

BETTER REGULATION OF PROFESSIONAL SERVICES CONFERENCE, 21 NOVEMBER 2005

Summing up by Lowri Evans, Director, Directorate D, DG Competition on behalf of the Commission

1. The Commission's agenda is about **better regulation** and **not complete deregulation**. This links directly to the re-invigorated Lisbon agenda which features better regulation as a key strand of work for the future. This recognises that to be more competitive Europe needs to rid itself of outdated and unduly restrictive regulation which is impeding economic activity. The Commission's objective is to release the potential of this sector in terms of growth and jobs, as well as promote the emergence of better quality services and more choice for consumers.
2. Member States are being encouraged to include reform of the professions in their **National Reform Programmes (NRPs)** for implementing the Lisbon agenda as a priority work area for the future. This will give the work clear political backing and impetus. The Commission will flag where Member States have not done this.
3. The discussion about re-regulation needs to happen at **national level** as this is where regulation in this sector bites and is developed. This is what the Commission is calling for. It allows the specific national characteristics of the professions and the public interests involved to be properly evaluated. A centralised approach by the Commission could not do this.
4. The Commission has set the framework for this review in its 2004 and 2005 reports on competition in professional services. This centres on the use of a **proportionality test** to evaluate existing rules and regulations. This approach fully respects the **subsidiarity principle**.
5. **Enthusiasm for reform is mixed** across the EU. Those Member States who have already made changes in the past are leading the way. Others have yet to start. What is clear is that changes already made are widely accepted as being positive. It also means there is an enormous amount of material to learn from for those who have yet to get started.
6. One key lesson from the reform process thus far, and emerging from today's conference, is the need for **dialogue** between all key stakeholders – ministries, professional associations, consumer bodies and competition authorities. This needs to happen both at national and European level and is a real challenge. There is currently no tried and tested formula. For its part the Commission remains fully open to dialogue with all parties concerned. Events of this type are also useful.

7. There is a need for clear **ownership** of the agenda within Member States and is something for Economic Ministries to reflect on. Anchoring the process in NRPs will help.
8. There are a host of other issues which have been touched on but have not been debated in any great detail. These include how to define the public interest, informational issues, the differentiation of users in terms of regulatory intervention and the externalities involved – for example in the audit world. All of these are topics worthy of further discussion.

LOWRI EVANS

Concluding remarks by Tony Sims, Director, EU & International Consumer & Competition Policy / UK Presidency

1. A very interesting conference. The aim was to bring together policy officials responsible for regulating the professions in Member States and to review progress that has been made in reforming regulation. We had a rich exchange of views. Speakers showcased the good work on better regulation and reform under way in many Member States. And there were passionate interventions from representatives of the professional services from the floor. I am very grateful to all those who contributed – Commissioner Neelie Kroes, Baroness Ashton, the panellists and delegates.
2. All can agree regulation is important and necessary. No-one is suggesting removing regulation or a market free-for-all. Regulation is necessary to tackle the asymmetry of information between consumers and providers of professional services; to deal with externalities; to ensure the appropriate supply and quality of those services deemed to be public goods; and for reasons of consumer protection.
3. Regulation should, however, be proportionate and based on clear evidence of need. Its benefits should exceed the costs. It should be modern, fit for purpose and easy to understand. It should not impose undue burdens on business. Regulation should support EU competitiveness. Indeed, Commissioner Neelie Kroes described better regulation as a cornerstone of the reinvigorated Lisbon Strategy.
4. The starting point for today's conference was the Commission's research, which concluded that the current mix of rules and regulation in the professional services sector were unnecessarily hindering competition. Reform could lead to real benefits to the EU economy, business and consumers, in delivering higher quality services, lower prices, more choice and more innovative services for users. To take two examples from today's conference: Professor Benito Arrunada pointed to the significantly longer period of time and expense it takes to buy real estate in the EU compared to the US; and Professor Abel Mateus highlighted that it can take four to six months in Portugal to have access to a notary.
5. As today's presentations and the Commission's research made clear, the process of reform of the existing stock of regulation is well underway in many Member States. And the effect on competitiveness of prospective, new EU regulation is screened, as we learned in Michael Albers' presentation.
6. However, concern was also expressed from the floor that the better regulation agenda could lead to unwelcome change. There is conservatism from some professional bodies. Today we heard that the professional bodies do wish to be involved in the process of reform. They want to bring their detailed understanding of the professions and their customers' needs to the table. They

want to be sure that regulators understand, in the words of one of the notaries here today, the professions' mission statements.

7. There was agreement that the process of reform should be evidence based with written contributions as well as a verbal, iterative dialogue. The point was made that it is necessary to take a holistic view and to consider matters of both competitiveness and public interest.
8. That desire for, and commitment to, dialogue is a particularly valuable result from today's conference.
9. Commissioner Neelie Kroes and Declan Purcell both stated that the process of change will be gradual and incremental. Declan Purcell also emphasised that in addition to good analysis reform needs political will to succeed. It is clear that further reform is inevitable as we have that political will. The Better Regulation agenda, championed by six successive Presidencies, is endorsed at the highest level of the Commission. And it is fundamental to the Lisbon Strategy. Not only this, but consumers and society, in response to the changing world will demand it.

Follow up

10. I hope today's conference will be followed up in three ways. First, we should continue the dialogue between regulators and the professions. The Commission has expressed willingness to take this forward at European level. And at Member State level dialogue should involve regulators, responsible Ministries, national competition authorities and the professions themselves, together with consumer organisations and wider stakeholders.
11. Second, as Commissioner Neelie Kroes suggested, Member States will want to consider reform of regulation in the professional services sector in the context of their National Reform Programmes under the relaunched Lisbon Strategy.
12. Third, a future Presidency and the Commission may wish to host a further conference, perhaps in a year's time to take forward this aspect of the better regulation agenda.

Thank you

13. I am very grateful to all those in the Commission and UK team whose hard work made today's conference such a success. In particular, Jane Grady in DG Comp and Paul Pennell-Buck at DTI. And thanks too to the interpreters and conference staff at the hotel.

TONY SIMS