Open Europe's latest research on the 100 most costly EU regulations

On 16th March, the *Open Europe* think tank published a new list of the 100 EU-derived regulations which were the costliest to the UK economy. *Open Europe* estimates that these EU laws cost the UK economy £33.3bn a year. This is more than the £27bn the UK Treasury expects to raise in revenue from Council Tax in the current (2014-15) financial year.

In at least a quarter of cases, the UK Government signed off on the regulation, despite the accompanying Impact Assessment explicitly concluding that the estimated costs outweigh the estimated benefits.

However, the study also claimed that leaving the EU and 'becoming like Norway' would mean that 93 out of these 100 costliest EU-derived regulations to the UK economy would remain in place at a cost of £31.4bn (94% of the current total cost),under the so-called EEA agreement.

The top five costliest EU-derived regulations are:-

1) The UK Renewable Energy Strategy – Recurring cost: £4.7bn a year
2) The CRD IV package – Recurring cost: £4.6bn a year
3) The Working Time Directive – Recurring cost: £4.2bn a year
4) The EU Climate and Energy Package – Recurring cost: £3.4bn a year
5) The Temporary Agency Workers Directive – Recurring cost: £2.1bn a year

The full 'Top 100' list can be accessed here .

Below are some thought from Robert Oulds, of the Bruges Group,

on the Open Europe report.

Open Europe is as anti-EEA as they are pro-EU. They support the reform agenda, and saying in the EU. They consistently misrepresent the EEA as a transitional alternative.

Regarding these regulations, most would apply even if we were not part of the EEA. The Working Ttime Directive originates from the International Labour Organisation, not the EU. The vast majority of financial services legislation would also apply if we were outside of the EU. Indeed a recent analysis showed that if we were to honour international agreements and the decisions of bodies that the UK sits on then 41 of 42 financial services rules 'forced' on us by the EU would apply anyway, although not the potentially destructive "Tobin Tax" and the numerous EU agencies which do not apply to the EEA. .

Many of these regulations come from UN standard setting agencies designed to eliminate technical barriers to trade apart from the environmental regulation.

As for the EEA, while it is true that Iceland, Liechtenstein and Norway are obliged to implement some EU rules, these countries adopt 70 per cent fewer regulations than those imposed on EU member states. While neither Norwegian ministers nor parliamentarians can attend or vote in the meetings of the Council of Ministers, or in the European Parliament, they have the right not only to be consulted about EU rules but can also shape EU decisions at the start. Indeed, EEA representatives take part in more than 500 EU committees and expert groups. The management of the EEA agreement is also not top down from the European Union. The EFTA Surveillance Authority monitors whether or not free competition is being followed and that markets are open to business from EU members. Any contravention of the rules by a member state or company can be reported to the Court of Justice of the European Free Trade Association States, which has jurisdiction to interpret the EEA agreement. Unlike the EU's ECJ, which can overrule and

strike down national law, the EFTA Court can only state that a national law is incompatible with the EEA agreement. Resolution can only come from national institutions – not through the EEA and EFTA institutions. What is more, disputes are resolved at a political intergovernmental level, not by judges or bureaucrats in the Commission exercising their power in a supranational institution. Ultimately, for the EFTA/EEA states, it is for the national government to decide how a breach of the EEA agreement can best be remedied. In some cases Norway just chooses to rewrite its rules to make them appear to conform but in reality, nothing changes.

When EFTA countries choose to adopt EU rules, they do not do so as countries that have transferred the making of legislation to the EU, as Britain has. Nations such as Norway establish EEA-relevant rules at the national level. The legislation is not directly imposed from above by the EU. Furthermore, the EFTA states that have agreed to be part of the EEA can opt out of areas of EEA where they feel that legislation does not serve their national interest. Inside the EU, the UK does not have this right.

Implementation of those acts that are not vetoed or ignored are often delayed by Norway. The custom of the EFTA states being responsible for drafting the decision of the EEA Joint Committee often allows them to delay their implementation. The delaying of the translation of EEA-relevant decisions into Norwegian dialects is also regularly used to postpone implementation. Those EEA-relevant acts that are not delayed are often altered. The EFTA/EEA states demand that more than a third of the acts, and as many of 40 per cent of those which deal with services, are changed. This is not just an opportunity to tailor EEA rules to the EFTA states' advantage; it is also in itself yet another source of delay: negotiations then ensue.

What is more, Norway has a rather nonchalant attitude to aligning its legislation with that of the EU. According to a

draft report from the European Commission from 12th December 2012 found that Norway had refused to incorporate into their own law 427 EU legislative acts. In particular the Norwegian government publicly stated its refusal to incorporate the Third Postal Directive and will also not comply with the EU's financial services agencies. This is certainly not fax democracy.

Norway could make even more use of the flexibility in the EEA agreement. IT does not do so because Norwegian politicians are thoroughly pro-EU and want to keep as close as is politically possible. They are still trying to persuade their population to join, although most Norwegians support EEA membership and are happy to be outside of the EU.

Whereas over 100,000 EU instructions apply to Britain, as of December 2010, only 4,179 EEA relevant acts have been incorporated and are still in force. These 4,179 EEA regulations should be retained, yet they can be modified by the UK. The vast majority of other EU rules can be reviewed when it is practical to do so. In excess of 80 per cent of EEA relevant policy areas fall within the remit of the international standard-setting agencies. Much of the EEA relevant law will be applied after Brexit, regardless of whether the UK retains its membership of the EEA. They are a vital part in the process of not only providing standards but also removing technical barriers to trade.

The European Commission itself acknowledges that, if the European Economic Area agreement is updated membership of it 'would offer EEA EFTA countries a convenient "alternative EU Membership-status on an à la carte basis".'