


On 21 April 2008 the Committee Bureau instructed the Section for the Single Market, Production and Consumption to prepare the Committee’s work on the subject.

Given the urgent nature of the work, the European Economic and Social Committee appointed Mr Iozia as rapporteur-general at its 447th plenary session, held on 17 and 18 September 2008 (meeting of 18 September), and adopted the following opinion with 71 votes in favour and one abstention.

1. Conclusions and recommendations

1.1 The Committee approves of the content of the proposed directive and considers it a further step forward in the administrative simplification strategy, as envisaged in the communication on A strategic review of Better Regulation in the European Union.

1.2 This follows the positive view taken by the EESC’s Single Market Observatory, which in several opinions has consistently supported the various simplification initiatives undertaken in the field of company law. It believes that by cutting costs for companies, these initiatives make an important contribution to the competitiveness of EU firms, as long as they do not undermine the protection of other stakeholders’ interests.

1.3 The Committee points out that the proposal under review to amend Directives 68/151/EEC (First Company law Directive) and 89/666/EEC (Eleventh Company law Directive) is aimed at simplifying and reducing administrative burdens in the sensitive area of publication and translation obligations for certain types of companies that are often burdened by disproportionate and sometimes unnecessary costs.

1.4 The Committee supports the proposed measures, achievable through minor changes to the EU acquis, which — as well as cutting administrative burdens for companies, as demonstrated in the accompanying impact assessment — will prevent the emergence within the EU of unjustified barriers to the free movement of goods and services.

1.5 The Committee therefore welcomes such intervention and joins with the Council in calling on the Commission to propose further measures to reduce other remaining unnecessary obligations in other areas which, without providing any added value to users, are a burden to companies and reduce their capacity to respond to the current challenges posed by global competition.

1.6 The Committee recommends that the Commission encourage the Member States to pursue administrative simplification for business by transferring online all information that is required to be published under existing legislation.

2. Background

2.1 After launching a series of assessments in 2005, the Commission embarked on a simplification drive to reduce administrative costs and burdens on companies deriving from existing legislation, taking the view that unnecessary costs were hampering economic activity in the EU and damaging the competitiveness of businesses.

2.2 On 14 November 2006, the Commission presented a communication with the significant title of Better Regulation in the European Union (1) and a working document on Measuring administrative costs and reducing administrative burdens in the European Union (2). Both initiatives stress the need to pursue tangible economic benefits for companies where simplification is possible without adverse effect on the users of the information concerned.

2.3 In March 2007, this strategy was backed up by an action programme aimed at reducing administrative burdens (3) (not yet published in the Official Journal), which set the target of a 25 % cost reduction by 2012.


(2) Measuring administrative costs and reducing administrative burdens in the European Union (4). Both initiatives stress the need to pursue tangible economic benefits for companies where simplification is possible without adverse effect on the users of the information concerned.

2.4 A number of fast-track proposals were adopted by the Commission in March 2007 aimed at reducing administrative burdens and on 10 July 2007 it presented a communication setting out its proposals for simplification in the fields of company law, accounting and auditing (4).

2.5 At its meeting of 13 and 14 March 2008, the European Council called on the Commission to continue identifying new burden-cutting legislative proposals (5).

2.6 This is the background to the proposed directive on publication and translation obligations in the field of company law, which provides for the reduction and/or removal of information obligations that provide no added value for users.

3. The Commission proposal

3.1 The aim of the proposed directive, according to the Commission, is to enhance the competitiveness of EU companies by reducing and/or removing the administrative obligations laid down under existing legislation that do not meet the requirements of the users of the resulting information and represent unnecessary additional costs for companies.

3.2 The proposal involves amending Directives 68/151/EEC (First Directive) and 89/666/EEC (Eleventh Directive), as regards the publication and translation obligations arising from the establishment of certain types of company.

3.3 With regard to the First Directive, a new minimum publication requirement is to be set with regard to what is currently contained in Article 3(4) of Directive 68/151/EEC on company law. The proposed amendment to the article is aimed at eliminating some of the current obligations to publish in national gazettes information on the company’s foundation as well as the annual accounts, which under the current legislation have to be published on a yearly basis.

