

European Committee under the Government of the Republic of Lithuania

**METHODOLOGICAL GUIDE ON
REGULATORY IMPACT
ASSESSMENT**

Vilnius, 2000

Content:

I. GENERAL INFORMATION ON THE REGULATORY IMPACT ASSESSMENT	3
1. Introduction.....	3
2. The Regulatory Impact Assessment as an attribute of the good governance practice.....	4
2.1. Definition of the Regulatory Impact Assessment.....	4
2.2. Functions of the Regulatory Impact Assessment	5
3. Stages of the Regulatory Impact Assessment	5
II. HOW TO CONDUCT THE REGULATORY IMPACT ASSESSMENT	8
1. Methodology on the Regulatory Impact Assessment.....	8
1.1. General Information	8
1.2. Typical Structure of the Regulatory Impact Assessment	8
1.2.1. Title, purpose and intended result of the legal act.....	9
1.2.2. Options/alternatives	9
1.2.3. Benefits	9
1.2.4. Costs.....	10
1.2.5. Opinion of businesses, trade unions, experts and other community groups.....	11
1.2.6. Summary and recommendations	11
1.2.7. Enforcement, sanctions, monitoring and review	11
2. Standard Questionnaire to Assess the Implications of the Implementation of the legal act (group of acts).....	12
2.1. Administrative impact.....	12
2.2. Budgetary impact.....	12
2.3. Impact on Business (Microeconomic Implications).....	13
2.4. Economic Impact (Macroeconomic Implications).....	13
2.5. Social and Environmental Impact	14
2.6. Impact of Other Kind/Nature	14
III. APPLYING THE REGULATORY IMPACT ASSESSMENT TO ESTIMATE THE EFFECTS OF THE INTEGRATION.....	15
1. Estimating the effects of Lithuania's integration into the EU.....	15
2. Motives and advantages of using the Regulatory Impact Assessment to assess the effects of integration	15
3. The limitations of using the Regulatory Impact Assessment in the context of the EU accession..	17
ANNEX 1. Standard questionnaire on the first stage Regulatory Impact Assessment (preliminary analysis)	19
ANNEX 2. Relative Example of the Regulatory Impact Assessment.....	23
1. Title of the Regulatory Legal Act	23
2. Purpose and Intended Result of the Legal Act.....	23
3. Options.....	23
4. Benefits	24
5. Costs	24
6. Consultations with representatives of different organisations.....	26
7. Summary and recommendations	26
8. Implementation, sanctions, monitoring and review	26
ANNEX 3. Example of the Regulatory Impact Assessment: Low Voltage Directive	27
1. The Legal Act under the investigation	27
2. Research method.....	36
3. Methodological documents of the research.....	42

I. General Information on the Regulatory Impact Assessment

1. Introduction

Every type of activity might be defined as a rational one if and only if it has clearly identified objectives. These objectives have to be trying to achieve by using most suitable means. One of the ways to guarantee such rationality is an assessment of implications of the activity planned.

This is especially distinct when it concerns activities aiming to achieve complex and complicated objectives. In such a case disregard to the implications might be mirrored in failed attempts to achieve planned goals, postponed deadlines or even squander of financial resources.

Public policy is not an exception as well. The explanation for this is quite simple to provide – all the legal basis (legal acts) aims to regulate activities of business, institutions of national or local administration, non-governmental organisations, etc. It means it puts impact of different level of intensity on the behaviour of these mentioned actors.

It means, the assessment of the implications of a new legal act is an indispensable part of high effectiveness and culture of administrative work.

It also provides grounds for mutual understanding and strategic co-operation among public administration, employers and trade unions during the process of Lithuania's accession to the European Union (EU) as well as in the context of rationalisation of decision-making in Lithuania.

Following the decision of the Governmental European Integration Commission of October 22, 1999, European Committee under the Government of the Republic of Lithuania (European Committee) has prepared *Concept Paper on the Assessment of Impact of Lithuania's integration into the European Union*. *Concept Paper* was adopted by the Governmental European Integration Commission on December 24, 1999. Later on it was approved by the Negotiations Delegation.

To implement the guides prescribed in the *Concept Paper* the European Committee has prepared *the Questionnaire* to assess impact of the transposition of the EU legal acts. *Methodological Guidelines* (to fill mentioned Questionnaire in) as well as *Recommendations for the Primary impact assessment* were sent to the Negotiation Delegation. These actions started the implementation of so-called first stage of assessment of effects of integration.

This stage was concluded by presenting *The Report on Implications of Lithuania's Integration into the European Union (Generalisations and Conclusions of the First Stage of Analysis)*.

This Methodological Guide provides main methodological principles to evaluate the most likely impact of every legal act (not only those related to Lithuania's accession to the EU)).

There are 4 stages of the Regulatory Impact Assessment (RIA) depending on depth and intensity of research. Preliminary assessment (stage one), from the standpoint of the European Committee has to be obligatory for every legal act drafted in Lithuania.

Noteworthy, that this Guide provides main principles of the RIA in quite general way. Adjustment of these principles has to be influenced by the needs and nature of every single research.

The Methodological Guide consists from three chapters. The first one deals with the definition of the RIA, its general methodological principles and functions as well as different stages of assessment. Chapter Two elaborates these principles in more detailed way. Finally, third part of the Guide discusses applying the RIA to the estimation of effects of Lithuania's accession to the EU. Annexes lay down standard questionnaire of the first stage assessment, relative example of the RIA and summary of one of the assessments carried out in Lithuania in 2000.

This material has to serve as a tool for civil servants and experts who are going to participate in the RIA projects in Lithuania.

2. The Regulatory Impact Assessment as an attribute of the good governance practice

2.1. Definition of the Regulatory Impact Assessment

The RIA is a tool to gather information and make some generalisations on positive and negative effects of drafted legislation.

Research, conducted according to the principles laid in this Guide down, allows choose most appropriate way to achieve objectives raised or, to put it differently, to evaluate major feasible alternatives of dealing with the very specific problem. The RIA might prove that:

- There is no need to change *status quo*;
-
- It is enough to improve the implementation of the legislation already approved;
-
- It is necessary to make amendments to the existing legal acts.
-
- It is also has to be underlined that politicians, responsible for decision-making, might not follow the recommendations of the RIA in every situation. In spite of this the RIA has to accompany every draft legal act.
-
- In its simplest form the RIA can be a list in qualitative terms of the expected positive, negative and indeterminate impacts of the intended legislative action. In its more sophisticated form a the RIA can be a rigorous cost and benefit analysis, sometimes using a large scale econometric model of the economy, with input from economists, engineers, and other experts.

2.2. Functions of the Regulatory Impact Assessment

The RIA acts as a multi-sided tool of efficient governance. It contributes to:

- Improving understanding of real-world impacts of government action (**analytical tool**);
- Raising effectiveness and efficiency of public administration (**rationality tool**);
- Integrating multiple policy objectives (**co-ordination tool**);
- Improving transparency and consultation to improve the responsiveness of the government (**consultation tool**);
- Improving government accountability through the provision of more extensive information on and the demonstration of how government decisions benefit society (**accountability tool**)¹.

3. Stages of the Regulatory Impact Assessment

It is recommended to implement the RIA by stages. As Recommendations of the Council of the OECD on Improving the Quality of Government Regulation (OECD, 1995) put it, governments should take a pragmatic and realistic approach to the issue.

Resources invested in the cost and benefit estimation should increase with the potential impact of the regulation. For less important regulations, rough cost estimates can be gained through consultations with the regulated community.

Qualitative assessments may be a useful beginning where analytical skills are low, cost of information collection is high, or where there is little consensus on how to

¹ See: OECD Reference Checklist for Regulatory Decision-Making, OECD, 1995.

value benefits. Regulations with larger effects might justify more precise forms of analysis, including effects on competition, international competitiveness, and innovation activities.

Stages of the RIA (approach, used by the European Commission)

1. **Preliminary analysis** – establishing whether business is likely to be affected; which type of enterprises would be most affected;
2. **Micro analysis** – identifying direct costs on a recurring and non-recurring basis;
3. **Overall analysis of impact on business** – including consideration of the impact on domestic and cross-border competitiveness; effects on employment, investment and the creation of new business; and the specific problems of Small and Medium Enterprises (SMEs). Monitoring and review procedures should be set out;
4. **Macro analysis** – consideration of macroeconomic, social and environmental effects, including indirect impacts on competitors, suppliers and distributors, on subcontractors and on other business sectors not specifically covered by the proposals. Indirect effects on transportation and on the retail and distribution sector are highlighted.

These stages of the RIA can be put into the table.

Table 1.
Stages of the Regulatory Impact Assessment (according to the intensity of the research)

	Qualitative Assessment	Approximate Quantitative Assessment	Quantitative Assessment of Direct Impact	Complex Qualitative and Quantitative Assessment of both Direct and Indirect Impacts
	<i>Identification of the scale of positive and negative impact on different actors</i>	<i>Assessment of direct impact on business, society, governmental institutions</i>	<i>Comprehensive assessment of impact on business, data aggregation on the level of industry</i>	<i>Comprehensive assessment of economic, social, environmental and political aspects of impact</i>
Primary assessment	+	-	-	-
Micro-analysis	+	+	-	-
Overall analysis of impact on business	+	+	+	-
Macro-analysis	+	+	+	+

Assessments of stage one and stage two (namely Primary assessment and Micro analysis) have to be carried out by the civil servants responsible for drafting of legal act investigated while further stages of the RIA cannot be conducted without knowledge and experience of experts.

Some **criteria** can be useful to decide which of the RIA stages needs to be carried out:

- Primary assessment has to be done for every draft legal act;
-
- If the results of primary assessment indicate relatively strong impact (or impact is uncertain) micro-analysis has to be conducted; Institution responsible for the assessment has to gather supplementary information. Further consultations and co-operation with the interest groups are welcome;
-
- If considerable negative impact falls on business in general, separate industry/ies, region, small or medium enterprises (etc.) overall impact analysis on business has to be conducted in close co-operation among interest groups concerned, consultancy firms and governmental institutions;
-
- Some pieces of legislation can have a particular impact on business environment, revenue – expenditure structure, environment, etc. This is the situation when Macro-level analysis is necessary to carry out.
-
- Primary assessment should accompany every single draft legal act. Its results determine the need to continue with further stages of the RIA.
-
- After the RIA has been concluded it is necessary to elaborate recommendations on the implementation of the legislation under investigation. Later on action plan needs to be prepared aiming to mitigate negative effects and exploit positive impact.

