



# **Study on the compliance by Member States on the time needed to get licences and permits to take up and perform the specific activity of an enterprise as from beginning of 2014**

**EUROPEAN COMMISSION**

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Directorate F – Innovation and Advanced Manufacturing  
Unit F2 - Clusters, Social Economy and Entrepreneurship

Contact: [GROW-F2@ec.europa.eu](mailto:GROW-F2@ec.europa.eu)

*European Commission  
B-1049 Brussels*



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### **Centre for Strategy & Evaluation Services LLP**

Westering House  
17 Coombe Road  
Otford, Kent TN14 5RJ  
United Kingdom

+44 1959 525122  
enquiries@cses.co.uk  
www.cses.co.uk



## Contents

GLOSSARY OF TERMS.....	V
COUNTRY ABBREVIATIONS .....	VI
1.0 INTRODUCTION .....	1
1.1 Purpose of the study .....	1
1.2 Background to the study.....	1
1.3 Research Questions .....	5
1.4 Definitions.....	8
1.5 A comment on methodology and data.....	9
1.6 Research undertaken .....	11
2.0 RESPONSE TO THE MAY 2011 COMMITMENT .....	13
2.1 Policy commitments made by the Member States .....	13
2.2 Actions to fulfil the May 2011 commitment.....	14
2.3 Actions taken by the other CIP countries.....	25
3.0 EXPERIENCE OF OTHER OECD COUNTRIES.....	29
3.1 Strategic commitments to reduce licencing times .....	29
3.2 Case study: Long Beach, USA.....	31
4.0 HOTEL WITH A RESTAURANT .....	34
4.1 Definition .....	34
4.2 Licences required .....	35
4.3 Licences requiring the longest time .....	39
4.4 Time taken to obtain all licences .....	43
4.5 Fees charged for licences.....	44
4.6 Business testimonies.....	46
4.7 Summary of key findings .....	51
5.0 PLUMBING COMPANY .....	53
5.1 Definition .....	53
5.2 Licences required .....	55
5.3 Licences requiring the longest time .....	58
5.4 Time taken to obtain all licences .....	61
5.5 Fees charged for licences.....	61
5.6 Summary of key findings .....	63
6.0 WHOLESALE OR RETAIL DISTRIBUTOR .....	64
6.1 Definition .....	64
6.2 Licences required .....	64
6.3 Licences requiring the longest time .....	70
6.4 Time taken to obtain all licences .....	73
6.5 Fees charged for licences.....	73
6.6 Business testimonies.....	76
6.7 Summary of key findings .....	81
7.0 MANUFACTURER OF STEEL PRODUCTS .....	83
7.1 Definition .....	83
7.2 Licences required .....	84

7.3	Licences requiring the longest time .....	87
7.4	Time taken to obtain all licences .....	91
7.5	Fees charged for all licences.....	91
7.6	Summary of key findings .....	94
8.0	MANUFACTURER OF SMALL IT DEVICES .....	95
8.1	Definition .....	95
8.2	Licences required .....	96
8.3	Licences requiring the longest time .....	100
8.4	Time taken to obtain all licences .....	104
8.5	Fees charged for all licences.....	104
8.6	Summary of key findings .....	107
9.0	CONCLUSIONS AND RECOMMENDATIONS .....	108
9.1	Progress of the Member States .....	108
9.2	Progress across the benchmark model companies .....	109
9.3	Performance against the May 2011 Commitment.....	113
9.4	Recommendations .....	118

## List of tables

Table 1.1 Research Questions .....	5
Table 1.2 Typology of licences .....	9
Table 1.3 Research undertaken .....	11
Table 2.1 Examples of policy commitments at national level .....	14
Table 2.2 Examples of one-stop-shops and web portals .....	15
Table 2.3 Use of www.usp.gv.at .....	16
Table 2.4 Use of www.businessinfo.cz .....	17
Table 2.5 Relaxation of licencing or certification requirements .....	21
Table 2.6 Administrative simplifications in the other CIP countries.....	25
Table 3.1 Case example: Vancouver, British Columbia .....	30
Table 4.1 Definition of hotel with a restaurant .....	34
Table 4.2 Licences requiring the longest time (hotel with restaurant).....	40
Table 4.3 Case example: Ireland .....	46
Table 4.4 Case example: Latvia .....	48
Table 4.5 Case example: Poland.....	49
Table 5.1 Definition of plumbing company .....	53
Table 5.2 Licences requiring the longest time (plumbing company) .....	59
Table 6.1 Definition of a wholesale or retail distributor .....	64
Table 6.2 Licences requiring the longest time (wholesale or retail distributor) .....	71
Table 6.3 Case example: Spain .....	76
Table 6.4 Case example: Cyprus .....	78
Table 7.1 Definition of a manufacturer of steel products .....	83
Table 7.2 Licences requiring the longest time (manufacturer of steel products) .....	89
Table 8.1 Definition of a manufacturer of small IT devices.....	95
Table 8.2 Licences requiring the longest time (manufacturer of small IT devices) .....	102
Table 9.1 Performance against the May 2011 Commitment .....	115
Table 9.2 Performance against the one month benchmark .....	116

**List of figures**

Figure 4.1 Number of licences required (hotel with a restaurant) ..... 38

Figure 4.2 Fees chargeable for all licences (hotel with a restaurant) ..... 45

Figure 5.1 Number of licences required (plumbing company)..... 57

Figure 5.3 Fees chargeable for all licences (plumbing company)..... 62

Figure 6.1 Number of licences required (wholesale or retail distributor)..... 69

Figure 6.2 Fees chargeable for all licences (wholesale or retail distributor) ..... 75

Figure 7.1 Number of licences required (manufacturer of steel products) ..... 86

Figure 7.2 Fees chargeable for all licences (manufacturer of steel products) ..... 93

Figure 8.1 Number of licences required (manufacturer of small IT devices)..... 99

Figure 8.3 Fees chargeable for all licences (manufacturer of small IT devices)..... 106

Figure 9.1 Average fees payable across five benchmark companies ..... 112

Figure 9.1 Average time taken across five benchmark companies..... 117

## **Glossary of terms**

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CIP	Competitiveness and Innovation Framework Programme
EEA	European Economic Area
EFTA	European Free Trade Association
EU	European Union
FYROM	Former Yugoslav Republic of Macedonia
HACCP	Hazard Analysis Critical Control Point
ISO	International Organization for Standardization
IT	Information technology
NACE	Statistical classification of economic activities in the European Community
OECD	Organisation for Economic Co-operation and Development
PSC	Points of Single Contact
RQ	Research Question
SBA	Small Business Act
SME	Small or medium-sized enterprise
WEEE	Waste electrical and electronic equipment

## Country abbreviations

This report follows the protocol order of countries of the EU's Interinstitutional Style Guide.

	<b>Name in country language</b>	<b>Name in English</b>
BE	Belgique/België	Belgium
BG	Bulgarija	Bulgaria
CZ	Česká republika	Czech Republic
DK	Danmark	Denmark
DE	Deutschland	Germany
EE	Eesti	Estonia
IE	Éire/Ireland	Ireland
EL	Elláda	Greece
ES	España	Spain
FR	France	France
HR	Hrvatska	Croatia
IT	Italia	Italy
CY	Kýpros	Cyprus
LV	Latvija	Latvia
LT	Lietuva	Lithuania
LU	Luxembourg	Luxembourg
HU	Magyarország	Hungary
MT	Malta	Malta
NL	Nederland	Netherlands
AT	Österreich	Austria
PL	Polska	Poland
PT	Portugal	Portugal
RO	România	Romania
SI	Slovenija	Slovenia
SK	Slovensko	Slovakia
FI	Suomi/Finland	Finland
SE	Sverige	Sweden
UK	United Kingdom	United Kingdom
IS	Ísland	Iceland
LI	Liechtenstein	Liechtenstein
NO	Norge	Norway
ME	Crna Gora	Montenegro
MK	Poranešna jugoslovenska	The former Yugoslav Republic of
AL	Shqipëria	Albania
RS	Србија/Srbija	Serbia
TR	Türkiye	Turkey
IL	Israel	Israel

## 1.0 Introduction

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### 1.1 Purpose of the study

This report presents the findings of a *Study on the compliance by Member States on the time needed to get licences and permits to take up and perform the specific activity of an enterprise as from beginning of 2014*. The study was undertaken by the Centre for Strategy and Evaluation Services (CSES) on behalf of the European Commission.

The overall objective of the study has been to **check and ascertain compliance** by the 28 Member States (and 9 other countries participating in the Competitiveness and Innovation Framework Programme (CIP)<sup>1</sup>) with the commitment to reduce the time needed to get licences and permits to take up and perform the specific activity of an enterprise to three months by the end of 2013. This commitment arises from the May 2011 meeting of the EU's Competitiveness Council (known hereafter as "the May 2011 commitment").

Compliance by the Member States and other CIP countries has been undertaken with respect to five benchmark companies, which were defined in a Commission Staff Working Document on Assessing Business Start-Up Procedures:

- Hotel with restaurant;
- Plumbing company;
- Wholesale or retail distributor;
- Manufacturer of steel products; and
- Manufacturer of small IT devices.<sup>2</sup>

By fulfilling this objective, the study will assist the Commission in reporting on **progress made in administrative simplifications** to the Council, Parliament and other EU institutions. It will also provide a reliable **benchmark to measure future progress** and facilitate the exchange of successful initiatives.

### 1.2 Background to the study

#### 1.2.1 The nature of the problem

Complexity of administrative procedures is one of the most important barriers to entrepreneurship. The scale and complexity of documentation increases the cost and time needed to set up new businesses. As such, excessive mandatory requirements can deter potential entrepreneurs from starting a business, divert resources of time and money away from productive uses, and erode the time available to exploit new ideas. They can also inhibit the expansion of existing businesses by creating excessive hurdles to the adoption of incorporated business entities by entrepreneurs.

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<sup>1</sup> Albania, Former Yugoslav Republic of Macedonia (FYROM), Iceland, Israel, Liechtenstein, Montenegro, Norway, Serbia and Turkey

<sup>2</sup> European Commission, Assessing Business Start-Up Procedures in the context of the renewed Lisbon strategy for growth and jobs; SEC(2007) 129.

The issuing of sector-specific licences is a procedure that increases the time needed to start a new enterprise. This period of time varies between Member States within the EU. National authorities usually require entrepreneurs to hold specific qualifications or obtain licences if they wish to set up a business in certain sectors. These may come in the form of sector-specific professional or technical qualifications, sector-specific qualifying standards, or activity-specific licences such as land use, environmental, public health, and construction permits. The birth rate of new firms and total entrepreneurial activity may be affected by the complexity of licencing procedures. Time-consuming procedures for licencing and setting up a firm can result in delayed market entry.

Licencing complexity takes into account two types of costs. On the one hand, the direct costs which include taxes, duties, fees paid to public sector and number of person-days required in order to apply for licences and prepare relevant company documentation (i.e. internal company effort), and on the other hand the indirect costs which include fees paid for support from third parties (e.g. consultancies, lawyers) and time out-of-market in calendar days i.e. the time during which a company cannot operate in the market while waiting to obtain required licences. The index of total licencing complexity is developed on the basis of all direct costs (i.e. public sector fees, internal company effort) and indirect costs (i.e. third-party costs, time out-of-market). Costs relating to internal company effort and third-party support are not entirely dependent on Member States' administrative procedures although a relationship exists between direct and indirect costs. In general, a low level of complexity most often reflects a low level of licencing regulation in terms of number and complexity of licences.

There exists a series of generic obstacles that businesses can be faced with when seeking to obtain licences to start trading, such as legal and structural ones whereby policy delivery may well involve a number of different, autonomous government departments or private bodies. Each of these bodies may have separate management and different objectives. This often implies complex systems and procedures with substantial documentation requirements and a multitude of contact points. These problems are made worse when policy delivery is devolved to different regional or local levels of government. Political considerations may similarly act as an obstacle to change in terms of simplifying licencing procedures to make them more business-friendly with different policy departments having different objectives. Resource factors may also be a generic obstacle as they influence public administration's capacity to change such as lack of staff, inadequate skills or training; inappropriate and inflexible organisations, or inadequate IT systems.<sup>3</sup>

### 1.2.2 Policy context for the study

The European Commission has acknowledged on various occasions the need for the EU and its Member States to support SMEs given the fundamental role they play in economic growth and cohesion. It has put particular emphasis on a number of issues such as business start-ups and licencing attempting to assess the impact of the complexity of licencing procedures on the dynamics of business creation and activity. In 2000, the Lisbon Strategy called for a benchmarking exercise to determine the length of time and the costs involved in setting up a company, and the European Charter for Small Enterprises included the action 'Cheaper and faster start-ups' as one

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<sup>3</sup> 'Benchmarking the Administration of Business Start-Ups', Final Report, CSES on behalf of DG Enterprise, January 2002

of its ten action lines. The Commission's initiatives in the area of licencing are based on the assumption that simplification in licencing procedures leads to the creation of more firms.

In 2002, the Commission published a study titled 'Benchmarking the Administration of Business Start-ups'<sup>4</sup> which acknowledged the heterogeneity of licencing requirements across the EU for businesses to start their operations and hence the difficulty to compare results among countries. The study also identified the need to create and use a series of reference companies as models. Subsequently, the 2007 Commission Staff Working Document entitled 'Assessing Business Start-up Procedures in the context of the renewed Lisbon strategy for growth and jobs'<sup>5</sup> presented five model companies to be used as benchmarks for quantifying the burden imposed by public administration on licencing procedures: hotel with restaurant, plumbing company, wholesale or retail distributor of food, manufacturer of steel products, and manufacturer of small IT devices.

In the mid-2000s, the Commission reaffirmed its commitment to simplifying and improving EU legislation affecting SMEs and set itself the goal of reducing the administrative burden associated with EU legislation by 25% by 2012, asking Member States for an equivalent effort. This process was launched in 2007 with the Communication 'Action programme for reducing administrative burdens in the EU' which developed the methodology framework for assessing administrative costs and reducing administrative burdens.<sup>6</sup> On this basis, the 25% administrative burden reduction target was successfully met in late 2012.<sup>7</sup>

The 2008 Communication 'Think Small First' / A 'Small Business Act' for Europe (known as the SBA) set 10 principles to guide the development and implementation of policies affecting SMEs and start-ups both at EU and Member State level.<sup>8</sup> It called on the EU and its Member States to develop a policy and public service environment which rewards entrepreneurship and promotes SMEs' growth by helping them tackle the remaining problems which hamper their development. One of the SBA's 10 principles is to address the issues SMEs face in relation to licencing. Principle 4 of the SBA calls on public administrations to be responsive to SMEs' needs. This implies the need for the Member States to reduce the level of fees requested by the administrations for registering a business, continue to reduce the time required to set up a business to less than one week, and accelerate the commencement of SMEs' commercial operations by reducing and simplifying business licences and permits. The SBA has also sought to establish strong governance mechanisms based on the close co-operation with Member States and SME stakeholders to improve the efficiency and effectiveness of regulations and public administrations.

Other initiatives taken by the European Commission to simplify administrative procedures affecting SMEs include the Services Directive, which requires Member States to carry out a comprehensive review of their regulations and procedures in

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<sup>4</sup> CSES (2002), 'Benchmarking the Administration of Business Start-Ups', Final Report on behalf of DG ENTR

<sup>5</sup> SEC(2007) 129

<sup>6</sup> COM (2007) 23 final

<sup>7</sup> SWD (2012) final, 'Action Programme for Reducing Administrative Burdens in the EU Final Report'

<sup>8</sup> COM (2008) 394 final

order to make them more SME-friendly.<sup>9</sup> One of the most visible benefits of the Services Directive is the setting up in most Member States of Points of Single Contact (PSC) which allow SMEs to complete the required procedures through a single administrative body. The establishment of PSCs has improved the situation of SMEs and start-ups regarding licencing procedures in the Member States concerned. It has also improved the development of on-line licencing procedures or the provision of on-line information concerning licencing procedures in a substantial number of Member States.<sup>10</sup> Another important benefit of the Services Directive concerns licencing for businesses with cross-border trading activities whereby Article 16 – also known as the ‘freedom to provide’ clause – encourages Member States to implement legislation providing for the recognition of licences of a business established in another Member State and undertaking cross-border activities. The vast majority of Member States chose to implement the freedom to provide services clause through “horizontal legislation” applying to all sectors.

The Commission also launched the annual SME Scoreboard which covers regulatory initiatives expected to have a significant impact on SMEs.<sup>11</sup> The SME Scoreboard is proving to be a useful tool for keeping track of regulatory reform and administrative simplification throughout the EU and for supporting the growth objectives of the Europe 2020 Strategy.

### 1.2.3 The May 2011 Commitment

Overall, the efforts of the Commission have helped to make Member States more aware of the potential barriers to entrepreneurship, such as those represented by licencing. A key development in that respect was the Commission Communication "Review of the 'Small Business Act for Europe (SBA)'" , adopted on 23 February 2011. This Communication presented an overview of the progress achieved since the adoption of the SBA on 25 June 2008, set out new actions to respond to challenges resulting from the economic crisis and proposed ways to improve the implementation of the SBA. More specifically, the Communication invited the Member States to “reduce the time needed to get licences and permits (including environmental permits) to take up and perform the specific activity of an enterprise to one month by the end of 2013”.

In its Conclusions on the Review of the Small Business Act, the May 2011 Competitiveness Council did not adopt the target of one month but opted instead for a three-month timescale. The Council’s position was that it “*Encourages the Member States, where appropriate, to reduce the start-up time for new enterprises to 3 working days and the cost to €100 by 2012, as well as the time needed to get licences and permits to take up and perform the specific activity of an enterprise to three months by the end of 2013*”. This commitment formed the subject of the study.

In early 2013, the Commission re-emphasised the importance of reducing the time, burden and cost associated with business licencing in the Entrepreneurship 2020 Action Plan. It called for the elimination of duplicative or uncoordinated licencing as well as burdensome formalities such as the request to prove the authenticity of public

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<sup>9</sup> Directive 2006/123/EC on services in the internal market

<sup>10</sup> SWD (2012) 148 final

<sup>11</sup> See COM (2013) 122 final and SWD (2013) 60 final

documents (e.g. corporate records). Once again, the Commission invited the Member States to *reduce time for licencing and other authorisations necessary to start a business activity to one month* - by the end of 2015.<sup>12</sup>

### 1.3 Research Questions

In order to fulfil the study objectives and to better ensure comparability with the previous study, our proposal defined a number of research questions (RQs). The study aims to answer the RQs with respect to the five benchmark companies.

The first three groups of RQs relate to **factual information about licence procedures**, namely:

- Broad trends in national policy;
- Licences required to perform a specific activity; and
- Licences required to operate across borders.

The second two groups of RQs relate to **effective functioning of licence procedures**, namely:

- Length of time taken to obtain licences and permits; and
- Burden, complexity and cost of obtaining licences and permits.

The last two groups of RQs relate to **conclusions**, namely:

- Overall level of compliance with the May 2011 commitment; and
- Good practice and key success factors.

The table below presents the full list of RQs. The RQs were answered through the various research tasks set out in the methodology in the next sub-section.

**Table 1.1 Research Questions**

	Research Questions
	<b>Broad trends in national policy</b>
	For each country:
RQ1	• How is the May 2011 commitment reflected in national policy? Is there a specific strategy?
RQ2	• Which authority is responsible?
RQ3	• What changes have there been to the legislation (e.g. revision, adoption, repeal)?
RQ4	• What practical actions have been taken (e.g. consultations, advice, guidance)?
RQ5	• How is the implementation of the policy monitored and its performance evaluated?

<sup>12</sup> Entrepreneurship 2020 Action Plan; COM(2012) 795 final

RQ6	<ul style="list-style-type: none"> <li>• What future legislative proposals and practical actions are planned?</li> </ul>
	<b>Licences required to perform a specific activity</b>
	For the benchmark model companies:
RQ7	<ul style="list-style-type: none"> <li>• Which specific activities are subject to licencing requirements?</li> </ul>
RQ8	<ul style="list-style-type: none"> <li>• What licences and permits are required to perform these specific activities?</li> </ul>
RQ9	<ul style="list-style-type: none"> <li>• What is the legislation that governs the issue of these licences and permits?</li> </ul>
RQ10	<ul style="list-style-type: none"> <li>• Which are the authorities that control, approve or require these licences and permits?</li> </ul>
RQ11	<ul style="list-style-type: none"> <li>• Is it necessary to set up an enterprise before gaining the necessary licences and permits?</li> </ul>
RQ12	<ul style="list-style-type: none"> <li>• Are there any specific requirements or exemptions related to the size, legal status and other characteristics of the enterprise applying for licences and permits?</li> </ul>
RQ13	<ul style="list-style-type: none"> <li>• Is it possible to operate (for a limited period) without a licence?</li> </ul>
RQ14	<ul style="list-style-type: none"> <li>• Are there thresholds associated with extra requirements?</li> </ul>
RQ15	<ul style="list-style-type: none"> <li>• Are there testing, certification and inspection regimes associated with initial approval and with licence renewal?</li> </ul>
RQ16	<ul style="list-style-type: none"> <li>• Are there any other subsequent periodic requirements?</li> </ul>
RQ17	<ul style="list-style-type: none"> <li>• Is it possible to gain tacit authorisation?</li> </ul>
RQ18	<ul style="list-style-type: none"> <li>• Is it possible to submit applications on-line?</li> </ul>
RQ19	<ul style="list-style-type: none"> <li>• What other requirements are there?</li> </ul>
RQ20	<ul style="list-style-type: none"> <li>• Are there any requirements to fulfil procedures prior to the starting of the activity and before applying for a licence?</li> </ul>
	<b>Licences required to operate across borders</b>
	For the benchmark model companies:
RQ21	<ul style="list-style-type: none"> <li>• What additional licences and permits are required to operate across borders?</li> </ul>
RQ22	<ul style="list-style-type: none"> <li>• What is the legislation that governs the issue of these licences and permits?</li> </ul>
RQ23	<ul style="list-style-type: none"> <li>• Which are the authorities that control, approve or require these licences and permits?</li> </ul>
RQ24	<ul style="list-style-type: none"> <li>• Is it possible to gain tacit authorisation?</li> </ul>
RQ25	<ul style="list-style-type: none"> <li>• Is it possible to submit applications on-line?</li> </ul>
RQ26	<ul style="list-style-type: none"> <li>• What other requirements are there?</li> </ul>
RQ27	<ul style="list-style-type: none"> <li>• Have any steps been taken to avoid the duplication of licences?</li> </ul>

<b>Length of time taken to obtain licences and permits</b>	
For the benchmark model companies:	
RQ28	<ul style="list-style-type: none"> <li>• What is the typical time it takes to obtain the necessary licences and permits?</li> </ul>
RQ29	<ul style="list-style-type: none"> <li>• What is the minimum mandatory time it takes to obtain the necessary licences and permits?</li> </ul>
RQ30	<ul style="list-style-type: none"> <li>• Where licences need to be obtained in sequence, does this extend the total time taken?</li> </ul>
RQ31	<ul style="list-style-type: none"> <li>• Which licences and permits (and their associated procedures) do entrepreneurs consider cause most delay?</li> </ul>
RQ32	<ul style="list-style-type: none"> <li>• What factors cause the time to be longer or shorter?</li> </ul>
RQ33	<ul style="list-style-type: none"> <li>• What steps have been taken by licencing authorities to reduce the time taken?</li> </ul>
RQ34	<ul style="list-style-type: none"> <li>• How effective have those steps been?</li> </ul>
RQ35	<ul style="list-style-type: none"> <li>• What further legislative actions could be taken to reduce the time further?</li> </ul>
RQ36	<ul style="list-style-type: none"> <li>• What further practical actions could be taken?</li> </ul>
<b>Burden, complexity and cost of obtaining licences and permits</b>	
For the benchmark model companies:	
RQ37	<ul style="list-style-type: none"> <li>• What proportion of licence applications require to be "reworked" on average?</li> </ul>
RQ38	<ul style="list-style-type: none"> <li>• What types of monetary costs are incurred in relation to public authorities (i.e. fees, taxes, duties towards public administration)? Do these cause delay?</li> </ul>
RQ39	<ul style="list-style-type: none"> <li>• What types of other monetary costs exist for entrepreneurs (e.g. cost of legal advice, use of notaries)? Do these cause delay?</li> </ul>
RQ40	<ul style="list-style-type: none"> <li>• What types of non-monetary costs are incurred (i.e. effort, time, anxiety, opportunity cost)? Do these cause delay?</li> </ul>
RQ41	<ul style="list-style-type: none"> <li>• What are the minimum paid-up capital requirements for formal registration? Do these cause delay?</li> </ul>
RQ42	<ul style="list-style-type: none"> <li>• Which licences and permits (and their associated procedures) do entrepreneurs consider are most burdensome, complex and costly?</li> </ul>
RQ43	<ul style="list-style-type: none"> <li>• To what extent do the requirements for different licences overlap or complement each other?</li> </ul>
RQ44	<ul style="list-style-type: none"> <li>• Do the authorities consider the interaction between licences and permits required to start up an enterprise and those required to perform a specific activity?</li> </ul>
RQ45	<ul style="list-style-type: none"> <li>• How many official bodies are involved in the licencing process?</li> </ul>
RQ46	<ul style="list-style-type: none"> <li>• What legislative actions could be taken to reduce the burden, complexity and cost further?</li> </ul>
RQ47	<ul style="list-style-type: none"> <li>• What further practical actions could be taken?</li> </ul>
<b>Overall level of compliance with the May 2011 commitment</b>	
For each country:	

RQ48	<ul style="list-style-type: none"> <li>Based on the analysis of benchmark model companies, what is the level of compliance with the commitment to reduce the time needed to three months by the end of 2013?</li> </ul>
RQ49	<ul style="list-style-type: none"> <li>What is the likelihood of reducing the time needed to one month by the end of 2015?</li> </ul>
RQ50	<ul style="list-style-type: none"> <li>What further actions might be required at national level?</li> </ul>
	For the EU as a whole:
RQ51	<ul style="list-style-type: none"> <li>To what extent has the commitment been fulfilled to reduce the time needed to three months by the end of 2013?</li> </ul>
RQ52	<ul style="list-style-type: none"> <li>How likely is the commitment likely to be fulfilled to reduce the time needed to one month by the end of 2015?</li> </ul>
RQ53	<ul style="list-style-type: none"> <li>Is there evidence of impact on birth-rates of enterprises and on the total level of entrepreneurial activity?</li> </ul>
RQ54	<ul style="list-style-type: none"> <li>What further action might be required at EU level?</li> </ul>
	<b>Good practice and cases</b>
RQ55	<ul style="list-style-type: none"> <li>What good practice examples of legislative and practical action to simplify licencing procedures can be identified?</li> </ul>
RQ56	<ul style="list-style-type: none"> <li>What key success factors can be identified?</li> </ul>
RQ57	<ul style="list-style-type: none"> <li>To what extent are good practice examples and key success factors dependent on the specific context of a country or of a benchmark model company?</li> </ul>
RQ58	<ul style="list-style-type: none"> <li>Which are transferable and how might they be transferred?</li> </ul>

## 1.4 Definitions

In answering the RQs, it has been important to be clear about the various definitions applied. Since an important objective is to measure progress, the study made use of the definitions set out in the Commission Staff Working Document SEC(2007) 129,<sup>13</sup> which were also adopted by the previous study on business dynamics.<sup>14</sup>

Our **definition of the business start-up procedure** is therefore the one specified in the Staff Working Document, which states that the “procedural cycle for a start-up can be considered complete when a company is fully operational to develop its economic activities”.

Our **definition of an enterprise** is a private limited company, using the equivalent societal form for each Member State as defined in Annex 1 of Staff Working Document SEC(2007) 129. For example, in France the relevant company form is SARL (“Société à responsabilité limitée”), whilst in Finland it is Oy (“yksityinen osakeyhtiö”) and in Bulgaria it is ООД (“Дружество с ограничена отговорност”).

<sup>13</sup> SEC(2007) 129 “Assessing Business Start-up procedures in the context of the renewed Lisbon strategy for growth and jobs”

<sup>14</sup> DG ENTR (2011), Business Dynamics: Start-ups, Business Transfers & Bankruptcy, Final Report.

Our **definitions of benchmark model companies** follow those specified by the Commission and used in the previous study, as presented at the start of sections 4, 5, 6, 7 and 8.

As in the last study, we made use of a **typology of licences**, as illustrated in the table below and building on one used in our previous study.<sup>15</sup>

**Table 1.2 Typology of licences**

Typology of licences
Industry licences: conformity of the products or services with legislation and/or regulatory standards so that they may be sold in the entire national territory of the Member State
Licences related to products/services: compliance with environmental, health and safety regulations affecting the company premises and manufacturing processes
Licences related to premises: compliance with the requirements for storage of raw materials, intermediate goods or finished products
Licences related to employees: only including those requirements involving prior authorisation by a licencing authority; excluding activities for which evidence of compliance must only be retained for possible later inspection by the relevant public authorities and not authorise in advance of starting business activities
Cross-border licences: excluding work permits and resident permits for foreign workers

### 1.5 A comment on methodology and data

Whilst the principle articulated by the May 2011 Commitment is clear – i.e. that it should not take more than three months for any business to obtain the licences it needs to operate – the measurement of performance has raised a number of methodological challenges. We highlight them here and explain the approach taken to addressing them.

- **Creating the legal entity.** As can be seen from the typology of licences, our focus has not been on the requirements related to establishing the company as a legal entity. Instead, we have focussed on licences actually required to carry out the activity. In some cases, it has been difficult to make this distinction; in cases of doubt, we have usually included a licence or registration requirement. As far as possible, we have excluded basic generic registrations required of all companies, e.g. related to social security.
- **Compulsory activities not requiring a licence.** We have usually excluded activities that are required but not monitored by licencing authorities in

<sup>15</sup> CSES (2002), 'Benchmarking the Administration of Business Start-Ups', Final Report for DG ENTR

advance of the business starting its activity, for example, gaining insurance, providing health and safety training for staff.

- **Licensing or compliance?** We have excluded compliance with legislation, e.g. product or environmental legislation, where the company is not required to seek approval in advance of undertaking an activity but might later be subject to inspection.
- **Optional activities.** The licences required by different companies might vary, even within the parameters of the benchmark model companies defined here. We have tended **to** include only those licences that are essential for a “typical” business to start its activities, although some companies might in practice need more licences than are listed here. For example, some businesses might consider it essential to erect a sign on the exterior of their premises, whilst for others, it might be optional.
- **Unusual activities:** We have also excluded licences for very unusual activities, e.g. related to exotic foodstuffs, production of weapons.
- **Incomplete/inaccurate applications:** a common cause of delays in obtaining licences is the submission by businesses of applications that contain incomplete or inaccurate information and that are thus rejected/returned by the licencing authority. As a general rule, we have recorded the time it takes for the licence to be issued, once a full and correct application has been submitted. However, we also include good practice examples of authorities that have offered support to applicants, enabling them to provide the required information at the first attempt.
- **Variations, e.g. by size of business.** The fees payable for many licences depend on characteristics, such as the size of the business or of its premises. Where possible, we have taken the case of a typical applicant; otherwise, we have stated the minimum fee payable.
- **Taxes, royalties or licence fees?** Some activities, notably operating televisions or broadcasting copyrighted music, incur fees that are payable to licencing authorities or to organisations representing artists. These have mostly been excluded, except where they have to be paid in advance to an authority prior to the commencement of operations. Fees, taxes and royalties that are payable on an “as-you-go” basis have been excluded.
- **Regional variations.** In some countries, notably Belgium, Spain and Germany, the number, time and cost of licences varies by region. Depending on the country, we have either selected one region as an example or calculated an average.
- **Maximum time or typical time?** In some cases, there is a mandatory maximum time for authorities to issue licences. We have highlighted these where possible. However, the typical or average time for issuing such licences may be longer or shorter than this mandatory maximum. We have therefore presented information on the typical or average time, where available.
- **Calculating the time taken.** Very few instances were identified of licencing authorities publishing data on the time taken to issue licences. We have therefore been reliant on either stated maximum/target times or the experiences of businesses and other stakeholders interviewed, such as Chambers of Commerce. Where possible, we have offered both sources of evidence.

Overall then, it must be emphasised that the data has been gathered from multiple sources of very different natures and in the absence of a universally-accepted methodology for recording and publishing information on the time taken. However, this study has laid the foundations on which future studies can build by establishing a list of licences for each benchmark model company in each country. This provides a

degree of comparability across Member States for the current study. It can also help future studies that focus on the experience of particular types of companies and/or individual Member States.

## 1.6 Research undertaken

Seven Work Packages (WPs) were implemented, as shown in the table below.

**Table 1.3 Research undertaken**

Work Packages	Purpose	Tasks
WP1 Inception	Gain better view of client expectations; receive client's comments on our understanding and approach; discuss methodology, tools and data sources; explore what the Commission's expectations are concerning benchmarks and good practice; develop approach to the research.	Client meeting Desk research Initial consultations (DG ENTR) Develop research tools Refined methodology and workplan
WP2 EU-level research	Deepen our understanding of the context of the study; identify common issues at EU level and for the five sectors; highlight interesting examples; explore possible impacts on levels of entrepreneurship; undertake comparative research with other OECD countries.	Literature review Desk research Consult key stakeholders at EU level Consult sector bodies
WP3 National research	Gather information allowing a full mapping of the situation in each country (procedures, time required, impact, problems, effective approaches, trends)	Literature review Desk research Consult key stakeholders at national level Consult sector bodies Consult enterprises / entrepreneurs Complete national fiches
WP4 Analysis of benchmark model companies	Compare and contrast experiences in different countries; identify trends; explore cross-border issues; draw conclusions for benchmark model companies	Analyse national fiches Consult sector experts and bodies Sector reports
WP5 Good practice and cases	Identify and analyse case examples demonstrating good practice	Analyse fiches Consult good practice

	and/or highlighting common issues	examples Case example papers
WP6 Analysis at EU level	Compare and contrast experiences in different countries and sectors; identify trends; draw EU-level findings; verify research findings	Analyse fiches and sector reports Expert workshops
WP7 Reporting	Analyse evidence from all WPs; formulate conclusions and recommendations; report to client; present results	First Progress Report Second Report Final report Presentation of final results

## **2.0 Response to the May 2011 Commitment**

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The EU's Member States were encouraged by the May 2011 Competitiveness Council to reduce the time needed to get licences and permits to take up and perform the specific activity of an enterprise to three months by the end of 2013. In this section, we therefore look at how the Member States responded to that exhortation – in terms of policy commitments and specific actions taken.

