

Stoiber's red tape test



Can red tape be cut in Brussels? That was the key question when

the FSB's Tina Sommer met Dr Edmund Stoiber, the man leading the group charged with doing just that

IT IS ESTIMATED THE TOTAL ADMINISTRATIVE

costs for European business are in the region of 360 billion euros, of which about half are created by EU legislation and the other half by member state regulations.

The High Level Group (HLG) of Independent Stakeholders on Administrative Burdens was set up by the European Commission two years ago to advise it on how to reach its ambitious goal to reduce this burden by 25 per cent by 2012. The group is chaired by Dr Edmund Stoiber, former Minister President of the German state of Bavaria, who is well-known for taking a tough stance when it comes to burdens on business.

Of course, reducing administrative burdens is easier said than done. Dr Stoiber immediately gives the example of a proposal to exempt so-called micro businesses from costly audited accounts.

The exemption would save small companies an average of 1,250 euros per year, but even within the HLG, consisting of 15 stakeholders from various organisations and countries, a majority vote was needed to ensure this exemption was accepted.

The Commission subsequently issued a proposal along these lines for the European Parliament and Council. And here is where the stumbling blocks are encountered. MEPs are heavily influenced by some EU business organisations – including some representing SMEs – that are reluctant to approve the exemption. This is because they have strong representation from accountancy organisations, which would face severe loss of income as a result.

The one-size-fits-all approach is seen as a safe way to ensure equal treatment of all EU companies. There seems to be a lack of political will to 'think small first' and acknowledge the limitations and needs of micro companies.

VAT is another example where good ideas are stifled. A proposal that tax authorities should

Reducing administrative burdens is easier said than done

Words need to be turned into action, says Dr Edmund Stoiber.



accept electronic invoices, saving businesses up to 18 billion euros per year, was taken on board by the Commission and put to the other European Institutions in January 2009. Nothing has happened since, because tax authorities believe electronic invoices are more prone to fraud than hard copies. This somewhat archaic argument is denying small firms precious savings.

The total administrative cost on business is in the region of 360 billion euros

Dr Stoiber acknowledges that some MEPs were very sceptical towards the HLG when it was set up in 2007. This is changing slowly after many discussions with MEPs and attendance in parliament, committees and political groups. However, many simplifications suggested by the group and accepted by the Commission are stuck in the legislative process, thus not realising their potential for small companies.

The situation is similar in the Council, where the general principle to reduce the administrative burden is supported, but detailed proposals are delayed.

The only way to overcome these obstacles is for the small business community to stand up for itself and support the group's proposals.

To achieve the ambitious 25 per cent reduction

target, the Commission selected 42 legal acts from 13 policy areas for a measurement exercise, since they were estimated to account for the majority of the burdens. It was soon questioned by the HLG whether these 42 legal acts really contain the most burdensome regulations for small companies.

In total, the HLG has made more than 250 suggestions, with a reduction potential of more than 40 billion euros. But from the 18 most important suggestions made by the HLG, only four have so far been adopted by the European Parliament.

Ideally Dr Stoiber would like to see a *net* reduction of red tape. But, at the current rate, this is not feasible in the near future.

More needs to be done to speed up the process and it's clear that, in the interests of transparency and given the bad image of the EU, the work of the HLG is essential. At the same time all stakeholders, especially micro companies, must make their voices heard. The reduction of administrative burdens remains high on Commission President Jose Manuel Barroso's political agenda and Dr Stoiber expects plenty more work in the future.

What is most important to him is that words are turned into action. That is what the HLG intends to do, however long it may take.

See more on the HLG at http://ec.europa.eu/enterprise/policies/better-regulation/administrative-burdens/high-level-group/index_en.htm