3.4 The proposed simplification by no means reduces the added value for users, particularly now that the information contained in commercial registers, through which Member States are required to provide the necessary information, is increasingly available online as the use of electronic means becomes more common.

3.5 Member States are required to provide for an electronic chronological access to the information, but remain free to prescribe the use of additional means of publication, provided that this does not lead to additional costs for companies.

3.6 As regards Directive 89/666/EEC (Eleventh Directive) on company law, an amendment is envisaged to Article 4, which currently requires the translation of all documents in the company file upon registration of a new branch.

3.7 The new Article 4 requires that the documents are published in an official language of the Community but considers it sufficient that the translations be certified in a procedure accepted by the authorities of any Member State. All Member States are to accept this attestation and are not to impose any formal requirement other than those laid down in paragraphs 1 and 2, in keeping with the aim of minimising translation and certification costs.

3.8 The legal basis for the proposal remains the same as for the previous directives: Article 44(2)(g) of the Treaty. Furthermore, the Commission deems it in line with the principles of subsidiarity and proportionality.

3.9 The Commission points out that the proposal and impact assessment have stood up to the scrutiny of a very broad representation of stakeholders (110 in total from 22 Member States). The positive findings are available on the website of the Directorate-General for Internal Market and Services (DG MARKT).

3.10 In its impact assessment, the Commission estimated that around EUR 410 million per year would be saved on the publication of annual accounts and about EUR 200 m per year on the publication of amendments to registers. Approximately EUR 22 m would be saved on translation and certification.

4. General comments

4.1 Through several opinions drawn up by the Single Market Observatory, the Committee has expressed its support for the administrative simplification drive envisaged under the Strategic review of Better Regulation in the European Union.

4.2 The Committee’s opinions have fully supported this drive, which is making a practical contribution to the competitiveness of EU companies by cutting their costs — which in the field of company law seem largely redundant and excessive — without undermining the protection of other stakeholders’ interests.

4.3 The Committee points out that by intervening in such sensitive areas as publication and translation obligations, this proposal not only significantly reduces costs, as demonstrated in the impact assessment, but also increases the credibility of the EU by removing all possible temptation to raise artificial unjustified barriers to the free movement of goods and services.

4.4 It notes that the initiatives launched to date have followed careful assessment of the intended objectives and of the fundamental principles of subsidiarity and proportionality and have also been subject to the prior in-depth consultation of all stakeholders.

4.5 The Committee therefore approves of the content of the proposed directive, considering it a welcome step forward within the broader simplification strategy. It also fully backs the Council in calling on the Commission to intervene in other areas and fields in which there is also a need for simplification to reduce the many obligations that continue to burden companies.


The President
of the European Economic and Social Committee
Dimitris DIMITRIADIS


(2009/C 77/07)


On 21 April 2008 the Committee Bureau instructed the Section for Single Market, Production and Consumption to prepare the Committee’s work on the subject.

Given the urgent nature of the work, the European Economic and Social Committee, in accordance with Rules 20 and 57(1) of the Rules of Procedure, appointed Mr Cappellini as rapporteur-general at its 447th plenary session, held on 18 September 2008, and adopted the following opinion by 59 votes to one.

1. Conclusions and recommendations

1.1 The EESC welcomes that the exemptions foreseen for small companies in the 4th Company Law Directive are extended to medium-sized companies as they lead to a reduction of reporting burden for those companies.

1.2 The EESC also welcomes the proposed changes to the 7th Directive as they simply clarify the interaction between consolidated rules set out in this Directive and in the International Financial Reporting Standards.

1.3 The EESC especially appreciates that the objective of simplifying financial reporting is respected: there is no significant loss of information for users of accounts, and other stakeholders are basically not affected. The proposed simplification is based on the needs of SMEs and users of financial information.

1.4 To date there has been a lack of research and supporting evidence to determine the needs of users, which may vary across EU Member States. Before introducing further changes to financial requirements for SMEs, the current position in terms of uptake of options under the 4th and the 7th Directives should be considered. This investigation should include (a) use of existing options, (b) motives cited by Member States to explain their choice of options and (c) a review of Member States’ success in meeting their objectives.

1.5 The EESC therefore recommends that research in this area should be undertaken as a basis for rational policy proposals in the future.