations and strict noise limits for lawnmowers undermine the credibility of European regulations. People think it nonsense for Brussels to regulate such matters. And they have a point.

Of course, the Commission doesn't think up all these rules by itself. The member states contribute their fair share. And they are quick to take the credit when a measure proves popular. But as soon as protests are heard, they are equally quick to point the finger at Brussels. And this game of making Brussels the scapegoat is bad for Europe.

By creating such a forest of rules, the Commission and member states alienate the public. And yet we all owe a huge amount to European regulations.

[Internal market]

Take the internal market. The internal market is without a doubt one of the Union's biggest success stories. According to European Commission figures, it has brought additional economic growth of 1.8 percent in the EU since the abolition of internal borders ten years ago. This corresponds to new wealth of almost 900 billion euros. An estimated 2.5 million new jobs have been created with this money. Jobs which would not have existed without the internal market.

Without common legislation, the internal market could never have been created. But we are not there yet. We must constantly scrutinise new and existing rules to see if they can be improved. The stakes are high. Europe is in danger of becoming uncompetitive. The US is getting further and further ahead and Asia is catching up. If we do nothing, Europe will eventually price itself out of the market.

Like the Irish EU Presidency before us, the Dutch EU Presidency pushes for sustainable growth through structural reforms. We focus in particular on less and better legislation. Carefully drafted legislation is, after all, vital to tap the full potential of the internal market. And if we tap that potential, Europe's competitiveness will increase.

[Transposition]

Strengthening the internal market by means of better legislation starts at national level.

The internal market can only function properly if member states implement and enforce the rules they have agreed on. Unfortunately we don't always do that. Most member states are having major problems in transposing a large number of crucial directives on the internal market on time. The Netherlands is no exception to this rule.

The backlog in transposing Community legislation leads to unnecessary fragmentation of the internal market. In the long run it also undermines confidence in it. And confidence is crucial. As soon as countries start to doubt whether everyone is sticking to the rules, the foundations of the internal market start to crumble. And this is the last thing we need in a Union of twenty-five member states with bigger differences between them than ever before.

[Quality]

Strengthening the internal market by means of better legislation continues at the European level.

In some areas Community legislation weakens rather than strengthens competitiveness. This is not the intention, but it is no less undesirable for that. Therefore it is important to constantly scrutinise the quality of European rules. Because, as justice minister Piet Hein Donner has said, it is flaws in quality that undermine the effectiveness of European rules.

There are certain questions we must always ask about a rule handed down by the EU. Is the rule really a European matter, or rather the responsibility of the individual member state? Is the rule really needed, or can the objective be attained in some other way? Are co-regulation or self-regulation perhaps an alternative? Is the rule comprehensible? Can it be implemented? Can it be justified? And, last but not least, can it be enforced?

The Commission, the European Parliament and the Council are increasingly open to such questions. This is a great improvement, and we must maintain this attitude.

[Red tape]

Strengthening the internal market by means of better legislation finally involves cutting red tape for businesses.

In a publication on doing business in 2004, the World Bank worked out that it was as much as eleven times as difficult to start up a business in Europe as it is in the US. The reason is simple: legislation in Europe places far greater demands on European entrepreneurs than those faced by their American counterparts.

Form-filling is a *drain* on businesses' productivity. Yet in our high-wage economies, *raising* productivity is the key to greater competitiveness and thus greater prosperity. Therefore we have no choice but to liberate entrepreneurs from the red tape that binds them. Finance minister Gerrit Zalm has spoken to you on this subject.

Here, too, there is good news. The World Bank report shows that in many EU countries the business climate has improved significantly over the last year. The major impetus for reform in 2003 was competition in the enlarged European Union. Seven of the top ten reformers were incumbent or new European Union members. Slovakia is the leading reformer. Lithuania and Poland significantly lightened the burden on businesses and remain in the top ten. Five other European countries – Belgium, Finland, Norway, Portugal and Spain – entered the top ten list.

This year's World Bank survey also dispels some commonly held beliefs about cutting red tape. It shows, for instance, that regulatory reform need not be expensive. It also does away with the enduring myth that more business regulation is needed to ensure social protection. I'm sure that no one would accuse countries like Sweden, Denmark and Finland of not having adequate social facilities. Yet they are among the countries with the simplest business regulation in the world. So it is possible!

The fact that this topic is on EU agendas also emerged from the speech by the foreign trade minister, Karien van Gennip. She revealed that, at the invitation of the Dutch EU Presidency,

the member states have submitted over 300 proposals for simplification. I devoutly hope that they will lead to fewer and better rules. Because this would do both European business and Europe a great service.

[Conclusion]

I started my account with the angry skippers of the Netherlands' brown fleet. They are not the only ones who are critical of Europe. More and more Europeans are expressing discontent. Yes, people are aware that the European Union has succeeded in reconciling arch-enemies France and Germany, and in uniting East and West. And they are truly thankful. But they are not prepared to sit back and accept everything the Union does. And why should they?

European rules directly affect people's lives and businesses. They make the Union tangible and concrete. That creates obligations. Member states must make every effort to transpose European directives on time into national legislation. The Commission, the European Parliament and member states must think carefully about how we use legislation. And we must set about liberating entrepreneurs from red tape. The credibility of the Union is at stake.

Fortunately, the will to reform is there. The consecutive EU Presidencies of Ireland, the Netherlands, Luxembourg and the United Kingdom have made a unique commitment to keep the issue of Better Regulation on the European Agenda. The Commission and the European Parliament are our allies. And steady progress is being made.

So we have grounds to feel optimistic. We're not there yet by a long chalk, but things are getting better!

Thank you.