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NOTE

From: Presidency
To: Council

Subject: Better regulation in supporting sustainable growth: Work done under the Finnish Presidency
- Information from the Presidency

1. Promoting sustainable growth is one of the key priorities of the Finnish Presidency. A strong economic base and sustainable growth are of key importance for Europe's prosperity and job creation as well as for its role on the global stage. Over the years, Europe has successfully created prosperity and well-being for its industries, businesses and citizens. However, the current European growth model is facing new developments such as climate change, fierce global competition, the rapid development and transformation of technologies and the need for new skills for adapting to technological and societal changes. Stronger regulatory competitiveness is required in order to maintain a level playing field for European companies in the era of global digitalised markets.

2. To this end, the Presidency has held discussions on the role of Better Regulation policy in supporting sustainable growth. The discussions started at the Meeting of Directors and Experts of Better Regulation (DEBR) in Helsinki, on 27-28 June 2019. The work continued at the Competitiveness and Growth (Better Regulation) Working Party on 20 September and 9 October 2019. To steer the debate, the Presidency prepared a background document covering several aspects on how Better Regulation can foster sustainable growth.
3. Following the debate at Working Party level, the Presidency delivered a summary note reflecting the outcome of the debate, which is annexed to this note. The key conclusion of the debate was a strong will to keep Better Regulation a high priority in the EU political agenda also during the term of the next Commission. A holistic approach combining Better Regulation, growth and both environmental and social sustainability was widely appreciated.
4. In addition, the Working Party held a debate on the European Court of Auditors' Special Report on the Commission's public consultations¹ and prepared Council Conclusions², to be adopted by the Competitiveness Council on 28 November 2019.
5. Finally, the Finnish Presidency also focused on innovation friendly regulation as well as on developing solid regulatory framework for SMEs. On both themes, the Working Party has heard the views from stakeholders and the Commission.

¹ Special Report No 14/2019 “‘Have your say!’: Commission’s public consultations engage citizens, but fall short of outreach activities”

² Doc. 13607/19.

The role of Better Regulation in supporting sustainable growth

The Presidency Note "The role of Better Regulation in supporting sustainable growth" was discussed in the Competitiveness and Growth Working Party (Better Regulation) on 20th September. A key conclusion of the discussion was a will to keep Better Regulation a high priority in the EU political agenda also for the upcoming Commission.

The Finnish Presidency asked the Member States how Better Regulation could be more strongly linked to the strengthening of the Single Market. Member States argued that Better Regulation does serve an important purpose for the Single Market, by simplifying the Single Market rules, removing unnecessary trade barriers caused by bureaucracy, and supporting digitalisation of the Single Market with the digital-by-default principle. Member States also consider developing internal market regulation to be less burdensome for businesses, maximising the benefits and the quality of EU regulation, and creating a regulatory environment that fosters innovation as a means to bolster the Single Market.

These objectives can be promoted by strengthening the existing Better Regulation instruments: the REFIT Platform, Solvit, and SME tests. Improving impact assessments, public consultation processes, and national implementation, and the application and enforcement of the EU rules also help to enhance the Single Market. The important role of harmonisation and mutual recognition was also stressed. Additionally, a more experimental approach could be adopted in EU law-making, such as sandboxes where appropriate. Many Member States saw that coherent and ambitious Better Regulation policies could strengthen European value chains created in the Single Market. Additionally, some Member States noted that heterogeneous national implementation of EU laws and overlapping regulations can create barriers to trade within the EU. Hence, better cooperation between the three institutions is needed to tackle the problem.

Secondly, the Finnish Presidency asked how the EU could improve its regulatory competitiveness. Member States saw it as very important that the regulatory regime in the EU remains competitive in the global market. A level playing field for European businesses is crucial for sustainable growth in terms of both jobs and green transition, as well as a transparent and future-proof regulatory environment.

These objectives could be achieved, according to the Member States, by means such as improving impact assessments and ex-post evaluations of EU laws, especially as regards quantification, and making new EU legislation more innovation-friendly and coherent. Reducing regulatory burden and avoiding overregulation, respecting both the ‘think small first’ and the ‘evaluate first’ principles, and better use of public consultations are seen as key elements. Concretely, continuing the REFIT programme ambitiously serves many of the goals mentioned above. Several Member States specifically stressed that the recently proposed initiative for a ‘One-in, One-out’ rule is a tangible method to improve the EU’s regulatory competitiveness, while some Member States requested more information on the Commission plans and expressed concerns about a quantitative approach.

Thirdly, the Finnish Presidency asked what Better Regulation tools are the key drivers for sustainable growth. Many Member States expressed their support for a holistic approach that combines Better Regulation, sustainable growth, climate protection. An innovation- and growth-friendly regulatory framework is seen as a prerequisite for a more sustainable and socially inclusive carbon-neutral economy.

Better Regulation has a role in making EU regulation more efficient and evidence-based, thus supporting the climate targets. Member States saw more innovative law-making, room for experiments in EU legislation, the principle of technology neutrality, better impact assessments on environmental and social impacts, and better use of public consultations as the key drivers for sustainability within the Better Regulation toolset. A strong and independent oversight body is seen as necessary for ensuring that new proposals respect corresponding Better Regulation principles. Some Member States see the current Regulatory Scrutiny Board fulfil this, while some do not. Furthermore, it was emphasised that instead of introducing new Better Regulation tools, the existing toolbox and guidelines should rather be improved.