Whilst the other CIP countries – not being Member States – have not made the same commitment, we describe their policies and actions taken to improve the effectiveness of procedures for business creation in order to set the scene for the detailed analysis that follows in sections 4 to 8. We also offer comparative evidence from a few other OECD countries in order to highlight common issues, effective policy approaches and key success factors.

### **2.1 Policy commitments made by the Member States**

The May 2011 commitment is part of the Competitiveness Council's wider conclusions on the revision of the SBA. It consists of medium-term objectives such as decreasing the administrative burden on SMEs in relation to obtaining licences, informing public service users of the time needed to process applications, setting up points of single contact for administrative procedures as regards licencing, and reducing the length of time for setting up a new business to maximum 3 months (target by end 2013).

Although the May 2011 Council commitment has not been explicitly referred to in the recent policies or strategies of almost all EU and European Free Trade Association (EFTA) Member States dealing with business creation, its aims and principles appear to have been heeded and taken up.

A number of EU Member States have however adopted major reforms since May 2011 to simplify and streamline procedures for business creation and, at the same time, for business licence applications. These include Austria, Bulgaria, the Czech Republic, Estonia, France, Greece and Slovakia.

Furthermore, important legislation reflecting the spirit of the May 2011 commitment has been adopted in Croatia, Denmark, Ireland, Italy, Luxembourg, Malta, the Netherlands, Poland, Portugal, Serbia and Spain.

The May 2011 commitment has however not generated any particular changes in strategy or policy in a high number of EU and EFTA Member States, including: Belgium, Cyprus, Finland, Hungary, Latvia, Lithuania, Romania, Slovenia, the United Kingdom, Iceland, Liechtenstein, Montenegro, and Norway. In Cyprus and Montenegro, major reforms were undertaken to facilitate business registration prior to the Council commitment of May 2011.

Some institutional developments have been observed in many of those States which have recently adopted major reforms or legislation in line with the May 2011 Council commitments. Some of the most notable examples include the creation of two government-led stakeholder working groups in Denmark in 2012 to identify procedural burdens and evaluate legislative proposals in the area of licencing, the creation of a consultative cross-sector ministerial group in France for coordinating and simplifying administrative licencing processes, and finally the creation of the Department of Economic Regulatory Excellence within the Ministry of the Economy in Poland in 2012 dedicated to general deregulation in order to alleviate administrative burdens relating to business activity.

Previous research has indicated that a small number of EU and EFTA Member States already fulfil one of the aims of the commitment which is to reduce the length of time for setting up a new business to within 3 months. These include Belgium, the Czech Republic, Estonia, Hungary, Latvia, Luxembourg, Norway, the Netherlands, and Slovakia. There are however no similarities among these countries in their respective policies or strategies relating to business creation and registration.

**Table 2.1 Examples of policy commitments at national level**

Country	Characteristics
Belgium	According to legislation, a company can be established within two days. In practice, however, this may not be the case. Because an additional environmental permit is required, the time needed for setting up a company can exceed three months.
Hungary	Hungarian regulation previously required authorities to carry out administrative tasks in 30 days. This was recently modified to 21 days. Although in most cases this is not met in practice, the three-month deadline can be mostly kept relatively easily.
Netherlands	Introduction of the 'flex-bv' [translation: flexibilisation of the private liability company] which makes it in most cases possible to start a company within 3 working days.
Slovakia	The 2012 National Reform Programme has led to a reduction in the number of days for completing commercial registration from five to two days and a reduction in the number of days for the issuance of trading licences from five to three days.
United Kingdom	Commitment to simplification of local authorities' licensing regimes and an expectation that by 2018 local authorities will offer a single, on-line, application process.

## 2.2 Actions to fulfil the May 2011 commitment

As part of the strategic policy commitments and reforms just described, most countries have taken specific actions to reduce the time, cost and complexity involved in obtaining licences. The procedures related to business legislation and licencing remain quite diverse across the Member States. Nevertheless, most of the different actions can be grouped into a number of broad types. This suggests a certain convergence in practice between Member States, reflecting the shared commitment to the principles of the SBA and the Better Regulation agenda.

In this section, we present the main types of actions taken with reference to specific examples in different Member States.

### 2.2.1 One-stop-shops and on-line portals

The benefits of using new digital technologies to centralise and streamline administrative procedures are recognised by many countries. A common approach has been to create "one-stop-shops", national Points of Single Contact, on-line

government portals and centralised trade registers. Approaches of this type have been introduced in Austria, the Czech Republic, Cyprus, Estonia, France, German, Ireland, Lithuania, Norway and Slovenia, amongst other countries (see Table 2.2.).

Similar initiatives to coordinate and centralise administrative licencing procedures, and to digitalise information on permits and licences have also been launched in Bulgaria, Finland, Italy, Lithuania and the Netherlands. These measures have all contributed to reducing delays associated with the delivery of licences. Costs to businesses are expected to decrease as a result. Moreover, Denmark has re-launched its Point of Single Contact in January 2014. The present web portal is exclusively targeted at foreign service providers and their needs for information. The aim of the portal is to make it easier for foreign service providers to follow Danish rules and reduce their administrative burdens.

**Table 2.2 Examples of one-stop-shops and web portals**

Country	Characteristics
Austria	In 2010, a one-stop-shop Business Service Portal was launched as a single entry point for businesses to the administration ( <a href="http://www.usp.gv.at">www.usp.gv.at</a> ). By offering information and transaction services, it helps businesses to fulfil their legal obligations and to reduce their administrative burdens.
Czech Republic	An electronic point of single contact was launched <a href="http://www.businessinfo.cz">www.businessinfo.cz</a> ) as part of the National Reform Programme and the Plan for Lower Administrative Burden on Businesses. Its content is regularly monitored and improved, and actions include promoting awareness of this service among stakeholders and the general public.
Cyprus	An on-line Point of Single Contact was launched in 2010.
Estonia	The National Reform Programme "Estonia 2020" launched in 2011 to improve competitiveness highlights the need to continue simplifying the use of the Estonian State Portal as a Point of Single Contact.
France	As part of the wider administrative simplification policies pursued by the Government under the General Revision of Public Policies, a single web portal containing all the relevant information and forms relating to business registration was launched to accelerate the process of digitisation of administrative services.
Germany	In 2013, the Federal Government adopted the law on facilitating e-government in order to reduce the administrative burdens of companies by improving the preconditions for digital communication between companies and public administration. This involved the creation of a new on-line single gateway for business registration.
Ireland	In its Action Plan for Jobs 2013, the Irish Government made a commitment to introduce an integrated licencing application system for key sectors of the economy to help reduce the regulatory burden on the enterprise sector. This new licencing system would be a one-stop application portal, amalgamating licence applications for business across Government Departments, agencies and licencing authorities.
Lithuania	The Point of Single Contact for Services and Products was created in 2009 order to simplify the procedures for obtaining permits and licences

	together with better access to national rules and requirements for products not regulated by EU legislation.
Norway	The public web portal ( <a href="http://www.altinn.no">www.altinn.no</a> ) offers access to all electronic forms and services and information about rules regarding how to establish and manage a business.
Slovenia	The "Stop Bureaucracy" Portal ( <a href="http://www.stopbirokraciji.si">www.stopbirokraciji.si</a> ) was created in late 2011. The portal communicates information to businesses and citizens and collects suggestions related to reduction of administrative burdens.

Evidence from these countries shows that the one-stop-shops and on-line portals, once introduced, are heavily used by businesses and can reduce the costs associated with business licencing. Two in-depth examples – from Austria and the Czech Republic – are provided below to illustrate the benefits and highlight the key success factors of one-stop-shops and on-line portals.

**Austria's** "Reducing Administrative Burden for Businesses" was launched by the government in 2006 to bring down estimated annual costs of €4.3 billion (1.6% of GDP, 2007) by 25% (>€1billion) by 2012. The Ministry of Finance and the Federal Chancellery was tasked with combining existing sites into a one-stop-shop. The resultant single entry point for businesses to the administration ([www.usp.gv.at](http://www.usp.gv.at)) offers information and transaction services as its key means of helping businesses.

The **Czech Republic's** portal ([www.businessinfo.cz](http://www.businessinfo.cz)) was a key part of its National Reform Programme and the Plan for Lower Administrative Burden on Businesses. The site has a range of partners and active contributors – Ministries and other state institutions and non-government organisations, trade unions and business associations – to ensure as wide a range of information as possible is available.

In **Austria**, [www.usp.gv.at](http://www.usp.gv.at) is estimated to have reduced companies' costs by €100 - €300 million. The site's success since launch has been seen in significant user growth. The portal has, at the same time, been a medium for administrative reform, in particular improvement of processes and the elimination of multiple notifications. Further benefits have been better data quality, and reduced maintenance and set-up costs for new e-Gov applications, with savings of up to €20 million expected by 2016.

**Table 2.3 Use of [www.usp.gv.at](http://www.usp.gv.at)**

	2010	2011	2012	2013
<b>User sessions</b>	363,783	489,606	586,477	1,286,405
<b>Annual growth (%)</b>		35	20	119
<b>Page view</b>	1,266,899	1,600,250	2,029,269	3,772,419
<b>Annual growth (%)</b>		26	27	86
<b>Unique clients</b>	281,289	449,575	511,486	753,460
<b>Annual growth (%)</b>		60	14	47

In the **Czech Republic**, the value/success of the site is determined using Google Analytics and Webtrekk from a quantitative perspective (number of visits over time), with qualitative monitoring/assessment procedures also being put in place. The portal underwent major changes to improve clarity and content in 2005 and 2012. As a result, the need for repeated visits decreased, on-line forms were improved using the Adobe system, and feedback became part of the portal, allowing businesses to engage directly with the administration.

**Table 2.4 Use of www.businessinfo.cz**

	2008	2009	2010	2011	2012	2013	2014
<b>Visits: average per month</b>	196,951	248,493	274,645	302,191	307,499	228,365	306,510
<b>Visits: annual growth (%)</b>		26	11	10	2	-26	34
<b>Views: average per month</b>	719,564	621,277	689,888	705,246	651,733	525,552	796,609
<b>Views: annual growth (%)</b>		-14	11	2	-8	-19	52
<b>Registered users</b>	21,518	24,868	25,867	27,569	19,240	19,869	19,934
<b>Users: annual growth (%)</b>		16	4	7	-30	3	0

The experience of Austria and the Czech Republic highlights that at the highest level, the availability and affordability of enabling technologies has been key for all country administrations, together with the adoption, acceptance and requirement for on-line services from the business (user) community.

In **Austria**, the site's success is seen to be a function of its speed and relevance, which, in turn, has resulted from:

- Involving high-level politicians and administrators from the very start of the site's development to ensure continuous project support;
- Putting in place an appropriate legal framework to support the e-Gov project. For the BSP, a specific Business Service Portal Act was adopted;
- Recognising that organisational and legal aspects can be more challenging than technical problems – and planning accordingly;
- Co-operating with a wide range of business-related partners to ensure a high quality of information; and
- Ensuring there is collaboration across government (federal and regional authorities), and recognising this takes time.

For the **Czech Republic**, joining the EU in 2004 increased the need to provide information for businesses. The creation of a portal to meet this need was facilitated by the availability of EU Structural Funds to help finance necessary studies. However, its major 2012 redesign was driven by the system's inability to manage the vast

amount of information it subsequently acquired and wished to provide. Factors central to the portal's success are seen to include:

- a willingness to change and adapt to new developments, as well as apply best practice from other countries;
- use of enabling technologies; and
- provision of support beyond set-up.

It is clear that with the continuous and rapid change in technology, every country's one-stop shop will continue to develop. In this respect:

- the views expressed in the Czech Republic indicate that a willingness to accept and adapt ideas from other countries can be beneficial; and
- the articulation of critical success factors – as seen in Austria – could provide useful practical check lists prior to embarking on new projects.

### 2.2.2 Approaches based on compliance and self-declaration

In several Member States and for some business activities, the need for licences to be obtained prior to commencement of the activity has been replaced by an obligation to comply with legislative requirements, perhaps accompanied by a self-declaration of compliance. The businesses in question are then usually subject to some sort of inspection once the activity is under way. Such approaches are consistent with the approach of many pieces of EU internal legislation, for example, those related to industrial production, which require producers to declare that their products comply with the harmonised standards and/or essential requirements of the legislation. We highlight four interesting examples of Member States that have introduced this approach: Estonia, Spain, the Netherlands, and Poland.

In **Estonia**, the change resulted from policymakers questioning the rationale for the standard *ex-ante* approach combined with an interpretation of the national constitution that states its citizens have the right to engage in entrepreneurial activity, whereby it was felt that legal obstacles to the exercise of that right should be "overlooked". Many activities were reclassified as "free economic activities" where not even a declaration is required, whilst multiple authorisation schemes have been replaced with declarations for most, with only activities with material public interest (e.g. financial institutions), safety (e.g. handling of explosives) or environmental concerns (e.g. waste recycling) required to go through an authorisation scheme.

As a result of these changes, the time to process a licence application in Estonia is considered to have fallen to under 30 days, although there are no central metrics in place. However, for those organisations which do have to fill out documents or complete registrations, consolidated forms with shorter and more optimised instructions and guides have been developed, which are believed to have decreased completion time.

The main driver in **Spain** was transposition of the (European) Services Directive in 2009 and the Law on the Guarantee of the Market Unity approved in 2013, which gave authorities the ability to check *ex-post* rather than *ex-ante* for enterprises other than those with the potential to impact third parties negatively, in terms of environmental, health and security issues. As a result of the Law on the Guarantee of the Market Unity more than 80 regulations have been already amended in sectors such as telecommunications, internal trade, environment, employment agencies, etc. It also facilitated a number of initiatives, including the May 2013 "Emprendeen 3" Initiative ("Start up your business activity in 3") to speed up national, regional and local

government administrative procedures via e-administration tools. "Emprendeen 3" is connected with CIRCE (the Information Centre and Business Creation Network, an Information System to start-up companies by electronic means). Certain business operations can now start prior to the granting of licences and permits, with similar exceptions to those in Estonia and Poland, i.e. operations affecting the environment, public health and safety.

The extensive introduction of "declarations" by regional and local authorities in Spain has resulted in measurable reductions in time and costs, although no official estimates are yet available. In Andalusia, the average time for setting up a plumbing company is around 10 days, compared with a national average of 18. For a wholesale/retail distributor, the national average time to obtain all licences was 88 days in 2011 (85 in the Basque Country; 95 in Andalusia). These times have fallen in recent years, since local authorities in Seville (2012) and Vitoria (2013) have allowed wholesale food distributors where no handling of raw food is carried out on the premises to use "responsible declarations". It should be noted, however, that the major role of the "Autonomous Communities" in business regulation mean that adoption has been uneven.

In the **Netherlands**, the Law for Establishment of Businesses [Vestigingswet] which only allowed licenced operators to start a business was abolished in 2007. Requirements for general entrepreneurial skills had been abolished since 2001. Since then, the law has only imposed requirements in terms of safety, health and environment. This abolition – which took place over a number of years – effectively dismantled a legal framework which had been seen to inhibit entrepreneurship, competitiveness and employment, as well as increase the administrative burden on businesses.

No metrics or indicators were established to measure the effect of this change in the Netherlands. However, the switch to a compliance-based system is seen to have improved market dynamism. Whilst less effort is required to start a business, the overall administrative burden is considered similar as (start-up) requirements are now within activity-related or general legislation on hygiene, working conditions etc. The post-reform system is not without its critics, with concern expressed over a lack of inspection and transparency in quality labels. As it is no longer necessary to meet minimum standards in terms of qualifications, business certificates and need to be affiliated with a representative body, the new approach is seen as a (potential) threat to quality delivery and services.

In **Poland**, in addition to rationalising the number of licences, permits or notifications required to start a business, it is now possible for businesses to submit declarations in a number of sectors. The change to the "statement culture" has not yet been subject to any formal *ex-post* assessment, with this planned for 2015 by the Ministry of Economy. (An *ex-ante* evaluation in the form of a Regulation Impact Assessment was prepared in 2010 as a requirement of the legislation process). However, it has been estimated that the "average" entrepreneur has seen annual savings of €10-€100 (dependent on the sector), reflecting lower administration fees and notary costs, as well as significant time savings. A particularly positive development is seen as the need no longer to (have to) submit original documents (or notary-confirmed copies), particularly for individual entrepreneurs (especially craftsmen) from another Member State wishing to operate in Poland.

The experience of these four countries highlights a number of key success factors, from other countries can learn. Across all countries, it must be recognised that entrepreneurs take on a higher level of risk under the compliance approach (compared to a prior licencing regime), which, in turn, means care needs to be taken to ensure

an appropriate business support structure is in place. In addition, inspection systems must function well to ensure consumer confidence.

In **The Netherlands**, abolition of the Vestigingswet in 2007 was the conclusion of a long-term reform, which had required:

- broad consensus among public and private sector stakeholders that a compliance-based system would work better;
- businesses to be seen by government as trustworthy, instead of entities that need ex-ante control. In this respect a key success factor has been the general level of trust between the State and businesses through its 'Poldermodel', a consensus-based economic and social policy involving tripartite co-operation between employers' organizations, labour unions, and government;
- all rules and requirements to be included in activity-based, or general working condition regulations; and
- an acceptable level of compliance inspection and monitoring.

In **Estonia**, the country's liberal attitude to business, together with a relatively uncomplicated existing system, meant change was easier to push through.

In **Poland**, the success of changes is seen as resulting from:

- the government's active involvement of business organisations in the legislative process;
- the focused engagement of Ministry of Economy (Department of Economic Regulatory Excellence) civil servants and decision-makers in preparing and implementing change;
- ensuring the buy-in of public authority staff engaging with entrepreneurs at a local level into the changes; and
- the need to support policy change with an ICT infrastructure (repositories/databases) that facilitates its practical application. For example, if original documents are not required, there had to be an IT-portal, where required documentation could be downloaded and printed.

In **Spain**, the success of "Declaración responsable" is seen as a function of:

- the ease of its introduction, which has seen its rapid uptake by regional and local authorities; and
- allowing entrepreneurs to focus on business rather than administration.

### 2.2.3 Relaxation of licencing or certification requirements

Measures aimed at improving the legal environment and reducing administrative burden for business creation, have also involved the relaxation of licencing requirements in a number of EU and EFTA Member States in recent years. The major trends that can be observed are the replacement of licences with business declarations, and the possibility for businesses to start operations prior to public certification. Again these measures are in most cases not in direct connection with the May 2011 Competitiveness Council commitment. A few examples are given in the table below.

**Table 2.5 Relaxation of licencing or certification requirements**

Country	Measure
Austria	Since 2013, in the case of business transfers, the new owner is now entitled to receive a compilation of all required licences of an existing trade facility. The amendment also entails enhanced possibilities for notification procedures as opposed to approval procedures. However, these procedures only relate to adaptations of existing facilities but not to the setting up of new business premises.
Estonia	As mentioned earlier, the 2011 reform has entailed a change from multiple authorisation schemes towards declarations, which has reduced the time for processing licence application to under 30 days.
Greece	The Strategic Framework for the Simplification of Business Licences, developed in co-operation with the World Bank and launched in September 2013, has prompted the move towards a system based on compliance statements/declarations. The former system relied on application and control by the public services, usually requiring certificates from various authorities prior to the issuing of the requested licence. The system also allows the appointment of certified third parties to verify compliance statements. These controls now take place during production operations – as opposed to ex-ante control by public authorities – and focus on actual performance (as opposed to theoretical performance).
Spain	<p>The 2012 Law on Market Unity tackles fragmentation of the domestic market emerging from differences and overlapping of central, regional and local regulation. It aims to rationalise the regulatory framework on economic activities, eliminating duplicities, simplifying and encouraging a better regulation model. To that end, the Law defines the principles, intervention frameworks, co-operation and supervision networks and the complaint resolution procedures. As a result, more than 80 regulations have been revised. In line with this revision, the retail sector has been revised in 2012 and 2014.<sup>16</sup> The Law exempts businesses with premises smaller than 750m<sup>2</sup> from applying for licences and permits in order to carry out commercial activities. They now have to submit declarations instead.</p> <p>These changes are likely to have an impact in the medium or long term, rather than the short term, as they have been recently passed and include a limited number of local authorities (i.e. the “Emprende en 3” initiative). Some are still in the pilot phase and can only be applied in those “non-classified” activities where impacts on third parties (environment, health issues, etc.) are minimal.</p>
Poland	In Poland, a number of actions have recently been taken to reduce the number of necessary licences, permits or notifications required to start business operations. Similarly, in a number of sectors, it is now possible for businesses to submit declarations.

<sup>16</sup> Ley 12/2012, de 26 de diciembre, de medidas urgentes de liberalización del comercio y de determinados servicios and successive amendments and adaptations of the Ley 7/1996, de 15 de enero, de Ordenación del Comercio Minorista

Of the countries listed above, these measures are a very positive development considering the fact that Austria, Greece and Spain operated some of the most complex licencing systems in Europe according to the 2011 European Commission study on Business Dynamics.<sup>17</sup>

Finally, major efforts have been undertaken in Portugal to simplify and shorten licencing procedures since 2011. The Zero Licencing initiative has been applied across a number of sectors to dematerialise procedures in order to reduce the costs and time associated with the delivery of business licences. In June 2011, procedures were revised for the construction industry which put an end to the 5-year trial period construction businesses had to go through before being granted a full licence. Furthermore the Zero Licencing initiative also applies to secondary establishments (office, agency, branch or subsidiary) created in Portugal by a business legally established in another EU Member State. This is a positive development for businesses in Portugal, identified as having relatively complex licencing systems according to the 2011 European Commission study on Business Dynamics.<sup>18</sup>

There is evidence that some initiatives mentioned earlier are already bearing fruit. For instance, in Denmark the work of the stakeholder working groups has led to administrative simplifications which amounted to potential annual savings of around €67m for businesses for 2012 alone. In the Netherlands, by the end of 2012, the administrative burden for entrepreneurs was reduced by 11% in comparison with 2010, amounting to savings of around €950m for businesses.

#### 2.2.4 Supporting application documentation completion

Against a background of major systems and policy development, it is perhaps easy to forget that, at some stage, and in some form, entrepreneurs still have to fill out forms, whether on-line or on paper. Even countries that do not require the completion of forms before trading starts will need some documentation to be completed at some stage. Countries that still require application forms to be completed have generally attempted to reduce the volume and complexity of the information required, particularly given that most applicants are SMEs with limited resources. However, a common problem remains delays resulting from incorrect completion of documentation. Although prosaic in nature, initiatives to help with the completion of forms can have a significant and positive impact.

One case study from **Austria** shows how the licencing authorities and/or the Chamber of Commerce have responded to such a need by organising special 'consultation days'. The main advantage of consultation days is that all necessary experts are available at the same time and in the same place. Such events are implicitly expected to reduce the duration of procedures substantially, particularly in relation to the re-working of submitted applications.

In 2012, the Austrian Court of Audit evaluated the consultation days of 3 different district administrations, with:

- one district administration offering such days on a weekly basis. This authority commissions construction engineers as official experts, and also uses officers from the regional (Länd) government. Pre-appraisal of application documents is

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<sup>17</sup> European Commission DG ENTR (2011), 'Business Dynamics: Start-Ups, Business Transfers and Bankruptcy'

<sup>18</sup>Ibid

- carried out at the events, with experts providing advice on how documents should be drawn up to facilitate a fast decision; and
- another authority offering such events twice a month. To ensure quality and consistency, members of staff use a standardized evaluation scheme.

According to the 2012 Austrian Court of Audit, the experts at the consultation days focus on facilitating a quick processing of applications. This leads to a reduction in the duration of procedures. In Upper Austria, the introduction of such events has helped reduce average licencing procedure time from 44 to 21 days.<sup>19</sup> However, as there is no standardised approach to such consultation days, success is highly dependent on the particular district administration.

The initiative's success can largely be ascribed to stakeholder involvement, and the fact that both parties (companies and administrations) benefit (equally) as a result. However, it is not a "quick fix", and requires investment from all stakeholders. Consultation days compensate for the limited resources and specialist know-how of (small) businesses. To some extent, they also make up for complex or vague legislation which makes it difficult to know what kinds of document are required.

### 2.2.5 Minimising duplication

A common problem highlighted by businesses is the need to provide the same information to different government agencies. The benefits of reducing duplication have been acknowledged by administrations, with Enterprise resource planning (ERP)-facilitated IT systems developments providing, in theory, the tools to achieve such an aim. The issues addressed by such initiatives are largely common to all administrations, with the extent of duplication a function of individual country administrative organisations and the nature of their IT systems. Every administration collects and stores information in databases serving different purposes. If databases are not properly integrated and do not communicate with each other, it is impossible to avoid duplicating data collection. In this respect, appropriate IT systems are extremely important. Without the proper solutions it is not possible to securely and quickly exchange data between governmental institutions.

Examples of e-solutions with slightly different perspectives can be seen in both Estonia and The Netherlands.

In **Estonia**, policy has focused on the continued development of e-solutions to make all communications between businesses and relevant authorities as quick and effortless as possible. This has involved specific work to:

- streamline registries and databases;
- reduce the amount of information requested; and
- pre-fill applications with information already held on (other government) systems.

As very few licences are issued at a municipal level, businesses mainly communicate with national agencies. This has resulted in predominantly centrally controlled systems and decision-taking, making it easier to work across different government departments. However, the most critical factor has been the X-Road data exchange layer which enables secure Internet-based data exchange between the State's

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<sup>19</sup> [www.republik-online.at/verwaltung-die-wirkt-120222.html](http://www.republik-online.at/verwaltung-die-wirkt-120222.html)

information systems. Without X-Road it would not be possible to connect different registries and databases.

In **The Netherlands**, the “Company Dossier” enables a company to record certain information about its operations once and provide it to government bodies, such as regulators and licencing authorities, as often as necessary. The company itself determines which authorities have access to (its) Company Dossier, with the way companies and government bodies exchange information agreed on a sector-by-sector basis. The Company Dossier is expected to reduce regulatory burdens by 15%, raise levels of compliance and simplify supervision. With the Company Dossier, the digital exchange of information between the company and government bodies is (to be) easier, more transparent and cost-efficient. As entrepreneurs face a range of legislation, permits and regulators, separate guidance on rules can also be deployed with Company Dossiers.

Although the Company Dossier is an industry initiative, its implementation is being managed by the Ministry of Economic Affairs until ‘critical mass’ is achieved, with the Ministry also sponsoring the Dossier at political and governmental levels. Implementation is also supported by a programme office providing communication, monitoring and rollout support.

In 2014, the Company Dossier is being used nationally by 5,000 companies, 46 municipalities, 3 Regional governments and 2 National inspectorates. On the basis of experiences in three pilot sectors, annual reductions in regulatory costs of 14-50% are to be expected, with this translating into financial savings of between €120 (hotel, restaurant and café sector) and €4,000 for more technical industries (e.g. rubber and plastics). After piloting in three sectors, the initiative is being rolled out nationally between 2012 and 2016.

The success of the Company Dossier can be seen to result from a number of factors:

- co-ownership, which allows companies to have control over government bodies’ access to its data;
- a team with the mandate and resources to work across government departments;
- appropriate IT systems and solutions at reasonable cost;
- ensuring alignment of everyday practices of business and government;
- adopting an incremental roll-out strategy; and
- effective partnership between business and government.

In Spain, as required by the Law on Market Unity, the government has developed an IT system for the exchange of information between different administrations. This system connects registers and databases at every level. Moreover, it enables the exchange of information on the drafts bills of different administrations that could affect the unity of the domestic market, giving an important input for the periodical evaluation of the regulatory framework.

Although the range of initiatives to reduce the time to register as a business includes major projects, such as those associated with IT system developments, at a practical level, the amount and relevance of information requested from applicants is a major issue. It is important that applicants only be asked for relevant information once.

This issue has been addressed in **Estonia** as part of its development of e-solutions to make communications between businesses and authorities as quick and effortless as possible. There has been work to simplify completion of the form to become registered in the Register of Economic Activities. Specific analysis was undertaken to determine how entrepreneurs read and use instructions and guides on how to fill certain

documents or complete registrations. It was established that instructions were too complicated and long, and that people rarely read them. In response, shorter and more optimised instructions and guides were developed, which have reduced the time it takes to fill the necessary forms. In addition, the length of the application forms was reduced to 2 pages for wholesale distributors and 3 pages for retail distributors.

As a result of these changes, the overall number of applications has fallen because the number of required registrations and declarations has decreased. There is also a perception that the simplification has, at a minimum, ensured that information is now only requested once, and only if needed.

The General Part of the Economic Activities Code Act required legislators to think through what is being asked from the business, and why, before an activity licence will be granted. This resulted in a reduction in the length and number of documents. The country's generally liberal attitude towards businesses and the belief that most businesses do not warrant an inspection at every step has made it easier to simplify the business environment. But again the main enabler of these changes has been the availability and integration of e-solutions. It is easy to avoid asking for too much information when data already gathered about the business is easily accessible.

### 2.3 Actions taken by the other CIP countries

Although the other CIP countries have not explicitly adopted the same 3-month target as the Member States, they have all taken action to reduce the time, complexity and cost associated with obtaining licences. We summarise their policy approaches and actions in the table below.

**Table 2.6 Administrative simplifications in the other CIP countries**

#### **Iceland**

Authorities in Iceland are simplifying the process for applying for permits and licences in general. The aim is to place the licence and permit authorisation process centrally in one place, where the authority would cover all proofs and documentation related to the application.

An advisory committee is working to simplify the application process and make the laws and regulations more effective for enterprises in the public and private sectors. Since this work is ongoing, it is unclear exactly how these changes will be implemented. According to an interview with a deputy at the Prime Minister's office and the Ministry of Industries and Innovation, the Directorate of Internal Revenue would most likely be the central authority that would handle processing of applications. Time frames and estimated monetary costs have not been estimated.

Currently, the application process for licences and permits takes shorter than three months, with the exception of Operation Permit from the Public Health Authority which could possibly take longer. Once the current simplification process has been finalised it likely that the application process should be around one month by the end of 2015.

#### **Liechtenstein**

Liechtenstein has taken various actions to reduce the time taken to obtain licences to (much) less than three months already. It is already today possible to obtain all the

possible licences in less than one month.

Within the past years, several processes have been simplified, for example the rules to get a «trade licence» (Gewerbebewilligung) have been simplified and the rules for the «cross border notification» (Grenzüberschreitender Dienstleistungsverkehr) have been revised. Liechtenstein's relatively lean and fast "licence environment" is reported as a location advantage abroad. There are no further actions planned by the relevant public authorities to reach the three month/one month commitments.

### **Norway**

In order to establish a firm or to conduct business activities in general, it is not necessary, in principle, to apply for permissions from the authorities. However, there are a few exceptions related to permissions to carry out certain business activities, such as selling food and alcohol. All businesses have to follow certain regulations, legislations and laws if they operate as a private limited company, including The Working Environment Act, The Annual Holidays Act, The National Holidays Act and certain sections of the Smoking Act.

During the past 14-15 years, a process of simplification of business legislation has taken place. One of the important elements of this process was the launch in 2003 of the 'Altinn' common internet portal ([www.altinn.no](http://www.altinn.no)) which was initially intended for public reporting, but which now provides over 700 different public forms and is used by a large number of public agencies and municipalities as a way of communicating with the public. Over 440,000 businesses use it to do their statutory reporting.

### **Former Yugoslav Republic of Macedonia (FYROM)**

There is no single strategy fulfilling the May 2011 commitment in FYROM, but there are a number of strategies, programmes and action plans that address the same issues, i.e. improved competitiveness and entrepreneurship for small business. The main one is the Governmental Operating Programme for the period 2011-2015 which aims to reform policies and measures in line with the SBA recommendations.

The programme generally proposes tax reductions, simplification of administrative procedures for the registration of start-ups, a regulatory guillotine IV project (first three phases already completed) reducing costs and procedural documents in business operations stage 4, and improved access to investment financing.

A One-Stop-Shop system is also in the process of being set up. Many services can already be conducted electronically, such as establishing a company, tax payment and municipalities providing permits, decisions and other public services, and an information centre has been established to provide all necessary information for obtaining licences, permits and legal obligations.

### **Montenegro**

No law on licencing has yet been approved in Montenegro, but in 2010, a Law on Business Environment Improvement was approved. As of January 2012, the Regulatory Impact Assessment (RIA) has become mandatory for all new legislation and a fully functional RIA unit within the Ministry of Finance has been set up. This was a result of adopting the Action Plan for Regulatory Reforms and Business Environment Improvement in 2009, which included the "Regulations Guillotine", a reform of the business environment.

In January 2013, the Ministry of Finance, through its Council for Regulatory Reform and Business Environment Improvement, established the E-Registry of Business Licences ([www.licenca.me](http://www.licenca.me)), an electronic database of all licences issued by national authorities, their bodies, or other organizations with national authorisation in Montenegro. It includes 540 different licences and permits from 36 institutions and provides application forms, useful documents, fees, steps to be taken, contact persons in relevant institutions. The database is available free of charge to service users.

### **Albania**

Since 2006, the Government has introduced several initiatives to improve the business climate, reduce administrative barriers and encourage foreign investment. These include creating the National Registration Center (NRC) and the National Licencing Center (NLC). The NLC administers applications for licences and permits and has set up 'one-stop-shop' services for licencing based on an electronic system (developed in compliance with EU standards). There is regular exchange of data between these institutions. This has meant that the procedures have been shortened and are now considered to be transparent and quick and involving a reduced cost to businesses.

Procedures for handling requests for licences, authorisations and permits are clear, simple, transparent and based on: a) the principle of silent approval; b) electronic means of information and communication, including on-line application; c) model of the one-stop centre; and d) integrated exchange of information and documents between public bodies.

### **Republic of Serbia**

Given the need to improve the business climate in Serbia, the Ministry of Economy launched a new strategy in 2014, "Strategy for the Development of Entrepreneurship and Improvement of Competitiveness for the period 2014-2020" ("the Entrepreneurship and Competitiveness Strategy"). The Strategy contains elements of the May 2011 commitment to reducing the time to obtain permits and licences to operate. The strategy has been finalised and is expected to be adopted by the Assembly of the Republic of Serbia.

One of the priorities is the regulation of the most common administrative procedures (various types of licences, certificates and permits), which specifies measurable standards of service delivery and, in particular, the time frame for decision making. It is necessary that all regulatory bodies determine standards for service delivery.

The introduction of e-government and a one-stop-shop system in a number of areas is another important measure that will facilitate business operation.

