

July 2025

## Industry Associations Position from CEE Countries on Promoting Regulatory Burden Reduction at EU Level:

The EU is falling behind in global competition. The 2025 Annual Report on the Single Market and Competitiveness reveals that about two-thirds of European companies see excessive regulation as a major cost and barrier to investment—compared to just 21% in the U.S.

EU GDP per capita has remained at 70% of U.S. levels for 30 years, while countries like China have seen significant gains—from 3% to nearly 30%. Europe's stagnation is driven by weak productivity growth, hindered by high energy costs, overregulation, slow permitting processes, and labour shortages. These factors undermine Europe's ability to manage the green, digital, social, and security transitions.

### A drastic reduction in regulatory costs is urgently needed:

After years of increasing bureaucracy, the EU must now shift toward deregulation to foster innovation, investment, and entrepreneurship. The Draghi Report underscores the imbalance: between 2019 and 2024, the U.S. passed around 3,500 laws and 2,000 resolutions, while the EU adopted roughly 13,000 legal acts.

We welcome the Commission's renewed commitment to cutting red tape and its recognition—reflected in the Competitiveness Compass—that simplification must align with real-world value chains and favour trust and incentives over excessive control.

### Key demands for better regulation:

- **Challenge all regulatory taboos:** No rule should be exempt from review or reform—including those under the Green Deal. All measures must be assessed for proportionality, economic feasibility, and their impact on international competitiveness.
- **Remove bureaucratic obstacles:** Streamline rules without compromising essential standards.
- **Apply the “one-in, one-out” principle:** For every new regulation, remove at least one existing regulation, with the same weight, to reduce cumulative burdens, eliminate redundancies, overlaps and avoid conflicting reporting and obligations.

- **Cut significantly reporting requirements:** Reduce reporting obligations for companies by 25 %, and by 35 % for SMEs. We welcome the Commission's stated goal – now it must be implemented.
- **Ensure transparent and quality impact assessments:** Every legislative proposal must include binding, comprehensive assessments of economic, environmental, and social impacts, presented neutrally and factually. Strengthen the role of the regulatory scrutiny board.
- **No gold-plating:** when transposing EU legislation into national law it must be ensured that EU minimum standards are not over-fulfilled. To prevent Member States from undermining the Single Market through disruptive and disproportionate national legislation, or through the incorrect application or even ignoring of EU law.
- **Limit the amount of delegated legislation (delegated and implementing acts).** In order to minimise bureaucracy and legal uncertainty for businesses resulting from the delegation of powers, these acts must be framed in such a way as to impose the least possible burden on companies.
- **Improve coordination on implementing acts:** A cross-departmental, holistic approach is needed to avoid overlaps and contradictions between legal acts. Clear provisions in the main legislation are preferable to multiple, complex implementing acts.
- **Include industry and business in the whole process:** Companies and business associations must be involved in the drafting of implementing acts.
- **Provide sufficient lead time:** Implementing provisions and guidelines must be adopted at least two years before enforcement. If this is not possible, transition periods must be extended. Companies need this time to prepare for compliance with legal certainty.

## Identify and reduce the bureaucratic burden in all areas:

The first omnibus packages were a positive step, but a broader, systematic effort to cut red tape is further essential. Many Green Deal regulations finalized in the last legislative term — such as the CBAM, Deforestation Regulation (EUDR), Forced Labour Regulation, Packaging Regulation (PPWD), and Ecodesign Regulation (ESPR) — urgently require simplification.

It is equally important that legislative proposals pending, such as the Green Claims Directive, align with new simplification standards and avoid adding further complexity or duplication.

### **Carbon Border Adjustment Mechanism (CBAM)**

While the improvements in the omnibus legislative package are welcome, the CBAM still requires substantial reform. As it stands, it fails to address the export of European energy-intensive products to non-EU countries effectively.

