



UNION EUROPEENNE DE L'ARTISANAT ET DES PETITES ET MOYENNES ENTREPRISES  
EUROPÄISCHE UNION DES HANDWERKS UND DER KLEIN- UND MITTELBETRIEBE  
EUROPEAN ASSOCIATION OF CRAFT, SMALL AND MEDIUM-SIZED ENTERPRISES  
UNIONE EUROPEA DELL' ARTIGIANATO E DELLE PICCOLE E MEDIE IMPRESE

## UEAPME PROPOSALS FOR SIMPLIFICATION

For many years now, simplification has been high on the agenda of the representative business organisations and of the national and European authorities. Substantial and immediate progress and action is necessary in order to remain credible. Indeed, the European Charter for Small Enterprises, endorsed in 2000 already stated, « **Small enterprises are the first to suffer if weighed down with excessive bureaucracy. And they are the first to flourish from initiatives to cut red tape** » and Action line 3 « **New regulations at national and Community level should be screened to assess their impact on small enterprises and entrepreneurs. Wherever possible, national and EC rules should be simplified. Governments should adopt user-friendly administrative documents.** »

UEAPME recalls that the average cost of administrative burdens is 6 to 30 times higher for SMEs than for larger businesses.

In this position paper we make some proposals for better regulations in the environmental sector, the social sector, foodstuff, consumer protection etc. The list of proposals we received from our member organisations was much longer. However, after an analysis, it was clear that in the field of European legislation the administrative burden had been added at national level. Here it has to be highlighted that although the European legislation did not contain, in these cases, any concrete administrative burden for SMEs, most of the time they “invited” to do so at national level.

In prioritising simplification actions, the first and main indicator should be the impact on SMEs, especially small enterprises.

It is of utmost importance that a careful preparation, including appropriate consultation, will be needed. Appropriate consultation should in any case mean a **real** consultation and involvement of the European representative business organisations. Systematic **consultation** of the representative business organisations in all policy fields should be the main source of stakeholder consultation (min 12 weeks, starting from the date **all language versions** are available).

**UEAPME does not, in principle, advocate for exemptions for SMEs**, as this can give the wrong impression that employees, consumers, clients, society as a whole, are less protected in these enterprises. The **impact of legislation** on small businesses must be an important consideration in determining its form and content. Therefore, **the ‘think small first’ approach** should be the guiding principle when reviewing the existing legislation and conceiving new one. This means that measures and legislation should be conceived from the point of view of small enterprises, taken as the rule, not as the exception. Furthermore, all

measures to simplify existing legislation and administrative procedures should also use this “think small first” approach.

The fastest way to reduce a lot of administrative burdens for small enterprises is the application of two principles:

• **Introduction of the “only once” principle** (*Enterprises should not be obliged to provide all over again information that the authorities have already received by another route*) at all levels (European, national, regional and local level).

• **The proportionality principle** should be applied as a basic rule whenever SME policy is concerned and particularly in the framework of environmental policy. This principle means that SMEs should be treated differently according to the level of dangerousness of their impacts.

These principles should be part of the future Small Business Act for Europe.

In addition the following accompanying measures are necessary:

- Further consultation and involvement of the representative business organisations ;
- **Systematic, specific, real and independent impact assessments<sup>3</sup> for SMEs**, taking into account the different categories, for every new legislative proposal and including amendments made by the Council or the European Parliament. The impact assessments (cost-benefits) must be published together with the consultation document and should be an entire part of it.
- Development of regulatory impact analysis and instruments for evaluating compliance costs and administrative burdens especially for small enterprises, such as impact index cards, which indicate the cumulative effect of regulations.
- Allowing reasonable time frames for the implementation of legislation, especially for Small businesses;
- Conducting effective information campaigns regarding changes required by the new legislation;
- Consulting businesses before introducing of new administrative practices including new forms and questionnaires, to ensure that enterprises can provide the information, and that it is not already available elsewhere. For instance, information required for statistical or other similar administrative reasons should be limited and separately identified.
- In the case of directives being transposed into national legislation, care should be taken to avoid adding undue complications and ‘gold plating’ should be resisted and eventually eliminated. Meanwhile, it should be made clear when additional provisions are being made. These should be identified and evaluated separately.

UEAPME supports the idea of creating “**Better Regulation Units**” (as already suggested in the BEST report in 1998) within the European Commission, the Council and the European Parliament in order to co-ordinate regulatory review, to assist in improving the clarity and effectiveness of each of their contributions to EU legislation, in deciding whether legislation is actually necessary or whether there are alternative courses of action and to ensure that the consequences of any legislative proposals for SMEs have been assessed and fully taken into account.

## Social

- **Regulation (EC) 530/1999 Statistical survey on the cost of labour, on the structures of workers in enterprises.**

Should only be carried out in enterprises with more than 20 workers or simplify the number and the content of the questions.

- **Directive 91/533/EC relating to the obligation of the employer to inform the worker of the conditions applicable to the contract or employment relationship**

The information obligations contained in the directive do not take account of the functioning of SMEs.

