



Brussels, 24 April 2025
(OR. en)

8177/25

COMPET 274
IND 115
BETREG 15
INTER-REP 50

NOTE

From:	General Secretariat of the Council
To:	Delegations
Subject:	Presentation by RegWatchEurope (agenda item 2.) at the Working Party on Competitiveness and Growth (Industry) on 24 April 2025

Delegations will find attached a presentation by RegWatchEurope, with a view to the discussion by the Working Party on Competitiveness and Growth (Industry) at its meeting on 24 April 2025.

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Measuring and managing the cumulative regulatory burden on business sectors and its impact on competitiveness

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What is RegWatchEurope (RWE)?

- Network of independent regulatory oversight bodies

- Best practice sharing & promotion of independent scrutiny, internally and externally (e.g. other EU MS, OECD)
- Symposium on EU Cumulative Costs, the Hague, June 2024
- Collaboration projects, opinions, recommendations
 - Just published: RWE Position Paper arguing the importance of interim evaluations to counteract the 'built in obsolescence' of impact assessments, illustrated by the CSRD
 - Forthcoming: Opinions on 1) the Interinstitutional Agreement revision, 2) the Communication 'A Simpler and Faster Europe'

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Measuring and managing the cumulative regulatory burden

- 1) Overarching themes
- 2) Place within the Better Regulation spectrum
- 3) Methodologies of Cumulative cost/impact assessment
- 4) Pros, cons and proportionality of analysis
- 5) New impetus?
- 6) Conclusions on 'measuring' and 'managing'



Overarching themes

- Why ask the question of cumulative costs?

→ Is the whole of regulatory burden greater than the sum of its parts?

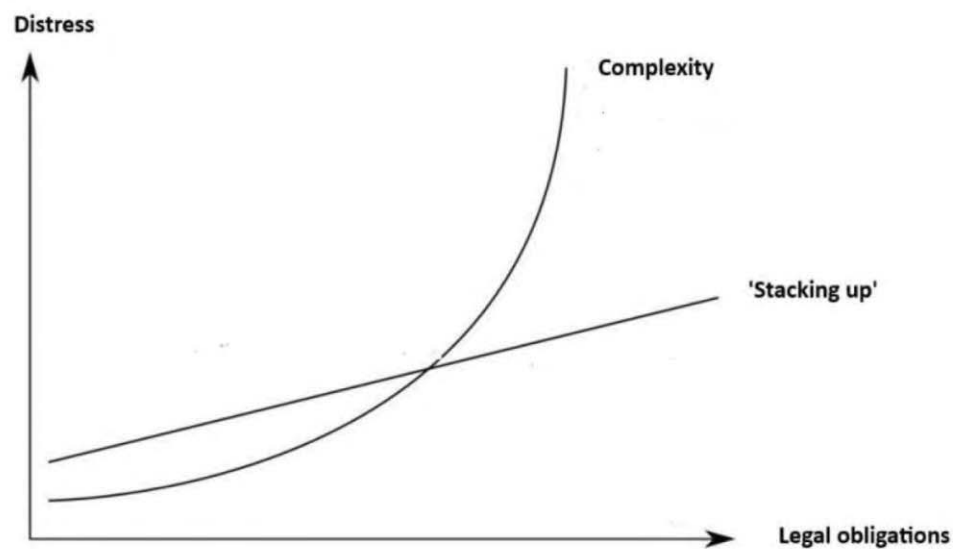
Well, yes: because of tipping points and the dimension of perceived burdens

- 'Stacking up' of burdens vs. real complexity



Overarching themes

Perceived burdens





Place within the Better Regulation spectrum

- Cumulative impacts are mentioned throughout the BR toolbox
- Fitness checks: about 'stacking up' or about complexity?
- Coherence as an evaluation criterion. Justification after the fact? Prose vs. Data.
- Cumulative Cost Assessments *strictu sensu*
 - Part of Tool #57 *Methods to assess costs and benefits*
 - warning about limited value; benefits can't be assessed
 - mysterious reference to Dutch Compliance Cost Assessment tool ('CAR model')
 - Still not much guidance almost 2 years after the Communication on Long-term Competitiveness



Methodologies of Cumulative cost/impact assessment

Fully fledged CCAs

- Done for four sectors between 2016 and 2018, e.g. aluminium
- Now Cosmetics Pilot
- Extensive surveys, extensive economic data
- Important for weighing impact on international competitiveness
- Regulatory burden as a proportion of aggregate cost structure
- Input for broader market organisation questions, e.g. (price of) electricity
- Uncertain follow up



Methodologies of Cumulative cost/impact assessment

Dutch Indicator companies method

- Defining average or model company within a sector; it is an abstraction, but a data-driven one
- Plotting regulatory burdens: general, sectoral, thematic
- Plotting on an extra axis: workability (perceived burdens)
- Valuable as a pragmatic baseline for 'flow management'
- Conclusions on legislative level, not company level
- Extension to EU?



Pros, cons and proportionality of analysis

- 'Quick and dirty' is very hard for European Institutions; cf. simplified IAs for substantial amendments
- CCAs are very robust, but cumbersome in their execution *and* (follow up) application
- Indicator company method as a good compromise between rigour and practicality? Would need to find a place in IAs and not be a one-off exercise
- Do these instruments deal with 'stacking up' or with complexity?



New impetus?

- Many new instruments being introduced, but details are as yet unknown
- Stress testing the European *acquis*: bird's eye ambition, pragmatic execution? Piecing together many sources of information
- Fitness checks will be pivotal, but is it sufficiently clear what they are for?
- Determining the leverage of regulatory burden reduction vs. market organisation. Fully fledged CCAs in key areas?



Conclusions on 'measuring' and 'managing'

- Stock/flow conundrum. (Baseline of 150 billion Euro regulatory burden a given?)
- Use case of CCAs and Indicator company method is different. E.g. Impact on competitiveness, perceived burdens.
- Other headings of the BR toolbox complement the picture: coherence criterion and fitness checks
- Stock/flow conundrum is even larger if we take the MS level into account

Thank you!

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