II. HOW TO CONDUCT THE REGULATORY IMPACT ASSESSMENT

This chapter of the Guide provides standard methodology of the RIA. Nevertheless, general principles of the RIA have to be adopted for every individual research.

1. Methodology on the Regulatory Impact Assessment

1.1. General Information

Transposition of the EU legal acts into the national law and their actual implementation has an unavoidable impact on business enterprises, social groups and places an additional burden on the national budget. The more exact assessment of the implications of new legal acts, the better these act will be developed and the better conditions will be created for business and the society to prepare for their enforcement.

During the RIA the particular attention has to be paid to the negative impact of the draft legal act to the business (e.g. increased costs), general public or different social groups, national or local budgets, etc.

Nevertheless, almost every piece of legislation aims to guarantee the social security, improve the environmental protection or functioning of the market economy as well as to take the international obligations of the country. These factors stimulate interests to the positive impact as well.

1.2. Typical Structure of the Regulatory Impact Assessment

Assessment of the Implications of a regulatory legal act consists of the following elements:

1. Title, purpose and intended result of the regulatory legal act;
2. Options (in implementation of the EU legal acts the options are limited to the sequence of activities);
3. Benefits (reduction or elimination of risks or damage, other benefits);
4. Costs for business and the public (aggregate impact); effects on the environment; costs to individual social groups, individual business sectors; costs to small business separately;
5. Opinions of representatives of business associations, trade unions, non-governmental organisations, other interest groups, individual experts, and a commentary of the author of the draft legal act;

6. Summary and recommendations;
7. Enforcement, sanctions, monitoring and review.

More detailed content of each of the above elements is given below.

1.2.1. Title, purpose and intended result of the legal act

- (a) To define the **problem** or/and the **phenomenon** to be regulated. Identification of its scope (where possible, its quantitative parameters have to be provided);
- (b) **Title** of the EU legal act (acts) to be implemented by the Lithuanian legal act (group of acts), definition of the **aim** of such regulation;
- (c) The most of the regulatory legal acts are aimed at protecting workers and consumers' health and ensuring their safety as well as reducing environmental damage. Therefore, it is important to assess as accurately as possible the **scope** of risks to health, safety and environment (based on relevant statistical data). Expert assistance might be needed. Some legal acts are not related to reducing risks and their purpose is to protect property rights and ensure faultless performance of contracts, improve functioning of the market mechanism and fulfil international obligations of the country. In this case, definition of the purpose will suffice (see point (b)).

1.2.2. Options/alternatives

As said before, the alternatives of implementing the EU legal acts are confined to the option to choose deadlines of their compulsory implementation and to manipulate different versions of the succession of steps. You will have such an option only if the implications of implementing regulatory enactments within a relevant area of the EU law (an *acquis* chapter) are accurately assessed and known to you. It should be noted that risk assessments provided by experts may differ from the attitude of the country's general public as regards the necessity to regulate that phenomenon; therefore, this should be taken into account.

1.2.3. Benefits ²

- (a) Identification of the **direct** benefits and beneficiaries following the implementation of the new legal act;
- (b) Identification of the type of **indirect** benefits and beneficiaries following the implementation of the new legal act. (In implementing the requirements of the EU legal acts, a positive indirect implication will often be improvement in conditions for business enterprises of the respective branch of economy to enter the EU markets, the increase in consumer rights protection and freedom of choice scope);

² A more detailed guide for benefits and costs calculation is provided by *Standard Questionnaire* (see Annex 2).

- (c) **Quantitative** assessment of direct and indirect (separately) benefits **in monetary terms**, in market prices where possible. The methods of making calculations should be indicated.

1.2.4. Costs

- (a) Identification of specific **negative implications and their subjects** (by whom and where the negative impact is experienced);
- (b) Assessment of the costs³ incurred by the **business sector**: what specific costs are incurred by different segments of the business sector (branches of goods or services production, groups of businessmen, the businesses in specified regions) in implementing this legal act, how these costs are divided into recurring (annual) and non-recurring costs;
- (c) The same assessment is made in identifying negative implications for the **society**: identification of general negative impact on the society (for example, business may have succeeded in transferring part of the costs which increased due to stricter regulation to consumers through product prices), identification of the social groups which experience larger direct or indirect costs than other groups because of this legal act⁴;
- (d) The same identification and calculation of costs incurred by the **public (state) sector**: state and/or municipal budgets or budgets of respective institutions. These costs must be calculated for all the stages of the implementation of a specific legal act: the transposition of the legal act in the national law, relevant institutional restructuring/development and training of specialists and monitoring and control of the enforcement of the legal act (the transposition of a legal act often means direct labour costs of a central institution, whereas monitoring of its enforcement is delegated to municipal institutions).
- (e) It is necessary to evaluate the future implications, both direct and indirect, to the **environment**; where possible, monetary terms are to be given to these calculations as well;
- (f) In assessing costs (and benefits) we should define all **assumptions made** in calculations. There is no need to artificially increase accuracy of the results. The approximate nature of the assessment can be best demonstrated by providing extreme values (maximum and minimum) of possible (likely) estimations and averages;

³ Costs are calculated by multiplying capital, labour and material costs by their market prices (respectively interest rate, work pay and prices of goods and services respectively; commissioned works are included in the accounts according to their paid value).

⁴ It is necessary to assess as accurately as possible whether an unproportionately large portion of negative implications will be borne by some small business or social group. Sometimes even a very effective measure (from the point of view of the ratio of costs and benefits) may be socially less acceptable when its costs fall on a small and/or socially more vulnerable group (for example, pensioners, disabled, youth or small businessmen) and the benefits are enjoyed by other social group or spread throughout the whole society. In these cases even very small costs may be difficult to bear.

- (g) The volume of resources employed in the assessment of implications of a regulatory legal act must **be in line** with the significance of the new legal act.

1.2.5. Opinion of businesses, trade unions, experts and other community groups

Describing of the consulting and data collection activities performed during the drafting of this legal act: what organisations of business representatives, trade unions and/or their associations, non-governmental organisations, charitable organisations, consumer representative organisations, other non-political structures representing the interests of social groups were met, what were other forms of collecting information on their opinions and interests? Commentaries on the arguments of interest groups are provided.

1.2.6. Summary and recommendations

This is the consolidated part of the analysis of implications: it contains all generalised assessments of benefits and costs, most often in the form of a table. Concrete indications are given as to what costs will be incurred and/or benefits experienced by which sector or social group. Authors of the draft legal act can give their opinion (recommendations) here on the enforcement of the legal act, on the need for broader and deeper impact evaluation, on the means of softening the negative part of the impact.

1.2.7. Enforcement, sanctions, monitoring and review

- (a) The **procedure** and **deadlines** for enforcing this legal act are established; assessments are made whether that procedure or deadlines may result in additional costs or other negative implications on all the subjects mentioned here;
- (b) As a rule, legal acts directly or indirectly provide **sanctions** for failure to fulfil the requirements of the legislation. Assessments should be made whether the procedure for the implementation and enforcement monitoring will be so urgent and strict as to force the institution monitoring its enforcement to assume a passive role and turn a blind eye at the failure to follow its requirements. Sanctions for non-fulfilment of the requirements must also be adequate to the problem;
- (c) **The body** to monitor the enforcement of the legal act is defined;
- (d) The conditions for **revision** of this legal act are established.

2. Standard Questionnaire to Assess the Implications of the Implementation of the legal act (group of acts)

2.1. Administrative impact

- What is the scope of **law harmonisation** work still to be done (how many legal acts are in this chapter, how many have been transposed into the national law, how many are already in force)?
- What **new institutions** need to be set up in order to implement the whole *acquis* of the area and ensure enforcement of the adopted legal acts? What should be their individual structure, size and functions (please specify the main characteristics)?
- What changes (expansion, restructuring, changes in subordination and/or functions, improvement of the technical framework, etc.) need to be done in the **operating institutions** and their functions?
- What is the volume of **staff training** needed and to what extent technical assistance of foreign experts is necessary for such training?
- What are the steps to be taken immediately (in **short term**, i.e. during the coming year) and in **medium term**?

2.2. Budgetary impact

- Will **additional funding** be needed for the remaining legal harmonisation work (recruitment of additional staff, remuneration for experts' work, commissioning the preparation of new draft legal acts)? Please specify the content of such work and the amount of funds needed.
- What are **the costs** of setting up new institutions, restructuring existing institutions and training experts by capital costs, current material costs and labour pay costs (please give data as accurately as presently possible)? Please specify separately non-recurring (investment, training) costs and recurring (annual) costs.
- How those costs will **be financed** (if from more than one source, please specify the share of each source)?
 - (a) state budget,
 - (b) municipal budget,
 - (c) own financial resources of the institution,
 - (d) introducing a fee to the applicants (clients),
 - (e) external non-repayable financial aid (the EU funds: PHARE, SAPARD, ISPA, assistance of the EU member states, other external aid),
 - (f) domestic and foreign borrowing.

Note: Assessment is to be made here only of the costs of public administration (costs of transposition, implementation, enforcement, monitoring and control), including indication of the sources of their financing. Costs incurred by business enterprises are identified separately (see Chapter 2).

2.3. Impact on Business (Microeconomic Implications)

- Direct implications of implementing the legal act on consideration to business enterprises:
 - (a) How much additional non-recurring costs (investment, training and other) will it require?
 - (b) What will the increase in their current costs be?
 - (c) Will it affect (directly) the competitiveness of production (goods or services) on the domestic and/or foreign markets (costs, prices, quality, compliance with technical and sanitary requirements, etc.)?
 - (d) What will be the direct impact on the export of their production?
- Indirect implications of implementing the legal act to business enterprises
 - (a) How will it influence future investment decisions and output growth?
 - (b) How will it affect business enterprises of other sectors?
- What are other likely changes in the operating conditions of business enterprises after the full implementation of the legal act?

2.4. Economic Impact (Macroeconomic Implications)

- Impact on price level (inflation rate);
- Impact on output growth (on investments and their return);
- Impact on export;
- Impact on the foreign trade balance (or in a wider sense, on the current account balance);
- Impact on the aggregate demand and the real income of households (on the level of personal consumption);
- Will it promote saving (increase in savings) within the country?
- What will be possible effect on competition on the market;
- Effects on the state budget (its revenues and expenditures).

