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FRAME INSTITUTIONAL/STRUCTURAL

DESKBY 130830Z

FM UKREP BRUSSELS 101700Z MAY 85

TO IMMEDIATE F C O

TELEGRAM NUMBER 1711 OF 10 MAY

INFO SAVING BRUSSELS, COPENHAGEN, THE HAGUE, ROME, DUBLIN,  
PARIS, BONN, LUXEMBOURG, ATHENS.

*This seems quite business-like*

**DEREGULATION.**

SUMMARY

1. COMMISSION OFFICIALS' THINKING ON THE WAY FORWARD TO THE MILAN EUROPEAN COUNCIL SEEMS TO BE IN THE RIGHT DIRECTION. THEY HAVE COMMISSIONED TOUCHE ROSS TO EXAMINE 2-3 CASE STUDIES IN THE UK AND GERMANY, IN TIME FOR ATTACHMENT TO A PAPER TO BE CIRCULATED FOR DISCUSSION BY CHEFS DE CABINET ON 10 JUNE.

DETAIL

2. BRECKNELL (DTI) AND TWYMAN AND GILBERTSON (ENTERPRISE UNIT) CALLED ON DEFRAIGNE (COMMISSION, DGIII) AND THREE OF HIS STAFF ON 10 MAY TO DISCUSS THE COMMISSION'S FOLLOW-UP TO THE MARCH EUROPEAN COUNCIL CONCLUSIONS ON DEREGULATION.

3. DEFRAIGNE CONFIRMED THAT THE COMMISSION WERE WORKING TOWARDS A REPORT ON 'DEREGULATION AND THE CREATION OF NEW BUSINESS' FOR THE MILAN EUROPEAN COUNCIL. THEIR REPORT WOULD BE LIKELY TO INVITE MEMBER STATES THEMSELVES TO LOOK AT THE BURDEN CREATED BY DOMESTIC REGULATIONS: THE MAIN THRUST OF THE COMMISSION'S REPORT WOULD CONCERN EC LEGISLATION. DEFRAIGNE DID NOT UNDERESTIMATE THE DIFFICULTIES OF ACTION ON THIS FRONT, IN VIEW OF THE COMMISSION'S TRADITION HITHERTO OF REGULATING. HE ENVISAGED THAT THE REPORT MIGHT CONTAIN A COMMITMENT TO DEREGULATE: PROPOSE A METHOD OF ACTION: AND CITE EXAMPLES OF BURDENSOME REGULATIONS. FOR ALL FUTURE PROPOSALS THERE MIGHT BE A SYSTEMATIC ASSESSMENT OF THE ADMINISTRATIVE COSTS, SO THAT THIS ASPECT COULD BE TAKEN EXPLICITLY INTO ACCOUNT IN COUNCIL DISCUSSION. A MORE DIFFICULT QUESTION CONCERNED THE HANDLING OF EXISTING LEGISLATION OR PROPOSALS CURRENTLY UNDER DISCUSSION. IN THIS LATTER CONTEXT, HE HAD THOUGHT IT USEFUL TO COMMISSION WORK BY TOUCHE ROSS, GETTING THEM TO COME UP WITH QUANTIFIED EXAMPLES OF BURDENSOME REGULATIONS. THE STUDY, FOR WHICH 30,000 ECU WAS AVAILABLE, WOULD ONLY BE A FIRST STEP. THE EVENTUAL AIM WOULD BE TO INITIATE A SYSTEMATIC REVIEW OF EC LEGISLATION, TO SEE WHETHER IT STRUCK THE RIGHT BALANCE. THE TIMETABLE FOR THE PRELIMINARY STAGE, LEADING UP TO THE MILAN EUROPEAN COUNCIL, DICTATED CIRCULATION OF A DGIII PAPER TO CHEFS DE CABINET BY 10 JUNE.

