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PART 1/2

COMMISSION STAFF WORKING DOCUMENT

**Regulatory Fitness and Performance Programme
REFIT and the 10 Priorities of the Commission**

Accompanying the document

**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

Commission Work Programme 2017

Delivering a Europe that protects, empowers and defends

{COM(2016) 710 final}

Regulatory Fitness and Performance Programme

REFIT and the 10 Priorities of the Commission

25 October 2016

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Note:

No REFIT initiatives are currently implemented in priority 9 - A Stronger Global Actor.

Introduction

This document presents the key developments and results of REFIT, the Regulatory Fitness and Performance programme¹. It also contains detailed information on the first 22 REFIT Platform opinions and the way in which the Commission intends to follow-up on these.

REFIT aims to make sure that EU law remains fit for purpose and delivers the results intended by policy makers in the most efficient and effective way. It targets removing red tape and lowering costs without compromising policy objectives and EU high standards. REFIT is about regulating better, making EU legislation fit for purpose, simpler and less costly, aiming to ensure a clear, stable and predictable regulatory framework supporting the delivery of our common goals and allowing businesses and our citizens more freedom to pursue their goals.

REFIT works on the basis of the systematic evaluation of the performance of existing EU legislation or policies. This evaluation serves to identify inefficiencies, burdens, inconsistencies and gaps across the EU acquis. Where considered necessary, follow up can take the form of legislative revisions, simplification and codification of regulatory measures, measures to improve implementation, repeals of regulation and withdrawal of outdated proposals.

REFIT relies strongly on stakeholder input to focus its work. It is the citizens, the small entrepreneurs, the public administrators who benefit from the advantages but also face the inefficiencies of EU laws and their implementation by Member States on a daily basis. They are thus best placed to suggest where improvements can make a real difference. To this end, in 2015, the Commission set up the REFIT Platform to further improve the ongoing dialogue with stakeholders and Member States on improving EU legislation². The Platform collects and assesses suggestions for the reduction of regulatory and administrative burdens stemming from EU regulation or its implementation by Member States. An online portal has been set up to this end³. The Commission has committed itself to react to all the resulting Platform's suggestions and explain how it intends to follow up⁴.

¹ REFIT was launched in December 2012 (see COM(2012)746). It builds on experience gained with the Administrative Burden Reduction (ABR) Programme implemented since 2007 and integrates other initiatives related to regulatory fitness such as the Simplification Programme and the follow up to the ABR programme (ABR+) and to the Top 10 consultation, as well as the SME Scoreboard: http://ec.europa.eu/info/law-making-process/evaluating-and-improving-existing-laws/refit-making-eu-law-simpler-and-less_en

² The Platform is composed of high-level experts from business, civil society (including the social partners) the Economic and Social Committee, and the Committee of Regions and Member States. The Platform receives suggestions sent in via the 'Lighten the load – Have your say' website. It can bring in ideas from the Platform members themselves or their contact networks.

³ http://ec.europa.eu/smart-regulation/refit/simplification/consultation/consultation_en.htm#up

⁴ COM(2015)215 final

REFIT requires a joint effort by all those involved in the design, approval, implementation and enforcement of EU law: the European Parliament, the Council, the Commission and the Member States and all other levels of government.

This document summarizes the key elements of the REFIT scoreboard⁵, the information tool through which the Commission regularly tracks and presents the progress of REFIT actions throughout the whole policy cycle from evaluation, to adoption and implementation, providing as much information as available on the final results compared to initial (simplification and savings) objectives.

Since 2012, two screenings of the EU's regulatory acquis have been carried out to assess the performance of EU regulation and identify where REFIT actions can best be focused. Almost 200 initiatives for burden reduction and simplification have been launched, including withdrawals, repeals, evaluations and impact assessments to identify further possibilities. Under the Juncker Commission, 119 REFIT actions were included in the Commission Work programmes for 2015 and 2016 and 93 proposals in the EU legislative procedure have been identified for withdrawal, 90 of which have already been withdrawn. This work will continue in 2017 and it is strengthened by the recent work of the REFIT platform which issued 22 opinions to date. The Commission Work Programme lists (34 legislative initiatives under REFIT, 19 withdrawals, 16 repeals). It answers to the recommendations of the REFIT Platform by envisaging follow up for 21 out of 22 opinions issued to date (in 15 cases under this year's work programme). The sole exception regards the Platform recommendation for a standard VAT declaration, on which an earlier Commission proposal had to be withdrawn this year due to lack of support from the Council in the legislative procedure. Information on the exact content of the Commission follow up will continue to be tracked and communicated as the relevant Commission initiatives are finalized.

⁵ SWD(2016)400, part 2.

Priority 1: A New Boost for Jobs, Growth and Investment

1. Context

Boosting jobs, growth and investment in a sustainable manner is key to further reduce unacceptable high unemployment and increase the welfare of Europe's citizens and the competitiveness of its businesses. Achieving these goals not only requires launching new initiatives but also making sure that the existing EU legislation is kept fit for purpose, unnecessary costs eliminated and rules simplified where possible. This is the purpose of the REFIT programme.

2. New REFIT Initiatives

During 2017, the Commission will follow-up on the seven opinions issued by the REFIT Platform. On the basis of an evaluation of the Drinking Water Directive and the European Citizen's Initiative 'Right2Water', the Commission will present a REFIT revision of the Drinking Water Directive in 2017 to adapt quality standards and risk prevention, improve access to information and transparency.

Follow-Up to REFIT Platform Opinions: Prompted by stakeholder submissions, the REFIT Platform issued seven opinions in this priority area which will be followed up by the Commission with initiatives in 2017.