2.5. Social and Environmental Impact

- Impact on employment rate and job creation?
- Will all the population be affected the same way?
- Will the effect be the same on all regions of the country?
- Will it have an impact on the equality of men and women, minorities' situation, etc.?
- Will new legal acts have an impact on the environment?
- The future effect on health and safety at work, public health and safety, and consumer protection.

2.6. Impact of Other Kind/Nature

- Direct and indirect (have to be specified separately) effect of the implementation of the legal act:
 - (a) On attaining the country's strategic goals (security, stability and democracy development);
 - (b) On achieving the aims of the EU integration (accession programmes implementation);
 - (c) On the country's international obligations;
 - (d) On the level of performance, effectiveness, and efficiency of public administration.

III. Applying the Regulatory Impact Assessment to estimate the effects of the integration

1. Estimating the effects of Lithuania's integration into the EU

Lithuania's integration into the EU implies significant changes in the economic conditions and political structures of the country. Integration involves:

1. Removing barriers to economic exchange such as customs duties, trade quotas, recognition of professional qualifications, restrictions to purchasing land, flows of capital, etc.
2. Adopting common rules (so-called *acquis communautaire*) and common policies such as common competition policy, common external trade policy, etc.
3. Participation in the joint decision-making institutions such as the European Commission, Council of Ministers, etc.

These measures related with joining the EU have a diverse economic, social and political impact on different groups of society in general and business in particular. Different techniques of impact assessment have been developed over time. Some of them focus on the welfare effects of removing customs duties, others attempt to estimate general economic effects of creating a common market or introducing a common currency, others analyze the effects of re-distributive policies, still others address the impact of adopting common rules regulating economic activities. The latter are usually assessed by using the RIA presented in the first section of this handbook. This section presents the motivations and advantages of using the RIA to assess the impact of integration of Lithuania into the EU as well as its limitations.

2. Motives and advantages of using the Regulatory Impact Assessment to assess the effects of integration

Integration into the EU among other measures involves the adoption the rules governing business activities and the functioning of the economy inside the Single market. The transposition and implementation of these rules is one of the conditions that a country willing to become the EU member has to meet. The adoption of the EU rules constituting altogether about 80,000 pages is a very complex exercise requiring a lot of resources. This process is even more complicated by the constant evolvement of the EU legislation, which has been developing for almost half of a century, and by significantly different level of economic development of candidate countries, including Lithuania.

The main way to minimize potential costs of this complicated and vast exercise is to investigate the impact of implementing the EU rules on different groups of Lithuanian society and economy. The estimates of potential effects of integration can:

1. Reduce uncertainty and help to choose the least costly way to implement the EU rules,
2. To prepare better for membership negotiations and representation of Lithuania's interests once inside the EU and
3. Allow society and business groups to prepare themselves better by informing them about planned integration measures and their potential effects.

The RIA provides an important tool in estimating effects of integration and in addressing the issues presented above. The main advantages of using the RIA to assess the effects of integration are:

1. **The contribution to drafting the negotiating positions.** The RIA is usually used to assess the effects of a single legal act - law, regulation, directive, etc. or a group of legal acts. Negotiations of the EU accession take place by reviewing the implementation of concrete the EU legal acts. Therefore using the RIA can be very useful for advising Lithuanian negotiations on potential costs of legal harmonization and a need for transition periods. The potential of the RIA to evaluate the distribution of impact over time and across society is also instrumental in indicating the needed length of transition periods.
2. **Suggesting ways to minimize costs of legal harmonization.** It should be noted that the EU legal acts have to be transposed and implemented in their entirety without a possibility of permanent derogations being granted. Therefore in this context the RIA can not suggest alternative policies or policy choices such as doing nothing. However, this does not mean that decision-makers in Lithuania have no room for choosing the optimal way of legal harmonization. Majority of the EU legal acts regulating economic activities is in the form of directives, which often specify the objectives to be achieved by leaving the method to the member states. The RIA can help in choosing the most efficient way of achieving the policy objectives indicated in a directive.
3. **Contributing to the budgetary planning process.** The RIA can measure possible effects of legal approximation on state budget directly by suggesting possible costs of creating or reforming regulatory institutions, infrastructure of market supervision needed for a proper implementation of legal acts under analysis. It can also measure potential indirect effects on the budget resulting from estimated trends in economic activity.
4. **Instrumental in using the potential opportunities provided by participation in the EU institutions.** The RIA can help Lithuanian policy makers after Lithuania becomes the EU member by suggesting potential impact of policy decisions suggested by the EU institutions. When the practice of the RIA becomes an established routine in Lithuania, it can help policy makers negotiating inside the EU to represent the interests of its society better. It should be noted that it is not unusual to have transition periods agreed by the EU member states, especially in the area of environment and other process related regulations.

5. **Simplicity of use.** The RIA does not require special software or deep knowledge of econometrics as some other methods do. It can be undertaken by civil servants having a good knowledge of their area of expertise and a sufficient understanding of general functioning of the economy. These are the necessary features of civil servants capable of implementing obligations of the EU membership and public policies in general.
6. **Facilitation of information flows between the state institutions and society.** Assessment of the potential impact of legal acts implies contacts with groups of society, most often business groups, whose activities are regulated by these acts. Impact assessment can not be conducted properly and in a grounded manner without incorporating information provided by those affected. Close and open working relationship between state institutions and business contributes to the transparent policy-making and predictability of policy decisions. The RIA might also indicate areas where society could be particularly sensitive to measures planned thereby illustrating the political feasibility of immediate implementation.

This combination of advantages that characterize the RIA make it an efficient, simple and politically useful instrument of estimating the effects of integration, namely the effects of adopting the EU rules regulating economic activities in the Single market. These advantages can be fully exploited, however, only taking into account the limits of using the RIA in the context of accession into the EU.

3. The limitations of using the Regulatory Impact Assessment in the context of the EU accession

Every method of assessing the impact of integration has its advantages and its limitations. Being aware of limitations of the RIA helps to avoid creating expectations that later are not fulfilled or drawing conclusions that do not necessarily follow from the analysis.

One limitation of using the RIA in the context of the EU accession is the need to implement EU legal acts in their entirety without having an option to pick and choose depending on estimated impact of some legal norms. As it was mentioned above, the RIA can help to choose the most effective method of implementing the EU directives or general policy goals but it can not suggest a NO option in terms of deciding not to implement some of the EU norms if they provide for no improvement over situation before accession.

Another limitation of using the RIA in the context of the EU accession is that it as a rule provides a narrow view of an impact of specific measure or a group of measures at the same time leaving out the broader picture. Therefore, costs of implementing some of the EU legal norm might be compensated by broader positive changes in the economic climate caused by increase in competition. However, as it was mentioned before, this proves to be not only a limitation but also an advantage of the RIA when used for membership negotiation purposes.

Finally, the classic RIA techniques can not be used for assessing the impact of all the EU legal norms simply because it is not possible due to their volume and might

not be necessary. Therefore, there is a need to have criteria that could help to choose the impact of which the EU legal norms should be assessed. These criteria include relying on the expertise and advice of civil servants responsible for implementing the EU legal acts, choosing according to the nature of a regulation itself or using the experience of the EU member states or other applicant countries. These criteria could be complemented and the process of the RIA itself can vary in terms of depth and scope of analysis. Lithuanian authorities (as well as in some other candidate countries) have first made use of civil servants in the line ministries to assess qualitative impact of majority of regulations, which served to select the priority areas where deeper quantitative the RIA has been recommended. In time, however, the RIA techniques could be used for an increasing number of legal norms.

**Annex 1. STANDARD QUESTIONNAIRE ON THE FIRST STAGE
REGULATORY IMPACT ASSESSMENT (PRELIMINARY
ANALYSIS)**

Questionnaire

Legal act (or family of legal acts):

2.

Is this legal act drafted due to the transposition of the requirements of *acquis* into the legal system of Lithuania? YES NO

3. Please define groups that will be mostly affected by the implementation of the requirements laid down in this legal act (draft) (negative impact has to be marked by ‘-’, while the positive one by ‘+’):

Subject	Duration of the impact		Intensity of the Impact	
	Short term	Medium/long term	Strong	Weak
A Business groups				
B Social groups				
C Public institution				

4. Please line up the groups (subjects) according to the intensity of negative as well as positive impact:

Negative impact	Positive impact
1.	1.
2.	2.
3.	3.
4.	4.
5.	5.

5. Please provide us with the list of interest groups you have contacted during this research. What are their main arguments on pros and coins with regard to the implementation of above mentioned legal act. Could you be so kind to comment these arguments.

6. Please fill in a form (impact estimation: 5 [particularly strong impact]; 3 [medium impact]; 1 [no impact expected]). Please, mark only impact associated with the draft legal act investigated:

Element	Topic	Score
A Economic significance (horizontal impact)	1. Changes in output level	5-----3-----1
	2. Impact on price level (inflation rates)	5-----3-----1
	3. Number of employees	5-----3-----1
	4. Changes in export level	5-----3-----1
	5. Opportunities to import	5-----3-----1
	6. Innovations in economic sector	5-----3-----1
	7. Investments level	5-----3-----1

B Enterprises (vertical impact)	8. Additional non-recurring costs	5-----3-----1	
	9. Changes in current expenses (costs)	5-----3-----1	
	10. Need for non-recurring and current expenses for SMEs	5-----3-----1	
	11. Need for non-recurring and current expenses for individual/separate region	5-----3-----1	
	12. Impact on production quality	5-----3-----1	
	13. Impact on the level of competitiveness	5-----3-----1	
	14. Opportunities to export	5-----3-----1	
	15. Opportunities to invest	5-----3-----1	
	16. Opportunities for modernization	5-----3-----1	
	17. Impact unknown, research needs to be carried out	5-----3-----1	
	C Society	18. General level of life quality	5-----3-----1
		19. Social differentiation	5-----3-----1
		20. Uneven cost (benefits) for specific groups	5-----3-----1
		21. Uneven cost (benefits) for specific regions	5-----3-----1
		22. Public perceptions of the effect of implementation of requirements provided in draft legal act	5-----3-----1
		23. Impact on environment	5-----3-----1
		24. Impact on cultural environment	5-----3-----1
25. Impact on consumers' rights, health and protection		5-----3-----1	
D Institutional structure		26. Need to establish new institutions	5-----3-----1
		27. Need to reorganize institutional structure	5-----3-----1
		28. Need for training of public servants	5-----3-----1
		29. Need for granted expenditures at public institutions	5-----3-----1
		30. Need for current expenses at public institutions	5-----3-----1

7. Additional comments (it is necessary if topics 20 and 21 were marked. In such a case please specify groups and regions under the particular impact):

8. Conclusions and recommendations with regard to further steps of impact assessment of this draft legal act:

8.1. If it is necessary to continue with other stages of the regulatory impact assessment, which one of these has to be carried out (please, mark):

1. Micro-analysis	
2. Overall analysis of impact on business	
3. Macro-analysis	

8.2. Please, substantiate your recommendations:

Questionnaire filled in by:(Name, first name,
..... phone number, e-mail
..... address)
..... (position)
.....(institution,
..... division)

Date:

Thank you!

