

Joint Statement of the Central and Eastern European Initiative (CEEI): Omnibus proposal must result in striking simplifications for businesses

The EU is increasingly losing competitiveness in global competition, where one of the main reasons is the excessive regulatory burden and overcomplexity. Europe as a business location cannot continue to be held back by disproportionate costs of regulation or of energy.

We, the above listed employers' associations, would like to stress that companies now urgently need real and tangible simplifications. **The announced omnibus proposal for February 26 cannot only make cosmetic changes but must guarantee considerable simplifications for companies** while at the same time providing legal and planning certainty.

As Europe faces major disruptions in many dimensions, no ideas should be off-limits for strengthening European competitiveness, including the application of one or more pieces of legislation on a voluntary basis.

The omnibus proposal must consider the following points in particular:

Corporate Sustainability Due Diligence Directive (CSDDD)

We agree with Executive Vice-President Séjourné's statement that the CSDDD must either be significantly **simplified or dismissed** altogether. Irrespective of its scope of application, the CSDDD has a significant impact on all companies, especially SMEs (so-called trickle-down effect). Due diligence obligations must therefore be **limited to direct suppliers (tier 1)** with whom companies have contractual relationships and therefore direct influence.

It is also necessary to create a genuine **maximum harmonisation** clause in order to avoid further fragmentation of the internal market with 27 different provisions (deletion of Article 4 (2)).

Furthermore, the **annexes need to be revised and shortened**, and the relevant human rights violations and environmental offences must be specified. The international conventions listed in the annexes are aimed at states and cannot be applied one-to-one to companies.

The very high fines of at least 5% of global net turnover place a disproportionate burden on companies. **Advice instead of punishment** must be the guiding principle here. The Commission must immediately provide the promised support measures such as guidelines and help desks.

All signatories are members of BusinessEurope. Austria: Federation of Austrian Industries (Industriellenvereinigung); Croatia: Croatian Employers' Association - HUP; Czech Republic: Confederation of Industry of the Czech Republic - SPCR; Hungary: MGYOSZ - BUSINESSHUNGARY; Rumania: Concordia; Slovenia: ZDS (Association of Employers of Slovenia); Slovakia: The National Union of Employers (NUE)

Sustainability Reporting Directive (CSRD)

The **CSRD reporting obligations must be significantly reduced**. Unclear, superfluous or impractical disclosure and application requirements must be deleted, and the standards must be considerably simplified (reduction of the nearly 1.200 reporting points of the ESRS), especially with regard to SMEs. The LSME and VSME standards must be simplified and streamlined accordingly.

Furthermore, the iXBRL tagging obligation under the European Single Electronic Format (ESEF-Regulation) for both financial and non-financial reporting should be dropped. iXBRL tagging is complex, costly, time-consuming and significantly burdensome.

Taxonomy Regulation

The **relevance and practicality of the EU taxonomy** on the capital markets, for investors and the real economy must be urgently scrutinised. Simplification and international harmonisation - particularly concerning important markets such as the USA, UK and Asia - is essential. With any adaptation, it is essential that the confidentiality of business information is ensured and that the indirect effects on SMEs are avoided. The necessity and practicability of the Green Asset Ratio (GAR) and the other taxonomy KPIs must be urgently reviewed. The requirements of the Taxonomy Regulation must fully comply with the CSRD to minimise the administrative and financial burden on companies.

Considering this, we urge you to support an omnibus proposal that results in tangible simplifications for companies. It must be ensured that, for the duration of the omnibus legislative procedure and the subsequent national implementation, the application of the legal acts affected by it is suspended. Companies that have already completed their preparatory work and that have started to report according to CSRD can continue the application voluntarily during this period.

To maintain competitiveness, we see an **urgent need for simplification in numerous legal acts of the Green Deal**, e.g., the Regulation establishing a Carbon Border Adjustment Mechanism (CBAM), the Deforestation Regulation, the Forced Labour Regulation (FLR), the Packaging and Packaging Waste Regulation (PPWR) and the Ecodesign Regulation (ESPR).

Europe must turn words into courageous action regarding its competitiveness. We need to be able to catch up with our international competitors again. We, as associations are ready to support the EU in its efforts to reduce bureaucracy.

17. February 2025

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