



TO: First Vice President Frans Timmermans

RE: Open letter in response to proposal for EU wide 'regulatory burden' target

Brussels, 10 December, 2015

Dear First Vice President Timmermans,

We are writing to you in response to a recent letter signed by Ministers from 19 Member States ahead of the 30 November Competitiveness Council, in which the signatories call for an EU wide target to cut regulatory burdens to businesses.

We are a network of 64 European consumer, environmental, development, citizens, public health, as well as trade unions and organization advancing social justice. United in the Better Regulation Watchdog, we represent tens of millions of European citizens.

At the Council of December 17 you will be debating, among other things, the next steps in relation to the UK referendum on EU membership on the basis of Prime Minister Cameron's letter to President Tusk.

We agree that the EU needs reforming in order to rise to global challenges and develop new sources of productivity. Setting a target to reduce the burden of regulation is however the wrong approach for a number of reasons.

Firstly, addressing global challenges such as climate change, ecosystem collapse, antimicrobial resistance, inequality, stability of the financial system or resource depletion will require the EU to adopt new effective and often legally-binding policies to address these head on. A blanket requirement to offset any new regulatory cost arising from such new policies by slashing costs elsewhere irrespective of the benefits arising would seriously hamper these efforts.

Secondly, the premise that the EU regulatory system is overly burdensome and a major barrier to economic development flies in the face of the evidence. All the available evidence tells us that the benefits of regulation outweigh the costs<sup>1</sup>. For example, a recent study of the UK environment department revealed that the benefits for society from environmental regulations outweighed compliance costs for companies with a factor 3 to 1<sup>2</sup>. Moreover, as you are well aware, the EU often acts to replace 28 different national approaches, cutting overall red tape not increasing it.

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<sup>1</sup>See:

[www.etui.org/content/download/18925/144411/file/15+WP+2015+01+Myant+O%27Brien+TTIP+Web+version.pdf](http://www.etui.org/content/download/18925/144411/file/15+WP+2015+01+Myant+O%27Brien+TTIP+Web+version.pdf)

<sup>2</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/406225/defra-regulation-assessment-2015.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/406225/defra-regulation-assessment-2015.pdf)



A continuous focus on reducing regulatory burden would therefore only lead to a subsidizing of Europe's least competitive enterprises because it would allow them to externalize part of their production costs. The costs of these externalities would however be borne by tax payers or consumers through, for example, increased health care costs. It would also undermine leaders and frontrunners within industry and thus discourage the very innovation which is needed to ensure European leadership in the global marketplace in the years ahead.

A credible regulatory system is also vital for the viability of Europe's business and its credibility as a global standard setter and leader. The VW affair is a painful reminder of the astronomical cost arising from non-enforcement of laws by our 28 disparate national authorities. If the EU is to pull its weight in big trade deals like TTIP, loose rules in Europe will surely not inspire the confidence of our trade partners in our products; on the contrary, our regulatory system has to be world leading.

Europe suffers from a lack of popularity with people much more than with business. Slashing business regulation gives companies a windfall over the back of citizens, only widening this divide in perception and taking the EU even further away from its citizens.

We therefore urge you to take a more balanced approach to the much needed efforts to improve the EU regulatory system. Most crucially by rejecting the setting of a quantitative target to reduce regulatory burdens, but also by ensuring that the long-term public benefits of regulatory action are given sufficient weight in political debate. We would also urge you to place more emphasis on ensuring that rules, once in place, will be effectively enforced irrespective of whether they address competition law, pollution or workers and consumer protection.

Yours sincerely,

On behalf of the Steering Group<sup>3</sup> of the Better Regulation Watchdog Network,

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<sup>3</sup> BEUC, Finance Watch, Friends of the Earth Europe, ÖGB Europabüro, UNI Europa, EPHA, EEB