On the **Common Agricultural Policy**, the REFIT Platform issued three opinions on the efficiency of the CAP, cross compliance and overlaps between Pillars I and II. The REFIT Platform Stakeholder group recommended to carry out a more strategic review of the CAP with a view to ensuring the effectiveness and efficiency of the CAP, while the Government group objected to such a review and, instead recommended to follow the existing evaluation planning established by Regulation 1306/2013. The Commission will be consulting the public throughout 2017 on the simplification and modernisation of the Common Agricultural Policy (CAP) to maximize its contribution to the Commission's ten priorities and to the Sustainable Development Goals. This will focus on specific policy priorities for the future, taking account of the opinions of the Refit Platform

In its opinion on **Waste electrical and electronic equipment (WEEE)**, the REFIT Platform recommends action to implement a common harmonised reporting and registration system that takes enforcement and manageability into account without adding unnecessary burden on the Member States. In order to address this recommendation, the Commission is planning to propose an implementing act on a standard format and frequency of reporting by the end of 2017.

The Platform adopted 2 opinions on the **Common Provision Regulation governing the Cohesion Fund, ERDF and ESF**. It recommends that far-reaching legislative changes should be avoided in the interest of legal certainty, but that small changes to clarify rules, simplify implementation and remove inconsistencies should be envisaged and that this opinion be sent to the High Level Group on Simplification of the ESI Funds. The European Commission has transmitted this opinion to this group, which is currently preparing its reply to the Platform.

Concerning overlaps in legislation on chemicals and safety and health at work, the REFIT Platform considered that the Commission should raise awareness and issue guidance on the implementation of legislation in these areas. In response, the Commission plans to issue a Common Understanding explaining the interface between REACH and OSH legislation. In addition, several evaluations in this area will conclude during 2017 and assess the need for further action.

3. Progress and Results

Evaluations and follow-up: Following a **review of Greening obligations under the Common Agricultural Policy** after the first year of implementation, the Commission is working on targeted modifications to relevant delegated and implementing acts simplifying certain greening rules for farmers and national administrations in order to increase the acceptance of greening by farmers and to improve its environmental performance. A comprehensive evaluation of greening measures will be carried out in 2017.

The Commission is currently taking stock of **reporting obligations across the environment acquis** covering about 60 pieces of legislation and approximately 170 reporting obligations. In this context, the Commission plans to propose the repeal of the Standardised Reporting Directive and its associated reporting obligations⁶. Following on these preparatory activities, the Commission will take further action to streamline reporting requirements⁷.

In the area of environment, the results of not less than 11 evaluations are expected before the end of 2017. The **fitness check on the Birds and Habitat** directives is expected to be completed by the end of 2016.

Pending proposals and adopted legal acts: The Commission continues a **comprehensive simplification of the Common Market Organization** under the Common Agricultural Policy. The initiative should be completed in 2017 leading to the reduction of 200 implementing and delegated acts to around 40⁸. So far 8 new delegated regulations and 6 new implementing regulations have been adopted, 30 regulations have been repealed, 57 regulations have been declared obsolete and a further 18 delegated and implementing acts are planned for adoption by the end of 2016.

A proposal made in 2014 to simplify **organic farming** provisions is pending in legislative procedure. The initiative will modernise and harmonise the rules for organic production and improve consumer

⁶ In the context of the proposal for repeal of the Standardised Reporting Directive (91/692/EEC) planned for end 2016.

⁷ Initiative for Monitoring, Transparency and Focused Reporting planned in the Commission Work Programme for 2017.

⁸ Calculation based on the possibility for a single delegated and implementing regulation for each major heading of the CMO, including 15 Commission Regulations on marketing standards.

confidence by excluding contaminated products and aligning controls. The proposal foresees the elimination of 37 of the current 135 information obligations for operators.

In the area of **fisheries**, the Commission proposed a set of simplified technical rules for the protection of marine organisms to support a sustainable fishing policy with rules easier to follow and better enforceable. In addition, the Commission adopted a simplified framework for fishing authorizations with the objective of reducing costs to ship owners and national authorities and allow for effective and efficient enforcement of rules.

Implementation on the ground: Considerable cost savings to business, consumers and public administrations have been estimated for several initiatives in this priority area and confirmed by feedback from Member States and stakeholders:

- ***Shipments of Waste:*** Cost reductions on the ground have reached up to 70%, exceeding initial estimations of 50% or EUR 44 million per year.
- ***Environmental Impact Assessments:*** Annual direct savings are estimated at EUR 21.4 million for business and up to 5.3 million for public administrations. Savings will be checked on the ground through an evaluation planned for 2018.
- ***Egg Labelling:*** Member States who fully implemented the requirements estimated cost reductions between 9% and 63% while initial estimations by the Commission amounted to 44% or approximately EUR 600 million.

However, in the case of ***Waste of electrical and electronic equipment (WEEE)*** simplification benefits could not fully be realized as Council and Parliament did not maintain the Commission's proposal for a single registration for all EU obligations, with interoperability and data-transfer between Member State producer registers. In 2017, the Commission will propose an implementing act on a standard format and frequency of reporting.

Priority 2: A Connected Digital Single Market

1. Context

The Commission aims to create a Digital Single Market to make the EU's Single Market fit for the digital age – tearing down regulatory walls and moving from 28 national markets to a single European market. This could contribute EUR 415 billion per year to the EU economy and create hundreds of thousands of new jobs. Regulatory Fitness initiatives contribute to this objective by bringing down barriers and removing unnecessary costs, making the EU legislation fit for purpose. This leads to new opportunities for businesses and improves the offer to consumers. In order to release the full growth potential of a connected Digital Single Market, the Commission will deliver in 2017 a VAT package covering proposals on e-commerce, e-publications and e-books and initiatives on advancing the data economy.

