



# Better Regulation in Germany

**National, European and International  
Efforts to enhance Regulatory Policy**

**Dr. Johannes Ludewig**  
Chairman of the  
National Regulatory Control Council

Lisbon, 26 May 2015



# AGENDA

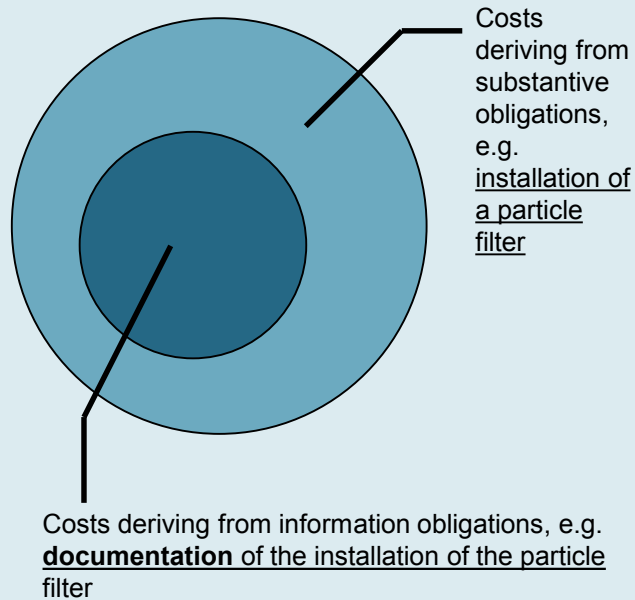
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- 1. The NKR'S Mandate: ex ante Assessment**
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# The NKR'S Mandate: ex ante Assessment

## What is part of compliance costs?



**Since 1 December 2006:** independent body assesses the **administrative burden to businesses** of each new proposal



**Since July 2011** independent body assesses the **compliance costs** to businesses, citizens and administration of each new proposal