Annex 2. Relative Example of the Regulatory Impact Assessment

1. Title of the Regulatory Legal Act

Rules for selling and operating the “Magic Closet” equipment. Approved by joint Order No 999 of the Minister of Health, the Minister of Social Security and Labour and the Minister of Economy of ... January 2000. Draft.

2. Purpose and Intended Result of the Legal Act

- a) Essence of the problem. “Magic Closet” is a commercial product used for showing the trick of a “disappearing woman”. It involves the use of pyrotechnic effects that may harm people or even be a direct cause of death. Approximately 55 thousand of such “magic closets” were sold in 1998, which was 5 times more than in 1991. This equipment is purchased both by professional circus artists and ordinary amateurs. Lately, the proportion of equipment purchased by amateurs has been increasing resulting in more frequent accidents.
- b) Risk assessment. Unprofessional use of the “magic closet” is the cause of injury or even death. 12 lethal cases were recorded from the beginning of 1996 till the end of 1998, i.e., four cases annually on average. Exact data on injuries are not available, but, according to expert estimations, at least 20 serious injuries occur every year due to non-professional use of the equipment.
- c) Aim: the developed rules will ban selling the “magic closet” equipment to the public and thus protect buyers who do not possess professional training from injury and death.

3. Options⁵

Three options have been discussed in this case:

- a) To preserve existing legal acts which allow selling the equipment;
- b) To ban the sales of the equipment to non-professionals;
- c) To organise a media campaign to promote safer handling of the “magic closet” among the public.

⁵ As mentioned before in Methodological Principles, in fulfilling the requirements of EU legal acts, alternatives exist only in calendar planning. However, we give a more generalised case here when there are alternatives to the legal act which is being drafted (to reject the draft, to achieve the aim by educational means, etc.)

4. Benefits

- a) Identification of benefits. Benefits are the reduction of injuries and lethal cases. They would be experienced by the whole society.
- b) Quantitative appraisal of benefits. The first alternative would have virtually no impact on the number of injuries and deaths. The second alternative practically eliminates the risk arising due to the use of the equipment by non-professionals. Thus, 4 deaths and 20 injuries would be prevented every year on average. The third alternative is not very effective; it is known the effect of public campaigns diminishes rather quickly. Based on previous campaigns held to promote more cautious behaviour of member of the public in certain dangerous situations, we can say that the number of deaths and injuries would decrease by fifty percent. Based on these risk assessments, authors of the new draft legal act have chosen the second version as producing the largest benefits to the public.

5. Costs

- a) Business sector (segment) to be affected. “Magic Closet” is supplied by a group of firms, which import or produce the equipment or are involved in its retail trade. In statistics, the activities of such firms are included in a wider sector: in the production sector of equipment, materials and tools for performing tricks. 30 firms have been issued licences to produce or import equipment for performing tricks in the country; approximately 50 additional firms are selling the equipment. The total number of people employed at these firms is just under 500. The annual turnover is considered to be 45-50 million litas. Taken separately, the number of “magic closets” sold is about 55 000 units (mostly imported). As the retail price of one “closet” is about 100 litas, it is assumed that the annual turnover of “magic closets” is 5.5 million litas.
- b) Amount of business costs. Recurring costs. The majority of costs will consist of lost profits on the sales of “magic closets” (those costs will decrease with time, as firms will turn to other types of activities). Realisation of the equipment will not stop, just decrease; professional users (circuses, other entertainment companies) will still be buying it, moreover, following the ban of sales of the equipment to the public, demand among professionals may increase. It is thought that the sales of “magic closets” will decrease by 25 percent at most.

This means that for a typical manufacturer or importer of “magic closets” who sells the product for the wholesale price of 75 litas together with a 25 percent total profit margin, the recurring costs will amount to 7,000-9,500 litas a year⁶. For a retailer,

⁶ The total amount of “closets”, i.e. 55,000 units, is reached when the absolute majority of manufacturers and importers sell 1,500-2,000 units a year each. When the turnover decreases by 25 percent, the sales will drop to 1,125-1,500 units. The total profit margin is 25 percent of 18.75 litas on each unit sold. Thus, the volume of profit to each out of 30 wholesalers (manufacturers or importers) will decrease by 7,031-9,375 litas (it is the difference between the previous volume of profits, i.e. 28,125-37,500 litas a year, before the introduction of new rules and the profit of 21,093.75-28,112.5 litas following their introduction). Rounding these figures off, we get 7,000-9,500 litas.

who sells the products for the retail price of 100 litas with a 20 percent total profit margin, the recurring costs will amount to 5,000-6,000 litas a year⁷.

Non-recurring costs. Following the introduction of new rules, companies which have “magic closets” intended for ordinary buyers in their stocks will not be able to sell them. Let us assume that there are no stocks available in the retail sales network. The majority of “magic closets” held in stock or ordered for import will be sold by manufacturers and wholesalers to professional users. We can think that it will not be possible to sell 5 percent of the annual quantity, i.e. 2750 units, which would mean a 206,250 litas loss (thus, if every wholesaler out of thirty sells 1,500-2,000 units a year, the loss incurred by one business will be about 5,625-7,500 litas).

Total (aggregate) business costs. Recurring costs incurred by businesses will amount to a total of 2502,000 litas for manufacturers and importers⁸ and up to 275,000 litas for retailers. Total: 525,000 litas. Non-recurring costs will be in the amount up to 206,000 litas.

- c) Costs of individual groups (here: small businesses). Draft new rules have been discussed with two smallest companies that import “magic closets” (both of them employ less than 10 people) and one retailer (the company employs less than 5 people). Both importers do not think they will not be able to sell the available stocks of “magic closets” (stored appropriately, they may be kept rather long). A certain negative impact on the total turnover of these companies will be made, however, it will be insignificant (they sell not only “magic closets” but also other equipment for performing tricks). The retailer hopes that the drop in turnover following the ban of sales of “magic closets” to the public will be compensated by the growth in the sales of other products having the same purpose (for example, “magic tables” and “magic chairs”).
- d) Other costs. In this case, other costs include the loss of consumer benefits following the prohibition for them to acquire “magic closets” freely. We will not attempt to make quantitative assessments of the volume of this loss, we can only assume that the feeling of a certain discomfort will be short-lived. The state budget will incur additional non-recurring expenses of about 100,000 litas to remunerate the specialists who have prepared the new draft legal act. There is no provision for additional expenditure of municipal budgets and municipalities are already monitoring equipment intended at performing tricks. No visible or long felt losses for other sectors of economy or other social groups are likely. There will be no negative implications on the environment.

⁷ There are 50 retailers and they sell 1,000-1,200 units annually each. By earning 20 percent on each unit which costs 100 litas, they receive a profit of 20,000-24,000 litas a year. If the turnover decreases by 25 percent, every retailer will lose 5,000-6,000 litas of annual profits.

⁸ The costs for one manufacturer or importer are within the limit of 7,031-9,375 litas, i.e. an average of 8,203 litas. Thus, the recurring costs for all 30 wholesalers make 246,090 litas or about 250,000 litas.

6. Consultations with representatives of different organisations

Information on draft rules under preparation has been sent out to all 30 manufacturers and importers of “magic closets”, the Association of Sellers of Equipment for Performing Tricks and 20 out of 50 existing retail companies that sell “magic closets”. A three-month period was set for sending commentaries. Responses have been received from more than 50 percent of the manufacturers and wholesalers, 7 retailers and the Association. The commentaries and arguments were used in the calculations of the costs of business enterprises. Those who wish to obtain a summary review of all the commentaries received may contact a representative of the Ministry ((Žilvinas Gerulis, tel.: 224422, fax: 442244, e-mail: zilvinelis@gnm.lt).

7. Summary and recommendations

	Likely costs	Likely benefits
Business	(a) recurring costs: 525,000 litas annually (decreasing with time) (b) non-recurring costs: 206,000 litas	
The public	The possibility to acquire equipment freely and use it individually is lost	(a) 4 lives are saved annually (b) 20 injuries are prevented every year
Government	100,000 litas (non-recurring)	

8. Implementation, sanctions, monitoring and review

In implementing their prerogative: to implement measures aimed at protecting consumer safety and health, municipalities ensure the enforcement of this and other legal acts. This is not considered to produce any additional costs to them. They will be able to impose a fine of up to 5,000 litas for those who violate this legal act. There are plans to monitor the extent to which this legal act will decrease risks and harm to users' health and safety and the extent to which it will be detrimental to the activities and interests of businesses and other institutions (charitable organisations, schools). After five years, the expediency and effectiveness of the ban on the sale of “magic closets” will be assessed and reviewed anew.

Annex 3. Example of the Regulatory Impact Assessment: Low Voltage Directive

1. The Legal Act under the investigation

The adoption of the Low Voltage Directive (LVD) is a measure of which the impact mechanism can be regarded as typical among New Approach Directives and the conclusions about its economic impact on Lithuania can be easily generalised to most of the EU directives ensuring free movement of goods. The Directive has not been chosen because its impact is particularly large, but rather in order to exemplify in the logic of a case study or of a pilot project the economic and administrative processes set forth by the adoption of such a measure.