2. New REFIT Initiatives

In its Work Programme for 2017, the Commission plans to carry-out a legislative revision of the Regulations on the **European Agency for Network and Information Security (ENISA)** and on the **“.eu” top-level domain** which will be updated to changing market circumstances. The planned mid term review of the implementation of the Digital Single market Agenda may identify further necessary proposals for the revision of existing legislation.

New evaluations: In 2017, the Commission will carry out an evaluation of EU legislation on the legal protection of databases.

3. Progress and Results

Evaluations and follow-up: Four regulatory evaluations have delivered results during 2016 and will all be followed-up by legislative reviews within the year. This concerns the following Directives:

- ***Mini One-Stop-Shop:*** The existing one-stop shop allows businesses in the areas of telecom, broadcasting and electronic consumer services to declare and pay VAT in the Member State where they are established rather than where their customers are resident. By the end of 2016, the Commission will present a further legislative proposal to modernise and simplify VAT for cross-border e-commerce, in particular for SMEs. This will include extending the One-Stop-Shop to online sales of tangible goods to final consumers. The estimated saving to business is EUR 2.3 billion a year.
- ***Audio-visual Media Services:*** The Commission proposal [COM(2016)287] will bring simplification and more flexibility to current rules. The economic benefit could amount to

EUR 122 million for a single TV broadcaster or to EUR 441 million per year EU-wide for sponsorship.

- **The Satellite and Cable Directive:** The initiative [COM(2016)594] aims to enhance cross-border access to broadcasting and related online services across the EU. Removing barriers in the digital single market will reward creators and creativity and strengthen the EU's broadcasting sector while giving consumers access to a wider variety of content across borders.
- **The Telecoms regulatory framework:** This has been reviewed [COM(2016)590] to keep up with technological progress such as 5G. Costs resulting from market reviews could be reduced by 10-15%.

Pending proposals and adopted legal acts: In 2016, the legislator adopted the Commission's proposal on Strengthening **Network and Information Security**. The new Directive for **collective rights management of musical works (CRM Directive)** had to be transposed by Member States by April 2016.

- **Network and Information Security (NIS):** The new act will reinforce cyber-security and increase confidence in the digital economy. Micro-enterprises have been exempted from some notification requirements.
- **The Directive on Collective Rights Management (CRM):** The functioning of Collective Rights Management Organisations (CMOs) will be improved by increasing their transparency and accountability towards their members and right holders. The Commission proposed an optional micro exemption for setting up a supervisory function and for certain financial reporting obligations which was not retained in legislative procedure.

VAT Mini One-Stop-Shop: Doing business in more than one Member State often means dealing with several tax administrations in different languages. Dealing with multiple VAT obligations can be very burdensome and costly for companies. The implementation on 1 January 2015 of a mini One-Stop-Shop for the EU providers of telecommunications, broadcasting and electronic services to consumers (Council Directive 2008/8/EC) was a big step forward in simplifying VAT compliance rules in the EU. The initial One-Stop-Shop system that was limited to non-EU providers of electronic services is now extended to EU businesses and to broadcasting and telecom services. It allows businesses to declare and pay the VAT in the Member State where they are established rather than where their customers are located. The estimated annual savings on administrative burden today are EUR 500 million. The portal is currently used by more than 14 000 businesses. Building on the existing set-up, the Commission will extend the Mini One-Stop-Shop in 2017 to cross-border online sales of goods to consumers, introducing a common VAT threshold to help start-up e-commerce businesses.



Priority 3: A resilient Energy Union with a Forward-Looking Climate Change Policy

1. Context

A European Energy Union will ensure that Europe has secure, affordable and climate-friendly energy. Wiser energy use while fighting climate change is both a spur for new jobs and growth and an investment in Europe's future. Building an Energy Union also requires looking at existing legislation and making sure it is fit for purpose, as simple as possible and with no unnecessary costs and burdens, making sure EU energy and climate legislation can fully deliver on its ambitious objectives and benefits.

2. New REFIT Initiatives

In its **Work Programme for 2017**, the Commission will propose initiatives to gradually move to zero-emission vehicles which will also enhance competitiveness of the industry. These revisions will include rules on:

- **Clean Vehicles** in order to improve procurement incentives and rules.
- **Cars and light commercial vehicles** proposing CO₂ emission standards post-2020. On the basis of the result of the evaluation which found that intermediary targets were met and EU rules had a positive impact on emission reductions for cars and vans as well as on energy security. The evaluation also revealed a significant discrepancy between real-world and test cycle emissions with adverse effects on the effectiveness and efficiency of the legislation.
- **Road charging** applying the user-pay and polluter-pay principle, to propose improvements for those Member States choosing to use this tool, including including for the interoperability of electronic tolling services.
- **Combined transport** in order to further promote intermodal transport in the EU and thus contribute to reducing emissions. The evaluation of combined transport rules showed that the potential benefits to the environment are not yet fully harvested. Up to EUR 2.1 billion of external costs could be saved annually with a moderate shift of freight away from roads to rail or waterways.

New evaluations: In 2017, the Commission will carry out an evaluation of the EU legal framework for energy taxation (Energy Tax Directive).

3. Progress and Results

Evaluations and follow-up: Before the end of 2016, a comprehensive Fitness Check on ***planning and reporting obligations in the area of Energy Union governance*** will conclude and evaluations on renewable energy and energy performance of buildings will deliver results and will be followed-up by revisions of the respective Directives.

With regard to the legislation on ***energy performance of buildings***, preliminary findings indicate that removing the obligation to conduct a feasibility study of high efficiency alternative systems for new buildings could lead to cost savings of ca EUR 200 million per year. A simplified inspection regime for Member States authorities may deliver further savings of on average EUR 200 per inspection for ca. 13.5 million occasions of inspections in non-domestic buildings in 15 concerned Member States during 2020-2030.

