Regulatory fitness and performance programme (REFIT): state of play and outlook

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PURPOSE: to report state of play in implementing the Regulatory Fitness and Performance Programme (REFIT) programme and identifies new actions.

BACKGROUND: the Regulatory Fitness and Performance Programme (REFIT) aims to offer a simple, clear and predictable regulatory framework for business workers and citizens. It seeks to **cut red tape, remove regulatory burdens, simplify and improve the design and quality of legislation**.

Under REFIT, the Commission is screening the entire stock of EU legislation on an ongoing and systematic basis to identify burdens, inconsistencies and ineffective measures and identified corrective actions.

In the October 2013 Communication on REFIT, the Commission set out an ambitious agenda. It identified areas where initiatives foreseen would not be taken forward. It withdrew a number of proposals that had been long blocked in the legislature and repealed a number of pieces of legislation. In total, over 100 actions were identified, half of which were new proposals aimed to simplify and reduce regulatory burden in existing legislation.

CONTENT: following on from its October 2013 Communication, the present Communication **reports on the state of play in implementing the REFIT programme and identifies new actions**. It indicates how the Commission is further strengthening its horizontal regulatory tools – impact assessment, evaluation and stakeholder consultations. It also looks at how EU institutions, Member States and stakeholders in business and civil society are playing their part in exercising this shared responsibility for Regulatory Fitness.

Future REFIT initiatives: the Commission considers that **new initiatives for simplification and burden reduction** are warranted in several areas. These initiatives include the simplification of EU legislation on identity and travel documents, the development of a new comprehensive architecture for business statistics, the extension of the one-stop shop in the area of VAT to all business to consumer supplies together with the development of an EU VAT Web portal to inform businesses about national and EU VAT rules and the codification of legislation on third country listings for visa requirements.

The Commission will **prepare repeals of legislation** in further areas: (i) energy labelling, (ii) transport rates and conditions, (iii) the Common Agricultural Policy; (iv) standardized reporting in the area of environment. In addition, the Commission is also **screening the acquis** in respect of police cooperation and judicial cooperation in criminal matters to identify acts which could be repealed in the context of the expiry of the transitional period set out in the Treaties.

A close scrutiny of all pending proposals before the legislator has resulted in the identification of further proposals which are either outdated or without support by the legislator and **should therefore be suggested for withdrawal**. These include proposals on investor compensation schemes, aviation security charges, pregnant workers, a compensation fund for oil pollution damage and exempting micro companies from certain food hygiene provisions, even though the latter would have brought significant benefits for smaller businesses.

In other key areas where wider policy reviews are in preparation such as the **Digital Single Market**, it will be important to identify the remaining barriers and assess the regulatory framework for costs and simplification potential.

The Commission considers that a continued effort is needed at EU, Member State and stakeholder levels to further facilitate the implementation of **legislation on chemicals**, notably REACH, and to reflect on specific areas where rules can be simplified and burdens reduced.

Horizontal actions: the Commission is determined to further strengthen its horizontal regulatory tools – **impact assessment, evaluation and stakeholder consultations** and other horizontal actions, notably by putting more emphasis on the assessment of costs and benefits of regulation and the reduction of administrative obligations, such as **reporting requirements**.

Conclusions drawn from the experience: the Commission has drawn several lessons can be drawn from the experience in implementing REFIT thus far.

(1) smart regulation and regulatory fitness require a firm political commitment and related adjustment of policies and processes at all levels - within the Commission, between the European institutions and within the Member States;

(2) there is a need for scrutiny of the regulatory processes. The Impact Assessment Board has provided an essential quality control function;

(3) experience shows that quantification – looking at costs and benefits - is a necessary part of regulatory assessment;

(4) transition costs of legislative changes have to be carefully weighed against the costs of inaction;

(5) the detection of unnecessary burden and cost by those directly affected by legislation can be an important complement to quantitative assessment. Consultation and debate are therefore essential in this regard.

Taking these observations into account, and looking to the future, **the Commission will continue to give priority to and keep up the momentum on regulatory fitness**. It will continue to focus on areas of significant EU value added respecting the principles of subsidiarity and proportionality.

The Commission will continue to **work closely with Parliament and Council** to ensure that benefits in simplification and burden reduction are confirmed in the legislative process. It invites input, data and evidence from **social partners and stakeholders** on the state of play and outlook on REFIT presented in this Communication.