LVD defines a certain transparent and widely accepted, harmonised structure for those technical regulations and enforcing institutions, which regulate the conformity assessment of low voltage electrical equipment in nation states. LVD is in force since more than two decades in the member countries of the EU. In Lithuania it is transposed as part of the adoption plan of the Acquis Communautaire. LVD's objective is to facilitate:

- Free movement of and;
- Safety at use of

electrical equipment between certain voltage limits.

The measure

- removes regulations providing for the obligatory certification of a wide scope of electrical equipment, including those for household use
- and introduces new conformity assessment procedures with revised safety requirements for electrical equipment in the scope of the regulation.

The main recipients of the impacts of the measure are

- companies manufacturing and importing electrical equipment
- public administration agencies responsible for enforcing market surveillance, with special respect to the State Quality Inspection and Customs Department
- third parties such as certification bodies, which are outside public administration but are designated to perform certain functions on behalf of the public administration
- and users: individual and corporate consumers of electrical equipment.

1.1. The present volume of the activities under the impact

The following statistical estimations are not exact, but they are sufficient to estimate the costs and gains. There were no better numbers available, because there is no registration of products by voltage classes.

- The number of Lithuanian manufacturing companies producing low voltage equipment is approximately 200, two-third of them are small companies. These companies are to be found in sectors 29 -33 by NACE code. They produce an approximate volume of low voltage equipment of 1,3 Billion Litas per year, one-third of which, a volume of approximately 400 Million Litas is sold on the local market.
- Two-third of the local production of low voltage equipment, approximately 900 Million Lt. is exported, in roughly equal proportions to the following destinations: (1) EU, (2) CIS and (3) other countries.
- Total import of low voltage equipment is approximately 2 Billion Litas, (2) half of which comes from the EU, (2) one-tenth coming from CIS and (3) the rest from other countries.

1.2. Compliance costs

Compliance costs are direct monetizable, immediate cost consequences of the impact recipients' complying with the measures. The quantities below are not forecasts, because care has been taken to filter out impacts of all other events. The costs are to be understood under the hypothesis that the measure will be introduced and nothing else changes. Compliance costs are expressed as annual costs, which however can be significantly reduced by increasing the fix one-time costs, i.e. investments into technology and product development, laboratory, know how and organisation to meet the challenges represented by the measures.

Activities generated or phased out for companies. Compliance costs attributable to LVD will arise due to

1. Necessary product and technology upgrading;
2. Additional laboratory testing;
3. Administrative activities. Old compliance costs will not be due anymore because
4. With the exception of a narrow range of sensitive products, certification will be voluntary.

Basis of calculation. The recipients of impacts (1) to (4) are different, overlapping sets of companies. Conformity assessment costs depend significantly on the number of types offered by the company and less significantly on the volumes offered. They are to be computed as recurrent costs, because of

- Frequent introduction of new types or modification of old types;
- Need of annual review of the manufacturing process. (Manufacturing process review can be done on a biannual basis, if the company has an ISO quality assurance system)

For a given company:

- Compliance costs are
- proportional to the obsolescence of existing products and technologies
- and inversely proportional to sales on EU markets.
- Unit compliance cost is inversely proportional to company size.

Table 1
Lithuanian manufacturing companies: compliance costs attributable to the measures

Basis: present production of low voltage equipment approximately 1,3 Billion Lit

Activity	Magnitude of annual compliance costs on the hypothesis that nothing else changes
LVD-related product and technology upgrading	Plus 10-15 Million Lit

LVD-related laboratory testing	Plus 2 -4 Million Litas
LVD-related administrative activities	Plus 2 -4 Million Litas
Abolishment of obligatory certification	Minus 1 Million Litas

As a direct consequence of the above activities in the whole electrical equipment manufacturing industry an additional 100 -150 jobs will be created, most of them in the testing and administrative domain. The ensuing personnel costs are included in the tables above.

For importer companies compliance costs will be only due to change of administrative activities.

Table 2

Importer companies: compliance costs attributable to the measures

Basis: present import of low voltage equipment approximately 2 Billion Litas

Activity	Magnitude of annual compliance costs on the hypothesis that nothing else changes
LVD-related administrative activities	Plus 1 - 2 Million Litas
Abolishment of obligatory certification	Minus 1 Million Litas

1.3. Enforcement costs

Government will have to finance:

- The upgrading of public institutions such as Market Surveillance, with special respect to the co-operation between State Quality Inspectorate (or its successor organisation), Customs Offices and Third Parties;
- And the costly translation and adoption of still some 200 standards under LVD (200 under LVD are already translated).

Table 3
Government institutions and third parties: enforcement costs
attributable to the measures

Activity, Institution	Magnitude of one-time investment needed, related to LVD
Additional resources for State Quality Inspectorate	0,1 Million Lt
Harmonised Standards translation and adoption by Lithuanian Standardisation Board	0,5 Million Lt.
Assessing conformity by Third Parties	2 Million Lt.

In particular, the laboratory infrastructure available at government bodies or third parties has to be upgraded. It has to still to be decided, which of the necessary additional laboratory capacities will be subordinated to government bodies such as State Quality Inspectorate or to third parties. A viable system of co-financing of third parties by:

- Government;
- companies submitting defect goods;
- And the third parties themselves

has to be worked out.

1.4. Indirect economic impacts

Indirect economic impacts are

- Altered production and trade flows and;
- Altered prices and their consequences;
- For the companies - profits (e.g. on sales of electrical equipment);
- For the State - taxes (e.g. on profits) and other revenues (e.g. standards bought by companies).

The reliability of indirect economic impact calculations is lower, than those of compliance and enforcement cost calculations. In order to estimate trade flows - in lack of exact data and good economic models - approximations and intuitive models are used. As it was the case with the costs, the quantities below are not forecasts, because care has been taken to filter out impacts of all other events. The gains and losses are to be understood under the hypothesis that the measure will be introduced and nothing else changes.

For trade flows the basis of estimation was as follows. In case of a specific trade relation (e.g. import from country A to Lithuania) the trade flow change which can be attributed to LVD is a balance of

- Increase of sales of LVD-conform or LVD-upgradable products;
- And decrease of sales of un-upgradable products.

all of these dependent on compliance costs.

Table 4
Indirect economic impacts attributable to the measures

Time dimension	Impact on ...	Estimated present volume of trade flow	Estimated annual impact on the hypothesis that nothing else changes
Shorter term	Locally produced and locally sold	400 Million Lt	Plus 10 - 20 Million Litas trade flow for competitive, minus 10 - 20 Million Litas for un-upgradeable goods
Shorter term	Import from EU	1 Billion Lt.	Plus 10 -20 Million Litas trade flow
Shorter term	Import from CIS	200 Million Lt.	Minus 10 - 30 Million Litas trade flow
Shorter term	Import from other countries	800 Million Lt.	Plus 5 – 10 Million Litas trade flow
Longer term	Export to EU	300 Million Lt.	Plus 20 - 30 Million Litas trade flow
Longer term	Locally produced and locally sold		Plus 10 - 20 Million Litas for upgraded goods
Longer term	State revenues from taxes and from standards sold to companies		1 Million Litas

Price changes attributable to LVD of cheap low voltage electric equipment products in Lithuania are likely to grow by only a few percentage points if at all and only on shorter term.

1.5. Risks

Annually there are 1500 fires due to electric causes in Lithuania, one-tenth of which is due to the deficiency of electric products, to manufacturer's fault. In other words yearly 150 fires are caused by unsafe products. In Central and Eastern Europe the number of defect types is on the increase, but the number of types on the market is also increasing, mostly due to increased legal and illegal import activity.

As of now, there are three institutional lines of market defence against unsafe goods distributed by irresponsible companies. The three lines are: Customs, Certification Bodies and State Quality Inspectorate. The defence performed by Certification Bodies will certainly be weakened through the decrease of their power due to the abolishment of obligatory certification of household electric goods and computers. Irresponsible companies might take advantage of this development, as they did in other countries. The arising safety risks should be reduced:

- By transferring the powers lost in certification bodies to the authorities of Market Surveillance;
- By complementing the loss of powers of certification bodies by development of infrastructure and know how;
- And by enhanced co-operation of the above mentioned three institutions

1.6. Winners and losers

Winners

On the Lithuanian market

- Lithuanian manufacturers already exporting to the EU;
- And importers of EU made low voltage electrical goods

will enjoy the advantages of the compliance difficulties caused for their competitors (especially for CIS companies, for illegal and semi-legal importers) by the new measures and the results of the abolishment of obligatory certification.

Safer equipment is an advantage for

- Individual consumers;
- Corporate users

of low voltage equipment, on the condition that market surveillance enforces the removal of unsafe goods from the market properly.

Losers

The measure causes a decrease of market share for

- Lithuanian companies which are not able to finance or to perform the upgrading of their products and technologies, most of them smaller companies.

Increased transaction costs and product upgrading costs will cause difficulties for

- importers from CIS countries;
- Consumers of cheap electric products to whom these costs will be shifted.

First loser - then winners

The measures cause impacts with an U-shaped time pattern for the following recipients.

For their losses in the Lithuanian market later will be compensated by entry to EU markets

- Lithuanian manufacturers which are able to upgrade their products according to the safety requirements of LVD.

Abolishing obligatory certification causes losses to

- certification houses,

but the enhanced need for conformity assessment services will be an impetus for their development.

Investments into the development of (1) market surveillance, (2) standardisation and (3) conformity assessment (a) infrastructure and (b) organisation will need substantive resources of

- the State

but it will be later compensated for these in form of

- a better industrial structure;
- The fulfilment of its commitments to the EU;
- Foreign investment;
- Increased revenues.

1.7. Policy Recommendations

The Lithuanian market should be protected from those electrical equipment which are not conform with the safety requirements of the Low Voltage Directive. Therefore the abolishment of obligatory certification of household, computer, cash register and radio electrical equipment should be preceded by an intensive development of the Market Surveillance System. There is a transition period to be installed during which

- institution building has to take place, in particular the resources, organisational arrangement and procedures of the Market Surveillance System should be developed
- and various support policies should be installed to help the preparation of the affected companies, in particular the awareness to Legal Approximation of the companies should be raised

The financial aspects of the institution building and of the support policies (among them the awareness raising activity) should be explicitly addressed.

2. *Research method*

2.1. Information sources and the error margin of the estimations

Impact analysis was based on the following information sources and hypotheses.