Fitness Check on Planning and Reporting obligations of Energy Union Governance: The Fitness Check aims to quantify average administrative costs per Member State and the Commission stemming from 91 reporting obligations included in 31 pieces of legislation. This exercise is supported by surveys in all Member States and in depth interviews. On this basis, the Fitness Check will make recommendations on the basis of which existing planning and reporting obligations can be repealed, integrated into the new Governance reporting framework or need to be kept separately.

Priority 4: A deeper and Fairer Internal Market with a Strengthened Industrial Base

1. Context

The Single Market is one of Europe's greatest assets. It is an engine for building a stronger and fairer EU economy, creating the jobs, growth and competitiveness advantages Europe needs. More integrated and deeper capital markets will channel more funding to companies, especially SMEs, and infrastructure projects. Better worker mobility will let people move more freely where their skills are needed. And combating tax evasion and tax fraud will ensure that all contribute their fair share.

Regulatory Fitness initiatives contribute to these objectives making sure existing legislation on the Single Market is fit for purpose and can fully deliver on its objectives and benefits in as simple a way as possible and without undue burdens. REFIT initiatives are being pursued in a number of policy areas including competition; financial services; health and food safety; internal market, industry, entrepreneurship and SMEs; transport and mobility; taxation and customs and communications networks and technology.

2. New REFIT Initiatives

The Commission will carry-out the following legislative revisions within its **Work Programme for 2017:**

In the area of competition:

- The **General Block Exemption Regulation (GBER)** will be revised to facilitate appropriate public support for ports and airports.

In the area of taxation and customs:

- The Commission will bring forward measures to *implement the VAT Action Plan*, to simplify VAT for smaller companies and set the foundations for a modern, more efficient, business-friendly and fraud-proof definitive VAT regime across Europe, taking account of the opinions of the REFIT Platform. A more effective and proportionate approach to VAT rates is a key element of this reform.
- General arrangements for **excise duty** will be revised to align and ensure coherence between customs and excise legislation, improve legal certainty and ensure the uniform application of EU legislation. At the same time, the Commission will also revise the structures of excise duties applied to alcohol and alcoholic beverages. This follows on an evaluation.
- **Common Consolidated Corporate Tax Base (CCCTB)**: In parallel with its Work Programme for 2017, the Commission is re-launching the Common Consolidated Corporate Tax Base with a compulsory common tax base as the first step.

Common Consolidated Corporate Tax Base (CCCTB): Estimates indicate that regulatory measures could reduce time costs for setting up a new subsidiary in a Member State by up to 67%. If 5% of medium-sized companies would expand abroad, a one-off cost saving of around EUR 1 billion could be expected. If all multinational entities apply a CCCTB, recurring compliance costs could go down by about EUR 0.8 billion.

In the area of internal market, industry, entrepreneurship and SMEs:

- The Commission will act to strengthen the ***single market in goods***, notably by facilitating mutual recognition and addressing the increasing amount of non-compliant products on the EU market through revisions of the relevant legislation. This will allow entrepreneurs to offer their products more easily across borders while offering incentives to boost regulatory compliance and restoring the level playing field to the benefit of businesses and citizens.

In the area of mobility and transport:

- The Commission will revise legislation on ***Training, Qualification, Licensing in Road Transport***.
- Rules for ***access to the International market for coach and bus services*** will be revised in order to improve competition on domestic coach markets and ensure non-discriminatory access to terminals and other infrastructure.
- The Commission will propose how to simplify rules on ***access to the EU road haulage*** market, facilitate implementation and strengthen a level playing field.
- In order to ensure a genuine level-playing field for the road transport industry and adequate working conditions, ***social legislation in road transport*** will be revised.
- A ***code for small crafts*** will be proposed in order to facilitate and simplify the construction and cross-border trade of small passenger vessels as well as their registration, following up on the Fitness Check on EU passenger ship safety legislation.
- In order to optimise the allocation of resources, increase flexibility in organising freight transport and improve productivity, legislation on ***Leasing of Vehicles*** will be revised.
- Legislation on ***Road Infrastructure and tunnels safety*** will be revised to improve safety management practices, allow for a level playing field in safety management and reduce administrative burdens.

All of these proposals build on evaluation findings.

In the area of financial stability, financial services and Capital Markets Union:

- The Commission will ensure follow up on the ***Call for Evidence on the cumulative impact of the EU regulatory framework for financial services***.
- Rules on ***OTC derivatives, central counterparties and trade repositories (EMIR)*** will be reviewed in order to eliminate disproportionate costs and burdens to small companies in the financial sector, corporates and pension funds and to simplify rules without putting financial stability at risk.

New evaluations: In 2017, the Commission will carry out evaluations in the following regulatory areas: financial conglomerates, motor insurance, national discretion in the audit regulation,

prudential treatment of investment firms, feed additives, aerosol dispensers, liability for defective products, European Observatory on Infringements of Intellectual Property, the European Standard Procurement Document, airport charges, and the common system of value added tax.

Follow-Up to REFIT Platform opinions: The REFIT Platform issued 12 opinions for the areas covered by this priority:

In its opinion on ***Points of Single Contact***, the REFIT Platform recommends the establishment of a single entry point for business in each Member State to assist companies operating in the Single Market. The Commission will address these concerns in a proposal on the Single Digital Gateway planned for the first half of 2017.

