



Brussels, 13 January 2025
(OR. en)

5182/25

LIMITE

ECOFIN 50

NOTE

| | |
|----------|--|
| From: | General Secretariat of the Council |
| To: | Delegations |
| Subject: | Ensuring a globally competitive business environment in Europe - simplification, decluttering and regulatory burden reduction |

Delegations will find attached Presidency Issue note on ensuring a globally competitive regulatory environment for doing business in Europe.

Ensuring a globally competitive regulatory environment for doing business in Europe

Issue note for the January ECOFIN Council

The regulatory and reporting framework in the EU has become excessively burdensome. Businesses indicate that the current regulatory regime is one of the major factors hindering investments and growth prospects of firms (for two out of three companies, the regulatory burden is seen as the key obstacle to long-term investment). The Draghi report highlights that the main challenges for companies are: i) accumulation of EU legislation and its frequent changes, which results in duplications and inconsistencies, ii) burdens added by national transposition and enforcement (including 'gold-plating'), and different implementing requirements across Member States, as well as iii) proportionally higher regulatory burden faced by SMEs and small mid-caps than by larger companies.

Such regulatory environment needs an urgent fix as it undermines the competitiveness of the European economy, with companies and employees moving to other jurisdictions. **Business as usual is not an option as it would not only jeopardize growth and social cohesion in Europe but, above all, put the European way of life at risk.**

These concerns have been echoed by both EU leaders and institutions. In November 2024, European heads of states and governments called for "Launching a simplification revolution, ensuring a clear, simple and smart regulatory framework for businesses and drastically reducing administrative, regulatory and reporting burdens, in particular for SMEs."¹ The need for simplification of EU regulations is also a priority of the President of the European Commission and the new College, while the mission letters of all the Commissioners point to ensuring that "existing rules are fit-for-purpose and focus on reducing administrative burdens and simplifying legislation. You must contribute to reducing reporting obligations by at least 25% – and for SMEs at least 35%." Stress testing EU legislation and new methods of consultations, such as implementation dialogues and reality checks, are key tools to achieve this goal. The issue of burdens added during the legislative process without an analysis of impacts is also problematic; hence the Commission proposed to renew the Interinstitutional

¹ [Budapest Declaration on the New European Competitiveness Deal - Consilium](#)

agreement on better law making so that all Institutions assess the impacts of their amendments in the same way. In view of the above, it was decided to appoint the Commissioner for Implementation and Simplification, whose responsibility is to coordinate the Commission's work in that area.

Fostering growth and competitiveness of the European economy is top priority of the Polish presidency, which is why a policy debate is foreseen at the ECOFIN Council of 21 January. The debate is planned ahead of the European Commission's presentation of the Work Programme 2025 and the 'Omnibus simplification package' scheduled for February 2025. Such timing should allow for an honest and serious discussion about how to bring the regulatory framework in Europe to a shape that would be globally competitive and allow businesses to invest and grow.

Issues for discussion

- *How do you envisage the process to identify ideas for simplification, decluttering and administrative burden reduction, including for SMEs and small mid-caps?*
- *What concrete suggestions for simplifying or reducing regulatory burdens would you like the European Commission to consider in the field of economic and financial affairs?*
- *What can co-legislators and Member States do to support simplification, decluttering and administrative burden reduction?*