### 3,5 years after ex-ante-procedure:

– **Assessment** of more than **1000 legislative drafts**

– **Yearly costs** on average: **1 bn €\***

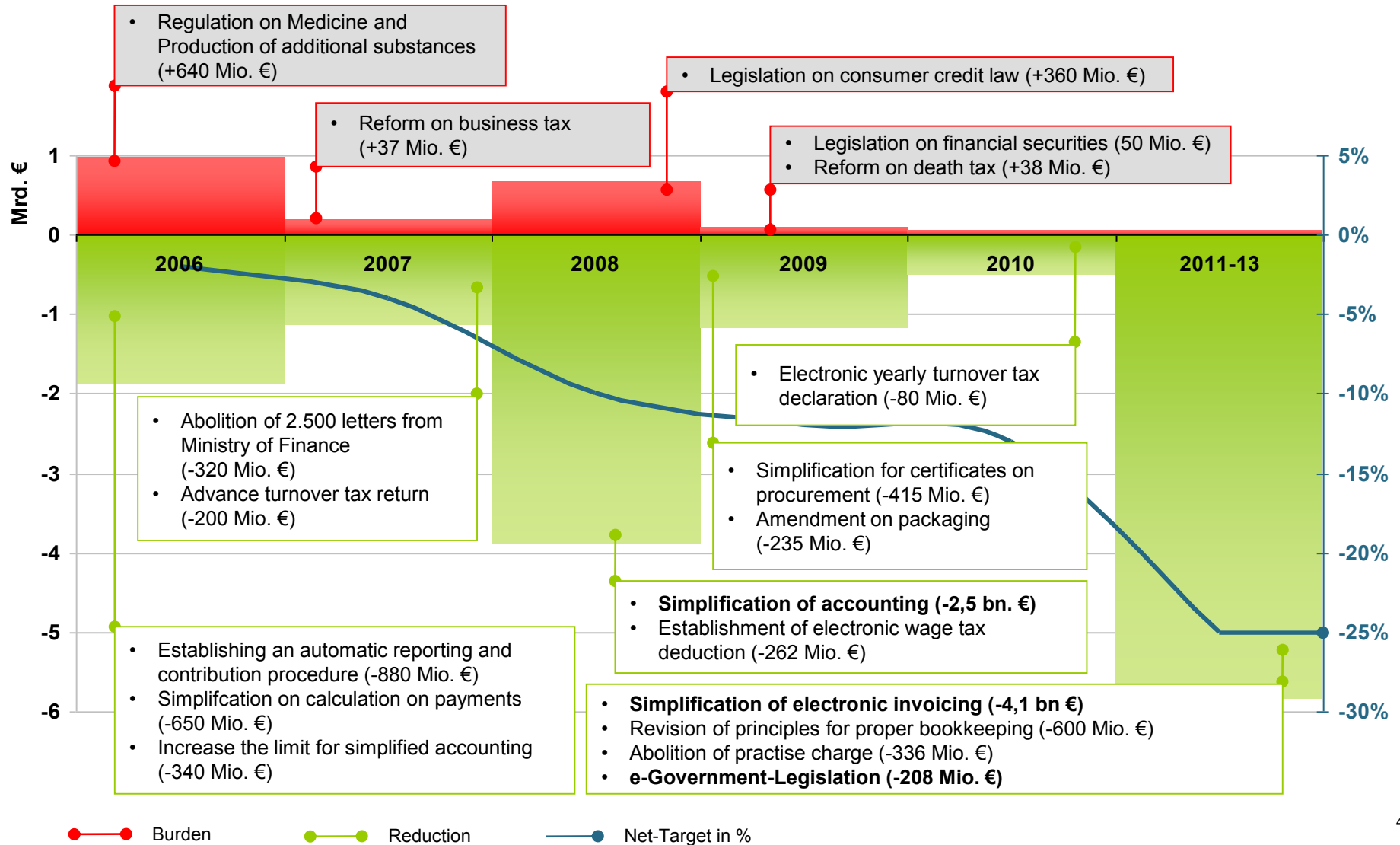
\*3,7 bn €, when minimum wage act included

– **On average: 52% of costs from EU Directives\***

\*when minimum wage act excluded

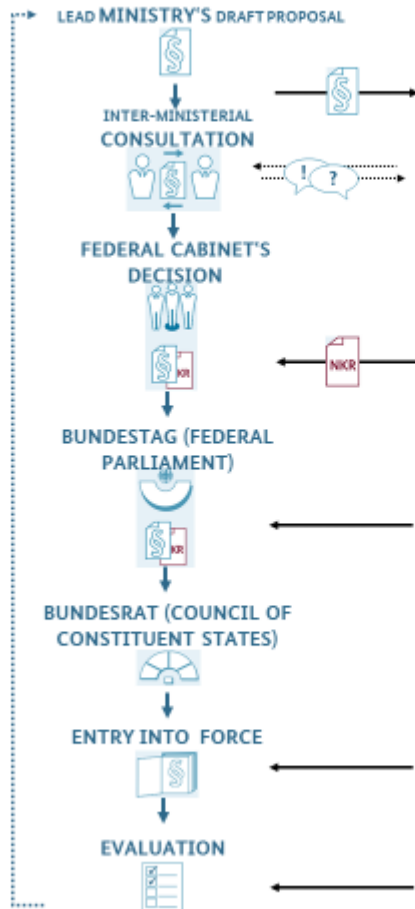


# Main Initiatives for Achieving the 25% Net Reduction Target





# The NKR's Function in the Legislative Process



## NKR receives the draft proposal and reviews

- the ministries' estimations of consequential costs ,
- considerations relating to possible solutions or „alternatives“,
- considers the outcome of official hearings
  - regarding the Federal States and
  - the associations or
  - the consultation of experts