- Consultations to determine compliance costs were conducted with 15 Lithuanian manufacturing companies, 2 importing companies.
- Consultations to determine enforcement costs were conducted in all relevant government bodies and in 3 "third parties", i.e. certification bodies.
- Industrial and foreign trade statistics was used.
- Calculation of compliance costs was based on present activities of recipients as derived from the interviews.
- Calculation of trade flow and trade flow-dependent profits and taxes were based on present trade flows and on intuitive macroeconomic models.
- Impacts of analogous measures in foreign countries were studied.

Level of exactness:

- Qualitatively the full overview of impacts was possible.
- Quantitatively. However, quantitative statements have a certain error margin. The impacts, which are attributable to LVD and only to LVD, are small if compared with the variations of the manufacturing costs and trade flows concerned, they are subjected to bias. The sample size of the interviewed companies was satisfactory, but quite a few of the companies were unable to assess the gains and losses under the hypothesis of LVD being enforced. This method allowed us to make cautious conclusions. Therefore the level of exactness is as follows:
 - Aggregated direct costs are heavily rounded and are accompanied by an error margin of 30%.
 - Aggregated indirect economic impacts are accompanied by an error margin of 50%.

2.2. Conceptual framework

The hypothesis of "other things being equal". Individual regulations usually have a small impact as compared with the impacts of major, mostly unpredictable political and economical changes. For example the impact of regulations removing barriers of trade interact with consumer protection regulations and with the impacts of changing customs tariffs.

Impact assessment is not identical to forecasting the course of events. It is useful if authors of RIA enter into such analyses, but it should be clearly separated from their formulation of the net impacts. However, Regulatory Impact Assessments are supposed to make valid, if possible quantitative statements on economic impacts and risks, but focus the analysis only to those, which can be attributed to the regulation - and if possible: only to the regulation - on the assumption that nothing else but the regulation changes, i.e. using the assumption of *"other things being equal"*. However, it helps decision-makers if the context, the broad picture is also given. If the impact of other regulations and policies is inseparable from the impact of the measure under investigation, this fact should be clearly mentioned.

Comparison of scenarios. is an important concept in RIA. When measuring the impacts, one compares usually various measures, which are called *scenarios*. Comparison is usually made between the scenario of not introducing the regulation, and between various way of introducing the regulation.

- The basic scenario (also called Baseline Scenario, or Scenario Null) is identical with the case that the regulation will not be introduced, i.e. "nothing is done".
- Scenario One is usually the introduction of the regulation in its pure form.
- Scenario Two is usually the introduction of the regulation, with some additional measures to prevent or to remedy the negative impacts under Scenario One.

In case of the Low Voltage Directive the following scenarios are reasonable

- Scenario Null: the regulation is not introduced, i.e. LVD is not getting transposed into Lithuanian law, and the obligatory certification system for household products remains.
- Scenario One: LVD will be introduced and enters into force on 1. Jan. 2001.
- Scenario Two: LVD will be introduced and enters into force on 1. Jan. 2003. And during this transitional period the institutional development of Market Surveillance takes place.

What would happen if not? This question clearly introduces the time dimension into the analysis. This asks for a comparison which is not a comparison between scenarios but between the present situation and a situation somewhat later, under the hypothesis of non-action.

This comparison is expressed by the question "What would happen if the measure would not be taken?" In case of the Low Voltage Directive the answer here is simple, because LVD belongs to that part of the *Acquis Communautaire*, which has to be transposed, because Lithuania has contractually committed himself to it.

Impacts can be grouped by the following *aspects*:

(1) By *recipients*. Recipients of impact or also called agents can be various

- Institutions of the state or of local administrations (e.g. Market Surveillance or Customs Offices);
- Types of companies, (e.g. size classes of companies, various sectors of industry, or exporting companies);
- Types of households (e.g. low income households);
- Types of regions (e.g. regions near the border)

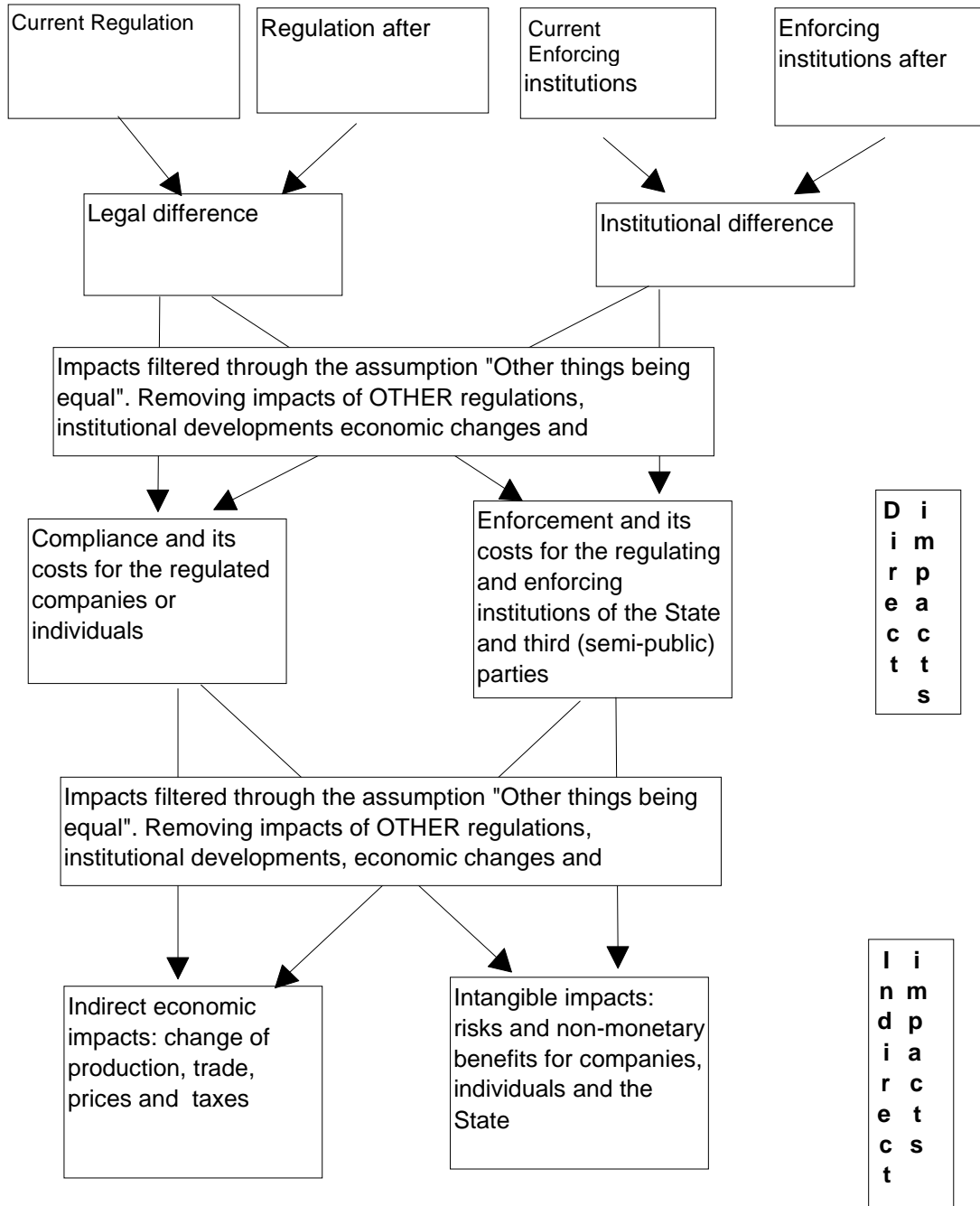
(2) By *immediacy*:

- Direct impacts will be generated by additional (or abolished) activities of the recipients, which are attributable to the legal changes.
 - Compliance activities (e.g. companies checking new safety requirements and following new administrative procedures) generate compliance costs.
 - Enforcement activities of the government and semi-public bodies policing the above activities generate enforcement costs.
- Indirect impacts:
 - Indirect economic impacts of altered economic behaviour of the recipients that are aimed at minimising compliance costs. (E.g. companies raising prices, or putting less products on the market, and government receiving the tax consequences thereof);
- Intangible impacts that cannot be expressed in monetary terms, such as
 - Risks
 - Their opposite: enhanced security, quality of life, moral or political gains.

Error margin. Impact analysis can be made by several levels of exactness

- Qualitative analysis has the task of producing a logical system of impacts. This is always feasible.
- Quantitative analysis has the task of estimating the extent of the impacts. This is not always feasible with the necessary exactness. Here the error margins depend
 - On the sample size
 - On the capability of the respondents to quantify micro-level compliance costs and changes of economic behaviour (e.g. trade flows) under the scenario of the measure being introduced.
 - On the appropriateness of models which are used to estimate the change in economic behaviour of the recipients of impacts;
 - And on the applicability of the numbers given in official statistics for the given problem.

Schema of impact mechanism of a regulation



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In case of LVD the quantitative analysis was possible to the following extent:

- Sample size was satisfactory (5% of companies concerned);
- But for many interviewed persons the scenario was too complex to attach reliable enough costs to it;
- Compliance cost models were more reliable than intuitive macroeconomic models used for estimating trade flow changes;
- And in lack of good statistics the quantity of products operated with low voltage had to be estimated.

All this allowed only a limited level of exactness as expressed in magnitudes.

2.3. Doing it step by step

The RIA has to be performed by doing the following steps.

(1) Legal Analysis.

- First the measure to be introduced must be studied.
- Other related regulations have to be highlighted and it has to be decided to what extent it is possible to separate the impact of the regulation under investigation from the impacts of the related regulations.
- Previous regulation has to be compared with the new one. The difference between the two has to be highlighted. It is the difference, which makes the impact.

(2) Institutional Analysis

- Governmental institutions, authorities, inspectorates;
- And third parties (e.g. certification bodies)

have to be studied which have any part in the enforcement of the old and of the new measures. This can be done by desk research and by interviews.

(3) Economic Analysis and Risk Assessment

What types of and how many recipients are under the impact? What economic activities are affected and what is their present extent? First a system of recipients and of their activities has to be created, and later a statistical overview has to be created by desk research (a) on all the recipients of the impact (e.g. companies), and (b) on the extent of the present activities which will be changed by the impacts (e.g. certifications, sales).