The Platform also issued 4 opinions in the area of ***Taxation and Custom Union***. Two opinions on VAT reverse liability and on simplified VAT document requirements for intra-Community trade will be addressed by a legislative proposal on the definite VAT regime foreseen for 2017, in which the Commission has announced the aim to re-establish the principle of taxation of cross-border supplies in the same way as domestic supplies and extend the current Mini One-Stop-Shop to cover cross-border business-to-business supplies of goods. The opinion concerning the VAT information portal will influence the continuing work of the Commission with Member States on the best design for a web portal. The Commission made a proposal in 2013 for a standard VAT declaration but does not intend to return to the issue following its decision this year to withdraw the proposal.

2 opinions by the REFIT Platform on ***State Aid rules*** are feeding into the ongoing implementation of the existing legal framework. In the field of ***Health and Food Safety*** (Food contact materials and residues in live animals), the Commission will examine how the recommendations of the Platform could be addressed in the context of its implementation follow-up of EU food contact materials legislation and it plans to follow up on the opinion on veterinary medicinal residues in foodstuffs through a new delegated act planned for adoption before the entry into application of the new Official Control Regulation which is foreseen for adoption in legislative procedure later this year.

The opinion on the ***Construction Products Regulation*** will be addressed by the Commission as part of the on-going Fitness Check and through further consultations with stakeholders to improve the functioning of European standards for construction products due to start before the end of 2016.

In its opinion on ***financial reporting***, the REFIT Platform identifies the need to streamline reporting to various supervisory authorities to reduce unnecessary administrative burden on financial institutions. This opinion complements the evidence gathered by the Commission as part of its 'Call for evidence' and will lead to a Fitness Check on financial reporting in 2017.

The Platform also issued an opinion on the ***Financial Conglomerates Directive (FICOD)*** recommending that the Commission undertakes a review. The Platform concerns will be taken into account in the ongoing evaluation, due to be completed early in 2017.

3. Progress and Results

Evaluations and follow-up: 25 evaluations are ongoing in this priority area and 8 evaluations have been finalized recently. These include for example:

- **Market access for transport of goods:** Regulatory savings have been assessed at EUR 8-14 million, considerably lower than the expected EUR 172 million estimated at the time of adoption due to late implementation of the European Register of Road Transport Undertakings. Costs for setting up national registers are calculated at 70% lower than estimated. The findings will be followed up by a proposal in 2017 (see under point 2 above).
- **Port Reception Facilities:** EU law has led to estimated savings of up to EUR 71 million annually through reduction of discharges at sea. The current reporting and notification provision can be further simplified to reduce administrative burdens. The evaluation findings will be followed up by a proposal in 2017 (see under point 2 above).

In 2016, the Commission adopted three proposals to amend existing legislation on **passenger ship safety** [COM(2016)369, 370 and 371] seeking to reap the simplification and saving potential (of up to 1 million euros annually) identified by the fitness check on passenger ship safety.

Pending proposals and adopted legal acts: Pending REFIT proposals include:

- **European Venture Capital and Social Entrepreneurship Funds:** Amendments proposed by the Commission will make these two forms of specialised funds more attractive, reduce costs, and realise economies of scale. Current estimates suggest a total of EUR 32 million in cost savings over five years. The modified rules will further unblock the flow of capital, leading to increased confidence in cross-border investments and to better functioning of the internal market.
- **Prospectus Directive:** Recourse to the new disclosure regime for SMEs is estimated to save SMEs around EUR 45 million per year while about 320 SMEs are likely to benefit. The alleviated disclosure regime for secondary issuances is likely to translate into additional savings of around EUR 130 million per year.

In 2016, the legislator adopted new legislation on **animal health** which promises major savings through simplification and more efficient rules for the prevention of animal diseases. It also offers possibilities to reduce administrative burdens by allowing the use of new technologies, such as electronic certificates, electronic identification and database interlinks. The simplification of rules for movement of animals can save up to EUR 39 million per year.

Implementation on the ground: New simpler rules apply in a number of areas from 2016 on. This includes:

- **Public Procurement:** New simplified award procedures for public contracts are in force since April 2016. In particular the introduction of a *European Standard Procurement document* allows an easier access to public tenders in all Member States for business and in particular SMEs.

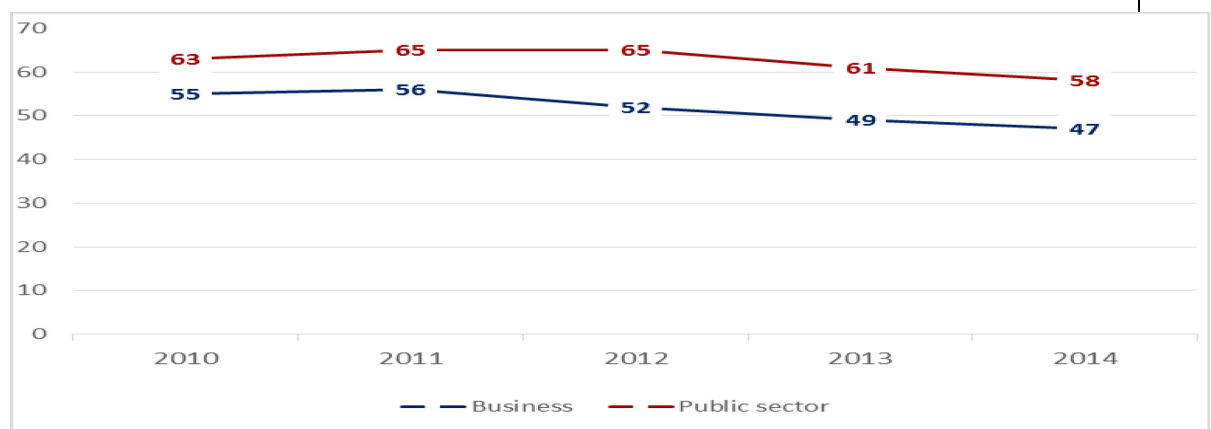
Elżbieta Bieńkowska, Commissioner responsible for Internal Market, Industry, Entrepreneurship and SMEs said: "By reducing the volume of documents needed, the European Single Procurement Document will make it easier for companies to take part in public award procedures. Public administrations will benefit from a wider range of offers ensuring better quality and value for money."

