

How to Improve Quality of Regulation in the EU

If Europe Is a Regulatory Superpower, It Should Strive for Superior Quality

The European acquis has developed at great pace. Speed has, however, at times trumped scrutiny of legislation in recent years. In the spirit of the “Better Regulation” principles, the next Commission should put the quality of regulation first and undertake a thorough critical assessment of the regulatory system. The Commission needs to develop a new approach to improve the quality and coherence of the EU acquis as they play a key role in terms of innovation and investment.

Our suggestions are:

1. We need a robust process to assess the contents of existing regulations prior any project of new regulation. One key element should be *enhanced cooperation and coordination between the Commission Directorate-Generals*. We have seen too many conflicting and overlapping proposals in recent years. To secure quality and coherence, the legislation needs to be prepared in-house.
2. The impact and effect on internal market competition, individuals, and companies must be carefully assessed based on *uniform, transparent, and evidence-based process*, which should be the same in every Directorate. There should also be a strict procedure for exemptions from these requirements, applicable only in exceptional cases, including public notification of exemption.
3. Regulatory options should always be tested through the tool of “sandboxes” *before* adopting new proposals.
4. We need new and better balance between the use of non-legislative and legislative instruments. Too many fundamental issues have been left to be solved by delegated or implementing acts in recent years. *Only technical details should be left for non-legislative acts to cover*, with clear boundaries set by regulation. Industry needs to be involved in every regulatory project that involves delegated and implementing acts.
5. Regulatory Scrutiny Board should be *made institutionally independent* from the Commission.

Better regulation is not a matter of quantity but quality. Instead of easy one-to-one slogans, we need to critically assess if all the requirements of the regulatory acquis are fit for the purpose, if the level of technical detail is truly justified, as well as whether all different pieces of EU law form a logical and reasonable whole.

Regulation has gone to the level of minutest technical detail. This is detrimental to European innovation and the development of European economy. Voluntary agreements and

commitments should be considered as an alternative to detailed and technology-specific regulation. Such agreements incentivise the fastest achievers to pursue ambitious circular agenda, energy savings and biodiversity, adhering to ambitious objectives and providing good ground to innovations.

Instead of creating a favourable environment for European innovation, our overly complex privacy regime has principally created new compliance challenges, holding back development of new data-driven services. Some of the issues can be solved through more uniform implementation, some need to be solved through the legislative process.

Especially on the field of taxation, optimisation can be achieved through improved and more concrete EU co-operation with international organisations such as the OECD. This can significantly help with easing the immense administrative burden caused by three overlapping layers of taxation rules (international, EU, and 27 different national tax models) which are presently hindering cross-border growth and investments.

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