A survey, however limited has to be conducted. Beforehand, it has to be decided:

- How to reach the recipients? A decision has to be made, whether questioning the recipients on the impact will occur by interviews, questionnaires, telephone, email, on meetings, or using all of these methods.
- Whom to reach? A sampling plan has to be created in order to determine the recipients, which have to be asked on the impacts. Consulting with representatives of groups of recipients (such as business associations) can reduce the necessary sample size.
- What to ask? A questionnaire or an interview outline has to be developed.

Compliance and enforcement costs are direct monetizable impacts which are taken into consideration by assessing (a) new compliance (and enforcement) costs and (b) previous costs which are not due any more. Model:

- Unit costs (e.g. costs of upgrading a product) and patterns of economic behaviour (e.g. what size classes of companies would develop own laboratory) are taken from the survey;
- These unit costs are multiplied by weights (or occurrences or incidences) which were taken from official statistics (e.g. present number of companies or present volume of production) or expert estimated (e.g. share of upgradable products)

Indirect economic impacts are taken into consideration by assessing the ensuing economic behavior of recipients (e.g. change of production and sales volumes). Here various intuitive or scientifically based models can be used. For example the impact of raising the tax or customs rate can be estimated by

- Econometric or other models such as supply and demand elasticity considerations, input-output analysis, Laffer curve;
- Or by simply relying on previous analogous cases and / or on foreign countries' experience.

Intangibles: risks and non-monetizable benefits have to be taken into consideration by using sound judgement.

Winner-loser analysis. Based on the results of the above findings, for each group of a balance of costs and benefits should be made. The results should be expressed in a qualitative manner, i.e. winners and losers should be named but it is not necessary to compute, by how much the winners win.

(4) *Recommendations*

Recommendations for decision-makers should be formulated to maximise gains and minimise costs and risks.

3. Methodological documents of the research

Data Gathering Tasks

Note: This document is not a Regulatory Impact Appraisal methodology yet, only a list of facts to be gathered, interview questions and desk research topics.

Outline of the legal analysis

- What is the essence of the regulation? (1) Scope. (2) Aims: Free movement of products, Safety for use, Safety requirements, (3) Procedures: Conformity Assessment Procedures. (4) Legal Context: Relationship between LVD and other Directives. Needed: The text of the LV Directive.
- What are the main differences between the present Lithuanian regulation(s) and of the LVD? Note: the impact study measures the impacts, which are attributable to these differences, the legal changes.
- Is a new regulation needed in Lithuania or the earlier one(s) are covering the Scope, Aims and Procedures of the LVD? Which regulations will lose their force if the LVD will be transposed? Needed: The text of related Lithuanian regulation(s).

Outline of the institutional analysis

LVD is a free movement directive which means that it forbids for Lithuanian government bodies to stop the free circulation of electrical equipment which are safe for use and this safety is proven by the conformity assessment documents.

How is the free movement of safe electrical equipment institutionalised and enforced? Specifically: (1) If a Market Surveillance institution (such as State Quality Inspectorate) stops an otherwise safe product, where can the producer / importer company appeal to? Under what law? What is the institutional set-up of Market Surveillance institutions? (2) If Customs stops an otherwise safe product, where can the company appeal to? What is the institutional set-up of the Customs? How is Customs controlled regarding its activity of stopping the products? Under what law does it operate when stopping or not stopping the products? (3) Which other institution is entitled to stop products?

Which sector of the public administration, which public institutions were / will / must be affected by the introduction of the LV Directive? (such as Market Surveillance System, Customs, etc.) How, and to what extent? Specifically: What new tasks will arise / what old tasks will discontinue for the Public Administration in its activity to monitor, control and enforce the objectives (such as free movement of electric products, safety for use of electric products) of the Directive to be introduced? Will it be (1) easier than before or (2) more difficult than before to monitor, control, enforce, whether these objectives are met: Will it be possible to enforce the transposed LV Directive, to follow, whether it is complied by - or not?

Which sector of third party institutions were / will / must be affected by the introduction of the LV Directive? (Third parties: Product and manufacturing process certification bodies, safety testing houses, etc.) How, and to what extent? What is the present regulation of third party institutions? How many of them are. Specifically: their name, what is their size, ownership structure, what are their prices, turnover, experiences and acceptance / rejection statistics related to product conformity assessment? Are they prepared to the Notified Body status or other EU-relevant accreditation or certification? If did, under what circumstances? If it didn't why? If such a change of legal status can be noticed, than which Lithuanian law's consequence it is, and the transposition of which EU Directive is this Lithuanian law? Obligatory certification for electrical equipment under the scope of LVD will stop. How will this affect the certification bodies? What is the extent of the problems they will face? What are the expectations of the various agents regarding self-certification?

Outline of the economic analysis

Main questions: What kind of companies and consumers will be influenced by the changes in the regulation, and how? Which – what kind of - companies (big/small sized, owned by Lithuanians and / or foreigners, mainly importing, mainly producing or mainly exporting ones, applying special technologies etc.) will be affected by the changes of the regulation? Why, how? To which extent?

Recipients of the impact, i.e. economic agents to be covered:

- Producers of the equipment covered by LVD
- Service providers: Companies providing services using the equipment covered by LVD
- Wholesale and retailing companies placing on the market the equipment covered by LVD
- Exporters of the equipment covered by LVD (EU and non-EU separately)
- Importers of the equipment covered by LVD (EU and non-EU separately)
- Consumers: Corporate and Household users of the equipment covered by LVD
- Analysing laboratories providing tests, legal advice and preparing technical files for the equipment covered by LVD

The type of impacts to be checked for the relevant economic agents:

- Compliance costs: for whom and how much, due to (1) enhanced safety requirements (2) more tests and measurements (3) more complicated administrative conformity assessment procedures;
- Compliance costs that are not due any more (double certification), i.e. less expenses for (a) exporters to the EU and (b) importers from the EU due to removal of obligatory certification which now often forces them to double certification (i.e. certification of products already certified in the EU);
- Enforcement costs for market surveillance and for third parties;
- Sales decrease for companies with obsolete goods;
- Sales increase for EU companies and for companies already exporting to the EU;
- Sales decrease for certification hoses due to removal of obligatory double testing;
- Risks: more safety risk to consumers which is attributable to (1) the removal of obligatory certification and (2) poorly enforced safety regulations of electric products.

Detailed questions:

- Will as a consequence of the new regulation the trade between EU and Lithuania become easier? How will the change in the regulation influence the trade between Lithuania and non-EU countries, with special respect to Lithuania's main trade partners in the countries of the former Soviet Union?
- What are the risks involved here? (E.g. unsafe products reaching the market)?
- Extent and balance of costs, benefits, risks.
- Did any Economic Agent, pressure group, trade association, business interest group, etc. protest against the law, or demand a transition period? If somebody did so, where and who?
- Do some companies have in-house laboratories? How typical it is, in which type of companies and since when? Are investments into in-house laboratories to be expected which are attributable to the introduction of LVD?
- Will the change in the regulation influence only the electrotechnical and electronic industry or also other segments? Which ones?

Winner / loser analysis:

- Which Economic Agents will be positively affected by the changes?
- Which Economic Agents will be badly affected by the changes, why and how?

Desk research topics:

- Some facts of official statistics on the above mentioned Economic Agents: number of companies / laboratories, turnover, staff, ownership, size structure.
- Some facts of official statistics on the market of the equipment covered by LVD (export, import, local consumption broken down by corporate and household demand)
- The lists and statistical tables should be interpreted with the help of the Association of Machines and Appliances Industry Enterprises.

Finally we will need to make a balance, a very rough, using very approximate magnitudes of the above impacts, and wherever it is possible, in Litas

Questionnaire to companies

Conformity Assessment of electrical equipment made the EU compatible

Questionnaire

Background of the survey

PHARE and the European Committee under the Government of Lithuania conduct a Regulatory Impact Analysis in order to determine the costs and benefits related to the transposition of EU directives connected to conformity assessment of electrical equipment. We are making a survey on the impacts of the introduction of the Low Voltage Directive (73/23 EEC) into Lithuanian legislation. As for impacts, in particular we are interested in the

- Costs;
- Benefits;
 - To various agents of the economy, such as
 - Companies and
 - Testing houses.

This Directive will change the present regulatory praxis regarding the safety of electrical equipment profoundly. Compliance by the safety requirements of the Directive will be a condition for putting the CE mark on electrical products within certain voltage limits. The limits are as follows: between 50 and 1000 Vac or between 75 and 1500 Vdc.

The Directive has been transposed into Lithuanian regulation (Technical Regulation of the Ministry of Economy and of the Standardization Department, October 1999, No. 351/61). It will come in force in 2001. For electrical equipment under the Low Voltage Directive the main differences between the previous and the new regulation are as follows. The following statements were not fully true under the old regulation and they are fully true under the new one:

- Compulsory certification system will be removed and the option of compliance assessment made by the manufacturer will be offered;
- Electrical equipment may be put on the Lithuanian market only with CE mark affixed. Free movement of goods having CE mark shall be provided. Electrical equipment already having CE mark put on them in countries other than Lithuania do not have to be certified in Lithuania again, regardless where they have been manufactured and whether they are household or capital goods.
- Competition between conformity assessment and certification organisations will be encouraged in order to make conformity assessment simpler, quicker and cheaper.

This survey has the aim of assessing the costs and benefits arising from the above changes.

The questions below are directed to companies producing / importing / exporting electrical equipment between 50 and 1000 Vac or between 75 and 1500 Vdc. Another set of questions will be devised for testing houses.

Please answer the questions below, if they are relevant to your Company. Your answers can help

- to measure the impact of this Directive;
- to introduce it into Lithuanian legislation in a way which:
 - minimises unnecessary costs;
 - and maximises benefits

related to this regulation.

The research has been designed in a way as to motivate companies to answer the questions below:

- Your opinions will be incorporated into the impact study and they will influence the rule-making process.
- The data of your company will not be disclosed in the study.
- You will receive a complimentary copy of the Regulatory Impact Assessment.

Questions related to electrical equipment generally

Please give an estimated number of pieces of electrical equipment (between 50 and 1000 Vac or between 75 and 1500 Vdc) produced / imported from EU / imported from non-EU / exported to EU / exported to non-EU / sold in Lithuania currently

Number of types (between 50 and 1000 Vac or between 75 and 1500 Vdc) produced / imported from EU / imported from non-EU / exported to EU / exported to non-EU / sold in Lithuania currently (One type is defined as something which needs a separate conformity assessment / certification).

