

# **INTRODUCTION AND APPLICATION OF AN ONE IN, ONE OUT RULE**

Practical Experiences gained by Members of RegWatchEurope

*7 Key Recommendations*

## **Overview of Recommendations**

- (1) Ensure Strong Political Commitment
- (2) Keep it Simple
- (3) Include all Legislative Proposals
- (4) Include all Direct Compliance Costs
- (5) Independent Scrutiny
- (6) Full Transparency
- (7) Be Brave and Creative

## **Preliminary note:**

So far, two members of RegWatchEurope have gained practical experience with the application of an one in, one out rule (OIOO), namely the German National Regulatory Control Council (NKR) and the British Regulatory Policy Committee (RPC). The Finnish Council of Regulatory Impact Analysis (FCRIA) has gained some experience through pilot projects carried out between 2017 and 2019. In all cases, the OIOO rule solely serves to relieve businesses, since experience shows that they have to bear the greatest burden from direct impacts. According to RegWatchEurope members' experiences, who have or have had such a rule in place, the following aspects have been proven successful:

### **(1) Ensure strong political commitment**

A consistent approach will generate the most tangible results and create credibility. A strong political commitment which has buy-in from all members of the European Commission is required in order to make this shift in legislative culture successful.

## **(2) Keep it simple**

The rule must be simple so that all Commission officials are able to apply the rule easily when drafting new impact assessments. This avoids delays, ensures consistent application and transparency which enhances the credibility of the European Commission.

## **(3) Apply the OIOO rule to all legislative proposals**

In order to achieve both tangible and credible results, there should be ideally none, or only a few well-defined, exceptions to the rule. If applied, the decision about an exemption should be taken at a high political level and should be well explained to the public.

#### **(4) Include all direct compliance costs (and reductions)**

OIOO is about lightening the bureaucratic burdens, not lightening the rules. Thus, an OIOO approach should be based on quantitative assessments and assumptions that reflect reality as closely as possible. In our experience, making robust assessments of direct compliance costs already can present some difficulties and uncertainties. As uncertainties are greater for indirect impacts, an OIOO approach should be limited to direct compliance costs.

*If direct benefits* are included as well, some challenges might occur: The distinction between direct and indirect benefits is less clear than for costs. In contrast to costs, no standard methodology for the assessments of benefits is existing so far. And benefits might be related to other addressees than the costs, which might hinder offsetting of burdens.

## **(5) Independent Scrutiny**

Independent scrutiny regarding the assessments and figures is a vital element in order to ensure comprehensive quantification, credibility and transparency.

## **(6) Full Transparency**

In addition to independent scrutiny, all parties involved (administration, stakeholders, parliament) should be able to recap the application of the rule, the genesis of assessments and quantitative results at any time. Therefore, annual public accounting should be an obligation in the context of such a rule.

## **(7) Be Brave and Creative**

Many critics are afraid that an OIOO approach will hinder the Commission from introducing necessary legislative proposals. But experiences show, that so far no legislative proposal has been dropped due to an existing OIOO rule. The objective is simplifying compliance with rules in order to achieve greater compliance. The underlying idea is to keep the necessity to simplify policy solutions alive in the minds of policy-makers, as necessity is the mother of invention.