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Prime Minister *[Signature]* ②

Qz.04401

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Good - thank you
keep me report on progress with your
in touch with deregulation initiative.
There is close coordination
with Lord Young & Misc 114
CDP

MR POWELL

EUROPEAN COMMUNITY: CUTTING THE BURDEN OF COMMUNITY LEGISLATION
ON BUSINESS AND ENTERPRISE 24/4

As a result of the Prime Minister's initiative at the European Council, the conclusions record specifically that the European Council laid particular stress on these fields of action:

"(a) Action to achieve a single large market by 1992, thereby creating a more favourable environment for stimulating enterprise, competition and trade: it called upon the Commission to draw up a detailed programme with a specific timetable before its next meeting;

(b) Action to encourage the creation and development of small and medium-sized undertakings, particularly by significantly reducing the administrative and legal constraints to which they are subject; it called upon the Commission to report to the Council on the problems in this sector and on the measures to be taken at national and Community level, particularly with regard to administrative simplification;

(c) Action to adjust and adapt working conditions to the new social, economic and technological circumstances in order to increase the efficiency of the labour market. It called upon the Commission to submit any proposal it might consider useful in this area;"

This minute reports the action which we have immediately taken to follow up these conclusions on deregulation and the reduction and avoidance of unnecessary burdens of Community legislation in enterprise and business.

2. First, we requested the Commission through Monsieur Delors' cabinet to take the following steps:

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(i) to instruct their officials in all relevant fields to go through existing European Community legislation to see where it imposed a burden on small and medium scale enterprises and what could be done about it;

(ii) to instruct their officials to take specific account of this aspect in the preparation of any new proposals;

(iii) to give a specific remit to someone with energy and drive to ensure that these things are done, and to act as a channel of communication with member states and representatives of business.

3. The Commission is taking the initiative seriously. An energetic and able official - Monsieur Defraigne, who has spent part of his service in Monsieur Davignon's cabinet and part in the United States - has been appointed to follow up the Council's conclusions. We have already explained to him in more detail our ideas and proposals for reducing the burden not only on small and medium scale business but on all enterprises. Monsieur Defraigne has welcomed our approach. We have also stressed to the Commission the importance of ensuring that their proposals are consistent with the European Council's conclusions on labour market flexibility.

4. Secondly, we need to keep the pressure on the Commission and to promote our own objectives in detail. Departments have been asked to provide the Cabinet Office by 2 May with a list of specific European Community directives or regulations which are open to criticism as being unjustifiably burdensome on business and enterprise. We shall aim to provide Sir Michael Butler with a consolidated list to pass to the Commission by the middle of May, in order to influence their work between now and the Milan European Council. This will be a first trawl and does not rule out further proposals at a later stage, when Departments have completed their assessments.

5. Thirdly, it is important that employers' organisations play their part in this exercise. The Department of Trade and Industry is therefore asking the CBI, the Institute of Directors, and the

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small business organisations to identify the regulations which industry finds particularly burdensome. They are also suggesting that the CBI might make contact at Community level with UNICE and with the employer organisations in other member states so that the views of industry may be fed directly into the Commission. The Enterprise Unit has already been in touch with the CBI along similar lines in the context of the work which MISC 114 is doing on deregulation, and UKREP have been in touch with the CBI's representative in Brussels. The CBI has shown positive interest.

6. Fourthly, we need to encourage other member states to impress on the Commission the importance they attach to the exercise. Appropriate briefing is being provided for meetings which the Prime Minister and other Ministers may have with Ministers of other member states and with Commissioners between now and the Milan European Council. If necessary, we shall lobby member states in capitals before the Milan Council, when the first results can be judged.

7. Our aim is not only to reduce the burden on business created by existing or proposed regulations, but to bring about a permanent change in the way the Commission thinks about the effects of regulations on businesses, and thereby to make a permanent improvement in the climate in which businesses operate. We must not therefore let our sights rest on the Milan European Council. We shall need to keep the pressure up on the Commission and on member states beyond that.

8. Finally, I should stress that in following up the Prime Minister's initiative, we are working very closely with the Enterprise Unit and with MISC 114 on deregulation, chaired by the Minister without Portfolio. A report will be made to MISC 114 shortly and any ideas arising from discussion in that Committee will be used, if appropriate, with the Commission.

9. I am sending copies to Colin Budd (FCO), John Mogg (DTI), David Normington (Dept of Employment), Leigh Lewis (Office of the Minister without Portfolio) and to Sir Robert Armstrong.

D. F. Williamson

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24 April 1985

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cc: PC

10 DOWNING STREET

From the Private Secretary

MR WILLIAMSON
CABINET OFFICE

EUROPEAN COMMUNITY: CUTTING THE BURDEN OF
COMMUNITY LEGISLATION ON BUSINESS AND ENTERPRISE

Thank you for your minute of 24 April reporting on the action in hand to follow-up the Prime Minister's initiative at the European Council on De-regulation. The Prime Minister was grateful for this and would like to be kept closely in touch with progress.

I am sending a copy of this minute to Colin Budd (Foreign and Commonwealth Office), John Mogg (Department of Trade and Industry), David Normington (Department of Employment) and to Leigh Lewis (Office of the Minister without Portfolio).

C D Powell
25 April, 1985

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