

Svar NNR kommissionens call for evidence

Please find enclosed the Board of Swedish Industry and Commerce for Better Regulation's (NNR), contribution to the Commission's call for evidence on rationalization of reporting requirements. The attached document is based on input provided mainly by four of the NNR's members; the Confederation of Swedish Enterprise, the Association of Swedish Engineering Industries, the Swedish Bankers' Association and the Swedish Federation of Business Owners. Some of the input is based on work done within BusinessEurope and Orgalim.

We have high hopes that the burdensome reporting requirements listed in the attached document will be addressed by the Commission, and its directorates and agencies.

We would like to highlight that we at this stage will not be able to provide any quantitative estimates of the burdensome reporting requirements that we have listed in the attached file. These kind of measures must consider the actual policy relevance of each regulation as well as of every single information obligation. It is important to take into account that the company/organization who provides information about burdensome reporting requirements does not have the information about all the benefits and costs that these entail for everyone concerned or what policy relevance the reporting has. It can only possibly make some kind of estimate about profits in the form of cost or time savings or other things that for example a simplification of or a removal of a reporting requirement could entail for the company, or the industry known to the business organization. However, as the policy relevance of each specific reporting requirement is not known by businesses and their organizations, and thus isn't clear to us if any reduction could be in sight, it cannot be expected by the Commission that business organizations would make and provide these kinds of estimates which requires a lot of time from both business and their organizations.

General comments

The NNR's member organisations' are signaling that the fact that regulatory compliance costs in the EU keep mounting and have come to a critical level making the European investment environment less favourable compared to our global competitors. The reduction of regulatory burdens of legislation to business is of great importance to European business to remain competitive in relation to competitors in third countries and to stay in business. Issues which highly affect the European economy.

It was therefore with hope and support we welcomed President Von der Leyen's political commitment to reduce the reporting requirements of EU legislation by 25%.

The European Commission's renewed focus on restoring the European competitiveness is highly welcomed by business. However, the Commission's pledge to reduce reporting requirements must be followed by swift and tangible actions. Moreover, a wider action addressing compliance costs going beyond reporting obligations is crucial as a next step to achieve a real relief in terms of regulatory burdens to business. Also, the Commission's One in, One out approach needs to fully include compliance costs.

To achieve a real burden reduction, it is also imperative that the Commission and the co-legislators commit to only regulate where it is absolutely necessary and use alternative solutions to a greater extent. Also, to ensure that regulatory burden of the proposals that are currently being proposed or negotiated are kept to a minimum. Member states must also commit by for example avoiding and addressing national gold-plating and ineffective application. High quality impact assessments in all stages of the process, including on substantial amendments by the Council and Parliament and of

delegated acts, are of great importance to achieve this as well as transparency and dialogue with business. Consideration must also be given to the overall regulatory burden when considering new rules. The method announced by the Commission for measuring the cumulative regulatory burden will be an important tool in this regard.

Reporting requirements may cause unintended consequences

An issue affecting the burden of reporting requirements to business is that there may be unintended consequences of a reporting requirement that needs to be considered. An example of this is spillover effects. A business subject to a legal requirement may forward this requirement downstream to a business partner which to stay in business with the contract partner will need to fulfil the legal requirement despite not being covered by it legally. As this is an issue that is often neglected in ex ante assessments it is important that the Commission evaluate the actual application of such requirements to stop this kind of spread to “non-concerned” businesses.

Reduction of reporting requirements by digitalization

Some of the initiatives in the Commission work programme aiming to rationalize reporting requirements has to do with digitalization. There is a lot of talk about submitting documents digitally but not about the work behind this. However, even if digital solutions have the potential to make reporting requirements less burdensome, it is important to keep in mind that not all technical formats and designs for how data should be submitted automatically lead to an actual simplification of the reporting processes within the reporting entity. The reporting format for annual reports of listed entities (ESEF) is one example of a digital reporting requirement that has led to an additional administrative burden for companies without matching benefits. Thus, digital solutions need to be evaluated in terms of usability and their potential to actually make reporting processes less complicated and time-consuming. Another unintended consequence of digital reporting requirements is that, when in place, they may lead to a demand for additional data not necessary for fulfilling the aim of the legislation in question. There are several questions that need to be considered also in terms of digital maturity of each member state. Depending on the organization of administration in each member state there may for example be obstacles to the sharing of information between government authorities.

Suggestion - Establish a Commission register of all reporting requirements in EU legislation

To be able to conclude if a reporting requirement can be removed or not it has to be seen in the context of the whole regulation. Here we see a need for a register where the Commission lists all reporting requirements of European legislation. This measure would simplify an exercise to remove burdensome reporting requirements. Today this is a very complex area where nobody has the full picture and can see the connections to other regulations and the purpose of the reporting requirement itself and the actual regulation where it is a certain requirement.