

# Reframing simplification in support of a sustainable EU

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Responding to mounting claims to boost EU competitiveness and reduce regulatory burdens, EU Commission President Ursula von der Leyen proposed in November 2024 the idea of an Omnibus Regulation at the meeting with heads of state in Budapest.<sup>1</sup> The first simplification Omnibus package came out on 26 February as part of a series of simplification measures to be delivered throughout 2025.<sup>2</sup> It focuses on a list of amendments of selected EU sustainability legislations proposed by the Commission. It follows a communication on implementation and simplification published on 11 February<sup>3</sup> that provided a longer-term perspective on the proposed simplification effort.

Given the variety of visions and demands that coexist vis-à-vis the simplification agenda, this first package is not likely to close the debate. On the contrary, it will likely trigger much discussion on what simplification is, as opposed most notably to deregulation. And indeed, much remains to be defined in terms of how to move a meaningful EU simplification agenda forward, that accounts for the division of responsibilities between EU institutions and with Member States and deals with the real frictions that companies of different activities and sizes face in their implementation of EU legislation, while preserving the EU sustainability objectives.

In this context, this *Policy Brief* identifies 1) the various visions of and demands on the simplification agenda, 2) the different institutions and processes that can carry forward the different elements of this agenda, and 3) the directions for a meaningful EU simplification agenda in line with sustainable development.

<sup>1</sup> [www.consilium.europa.eu/fr/press/press-releases/2024/11/08/the-budapest-declaration/](https://www.consilium.europa.eu/fr/press/press-releases/2024/11/08/the-budapest-declaration/)

<sup>2</sup> [2025 Commission work programme and annexes](#)

<sup>3</sup> [Simplification and Implementation - European Commission](#)

## KEY MESSAGES

Advancing a meaningful simplification agenda is challenging because (i) similar attempts have failed in the past; (ii) some of those advocating for simplification are in fact looking to weaken environmental regulations adopted within the EU Green Deal casting doubt on EU objectives and (iii) those who are seeking greater efficiency in implementing environmental objectives have difficulty making their voice heard and differentiating themselves from the previous ones.

Simplification can support a positive EU agenda that promotes both sustainability and competitiveness. While regulation will be perceived as a constraint (and generate costs) because of the change in behaviours it aims to trigger, it can also be an instrument of competitiveness in the long term when it helps creating new markets or level

the playing field vis-à-vis the rest of the world. But regulation can also create unnecessary burdens and costs when it is developed in siloes and does not evolve with lessons learnt from its application.

This *Policy Brief* recalls past simplification efforts, synthesizes current simplification calls and clarifies the processes that may help address them. It highlights four conditions of success to deliver on a sustainable and competitive Europe:

- Various players engaging in good will;
- Restating values and policy objectives through the development of an EU long-term strategy;
- Strengthening review processes to allow for more dynamic policymaking;
- Building greater interlinkages between Member States and the EU institutions on better regulation, implementation and simplification.

# 1. WAVES OF SIMPLIFICATION SHOCKS AND REVOLUTIONS: AN OLD DEBATE

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Simplification has been on top of the policy agenda for the past 20 years in EU countries—as illustrated by the launch in 2007 by the Commission of an Action Programme on reducing administrative burden in the EU to measure administrative costs arising from EU legislation and reduce administrative burdens by 25% by 2012.<sup>4</sup> At the time, all 27 EU Member States also adopted quantitative targets of administrative burden reduction. Since then, waves of simplification measures and better regulation agendas have been launched by successive governments and EU Commissions.

In 2014, EC President Jean-Claude Juncker called on achieving “a European Union that is bigger and more ambitious on big things, and smaller and more modest on small things” and introduced the regulatory fitness and performance reviews (REFIT) process. The Juncker Commission repealed more acts than any Commission before (Marcus and Sekut, 2024).<sup>5</sup> Under the Von der Leyen Commission, the objective was restated and led to the adoption of the ‘Think Small’ principle and the ‘One in one out’ discipline in legislative adoption, with limited success (Marcus and Rossi, 2024).<sup>6</sup>

Among other proposals, the Draghi report on EU competitiveness that came out in September 2024<sup>7</sup> makes simplifying EU rules a key governance response to a competitive, innovative decarbonized EU. It highlights the importance of adopting a single methodology to quantify the cost of new regulatory “flow”, of stress-testing existing regulation by sector of economic activity at the start of each Commission mandate and pursuing the codification of EU legislation by policy area. It recommends harmonizing impact assessments within the Commission, across co-legislators and possibly with Member States, including a stronger competitiveness check and greater consideration of impacts on SMEs. Its recommendations to appoint a new Commission Vice President for Simplification to streamline the acquis and fully implement the announced 25% cut of reporting obligations were clearly heard by the Commission and the Council.