### **Turkey**

Although not obliged to follow the 2011 Commitment, Turkey has been involved in implementing the Small Business Act at national and international level since 2011 when it replaced the National SME Strategy for Turkey. The "National Coordinator" nominated for monitoring the progress is the Small and Medium Enterprises Development Organization (KOSGEB).

The company registration process in Turkey is relatively efficient and registration charges themselves are well contained. Overall, however, the business start-up process, which includes pre- and post-registration procedures, as well as notification and compliance requirements, remains relatively cumbersome and costly. More

advanced registration practices, such as one-stop shops and on-line registration are only in a pilot phase. The Ministry of Customs and Trade has developed a Central Registry Recording System, MERSIS in 2012. It leads to the issuing of a single identification number, the tax administration number, and to a further simplification of the registration procedures. A relatively wide range of e-government services is available to the business community.

## **Israel**

During the past two decades, Israel has emerged as an important global centre of innovation and growth. This reflects government policies to encourage entrepreneurship and to establish a venture capital industry to encourage financial investments in the start-ups. The government also set aside a significant budget to subsidise the development of applications of new technologies and has funded consultants to help entrepreneurs to get started.

The Small & Medium Businesses Agency (SBA) at the Ministry of the Economy was established in December 2009 to improve and focus the aid to small businesses. The SBA operates a variety of aid tools and programmes to encourage entrepreneurs and to develop existing businesses and helps entrepreneurs and business owners with their various needs: developing a business idea and starting a business, expanding a business, marketing, fundraising, and more. A large number of activities have been put in place in the last couple of years which has helped to meet the various elements of the May 2011 commitment, including providing professional assistance to entrepreneurs and small business owners, tailored courses and workshops, help to write business plans, improved information accessibility, participation in EU working group and preparation of measures based on the European Small Business Act.

In 2013, a bill was adopted to anchor the SBA in law. This means that other authorities have to consult the Agency but are not obliged to accept its recommendations.

A significant part of the administrative burden of regulation stems from local authorities who are exempt from having to contact the Agency when regulation that might affect SMEs is planned. This weakens the Agency and makes the local authorities a very influential factor in the licencing process in particular and in the support of SMEs in general. The research for this report has shown that while some municipalities are very helpful during the licencing process, others are not and some SME owners and entrepreneurs reported that they feel "in the hand" of local authorities and are very frustrated with the lack of support whereas others were very satisfied.

There are differing views of the time, complexity and cost of obtaining licences. In general, consultants and business owners report many problems with the licencing process (less so for the manufacturers and much more so for the hotels with restaurants and the wholesale and retail distributors) while the official representatives tended to draw a more optimistic picture, pointing out that improvements have been made during the last years. In general, the bigger the business (in all sectors), the more institutionalised the process of licencing – which usually requires companies to appoint consultants to renew all necessary licences.

### 3.0 Experience of other OECD countries

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The experience of other countries within the Organisation for Economic Co-operation and Development (OECD) offers useful comparators to the situation in the EU. Australia, Japan and the USA have all taken steps to reduce the time, cost and complexity associated with licencing. As in the EU, practical actions taken include the introduction of one-stop-shops, electronic portals and increased possibilities for electronic submissions and approvals.

One case study from the USA demonstrates that the nature and number of licences is broadly similar to the situation in the EU. The cost and time taken is also broadly similar, with licences related to premises, sale of alcoholic beverages and environmental protection tending to take longest to obtain and incur the highest fees. One notable difference, however, is that the fee payable for licences relating to the sale of alcoholic beverages is much more expensive in this US example, than in any of the EU's Member States.

The same case study also offers good practice examples of: i) a government portal that provides information about licences required by authorities at different levels; and ii) publication of data by a licencing authority.

#### 3.1 Strategic commitments to reduce licencing times

According to a World Bank project which monitors and rates the ease of doing business, Australia and the USA are among the world's best countries, with both ranking higher than many European countries.<sup>20</sup>

In both countries, as well as in Japan, central government one-stop shops are prevalent. In addition, all three countries are committed to minimising the impact of administrative requirements on their citizens and businesses. However, whilst the initial establishment of a business may be faster in Australia and the USA, *ex-ante* registration and obtaining of permits still appears to be the dominant regulatory model, with no apparent EU-type *ex-ante* declaration/*ex-post* compliance policies.

In the **USA**, *The Paperwork Reduction Act* of 1980 aims to reduce the federal government paperwork burden on private businesses and citizens. The Act:

- imposes procedural requirements on (federal) agencies that wish to collect information;
- established the Office of Information and Regulatory Affairs (OIRA) within the Office of Management and Budget (OMB), and authorised this new agency to oversee federal agencies' collection of information establish information policies.

Business licences and permit are found at every level of government (federal, state, region, county, city), and administrations seem largely to have made use of on-line portals to help businesses establish the nature and scope of required permits and other requirements. The U.S. Small Business Administration provides a "Business Licenses and Permits tool" which helps business identify the licences and permits that

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<sup>20</sup> World Bank. 2014. Doing Business 2015: Going Beyond Efficiency. Washington, DC: World Bank.

they require and provides links to web pages, application forms and instructions. The tool also includes links to portals for each of the fifty states.<sup>21</sup>

**Canada** also operates a portal providing information about business licences and permits. "BizPal" allows users to search for licences by region for each of Canada's regions. By specifying their location, business type and business activities, users can receive a full list of the licences and permits required. For example, the portal highlighted the following licences required by a hotel with a restaurant in Vancouver, British Columbia.

**Table 3.1 Case example: Vancouver, British Columbia**

#### Licences required by a hotel with a restaurant in Vancouver, BC

Starting or managing a business (general):

- Recruiting or hiring workers (1 permits)
- Registering your business (2 permits)
- Signs, billboards and other advertising (2 permits)

Serving, selling, exporting, importing:

- Serving or selling food or alcohol (4 permits)

Construction, development and zoning:

- Constructing, renovating, demolishing or moving buildings (7 permits)
- Development, including environmental assessments and zoning (3 permits)
- Road and highway access, entrances, allowances (1 permits)

Electrical, plumbing, heating, pools:

- Electrical installations or changes, including electricity transmission (2 permits)
- Elevators (1 permits)
- Gas hook-ups and installations (3 permits)
- Heating and air conditioning (1 permits)
- Plumbing, water connections, drainage, sewage and septic (3 permits)
- Swimming pools and hot tubs (1 permits)

Using roads, sidewalks, and public facilities:

- Closing/obstructing/changing access to a street, road or highway (2 permits)
- Parking (2 permits)

Business and professional services

- Gaming, entertainment or recreation, including special events (2 permits)

<sup>21</sup> <https://www.sba.gov/licenses-and-permits>

**Australia** has adopted a single portal approach - business.gov.au - for all government information, transactions and services. It is marketed as a whole-of-government service providing essential information on planning, starting and running a business, and provides access to business compliance requirements. Australian, state, territory and local governments are responsible for different business licences, permits, registrations and certificates, and these can be found via a central on-line service - the Australian Business Licence & Information Service (ABLIS). This comprises a two-step on-line questionnaire, which uses the information provided to give location-specific information on required licences and permits.

There are also initiatives to reduce the administrative burden, with South Australia's *Simplify* programme, for example, eliciting over 500 new and innovative ideas to eliminate bureaucratic waste from the public system through feedback from community, industry and public sector employees, using a variety of channels. To ensure buy-in, the project put in place a team of ten young and ten recently retired senior executive public servants, which was responsible to drafting 17 recommendations for improvement to be presented to Government. One such recommendation, for example, resulted in the plumbing industry working on a joint project with the administration to:

- analyse the existing system for apprentice plumbers working towards their full licence;
- identify and implement opportunities to simplify the process, with a focus on using digital technologies to achieve efficiencies;
- deliver an efficient, customer-centric approach to plumber licencing that can be applied to other trades; and
- examine the interaction between the three tiers of government and industry.

**Japan** actively promotes e-government, with the Administrative Management Bureau (AMB) in the Ministry of Internal Affairs and Communications mandated to streamline administrative processes. In fact, the Ministry of Economy, Trade and Industry (METI) created an on-line administrative procedure system by 2003, and has continued to improve the usability of the administrative system by, for example:

- implementing a "one-stop administrative service";
- creating a multipurpose electronic application system, which allows registrations/notifications, to be processed over the internet; and
- simplifying and improving the efficiency of the governmental registrations/notifications.

### 3.2 Case study: Long Beach, USA

The city of Long Beach, California, offers a comparator example of the nature and number of licences required in the USA, as well as the time and cost associated with obtaining those licences. In this section, we summarise the licences required, their cost and the time taken to issue them. The table in Annex Eight provides further details.

To **set up a business**, two or three forms of registration or licence are usually required, which can be obtained automatically on-line at a typical cost of \$436.95.

- Business License/Business Tax Certificate (\$340.95)
- Company filings (\$70)
- "Fictitious Business Name" – "Doing Business As" Statement, depending on the company name adopted (\$26).

**Constructing or adapting business premises** might require three permits of varying costs:

- Building and Construction Permit
- Zoning Approval
- Permit to Construct (PC) or Permit to Operate (PO)

Depending on the **nature of the business premises and of production**, a number of other registrations or licences might be required, namely:

- Hazardous Materials Business Emergency Plan and Inventory Certification Statement
- Burglar Alarm Permit (\$30.60 annual fee)
- Fire Prevention Inspection
- Permit to discharge waste
- Industrial Activities Storm Water General Permit (\$1791)

**Employing staff** requires the employer to register with the State and Federal authorities (at no cost). The employer must also check the Proof of Residency of all new employees.

**Hotels with restaurants** would also require an Alcohol Beverage Control License at a cost of \$13,800.

A **plumbing company** would require at least one and perhaps more licences:

- Contractor's License, perhaps with several classifications, e.g. Boiler, Hot-water, Heating and Steam-fitting; Electrical contractors, Warm-Air Heating, Ventilating, Air-Conditioning; Plumbing; Sanitation Systems. The licence costs \$400 for one classification, plus \$50 for each additional classification.
- Hazardous Substance Removal and Remedial Actions Certification (\$75)
- Major Appliance Repair Registration to repair, maintain or service air-conditioning appliances (\$165)

**Wholesale/retail distributors** might require four additional permits:

- Seller's Permit (\$0)
- Alcohol Beverage Control License (\$31,800)
- Cigarette & Tobacco Products Licensing (\$100 per site)
- Registration for Beverage Distributors & Manufacturers

**Manufacturer of steel products** might require a Contractor's License with one or two classifications, i.e. Reinforcing Steel, Structural Steel. Further licences might be required if the production site poses particular risks to the environment, e.g. handling hazardous materials, discharge of storm water or process wastewater.

**Manufacturer of small IT devices** would require no additional licences, unless the production site poses particular risks to the environment, e.g. handling hazardous materials, discharge of storm water or process wastewater.

**Time taken:** most of the necessary licences and registrations can be obtained automatically through on-line portals of the relevant authorities. Those licences requiring some time include:

- Alcohol Beverage Control License: the licencing authority has set a target of issuing 75% of licences within 90 days; the monthly average across the various

district offices ranged from 42%-61% of licences issued within 90 days between July 2012 and June 2013.

- Time taken to obtain Building and Construction Permits, Zoning Approvals and Permits to Construct (PC) or Permits to Operate (PO) varies widely, depending on the nature of the building.
- Industrial Activities Storm Water General Permit requires at least 14 days.
- Major Appliance Repair Registration takes 3-4 weeks to be issued.
- Permit to discharge waste takes about 6 months in most cases.
- Fire Prevention Inspection: date of test is confirmed within three days; review of results of test is completed "as soon as possible".

The experience of California highlights two actions taken by the state authorities that serve as examples of good practice in the field of business licencing.

#### **Case example: Government portal**

The Governor's Office of Business and Economic Development (GO-Biz) operates a **portal that provides information about licences** required by local, state and federal authorities. Users of the portal can search for licences by city or county and by business type. Contact information is provided for the various agencies that administer & issue licences and permits, including hyper-links to the relevant websites.<sup>22</sup>

#### **Case example: Publication of data by a licencing authority**

The California State Department of Alcoholic Beverage Control publishes comprehensive on the **information on the time taken to issue licences**. Performance data is provided for each of 22 District Offices, as well as the Department average on a monthly basis for a range of measures:

- % of original applications processed within 90 days, from date of application filing to date of approval, denial or withdrawal (target of 75%).
- % of person-to-person transfer applications processed within 90 days (from date of application filing to date of approval, denial or withdrawal (target of 75%).
- % of application appointments with a wait time of five business days or less (target of 90%).
- % of surveyed customers that rated the consistency of interactions/processes across offices as being "excellent" (target of 90%).<sup>23</sup>

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<sup>22</sup> <http://www.calgold.ca.gov/>

<sup>23</sup> Department of Alcoholic Beverage Control (2013), "Going for the Goals", Monthly Performance Measurements; Annual Report for July 2012-June 2013. (<http://www.abc.ca.gov>)

## 4.0 Hotel with a restaurant

### 4.1 Definition

One of the benchmark companies proposed by the European Commission is that of a "hotel with a restaurant".<sup>24</sup> A more detailed definition was defined by the previous study and has been applied to the current study, as presented in the table below.<sup>25</sup>

**Table 4.1 Definition of hotel with a restaurant**

#### Hotel with a restaurant

- Hotel has 50 rooms
- Restaurant has its own kitchen producing most items on its menu, serving 30 meals per day
- Restaurant serves alcoholic beverages
- Restaurant has 6 double fridges with a power of 640W each
- Hotel classification (rating) will have to be considered
- Is not a member of a franchise
- Legal form of company is a private limited company
- None of the processes produce toxic effluents or discharges
- Hotel uses gas/fuel as well as electricity
- No transportation of raw materials or final products is required

The clear definition of this type of business has generally allowed the clear identification of the licences that would be required. However, the diversity of hotels and hotel activities has made it necessary to introduce a number of additional clarifications, in order to, for example, help identify the level of fees chargeable by licence authorities. These have been:

- 3-star hotel;
- No swimming pool;
- Floorspace of 4,000m<sup>2</sup>; and
- Television in all bedrooms and in public areas, e.g. bar, lounge.

It should also be noted that in some countries, licences were identified that relate to the playing of recorded music, placing of furniture in public streets, open-air activities and use of external signage. In some countries, there is also mention of various voluntary arrangements depending on the type of hotel in question, for instance linked to its geographical location in a beach or ski resort. However, such licences emerged from the research rather than being specified at the outset, meaning that licences may exist in some countries but have not been listed here. We therefore offer those licences identified as illustrative examples.

<sup>24</sup> Assessing Business Start-up Procedures in the context of the renewed Lisbon Strategy for growth and jobs, SEC(2007) 129

<sup>25</sup> European Commission DG ENTR (2011), Business Dynamics: Start-Ups, Business Transfers & Bankruptcy

## 4.2 Licences required

Of the five benchmark model companies considered by the study, the hotel with a restaurant is the type that is subject to most licences. This reflects the nature of the activity and the potential risks to health and safety (and to a lesser extent the environment) linked to accommodation and catering activities and premises.

The number of licences in each Member State ranges from 2 to 13, with an average of 6. These totals would tend to understate the number of licences in some countries, as some licences often address multiple requirements. For example, although only two licences are required in Greece, these cover a range of issues including sewage, general environmental concerns, criminal record of the business manager and fire safety. Similarly, in the Czech Republic, the trade notification of a vocational trade and extract from the register of trade licences covers the name and (lack of) criminal record of the business manager as well as the general business registration.

The figure below highlights the number of licences required across the 28 EU Member States. These fall into a number of types of licences as follows.

**Industry licences:** general licences to operate a hotel (or other accommodation/tourist facility) have been identified in 18 of the Member States. These vary in their form and in their requirements. Some relate merely to listing in a register of hotels or other tourist facilities. Others are quite demanding in their requirements, where linked to health and safety or environmental concerns. In some cases, licencing or registration as a hotel also covers the restaurant. Some 12 Member States also require some sort of generic business registration, instead of or as well as the hotel licence.

Approaches to the classification of hotels (e.g. 1-5 stars) vary across EU28. In 12 Member States, it is mandatory, although in the Netherlands, this requirement was abolished in 2014. In the other Member States, such as the UK, classification is voluntary, though desirable. Classification of restaurants is not mandatory in any of the Member States.

**Licences related to products/services:** In nearly every Member State, some kind of licence is required to operate the restaurant. In the majority (18), this consists of a licence related to a food business and thus covers the standard requirements related to food safety and hygiene. In some other cases, the restaurant is covered by the general hotel licence. Licences that relate solely to the restaurant, aside from the food business and hotel licences just mentioned, were identified in three other Member States (Hungary, Portugal and Romania).

Hotels with a restaurant in Member States would be required to comply with EU requirements relating to Hazard Analysis Critical Control Point (HACCP) Certification, although this does not constitute a licence as such.

In 18 of the Member States, it is necessary to obtain a dedicated licence to serve alcoholic beverages. In some of the other Member States, e.g. Greece, the sale of alcohol is covered by the general hotel licence.

It is also worth noting two types of licence that might be desirable for some hotels, though not essential. First, it is necessary to be licenced in at least 9 Member States to play recorded music or to operate televisions. A key issue here is the protection of copyright and payment of royalties. In another Member State, Belgium, no prior licencing is required but hotels must pay the appropriate fees to the recognised artists' body on an ongoing basis. In the UK, a separate licence must be obtained to operate

TV sets. Second, licences are required in at least three Member States to operate in the open air and/or place furniture, such as dining tables, on public streets.<sup>26</sup>

**Licences related to premises:** in 9 Member States, some kind of general licence covering hotel premises is required. This would typically address concerns relating to safety (especially fire safety), accessibility, waste management and potential interference with neighbours. At least 7 other Member States required separate licences related to fire safety, whilst two (Greece, Ireland) address safety concerns as part of the general hotel licence. Seven Member States have additional licences related to environmental concerns, though it should be noted that many of the environmental concerns are addressed by food business licences. Croatia requires five separate licences related to safety, addressing gas and electrical appliances, lifts, hydrants, lightning protection and pressure vessels.

Eight Member States have separate licences covering general hygiene and sanitary concerns. No instances were identified of specific licences being required for smoking premises, though some Member States, e.g. Belgium, Ireland, UK, have banned smoking in most public places.

Whilst it is not necessarily essential for a hotel to display an external sign, it is worth noting that such signs require a separate licence in at least five Member States; however, the need for this licence was not systematically checked across all Member States.

**Licences related to employees:** there are generally few licences related to employees, except those that are generic to all sectors. Only Belgium requires any proof of competence or qualification of hoteliers; in that country, the Certificate of competence for the profession of restaurant owner addresses both sector-specific skills and general business management skills. Several countries, e.g. Belgium, Czech Republic, Greece, Cyprus, require evidence of a criminal record of the manager to be provided as part of the general hotel licence. Food safety qualifications are typically required of relevant staff in all countries but do not require to be demonstrated to the authorities in advance of the business commencing its activities. In no countries is it essential to notify the authorities or gain approval for extended working hours of employees, except where required across all sectors.

It is very common for businesses to have to fulfil various requirements relating to the health and safety of employees. These are very often generic to all sectors. Typically, the employer must retain evidence of compliance for possible later inspection by the relevant public authorities, but would not have to submit documentation and wait for approval before commencing business operations. (Such requirements are therefore not included in the tables that follow). For example, in Poland, many employers are required to use specialist external contractors to help them fulfil requirements relating to workplace health and safety, as illustrated in Table 4.5 below.

**Other licences:** A small number of additional licences are required in some countries. The Cyprus Tourism Organisation may require hoteliers to present publicity material to its board for approval. Latvia requires the registration of cash registers, cash systems, specialised devices and equipment. The UK requires hotel companies to notify the Information Commissioner's Office (ICO) if they process personal data in an automated form. Malta also requires Data Protection Registration.

As the figure below shows, there are quite large differences across the 9 **CIP countries** with the EEA countries (Iceland, Liechtenstein, Norway) showing a much

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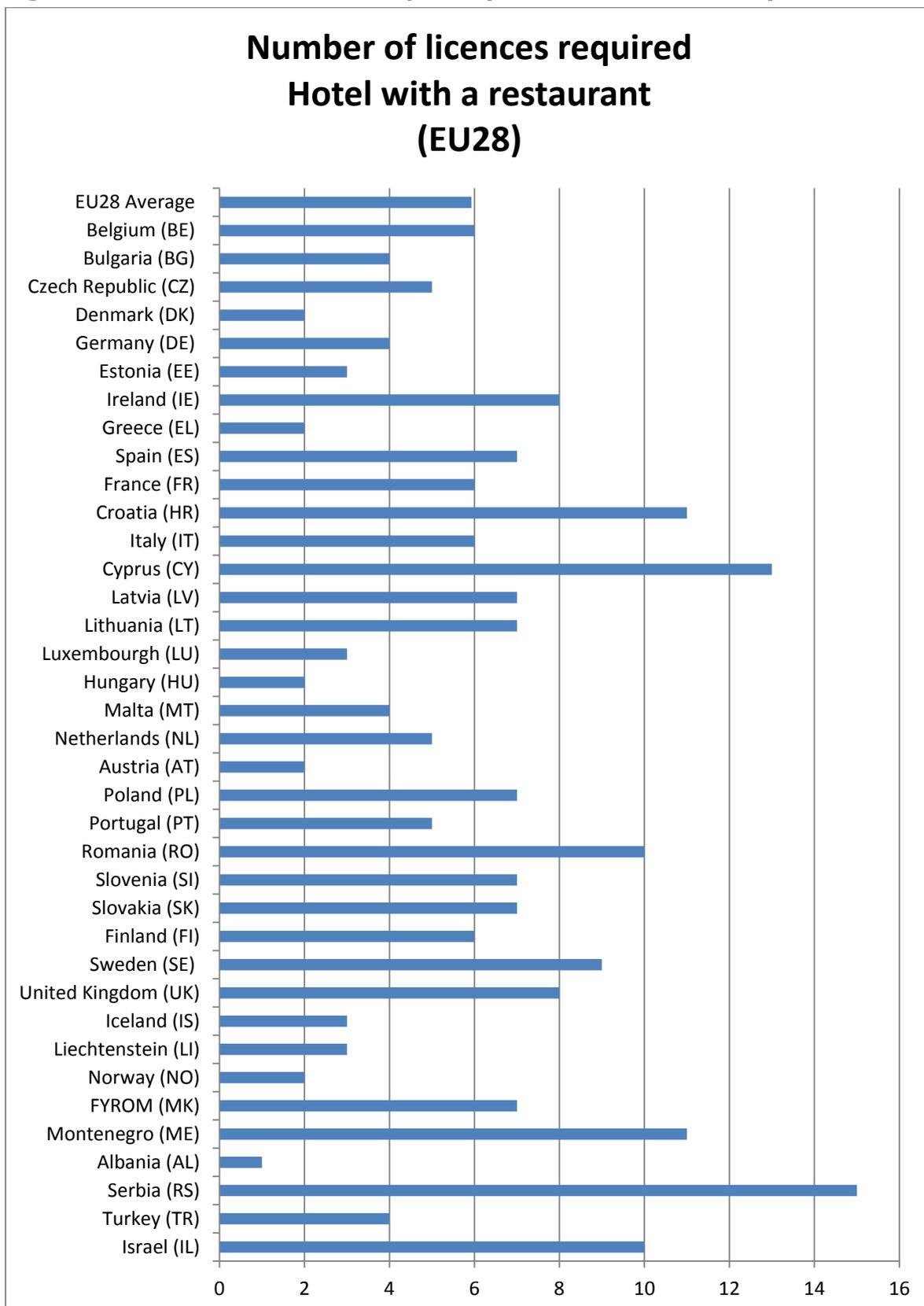
<sup>26</sup> These two types of licences may exist in other Member States but were not identified by the research.

closer resemblance with the Member States than the others. In the EEA countries, a hotel with a restaurant only requires 2-3 general licences, whereas the number ranges from 7 to 16 licences in other CIP countries, with one exception: Albania, where there is only 1 licence, which covers multiple requirements.

As in some Member States, licences in the **EEA countries** tend to cover a broader range of issues, for instance the Icelandic licence to operate a hotel (IS/02) which involves issues as varied as the criminal record of the manager, fire safety of the premises, sale of alcohol and employee safety. Similarly, in Norway the Liquor licence (NO/02) has requirements in relation to the competence and criminal record of the owner, as well as to the premises in which the alcohol is sold. There is a tendency for the EEA countries to follow a more compliance-based system, whereby businesses simply notify the authorities of their activity instead of needing explicit approval; they are expected to fulfil various legal or statutory requirements but do not need to prove compliance up front – however, they are typically subject to subsequent on-site inspection. The systems in the other **CIP countries** are still more traditional with many different requirements to be fulfilled, before a business is able to start operating. With 16 licences needed in each, Serbia and Montenegro are the countries that require the most licences in order to open a hotel with a restaurant. Again, Albania stands out with procedures that appear to be relatively streamlined, based on the principle of tacit approval, electronic communication and one-stop centres.

The licences required in the EEA countries are predominantly **industry licences**, such as general licences to operate or linked to **service licences** relating to preparing food and selling alcohol. These types of licences also exist in the remaining CIP countries, but here there is a much stronger emphasis on **licences for premises and employees**, such as environmental permits of different types and sanitary and fire-related permits. In this context, the case of FYROM is interesting in that they have a partly compliance-based system, where businesses in many cases just have to notify the authorities that they fulfil the rules, for instance in relation to issues like smoking, signage, radio/TV use, and more interestingly waste management and health & safety, but have to prove it before being allowed to operate. One of the reasons for the high number of permits in Montenegro (16) is that they have included various voluntary permits related to hotels that offer specialised services either in ski or beach resorts or to do with conferencing, wellness, or sport.

**Figure 4.1 Number of licences required (hotel with a restaurant)**



### 4.3 Licences requiring the longest time

Table 4.2 below lists the licences that take the longest time to obtain in each country (as well as other licences that take more than 3 months), as an indication of compliance with the May 2011 commitment. Based on the information in the table, we can place the Member States into three broad groups:

- Seven Member States where licencing takes about 3 months (Belgium, Spain, Cyprus, Luxembourg, Netherlands, Austria, Romania). Of the seven countries in the first group, two risk exceeding the 3-month timeframe (Spain, Romania).
- Fifteen Member States where licencing is well within the 3-month timeframe, but at or above 1 month (Bulgaria, Denmark, Ireland, Greece, France, Croatia, Italy, Lithuania, Hungary, Poland, Slovenia, Slovakia, Finland, Sweden, UK); and
- Six Member States where licencing is well below 1 month (Czech Republic, Germany, Estonia, Latvia, Malta, Portugal).

The licences that tend to take longest are usually those relating to the general operation of the hotel. This tends to reflect the multiple requirements of such licences, which often include a safety dimension and/or require an on-site inspection. For example:

- In Greece, the mandatory maximum time is 50 days for the Special Operating Label. A new 2014 law<sup>27</sup> sets out that the competent tourism authority shall grant the special operating sign/license no later than 50 days from submission of the necessary supporting documents. If the above time limit is exceeded, it shall be deemed that the special operating sign/license has been granted. Prior to this, it was reported that lack of resources at the issuing authority (GNT0) could extend the time beyond 3 months, even to 6 months. It should also be noted that the preparation of an application can also be particularly time-consuming for the applicant, since the Special Operating Label addresses multiple requirements, such as demonstrating a clean criminal record of the hotelier.
- In Romania, the mandatory maximum time to obtain the Classification certificate for a hotel and restaurant is 135 days, which includes 90 days for a site visit. In practice, this licence tends to get issued within 3 months.
- In Spain, the Municipal Activity Licence tends to take 2-3 months in most cases. However, the mandatory maximum time foreseen by some municipalities can be much longer. For example, Vitoria-Gasteiz sets a maximum time of 180 days.

Licences related to the sale of alcohol can also take some time to be approved, e.g. up to 3 months in the Netherlands. This can often be related to the need to check the criminal record of the named hotelier.

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<sup>27</sup>Paragraph 3 of Article 3 of L 4276/2014

A significant factor in reducing the potential time taken to obtain licences is the HACCP process, set out in Regulation 852/2004.<sup>28</sup> Food businesses are required to set up, implement and maintain their own procedures to identify and control potential risks in food safety. They do not require prior licencing of such procedures. As intended, this approach has reduced the time taken for such businesses to commence their operations.

In terms of the time it takes to obtain individual licences, the situation in the **CIP countries** differs slightly from that in the Member States, in that there are no licences that exceed the 3-month timeframe. Most countries can be placed in group 2 above: those where licencing is well within 3 months (IS, NO, TR, MK, ME and AL) and 2 countries (LI and IL) belong to group 3 with the longest licence procedures taking 15 and 21 days, respectively.<sup>29</sup> In the other CIP countries, it is the Norwegian licences to serve liquor and food that take the longest to obtain (60 days), although in reality it can be done faster, if the applications are complete. In line with the findings for Member States, the health and safety aspects of operating a hotel are the most time-consuming, but otherwise there are no general trends.

**Table 4.2 Licences requiring the longest time (hotel with restaurant)**

Country	Licence(s) requiring the longest time
Belgium (BE)	3 months: Environmental Permit, Class 2 (BE/06) 3 months: Fire safety certificate (BE/03)
Bulgaria (BG)	1 month: Registration under the Food Act for restaurants (BG/02)
Czech Republic (CZ)	2 weeks: Trade permit to sell alcohol and spirits (CZ/03)
Denmark (DK)	1 month: Alcohol Licence (DK/02)
Germany (DE)	3 weeks: Catering Permit (requested in the Federal States of Bremen and Bayern) or Notification of a Catering Trade (in the Federal State of Sachsen) (DE/03)
Estonia (EE)	2 weeks: Approval of Veterinary & Food Board to handle foodstuffs (EE/01)
Ireland (IE)	6 weeks: Fáilte Ireland Certification/Registration (IE/02)
Greece (EL)	50 days: Special Operating Label (EL/02)
Spain (ES)	2-3 months: Municipal Licence related to the Activity (ES/20)
France (FR)	2 months: Declaration regarding establishments preparing, processing, handling, displaying, selling, storing or transporting animal products or products of animal origin (FR/06)

<sup>28</sup> Regulation (EC) No 852/2004 of the European Parliament and of the Council of 29 April 2004 on the hygiene of foodstuffs

<sup>29</sup> Data was not available for Serbia.

*Study on the compliance by Member States on the time needed to get licences and permits to take up and perform the specific activity of an enterprise as from beginning of 2014*

Croatia (HR)	2 months: Certificate of electrical and gas installations (HR/09)
	2 months: Certificate of elevators (HR/10)
	2 months: Certificate of hydrant network (HR/11)
	2 months: Certificate of lightning protection installations (HR/12)
	2 months: Certificate of pressure vessels (HR/13)
Italy (IT)	2 months: Alcohol Licence (IT/05)
Cyprus (CY)	3 months: Licence to operate a hotel (CY/01)
	3 months: Mandatory hotel classification (CY/02)
	3 months: Hotel trade name (CY/03)
	3 months: Sale of alcoholic beverages (CY/07)
Latvia (LV)	2 weeks: Licence for Retail Trade of Alcoholic Beverages (LV/03)
Lithuania (LT)	1.5 months: Hotels, motels and camping classification certificate (LT/03)
Luxembourg (LU)	3 months: Operating permit for classified establishments (LU/06)
Hungary (HU)	1 month: Operation Licence (HU/01)
	1 month: Comment of Food Chain Safety Office on Operation Licence (HU/02)
Malta (MT)	10 days: GBR Permit for waste management, emissions, effluent discharges and storage of material (MT/04)
Netherlands (NL)	3 months: Liquor and food service industry law licence (NL/06)
Austria (AT)	80-90 days: Trade facilities approval (AT/02)
Poland (PL)	2 months: Approval of the readiness of the facility/building for use (PL/02)
	2 months: Environmental decision (PL/08)
	2 months: Licence for sale of alcoholic beverages (PL/10)
Portugal (PT)	3 weeks: Zero licencing commerce and services (PT/04)
	3 weeks: Tourist use licence (PT/07)
	3 weeks: Use of public space (PT/09)
Romania (RO)	3 months: Classification certificate for a hotel and restaurant (RO/01)
Slovenia (SI)	1 month: Notification of accommodation activity (SI/10)
Slovakia (SK)	1 month: Decision to launch the operation (SK/06)
Finland (FI)	1 month: Notification pursuant to the Health Protection Act (FI/02)

*Study on the compliance by Member States on the time needed to get licences and permits to take up and perform the specific activity of an enterprise as from beginning of 2014*

	1 month: Licence for using kitchen alcohol (FI/09)
Sweden (SE)	1-2 months: Permit to sell and serve alcohol (SE/03)
United Kingdom (UK)	4 weeks: Alcohol Licence, Premises England & Wales (UK/06)
Iceland (IS)	1.5 months: Operating Licence from the Police Commissionaire (IS/02)
Liechtenstein (LI)	15 days: Trade Licence (LI/01)
Norway (NO)	2 months: Licence to serve food (NO/01)
	2 months: Liquor licence (NO/02)
FYROM (MK)	2 weeks: Hotel categorisation (MK/04)
	2 weeks: Approval of Environmental Impact Assessment (MK/06)
Montenegro (ME)	1 month: Production and distribution of food of plant origin after primary production, combined food and other types of food (ME/05)
	1 month: Sanitary Permit (ME/06)
	1 month: Permit for collecting, and transporting waste (ME/08)
	1 month: Permit/agreement to the producers waste management plan (ME/09)
Albania (AL)	1 month maximum: Licence: Sub Category II.1.A.1 - Manufacturing, processing and wholesale distribution of food; Group III (AL/01)
Serbia (RS)	n/a
Turkey (TR)	1 month: Tourism Investment Licence (TR/03)
Israel (IL)	3 weeks: General Business Licence (IL/01)
	3 weeks: Certified Business for Tourists (IL/02)
	3 weeks: Licence from the environmental department (IL/03)
	3 weeks: Licence from fire department (IL/06)
	3 weeks: Sanitation licence (IL/07)
	3 weeks: Hotel manager "Certificate of good character" (IL/08)
	3 weeks: Licence of approval from ministry of health (IL/09)
	3 weeks: Police Approval (IL/10)
	NB: Licence from Ministry of Health (IL/03) can take months

#### **4.4 Time taken to obtain all licences**

There is evidence that the total time to obtain all licences can exceed the longest time taken to obtain any individual licence in some countries. The table in Annex Three presents reported instances, based on evidence emerging from the national research.