SMEs should be excluded from the field of application of the directive because of too heavy obligations for SMEs

- **Directive 2002/73/EC modifying directive 76/207/EC relating to the implementation of the principle of equal treatment between men and women**

The obligation to regularly inform workers and/or their representatives on the policy of the enterprise in the area of gender equality (Art 8 b4) is difficult to implement and constitutes significant administrative burden.

- **Directive 2006/25/EC on the minimum health and safety requirements regarding the exposure of workers to risks arising from physical agents (artificial optical radiation) (19<sup>th</sup> individual Directive within the meaning of Article 16 (1) of Directive 89/391/EEC).**

The main problem is about the level of exposure limit values defined in Annex II. Even the EU Commission recently recognised it and decided to postpone the date for implementation in the Member States in order to have time to carry out further studies and check if a revision of the directive before its implementation will be necessary for some sector, in particular welding and medical sector (IRM).

- **Directive 92/57/EC on the implementation of minimum safety and health requirements at temporary or mobile construction sites.**

This directive is causing a high burden on SMEs and practical problems. It requires that whenever 2 or more enterprises are working together on a construction site (construction, renovation,...) at the same time or consecutively they have to co-ordinate between them on safety and health requirements.

## Environment

- **Revision of Waste framework Directive (amending Directive 75/442/EEC)**

The European Commission should undertake a full impact study and a feasibility report, including a stakeholder consultation before setting any targets for the construction sector or any other sectors. Before setting quantitative targets it is also important to ensure that there are sufficient waste treatment and recycling facilities in the Member States. SMEs of the construction sector, producing 80% of the sector's turnover, need to have facilities at a reasonable distance from their place of work.

A consultation forum should be established for waste legislation with, among others, SMEs and craft industry involvement. Consultative fora can really improve the implementation and address possible problems at a very early stage.

- **European Waste Catalogue**

The waste list in its current form is a long document, which is sometimes excessively technical in nature and sometimes rather vague, resulting in great difficulties for its practical utilisation by SMEs. In particular for SMEs not dealing with waste treatment on daily basis (such as construction companies) reading through a 40-page document to find out whether the waste at hand is hazardous or not is not practical at all.

At present at EU level different nomenclatures of waste exist. Those nomenclatures are implemented by different legal acts:

- 2000/532/EC: Commission Decision of 3 May 2000 replacing Decision 94/3/EC establishing a list of wastes pursuant to Article 1(a) of Council Directive 75/442/EEC on waste and Council Decision 94/904/EC establishing a list of hazardous waste pursuant to Article 1(4) of Council Directive 91/689/EEC on hazardous waste (EWC)
- Regulation (EC) No 2150/2002 of the European Parliament and of the Council of 25 November 2002 on waste statistics

These legal acts are, in part, based on different systematic approaches. This causes an extensive administrative effort for companies and complicates the classification of waste within different predetermined codes of waste.

***Possible improvement: harmonisation of European waste lists.***

Only that way EU- wide homogeneity of waste data can be assured.

- **Council Directive 96/61/EC of 24 September 1996 concerning Integrated Pollution Prevention and Control (IPPC)**

The standards set are too strict and difficult to respect (concept of Best Available Technologies) in the fields of air, water, and waste.

Constraints linked to the EPER (European Pollutants Emission Register), which require carrying out measurements etc. in order for the emissions of businesses related to this central register to be published.

- **Directive 2002/96/EC of 27 January on waste electrical and electronic equipment (WEEE)**

The principle of the “producer responsibility” is leading to an increase in red tape for businesses. It is requiring the setting up of very complicated structures and most of the financial burden relating to the recycling and recovery of WEEE will fall on the importers, most of whom are SMEs.

Setting minimum threshold values for the "producer responsibility". Small electrical or electronic equipment with low prices (such as PC-mouses, electrical toothbrushes, alarm clocks, etc.....) should be excluded from producer responsibility or should be exonerated from contribution to the local organisation.

- **Regulation (EC) N° 761/2001 of 19 March 2001 allowing voluntary participation by organisations in a Community eco-management and audit scheme (EMAS); new proposal to be published by the Commission mid-May 2008**

Further simplification is necessary in the Regulation in particular with regard to SMEs and environmental statement. The obligation for an external verifier to validate the modifications of the environmental statement every year must be removed.

The possibility for businesses to implement EMAS in a staged or gradual approach must also be inserted.

Small and micro-business perceive as rather difficult the traditional reliance on controlled documentation as the only means of demonstrating that a management system is performing in accordance with the requirements defined in standards and regulations. These businesses are indeed characterised by short reporting lines, multifunctional staff and on-the-job training.

The verifiers should conduct the verification in such a way as not to impose unnecessary burdens on small organisations.

Of particular importance are the requirements that:

### **Not all procedures need to be documented**

**Procedures should be proportional.** For example: Audits might be carried out by the local chambers of craft/trade, organisations of SMEs or other similar organisations; audit and management review might be combined in one exercise, thus saving time and resources

UEAPME would like to see these two requirements introduced in the relevant article of the new draft EMAS Regulation and possibly have the indicated guidance introduced as annex.