- **Clinical Trials:** New rules on clinical trials for new medicines gradually start applying. These new rules facilitate multinational trials and reduce costs. It is expected that pharmaceutical companies will save up to EUR 267 million annually in administrative burden and EUR 540 mio in compliance costs.
- **Professional Qualifications:** Since January 2016 simplified rules apply for the recognition of professional qualifications earned in another Member State. This includes the European Professional Card which is expected to deliver savings of up to 80 Euros for each user. However, there are concerns that implementation delays do not yet allow citizens and authorities in some Member States to enjoy full benefits.

Regulatory savings are reported by Member States and stakeholders regarding EU laws where simplification has already been applied for some time:

- **Refund of Value Added Tax:** Cost savings to business reported by Member States in the refund of VAT after new and simpler rules have been implemented range between 30% and 35%.
- **Late Payments:** Since the adoption in 2011 of the Directive on late payment, statistics have shown a steady decrease in average payment delays by businesses and in the public sector.

Late Payments: Average payment period (days) in the EU 2010-2014:



Priority 5: A Deeper and Fairer Economic and Monetary Union

1. Context

The Commission is working for a deeper and fairer Economic and Monetary Union in line with the report of the Five Presidents. Initiatives under REFIT are contributing to this goal by ensuring legislation in the areas of financial stability and financial services, social affairs and employment and statistics remain fit for purpose, are as simple as possible and do not involve undue burdens.

2. New REFIT Initiatives

Work planned in the **Commission Work Programme 2017** under this priority includes legislative revisions in two regulatory areas:

- Regulation 924/2009 on **cross-border payments** will be reviewed with a view to improve disclosure, reduce fees in cross-border transactions and extend its scope to all non-Euro currencies;
- Directive 91/533/EC on **Written Statements** will be reviewed in order to improve the rules establishing employer's obligations to inform employees of the conditions applicable to the contract or employment relationship.

In addition, the Commission will provide guidance to ensure a more effective and fairer implementation of the **Working Time Directive**.

New Evaluations: In 2017, the Commission will evaluate legislation on part-time and fixed-term work. The Commission will also carry out an evaluation of the four decentralised EU agencies active in the field of employment and social policy, the European Foundation for the Improvement of Living and Working conditions (EUROFOUND), the European Centre for the Development of Vocational Training (CEDEFOP), the European Training Foundation (ETF) and the European Agency for Safety and Health at Work (EU-OSHA).

Follow-up to REFIT Platform Opinions: The REFIT Platform opinion on **environmental protection investment statistics** recommends that the Commission continue its assessment on overlapping reporting requirements under different regulations and replaces the regulation on structural business statistics with the new Framework Regulation for integrating business Statistics (FRIBS). The Commission recognises that administrative burden is created by double reporting obligations and has examined the legal basis for environmental accounts. To address this, the Commission will make a legislative proposal on FRIBS in 2016 which should ensure that there are no overlapping reporting requirements – a simplification proposal for the Framework Regulation for Agricultural Statistics will also be adopted in 2016.

3. Progress and Results

Evaluations and follow up: Before the end of 2016, results are expected of evaluations of legislation on safety and health at work and on written statements, as illustrated by the below example:

- ***Evaluation of Written Statement Directive:*** The emerging findings of the evaluation show that the notification of a written statement to employees is not a disproportionate burden compared to the benefits it brings, e.g. legal certainty for both sides and less litigations. The average one-off administrative cost per employed person for all company sizes is estimated at 34 euros. – Following up to the evaluation, the Commission plans to review the Directive in 2017 to ensure it remains effective and efficient (see above) .

Proposals and adopted legal acts: 4 proposals for simplification and burden reduction by the Commission are pending in legislative procedure and 5 legal acts have been adopted by Council and Parliament and implementation will be followed-up with Member States (see Scoreboard for details). Pending proposals include:

- ***Integrating Social Statistics:*** The proposal made by the Commission in August 2016 is likely to deliver savings between EUR 3.1 million and EUR 34 million for statistical data collection costs depending on the implementation at national level.

Implementation on the Ground: Information on implementation is available for two initiatives under this priority:

- ***Company Accounts:*** Initial estimations of savings of around 47% of total administrative costs on average could be surpassed thanks to amendments in legislative procedure. Feedback on implementation by Member States showed savings in the range between 8% and 82%.
- ***Annual Accounts of Micro Enterprises:*** Estimated savings were reduced by the legislator from EUR 6.3 billion to EUR 3.5 billion. Implementation feedback showed cost reductions between 42% and 70%.

Commissioner Marianne Thyssen said on the new framework for social statistics: "The new framework Regulation will bring together 7 existing surveys that are now carried out separately. This will avoid duplication of the data and improve data collection. By merging the 7 surveys, we make sure we use everywhere the same definitions, variables and precision requirements. This standardisation will increase substantially data comparability, make the analysis of the data easier and enable social statistics to be published earlier than today. http://europa.eu/rapid/press-release_MEMO-16-2868_en.htm

Priority 6: A Reasonable and Balanced Free Trade Agreement with the U.S.

1. Context

EU trade policy is working to create a global system for fair and open trade, open up markets with key partner countries, to ensure that everyone plays by the rules and to promote trade as a force for sustainable development. Trade brings lower prices and a wider variety of goods to the consumer and helps businesses make the most of global opportunities thus boosting growth, jobs, competitiveness and investment in the EU. REFIT contributes to the achievement of trade policy goals by ensuring relevant legislation delivers on its objectives in the simplest way with the least costs for companies, citizens and public administrations.