The main issue is that some licences need to be applied for in sequence. Most typically, the hotel has to be registered as a business before other licences, such as those related to sale of alcohol, food hygiene or safety of premises can be obtained. This creates a "critical path" that applicants must follow in order to obtain all licences. Statutory time limits on each individual licence can limit the length of the critical path. However, where applicants submit applications that are incorrect or that lack required supporting documents, this clearly delays the whole process. In Lithuania and Poland, the sequencing of licences appears to add significantly to the time taken to obtain licences, whilst in the Czech Republic and Slovakia the total time (1.5 months) is still relatively short, despite the need for sequencing. In Turkey, businesses need to obtain the Trade Registry Certificate before they are able to apply for other licences. In spite of this, the total process should not take more than 1.5 months. The opposite situation applies in Israel, where applicants need to have received all other licences (9 in total), before the General Business Licence can be obtained. As a result, the total time needed can extend to 3 months.

The requirement for a large number of licences to be obtained can also extend the total time taken to obtain all licences, even if licences can be applied for in parallel. This situation is harder to track in practice, since it only emerges from experience rather than being determined by the licencing requirements. However, there are reported instances of a larger number of licences making applicants more likely to submit an incorrect application or lacking the resources to submit all applications at once. The number of licences risks extending the total time taken in Sweden, as well as in Croatia, where there is also some sequencing. Among the CIP countries, licencing in Iceland and Norway can take place in parallel. In Montenegro, the large number of necessary licences (11) prolong the time needed, which can extend to 3 months in total, and even longer for hotels who choose to apply for the voluntary permits relating to special types of hotel services (ski, beach, wellness...).

In Italy, there is a minimum application period of two months for a licence to sell alcohol. In cases where a new business submits other applications first, e.g. the SCIA Business Start-up Certified Notification, the total time will be longer, e.g. up to three months.

Preliminary procedures can extend the total time beyond the time taken for formal applications; hotels in Greece may face a delay of 4-6 months for architectural and engineering drawings to be approved; the application for the Business Start-up Notification (SCIA) in Italy typically requires a hotel to first gain sanitary authorisations (e.g. for hotel rooms), environmental authorisation (e.g. for noise impact, emissions) and hotel classification.

It should be noted that these instances do not necessarily represent the typical experience of all applicants. For example, some hotels might choose to open before gaining licences to sell alcohol, hold special events or place furniture in the street. Moreover, the total times quoted here are unlikely to apply to established hotels that are renewing licences; where different licences expire at different times, applicants will not have to reapply for all licences at once. Some licences require to be issued only once, such as those relating to the establishment of the enterprise. It may be possible to apply for renewals well before the expiry date, meaning that business activity is not disrupted by slow approvals.

## 4.5 Fees charged for licences

Figure 4.2 provides data on total fees for all licences required for a hotel with a restaurant.<sup>30</sup> The fees and charges identified as being associated with licence procedures mainly relate to direct fees and charges made by the licencing authority. There is no reference to the costs involved in conducting a technical analysis or in preparing the documentation required for a licence or permit and other professional inputs.

From the table, it can be seen that the fees chargeable tend to be higher for a hotel with a restaurant than for any of the other four benchmark model companies. There is, though, considerable variation from just €24 in Luxembourg to nearly €7,000 in Croatia. Much of the cost in Croatia relates to safety licences that tend not to be required in other countries or that are incorporated into general safety certificates, i.e. certification of electrical and gas installations, elevators, hydrant network, lightning protection installations and pressure vessels.

In general, many of the most expensive licences are those relating to general operation of a hotel and/or classification. As with the time taken, this often reflects the need for site visits and/or safety checks. For example, in Bulgaria, the cost of categorisation as a hotel is €500, whilst in Sweden the permit to operate a hotel costs €415. Fees for licences to sell alcoholic beverages vary widely, e.g. from zero in Denmark and €18 in the Czech Republic to €375 in Lithuania and €770 in Poland.

Fees in the **other CIP countries** are just as varied as for EU28 countries, ranging from zero to €2,343. There are no general trends in terms of which types of licences are the most expensive – these vary from country to country (IS: Alcohol licences €1,348; TR: Hotel star rating €1,205; IL: Fire licence €1,278). In some countries there are no, or very limited charges, such as Norway, Albania and FYROM, although here the procedure to comply with health and safety regulations can amount to €4,000. In other compliance-based countries the situation might well be similar – but we have only been informed about the State fees that apply. For Serbia, there was an indication that overall costs would be in the region of €500, but no individual fees were given.

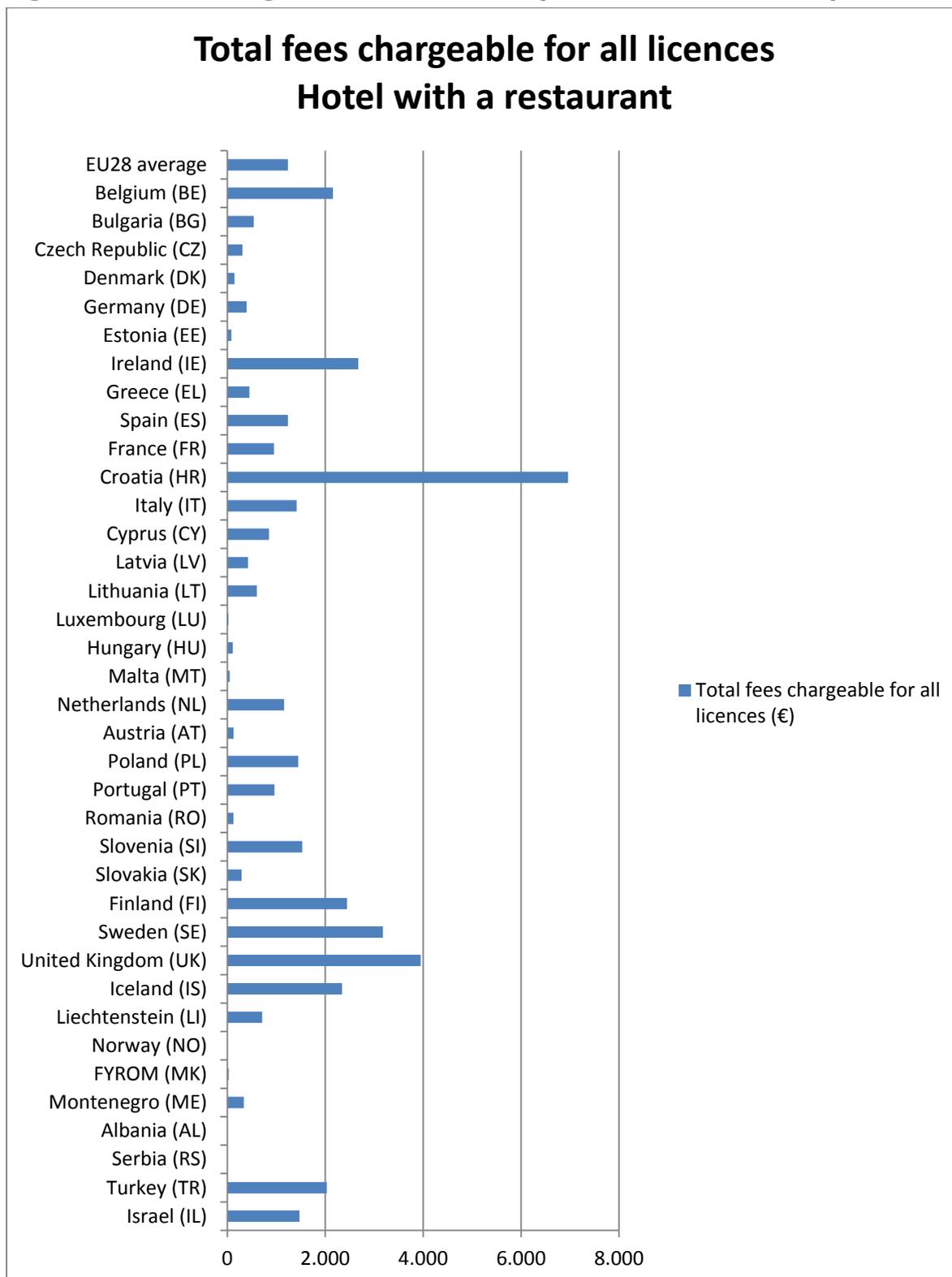
In those countries where licences to play recorded music were identified, it would seem that such licences can be relatively expensive. For example, two licences are required in the UK at a total cost of €541 and the equivalent licence in Finland costs around €1,000 per year. Whilst television licences (essentially a tax to pay for the national public broadcaster) are not required in most countries, the two that have been identified are relatively expensive: €1,585 in the UK (covering sets in 50 bedrooms and 2 communal rooms) and €1,018 in Italy.

Where licences are required for external signage, fees vary between and within countries. In parts of Latvia (e.g. Riga) and France no fee is payable and in Lithuania the fee is just €10, whilst in Bulgaria, the fee is €350.

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<sup>30</sup> A table in Annex Three provides the fees chargeable for each individual licence.

**Figure 4.2 Fees chargeable for all licences (hotel with a restaurant)**



## 4.6 Business testimonies

As a means of highlighting the licences required and the processes that must be followed to obtain licences, we present case examples from Ireland, Latvia and Poland.

**Table 4.3 Case example: Ireland**

### The Marker Hotel

#### The applicant enterprise

The Marker Hotel is a new luxury design hotel which opened in the centre of Dublin's business district in May 2013. The hotel comprises 187 bedrooms over six floors, a gym and a spa featuring spacious treatment rooms and a 23-metre swimming pool. The hotel is a member of The Leading Hotels of the World®, a large international luxury hospitality organisation which represents over 430 of the hotels, resorts and spas in over 80 countries.

The hotel which was built at a cost of an estimated €130m is operated by Interstate Hotels & Resorts, a leading US-based hotel management company.

#### Business activity requiring licences / Licences required

A new hotel requires a multiplicity of licences which must be applied for from a range of licencing authorities.

- An enterprise wishing to operate a hotel in Ireland must under law apply to Fáilte Ireland, the National Tourism Development Authority, which under the Tourist Traffic Acts 1939-2003, has specific powers and functions in relation to the registration and grading of tourist accommodation, to be included on the register of accommodation providers. The process of registering and especially the grading of a new hotel i.e. obtaining a 1, 2, 3, 4 or 5 star classification, requires the new enterprise to undergo an extensive process of interaction not only with Fáilte Ireland but also with the private sector company to which it has delegated responsibility for overseeing the inspection and registration assessment of tourist accommodation.
- If it intends to serve alcohol, a hotel operator will need to apply through the courts system for a liquor licence. Additionally, a hotel may apply to the courts system for a Special Exemption Order/event licence which permits it to extend the time period during which it can serve alcohol at events.
- The liquor licencing process will in turn necessitate that the building has been inspected by the Fire Officer within the local authority and by the Garda Síochána (national police service).
- Part III of the Building Control Regulations, 1997 sets out the requirements relating to the need for accommodation providers to obtain a fire safety certificate in respect of new buildings. Responsibility for complying with the building regulations rests primarily with the owners, designers and builders of buildings. Local building control authorities are responsible for overseeing compliance with the regulations and have powers of inspections and can, where necessary, undertake enforcement action to ensure compliance.
- A hotel operator needs a licence from the local authority if it wishes to discharge effluent into a sewer; it will also require a licence from the local authority to discharge fats, oil or grease as a result of food preparation.

#### Steps taken by the applicant

The process of applying for the necessary licences to open the Marker Hotel was lengthy, cumbersome and resource-intensive. However, the owners had appointed a general manager who had previous experience of opening a new hotel and was therefore familiar with the process of applying to the relevant authorities for the licences to open and run a hotel.

Additionally, the hotel also had access to a wide range of external advisory services that could assist in the licence application process, most notably legal services in relation to applying for a liquor licence and a fire consultant to ensure compliance with all regulatory requirements. The hotel is a member of the Irish Hotels Federation which can provide assistance and advice as necessary.

The hotel owners spent €45,000 for the initial liquor licence and pay approximately €3,600 for the annual renewal of the licence. Under the Irish liquor licencing system, an applicant must purchase an existing liquor licence from a business that no longer needs it as the number of liquor licences is a fixed.

Though not a major challenge, Fáilte Ireland had appointed a new contractor to oversee the inspection process associated with hotel classification and registration. Under Fáilte Ireland's current registration approach, the Marker Hotel had to obtain a 4-star classification first before it could apply for an upgrade to a 5-star classification i.e. it was not possible for the hotel to apply for a 5-star classification before it opened for business.

Though the application process for the various licences needed to open a new hotel are standardised, the Marker Hotel found that this was not the case with applying for fire officer approval as each local authority area follows its own fire approval application process.

### **Steps taken by the licencing authorities: How did they help?**

In 2013, Forfás, the policy advisory board for enterprise, trade, science, technology and innovation, carried out a review and audit of business licences in which it analysed 159 licences across key sectors of the economy. The Forfás report found that there was potential to reduce the burden of compliance with licences by a third, including removal/amalgamation of up to 20 licences. The Forfás report recommended that businesses should be able to apply for all of their annual licencing requirements at one time via a single website portal. The Government has issued tenders in April 2014 for the development and operation of an integrated licence application service comprising the provision of an on-line portal with customisable forms, consolidated electronic payments, payment collection and disbursement services. While the service will initially focus on licences associated with the retail sector it is understood that it will then be extended to the hospitality/hotel sector.

The Revenue Commissioners, the body charged with the collection of liquor licencing fees, has made changes to its on-line payments system to simplify the renewals process.

### **Lessons learned / key success factors**

The number of licences required to open and operate a hotel and the multiplicity of licencing authorities requires a new hotel operator — particularly one which involves a new building — to be aware not only of the licences that are required but equally importantly the sequence in which they are applied for e.g. some licences are only

provided on the condition that other licences have been obtained.

A new hotel operator must give serious consideration to the planning of resource allocation in relation to the licences application process, particularly with regard to the time required for interacting with licencing authority officials and external service providers. The other issue in relation to resource allocation is the cost of obtaining a liquor licence and the need to use legal service providers, which can be very costly.

The manager of the Marker Hotel who has previous experience of opening new hotels commented on the desirability of introducing a standardised fire approval application process; currently each local authority area has a different applications process.

#### **Table 4.4 Case example: Latvia**

##### **Wellton Centrum Hotel, Riga**

###### **The applicant enterprise**

The Wellton Hotel Group operates 6 hotels in Riga employing more than 350 workers. One of those, the Wellton Centrum Hotel, is situated in the Riga Old Town and opened in November 2013. It can accommodate up to 250 guests and has a restaurant. Since the Group has been operating in the Latvian market for more than 15 years, it has the experience and knowledge to obtain the required business licences and permits.

###### **Business activity requiring licences / Licences required**

To open its new hotel, the Wellton Hotel Group was required to obtain the following licences:

- Certificate of Conformity (voluntary) issued by the Hotel and Restaurant Centre;
- Registration of food enterprise by the Food and Veterinary Service;
- Licence for Retail Trade of Alcoholic Beverages issued by the State Revenue Service;
- Licence for Playing Music in Public issued by the Copyright and Communication Consulting Agency/Latvian Authors Association;
- Licence/ licence Agreement for Public Performance of Phonograms issued by the Association of Performers and Phonogram Producers;
- Personal Data Processing Registration Certificate issued by the Data State inspectorate;
- Permit for Placing Sign issued by Riga City Council, Riga City Construction Board; and
- Registration of cash registers, cash systems, specialized devices and equipment by State Revenue Service.

###### **Steps taken by the applicant**

In order to obtain these licences the company submitted its application with the corresponding documents and paid the fee. A number of inspections also took place:

- inspection of hotel premises to check compliance with food hygiene and

- safety procedures, in order to be registered as a food enterprise;
- inspection required to gain the Certificate of Conformity; and
- inspection of safety measures for personal data protection in order to gain the Personal Data Processing Registration Certificate.

The company was also required to ensure compliance with various other requirements relating to fire safety, occupational safety and health and hygiene/sanitary compliance. These, however, were not the subject of an ex-ante inspection.

Given the experience of the applicant, the process of acquiring all the licences did not cause substantial difficulties. Indeed, the process operated smoothly at all the stages (finding information, submitting the application, receiving support and getting approval). The application forms were generally easy to complete, provided that all the required information was available. Crucially, the member of staff responsible for submitting the applications was able to receive advice from the company's legal department regarding any issues that were unclear. However, none of the licences was considered to be particularly burdensome. Fees were payable for some of the licences. Despite this generally positive experience, the applicant was disappointed by the fact that some licences took one month or more to be issued after the submission of all the required documentation.

### **Steps taken by the licencing authorities**

The process of applying for the licences required to operate a hotel with a restaurant has been simplified in recent years. Moreover, the licencing authorities are now taking decisions more quickly, which reduces the total time taken to obtain the licences. Importantly, the applicant was able to report that the licencing authorities were both competent and helpful, being ready and able to provide support when requested by the applicant.

## **Table 4.5 Case example: Poland**

### **Three-star Hotel**

#### **The applicant enterprise**

The hotel in question is a new 3-star hotel with a restaurant, 100 rooms, conference room and 30 members of staff.

#### **Business activity requiring licences / Licences required**

The hotel in question was required to obtain various licences in advance of opening:

- Environmental Decision;
- Approval of the readiness of the facility/building for use;
- Approval of the facility by the relevant sanitary district inspector (Sanepid) and registration in the relevant Sanepid register at a cost of €5;
- Licence for sale of alcohol beverages; fee of €700; and
- Hotel Classification ("stars" categorisation); fee of €180;
- Association of authors / artists /ZAIKS/ licence, with fees depending on the extent to which music is played.

The hotel was also required to comply with various requirements related to its

specific business activity, although these were not licences as such:

- Introduction of the rules of the HACCP system at a cost of €1,500, plus 4 working days for staff training;
- Ensuring health certification for food handlers; and
- Ensuring of the "building book" for the facility/ building at negligible cost.

Last, the hotel was also required to fulfil various requirements that relate to all business in Poland:

- Compulsory medical examination for new employees at a cost of €25 per employee, i.e. €750 in total;
- Notification of new employees to the Social Insurance Institution;
- Compulsory initial training on "Occupational health and safety" for new employees at a cost of €7.5 per employee, i.e. €200 in total;
- Compulsory training on "fire prevention regulations" for new employees at a cost of €400; and
- Occupational health and safety risk assessment at a cost of €20 per position

### **Steps taken by the applicant**

The enterprise was first required to obtain the Environmental Decision before applying for Approval of the readiness of the facility/building for use. However, since this was obtained during the period of construction of the hotel, it did not delay the operations of the hotel. The Environmental Decision would not have been required for an existing building adapted to serve as a hotel.

Once the hotel was constructed, the applicant was then required to obtain some of the licences and fulfil some of the requirements in sequence:

- the HACCP system had to be in place prior to the Sanepid inspection and registration;
- the Sanepid registration had to be gained before applying for the Licence for sale of alcohol beverages.

In the view of the applicant – an experienced operator – the overall process of gaining the licences was not overly complicated. The HACCP system and the hotel classification were considered of medium difficulty to obtain, whilst all the other licences were considered to be easy or very easy to obtain.

The applicant made use of external agencies in four instances. First, in order to introduce the HACCP system, the applicant used an external expert with the necessary knowledge. Second, a healthcare provider undertook the compulsory medical examination for new employees. Third, the applicant appointed an occupational health and safety specialist to provide the training on "Occupational health and safety" and to undertake the health and safety risk assessments. Last, the training on "fire prevention regulations" was provided by an external agency.

Before opening the hotel, it was then necessary to buy the template for the "building book" for the hotel. Subsequent to the opening of the hotel, the manager is required to update the book at least once a month, which is estimated to take around 2 hours.

Overall, the applicant estimated that, following construction of the hotel, all the

licences could be obtained and all the requirements fulfilled in less than 1.5 months. The cost of obtaining licences and fulfilling requirements (including use of external contractors, e.g. for training) was estimated to be around €4,000.

#### **Steps taken by the licencing authorities: How did they help?**

In general, the applicant reported that the relevant authorities were generally supportive of applicants, particularly those responsible for issuing the Sanepid registration, Hotel Classification and ZAIKs licence. For example, the Marshall's Office, responsible for the Hotel Classification, and the local authority, responsible for the alcohol licence, were willing to provide additional information and clarification by telephone or in person, as required. The local authority also advised on ways to shorten the waiting time for a decision. For example, the authority advised the applicant which (neighbourhood) Community Council would be responsible for giving an opinion on the suitability of issuing the licence. The applicant was then able to contact the Community Council directly to obtain the opinion, rather than waiting for the Community Council to submit its opinion to the local authority.

### **4.7 Summary of key findings**

- The number of licences required by a hotel with a restaurant is greater than for the other benchmark model companies, ranging from 2 to 13, with an average of 6 in the Member States. The CIP countries follow the same pattern, ranging from 2 to 16, with an average of 6. These totals tend to understate the number of licences in some countries, as some licences often address multiple requirements.
- Many of the licences are specific to this sector. Nearly all Member States require some kind of licence relating to general operation, classification or registration as a hotel or tourist facility. They also require licences relating to fire safety, food safety and hygiene and the sale of alcoholic beverages, although these are sometimes subsumed into the general licence to operate a hotel.
- There are generally few licences related to employees, except those that are generic to all sectors. Some requirements, e.g. clean criminal record, are incorporated into the general licence to operate a hotel. Other requirements, e.g. food safety qualifications are required of relevant staff but do not require to be demonstrated to the authorities in advance of the business commencing its activities. In general, these trends also apply to non-Member States, but in three countries (RS, ME, AL) the requirements for relevant staff members need to be proven at the outset.
- The time taken to obtain licences for a hotel with a restaurant is usually longer than for the other benchmark model companies. In most Member States and other CIP countries, it takes at least one month, whilst in eight, it takes around three months or more.
- The licences that tend to take longest are usually those relating to the general operation of the hotel. This tends to reflect the multiple requirements of such licences, which often include a safety dimension and/or require an on-site inspection.

- The total time taken to obtain all licences can take up to, or more than, 3 months in twelve EU28 and 2 CIP countries (Austria, Belgium, Croatia, Cyprus, Italy, Lithuania, Luxembourg, Netherlands, Poland, Romania, Spain, Sweden, Israel, Montenegro). However, in these and other countries there can be considerable variation: not all licences might be required by any particular business, time taken can vary by region and renewals may be shorter or even unnecessary.
- Licences require to be obtained in sequence in at least four Member States. In Lithuania and Poland, such sequencing adds considerably to the total time taken, whilst in the Czech Republic and Slovakia, it does not.
- The total fees payable to licencing authorities vary widely, i.e. from no fees (Norway and Albania) and €24 (Luxembourg) to nearly €7k (Croatia).
- The most expensive licences are those relating to general operation of a hotel and/or classification. This often reflects the need for site visits and/or safety checks.
- Those hotels that require wish to play recorded music can face significant additional licencing costs, whilst television licencing is also expensive in Italy and the UK. Other "optional" activities, such as external signage and placing of furniture in public places can also incur relatively high licencing costs in some countries.

## 5.0 Plumbing company

### 5.1 Definition

The second benchmark company proposed by the European Commission is that of a "plumbing company".<sup>31</sup> A more detailed definition was used by the previous study<sup>32</sup> and has been applied to the current study, as presented in the table below.

**Table 5.1 Definition of plumbing company**

Plumbing company
<ul style="list-style-type: none"> <li>• Company must be certified and capable of central heating, air conditioning and industrial installations</li> <li>• Dangerous substances storage of maximum 20kg (drain cleaner product, glue, solvents)</li> <li>• Company does not need to be certified for public works</li> <li>• Legal form of company is a private limited company</li> <li>• None of the processes produce toxic effluents or discharges</li> <li>• No transportation of raw materials or final products is required</li> </ul>

The main requirement for plumbing activities is the use of qualified staff. In that sense, legal requirements relate more to the professional qualifications held by the individual undertaking the activity, rather than to licencing of the company. The study has therefore assumed that suitably-qualified staff are available. Where qualifications have been considered, this has related only to providing evidence of qualifications held, not the process of gaining those qualifications.

There is a particular issue relating to this sector that does not arise with the others to anything like the same degree. This is that most plumbing services across Europe are delivered by self-employed tradesmen (it usually still is men, though there is a growing number of female plumbers). In many countries almost all basic plumbing services are delivered by sole traders or in some cases groups of plumbers organised in a co-operative. The chosen form is therefore not representative of most plumbers. However, since this is not generally a regulated trade, the regulatory requirements are minimal. It is only when plumbers start to take on tasks other than the installation and repair of water pipes that more regulations can apply or when the business grows to take on several employees, has premises and becomes a limited company. For this reason, the benchmark firm chosen for this sector is deemed to be capable of installing central heating, air conditioning and doing small industrial installations, has the legal form of a private limited company and is also considered to store a small amount of dangerous substances, though not to place such substances on the market in any way.

One implication of the nature of the plumbing company under consideration is that the business is likely to have premises that are used for the storage of equipment and

<sup>31</sup> Assessing Business Start-up Procedures in the context of the renewed Lisbon Strategy for growth and jobs, SEC(2007) 129

<sup>32</sup> European Commission DG ENTR (2011), 'Business Dynamics: Start-Ups, Business Transfers and Bankruptcy'

materials or possibly as a workshop for preparing piping, prior to fitting on site. In general, these premises would not operate as a retail outlet, though they may be used for administrative purposes, including booking jobs and work scheduling.

In many cases, firms operating in this area will in practice also take on other activities, particularly related to the provision of utility services. So, many plumbers will also be gas fitters and some will even be qualified to make electrical installations. These activities are subject to more regulation than those relating to water systems and some of these have implications for licencing regimes when a business is starting up. However, since these activities have not been included in the definition of the benchmark firm for this sector, the associated licences have not been investigated.

The undertaking of activities relating to the installation of central heating and air conditioning and possibly refrigeration also being involved in small industrial installations are within the definition and these areas too are among those where EU and national regulations may apply.

At an EU level, the Pressure Equipment Directive (97/23/EC) applies to products at a maximum allowable pressure PS that is greater than 0.5 bar. It covers vessels, piping and safety and pressure accessories, used in a wide variety of industrial and domestic situations, particularly in the supply of utilities, heating, air conditioning and gas storage and transportation. However, since this Directive is part of Single Market legislation, it is essentially concerned with ensuring that products and installations placed on the market are safe and meet essential safety requirements covering design, manufacture and testing. In other words, this type of regulation relates more to the products used by plumbers - installing for instance a central heating system - and the performance of the installation than the activities of the plumber as such. Any regulation relating, for example, to the maintenance of systems under pressure is determined at a national level. The main effects of this are the requirements in some Member States for the qualifications of at least the manager of the company to be established at the point at which they set up the business.

Similarly, legislation on substances that deplete the ozone layer has elements both at a European and at a national level. The EU Regulation (EC) No 1005/2009 has governed enterprises operating refrigeration, air conditioning or heat pump equipment, or fire protection systems, since 1 January 2010.<sup>33</sup> From that date, it has not been possible to introduce new systems using ozone depleting substances. However, up until the end of 2014, the regulation permits the use of some recycled ozone depleting substances for the maintenance or servicing of existing refrigeration, air-conditioning and heat pump equipment provided that these substances have been recovered from the equipment as part of its maintenance or servicing. Plumbers working on heating, refrigeration or air conditioning systems are therefore subject to this regulation.

However, the Regulation also stipulates (article 22.5) that Member States have to take steps to promote the recovery, recycling, reclamation and destruction of controlled substances and also have to define the minimum qualification requirements for the personnel involved. There are therefore national regulatory regimes covering minimum qualifications, some of which may require firms undertaking such work to

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<sup>33</sup> Regulation (EC) No 1005/2009 of the European Parliament and of the Council of 16 September 2009 on substances that deplete the ozone layer

certify that the staff involved comply with these qualification requirements before they can start operating.

## 5.2 Licences required

The figure below highlights the number of licences required across the 28 EU Member States.<sup>34</sup> Few licences are required to operate a plumbing company: no more than six in any Member State and, no more than three in 21 Member States.

The types of licences required are as follows.

**Industry licences:** in 16 Member States, it is necessary to obtain a licence to operate as a plumber or to be listed in a sector-specific register. In 9 Member States, some kind of generic business registration is necessary instead of or as well as the sector-specific licence or registration. For example, in Germany and Slovenia this involves a listing in the Register of Craft Businesses. No licences are required in Hungary for most plumbing companies; however, the installation, maintenance and repair of gas appliances can only be undertaken by the monopoly provider.

**Product/service licences:** the main regulatory requirements relate to the use of qualified staff, rather than to licenced companies per se. However, 11 Member States still require additional licencing for specific services, such as the installation of gas and electrical appliances. In some cases, this overlaps with a sector-specific registration, as in the case of Slovenia's Certificate of Entry in the Register of companies authorised for the maintenance and installation of fixed cooling and air-conditioning equipment and heat pumps (SI/06). Licences to handle or store dangerous substances were also identified in four countries, although it may be that such licences exist but are not generally required by plumbing companies in other Member States. For example, this is the case in Hungary, where "Permission to run a dangerous business" is required only in exceptional cases.

**Licences related to premises:** there are very few licences related to the premises of a plumbing company, largely because services tend to be delivered off-site at clients' premises. Licences were identified in only 9 Member States; these were all generic licences for business premises (e.g. related to fire safety or sewage) or formed part of the more general licence to operate a plumbing company. Where companies wish to erect external signage, this may require an additional licence (e.g. in France, Italy, Latvia), although this would not usually prevent the commencement of business activities (and is therefore not included in this section).

**Licences related to employees:** individuals undertaking plumbing activities are required to hold professional qualifications. In 13 Member States, it is also necessary for the plumbing company to provide evidence of these qualifications to the licencing authorities (or to self-certify as in the UK); in the case of the Czech Republic, Croatia, Austria and Slovakia, this is a pre-requisite for obtaining the general licence to operate, rather than an additional licence in its own right. As discussed in Section 4.1 above in the context of hotels with restaurants, some Member States also impose generic requirements on companies relating to safety; in some cases, this includes compulsory training, health or accident insurance or provision of an occupational health and safety service. Typically, such requirements must be fulfilled but the

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<sup>34</sup> A detailed table is provided in Annex Four.

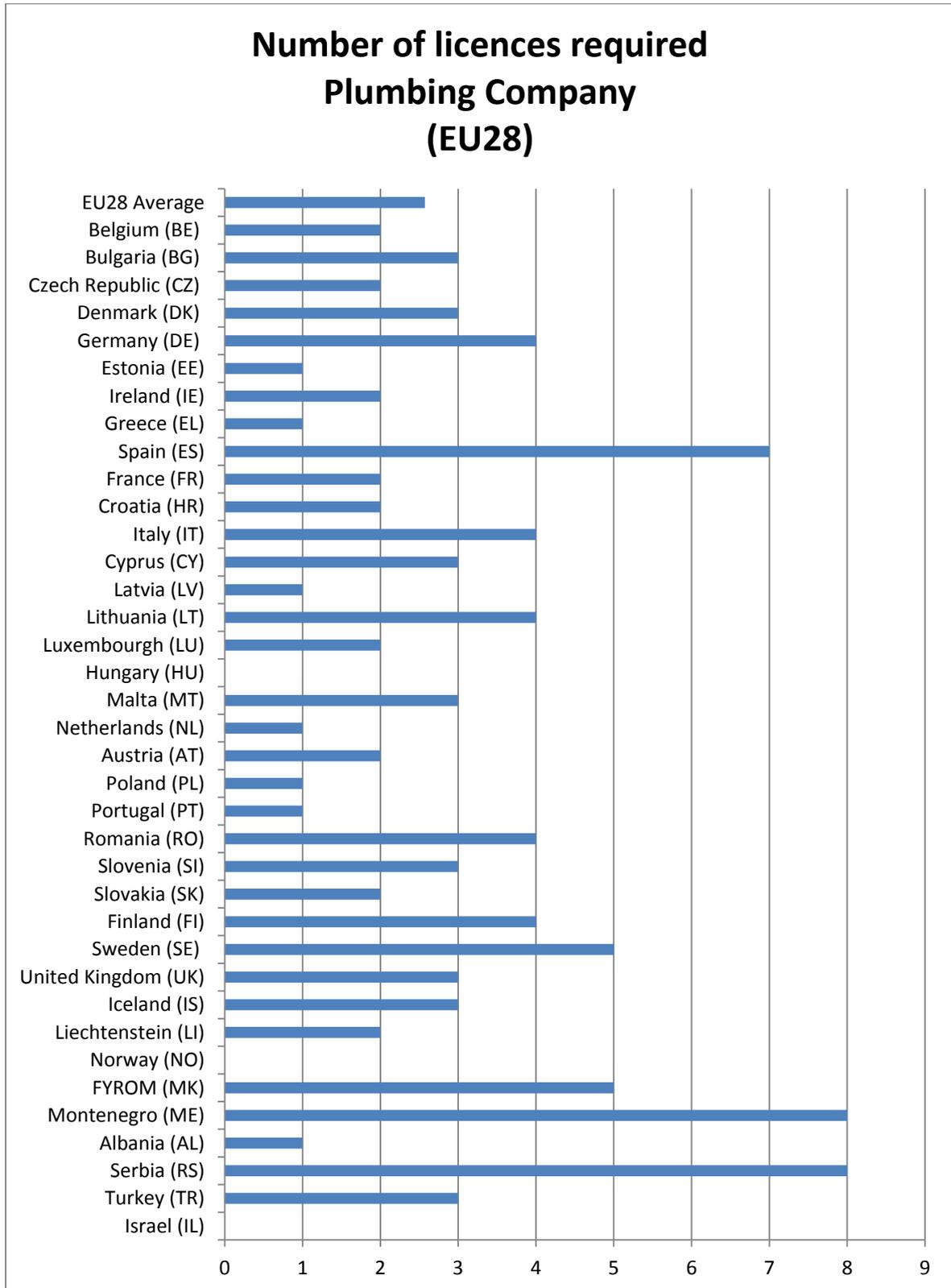
employer is not required to gain any specific authorisations from the public authorities in advance of commencing business operations.

**Other licences:** licencing requirements exist in at least three Member States (Germany, Italy, Lithuania) for foreign operators wishing to operate as a plumber; these relate primarily to demonstrating competence and/or qualifications. The only other licences are the licence required in all sectors in Latvia relating to the registration of cash registers, cash systems, specialised devices and equipment and the UK's Data Protection Registration.