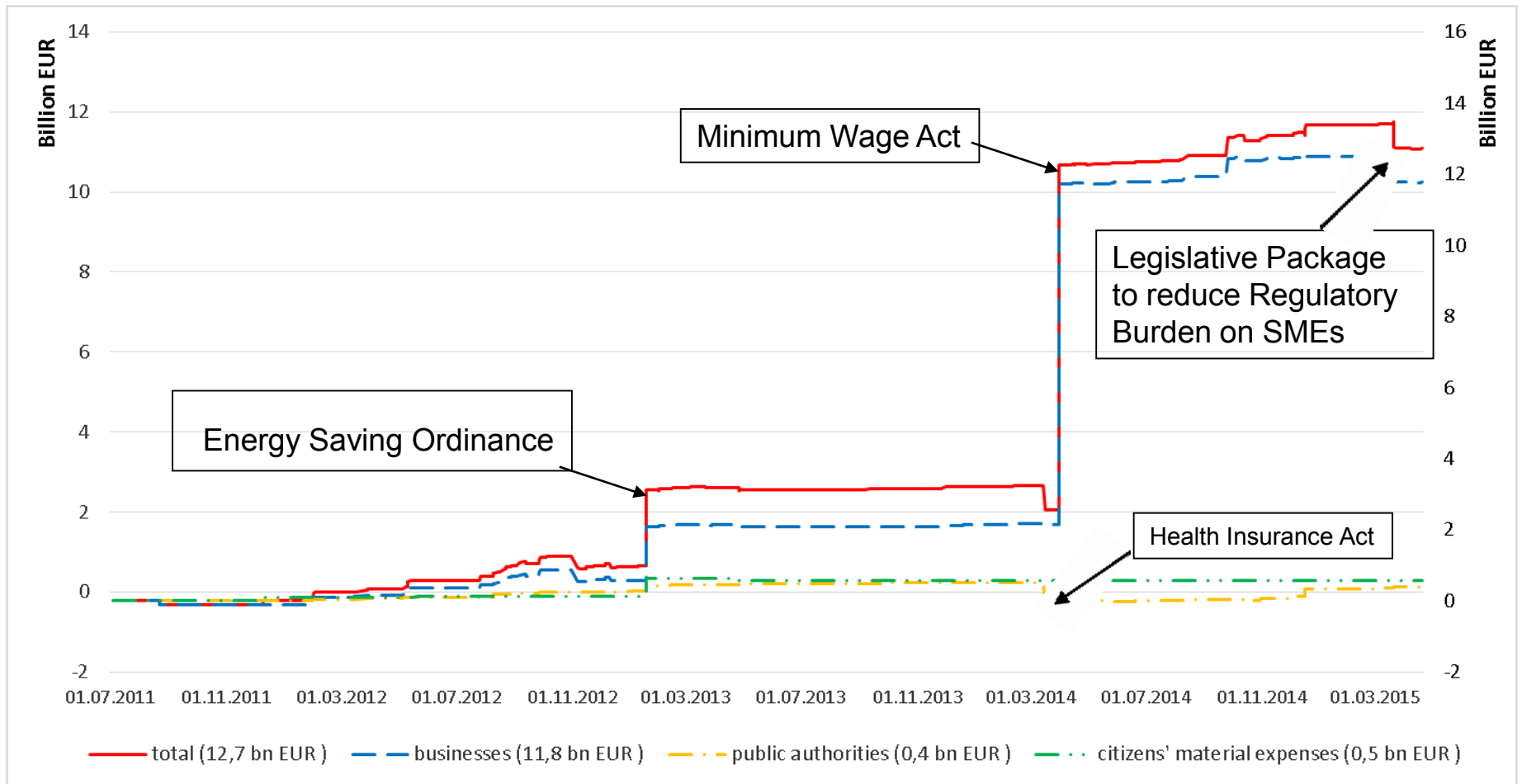
**NKR's comments** are submitted with the draft proposal

if necessary: consultation of NKR's experts in the parliament's commissions

**Follow-up measurement** conducted by the Federal Statistical Office (2 years after entry into force)

**Evaluation of relevant laws and decrees** conducted by the responsible ministry (3-5 years after entry into force, threshold of 1 Million EUR annual compliance costs)