- **Directive 94/62/EC of 20/12/94 on packaging and packaging waste**

Small shops, which are only "responsible" for a small amount of "service-package" (such as bags they give to customers, package to make a parcel...) should be excluded from the scope of the directive.

- **Directive on environmental liability 2004/35/EC**

The directive on environmental liability with regard to the prevention and remedying of environmental damage has to be considered as a burden for national economy. Exemptions concerning "permit defence" and "state of the art" might have been more effective if applicable community wide rather than at national level. The scope of the directive, which is still considered to be too broad, could be limited to cases where activities go along with a significant risk. This limitation should be based on threshold values related to chemistries related to directives listed in Annex III paragraph 7 of directive 2004/35/EC.

- **Regulation (EC) No 1907/2006 of the European Parliament and the Council of 18 December 2006 concerning the Registration, Evaluation, Authorisation and restriction of chemicals (REACH)**

REACH is a huge piece of legislation with overwhelming bureaucracy and costs falling on businesses and particularly on micro and small manufacturers, importers, downstream users and formulators. Even though the aim of limiting the use of hazardous substances in the interest of human health and the environment is fully shared by UEAPME, the whole REACH regulation has to be scrutinised in order to make procedures easier for micro and small business and/or exclude them from the scope of the Regulation whenever possible.

- **Eco-label; Regulation (EC) No 1980/2000 of the European Parliament and of the Council of 17 July 2000; new proposal to be published by the Commission mid-May 2008**

The criteria are often too long, complicated and with too many references to standards. This means that their implementation is often costly for SMEs. In order to be achievable for 30% or 40% of companies Eco-label criteria should become much **simpler**, and ensuring that more criteria are developed for products manufactured by SMEs and services.

The costs of compliance tests are very high, particularly for micro and small business, and represent a barrier to their application for the EU Eco-label. The same goes for the investments in technology and consultancy requested by the implementation of the scheme.

In order to overcome this problem, companies falling under the EU SME definition, should benefit from tax reduction on the costs of compliance tests, technology and consultancy required to apply the EU Flower. Moreover, specific provisions to facilitate the adoption of the EU Eco-label should be foreseen for SMEs in the framework of EU initiatives/programmes, such as the structural funds and the new Life + financial programme.

## Foodstuff

UEAPME demands a clear structuring of the great amount of European labeling requiring Regulations and Directives:

- **Regulation on food additives (WGA/004/03);**
- **Directive 94/35/EC Sweeteners for use in Foodstuffs;**
- **Directive 95/2/EG on food additives other than colors and sweeteners;**
- **Regulation on flavorings and food ingredients with flavorings properties for use in and on foods (WGF/002/02);**
- **Labeling Directive 2000/13 including Declaration of Allergens;**
- **Addition of Vitamins and Minerals (COM (2003) 0671);**
- **Directive 89/108/EEG on food additives;**
- **Directive 90/496/EEC on nutrition labeling;**
- **Directive 1829/2003 on GMO definitions;**
- **Directive 1830/2003 on GMO labeling;**
- **Regulation 258/197 concerning novel foods and novel food ingredients;**
- ...

For the owner of a small enterprise it is not clear arranged, which requirements he has to fulfill according to which Directive or Regulation.

Concerning the guidelines for the implementation of the **Hygiene regulations 852/2004, 853/2004 en 854/2004**, we fully support the actual approach of the European Commission, issuing guidance documents for SMEs. However, the definition of the small food producing enterprises must not be limited to only micro- enterprises and enterprises in remote areas.

## Data protection

- **Directive 95/46 Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data.**

Without questioning the objectives of this directive, a simplification is necessary. Clearer definitions, review of the notifications and simpler procedures are a priority.

## Package on Marketing of products (New Approach) and Standardisation

The new draft Package of Regulation and Decision has opened the possibility for custom made and products in small series to be evaluated for conformity proportionally to the volume and complexity of the process. **The possibility for small enterprises** for this type of production **to opt out of the CE marking** was not allowed but it **should become the future policy**.

The European Standardisation should implement simplification **of standards and** the provision of **simplified manuals for the use of complex standards.**

**The new accreditation system should guarantee the proportionality of the evaluation of conformity to the size of small enterprises.**

## **Consumer Protection**

**Directive 98/6/EC of the European Parliament and the Council of 16 February 1998 on consumer protection in the indication of the prices of products offered to consumers.**

This directive should be simplified to reduce the administrative burden and workload for small shops.

## **Statistics**

**Regulation 638/2004/EC on Community statistics relating to the trading of goods between Member States.**

## **Unfair competition law**

In the area of unfair competition law, it is important to align existing and future European legislation in order to create a coherent body of rules, which can be enforced in a consistent manner. Therefore, it is particularly important to align horizontal legal instruments with vertical instruments for specific sectors, in order to prevent conflicting regulation. Furthermore it is extremely regrettable that the European legislator did not attempt to harmonise fair trading law in a coherent and systematic way but restricted the directive on unfair commercial practices to the B2C area and even introduced such a splitting in the area of misleading advertising which has offered a consistent and homogeneous set of rules up to now.

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