The pattern in the EU28 countries appears to apply to plumbing companies in the **EEA countries** and in three **other CIP countries** (Albania, Turkey, Israel), where three or less licences are required. In contrast, 8 licences are required in Montenegro and Serbia and 5 in FYROM. No licences are mandatory in Norway, although there are various voluntary approvals (e.g. approval of enterprise as a responsible actor following the Planning and Building Act, approval of undertakings to accept responsibility for the Building Code) which would be desirable for some plumbing companies.

General industry licences are required in all CIP countries, and in 3 countries these need to be sector-specific. It is only Iceland and FYROM that have requirements for product/service licences (handling of dangerous substances and gas installation). Most of the required licences for plumbing businesses can be found under the category related to premises, including environmental permits (FYROM, Montenegro, Albania), fire safety (FYROM, Serbia, Montenegro) and general premises licences (Serbia, Montenegro). There are employee-related requirements to do with staff qualifications in Iceland, Serbia and Montenegro.

**Figure 5.1 Number of licences required (plumbing company)**



### **5.3 Licences requiring the longest time**

The table below lists the licences that take the longest time to obtain in each country (and other licences that take more than 3 months), as an indication of compliance with the May 2011 commitment. As with the other cases examined, the estimate of the amount of time needed to comply with licence requirements has been made on the basis of the evidence currently available. Where there is variation across different regions within a country, this has been dealt with by taking an average of the times in the different areas. Again, there are often maximum times for the granting of licences and approval specified in the legislation or in implementing measures, but in a number of instances, these are not observed in practice.

Only three Member States have licences that might take 3 months or more to obtain (Austria, Poland, Romania). However, in all three cases, these licences relate to premises, rather than to the plumbing activities themselves. The same can be said for Cyprus, where the Certificate of Factory Registration takes up to 4 weeks. It may therefore be that many plumbing companies will not be required to obtain such licences, for example, in the case of self-employed plumbers without dedicated premises. No licences have been identified in the CIP countries that take more than 3 months to obtain.

In 7 Member States, it can take 1-3 months to gain the licence taking the longest time. Aside from Cyprus, these relate to specific licences required to operate a plumbing company and/or undertake activities, such as the installation of gas and electrical appliances. Most countries that do not feature licences taking one month or more rely on professional qualifications, rather than additional licencing of plumbing activities or plumbing companies.

In the non-Member States licencing for plumbing companies appear to take less time, ranging from 15 days for the licence that take the longest (LI, RS, AL) to 30 days (MK, ME). Exceptions are Norway and Israel, where there are no licences in this sector, and Iceland where the Operating Permit from the Public Health Authority takes 45 days, or possibly even longer, as it depends on when the relevant meetings are held within the Authority.

**Table 5.2 Licences requiring the longest time (plumbing company)**

Country	Licence(s) requiring the longest time
Belgium (BE)	1 day: Certificate of entrepreneurial skills for the construction sector (BE/09) 1 day: Registration with the Scientific and Technical Centre for the Construction sector (WTCEB) (BE/13)
Bulgaria (BG)	2-4 weeks: Certifying legal entities (companies) performing installation, service and maintenance of refrigeration and air facilities (BG/08) 2-4 weeks: Certifying personnel (refrigeration technicians, technicians, recovering fluorinated greenhouse gases from air conditioning systems in motor vehicles) (BG/12)
Czech Republic (CZ)	5 days: Trade notification of a free trade and extract from the register of trade licences (CZ/01), Registration and extract from the Commercial Register (CZ/04)
Denmark (DK)	1.5 months: Authorisation (DK/03); Technical Manager (DK/04)
Germany (DE)	2 days: Entry into the installers' register kept by the operators of electricity and gas networks (DE/08)
Estonia (EE)	2-3 days: Registration of a company engaged in trading in the Register of Economic Activities (EE/02)
Ireland (IE)	2 weeks: Discharge to Waters Licence (IE/10)
Greece (EL)	1 month: Licence to practice the plumbing profession (EL/03)
Spain (ES)	1 month: Register of files containing personal data (ES/06)
France (FR)	1 day: Company Declaration, giving a legal status to the company (FR/01)
Croatia (HR)	1 week: General licence to operate a craft business (HR/15) 1 week: Registration in a sector-specific register (HR/16)
Italy (IT)	1 week: Single Communication (IT/02)
Cyprus (CY)	4 weeks: Certificate of factory registration (CY/14)
Latvia (LV)	1 day: Registration of cash registers, cash systems, specialised devices & equipment (LV/08)
Lithuania (LT)	1.5 months: Certificate of the special structures construction contractor (LT/11)
Luxembourg (LU)	1.5-2 weeks: Heating-sanitary-refrigeration installer (LU/02)
Hungary (HU)	0 days (No licences required)
Malta (MT)	7 days: Sewer Discharge Permit (MT/03), Company Certification (MT/05)
Netherlands (NL)	1 day: Registration in the Commercial register of the Chamber of Commerce; Registration with the relevant trade association (NL/01)
Austria (AT)	80-90 days: Trade facilities approval (AT/02)

*Study on the compliance by Member States on the time needed to get licences and permits to take up and perform the specific activity of an enterprise as from beginning of 2014*

<b>Country</b>	<b>Licence(s) requiring the longest time</b>
Poland (PL)	58 days: Approval of the readiness of the facility/building for use (PL/02)
Portugal (PT)	30-40 days: Accessing and continuing construction activities (PT/06)
Romania (RO)	3 months: Environmental Permit (RO/12)
Slovenia (SI)	2 months: Certificate on entry in the register of companies authorised for maintenance & installation of fixed cooling, air conditioning equipment & heat pumps (SI/06)
Slovakia (SK)	3 days: Trade notification of a vocational trade (SK/02)
Finland (FI)	20 days: Notification of operations for a refrigeration company (FI/13); Electrical works authorisation (FI/14); Gas and oil heating equipment installation and oil tank inspection authorisation (FI/15)
Sweden (SE)	70 days: Permit for flammable products (SE/12)
United Kingdom (UK)	8-10 weeks: Self-certified Building Work Regulations (England & Wales) / Competent Persons Scheme (UK/09)
Iceland (IS)	1.5 months: Operating Permit Public Health Authority (IS/04)
Liechtenstein (LI)	15 days: Trade Licence (LI/01)
Norway (NO)	0 days (No licences required)
Montenegro (ME)	1 month: Sanitary Permit (ME/06) 1 month: Permit for collecting, and transporting waste (ME/08) 1 month: Permit/agreement to the producers waste management plan (ME/09)
FYROM (MK)	1 month: Registration as electronic and electric equipment producer (MK/15)
Albania (AL)	15 days: Integrated Environmental Permit (AL/02)
Serbia (RS)	15 days: Licence for complex installation work (RS/19)
Turkey (TR)	20 days: Independent Consulting Engineering Office Certificate (TR/05)
Israel (IL)	0 days (No licences required)

## 5.4 Time taken to obtain all licences

As with hotels, the total time to obtain all licences for a plumbing company can exceed the longest time taken to obtain any individual licence, although this is the case only in a small number of countries.

The tables in Annex Four present reported instances, based on evidence emerging from the national research. From the tables, we can see some key issues emerging:

- sequencing significantly raises the time taken to obtain licences in Denmark and Lithuania, taking both countries closer to the 3 month threshold. However, sequencing in the Czech and Slovak Republics only slightly increases the total time. The number of licences needed in Montenegro (8) means that the total time is likely to equal or exceed 3 months.
- there is considerable regional variation in Spain, although the national average is not particularly long; and
- the fact that most regulation and licencing of plumbing activities relates to the professional qualifications of the individual rather than to the company means that the total time is not particularly long in several countries.

## 5.5 Fees charged for licences

Figure 5.3 provides the total fees chargeable for all licences required for a plumbing company.<sup>35</sup> The fees and charges identified as being associated with licence procedures mainly relate to direct fees and charges made by the licencing authority. There is no reference to the costs involved in conducting a technical analysis or in preparing the documentation required for a licence costs involved in conducting a technical analysis or in preparing the documentation required for a licence or permit and other professional inputs.

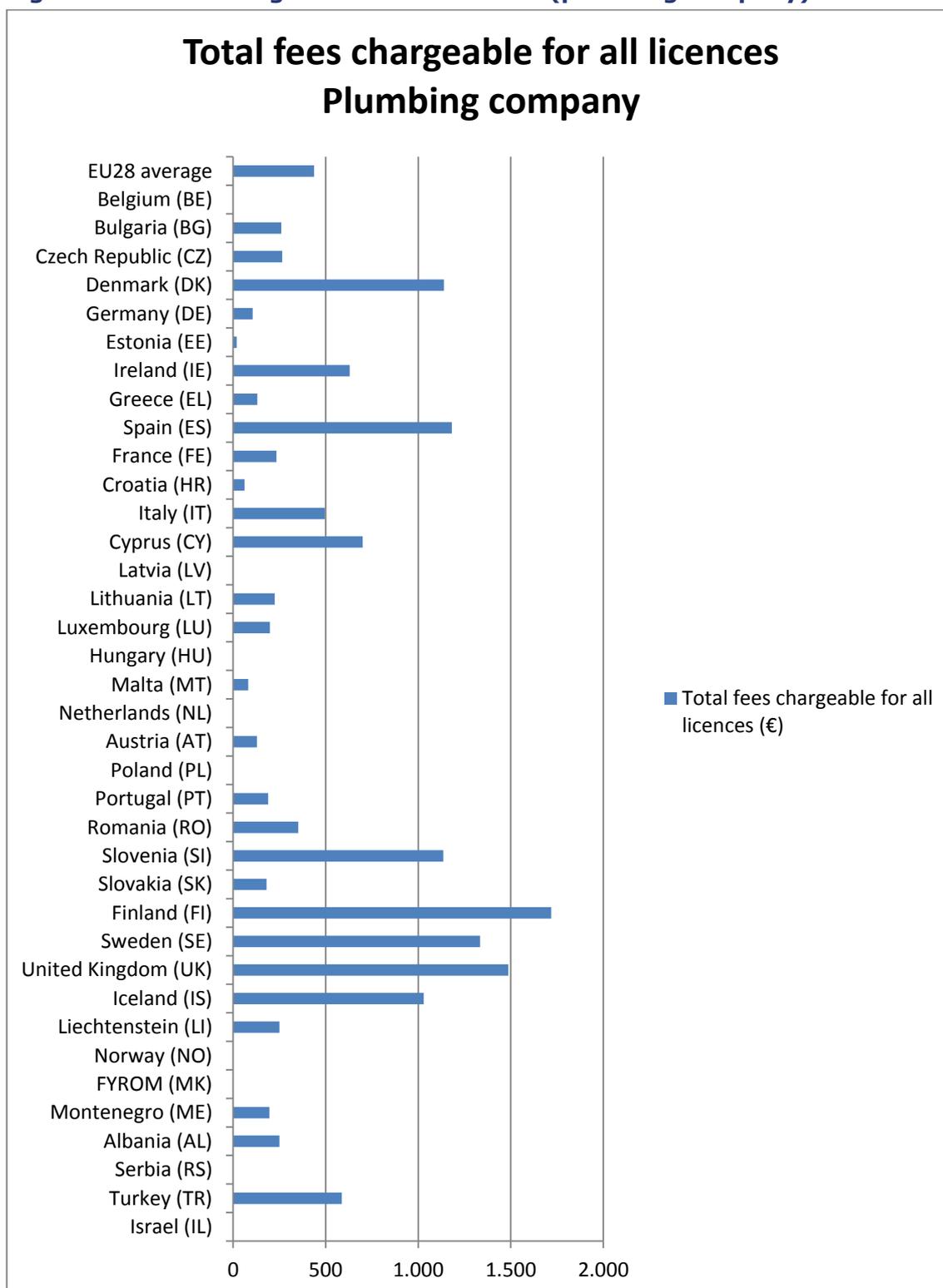
Although the table suggests that total fees in each Member State range from €0 (Belgium, Hungary, Latvia, Netherlands, Poland) to more than €1,300 (Finland, Sweden, UK), the typical variation in practice is likely to be much less. Indeed, the most expensive licences relate either to premises, such as the Discharge to Waters Licence, Ireland (€380) or the Licence for operation of professional premises, Cyprus (€300), or to special cases, such as Sweden's Permit for flammable products (€673). Clearly, such costs might not be incurred by many self-employed plumbers or small plumbing companies.

Overall, the greater cost for most plumbers or plumbing companies is likely to be the time and cost of gaining professional qualifications, rather than the cost of licencing as such.

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<sup>35</sup> A table in Annex Four provides the fees chargeable for each individual licence.

**Figure 5.3 Fees chargeable for all licences (plumbing company)**



## **5.6 Summary of key findings**

- A relatively small number of licences is required to operate a plumbing company: no more than six in any Member State and in two CIP countries and, no more than three in 21 Member States and six CIP countries. Two CIP countries require eight licences (Montenegro, Serbia).
- The main regulatory requirements relate to the use of qualified staff, rather than to licenced companies per se, although 11 Member States still require additional licencing for specific services. That said, all CIP countries require general industry licences.
- Very few licences relate to the premises or employees of a plumbing company in EU28. Where such licences exist, it is likely that many operators will not require them, e.g. self-employed plumbers operating without dedicated premises. This is however not the case for CIP countries, where licences for premises are the most prevalent, either related to the environment or fire safety, or general permits.
- In only very few cases will it take a plumbing company more than 3 months to obtain any single licence. Such instances are only likely to relate to licences for premises or for specific activities, such as handling flammable products.
- In most Member States and CIP countries and for most companies, it should take less than one month to gain the necessary licences.
- The total time taken to obtain all licences can take up to or more than 3 months in five countries (Austria, Lithuania, Romania, Slovenia, Iceland). However, in these and other countries there can be considerable variation: not all licences might be required by any particular business, time taken can vary by region and renewals may be shorter or even unnecessary.
- Licences are required to be obtained in sequence in at least four countries. In Denmark and Lithuania, such sequencing adds considerably to the total time taken, whilst in the Czech Republic and Slovakia, it does not.
- The fees chargeable by licencing authorities rarely exceed €1,300. In most cases, they will be substantially less, i.e. where licencing of premises or specific activities (again, such activities as handling flammable products) is not required.

## 6.0 Wholesale or retail distributor

### 6.1 Definition

One of the benchmark companies proposed by the European Commission is that of a "wholesale and retail distributor".<sup>36</sup> A more detailed definition was defined by the previous study<sup>37</sup> and has been applied to the current study, as presented in the table below.

**Table 6.1 Definition of a wholesale or retail distributor**

#### Wholesale or retail distributor

- Company distributes food items
- Company does not produce its own food
- Company has sales area of 300m<sup>2</sup>
- Has its own warehouse of 20m<sup>2</sup>
- Part of the company's sales will be via e-business and/or mail order
- No handling of raw food will be carried out in the premises
- Company sells alcoholic beverages
- Has 4 double fridges with a power of 640W each, 3 refrigerated showcases (2-6 Celsius) of a power of 400W each and 3 deepfreeze tanks (-10 Celsius) of a power of 800W each
- Legal form of company is a private limited company
- None of the processes produce toxic effluents or discharges

There are no particular issues in relation to this definition. The type of company described falls within the standard NACE statistical classification of economic activities, either in:

- Category 51: Wholesale trade and commission trade, within sub-category 51.17: "Agents involved in the sale of food, beverages and tobacco"; or in
- Category 52: Retail trade, sub-category 52.11: "Retail sale in non-specialized stores with food, beverages or tobacco predominating" or 52.2 "Retail sale of food, beverages and tobacco in specialised stores".

### 6.2 Licences required

The number of licences for a wholesale or retail distributor varies significantly between countries, from one licence in Luxembourg to 10 in Lithuania and Romania and from zero licences in Albania to 15 in Serbia. The licences are typically a mix of generic licences that apply to any business and very specific licences depending on the type of goods that are sold. The fact that the model company is understood to be a business distributing food and selling alcoholic beverages has however meant that a large

<sup>36</sup> Assessing Business Start-up Procedures in the context of the renewed Lisbon Strategy for growth and jobs, SEC(2007) 129

<sup>37</sup> European Commission DG ENTR (2011), 'Business Dynamics: Start-Ups, Business Transfers and Bankruptcy'

number of the licences that are mandatory across the Member States and CIP countries are very specific to these products and services. They mainly relate to special requirements that apply to food safety and hygiene, both in terms of the premises used and with regard to the people handling them, or to the restrictions that may apply in relation to the sale of alcohol.

The licences fall within four broad categories relating either to the industry as such, to the specific products or services that are provided in this sector, to the premises or to the employees.

**Industry licences:** in 21 Member States, it is necessary for the company to obtain some kind of general licence to operate and/or be listed in a register of companies. In many cases, this is a generic requirement across all sectors and is not specific to this type of business, but in other cases the licence or registration specifically concerns wholesale or retail distribution. In some cases, these licences or registrations are part of the process of setting up a company, but in others they are specific licences that follow on from the initial establishment procedures. For example, in the Czech Republic, it is necessary to gain the "Trade notification of a free trade and extract from the register of trade licences" as well as the "Registration and extract from the Commercial Register" after the foundation of the company as a legal entity. The same scenario applies in Slovakia. Apart from Norway and Albania,<sup>38</sup> all other CIP states require a general licence to operate as well. In three countries (FYROM, Serbia and Montenegro) the generic licence has to be supplemented by a specific licence for the distribution sector.

However, in a majority of countries there is also a requirement for a specific licence or registration for operating a food business. These have been entered under Licences for products/services below.

**Licences related to products/services:** In a majority of countries (21 EU and 5 CIP), businesses that operate within the food sector are required to obtain specific licences or to **register as a food business**. Examples include:

- Belgium: Permit for operators active in the food chain (BE/05)
- Bulgaria: Registration of a commercial site of wholesalers and retailers with food in the territorial offices of Bulgarian Agency for Food Safety (BG/09)
- Estonia: Approval by the Veterinary and Food Board to handle foodstuffs (EE/01)
- Finland: Notification for food premises (FI/01)
- France: Declaration regarding establishments preparing, processing, handling, displaying, selling, storing or transporting animal products or products of animal origin (FR/06)
- Hungary: Comment to the Operation licence by National Food Chain Safety Office (HU/02)
- Latvia: Registration of food enterprise (LT/02)
- Spain: Authorisation & Enrolment General Health Register of Food-related enterprises (ES/15)
- Sweden: Registration and control of food establishment and its premises (SE/02)
- Liechtenstein: Notification form for food companies (LI/04)

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<sup>38</sup> In Albania, no licences are required for wholesale and retail distributors.

- FYROM: Registration in the Register for premises and Food Operators in the Agency for Food and Veterinary (MK/05)
- Serbia: Licence to distribute Food Items (RS/21)

The countries that do not have a food-specific licence or registration are Czech Republic, Italy, Cyprus, Luxembourg, Austria, Portugal, the UK, Iceland, Norway and Turkey. Distributors in Member States would be required to comply with EU requirements relating to HACCP Certification, although this does not constitute a licence as such.

Other licences that appear under the 'products/services' category include the **sale of alcohol and tobacco**. Eighteen Member States and four CIP countries mention that wholesalers and retailers are required to obtain a specific permit or licence in order to sell alcoholic beverages. One would have thought that all countries required a licence for selling alcohol, but it is possible that the permission is included in a general 'food and drinks' licence and has therefore not been specifically mentioned. In several countries there are differences in the type of permit required depending on the strength of the alcohol, or whether it is wholesale or retail. This is, for instance, the case in Finland and Norway, where retail businesses cannot sell alcoholic beverages containing more than 4.7% alcohol by volume.<sup>39</sup> There is a different licence for wholesale trade of alcohol and spirits which does not include limitations in terms of strength. In Sweden, where the sale of alcohol is also organised under a special regime, there is a particular registration for warehouses that are allowed to sell alcohol and spirits, but the government-controlled chain of liquor stores<sup>40</sup> is not mentioned. Only a few countries mention the need for a specific permit to sell tobacco products. This could either be because it is already included under other licences, or it could be an oversight.

Some countries mentioned conformity with data protection rules as a requirement for starting operations. This is a requirement of EU legislation (Directive 95/46/EC) that applies to most businesses, but it is not usually an issue for start a business as opposed to being a matter of general compliance and it is not included in these cases. A couple of countries mention special requirements for personal data protection in connection with running an e-commerce business (Czech Republic, Lithuania, Slovakia, FYROM), but these have not been included either.

**Licences related to premises:** There are quite a lot of permits and licences that relate to the premises of wholesale and retail distributors. In 8 Member States there is mention of '**general premises licences**'. This can for instance be 'Licence for operation of professional premises' (Cyprus CY/06), 'Obtaining of the approval of the readiness of the facility/building for use' (Poland PL/02) or 'Registration of premises' (Slovakia SK/07). Other categories relate to '**External publicity or signage**' or the 'use of street furniture' which is less in use with 6 countries mentioning requirements in this field.

Looking at the CIP countries, these divide into two distinct groups with five of them who do not have any premises-related licences at all (Iceland, Liechtenstein, Norway,

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<sup>39</sup> Alko - independent company wholly owned by the Finnish Government - has an exclusive right to the retail sale of beverages containing over 4.7% alcohol by volume in Finland.

<sup>40</sup> Systembolaget

Turkey and Albania) and the four remaining countries requiring licences or compliance in most categories

The main licence categories mentioned under this type involve '**safety-related requirements**' to the premises (10 EU Member States and 4 CIP countries) and '**hygiene/sanitary compliance**' (7 EU Member States and 4 CIP countries). The types of issues that were brought up here include:

- Fire safety certificates (Greece, Lithuania, Romania, Sweden, Israel, Serbia)
- General authorisation to open the facility to the public (France, Hungary, Slovakia, Spain)
- More specific issues like accessibility for the disabled (Romania), certificate for appropriateness of electro-mechanical equipment, e.g. video-surveillance systems (Cyprus, Portugal)
- Approval of hygiene and sanitary facilities (Croatia, Hungary, Lithuania, Poland, Slovakia)

Another important type of permit faced by wholesale and retail distributors relates to '**environmental compliance**' of the premises, for example:

- Environmental Permits (Belgium, Poland, FYROM, Israel, Serbia, Montenegro)
- Environmental registration/maintenance of refrigerants (Bulgaria, Sweden)
- Discharge permits (Ireland, Malta)

**Licences related to employees:** there are a few requirements for wholesale and retail distributors in relation to employees; nearly all are generic. Issues of employee welfare are often addressed by compulsory training (e.g. first aid, health and safety) or by the appointment of a health and safety contractor rather than by licencing (as discussed in Section 4.1 and 5.1 above). Those licences that are required include:

- Generic health certificates for employees (Lithuania, Serbia)
- Evidence of a clean criminal record (Czech Republic, Greece, Cyprus)
- Although wholesale/retail is not typically defined as a "regulated sector", demonstrating relevant professional competence (qualification) of staff is required in some countries. In Belgium, for example, butchers need a special 'butcher-pork butcher permit', in Italy an auto-certification of professional qualifications is part of the SCIA business start-up notification and in Slovenia a person with qualification in fire safety and health and safety at work is needed (although this is not a licence as such). In Montenegro the applicant needs a Certificate of business capability (ME/16).

**Cross-border licences:** two cross-border licences have been identified for this sector, although these would not apply to a typical new business:

- distributors that transport perishable foodstuffs across international borders are required to use a vehicle that has an ATP certificate (Agreement on the International Carriage of Perishable Foodstuffs), except in Cyprus and Malta, which are not party to the Agreement
- Cross-border licence for the temporary performance of any (permitted) activity (Slovenia) and permit for cross-border trade (Serbia) and for import-export of goods (Montenegro)

A small number of other licences are required in some countries, namely:

**Other licences:**

- Registration of cash registers, cash systems, specialized devices and equipment (Latvia)
- Data Protection Registration (Romania, UK)

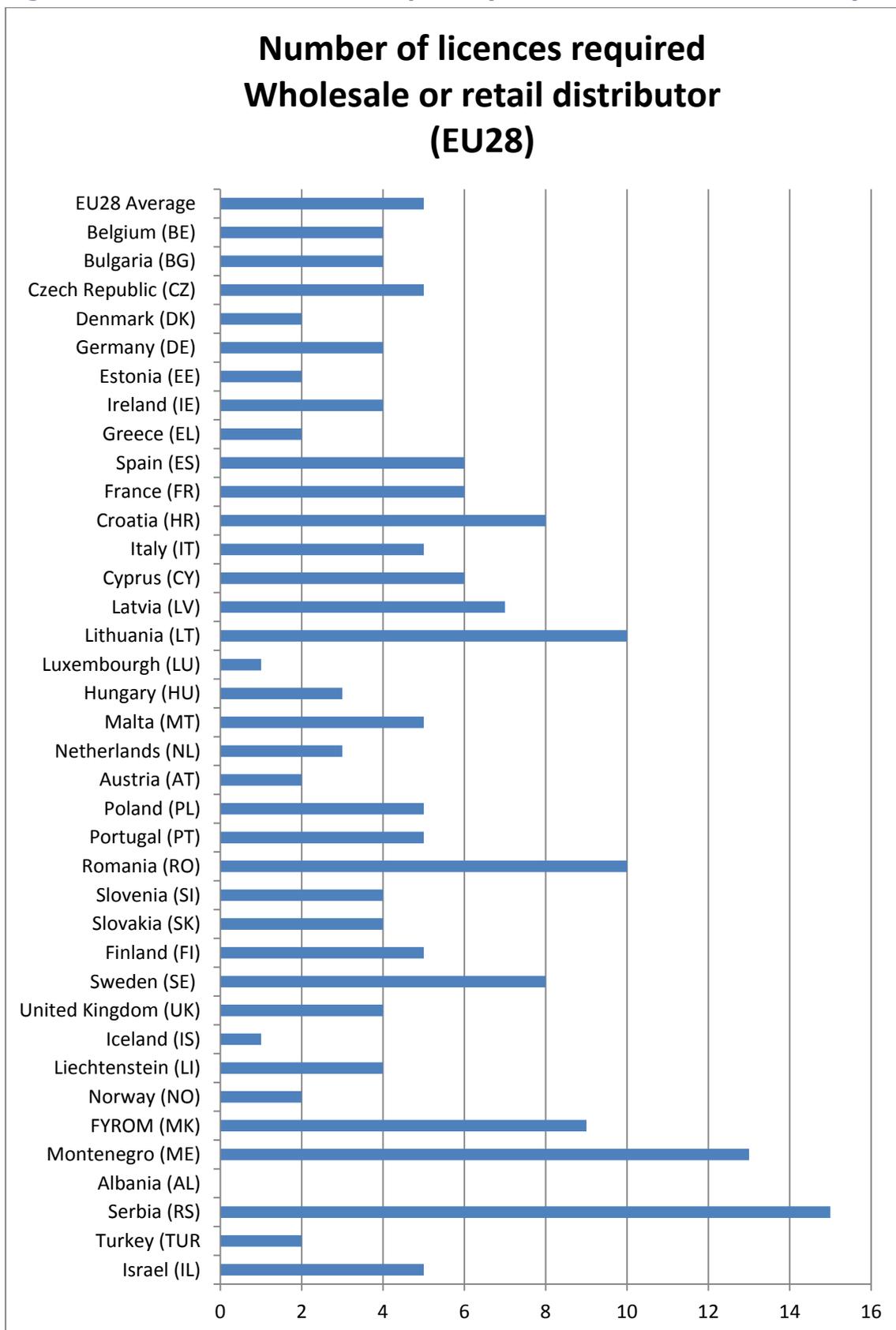
In all Member States, companies may also wish to secure the protection of patents and trademarks. This would not be mandatory but would usually be desirable for commercial reasons, e.g. "Registry of Distinctive Signs in the Spanish Office of Patents and Trade Marks" (Spain).

The tables below give an overview of the licences and permits required by a **Wholesale and Retail Distributor** in each of the EU Member States and subsequently in the CIP countries.<sup>41</sup>

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<sup>41</sup> A more detailed table is provided in Annex Five.

**Figure 6.1 Number of licences required (wholesale or retail distributor)**



### 6.3 Licences requiring the longest time

As with the other cases examined, the estimate of the amount of time needed to comply with licence requirements has been made on the basis of the evidence currently available. The time taken by the longest procedures has been used where there is no information available on the overall time taken. Similarly, as with other cases, the variation that is possible across different regions within a country has been dealt with by taking an average of the times cited in the different areas. There are often maximum times for the granting of licences and approval specified in the legislation or in implementing measures, but in a number of instances, these are not observed in practice.

The table below lists the licences that take the longest time to obtain in each country (and other licences, especially if they take more than 3 months), as an indication of compliance with the May 2011 commitment. Based on the information in the table, Member States and CIP countries have been placed into three broad groups:

- **Licensing risks exceeding the 3-month timeframe in 8 Member States** - in 5 countries (Cyprus, Netherlands, Austria, Finland, Sweden), the longest licence takes 3 months to obtain, whilst in Belgium, Spain and Italy it is only in some regions that it can take up to 3 months (or more) to go through the process. For Serbia, no information is given on time but with 15 licences required, the country is likely to fall within this category;
- **Licensing is well within the 3-month timeframe in 11 Member States and 4 CIP countries** - time needed is at or above 1 month (Bulgaria, Czech Republic, Ireland, Croatia, Hungary, Romania, Slovenia, Slovakia, UK, Norway, FYROM, Israel, Montenegro); and
- **Licensing is well below 1 month in 9 Member States and 3 CIP countries** - Denmark, Germany, Estonia, Greece, Latvia, Lithuania, Luxembourg, Malta, Portugal, Iceland, Liechtenstein, Albania and Turkey.

There are a few countries where the time needed is very short, like Germany where it only takes one working day in total to obtain all four required permits, or Denmark where 1 week is the longest wait that occurs. In a number of countries the typical time is around 2 weeks.

Looking at the licences that take the longest time to obtain in this sector, these mostly relate to selling or serving **liquor and alcoholic beverages** (Cyprus, the Netherlands, Finland, Sweden and Norway). In the 3 countries where there are marked regional differences (Belgium, Spain and Italy), the processes that take time vary – in Belgium it is the process for the **environmental permit** that takes a long time, especially in Wallonia; in Spain it is enrolment into the **Health Register of food-related enterprises** that take up to 90 days in some regions and likewise in Israel: obtaining the 'Health' licence is likely to take several months. In Italy it is the authorisation for an external sign that prolong the overall time in some regions.

It should be noted that the table below might well overstate the time required by a typical company since some of the licences listed for each country might not be required by all companies. There are also reported instances of licences being approved in less than the stated time. At the same time, the "headline" time taken to obtain a licence might not take into account the time taken to fulfil certain prerequisites. For example, in the Netherlands, it is necessary to prepare an environmental impact assessment in advance of submitting the formal licence application. Clearly, the preparation of such a document will lengthen the total time taken to obtain the Environmental Permit.

**Table 6.2 Licences requiring the longest time (wholesale or retail distributor)**

Country	Licence(s) requiring the longest time
Belgium (BE)	2 months: Environmental Permit (BE/06)
Bulgaria (BG)	1 month: Permit of use or certificate for commissioning of the site (BG/03) 1 month: Registration of a commercial site of wholesalers and retailers with food in the territorial office of the Bulgarian Agency for Food Safety (BG/09)
Czech Republic (CZ)	1 month: Trade permit to sell alcohol & spirits (CZ/03)
Denmark (DK)	1 week: Registration Nutrition Base (DK/01)
Germany (DE)	1 day: all permits
Estonia (EE)	9 days: Approval of Veterinary and Food Board to handle foodstuffs (EE/01)
Ireland (IE)	4 weeks: Discharge to sewers (IE/05) 4 weeks: Registration Food Operator (IE/07) 4 weeks: Discharge to waters licence (IE/10)
Greece (EL)	1 month: Full application for Licence for operation food/ beverages (EL/04)
Spain (ES)	1-3 months: Authorisation and Enrolment in the General Health Register of Food-related enterprises (ES/15)
France (FR)	2 months: Preliminary authorisation commercial sign (FR/02) 2 months: Declaration regarding establishments preparing, processing, handling, displaying, selling, storing or transporting animal products or products of animal origin (FR/06)
Croatia (HR)	30 days: Certificate of minimum technical requirements (HR/01)
Italy (IT)	30-90 days: Authorisation external sign (IT/07)
Cyprus (CY)	3 months: Licence for the sale of intoxicating liquors (CY/07)
Latvia (LV)	1 month: Personal Data Processing Registration Certificate (LV/06)
Lithuania (LT)	20-30 days: Permit for installation of outdoor advertising in municipal territory (LT/06) 21 days: Certificate of Registration in the Phytosanitary Register (LT/14)
Luxembourg (LU)	1.5-2 weeks: Commercial authorisation (LU/03)
Hungary (HU)	1 month: Excise Licence (HU/03) 21 +15 days: Operation Licence (HU/01) typically takes 21 days plus up to 15 days to have Comments from Food and Health authorities to the licence
Malta (MT)	13 working days: Trade Licence (MT/02)

Country	Licence(s) requiring the longest time
Netherlands (NL)	90 days: Liquor Licence (NL/03) 90 days: Liquor and Food Service Industry Law Licence (NL/06)
Austria (AT)	80-90 days: Trade facilities approval (AT/02)
Poland (PL)	2 months: Approval of the readiness of the facility/building for use (PL/02) 2 months: Environmental decision (PL/08) 51 days: Licence for sale of alcoholic beverages (PL/10)
Portugal (PT)	2 weeks: Zero licencing: commerce and services (PT/04) 2 weeks: Use of public space (PT/09)
Romania (RO)	1 month: Sanitary-veterinary Permit (RO/02)
Slovenia (SI)	15 days: Registration of a food establishment: all foods of plant and animal origin – except dietary supplements (SI/07) 15 days: Registration of a food establishment – dietary supplements (SI/08)
Slovakia (SK)	1 month: Decision to launch the operation (approval of operational regulations and sanitary rules) (SK/06)
Finland (FI)	3 months: Wholesale licence for alcoholic beverages, spirits and alcoholic preparations (FI/11)
Sweden (SE)	3 months: Registration consignee & Approved warehouse keeper (SE/18, SE/20)
United Kingdom (UK)	9 weeks: Goods Vehicle Operator Licencing (UK/12)
Iceland (IS)	10 days: Registration – Private limited company (IS/01)
Liechtenstein (LI)	15 days: Trade Licence (LI/01)
Norway (NO)	60 days: Liquor licence for selling alcoholic beverage (NO/06)
Montenegro (ME)	1 month: production and distribution of food of plant origin after primary production, combined food and other types of food (ME/05); Sanitary Permit (ME/06); Permit for collecting, and transporting waste (ME/08); Permit /agreement to the plan of managing the waste by the producers (ME/09); Permit for import-export of goods (ME/15)
FYROM (MK)	1 month: Approval of food operator and premises for production, processing and manipulation of products of animal origin (MK/11) 1 month: Registration for premises/food operators in Food Agency (MK/05)
Albania (AL)	0 days (No licences required)
Serbia (RS)	No information available.