- The planned 2025 communication and review, along with any resulting legislative changes, will come too late—by 2026, CBAM implementation may already have harmful effects. Measures such as export rebates or anti-circumvention protections must be adopted this year.
- The Commission must reverse the premature phase-out of free allowances under the EU Emissions Trading System (ETS) for energy-intensive industries and implement a robust CO<sub>2</sub> border adjustment mechanism to offset any additional costs from EU climate policies.
- Companies also face uncertainty about suppliers' ability or willingness to provide accurate emissions data. Therefore, default values should be permitted throughout the transition period.
- Additional simplifications should include allowing bi-annual (rather than quarterly) reporting, extending submission deadlines to two months after each reporting period, and automatically recognizing Authorised Economic Operators (AEO) as CBAM declarants.

### **Packaging Regulation (PPWR)**

The recently published PPWR imposes significant new bureaucratic burdens. Despite being an EU regulation, it permits diverging national rules that risk fragmenting the internal market. The following issues need urgent correction:

- **Prevent national fragmentation:** Article 4(3), Article 29(15) and (16) and Article 51(2)(c) allow Member States to set higher reuse targets for other products and to maintain or introduce national sustainability or information requirements. These must be harmonized to avoid gold-plating and market fragmentation.
- **Simplify declarations of conformity:** The requirement under Article 39 for an EU declaration of conformity for each packaging type is overly burdensome.
- A move away from “product-level” declarations or a general simplification should be considered.

- **Elaborate or withdraw unclear provision:** the wording in Article 28 that the final distributor with a sales area “shall aim to” reserve at least 10% of the sales area for refill points, needs to - at least - be clarified as such vague provisions lead to inconsistent interpretation.
- **Reconsider reuse obligations:** The mandatory use of 100% reusable transport packaging within a Member State and between company sites in the EU (Articles 29(2) and (3)) should be removed. Broader exemptions should be introduced—e.g., packaging in national deposit-return systems should be excluded from reuse quotas. Articles 29(6) and 48–50 must also be simplified to prevent duplication and fragmentation.
- **Clarify the “recycling exemption” Article 29(14):** further uncertainties arise here:
  - As Member States are responsible for deciding whether to exempt economic operators, this can lead to market fragmentation and massive distortions of competition.
  - Article 26(14)(b) states that the Member State concerned must be “on track” to meet waste prevention targets – it is unclear what this means and, combined with the fact that Member States decide on exemptions, could exacerbate market fragmentation.
  - The exemption’s five-year limit, with potential renewals, creates investment uncertainty and undermines long-term business planning.

### Ecodesign Regulation (ESPR)

Although the ESPR, like the Taxonomy Regulation, is a framework for future measures, several issues already pose challenges for companies striving for product circularity. Implementing acts must involve genuine stakeholder participation and provide sufficient lead time for businesses.

- **Clarify “substances of concern (SoCs)”:** The definition in Article 2(27) should be limited to substances that hinder reuse or recycling, based on current recycling technology and updated as new methods emerge. It must be explicitly restricted to the ESPR to prevent unintended overlap with REACH.
- **Limit digital product passport data (DPP data):** Information requirements should follow the principle of data minimalization and focus strictly on circularity and sustainability.
- **Avoid chemical safety duplication:** Article 6 and Annex I must not allow performance requirements that duplicate REACH chemical safety rules.

### Green Claims Directive (GCD)

We welcome the European Commission’s intent to withdraw the proposal. In case this does not come to path the GCD needs fundamental revision in trilogue. As currently drafted, it imposes disproportionate burdens through excessive substantiation and the mandatory ex-ante verification of every claim (Article 10), risking unnecessary bureaucracy without clear benefit for the internal market, consumers, or the environment.

If the Commission does not withdraw the proposal, at least the following adjustments are essential:

- Eliminate ex-ante verification of environmental claims (Article 10).
- Simplify substantiation requirements by removing the mandatory life-cycle assessment.
- Introduce broad exemptions for “simple claims” and require a new impact assessment to avoid overlap with other legislation (e.g., ECGT, UCPD).

