

Towards a simpler, faster and more supportive legislative framework to help restore Europe's competitiveness

The political guidelines for the new European Commission announce a new plan for Europe's sustainable prosperity and competitiveness. One important component of this new Prosperity plan is to **make business easier and faster in Europe**, through stress-testing the EU *acquis*, making proposals to simplify, consolidate and codify legislation, and eliminating overlaps and contradictions.

In September 2024, the report of Mario Draghi on the future of European competitiveness made it clear that **excessive regulatory and administrative burden can hinder the competitiveness of EU companies compared to other blocs**; and advised implementing fundamental changes to Europe's rule-making policy.

While some competitiveness hurdles are structural and will take time until they materialise (e.g. building infrastructure for green electricity, making energy as affordable as in other regions), we see scope for 'quick-wins' and **concrete actions to reduce regulatory burden and lighten the administrative load, while maintaining policy objectives**. President von der Leyen's recent announcement of a new omnibus regulation to reduce regulatory overlaps is certainly a step in the right direction¹.

Six areas for concrete action and corrective measures

Against this background, Cefic and its members have identified **six policy areas where corrective measures, or more pragmatic and more predictable implementation, would be needed to support businesses in Europe**:

- 1. Sustainability reporting:** There is significant scope for simplifying the implementation of the Corporate Sustainability Reporting Directive (CSRD). Sector-specific ESRS should not be introduced without a careful assessment, and the limited assurance requirement should be maintained. Companies should be exempted from the EU Taxonomy reporting obligations in Article 8 for the next two years, while existing challenges and inconsistencies are addressed, including on DNSH and usability, and simplification is achieved. This would alleviate companies from a reporting burden driven by a legislation (incl. secondary legislation) not fully fit for the purpose of the sector, without questioning our commitment to make it work.

¹ Speech by President von der Leyen at the European Parliament Plenary on the new College of Commissioners and its programme - European Commission.

The European Commission estimates costs to be in the range of EUR 1.700 million in one-off costs and EUR 1.700 million in annual recurring costs for companies reporting under the European Sustainability Reporting Standards (ESRS). For EU companies in scope of the Corporate Sustainability Due Diligence Directive (see below), the estimate is EUR 220 million in one-off costs and EUR 760 million in annual recurring costs. Therefore, the potential for burden reduction is significant.

2. **Corporate Sustainability Due Diligence Directive (CS3D):** The CS3D is expected to create significant litigation risks and should undergo a competitiveness assessment to identify and address areas for simplification and burden reduction so as to better circumscribe due diligence obligations and limit the liability exposure of companies in scope. Entry into application of the new rules should be postponed and transposition should be halted pending that assessment.
3. **Waste and recycling:** A clear and enabling legislative framework is needed to boost the circular economy by allowing rapid scale-up of both mechanical and chemical recycling technologies. To successfully enable chemical recycling in particular, the EU is recommended to adopt a mass balance chain of custody to calculate the chemically recycled content in plastics, harmonise 'end-of-waste' criteria at EU level, and improve administrative procedures for intra-EU waste shipments. This is in line with the reports of Mr. Letta and Mr. Draghi.
4. **Energy and Climate policies:** To truly enhance industrial competitiveness and avoid jobs, investments and GHG emissions being relocated to other jurisdictions, it is essential to streamline these policies (particularly ETS and CBAM), reduce compliance costs, ascertain these policies deliver on the end goals and ensure a level playing field for all market participants, including importers.
5. **Chemicals policy:** To avoid delays in investment decisions and provide further clarity, the interaction of different chemical policy elements vs other EU policies should be assessed upfront in a way that maintains high levels of protection but also better anticipates and prioritises the regulatory management options. In addition, the recently revised CLP Regulation presents significant labelling issues (rigid font size requirements).
6. **Industrial Emissions Policy:** The Industrial Emissions Directive (IED) is our license to operate while preventing pollution: complying with it is essential for obtaining or maintaining permits. The revised IED adds significant administrative requirements on operators of industrial plants by making Environmental Management Standards (EMS) part of the permitting requirements, with a risk of even longer deadlines for permit approval procedures. While EMS should be encouraged and audited, the requirement should be decoupled from the permit procedure to save administrative burden and avoid delays, at a time when permitting time should be much shorter, not longer, everywhere in Europe.

- 7. Specific (sub-sector) issues:** This document also lists specific issues in the following areas
- Biocides: data protection issue
 - Materials in contact with drinking water: ensure a level-playing field through mandatory cost and data sharing mechanism
 - EU Detergents Regulation: consistency with REACH for surfactants.

The common thread to those case studies is that it is usually not the legislation *per se* that is a problem, but some specific requirements it contains, or the way it is implemented or interpreted. With the Green Deal, novel concepts have been introduced. In most cases, they are important to drive the transition, but their implementation turns out to be far too complex or too ambitious (e.g. Sustainable finance, CBAM, Safe and Sustainable by Design, “Substances of concern” concept).

Administrative efficiency

Besides these specific policy areas, we see a general need for **accelerating, simplifying and harmonising administrative procedures in general, e.g. for new installation and new technology permits, for trade defence instruments, for improving enforcement on imports, for supporting investments in innovative technologies etc.**

- Acceleration and simplification should be enabled by modern digital technologies.
- Harmonisation could be ensured via networks of Member States competent authorities working virtually to coordinate the requests, supported by adequate digital tools.

Of note, the implementation of the Net Zero Industry Act is a **‘test case’ for the EU to demonstrate it can speed up its administrative practices.**

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About Cefic

Cefic, the European Chemical Industry Council, is the forum of large, medium and small chemical companies across Europe, accounting for 1.2 million jobs and 13% of world chemicals production. On behalf of its members, Cefic’s experts share industry insights and trends, and offer views and input to the EU agenda. Cefic also provides members with services, like guidance and trainings on regulatory and technical matters, while also contributing to the advancement of scientific knowledge.