Country	Licence(s) requiring the longest time
Turkey (TR)	10 business days: Business Licence and Work Permit (TR/02)
Israel (IL)	Several months: Licence from the Ministry of Health (IL/03)

#### 6.4 Time taken to obtain all licences

The number of licences required is likely to affect the overall length of time needed before being able to start operating, but what is also important is the extent to which the procedures are part of a co-ordinated sequence or are separate processes.

As with the other sectors, the total time to obtain all licences for a wholesale or retail distributor can exceed the longest time taken to obtain any individual licence, although this is the case only in a small number of countries. The table in Annex Five presents reported instances, based on evidence from the national research.

The need to obtain licences in sequence significantly raises the time taken to obtain licences in Lithuania, Poland and Israel, taking these countries closer to the 3-month threshold. However, sequencing in the Czech and Slovak Republics only slightly increases the total time. In Montenegro, obtaining all licences (13 in total) can prolong the process up to three months.

It is also worth noting that a key licence in Greece requires applicants to submit an application for pre-approval, which takes five days. At this point, the company can start trading but must submit a full application within three months of receiving pre-approval. Full approval is issued within 30 days.

#### 6.5 Fees charged for licences

Figure 6.2 provides the total fees chargeable for all licences required for a wholesale or retail distributor.<sup>42</sup> The fees and charges identified as being associated with licence procedures mainly relate to direct fees and charges made by the licencing authority. There is no reference to the costs involved in conducting a technical analysis or in preparing the documentation required for a licence or permit and other professional inputs, such as support from lawyers, notaries or company advisors.

There is considerable variation, not only in the total costs in each country associated with licences for this sector, but also in the charges made for similar types of licence. Furthermore there is a considerable range in the charges for a basic licence to operate or the entry into a trade register, when this is required.

In a number of countries, the total costs involved are minimal at **around or below €100** (Belgium, Denmark, Germany, Estonia, Luxembourg, Albania).

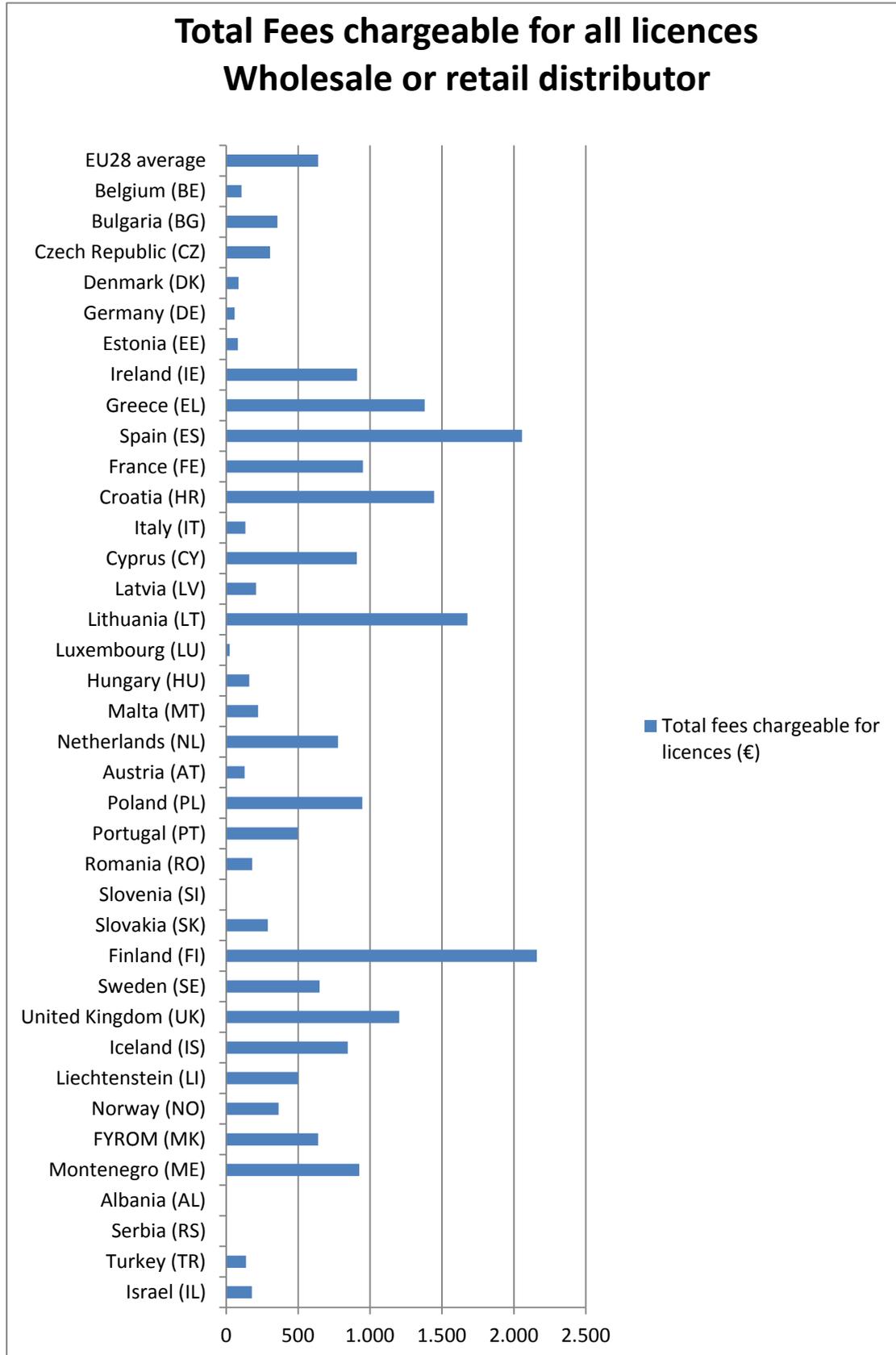
In nine other Member States and 3 CIP countries the cost lies slightly higher between **€125-€370** (Bulgaria, Czech Republic, Italy, Latvia, Hungary, Malta, Austria, Romania, Slovakia, Norway, Turkey, Israel).

<sup>42</sup> A table in Annex Five provides the fees chargeable for each individual licence.

Total costs still amount to **less than €1,000** in seven EU countries (Ireland, France, Cyprus, Netherlands, Portugal, Slovenia and Sweden) and 4 CIP countries (Iceland, Liechtenstein, FYROM, Montenegro). Although no details are given about the cost of individual licences in Serbia, it is indicated that the initial registration procedure for a medium-sized shop would cost around €750.

In seven countries, total costs are over **€1,000** (Greece, Spain, Croatia, Lithuania, Poland, Finland, UK) and in some countries, the cost of one single licence alone amounts to more than this, e.g. a wholesale licence for alcoholic beverages at €1,500.

**Figure 6.2 Fees chargeable for all licences (wholesale or retail distributor)**



## 6.6 Business testimonies

As a means of highlighting the licences required and the processes that must be followed to obtain licences, we present case examples from Spain and Cyprus.

**Table 6.3 Case example: Spain**

### Retail distribution: Spanish bakery

#### Profile of the applicant

Marta X is a 36 year-old woman, mother of two children and former employee in several different jobs (waiter in a bar/restaurant, hairdresser). Due to an important need to have a much more balanced work and family life than in her current employee job as a hairdresser allowed, and also encouraged by her husband (manager of a small painting company), she decided a few months ago to set up a small business.

For this purpose, she spotted market needs in a neighbourhood of the city of Irun (Spain) where she had previously worked as a hairdresser. She detected important business opportunities in different retail activities (bakeries, fish markets, butcher's shops) in an area that was insufficiently served by the existing supply. In the end, she decided to set up a bakery/pastry shop (serving also coffee and other non-alcoholic drinks) due to the relative ease of doing business in comparison to other businesses (fish market, butchery). For this purpose, she decided to operate under a well-known provincial franchise, that provided raw materials (e.g. pre-cooked bread loaves and pastries, etc.) and equipment (e.g. ovens, expositors).

#### Business activity requiring licences

Before initiating the activity, Marta got advice from a public ad-hoc organisation (i.e. the economic development department of the Municipality of Irun) about the different modalities and classification of businesses. At this point she discovered the importance of the type of machinery to be used for the classification of the economic activity. Specifically, she was informed that using a coffee-maker functioning with coffee capsules and paper cups entails much lighter licencing requirements than using would a sophisticated coffee machine.

#### The applicant enterprise

The business is a bakery/pastry shop, with an area of about 70m<sup>2</sup>. The shop offers bread, pastries, coffee and other food products (canned food, chocolate, sugar, sweets...). The shop has an oven, storage chambers for preserving cakes and pastries and other food products, as well as several tables both inside and outside. This latter space is a private part of the premises (not in the street, which would mean more paperwork).

#### Compulsory Administrative Licences required

- Technical memorandum and building plans of the premises. Certificate issued by an accredited expert, able to confirm whether the activity and premises are consistent with the technical documentation submitted and that they meet all existing legal current requirements and regulations (cost: €600).
- Declaración Censal de empresarios, profesionales y retenedores ("Enrolment in the Tax register of business persons, professionals and withholders").

Cost: €0 if done by the entrepreneur, €30 on average if done by an external consultancy on their behalf.

- Impuestos sobre Actividades Económicas (“Enrolment in the Tax on Economic Activities”). Cost: €0 if done by the taxpayer or €30 on average if done by an external consultancy on their behalf.
- Alta en el Régimen de la Seguridad Social de los socios trabajadores y/o administradores (“Enrolment in Regime of the Social Security of working partners and/or administrators”). Cost: €0 if done by the applicant, €30 as an average if done by an external consultancy on his/her behalf.
- Comunicación de apertura del centro de trabajo (“Communication of the Opening of the Establishment”). This requirement is compulsory where there are employees, which is not the case yet (Cost: €0 if done by the entrepreneur, €30 on average if done by an external consultancy on their behalf). Having any employees would also imply the requirement of contracting services of prevention of labour accidents and illnesses and health monitoring, which has additional annual costs.
- Adquisición y legalización del libro de Visitas (“Acquisition and legalisation of the Visits Book”), for the registration of prevention services’ visits to the premises. A new 2013 law to support entrepreneurs and their internationalisation states that new electronic version of the visit book for labour inspections can be used.<sup>43</sup> It is therefore no longer necessary to complete this administrative procedure.
- Licencia municipal de actividad (“Municipal Licence related to the Activity”). Cost: It is variable depending on different elements such as the type of activity, surface and location of the premises. In this specific case, it amounts to €115.

Total administrative-related costs vary from €727 (where the entrepreneur does not use an external consultancy) to €877 (where he/she does).

### **Applicants’ story and timetable of steps taken: How was it for them?**

Marta had no experience in setting up a company. All the compulsory procedures could be completed in 24 hours, except for the municipality’s licence, which required about 7 days on average to compile all requirements. Of course, this timing does not include the time spent planning the idea and searching for information about the preferable type of business. In this regard, it is also important to stress that the “Municipal Licence related to the Activity” benefits from the so-called responsible declaration (“Declaración responsable” in Spanish), reduce the time required to open the business. Once the papers are presented to the municipality, the entrepreneur may start his/her business operations, without waiting for approval. The municipality has one month to revise the provided papers and ask, if required, for amendments and changes.

### **Steps taken by the licencing authorities: How did they help?**

Marta paid two visits to the so-called “one-stop entrepreneurial window” in the ad-hoc services of the Municipality of Irun. The first advisory visit turned out to be unclear and tedious, and slightly discouraged Marta because she was informed of the many steps to take before she could set up the business by a non-experienced counsellor. By way of contrast, and at her second visit to the same institution, she

<sup>43</sup> Ley 14/2013, de 27 de septiembre, de apoyo a los emprendedores y su internacionalización.

was advised by a much more experienced specialist, who offered her a much clearer vision of the steps, and everything turned out to be much simpler, which encouraged Marta to go on.

### **Lessons learned / key success factors**

In this particular case, the public advisory services may play an important role in “encouraging” or discouraging” the entrepreneur to go on with his/her business idea.

This case also shows the potential importance of the role of some member of the family or another person who is close to the entrepreneur, in this case Marta’s husband. When that person has some entrepreneurial experience, he/she can more easily motivate the new entrepreneur when the latter faces the set-up process, the procedures, contacts with various institutions, in a context where he/she feels urged to open the business.

Finally, this case shows that, in Spain, and provided that the new start-up is a “non-complicated” business, timings and costs for starting up are relatively small, which of course facilitates business ideas to come into reality.

## **Table 6.4 Case example: Cyprus**

### **Retail distribution of alcoholic beverages in Cyprus**

#### **Profile of the applicants**

Most businesses licenced to sell alcoholic beverages are catering and entertainment establishments including restaurants, taverns, cafeterias, pizza houses, pubs, bars, discotheques, snack bars and cabarets. Others include hotels, groceries, supermarkets, liquor stores and other shops. Kiosks and mini-markets are only licenced to sell beer.

A restaurant employing up to 10 persons is a typical establishment operating in the catering business. Very often the entrepreneur in consideration faces strong competition from competitors who are not fully licenced due to loopholes in the legislation and to poor monitoring by the relevant authorities.

#### **Business activity requiring licences**

In Cyprus selling, offering to sell, or holding with the purpose to sell alcoholic beverages is a regulated profession. Competent authorities assigned by law, issue the prescribed licence – retail licence or trade licence - to natural or legal persons who are required to declare the specific premises for the consumption or sale of alcoholic beverages. As a general rule prior to granting the licence to sell alcoholic beverages, several different prerequisites have to be in place. Sequencing is not a rule, although some licences have to be issued prior to issuing the licence to sell alcoholic beverages.

For an establishment licenced to sell alcoholic beverages, a number of other licences are required in order to carry out its business activities, some of which need to be granted prior to issuing this particular licence. They are all valid for one year.

As an example, a restaurant requires two regulated licences for its operation: (i) to offer dining or any kind of food, beverages, or cakes for payment (and possibly music or other performances), and (ii) to sell alcoholic beverages. Both licences are

provided by different laws, and issued by different authorities.

### **Compulsory Administrative Licences required**

Besides the authorisation to operate such a business activity and the licence to sell alcoholic beverages (core licences), a number of other licences may also be required:

- Licence to operate professional premises. Issued by the local authority for fee of €140.
- Trade licence. Issued by local authority for a fee of €51
- Certificate of factory registration. Issued by the Labour inspection Department; no fee.
- Registration/inspection as smoking/non-smoking premises. Issued by the Police; no fee.
- Safety of employees (not fire safety). Issued by the Labour inspection; no fee.
- Permit to use loudspeakers (if music and entertainment is offered). Issued by the District Office upon the recommendation of the police; no fee.

The planning permit is required by the authorities for the premises of any establishment irrespective of its business activity, which must be in hand prior to applying for any other licence to operate or carry out any profession (this holds in general for regulated and non-regulated professions). However, from the list of the establishments that are required to hold licence to sell alcoholic beverages not all of them require authorisation. In order to operate any catering and entertainment or hotel establishment, it is required to possess authorisation –licence to operate– issued by the Cyprus Tourism Organisation (CTO).

### **Steps taken by applicants**

Step 1: Prior to applying for the town-planning permit, the plans of the proposed premises must be inspected and approved by the CTO.

Step 2: Before applying for authorisation to operate a restaurant and the licence for the sale of alcoholic beverages - both regulated licences -, the applicant must first obtain the town or building permit for the restaurant premises from the local authority.

Step 3: The applicant applies for the licence to operate a restaurant. The application must be accompanied by the building permit, Certificate of Incorporation, and the Certificate of Directors and Secretary. There is a fee of €85. The application should also include the following:

- Confirmation of clean criminal record of the owner or manager; issued by the police; fee €20
- Hygiene/sanitary compliance (non-food) - (Health certificate). Issued by the Health Service; fee €50.
- Restaurant classification. Issued by CTO; no fee
- Verification of manager's qualifications. Issued by CTO; no fee
- Restaurant name. Issued by CTO; no fee
- Approval of special fixed menu. Issued by CTO; no fee
- Approval of beverage and food price list. Issued by CTO; no fee
- Approval of hours of operation. Issued by CTO; no fee
- Health certificate for food handlers. Issued by the health services; fee €100.

- Certificate of Appropriateness. Issued by the Public Works Department, after deliberations with the Department of Electrical and Mechanical Services, the Cyprus Fire Service and the Police; no fee
- Gas cylinder safety certificate. Issued by the District Officer; fee €60

Step 4: Once the licence to operate a restaurant has been obtained, the business can then apply to the local authority for the licence to sell alcoholic beverages. The licence is usually issued within two months, although it can take up to three months. It can be submitted through the Point of Single Contact (PSC) of the Ministry of Commerce, Industry, Energy, and Tourism. Like the licence to operate a restaurant, the application must be accompanied by the building permit, Certificate of Incorporation, and the Certificate of Directors and Secretary. The application should also include the following:

- Authorisation to operate a restaurant issued by the CTO.
- Confirmation of clean criminal record of the owner or person in charge of selling alcoholic beverages; issued by the police; fee €20.
- Certificate of Appropriateness. Issued by the Public Works Department, after deliberations with the Department of Electrical and Mechanical Services, the Cyprus Fire Service and the Police; no fee.
- Sanitary Certificate. Issued by local authority; no fee.
- Food safety/hygiene (e.g. licence for or registration of a food business, including authorisation from the food safety authority, authorisations related to refrigerated foods). Issued by the Ministry of Health; no fee.

### **Steps taken by the licencing authorities**

The issuing competent authority of the licence to sell alcoholic beverages is either the municipality or the local District Office -i.e. the local authority- for establishments located within the authority's boundaries and subject to meeting certain requirements. Before making their decision whether to grant a licence, the issuing authority seeks advice from various government departments concerning the suitability of the applicant and the premises intended for sale and consumption of alcoholic beverages. The licence is valid for one year subject to renewal every March. For certain licences there is duplication of requirements. There are cases that two different licences issued by different authorities entail the submission of the same documents.

Local authorities comply with the requirements of the legislation with regard to issuing the various licences. Through their websites, they provide useful information on licencing requirements to interested applicants. Local authority personnel dealing with licences are helpful and easily accessible (personal, e-mail or telephone). Licencing documentation is simple, short and straightforward.

### **Lessons learned / key success factors**

There is potential for municipalities to integrate application procedures for different licences for which they are responsible. Such streamlining of procedures would be helped by reform of the overall legislative framework relating to licences. For the entrepreneurs, this would ideally create a single licencing authority.

Licences must currently be renewed annually. There is a consensus amongst all stakeholders that the time and cost could be substantially reduced if licences were of

2 or 3 years' duration.

High cost, time and burden associated with licencing as well as poor enforcement leads to a large number of unlicensed operators. This creates consequent risks to health and safety, as well as unfair competition for licenced operators. Unregulated operators are particularly prevalent in the sale of alcoholic beverages.

## 6.7 Summary of key findings

- The number of licences required by Wholesale and Retail Distributors varies significantly from one Member State to the next, from one or 2 licences in five countries to 10-11 licences in three Member States. The average number is 5 licences. The same is true for non-Member States, where four countries have 2 or less licences and three have as many as 9, 13 and 15 licences.
- A large number of the required licences are specifically linked to the model company, described as a food business that also sells alcoholic beverages. In this context, there are also many requirements in relation to health and hygiene, although those linked to HACCP relate to ongoing compliance rather than prior licencing. There are, however also a number of generic licences that would apply to all/most sectors, relating to general business or trading licences, considerations relating to the premises and the environment and requirements to do with employees generally.
- Less than 3 months is required to obtain the necessary licences in 23 of the Member States, although in three of those countries there are large regional variations with some regions exceeding the 3 months' limit. In all but one of the CIP countries (Montenegro), less than 3 months are required.
- In the five Member States where licencing takes 3 months or more, the 'lengthy' licences are mostly related to sale of alcoholic beverages, although in one case it is the "Trade facilities approval' that takes time". However, this could well be indirectly linked to the sale of alcohol and food products. This is probably an area where it will be difficult to get some Member States to reduce the time involved, given the strict regimes that apply to the sale of alcohol. In Montenegro, the long licencing process can be explained by the number of licences required (13).
- The total time taken to obtain all licences can take up to 3 months in eight countries (Austria, Finland, Italy, Lithuania, Netherlands, Poland, Spain, Sweden), but is likely to exceed three months in very few cases. In these and other countries there can be considerable variation: not all licences might be required by any particular business, time taken can vary by region and renewals may be shorter or even unnecessary.
- Licences require to be obtained in sequence in at least five countries. In Lithuania Poland and Israel, such sequencing adds considerably to the total time taken, whilst in the Czech Republic and Slovakia, it does not.
- The total fees payable to licencing authorities vary between €24 and over €2,000. The most expensive licences again tend to relate to the sale of alcohol and the health and hygiene requirements around the sale and preparation of

food, although environmental considerations are also expensive in some countries.

- As with the time taken, these headline indicators tend to under-represent the total costs incurred by companies where costs need to be incurred in preparing documents such as environmental impact assessments.

## 7.0 Manufacturer of steel products

### 7.1 Definition

A further benchmark companies proposed by the European Commission is that of a "manufacturer of steel products".<sup>44</sup> A more detailed definition was used by the previous study<sup>45</sup> and has been applied to the current study, as presented in the table below.

**Table 7.1 Definition of a manufacturer of steel products**

#### Manufacturer of steel products

- Steel / alloys production facility involving forging, casting or stamping
- Installations for the melting of ferrous metals (production capacity per day of max. 400kg)
- Operation of small electric furnace with a power of 75kW
- Legal form of company is a private limited company
- Company located in an industrial estate
- None of the processes produce toxic effluents or discharges
- Electricity is the only source of energy used
- No transportation of materials or final products is required

It should be noted that this definition, whilst providing some focus to the issue, raises a number of difficulties in identifying the licences necessary to operate and thus also the time and cost needed to obtain those licences.

First, there is some ambiguity about the scale of the operations and hence the size of the facilities, which can have implications, depending on whether the facilities are purpose-built or can make use of pre-existing premises, for instance in an industrial estate. In general, planning permission and related procedures for land development and construction are deemed to be outside of the scope of the current exercise. However, there can be requirements, in effect checking that the correct planning and construction procedures have been followed, that can form part of the setting up of a particular business. Moreover, the size of the facilities can also affect the cost of a general licence to operate or licences associated with premises, sometimes to a considerable extent.

In general, this type of trade is not regulated, so the control of the activity is normally restricted to entry into a trade register or a general licence to operate, but the nature of the business does mean that there are environmental controls and requirements relating to the safety of the premises in many cases. Again the precise requirements here sometimes depend on the exact nature and extent of the activity and pragmatic decisions have sometimes been made.

<sup>44</sup> Assessing Business Start-up Procedures in the context of the renewed Lisbon Strategy for growth and jobs, SEC(2007) 129

<sup>45</sup> European Commission DG ENTR (2011), 'Business Dynamics: Start-Ups, Business Transfers and Bankruptcy'

The research also identified that the above definition may be too narrow and thus exclude some important licences. In particular, many manufacturers of steel might be expected to produce toxic effluents or discharges or to transport materials or final products; such activities are likely to be subject to various licences, given the potential risks to the environment, health and safety. It might therefore be useful for any future study to adapt this definition accordingly.

## 7.2 Licences required

The licences required by a manufacturer of steel products are mostly the generic licences that apply to any business; very few are specific to this type of company. Otherwise, there are often requirements relating to broad environmental controls or to more specific issues in this area, such as discharge of water into sewers, and, given the dangerous nature of some aspects of the activities associated with the manufacture of steel products, there are also requirements relating to the safety of the premises.

Overall, the number of licences required for this benchmark model company ranges from 1 to 6. The mean number is 2.5. In CIP countries the number of licences is somewhat higher, ranging from 1 (Liechtenstein, Albania) to 11 (Serbia).

The types of licences required are as follows.

**Industry licences:** in 18 Member States and 7 other CIP countries, it is necessary for the company to obtain some kind of general licence to operate and/or be listed in a register of companies. In many cases, this is a generic requirement and is not specific to this type of producer. In some cases, such licences or registrations are incorporated into the process of establishing a company, whilst in others, they follow it. In Slovenia, the precise form of the permit required depends on the legal status of the firm, so there are four possibilities, but each firm only requires one permit. In some cases, the licence to operate may be a matter of simply notifying the authorities of the intention to trade in this sector.

In a few instances, e.g. Luxembourg, Slovenia, such licences relate to steel manufacture as a classified industry rather than to all companies. In Spain, it is necessary to enrol in the Register of Industrial Establishments, as well as comply with general business registration requirements. In Israel, there is both a General Business licence as well as a Factory Permit.

**Licences related to products/services:** there are no licences or requirements identified in the Member States relating to the products of the steel firm. In general, the activity is not subject to licencing, over and above initial basic registration and no legal permit is required. In addition, some aspects of the production process may have to comply with legislation on an ongoing basis, rather than requiring prior licencing. However, this is not the case for non-Member States, where some kind of product/service related licence can be found in three countries. In Serbia, there is a licence for specific types of steel products (RS/29), in Turkey the Capacity report (TR/07) provides an assessment and approval of the production capacity of the company, and in Israel the Standards Institute require businesses to obtain a licence to prove that they meet the required international or European standards (e.g. ISO)

**Licences related to premises:** an area of major difference between Member States is the requirements relating to premises. Issues in this area relate to various types of environmental control and also the safety of appliances and factory layout and a

general registration of premises. However, a number of Member States address these issues within a general compliance regime, while others either alternatively or in addition, focus on requirements before the business starts operating.

Countries where permissions are needed, or there are requirements before the business can operate, include:

- Poland: requirements include permissions for the production and treatment of waste, permission for introducing of the gases and dusts into the air as well as a general environmental decision;
- Ireland: requirements for an Industrial Emissions Licence and a discharge to waters licence; and
- Spain: requires an Integrated Environmental Permission and communication of the opening of an establishment.

Apart from Iceland and Liechtenstein, where there are no licences related to environmental compliance, all other CIP countries require at least one integrated environmental permit or impact assessment (Turkey, FYROM, Israel, Serbia and Albania), or several individual permits linked to discharge or waste (Norway and Montenegro who each have four different environmental permissions)

**Licences related to employees:** manufacturers of steel products require few licences in relation to their employees. Issues of employee welfare are often addressed by compulsory training (e.g. first aid, health and safety) or by the appointment of a health and safety contractor rather than by licencing (as with other sectors). Those licences that are required usually relate to the generic health certificates for employees (Lithuania, Serbia) but in Israel, Serbia and Montenegro there are also requirements to the qualifications of the manager.

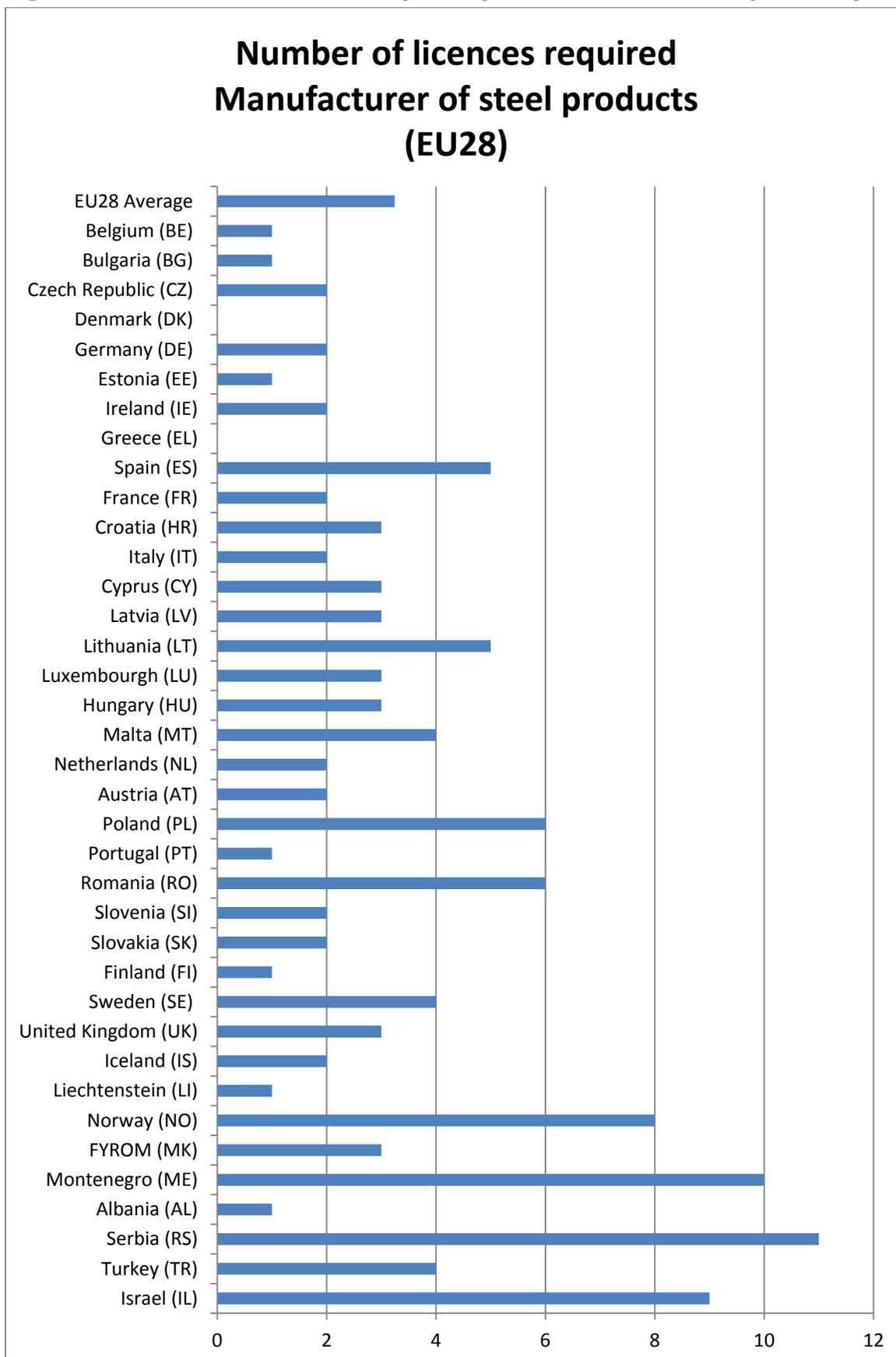
**Other licences:** a small number of other licences are required in some countries. For example, the evidence from Slovenia refers to several cross-border licences for the temporary performance of various activities. These have not been included in the total, since they would not apply to most manufacturers of steel products.

The figures below give an overview of the licences and permits required by a **manufacturer of steel products** in each of the EU Member States and subsequently in the CIP countries.<sup>46</sup>

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<sup>46</sup> More detailed tables are provided in Annex Six.

**Figure 7.1 Number of licences required (manufacturer of steel products)**



### 7.3 Licences requiring the longest time

As with the other cases examined, the estimate of the amount of time needed to comply with licence requirements has been made on the basis of the evidence currently available. Regional variations have been dealt with by taking an average of the times cited in different regions. Again, there are often maximum times for the granting of licences and approval specified in the legislation or in implementing measures, but in a number of instances, these are not observed in practice.

The table below lists the licences that take the longest time to obtain in each country (and other licences that take more than 3 months), as an indication of compliance with the May 2011 commitment. Based on the information in the table, we can place the Member States into three broad groups:

- Nine Member States where licencing risks exceeding the 3-month timeframe; in four of these (Italy, Latvia, Austria, Romania), the longest licence takes 3 months to obtain; in Spain, two licences can take much longer, i.e. up to 6 months and 10 months respectively, in Hungary, the longest licence can take 6-9 months, whilst Belgium, Lithuania and Slovenia each have a licence that can take in excess of 3 months. Only one CIP country falls within this group: Montenegro, where two permits can take up to 4 or even 5 months.
- Six Member States and five CIP states where licencing is generally within the 3-month timeframe, but at or above 1 month (Bulgaria, Ireland, Croatia, Cyprus, Poland, Sweden, Iceland, Norway, Turkey, FYROM, Israel); and
- Thirteen Member States and two CIP countries where licencing is well below 1 month.

The licences that take the longest time to obtain tend to relate to **environmental considerations**, particularly the potential for pollution. Most notably, the Integrated Environmental Permission in Spain can take up to 10 months and the Municipal Licence related to Activity can take six months. Lithuania's Environmental Impact Assessment generally takes at least 3 months, although there are reported instances of it taking up to 9 months. In Italy, the Single Environmental Authorisation usually takes 3 months to obtain, but in some cases may take up to 4 months. Similarly, the Environmental Permit in Romania also takes three months, albeit against a target of 30 days, whilst and the Environmental Permit in the Netherlands takes 6 weeks. In Poland, there are four licences that each take 2 months, two of which relate to waste, one to the release of gas and dust and one to the environment; however, it should be noted that this last one can be applied for before the legal establishment of the company, meaning that it might not delay the start of business activity. In Montenegro, the two licences that take the longest are also related to the environment: the Integrated environment permit can take 4 months (120 days) and the Decision on the environmental impact assessment could take nearer 5 months (134 days), although phase 2 is voluntary and can be left out reducing time to 3.5 months. The Integrated Ecological Licence in FYROM takes 60 days and the Environmental Impact Assessment in Turkey 40 business days.

Aside from environment-related licences, there are two types of licence that tend to take the longest time to obtain in each country. First, the longest licences in Austria (around 2 months), Bulgaria, Ireland and Cyprus (each about one month) relate to premises; however, it should be noted that this often overlaps with environmental considerations, such as Ireland's Industrial Emissions Licence. Second, there are

licences related to the use of potentially hazardous products; for example, Finland's notification related to chemicals (2 weeks) and Sweden's permit for the use of flammable products (70 days).

The "headline" time taken to obtain a licence might not take into account the time taken to fulfil certain prerequisites. For example, in the Netherlands, it is necessary to prepare an environmental impact assessment in advance of submitting the formal licence application. Clearly, the preparation of such a document will lengthen the total time taken to obtain the Environmental Permit.