### **Deforestation Regulation (EUDR)**

Although the start of the EUDR’s application was postponed by one year (to 30 December 2025 for large companies and 30 June 2026 for SMEs), major implementation gaps remain. Key elements – such as the benchmarking system – are ineffective, and many companies, especially SMEs are struggling to prepare. A fundamental revision is urgently needed.

Even where the regulation provides SME exemptions (e.g. TRACE codes only required on request), large corporate clients still demand them, threatening to switch suppliers. Batch-level tracking is particularly costly for SMEs (depending on the sector, between EUR 100,000 and 300,000, plus internal implementation costs and costs for a processing system with EU TRACES (approx. EUR 25,000-40,000)).

Urgent improvements should be made via a new omnibus regulation, including:

- **Introduce a “zero-risk” category** for countries with stable or growing forest areas.
- **Limit liability to the first operator:** Only the operator first placing products on the EU market should need to prove deforestation-free status. If they are from a zero-risk country, simplified documentation should apply.

- Operators must prove the deforestation-free status when placing products on the EU market for the first time. Subsequent traders along the value chain should not have to prove this again, as the original operator has already provided proof.
- If the first operator is from a “zero-risk” country, simplified documentation requirements should also apply.
- **Focus on major operators:** Consider restricting obligations to large industrial producers in third countries, covering most deforestation risk without burdening minor suppliers.
- Consider whether focusing the EUDR on the largest industrial operators in third countries as producers/suppliers of the relevant commodities/substances would not already cover a large proportion of potential deforestation, thereby dispensing with the need to check the origin of producers/suppliers of very small quantities.
- In view of the above, it is necessary to push for a further postponement of the applicability/enforceability of the EUDR regulation by at least one year.

### Urban Waste Water Treatment Directive (UWWTD)

The recast of Directive (EU) 2024/3019 (effective 2027) introduces a fourth treatment stage to remove micropollutants and applies the polluter-pays principle through extended producer responsibility (EPR). The burden falls largely on pharmaceutical and cosmetics manufacturers, jeopardising medicine availability and exposing the limits of the EPR model. The following issues need urgent correction:

- **Suspend obligations under Article 9 and 10** until there is clarity on the cost implications and impacts on medicines supply.
- **Revise Articles 9 and 10** and related recitals based on this analysis to balance environmental goals with public health needs, including consideration of alternative financing models.

### Reducing the bureaucratic burden in permitting processes

- **Enforce Mandatory Time Limits:** Establish strict, non-negotiable deadlines for authorities to grant permits, with *tacit approval* if deadlines are not met.
- **Accelerate Environmental Impact Assessments (EIA):** Shorten EIA timelines while ensuring that authorities do not request redundant information in subsequent stages. Streamline and simplify environmental monitoring procedures.
- **Prevent Procedural Obstruction:** Set clear timelines and procedures in which affected parties can partake in the permitting process, to prevent undue delays.

- **Digitalize Construction Management:** Fully implement digital tools and platforms to enhance transparency, efficiency, and coordination in the permitting process.
- **Address Broader Implementation Bottlenecks:** Reducing permitting timelines alone is insufficient.

To ensure timely implementation:

- **Standardize Requirements:** Harmonize construction and technical requirements for energy infrastructure across Member States, following the model of the Gigabit Infrastructure Act (GIA).
- **Integrate Spatial Planning:** Incorporate spatial and zoning processes into overall project timelines to avoid delays caused by prolonged land-use decisions.
- **Strengthen State Oversight:** Enhance the role of the state in enforcing land-use and spatial planning to prevent local-level stagnation.
- **Simplify Project Documentation:** Reduce the level of detail required in EIAs and other supporting documents, which have become increasingly complex over time, unnecessarily prolonging the process.
- **Eliminate Duplicative National Requirements:** Avoid parallel or redundant national permitting procedures that duplicate EU-level assessments, which create unnecessary delays.

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