

Speech 18 May 2016

Moving forward on regulation of professions

Keynote speech by Commissioner Elzbieta Bieńkowska, Single Market Forum, Brussels, 18th May 2016

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Introduction

Good afternoon, Ladies and Gentlemen and thank you for coming to this conference today.

We organised this conference for a simple reason.

There is too little attention on the importance of regulated professions for Europe's economy.

Yet this issue is important because it directly affects our citizens and consumers.

It is important because we all want access to a large variety of services of good quality at a decent price.

It is important for national authorities because those in regulated professions have key responsibilities in our society: in business services, in the health sector or in the area of justice for example.

And above all, it is important because regulated professions can and should be major job creators across Europe.

So we need a Single Market where professionals and companies can offer their services in every Member State without facing unnecessary barriers and overly burdensome regulation.

We need to act

Yet ladies and gentlemen, the truth is that we are nowhere near that goal.

Indeed, in services, Europe is underperforming.

Productivity is only 70% of what it is in the US.

The gap has been growing over the last 20 years.

This is hurting us.

Underperformance in the services sector drags down the entire economy.

Both because services are becoming an increasingly large part of the economy

And because of their growing integration with the rest of the economy.

We need to address this.

Today the Commission has adopted the so-called Country Specific Recommendations as part of our European semester exercise for 2016.

The idea is to set out a number of recommendations to Member States on how they can improve their economic performance.

And for 12 Member States, reforms on services are right at the top of the list including on regulated professions, and regulated business services more generally.

This is not a coincidence.

This is a focus we fully assume.

For at least three reasons:

- because of the growth potential of strong business services;
- because of their increasing role in the value chains;
- because of their contribution to the productivity of manufacturing and other sectors, and hence, to the modernisation of our economies.

And it's no wonder that you find the same focus in our Single market strategy and in our Digital Single Market strategy.

But, let's be honest, this focus also reflects the unsatisfactory progress generally made on past recommendations in this area.

The number of restrictions in services sectors remains high in too many EU Member States.

I invite you to take a closer look at these country specific recommendations.

Also because this broader picture is often lost when we discuss regulated professions.

So let us not forget some basic facts.

When we refer to business services for instance, we mean architects, lawyers, accountants, tax advisers, and engineers.

When we think of construction, we have craft professions and specialised engineers.

And the health sector is composed of doctors, nurses and all sort of medical specialists.

Regulated professions are present throughout the economy.

They account for 22% of those employed in the EU.

That means almost 50 million people.

In some Member States, the figure is as high as a third of all employed.

So regulated professions are fundamental.

But as everyone in this room recognises, we could do far more.

And if we do so, we could deliver far reaching benefits.

Studies have shown that less restrictive regulation leads to more jobs, lower prices for consumers and better overall resource allocation.

At the same time, the regulatory frameworks in place in many Member States show that there are ways to combine consumer protection and less cumbersome regulation.

Wider choice for consumers with the right safeguards can facilitate access to certain services consumers could not afford if the entry regulation were set too high.

I am convinced that regulations should be designed to protect consumers from genuine health and safety risks.

However they should not create obstacles to job creation, job mobility and greater access to services.

The mutual evaluation exercise

Ladies and gentlemen,

We gathered today to take stock of what is being done and to look at what more can be done.

We have focused on the so-called mutual evaluation exercise.

As you know, this has been carried out over the last two years across the Member States and EEA members.

It is now arriving at a critical moment.

Member States have notified us of over 5,500 regulated professions across the EU.

We have put this all online so citizens can access it.

Even more importantly, national authorities have reviewed the regulation on those professions to identify areas where these could be simplified, modernised or removed where unfit.

This was badly needed.

There are still some very specific professions being regulated.

Kennel manager or corset maker, to give only two examples.

The analysis of the profession of civil engineer revealed that there are in effect 99 different categories of civil engineer across the Union.

So it is no surprise that civil engineers find it harder to go cross-border than the more harmonised profession of architects.

Regulation needs to adapt to new technologies and economic developments.

Take for example the Netherlands which deregulated the profession of real estate agent some years ago.

With the greater transparency offered by the internet, they realised that regulation was no longer needed because consumers could more easily have a direct access to information on the housing market.

So we asked Member States to draw up and present national action plans.

They integrated the conclusions from their reviews as well any actions to change existing regulation.

For example, Denmark identified the need to adapt the regulation of 44 regulated professions, almost one-third of the professions it regulates.

Austria has introduced a new post-evaluation instrument for every new legal act.

In Italy, for some professions, state exams and training requirements are being revised to better reflect the competences required and adapt the activities reserved to those professions.

This exercise has been a real opportunity for national authorities to learn from experiences from what has worked elsewhere.

But it cannot work without Member States' full involvement and ownership.

Therefore I trust that the Member States who have not yet submitted their national action plans will all do very soon.

How can we do more?

Ladies and gentlemen, we need to build on this exercise.

So next week, a public consultation will be launched on these national action plans.

And I call on all of you, representative organisations, national authorities, businesses, and consumers to take this opportunity and express your views.

Because together with the national action plans, your replies will help us to shape our follow-up actions.

In the Single Market Strategy last October, we announced two such follow-ups.

We have launched the relevant processes and we are working towards these follow-up actions in place in the near future.

First, we announced that we would provide guidance for Member States on their reform needs.

What we call “profession specific recommendations”.

They will be based on a factual analysis of regulation in specific professions.

This will take account of specific national contexts.

This is therefore a real bottom up approach.

It is also a differentiated approach.

We are not aiming at a "one size, fits all" regulatory model.

One lesson the mutual evaluation exercise taught us is the complexity and singularity of the national contexts in which professions operate.

Second, we want to tackle potential excessive regulation from the start, before it is introduced.

So we will establish an analytical framework or "Proportionality Test".

This will enable Member States to review existing regulations or when they consider additional regulations.

We want to put in place minimum common criteria to evaluate the regulatory requirements on professions.

It will be based on existing case law.

It will take into account economic considerations.

And it will ensure comparability across the EU in the way that proportionality assessments are conducted.

It will not impose any new reporting obligations for Member States.

We are currently carrying out an impact assessment analysis, because we are committed to better regulation.

Indeed, and as you can see, ladies and gentlemen, these actions are not about Europe introducing new regulation.

It is about making an intelligent use of existing tools.

It is about all of us reviewing whether we need regulation and whether it is proportionate.

It is about doing that on a continuous and regular basis.

Above all, it is about delivering results.

So the role of the European Commission will be to act to keep the reforms of regulated professions high on the economic agenda.

It will be to build a framework in which new regulation is introduced only if no alternatives exist to introducing regulation

And it will be to apply pressure on those cases where, regulation neither appropriate nor proportionate.

We can only succeed if the Member States agree to these goals.

We can only succeed if Member States take the necessary steps to address the outstanding issues.

And we can only succeed in partnership.

Conclusion

Ladies and gentlemen, I know that this is not easy.

It is difficult to overhaul regulation which has been in place for decades.

Sometimes, we need to take a more incremental approach.

But it is essential.

I know that in this audience there are many representatives of professional organisations.

We all have a common interest to make sure the conditions to access professions and exercise activities are continuously updated.

It is in your interest to keep your profession attractive and competitive.

And I know that we have representatives of national governments.

We have a mutual interest to make sure that regulation protects consumers.

But also that it frees up those consumers to choose.

And that it frees up those in professions to offer their services.

Above all, everyone in this room has an interest in a Single Market that offers diversity of choice, security of standards, and greater opportunity.

Including for the kennel managers and the corset makers!

Thank you.