# Compliance Costs ex ante: 2011 – 4/2015





# NKR's Mandate: ex post

## IV. Conclusions

- Against the backdrop of reducing unnecessary financial consequences:
  - Adjustment of rules > new legislative procedure
  - Optimisation of the administrative process

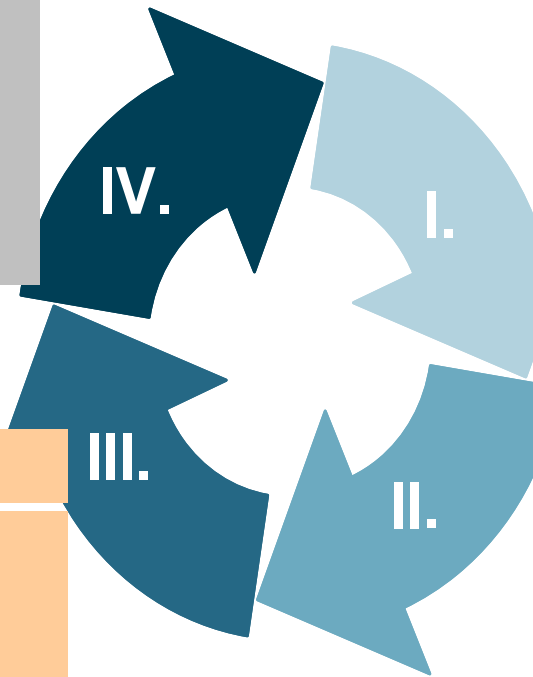
## III. Evaluation

- Usually takes place 3 to 5 years after a regulatory initiative has become effective
- Review of the evaluation criteria
  - Target attainment
  - Cost efficiency

## I. Legislative Procedures

- Federal Government Decision
  - Ex-ante stipulation of evaluation criteria in regulatory initiatives and/or the explanation relating thereto
  - For all essential projects (above a threshold of € 1 million for compliance costs)

## II. Implementation/Application of the Legislative Act





# Recent Development in Germany: Cabinet's Key Points

## AIM

Further Reduction of bureaucracy for SMEs by lowering compliance costs

### 1. Most relevant measure:

**Introducing the One-in-one-out principle**

### 2. Introduction of a SME-test:

Systematic procedure for taking account of the particular interests of SMEs in the legislative process

### 3. Further measures:

Online platform for SMEs

Simplifications regarding tax and accounting law

Reducing burdens for start-ups, etc.