In 2017 the Commission will insist on the need to urgently drive forward further improvement in Europe's trade defence mechanisms based on its Trade Defence Instrument reform proposals.

President Juncker stressed the urgency of a reform of Trade Defence in the 2016 State of the Union address: "Being European also means standing up for our steel industry. We already have 37 anti-dumping and anti-subsidy measures in place to protect our steel industry from unfair competition. But we need to do more, as overproduction in some parts of the world is putting European producers out of business. This is why I was in China twice this year to address the issue of overcapacity. This is also why the Commission has proposed to change the lesser duty rule. The United States imposes a 265% import tariff on Chinese steel, but here in Europe, some governments have for years insisted we reduce tariffs on Chinese steel. I call on all Member States and on this Parliament to support the Commission in strengthening our trade defence instruments. We should not be naïve free traders, but be able to respond as forcefully to dumping as the United States."

2. Progress and Results

Proposals and adopted legal acts: A reform of **Trade Defence Instruments** proposed in 2013 by the Commission remains pending in legislative procedure. The reform proposals intend to improve the effectiveness and efficiency of two key trade defence instruments (anti-dumping regulation and anti-subsidy regulation) by increasing transparency, predictability and legal certainty, improving enforcement and facilitating the cooperation of all stakeholders concerned. The reform also includes specific provisions to assist SMEs in dealing with Trade Defence cases.

In 2016 the Commission adopted a proposal for recasting the system of **export control of dual-use items** to simplify the existing framework and reduce administrative burden for companies and public administrations. Thanks to the introduction of new EU General Export Authorisations (EUGEAs), controls would become four times less costly for companies, and up to 11 times less costly for

licensing authorities. In addition, the number of products subject to control on transfers within the EU would be reduced by approximately 40%.

Commissioner Malmström said on the recast of export control for dual use items: *"We are living in turbulent times. Preserving peace and protecting human rights are core objectives of the EU and our trade policy is essential to that aim. That's why we are proposing a set of modern rules to make sure that exports are not misused to threaten international security or undermine human rights".*

A comprehensive ***initiative to codify, recast and repeal trade legislation***, streamline reporting requirements and to carry out alignment with requirements in the Lisbon treaty is reaching completion with the update of 26 acts (see scoreboard for details).

Priority 7: An area of Justice and Fundamental Rights based on Mutual Trust

1. Context

The EU strives to make life easier for Europeans who study, work, shop, travel or get married in other EU countries, so that citizens feel at ease and trust that their rights are protected, no matter where they happen to be in the European Union. To do this, the EU builds bridges between the different national legal systems. A borderless and seamless European justice area ensures that citizens can enjoy their rights across the continent. Regulatory Fitness initiatives contribute to this by examining if existing legislation is fit for purpose, whether laws can be simplified and unnecessary costs reduced.

2. New REFIT Initiatives

Under the **Commission Work Programme 2017**, work is planned for the legislative revision of the:

- **EU Consumer Law:** Preliminary results under the on-going Fitness Check of EU Consumer Law show that cross-border misleading marketing practices create damages to businesses of more than EUR 500 million annually. A strengthened protection could significantly reduce the number of fraudulent practices.
- **Schengen Information System:** The evaluation of the existing system pointed to a number of policy choices regarding scope, data protection, overall architecture and security of the system which could be assessed in the preparation of the proposal.
- **ePrivacy Directive** to update it in the light of latest technological developments and taking into account the opinion of the REFIT Platform.

New Evaluations: In 2017, the Commission will carry-out a Fitness Check of counter-terrorism instruments.

Follow-up to REFIT Platform Opinions: In its opinion on the **ePrivacy Directive**, the REFIT Platform recommends that the revised ePrivacy Directive is aligned with the General Data Protection Regulation, that additional exceptions to the 'consent' rule for cookies are considered and that the Commission addresses national implementation problems. The Commission will pay particular attention to these recommendations in the context of the ePrivacy review, with a proposal for a revised directive planned for adoption early in 2017.

3. Progress and Results

Evaluations and follow-up: In 2016 and 2017, results are expected of Fitness Checks and evaluations in the areas of consumer law, emergency travel documents and equal treatment in social security. Since May 2015, two evaluations have been concluded and were followed-up by legislative proposals in the areas of consumer protection cooperation and recognition and enforcement of judgments in matrimonial matters and matters of parental responsibility (Brussels IIA Regulation):

- **Consumer protection cooperation:** The proposal (COM(2016)283) will help Member states to enforce EU law more efficiently and in a coordinated manner for cross border markets. This will in turn benefit consumers by making market conditions safe when purchasing across borders.
- **Brussels IIA Regulation (COM(2016)411):** Citizens seeking recognition and enforcement of judgments in matrimonial matters and matters of parental responsibility will be able to reduce current average procedure costs of EUR 2,200 considerably through the abolition of the exequatur process (specific authorisation of enforcement of a judgment).

Pending proposals and adopted legal acts: Three main legal acts have been adopted by Council and Parliament and are being implemented and another 5 proposals by the Commission are pending in legislative procedure.

These include legislation on **Personal Data Protection**. Adopted in April 2016, a single European law for data protection will replace 28 national laws and lead to estimated savings of up to EUR 2.3 billion per year. The new EU law means direct benefits for citizens through better data protection and for businesses that will see their administrative burdens reduced and will be able to operate with one single legislative framework throughout the Union.