**Table 7.2 Licences requiring the longest time (manufacturer of steel products)**

Country	Licence(s) requiring the longest time
Belgium (BE)	125 days: Environmental Permit (BE/06)
Bulgaria (BG)	1 month: Permit of use or certificate for commissioning of the site (BG/03)
Czech Republic (CZ)	5 days: Trade notification and extract from the register of trade licences (CZ/01); Registration and extract from the Commercial Register (CZ/04)
Denmark (DK)	N/A
Germany (DE)	1 day: Entry into the Register of Craft Businesses (DE/06)
Estonia (EE)	2-3 working days: Registration of a company engaged in trading in the Register of Economic Activities (EE/02)
Ireland (IE)	8 weeks: Industrial Emissions licence (IE/08)
Greece (EL)	0 days (No licences required)
Spain (ES)	3 months: Integrated Environmental Permission (ES/19) 2-3 months: Municipal Licence related to the Activity (ES/20)
France (FR)	2 months: Preliminary authorisation for installing commercial sign (FR/02)
Croatia (HR)	6 weeks: General licence to operate a business (HR/15)
Italy (IT)	3 months: Single Environmental Authorisation (IT/03)
Cyprus (CY)	4 weeks: Certificate of factory registration (CY/14)
Latvia (LV)	60 or 90 days: Category B Polluting Activity Permit (LV/10)
Lithuania (LT)	3-9 months: Environmental Impact Assessment (LT/16)
Luxembourg (LU)	1.5-2 weeks: Industrial authorisation (LU/05)
Hungary (HU)	6-9 months: Integrated Pollution Prevention and Control (IPPC) licence (HU/04)
Malta (MT)	10 days: GBR Permit for waste management, emissions, effluent discharges and storage of material (MT/04)
Netherlands (NL)	2 months: Environmental Permit (NL/04)
Austria (AT)	80-90 days: Trade facilities approval (AT/02)
Poland (PL)	60 days: Permission for the treatment of waste (PL/04) 60 days: Permission for the production of waste (PL/05)

Country	Licence(s) requiring the longest time
	60 days: Permission for introducing gases and dusts into the air (PL/06) 60 days: Environmental decision (PL/08)
Portugal (PT)	15 days: Responsible Industry System (PT/05)
Romania (RO)	90 days: Environmental Permit (RO/12)
Slovenia (SI)	2-3 weeks: Craft licence – only for small companies involved in regulated activity in the field of metal manufacturing (iron and steel casting, etc.) (SI/02) Several months: Environmental Permit IPPC - Integrated Pollution Prevention and Control (SI/05) [NB: not required by all companies]
Slovakia (SK)	3 days: Trade notification of a free trade and extract from the register of trade licences (SK/01)
Finland (FI)	2 weeks: Notification of chemicals concerning small-scale industrial processing and storage of hazardous chemicals (FI/12)
Sweden (SE)	70 days: Permit for flammable products (SE/12)
United Kingdom (UK)	2-3 weeks: Data Protection Registration (UK/01)
Iceland (IS)	45 days: Operating Permit Public Health Authority (IS/04)
Liechtenstein (LI)	1 day: Trade licence (LI/01)
Norway (NO)	1 month: Notification for activities that may cause pollution (NO/08)
Montenegro (ME)	134 days: Decision Environmental Impact Assessment (ME/23) 120 days: Integrated permit (pollution/environment) (ME/22)
FYROM (MK)	60 days: B-Integrated Ecological Licence (IPPC) (MK/13)
Albania (AL)	15 days: Integrated Environmental Permit (AL/03)
Serbia (RS)	n/a
Turkey (TR)	40 business days: Environmental Impact Assessment Report (TR/06)
Israel (IL)	45 days: Licence of the Israeli Standards Institute (IL/12)

## 7.4 Time taken to obtain all licences

As with the other sectors, the total time to obtain all licences for a manufacturer of steel products can exceed the longest time taken to obtain any individual licence, although this tends to be the case only in a small number of countries.

The table in Annex Six presents reported instances, based on evidence emerging from the national research. The total time is greater than the time to obtain any individual licence in only a few countries. In the Czech and Slovak Republics, the total time remains very short, despite the need to obtain licences in sequence. Sequencing in Israel, on the other hand, does prolong the total time from 45 days to 2-3 months. Where a company requires a licence related to environmental impact or pollution prevention, this can significantly increase the time taken to obtain licences. However, such licences are often required only where new buildings or production plants are being constructed or renovated; many manufacturers would not require them. Similarly, the need to gain permission to erect a sign might add to the total time, notably in France, but some companies might consider this to be an optional activity and that production of steel products would not be delayed by the lack of signage.

## 7.5 Fees charged for all licences

Figure 7.2 provides the total fees chargeable for all licences required for a manufacturer of steel products.<sup>47</sup>

The fees and charges identified as being associated with licence procedures mainly relate to direct fees and charges made by the licencing authority. There is no reference to the costs involved in conducting a technical analysis or in preparing the documentation required for a licence costs involved in conducting a technical analysis or in preparing the documentation required for a licence or permit and other professional inputs.

There is variation in the total costs associated with licences and also in the charges made for similar types of licence. There are a number of countries in which the costs involved are minimal and in Denmark and the Netherlands there are no charges (although in the Netherlands an environmental study is required that involves other costs). On the other hand, in five Member States and three CIP countries the costs exceed €1,000. In Ireland, the cost of licencing can exceed €5,000. Furthermore there is a considerable range in the charges for a basic licence to operate or for entry onto a trade register, when this is required.

Perhaps unsurprisingly, it is the licences that take longest to obtain that also tend to require the highest fees. Again, these mostly relate to environmental considerations and also to building and premises. For example, the most expensive licence is Ireland's Industrial Emissions Licence, which can cost €5,078 to €8,888, whilst Slovenia's Integrated Pollution Prevention and Control permit costs €550 and Latvia's Category B Polluting Activity Permit costs €363.<sup>48</sup> The Integrated environment licence

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<sup>47</sup> A table in Annex Six provides the fees chargeable for each individual licence.

<sup>48</sup> The research in Ireland identified that there are currently no manufacturers of steel products in Ireland. A small number of enterprises provide reinforced steel products. These companies are unlikely to require the Industrial Emissions Licence (or indeed any licence), as waste or scrap metal or by-product from production processes will be collected by a specialist waste/scrap metal processing company.

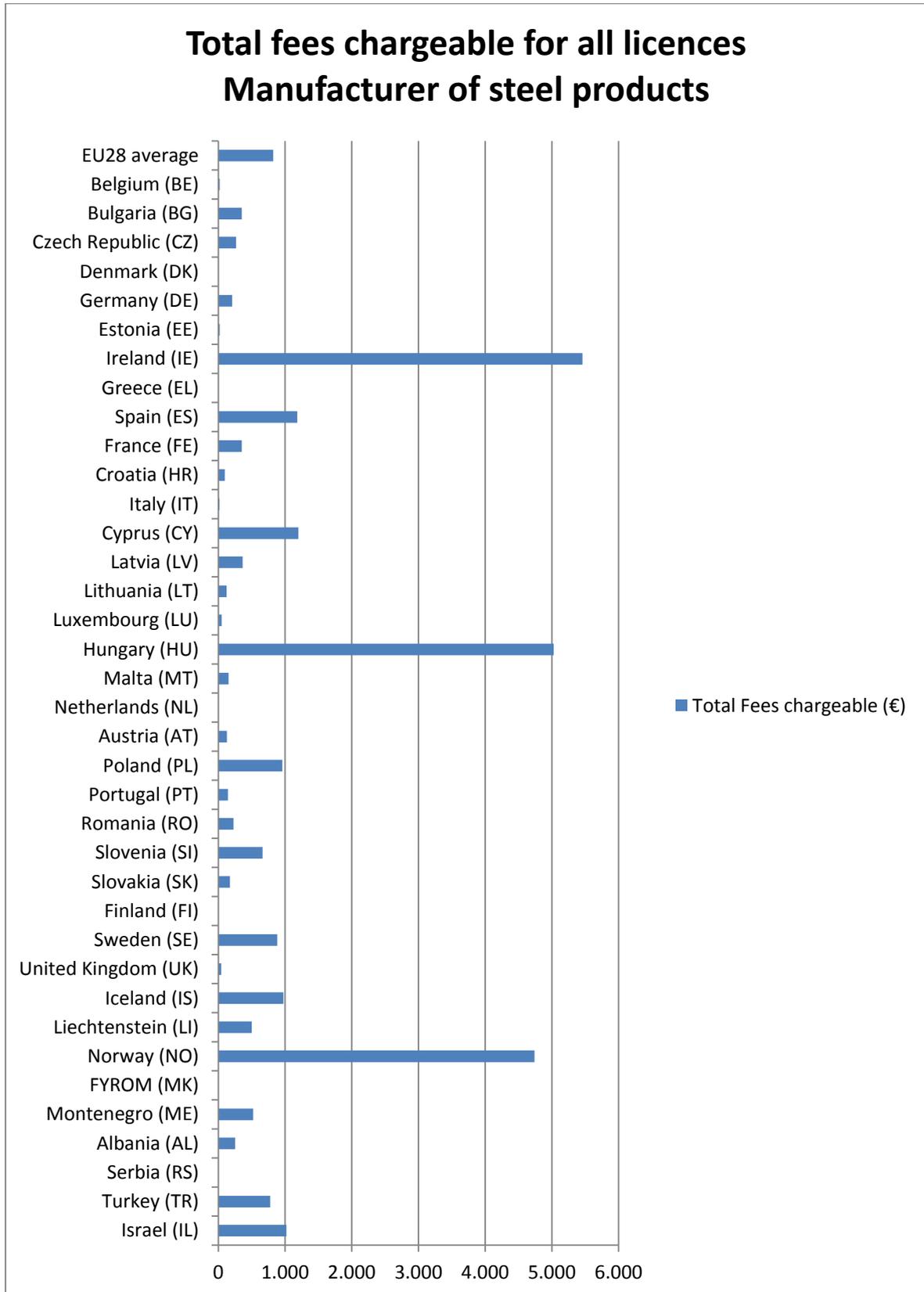
in FYROM costs as much as €3,000 and the three environmental permits in Norway each cost €1,580. The only fee payable in Bulgaria relates to the Permit of use or certificate for commissioning of the site, whilst in Spain only the Municipal Licence related to Activity requires a fee. Similarly, in Cyprus, the Licence for operation of professional premises is one of two licences costing €600. Safety of premises, including fire safety, can also be one of the more costly forms of licencing, particularly since it can involve on-site inspection. In Slovenia, the certificate for a professional responsible for fire safety and/or safety at work can cost €635.20, although this is not a licence as such.

Another potentially significant area of cost relates to the health and safety of employees. Such costs tend to be generic to all sectors and often relate to compulsory activities, rather than to ex-ante licencing per se. For example, employers in Poland are required to undertake a medical examination of all new employees; the level of fees directly depends on the number of employees. In Lithuania, all employees must possess a health certificate, the cost of which is incurred by the employee. In Latvia, it is necessary to provide training for employees in fire safety, first aid and occupational health and safety.

Whilst comprehensive data on other costs incurred is not available, it should be noted that applicants can incur significant additional costs in preparing their applications. Most notably, the various environmental permits typically require an environmental assessment report, including in Spain and the Netherlands. For example, in Spain there is no fee for the Environmental Permit but the environmental assessment report might cost €3,000.

At the same time, it should also be noted that where production processes pose lower risks to employee safety and/or to the environment, the fees might be reduced. For example, a Swedish producer that does not use flammable products or hazardous chemicals would need only to pay the €213 fee for company registration. Similarly, the only fee payable in Bulgaria relates to a new production site, i.e. a one-off rather than a recurring fee.

**Figure 7.2 Fees chargeable for all licences (manufacturer of steel products)**



## **7.6 Summary of key findings**

- The licences required by a manufacturer of steel products are mostly the generic licences that apply to any business; very few are specific to this sector.
- Overall, only two or three licences are required in each Member State on average. In CIP countries the average number is somewhat higher at 5.2, although three countries only require 2 or less licences.
- In general, there are few, if any, licences or requirements relating to steel products themselves. Some aspects of the production process may require compliance with legislation on an ongoing basis, rather than requiring prior licencing. On this point, the situation is different in the non-Member States, where some kind of product/service related licence can be found in three countries (Serbia, Turkey, Israel).
- Licences related to environmental protection, very often linked to the manufacturer's premises, represent an important area of licencing, although the approaches vary widely between Member States. The time and cost of such licencing tends to be higher than for other types of licence.
- In 7 Member States, the licencing of manufacturers of steel products risks exceeding 3 months, largely due to environmental considerations. In three EU Member States (Spain, Lithuania, Slovenia) and one CIP country (Montenegro), the longest licence can take significantly longer than 3 months to obtain.
- Licences related to premises and to potentially hazardous products can also be amongst those taking the longest time to obtain.
- Where licences require an environmental impact assessment to be undertaken in advance of the submission, this can significantly increase the time and cost of obtaining the licence.
- The total time taken to obtain all licences can take up to 3 months in four countries (Austria, Italy, Latvia, Romania) and risks exceeding that time in five (Belgium, Hungary, Lithuania, Poland, Spain) and 2 CIP countries (Montenegro and Israel). In these and other countries there can be considerable variation: not all licences might be required by any particular business, time taken can vary by region and renewals may be shorter or even unnecessary.
- Licences require to be obtained in sequence in at least four countries. In Poland and Israel, such sequencing adds considerably to the total time taken, whilst in the Czech Republic and Slovakia, it does not.
- There is considerable variation, not only in the total costs associated with licences in this sector (ranging from €0 to more than €5,000), but also in the charges made for similar types of licence.
- Licences that take longest to obtain tend to require the highest fees. These mostly relate to environmental considerations and to buildings and premises.
- Another potentially significant area of cost relates to requirements linked to the health and safety of employees. However, such costs tend to be generic to all sectors and often relate to provision of compulsory training or health and accident insurance, rather than to ex-ante licencing per se.

## 8.0 Manufacturer of small IT devices

### 8.1 Definition

The final benchmark company proposed by the European Commission is that of a “manufacturer of small IT devices”.<sup>49</sup> A more detailed definition was defined by the previous study<sup>50</sup> and has been applied to the current study, as presented in the table below.

**Table 8.1 Definition of a manufacturer of small IT devices**

#### Manufacturer of small IT devices

- Hardware manufacturer of small devices in low quantities to be integrated into computers or other bigger electronic devices
- Dangerous substances storage of maximum 75 kg
- Legal form of company is a private limited company
- None of the processes produce toxic effluents or discharges
- Devices do not produce ionizing radiation
- Electricity is the only source of energy used
- No transportation of materials or final products is required

It should be noted that this definition, whilst providing some focus to the issue, raises a number of difficulties in identifying the licences necessary to operate and thus also the time and cost needed to obtain those licences.

First, this type of company does not neatly fit into the standard NACE statistical classification of economic activities. All such manufacturers are likely to fall within the broad category of “Manufacture of computer, electronic and optical products” (NACE 26). However, manufacturers of small IT devices are likely to constitute a relatively small proportion of firms in this category. This makes it difficult to identify a specific cohort of companies for research or to identify data specific to this type of company.

Second, this type of company does not tend to be specifically identified by legislators. Manufacturers of small IT devices thus tend to be subject to legislation – and thus also licencing - that is generic to all sectors. Moreover, “small IT devices” potentially includes a wide variety of products that require very different licences.

Last, in several of the small or medium-sized Member States, there are very few manufacturers of small IT devices.

<sup>49</sup> Assessing Business Start-up Procedures in the context of the renewed Lisbon Strategy for growth and jobs, SEC(2007) 129

<sup>50</sup> European Commission DG ENTR (2011), ‘Business Dynamics: Start-Ups, Business Transfers and Bankruptcy’

## 8.2 Licences required

The licences required by a manufacturer of small IT devices are mostly only the generic licences that apply to any business; very few are specific to this type of company. In 18 of the Member States and four of the CIP countries, no more than two licences are required for a typical manufacturer of small IT devices. Among EU28, Romania and Spain require most licences, i.e. six, though several are generic to many/all sectors. In non-Member States the figures are higher and Israel, Serbia and Montenegro require 9 or 10 licences each, mostly generic licences.

The types of licences required are as follows.

**Industry licences:** in 19 Member States and 6 CIP countries, the company must obtain some kind of general licence to operate and/or be listed in a register of companies. In many cases, this is a generic requirement across companies and is not specific to this type of producer. In some cases, such licences or registrations are incorporated into the process of establishing a company, whilst in others, they follow it. For example, in the Czech Republic, it is necessary to gain the "Trade notification of a free trade and extract from the register of trade licences" as well as the "Registration and extract from the Commercial Register" after the foundation of the company as a legal entity.

In a few instances, e.g. Hungary, Spain, such licences relate to industry rather than to all companies. In FYROM, Israel, Serbia they require sector-specific industry licences in addition to the generic ones. Across EU28, only three instances of industry licences specific to this type of producer were identified, namely:

- Latvia: Register of Electrical and Electronic Equipment Producers;
- Poland: Register of companies introducing electronic/electrical devices on the market; and
- Slovenia: Craft licence for regulated craft activities with regulated craft professions.

**Licences related to products/services:** in all but one Member State and three CIP countries, there are no licences relating to the product itself. Depending on the nature of the device, it may be necessary to demonstrate compliance with EU internal market legislation, such as the Low Voltage Directive or the Electromagnetic Compatibility Directive. However, such compliance is an ongoing activity rather than an ex-ante licencing requirement. In only one Member State and one non-Member State, were licences identified that might relate to some, though not all, small IT devices:

- Poland: Notification of the company as a producer of packaged products; and
- Norway: Permission to import, sell and use lasers or laser products.

It should be noted that EU Directive 2002/96/EC obliges any company selling electric or electronic equipment to take responsibility for the treatment and recycling of waste electrical and electronic equipment (WEEE). The scope of the regulations covers 10 categories of EEE. There may be differences in the obligations on companies depending on whether they sell to businesses, consumers or a combination of both. The WEEE Directive requires companies to make a one-off registration with an approved WEEE compliance scheme. However, since the IT devices in question are not end-products (i.e. they are integrated into computers or other bigger electronic devices), it is unlikely that many of these manufacturers are required to register under

WEEE, though this will be a consideration for other firms in the industry, depending on how the Directive is implemented at a national level.

Similarly, should the devices produce ionising radiation, it may be necessary to obtain a specific permit. For example, in Croatia such products require "Authorisation to perform activities related to the manufacturing of imaging devices, accelerators and other electrical devices which are producing ionizing radiation" and possibly a "Statement disclosing that the components will not be used for nuclear arms".

**Licences related to premises:** manufacturers of small IT devices are generally only required to obtain a "standard" suite of generic licences related to environmental protection, safety and hygiene in respect of their premises. For example, in Ireland, only the "Discharge to waters licence" is required, which is generic to all sectors, whilst in Italy the generic "Single Environmental Authorisation" is required. This is equally the case for the CIP countries. Cyprus requires a "Certificate of factory registration".

Manufacturers that use, handle or store potentially hazardous substances would face additional licence requirements, for example:

- Poland: Fulfilment of the requirements connected to the storage and usage of dangerous substances; and
- Sweden: Register storage and installation of refrigerants; Permit for storage and handling of flammable products; Permit to handle and store hazardous chemicals.

However, this might affect only a minority of companies. For example, in the Flemish and the Walloon regions of Belgium, such manufacturers are treated as "Class 3 companies" in relation to the Environmental Permit, the lowest level of risk. In the Brussels-Capital Region, they require no Environmental Permit at all.

**Licences related to employees:** manufacturers of small IT devices require few licences in relation to their employees; nearly all are generic. Issues of employee welfare are often addressed by compulsory training (e.g. first aid, health and safety) or by the appointment of a health and safety contractor rather than by licencing. Those licences that are required include:

- Generic health certificates for employees (Lithuania, Poland, Serbia);
- Evidence of a clean criminal record (Croatia);
- Where the company is defined as operating in a "regulated sector", demonstrating the relevant professional competence (qualification) of the applicant or manager is also obligatory, e.g. required for the general Trade Licence (Austria), or in relation to a regulated craft profession or a Certificate for responsible designer/manager of works (Slovenia, SI/16). The obligation to prove professional competence also applies in Israel, Serbia and Montenegro.

**Other licences:** a small number of other generic licences are required in some countries, namely:

- Cross-border licence for the temporary performance of any (permitted) activity (Slovenia);
- Registration of cash registers, cash systems, specialized devices and equipment (Latvia).

In all Member States, companies may also wish to secure the protection of patents and trademarks. This would not be mandatory but would usually be desirable for commercial reasons, e.g. "Registry of Distinctive Signs in the Spanish Office of Patents and Trade Marks" (Spain).

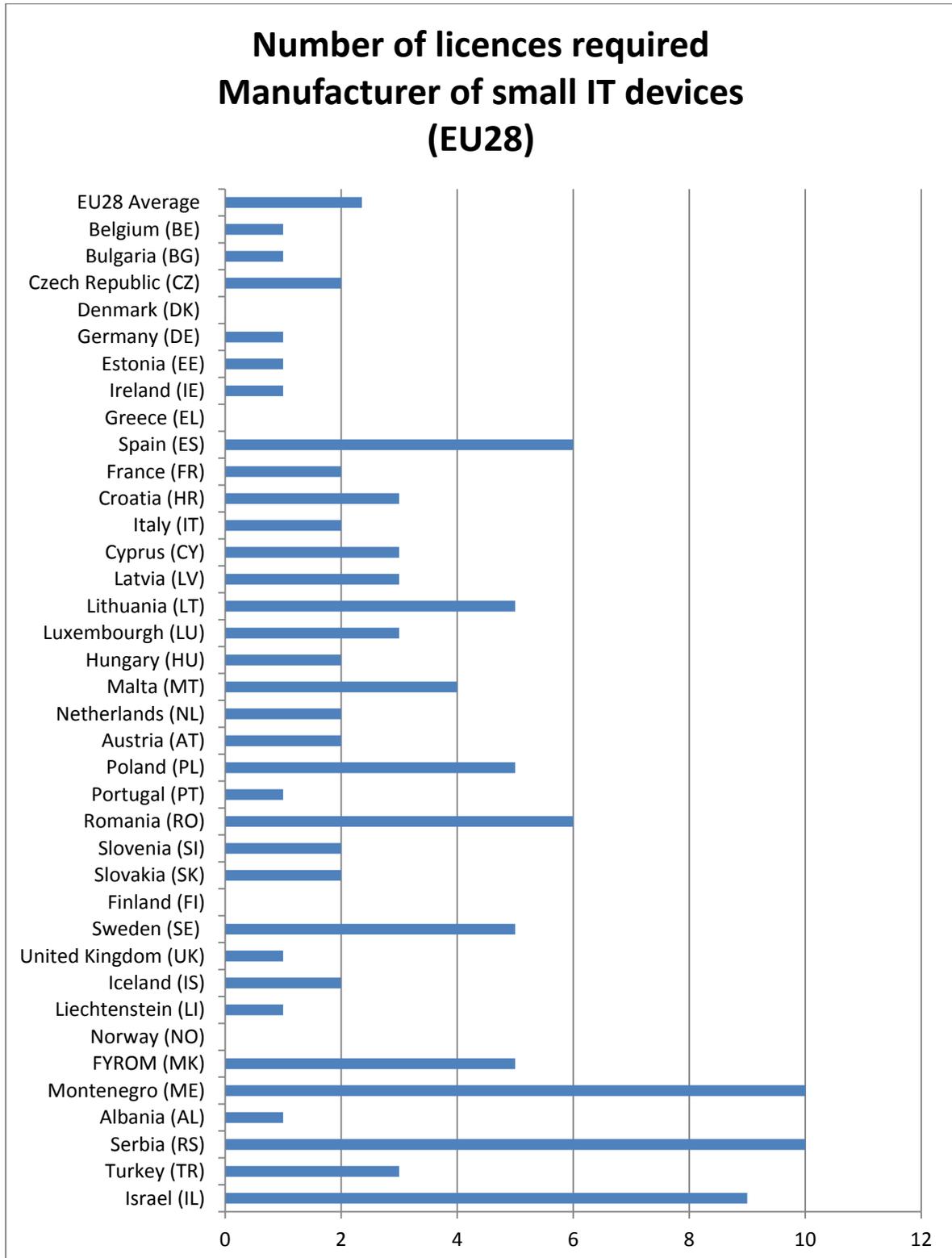
There are other regulatory requirements that firms have to comply with as soon as they start operating. Some depend on the sector or type of business activity undertaken. Others are more generic. Most enterprises, for instance, will need to register to comply with data protection legislation. However, since these are required for normal on-going business operations rather being specifically required in order to launch a business, they have not been included in the list of start-up licences and registrations.

The tables below list the licences required by a **manufacturer of small IT devices** in each of the 28 EU Member States and the 9 other CIP countries.<sup>51</sup>

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<sup>51</sup> More detailed tables are provided in Annex Seven.

**Figure 8.1 Number of licences required (manufacturer of small IT devices)**



### 8.3 Licences requiring the longest time

As with the other cases examined, the estimate of the amount of time needed to comply with licence requirements has been made on the basis of the evidence currently available. Where there is no information available on the overall time taken, but there are times given for several, the time taken by the longest procedures has been used. Similarly, as with other cases, the variation that is possible across different regions within a country has been dealt with by taking an average of the times cited in the different areas. Again, there are often maximum times for the granting of licences and approval specified in the legislation or in implementing measures, but in a number of instances, these are not observed in practice.

The table below lists the licences that take the longest time to obtain in each country (and other licences that take more than 3 months), as an indication of compliance with the May 2011 commitment. We can place the countries into three broad groups:

- Four Member States where licencing risks exceeding the 3-month timeframe; in three Member States (Italy, Austria, Romania), the longest licence takes 3 months to obtain, whilst in Spain, two licences can take much longer, i.e. up to 6 months and 10 months respectively. Licences might also exceed 3 months in two CIP countries (Norway and Montenegro).
- Seven Member States where licencing is well within the 3-month timeframe, but at or above 1 month (Bulgaria, France, Ireland, Cyprus, Netherlands, Poland, Sweden); and four CIP countries (Iceland, FYROM, Israel and Albania); and
- Eleven Member States and 2 CIP countries (Liechtenstein and Turkey) where licencing is well below 1 month.

There is a notable contrast between where there are no start-up licencing requirements (Denmark, Finland, Greece) or where only 1 day is required (Germany) and countries where there are delays of 2 to 3 months. For example, in Poland, the Environmental decision usually takes 60 days; in Sweden, the permit relating to flammable products can take 70 days; and in Austria the Trade facilities approval can take 80-90 days. In a number of instances a maximum time for the procedures has been established, but this is not always observed.

As the separation into three broad country groups reveals, the differences within the group of CIP countries are as wide as they are among Member States, ranging from 5-10 days in Liechtenstein (Trade Licence) to 134 days in Montenegro (Environmental impact assessment). In between these two extremes are the Turkish Capacity Report (15 days) approving the production capacity of a manufacturing company, the Environmental Permit in Albania (35 days), the Operating Permit from the Health Authority in Iceland (45 days), the Integrated Ecological licence in FYROM (60 days) and the Permission to import, sell and use laser products in Norway, which risk exceeding the 3-months timeframe.

The licences that take the longest time to obtain tend to relate either to **buildings and premises** or to **environmental considerations** – though these two issues are frequently interlinked. Most notably, the Integrated Environmental Permission

in Spain can take up to 10 months, whilst in Italy, the Single Environmental Authorisation usually takes 3 months to obtain, but in some cases may take up to 4 months. Similarly, the Environmental Permit in Romania also takes three months, whilst the Environmental Decision in Poland takes two months and the Environmental Permit in the Netherlands takes 6 weeks. The longest licences in Austria (around 2 months), Bulgaria, Ireland and Cyprus (each about one month) relate to premises in some form.

This list of licences might tend to overstate the time required by a typical company. First, some of the licences listed in the table above might not be required by all companies; for example, the Bulgarian example would relate only to a new production site; in Sweden, some producers might not require the permit for flammable products. Second, there are reported instances of these licences being approved in less than the mandatory maximum time; for example, the Romanian authorities have set a target of 30 days for the Environmental Permit (RO/12).

At the same time, the "headline" time taken to obtain a licence might not take into account the time taken to fulfil certain prerequisites. For example, in the Netherlands, it is necessary to prepare an environmental impact assessment in advance of submitting the formal licence application. Clearly, the preparation of such a document will lengthen the total time taken to obtain the Environmental Permit.

**Table 8.2 Licences requiring the longest time (manufacturer of small IT devices)**

Country	Licence(s) requiring the longest time
Belgium (BE)	5 days: Environmental Permit (BE/06)
Bulgaria (BG)	1 month: Permit of use or certificate for commissioning of the site (BG/03)
Czech Republic (CZ)	5 days: Trade notification and extract from the register of trade licences (CZ/01); Registration and extract from the Commercial Register (CZ/04)
Denmark (DK)	0 days (No licences required)
Germany (DE)	1 day: Trade notification: entry into the Commercial Trade Register kept by the Municipal Trade Office (DE/01)
Estonia (EE)	2-3 days: Registration of a company engaged in trading in the Register of Economic Activities (EE/02)
Ireland (IE)	4 weeks: Discharge to Waters licence (IE/10)
Greece (EL)	0 days (No licences required)
Spain (ES)	2.5 months: Integrated Environmental Permission (ES/19)
	2-3 months: Municipal Licence related to the Activity (ES/20)
France (FR)	2 months: Preliminary authorisation for installing commercial sign (FR/02)
Croatia (HR)	15 days: Decision on compliance with the minimum technical requirements (HR/01)
Italy (IT)	3 months: Single Environmental Authorisation (IT/03)
Cyprus (CY)	4 weeks: Certificate of factory registration (CY14)
Latvia (LV)	1 month: Permit for Placing a Sign (LV/07)
Lithuania (LT)	10 days: Register of Manufacturers and Importers (LT/17)
Luxembourg (LU)	1.5-2 weeks: Industrial authorisation (LU/05)
Hungary (HU)	21-30 days: Plant Licence (HU/06)
Malta (MT)	10 days: GBR Permit for waste management, emissions, effluent discharges and storage of material (MT/04)
Netherlands (NL)	6 weeks: Environmental Permit (NL/04)
Austria (AT)	80-90 days: Trade facilities approval (AT/02)
Poland (PL)	60 days: Environmental decision (PL/08)
Portugal (PT)	15 days: Responsible Industry System (PT/05)

*Study on the compliance by Member States on the time needed to get licences and permits to take up and perform the specific activity of an enterprise as from beginning of 2014*

Country	Licence(s) requiring the longest time
Romania (RO)	90 days: Environmental Permit (RO/12)
Slovenia (SI)	15-20 days: Craft licence / Regulated craft profession (SI/03)
Slovakia (SK)	3 days: Trade notification of a free trade and extract from the register of trade licences (SK/01)
Finland (FI)	0 days (No licences required)
Sweden (SE)	70 days: Permit for flammable products (SE/12)
United Kingdom (UK)	2-3 weeks: Data Protection Registration (UK/01)
Iceland (IS)	45 days: Operating Permit Public Health Authority (IS/04)
Liechtenstein (LI)	1 day: Trade licence (LI/01)
Norway (NO)	3 months: Permission to import, sell and use laser products (NO/14) [Not applicable to all companies]
Montenegro (ME)	134 days: Decision Environmental Impact Assessment (ME/23) 120 days: Integrated permit (pollution/environment) (ME/22)
FYROM (MK)	60 days: B-Integrated Ecological Licence (IPPC) (MK/13)
Albania (AL)	35 days: Environmental Permit (AL/03)
Serbia (RS)	n/a
Turkey (TR)	15 days: Capacity Report (TR/07)
Israel (IL)	45 days: Licence of the Israeli Standards Institute (IL/12)

## 8.4 Time taken to obtain all licences

As with the other sectors, the total time to obtain all licences for a manufacturer of small IT devices can exceed the longest time taken to obtain any individual licence, although this tends to be the case only in a small number of countries.

The table in Annex Seven presents reported instances, based on evidence emerging from the national research. From the table, we can see the total time is greater than the time to obtain any individual licence in at least three countries. In Poland, such sequencing adds considerably to the total time taken. In the Czech and Slovak Republics, the total time remains very short, despite the need to obtain licences in sequence. The total time for all licences is also longer in 3 CIP countries. In Turkey and Israel this is a result of sequencing, but what causes delays in Montenegro is mostly the fact of having to obtain 10 licences, two of which are very time-consuming.

Where a company requires a licence related to environmental impact or pollution prevention, this can significantly increase the time taken to obtain licences. However, such licences are often required only where new buildings or production plants are being constructed or renovated; many manufacturers would not require them. Similarly, the need to gain permission to erect a sign might add to the total time, notably in France, but some companies might consider this to be an optional activity and that production of steel products would not be delayed by the lack of signage.

## 8.5 Fees charged for all licences

Figure 8.3 provides the total fees chargeable for all licences required for a manufacturer of small IT devices.<sup>52</sup>

As in previous sections, the fees and charges identified as being associated with licence procedures mainly relate to direct fees and charges made by the licencing authority. There is no reference to the costs involved in conducting a technical analysis or in preparing the documentation required for a licence costs involved in conducting a technical analysis or in preparing the documentation required for a licence or permit and other professional inputs.

There is considerable variation, not only in the total costs associated with licences in this sector, but also in the charges made for similar types of licence. There are a number of countries in which the costs involved are minimal and in Denmark, the Netherlands, Finland and the UK, there are no charges, (although in the Netherlands, an environmental study is required that incurs other costs). On the other hand, in five Member States and 2 CIP countries (FYROM and Israel) the costs are over €1,000. Furthermore there is a considerable range in the charges for a basic licence to operate or the entry into a trade register, when this is required. In Iceland, registering a Private Limited Company costs €845 and in Liechtenstein a Trade licence costs €500, while it only costs €78 to obtain a general Business Licence in Israel and it is free of charge to register a business in FYROM and get a Licence to operate in Montenegro.

Perhaps unsurprisingly, it is the licences that take longest to obtain that also tend to require payment of the highest fees. Again, these mostly relate to buildings and premises and/or environmental considerations. For example, the Integrated

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<sup>52</sup> A table in Annex Seven provides the fees chargeable for each individual licence.