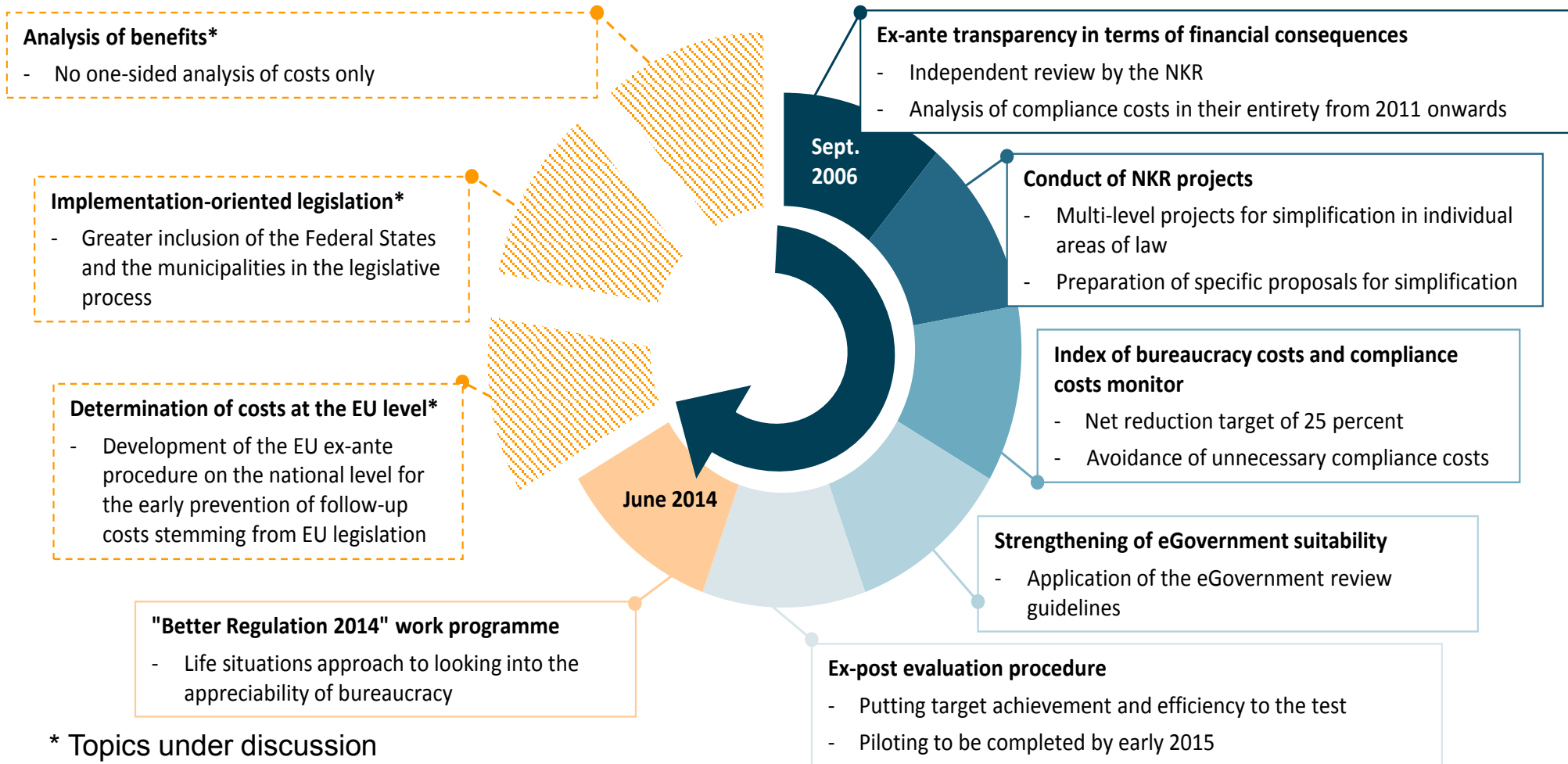


# Ideal of an Integrated Approach

Only an integrated approach including the EU, the federal level and the level of the German Länder can improve the quality of impact assessments



# A Hollistic Approach to effective bureaucracy Reduction and Better Regulation





## President Juncker's and Vice-President Timmermans' Visions for Better Regulation in Europe

- ❖ Appointment of Dr. Stoiber as **Special Advisor** on Better Regulation (17.12.2014)
- ❖ The **Impact Assessment Board (IAB)** will be modified to a **Regulatory Scrutiny Board**: Most important change: **3 external experts** will join the board
- ❖ **Enhance the Impact Assessment**: Development of **New Guidelines** - „The EU's Impact Assessment should be the best all over the world“ (F. Timmermans, 24.2.2015 in Berlin)
- ❖ Both the **European Parliament** and the **Council** should join the integrative approach of impact assessment (**Interinstitutional Agreement on Better Regulation**)
- ❖ **EU Commission's Better Regulation Package** adopted on 19 May 2015

EU Regulation is to be more transparent for member states and international partners as well



**THANK YOU FOR YOUR ATTENTION!**

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