Name the most important (up to 5) types of electrical equipment produced / imported from EU / imported from non-EU / exported to EU / exported to non-EU / sold in Lithuania, which are operating between 50 and 1000 Vac or between 75 and 1500 Vdc.

Safety and in-house activities

How important is the question of the safety of electrical equipment in your company? Why? How does this influence development / design / production / import / export of these products? How does this influence the organization of your company and the training of your employees? Could you estimate the total costs related to the safety of the products and give some breakdown of it?

Does your company have in-house testing facilities in Lithuania?

- If not: does your company plan to set up such facilities, and for how much money?
- If yes: Which type of conformity assessment is the company able to produce on its own? What were the fixed cost of setting up in-house facilities and what are the yearly recurring costs of operating it? Which type of conformity assessment is produced in co-operation with a testing house?

What would be the additional costs as expressed in percentages of re-designing, upgrading the (1) the products of your company (2) the products manufactured by competitor companies in order to meet all the safety requirements of LVD?

Does your company have a quality assurance system introduced according to the ISO 9000 series? If yes, how did / does it influence the safety of electrical equipment produced / exported / imported / sold domestically by your company?

Safety and the linkages of the company

Is your company a subcontractor to another company, providing parts or components to electrical equipment assembled by the buyer company? If yes: what percentage of your domestic sales / exports is involved? How important is the safety of electrical equipment / component / part provided by your company in the working relationship between your company and the buyer company? How, in what form does this question appear in the co-operation between the two companies?

Does your company have subcontractors, which provide parts or components to electrical equipment assembled by your company? If yes: what percentage of your production costs is involved? How important is the safety of electrical equipment / component / part provided by your subcontractor in the working relationship between your company and the subcontractor? How, in what form does this question appear in the co-operation between the two companies?

Related to the safety of electrical products, did your company have any interaction with (a) government authorities (b) courts (c) consumer associations (d) trade associations (e) chambers of commerce? If yes, what type of interaction (such as complaints, trial, interest representation, etc.)? Could you give a very short description of the most typical such interaction?

Does your company have product liability insurance? If yes: to what extent does it cover risks arising from the safety of electrical equipment? How did / does it influence the safety of electrical equipment produced / exported / imported / sold domestically by your company?

Costs associated with Conformity Assessment Procedures

What are the total yearly costs associated with conformity assessment and certification? Can you give a breakdown of these costs (In-house tests, buying or translating of standards, manpower costs, services bought from laboratories)? What are the costs per type associated to conformity assessment and certification? What are the costs per pieces sold? Can you give a breakdown of conformity assessment costs

- In fixed costs, occurring only once (e.g. investment, organisation development, etc);
- In yearly recurring costs (e.g. costs of tests done yearly).

How many people are responsible for conformity assessment and certification of electrical equipment in your company? Does your company have a separate department for organizing / doing / buying conformity assessment of electrical equipment?

If your company is a subsidiary of an international company: are there company-owned production sites in other countries, which are used to assess the conformity of electrical products produced / imported / exported by this subsidiary? Please give some details on the assessment done with the help of the mother company.

Does your company obtain conformity assessment and certification services from laboratories, testing houses, certification bodies in Lithuania? If yes: Which laboratories? How many types per year need to be assessed / certified for conformity? What is the approximate yearly cost of conformity assessment / certification that has to be paid to these laboratories? What is the breakdown of this cost (a) as for types of products or (b) as for conformity assessment types (safety, electromagnetic compatibility, etc.) (c) as for individual laboratories? Are you satisfied with the services of these laboratories? Why?

Does your company buy conformity assessment / certification services from laboratories, testing houses, certification bodies outside Lithuania? Please answer the same answers on types and on costs as formulated above, for Lithuanian laboratories. Are you satisfied with the services of these laboratories? Why?

Is conformity assessment / certification in Lithuania more difficult than in other countries your company is active? If yes: why? What do you think, how in the future competition between laboratories / testing houses would influence the services / speed / prices of these testing houses?

Are there product types produced / exported / or imported / sold in Lithuania by your company for which double assessment / double certification is necessary? (Double assessment or repeated certification means that the type has been tested / certified outside Lithuania but has to be tested / certified again due to present regulation.) How much money could your company save if double assessment was eliminated for imported product types which had previously already obtained CE mark in other countries?

Questions on the impacts of transposition of LVD

Did your company experience technical barriers to trade? Did your company experience difficulties on the ground of to the safety of your products when your company wanted to put its products on the market? If yes: on which market? Please describe the case.

Did your company have to comply by the Low Voltage Directive (a) when exporting (b) when importing (c) when working as a subcontractor (d) when buying parts and component from a subcontractor?

What other product safety directives of the EU apply typically to your products? (Machine Directive, EMC Directive, etc.)

Do you expect EU-compatible regulation of the safety of electrical equipment help your company? In particular: does EU-compatibility of the conformity assessment / certification procedures have an impact:

- On the production / import from EU / import from non-EU / export to EU / export to non-EU / sale domestically of your company?
- On the investment activity of your company?
- On the competitors and on the competitiveness of your company?

If yes, please describe for each of the above questions, how does it affect your company, on which markets, in the field of what product groups, and to what extent? If there are expected benefits for your company, please describe them. If there are costs or risks, please describe them.

If there was a possibility of postponing the transposition of the LVD by 2 years, would you be in favour of this transition period? Why? What would your company do in this time?

Due to LVD's introduction, which are the "winner" companies and why?

Due to LVD's introduction, which are the "loser" companies and why?

General questions on the company

- Number of employees of company;
- Turnover of company (1000 Lt), of which electrical equipment, (%);
- Value of production done by the company (1000 Lt), of which electrical equipment, (%);
- Value of export activity done by the company (1000 Lt) of which electrical equipment, (%);
- Value of import activity done by the company (1000 Lt) of which electrical equipment, (%);
- Value of wholesale activity done by the company (1000 Lt), of which electrical equipment, (%);
- Value of retailing activity done by the company (1000 Lt), of which electrical equipment, (%);
- Value of service provision done by the company (1000 Lt), of which services done by the help of electrical equipment, (%).

Please describe the evolution ("a short history") of the company in the last 10 years in the following terms:

- Growth. (Is the company growing or contracting in terms of number of employees, production, organisation)?
- Re-organisation process (Is the company the successor of an earlier big socialist-type company? Is the company a new ("greenfield") investment)?
- Ownership structure and privatisation. (Is / has become the company member of a national / international holding? If yes, which one? Percentage of foreign (not Lithuanian) ownership in the company, percentage of private (not public) ownership in the company).

Compilation of company sample

The sample should contain companies which produce, import or export products which are under the scope of LVD.

Sample size: a total of 10 to 20 companies.

Sample composition: There should be specimen of

- Mainly importing - Mainly producing and selling locally – Mainly using the equipment as service providers, e.g. utility companies;
- One company of each sub-sector (NACE=29, 30, 31, 32, 33) as described in the statistics, but it is good if we have low technology (e.g. lamps), middle technology (e.g. freezers) and high technology (e.g. medical instruments);
- Medium sized (20 to 250 employees) and big companies;
- Vilnius based and not Vilnius based companies.

The sample should be interpreted with the help of the Association of Machines and Appliances Industry Enterprises.

Access to companies: The companies should be visited either personally, or reached for their opinion per fax, e-mail or telephone. A meeting with representatives of several companies is also a very useful method of accessing them.

Questioning method: A suitable mixture of (a) interview and (b) questionnaire method should be followed using the available (1) Questionnaire and using the (2) relevant parts of the Data Gathering Tasks as an interview outline.

Classification of LVD-related company costs, benefits and activities

Company costs according to incidence

- Once-for-all costs (e.g. setting up test laboratory in company);
- Costs per type (e.g. testing product in testing house);
- Costs per pieces manufactured (e.g. materials and parts built into product, such as isolator, shielding).

Company costs according to regulation type

- Safety related costs before this regulation;
- Safety related costs after this regulation;
- Difference: costs due to regulation (Incremental cost, may be negative).

Table 5
A system of company activities influenced by compliance

Market research	To determine importance of product safety and in particular compliance by LVD on the market
Product design	Buying and implementing LVD related standards. Designing proper choice of components (insulators, grounding cables, shieldings) Performing development tests
Production and Assembling	Performing in-house tests. Proper insulating, grounding, cabling, shielding, grounding. Monitoring manufacturing process.
Organisation/Management	Delegating LVD implied, product safety-related responsibilities to persons and boards. A senior manager must personally carry the legal responsibility for ensuring his company's products comply with the regulations. ·A control board must be set up to ensure that LVD controls are maintained. Resources must be allocated to implement LVD measures effectively.· At the start of the product development programmes compliance by LVD should be taken into consideration. · To include LVD implied product safety into ISO 9000 quality assurance system.
Training of workforce	Courses, books, conferences, etc. ·Staff must be trained to ensure they understand how their job can affect LVD related performance of the products.
Certification	Demonstrating compliance by tests
Documentation	Preparing, handling product safety-related documents
Marketing, Sales	Using LVD implied product safety related advantages on the market. Feedback to production.
Installation, Maintenance, Upgrading	Surveying installation environment before operation Proper cabling, shielding, grounding.

Long term costs may be reduced by considering LVD implied product safety early in a product's development cycle. LVD implied product safety should be considered an integral part of the product development process.

State costs:

- Set-up costs (e.g. setting up new government bodies);
- Annual support for public institutions (e.g. upgrading institutions of the Market Surveillance System);
- Support for third party institutions (e.g. notifying and transforming existing official test-houses into EC-type bodies);
- Project dependent costs (e.g. LVD Awareness Program);
- Inspection, monitoring and enforcement costs.

Table 6
Some benefits of the introduction of LV Directive according to actors

Lithuanian economy	Introduction of technical and trade oriented EU directives is pre-requisit of Lithuania's EU membership
Lithuanian manufacturing companies	An incentive to adopt to expectations of international markets
Companies importing from and exporting to EU	Simplification of Lithuanian certification procedures
Lithuanian subsidiaries of international companies	Standardisation of operations of branches
Users of low voltage products	Safer equipment