Joint Statement on the final adoption of the new EU rules for personal data protection: "The new rules will ensure that the fundamental right to personal data protection is guaranteed for all. The General Data Protection Regulation will help stimulate the Digital Single Market in the EU by fostering trust in online services by consumers and legal certainty for businesses based on clear and uniform rules. These rules are for the benefit of everyone in the EU. Individuals must be empowered: they must know what their rights are, and know how to defend their rights if they feel they are not respected. Our work in creating first-rate data protection rules providing for the world's highest standard of protection is complete. Now we must work together to implement these new standards across the EU so citizens and businesses can enjoy the benefits as soon as possible." **Joint Statement by First Vice President Frans Timmermans, Vice President Andrus Ansip and Commissioner Vera Jourova** http://europa.eu/rapid/press-release_STATEMENT-16-1403_en.htm)

Implementation on the ground: two REFIT initiatives have reached the stage of implementation by Member States:

- **Package Travel:** The Directive is estimated to save consumers EUR 430 million/year by reinforcing their rights. Simplification and cutting red-tape measures are expected to reduce costs for businesses by EUR 475 million per year.
- **Small Claims:** The Regulation on small claims allows for a simplified and accelerated civil procedure for cross-border claims up to a certain maximum value. The Regulation was

estimated to reduce average court proceeding costs by EUR 1,250 for any case which would otherwise have to be dealt with under national ordinary civil proceedings. The use of modern communication technologies promoted by the new Regulation could reduce costs of proceedings further by between EUR 300 and EUR 700 per case and shorten court proceedings by 9 days on average. The Commission proposed application of this procedure for claims up to a threshold of EUR 10.000. This was reduced by the legislator to EUR 5.000 with the result that estimated savings may not be fully realized.

Priority 8: Towards a New Policy on Migration

1. Context

Under the European Agenda on Migration, the Commission has worked with the European Parliament, the Council and the Member States to enable a swift coordinated response to the refugee crisis and to outline a long-term framework based on solidarity and responsibility. Regulatory Fitness contributes to these objectives by ensuring that the current EU acquis on migration remains fit for purpose; that opportunities for simplification are used and that costs and burdens are reduced while the benefits of EU law are maintained.

2. New REFIT Initiatives

Commission Work Programme 2017: In 2017, the Commission will carry-out a legislative revision of the Visa Information System (VIS) following up on the results of an evaluation. A comprehensive Fitness Check on legislation in the area of legal migration will also start in 2017.

- ***Visa Information System:*** The evaluation of the Visa Information System completed in October 2016 found that the costs of setting up the VIS were outweighed by the gains brought by the system in terms of simplifying the visa procedure. At the same time the evaluation showed that Member States need to do more to implement the VIS in order to reap its full benefits and it recommends that the VIS regulatory framework is updated to respond to new challenges in visa, border and security policies.

3. Progress and Results

Evaluations and follow-up: An evaluation of the legislation on unauthorized entry, transit and residence is expected to be completed before the end of 2016.

Pending proposals and adopted legal acts: While legal acts codifying the Schengen Borders Code and on Entry and stay in the EU for third-country nationals students, researchers and other groups have been adopted by the legislator in 2016, the Commission proposal on a revision of the Visa Code made in 2014 remains pending in legislative procedure.

- ***Revision of the Visa Code:*** The proposal for a revision of the Visa Code aims to shorten and simplify procedures for short stays visits reducing costs and bureaucracy while maintaining a high level of security. As a result, the common visa policy would become more user-friendly and efficient for both the visa applicants and the visa issuing authorities.
- ***Conditions for the entry and residence of third-country nationals for students, researchers and other groups:*** The recast Directive adopted on 11 May 2016 aligns, simplifies and improves existing provisions for entry and residence of certain third-country nationals. It will

lead to a decrease of administrative burdens and enable more intra-EU mobility of third-country researchers and students and facilitate job-seeking and business creation.

- ***The Schengen borders code*** codified in March 2016, will compile all existing amendments into one text, making the provisions clearer, more accessible and easier to apply.
- ***Asylum:*** The Commission proposed a revision of the Common European Asylum System in order to move towards a fully efficient, fair and humane asylum policy which can function effectively both in times of normal and high migratory pressure.

Commissioner Dimitris Avramopoulos said on the adoption of the recast Directive on entry and residence of third-country nationals for students, researchers and other groups: "Hosting more students and researchers is good for the EU economy, promoting more contacts between young people from different educational and research cultures."

Priority 10: A Union of Democratic Change

1. Context

Better regulation, accountability and transparency continue to be the core business model of this Commission and all EU institutions need to apply these principles in a consistent and committed manner in order to win back the trust of citizens.

2. New REFIT Initiatives

Commission Work Programme 2017: To ensure that the EU's legal instruments have the intended effect, the Commission intends to step up its efforts on the application, implementation and enforcement of EU law. This includes proposals to simplify environmental reporting following the recent Fitness Check, and measures to facilitate access to justice and support environmental compliance assurance in Member States:

- ***Simplification of environmental reporting:*** The Commission plans to enable the development of a more modern, effective and efficient monitoring and reporting for EU environment policy in order to reduce regulatory burdens and make environmental information more visible and accessible to citizens.
- ***Access to Justice:*** The Commission will promote effective judicial protection at national level in environmental matters when implementing EU law while reflecting the case-law of the European Court of Justice.
- ***Environmental Compliance Assurance:*** The Commission will support environmental compliance assurance in Member States.

<p><u>Follow-up to REFIT Platform Opinions:</u> The REFIT Platform adopted an opinion on the <i>European Citizens' Initiative</i> suggesting that it could become more 'fit for purpose' through simpler requirements for the preparation of such initiatives and a revision of the legal framework. The Commission will consider this when it takes measures to simplify the implementation of the ECI.</p>
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