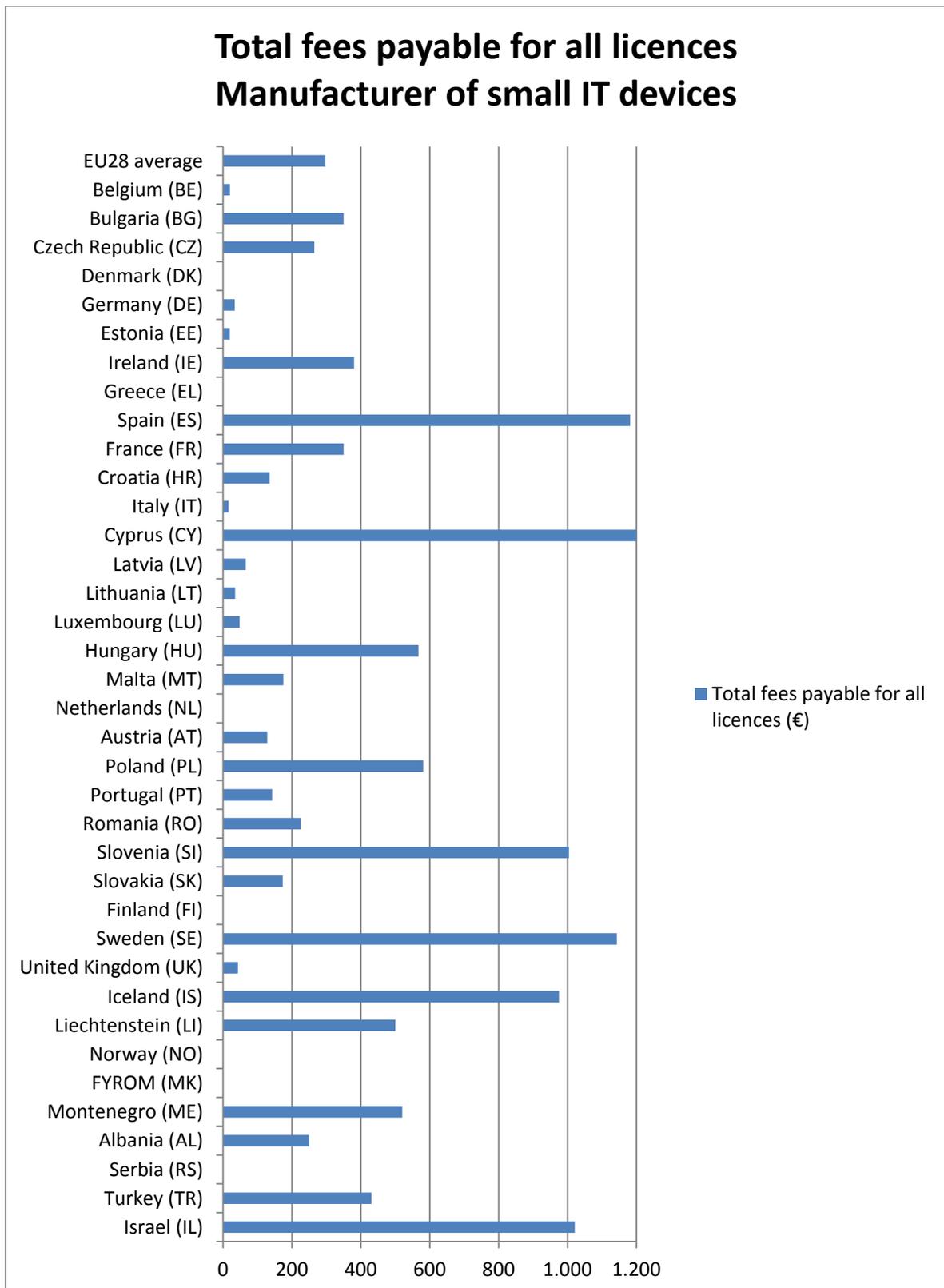
Environment licence in FYROM costs €3,000. The only fee payable in Bulgaria relates to the Permit of use or certificate for commissioning of the site, whilst in Ireland only the Discharge to Waters licence requires a fee. Similarly, in Cyprus, the Licence for operation of professional premises is one of two licences costing €600. Safety of premises, including fire safety, can also be one of the more costly forms of licencing, particularly since it can involve on-site inspection. In Slovenia, the certificate for a professional responsible for fire safety and/or safety at work can cost €635.20, although this is not a licence as such. Where they are required, fire-related permits appear to be cheaper in CIP countries, for example €100 in Israel and €50-€500 in Montenegro, depending on company size.

Another potentially significant area of cost relates to the health and safety of employees. Such costs tend to be generic to all sectors and often relate to compulsory activities, rather than to ex-ante licencing per se. For example, employers in Poland are required to undertake a medical examination of all new employees; the level of fees directly depends on the number of employees. In Lithuania, all employees must possess a health certificate, the cost of which is incurred by the employee. In Latvia, it is necessary to provide training for employees in fire safety, first aid and occupational health and safety.

Whilst the fees chargeable for each licence might seem relatively modest in each Member State (i.e. less than €1,700), it should be noted that they do not include charges that applicants would incur in preparing their applications. Most notably, the various environmental permits typically require an environmental assessment report, including in Spain and the Netherlands. For example, in Spain there is no fee for the Environmental Permit but the environmental assessment report might cost €3,000.

At the same time, it should also be noted that not all of the fees presented in the table would necessarily be charged to all producers. In particular, where production processes pose lower risks to employee safety and/or to the environment, the fees would often be substantially reduced. For example, a Swedish producer that does not use flammable products or hazardous chemicals would need only to pay the €213 fee for company registration. Similarly, the only fee payable in Bulgaria would relate to a new production site, i.e. a one-off rather than a recurring fee.

**Figure 8.3 Fees chargeable for all licences (manufacturer of small IT devices)**



## **8.6 Summary of key findings**

- The number of licences required by producers of small IT devices is relatively few in the majority of Member States, i.e. no more than 2 licences are required in 18 Member States and no more than 6 in any Member State. In four CIP countries there are 2 licences or fewer (EEA countries and Albania), as opposed to three countries where there are 9 or 10 licences.
- Nearly all licences are generic licences to all/most sectors, rather than being specific to this type of producer.
- Licencing requirements are particularly light in cases where production does not pose risks to the health and safety of employees or to the environment. This might in fact be the case for a significant proportion of producers of small IT devices, perhaps even a majority.
- Less than 3 months is required to obtain the licences required in all but four Member States and 2 CIP countries. In four of these, all licences tend to be issued around the 3 month mark. Only in Montenegro (and sometimes in Spain), does it take consistently longer than three months due to environmental considerations.
- For many, perhaps most applicants in these six countries, the time in practice is likely to be significantly less than three months, especially if the applications are complete, unless their production poses significant risks to health and safety of employees or to the environment.
- Where production poses risks to the environment, the total time taken to obtain licences might be considerably longer than the “headline” indicators presented here. In particular, the need to prepare environmental impact assessments (in advance of certain types of licence application) can significantly extend the time required.
- The total time taken to obtain all licences can take up to 3 months in five EU countries (Austria, Italy, Poland, Romania, Spain) and 2 CIP countries (FYROM, Israel), but is likely to exceed three months in very few cases. This is the case in Montenegro where the Environment Impact Assessment can take up to 4-6 months. In these and other countries there can be considerable variation: not all licences might be required by any particular business, time taken can vary by region and renewals may be shorter or even unnecessary.
- Licences require to be obtained in sequence in at least three EU countries and 2 CIP countries. In Poland, Turkey and Israel such sequencing can add considerably to the total time taken, whilst in the Czech Republic and Slovakia, it does not.
- The total fees payable to licencing authorities tend to vary between €0 and €1,700 in the 28 Member States. In non-Member States they vary between €250 and €3,000. The most expensive licences tend to relate to building and premises and/or environmental considerations. Total costs would be significantly lower for producers that do not pose risks to the environment or to health and safety.
- As with the time taken, these headline indicators tend to under-represent the total costs incurred by companies where costs need to be incurred in preparing documents such as environmental impact assessments.

## **9.0 Conclusions and recommendations**

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The report has presented information about how the Member States have responded to the May 2011 Commitment in terms of strategic commitments, reforms and practical actions. We have also presented detailed information about the licences required, time taken to obtain licences and fees payable for each of the five benchmark model companies. Based on this, we now present conclusions on the overall focus of the study, i.e. the compliance by Member States on the time needed to get licences and permits to take up and perform the specific activity of an enterprise as from beginning of 2014.

### **9.1 Progress of the Member States**

#### 9.1.1 Policy commitments

1. Most Member States were already committed to reducing the time, cost and complexity of business licencing in advance of the May 2011 Competitiveness Council. Very few have introduced policies that make explicit reference to the May 2011 commitment. But its aims and principles are reflected in the policies of all Member States. The May 2011 commitment thus represents a “formalisation” of existing policy intentions rather than an entirely new initiative.
2. Since May 2011, several Member States have introduced major reforms to simplify and streamline procedures for business creation and business licencing, most notably Austria, Bulgaria, the Czech Republic, Estonia, Greece, France and Slovakia.
3. Some Member States have introduced legislation reflecting the aims of the May 2011 commitment, notably Denmark, Spain, Croatia, Ireland, Italy, Luxembourg, Malta, the Netherlands, Poland and Portugal.
4. Other Member States have made no specific changes, e.g. Belgium, Cyprus, Finland, Hungary, Latvia, Lithuania, Romania, Slovenia and the UK, although this does not mean that they are not complying or performing any worse than other Member States.
5. None of the Member States have adopted an explicit commitment in response to the Commission’s invitation to reduce time for licencing and other authorisations necessary to start a business activity to one month by the end of 2015. Member States are, in general, focussed on reducing the time and complexity without adopting a specific target for time taken.
6. None of the Member States consistently gathers information on the time needed to get all licences and permits.

#### 9.1.2 Actions taken to reduce time, cost and burden of licencing

7. Most Member States have introduced a variety of actions to reduce the time, cost and burden associated with licencing. There is no single solution which will remove all difficulties associated with licencing. Instead, each Member State adopts the particular mix of measures which best fits their situation.

8. The move to an approach based on compliance, self-declaration and subsequent inspection rather than prior licencing can reduce the potential for business activities to be delayed. Such approaches should be supported by clear guidance and support for enterprises not only to enable them comply but also to minimise the risk of adverse effects, e.g. on public safety.
9. Member States have introduced one-stop-shops and on-line portals, which have the potential to significantly reduce the time and cost associated with licencing. Successful examples are those that present a single interface between the applicant and the different licencing authorities, meaning that documentation need only be submitted once.
10. In some Member States, an effective approach has been to allow business operations to commence prior to the granting of licences, with the exception of operations affecting the environment, health and safety.
11. Some of the most effective actions have focussed on helping enterprises to complete a licence application. These have included special "consultation days", where the licencing authority makes officials or experts available for consultation.
12. Above all, enterprises place importance on authorities that are easily contactable, supportive and willing to provide advice. Such a constructive approach can reduce the number of inaccurate or incomplete applications submitted and ensure that errors or omissions are addressed quickly, rather than requiring the applicant to restart the entire process.

## **9.2 Progress across the benchmark model companies**

### 9.2.1 Licences required

13. There is considerable variation in the number and type of licences required across the different benchmark model companies and across the 28 Member States.
14. In some cases, the total number of licences required tends to be understated, as some licences address multiple requirements.
15. Of the five benchmark model companies, hotels with restaurants require the largest number of licences, although there is considerable variation between Member States.
16. Manufacturers of steel products and of IT devices require no more than two or three licences in most Member States. Those licences tend to be generic rather than specific to those sectors.
17. Some manufacturers of steel products and small IT devices can face a greater regulatory burden in ensuring the conformity of products to EU legislation than in securing ex-ante licences and permits. As a result, these benchmark model companies should not necessarily be considered as less heavily regulated than the others.
18. For some activities, enterprises are required to use professionally-qualified staff rather than apply for licences, notably plumbing and food safety. Provided that the vocational education and training system can provide an adequate supply

of such individuals, then enterprises do not face any time constraints in starting their activities.

19. Licencing requirements are highest around: operation of a hotel, sale of alcohol, environmental considerations, fire safety and general safety.
20. Member States impose very few licences related to employees. Only for one of the benchmark model companies in one Member State (Belgium) were enterprises required to demonstrate a clean criminal record. However, some Member States do require most/all of the benchmark model companies to provide compulsory health and safety training for their employees.
21. There are few instances in which cross-border operators are required to gain specific additional licences. Mutual recognition of qualifications has the potential to play an important role for some activities, e.g. plumbing.

### 9.2.2 Time taken to obtain individual licences

22. For most of the five benchmark model companies in most countries, each individual licence can usually be obtained in three months or less.
23. Most plumbing companies can obtain any required licences in less than one month, as can manufacturers of steel products and IT devices in around half of all Member States. For those three types of company, individual licences rarely take more than three months to obtain unless the company's premises or activities give rise to specific hazards, particularly to the environment.
24. Most licences for hotels with restaurants and for wholesale or retail distributors take between 1-3 months to obtain. Licences to sell or distribute alcohol can take longer than three months to obtain in some Member States. The need for on-site inspection of hotels (whether for a general hotel licence or for reasons of safety) can extend the time taken to get licences for a hotel with a restaurant beyond three months.
25. The need to undertake environmental impact assessments in advance of or as part of the licence application process can significantly lengthen the time taken to obtain business licences across all sectors, but particularly the manufacture of steel products and IT devices, as the licencing requirements are otherwise quite light for these benchmark model companies.
26. For companies building, converting or refurbishing business premises, the process of gaining planning permission and other approvals can vastly exceed the time taken to gain licences and permits for the business activity itself. Moreover, where companies can apply for licences for the business activity in parallel to seeking planning permission, it is unlikely that obtaining such licences causes any significant delay to the commencement of business operations.
27. The time taken to obtain licences can vary widely between different localities, even within the same country. This often reflects the capacity and/or efficiency of the municipality. There is, therefore, potential for municipalities and other local licencing authorities to learn from each other, both within a country and across EU28.

### 9.2.3 Time taken to obtain all licences

28. The need to obtain licences in sequence can significantly increase the time taken to obtain licences for some companies in some Member States.
29. The requirement to obtain a large number of licences can also extend the total time taken to obtain all licences, even if licences can be applied for in parallel, since applicants are more likely to submit an incorrect application or lack the resources to submit all applications at once.
30. For hotels, the significant question is whether the applicant wishes to get all licences in place before operating (e.g. for an external sign, open-air furniture, broadcast of recorded music, staging live music) or merely those that are essential to opening the hotel.
31. Poland and Lithuania are two Member States where the need to obtain licences in sequence causes particular difficulty.
32. The difficulties and delays caused by the need to obtain licences in sequence are significantly reduced for businesses that are renewing their licences rather than applying for the first time.
33. The time taken to obtain all licences can be significantly reduced where business associations and chambers of commerce provide support to applicants. However, not all businesses have access to such support.

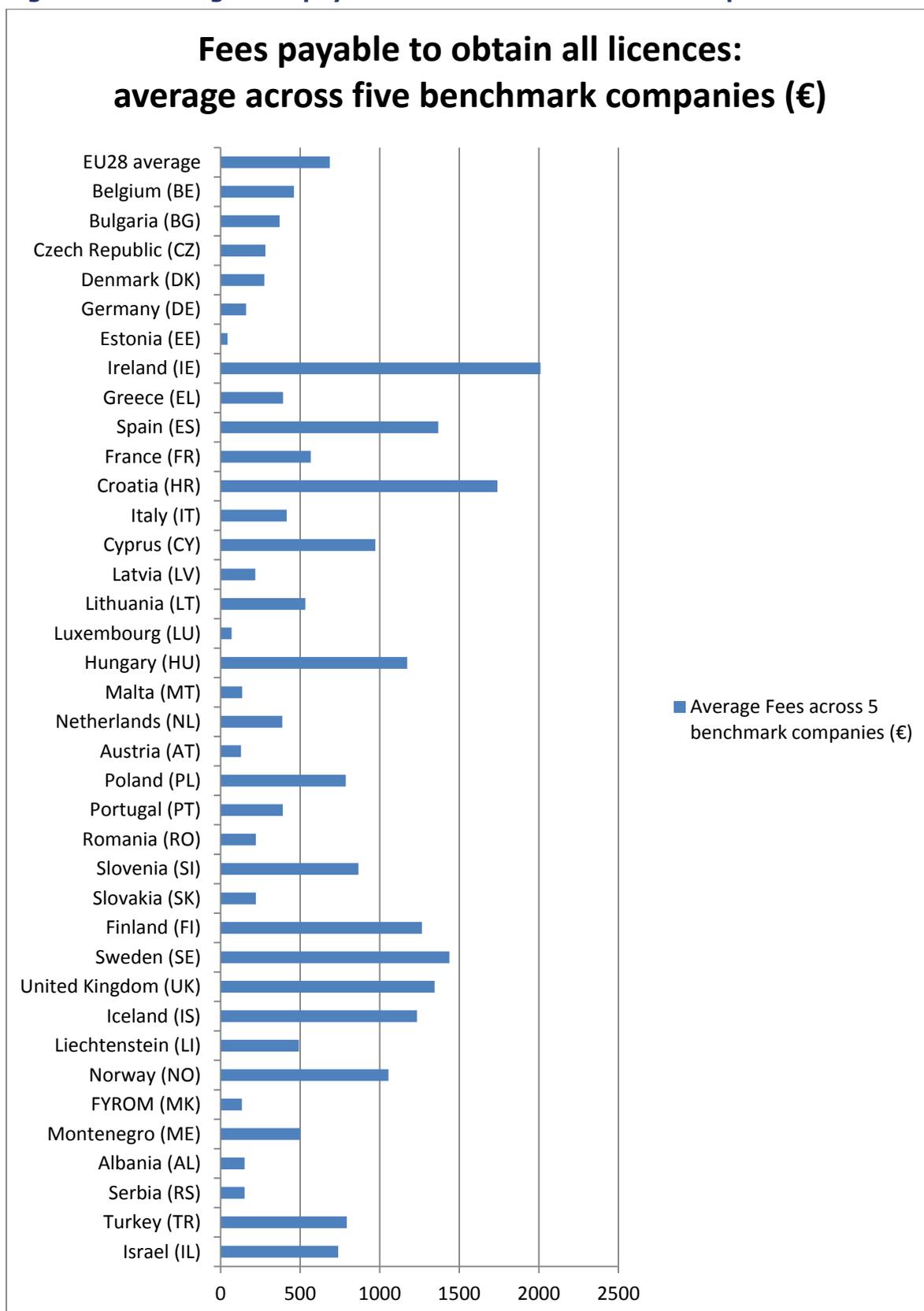
### 9.2.4 Fees charged to obtain licences

34. The fees payable to obtain licences vary widely across Member States and across the different types of benchmark model company, from €0 to €7,000.
35. The average fees payable for all licences range from about €300 (manufacturer of small IT devices) to about €1,235 (hotel with a restaurant).
36. Figure 9.1 below shows the fees payable to obtain all licences as an average across all five benchmark model companies. The average across EU28 is €686 but this again hides variation between the Member States. Average total fees across the five benchmark model companies are less than €100 in Estonia and Luxembourg. In contrast, they exceed €2,000 in Ireland (largely because of one expensive licence for manufacturers of steel products: the Industrial Emissions Licence) and €1,000 in Spain, Croatia, Hungary, Finland, Sweden and the UK.<sup>53</sup>

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<sup>53</sup> Again, these averages should be treated with caution and not considered as “typical” time for all companies in each Member State, for the reasons given in the previous footnote.

**Figure 9.1 Average fees payable across five benchmark companies**



37. The most expensive licences tend to relate to buildings and premises and/or environmental considerations, as well as the general operation and/or classification of a hotel.
38. Licences for the sale or distribution of alcohol and related to food hygiene can also be expensive in some countries.
39. Plumbing companies and manufacturers of steel products and small IT devices typically face licence fees of less than €1,000, perhaps even zero cost, unless their activities or premises raise particular risks to health and safety and the environment.
40. The need to prepare environmental impact assessments in support of a licence application can significantly add to the cost of obtaining a licence, perhaps as much as €10,000.

### **9.3 Performance against the May 2011 Commitment**

The tables and figures that follow provide summary data for the five benchmark model companies across the 28 Member States.<sup>54</sup> Based on the tables and the conclusions already presented, we can make some overall conclusions about performance against the May 2011 Commitment.

41. The actions taken by Member States both before and since the May 2011 Commitment have tended to reduce the time, cost and burden associated with business licencing.
42. Member States have mostly reduced the time needed to get licences and permits to take up and perform the specific activity of an enterprise to three months by the end of 2013.
43. Figure 9.1 below shows the time taken to obtain all licences as an average across all five benchmark model companies. The average across EU28 is 46 days, i.e. about 1.5 months, which is well within the 3-month target set by the May 2011 Commitment. However, there is considerable variation between the Member States; the average in Estonia and Germany is no more than one week, whilst in Austria, Lithuania, Poland and Spain it is about 3 months or more.<sup>55</sup>
44. Only a small number of licences in a few countries tend to take more than 3 months to obtain, as shown in the tables below. Similarly, in only a few cases

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<sup>54</sup> Non-Member States are not included in this analysis, as they have not formally adopted the May 2011 Commitment made by the EU's Competitiveness Council.

<sup>55</sup> These averages should be treated with caution and not considered as the "typical" time for all companies in each Member State; first, a single licence that takes a long time (but is not required by all five benchmark companies) can distort the overall average; second, the benchmark model companies are not equally present in each Member State (e.g. there are many hotels in Cyprus and Malta but very few manufacturers of steel products or small IT devices); third, the importance of each benchmark model company varies between the Member States; fourth, the benchmark model companies are not necessarily representative of companies in each Member State.

- does it take significantly more than 2 months to gain all licences for any of the five benchmark model companies.
45. The exceptions to the 3-month target tend mostly to relate either to: i) the construction of business premises rather than to the business activity itself; ii) business activities that pose significant risks to the environment and/or health and safety.
  46. This broadly positive headline finding does not take into account two factors that can significantly delay the time taken to obtain licences: i) the need to fulfil activities in advance of submitting a licence application, such as preparing an environmental impact assessment; ii) rejection of incomplete or inaccurate applications (for which data is rarely available).
  47. Only four of the Member States have reduced the time for licencing and other authorisations necessary to start a business activity to one month across all five benchmark model companies (see Table 9.1 below). It therefore seems likely that most Member States will not reach this timescale by the end of 2015; indeed, none have explicitly adopted the one-month timescale as a target.
  48. Hotel with a restaurant: it is usually possible to acquire all licences within three months in all Member States, whilst in 11 Member States licences can usually be acquired within about one month or less. The licences that tend to take longest are usually those relating to the general operation of the hotel.
  49. Plumbing company: it is usually possible to acquire all licences within one month in the majority (19) of Member States and in about three months or less in the other Member States. The main regulatory requirements relate to the use of qualified staff, rather than to licenced companies per se.
  50. Wholesale or retail distributor: it is usually possible to acquire all licences in less than 3 months in 24 Member States, whilst in the other 4 it takes about three months. The 'lengthy' licences tend to be related to sale of alcoholic beverages.
  51. Manufacturer of steel products: in 3 Member States it usually takes about three months, whilst in another 3 it usually takes more than 3 months to acquire the necessary licences. In general, there are few, if any, licences or requirements relating to steel products themselves. Some aspects of the production process may require compliance with legislation on an ongoing basis, rather than requiring prior licencing. Licences related to environmental considerations and the use of potentially hazardous products tend to take longest to obtain.
  52. Manufacturer of small IT devices: it is usually possible to acquire all licences within one month in the majority (21) of Member States and in about three months or less in the other Member States, unless there is a need to obtain licences related to environmental considerations and the use of potentially hazardous products.

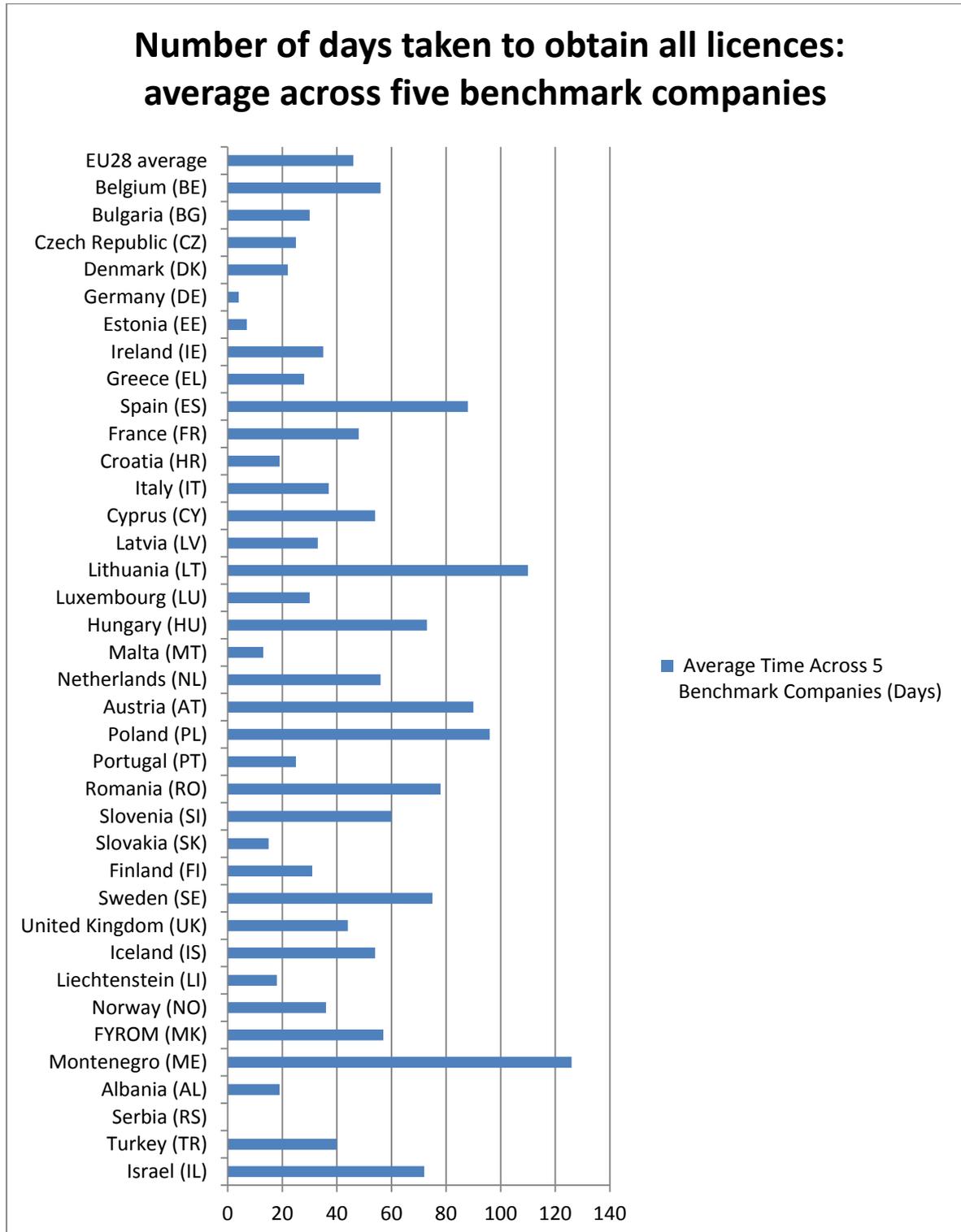
**Table 9.1 Performance against the May 2011 Commitment**

Benchmark company	Performance against the May 2011 Commitment
Hotel with restaurant	<ul style="list-style-type: none"> <li>▪ In 11 Member States, it is usually possible to acquire all licences <b>within 1 month</b> or less (BG, DK, DE, EE, LV, HU, MT, PT, SI, FI, UK).</li> <li>▪ In 7 Member States, it usually takes between <b>1-3 months</b> to acquire all licences (CZ, IE, EL, FR, LT, LU, SK).</li> <li>▪ In 10 Member States, it takes <b>about 3 months</b> to acquire all licences (BE, ES, HR, IT, CY, NL, AT, PL, RO, SE).</li> </ul>
Plumbing company	<ul style="list-style-type: none"> <li>▪ In 19 Member States, it is usually possible to acquire all licences within <b>one month</b> or less (BE, BG, CZ, DE, EE, IE, EL, ES, FR, HR, IT, CY, LV, LU, HU, MT, NL, SK, FI).</li> <li>▪ In 7 Member States, it usually takes between <b>1-3 months</b> to acquire all licences (DK, LT, PL, PT, SI, SE, UK).</li> <li>▪ In 2 Member States, it takes <b>about 3 months</b> to acquire all licences (AT, RO).</li> </ul>
Wholesale or Retail Distributor	<ul style="list-style-type: none"> <li>▪ In 15 Member States, it is usually possible to acquire all licences <b>within 1 month</b> or less (BG, DK, DE, EE, IE, HR, CY, LV, LU, HU, MT, PT, RO, SI, UK).</li> <li>▪ In 9 Member States, it usually takes <b>between 1-3 months</b> to acquire all licences (BE, CZ, EL, ES, FR, IT, LT, PL, SK).</li> <li>▪ In 4 Member States, it takes <b>about 3 months</b> to acquire all licences (NL, AT, FI, SE).</li> </ul>
Manufacturer of steel products	<ul style="list-style-type: none"> <li>▪ In 16 Member States, it is usually possible to acquire all licences within <b>one month</b> or less (BE, BG, CZ, DK, DE, EE, EL, FR, CY, LU, MT, PT, SI, SK, FI, UK).</li> <li>▪ In 6 Member States, it usually takes between <b>1-3 months</b> to acquire all licences (IE, HR, LV, NL, PL, SE).</li> <li>▪ In 3 Member States, it takes <b>about 3 months</b> to acquire all licences (IT, AT, RO).</li> <li>▪ In 3 Member States, it usually takes <b>more than 3 months</b> to acquire all licences (ES, LT, HU).</li> </ul>
Manufacturer of small IT devices	<ul style="list-style-type: none"> <li>▪ In 21 Member States, it is usually possible to acquire all licences <b>within one month</b> or less (BE, BG, CZ, DK, DE, EE, IE, EL, FR, HR, CY, LV, LT, LU, HU, MT, PT, SK, FI, UK).</li> <li>▪ In 3 Member States, it usually takes between <b>1-3 months</b> to acquire all licences (NL, PL, SE).</li> <li>▪ In 4 Member States, it takes <b>about 3 months</b> to acquire all licences (ES, IT, AT, RO).</li> </ul>

**Table 9.2 Performance against the one month benchmark**

Group	Number of Member States
All licences can usually be acquired within about one month for <b>all five</b> benchmark model companies	▪ 4: BG, DE, EE, MT
All licences can usually be acquired within about one month for <b>four of the five</b> benchmark model companies	▪ 9: DK, CY, LV, LU, HU, PT, SI, FI, UK
All licences can usually be acquired within about one month for <b>three of the five</b> benchmark model companies	▪ 7: BE, CZ, IE, EL, FR, HR, SK
All licences can usually be acquired within about one month for <b>two of the five</b> benchmark model companies	▪ 0
All licences can usually be acquired within about one month for <b>one of the five</b> benchmark model companies	▪ 5: ES, IT, LT, NL, RO
All licences can usually be acquired within about one month for <b>none of the five</b> benchmark model companies	▪ 3: AT, PL, SE

**Figure 9.1 Average time taken across five benchmark companies**



## 9.4 Recommendations

### 9.4.1 Recommendations for the European Commission

We offer here a number of recommendations for further action at EU level, based on the conclusions presented above. The recommendations take account of the fact that licencing tends to be a competence held at the national or regional level, with action at EU level relating mostly to voluntary co-operation between the Member States.

- Recommendation 1: The Commission should reconsider the desirability and feasibility of the target of reducing the time taken to get licences to one month by 2015. Such reconsideration must take account of the fact that approval for certain business activities requires a proper process of consultation and risk-assessment to be undertaken, which may require more than one month. This is particularly relevant to licences for activities that pose a risk to the environment, health or safety or that potentially have an impact on the business's locality (e.g. operation of a hotel, sale of alcoholic beverages).
- Recommendation 2: The Commission should consider creating a European-level portal that provides links to portals at national level, drawing on the example of the portal operated by the USA's Small Business Administration.<sup>56</sup> This would be of particular value to those wishing to start a business activity in another Member State.
- Recommendation 3: The Commission should investigate in more depth the relationship between compliance with environmental legislation and the time taken to obtain business licences. In particular, it should consider the extent to which EU environmental legislation lengthens the time and whether any steps can be taken to reduce that time without adversely affecting the achievement of environmental policy goals.
- Recommendation 4: The Commission should look to involve the SME Envoys Network in the implementation of Recommendations 1, 5, 6 11 and 12, for example, through a discussion of the issue of business licencing at Network meetings.
- Recommendation 5: Given the diversity of licences, licence requirements and time taken, the Commission should consider taking steps to draw together evidence from research published at national level, for example, through a meta-analysis exercise or through encouraging co-operation between relevant research institutes.
- Recommendation 6: The Commission should consider repeating the current study in three years' time in order to update the list of licences required and check progress in reducing the time, complexity and cost associated with licencing.
- Recommendation 7: The Commission should encourage the spread of good practice in reducing the time, cost and complexity of licencing. This might cover themes such as one-stop-shops, on-line portals, compliance-based approaches, relaxation of licencing requirements, minimising duplication of required

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<sup>56</sup> <https://www.sba.gov/licenses-and-permits>

information, support for applicants (e.g. discussing the application in advance of submission, provision of feedback), methodologies and tools for measuring performance. Specific actions could include:

- Peer learning, dialogue and exchange of experience between Member States, e.g. through seminars, working groups and study visits;
- Creation of benchmarking tools; and
- Further research and publications containing advice, guidance, key success factors and good practice examples.

#### 9.4.2 Recommendations for the Member States

We offer here a number of recommendations for the relevant authorities at national, regional or local level in the Member States.

- Recommendation 8: Member States are encouraged to introduce national portals that allow users to search for information on business licences and permits by region or locality and by business sector. Member States could learn from the portals operated in other countries, such as BizPal in Canada<sup>57</sup> and GO-Biz in California.<sup>58</sup>
- Recommendation 9: Member States might consider requiring licencing authorities to publish data on key performance indicators, such as the time taken to issue licences. In doing so, the Commission should draw attention to good practice examples, such as that of the California State Department of Alcoholic Beverage Control.
- Recommendation 10: Member States might consider requiring licencing authorities to gather and publish consistent data on the number and percentage of licence applications rejected for being inaccurate or incomplete.
- Recommendation 11: Member States should consider how they can learn from good practice in other Member States and/or benchmark their performance both at national level and at operational level. Such learning and benchmarking would include involvement in any activities organised by the Commission and could include the themes listed in Recommendation 7 above.

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<sup>57</sup> <http://www.bizpal.ca/en/>

<sup>58</sup> <http://www.calgold.ca.gov/>



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