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/4. BRECKNELL

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4. BRECKNELL SAID THAT ANY STUDY IN THE RELATIVELY SHORT PERIOD AVAILABLE NEEDED TO BE ACTION ORIENTED. IN THE LIGHT OF OUR OWN EXPERIENCE, WE DID NOT SEE MUCH VALUE IN A LARGE SCALE RELATIVELY SHALLOW ATTITUDE SURVEY, IN WHICH THE ORDINARY SAMPLE OF FIRMS WOULD FIND IT DIFFICULT TO DISTINGUISH BETWEEN NATIONAL AND EC LEGISLATION. IN THE TIME AVAILABLE, IT WOULD SEEM MORE PRODUCTIVE TO SELECT CERTAIN SPECIFIC AREAS AND THEN GET THE CONSULTANTS TO CARRY OUT 2 - 3 IN-DEPTH CASE STUDIES OF THE WAY IN WHICH EC LEGISLATION WAS IMPACTING ON BUSINESS. DEFRAIGNE ENTIRELY SHARED THIS APPROACH.

5. TWO REPRESENTATIVES OF TOUCHE ROSS THEN JOINED THE MEETING. DEFRAIGNE EXPLAINED THEIR REMIT, AND PROPOSED THE FOLLOWING COURSE OF ACTION:

- DISCUSSIONS WITH THE ENTERPRISE UNIT TO FAMILIARISE TOUCHE ROSS WITH THE NATIONAL WORK THAT WAS UNDER WAY.
- DISCUSSIONS WITH INDUSTRY FEDERATIONS (E.G. THE CBI AND IOB IN THE UK AND THE BDI IN GERMANY) TO IDENTIFY AREAS WHERE EC LEGISLATION SEEMED TO BE CREATING PROBLEMS OUT OF PROPORTION TO THEIR BENEFITS.
- WITH THE HELP OF THE GOVERNMENT AND INDUSTRY EXPERTS TO PICK OUT 2 - 3 COMPANIES IN THE UK AND FRG (AND, IF TIME AND RESOURCES PERMITTED, THE NETHERLANDS), AND TO CONDUCT IN-DEPTH INTERVIEWS AT A SENIOR LEVEL ON 1 - 2 TOPICS.

THE AIM WAS TO IDENTIFY THE NATURE AND MAGNITUDE OF THE BURDEN IN THESE CHOSEN CASES, IN A WAY THAT COULD BE ANNEXED TO THE COMMISSION'S REPORT AS EXAMPLES OF BURDENSOME REGULATIONS. DEFRAIGNE STRESSED THE NEED FOR THE CONSULTANTS TO KEEP IN CLOSE TOUCH WITH THE COMMISSION THROUGHOUT: TO CONCENTRATE ON A STRICTLY LIMITED NUMBER OF IN-DEPTH CASE STUDIES RATHER THAN SPREADING THE NET TOO WIDELY: AND TO COMPLETE THE STUDY BY 10 JUNE. A REVIEW MEETING WAS PROVISIONALLY FIXED FOR 3 JUNE.

6. AS A FIRST CONCRETE STEP, IT WAS AGREED THAT TOUCHE ROSS WOULD MEET WITH MEMBERS OF THE ENTERPRISE UNIT AND THE CBI IN LONDON ON 14 MAY. A MEMBER OF DEFRAIGNE'S TEAM (RICHARDS) WILL ATTEND. (WE HAVE TIPPED OFF THE CBI OFFICE IN BRUSSELS ABOUT THE PROPOSED MEETING, AND ADVISED THEM TO ENSURE THAT THEIR REPRESENTATIVES WILL HAVE DONE THEIR HOMEWORK).

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/7. DEFRAIGNE.

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7. DEFRAIGNE WELCOMED OUR INTENTION OF PROVIDING HIM WITH A LIST OF BURDENSOME EC LEGISLATION NEXT WEEK.

FCO ADVANCE TO:

FCO - FAIRWEATHER, SAWERS ECD(1).  
CAB - JAY, BOWEN, TWYMAN, GILBERTSON (ENTERPRISE UNIT).  
DTI - BRECKNELL (GP), KEMMIS (ECIP).

FCO PLEASE PASS SAVING TO COPENHAGEN, THE HAGUE, ROME, DUBLIN, PARIS, BONN, LUXEMBOURG, ATHENS.

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