In July 2024, President Ursula von der Leyen proposed a Commissioner for Economy and Productivity, Implementation and Simplification. Also in line with Draghi’s proposals, Commissioner Dombrovskis advocated for all existing rules to be stress-tested and their impact on competitiveness and SMEs assessed. He launched the idea of Implementation Dialogues with affected businesses and to renew the Interinstitutional Agreement on Better Law-Making, the revised agreement of 2016 that aimed to ensure that the co-legislators (the European Commission, the European Parliament and the Council) are committed to

transparent cooperation throughout the legislative cycle.<sup>8</sup> He promoted the use of digital technology such as the digital wallet and e-identity. In parallel, the Council called on the Commission to launch a “simplification revolution” and “make concrete proposals on reducing reporting requirements by at least 25 % in the first half of 2025 and including red-tape and competitiveness impact assessments in its proposals”.<sup>9</sup>

The European Commission Work Programme published on 11 February<sup>10</sup> presented a series of initial Omnibus proposals that simplify various pieces of legislation (mostly in the areas of sustainability and digitalization) alongside initiatives with simplification dimension to support a goal of reducing administrative burdens by 25% (35% for SMEs) by the end of the current Commission’s mandate in 2029. Additional areas such as the Common Agriculture Policy and defence are expected to be addressed later.

The first “sustainability” package that came out on 26 February<sup>11</sup> combines Omnibus I & II foreseen in the Commission work programme. It includes five elements: 1) A proposal for a Directive amending the CSRD and the CSDDD; 2) a proposal postponing the application of the CSRD reporting requirements and of the CSDDD transposition deadline and first wave of application; 3) a draft Delegated act amending the Taxonomy Disclosures and the Taxonomy Climate and Environmental Delegated Acts subject to public consultation; 4) a proposal for a Regulation amending the Carbon Border Adjustment Mechanism Regulation; and 5) a proposal for a Regulation amending the InvestEU Regulation. In a nutshell, the proposals reduce the scope of application of mandatory reporting requirements (to companies above 1,000 employees and 50 million turnover) and of the CBAM eligibility—relying on voluntary adoption. They delay implementation and shorten reporting templates and requirements across the board.

According to the Commission work programme, a third Omnibus package focusing on creating a new category of small mid-caps with adapted requirements and on removal of paper requirements is forthcoming in Q2 2025. The simplification of the Sustainable Finance Disclosure Regulation, and a simplification digital package are expected for Q4 2025. Beyond simplification initiatives, the Commission communication on implementation and simplification<sup>12</sup> identifies streamlined permit granting and authorizations to ease investment and better use of evaluations, further consolidation and codification of the acquis, effective implementation of laws and policies to support more effective EU legislation. It highlights cooperation with the European Parliament, the Council, Member States’ authorities at all levels and stakeholders to foster a sense of common ownership towards the better implementation of rules and policies.

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4 [Why Is Administrative Simplification So Complicated?](#) (OECD, 2010)

5 [Simplifying EU law: a cumbersome task with mixed results](#)

6 [Strengthening EU digital competitiveness: stoking the engine](#)

7 [The Draghi report on EU competitiveness](#)

8 [Better Law-Making — Agreement between EU institutions](#)

9 [See the Budapest Declaration on a New European Competitiveness Deal.](#)

10 [2025 Commission work programme and annexes](#)

11 [Commission proposes to cut red tape and simplify business environment - European Commission](#)

12 [Simplification and Implementation - European Commission](#)

Despite past efforts, perception is that EU law is piling up and getting in the way of EU competitiveness. In a rare attempt to inform trends, Marcus and Secutt (2024) tentatively explain the perception of this piling up of EU legislation by the introduction of new legislation at a faster pace than the simplification efforts, the cumulative costs of legislation (the costs of the buildup of legislation over time as opposed to the cost of a single instrument) and its growing length and complexity. It is also worth noting that the growing body of sustainability reporting requirements is not unique to the EU. The OECD Global Corporate Sustainability Report 2024 shows that ESG reporting requirements are developing fast worldwide—in 2022, 86% of companies by market capitalization (some 20% by number) disclosed sustainable-related information globally.<sup>13</sup>

There is no simple way to assess regulatory inflation and burdens as it is not a direct function of the number or length of laws<sup>14</sup>—and legislation may not be “new” but update existing regulatory framework (such as the CSRD that strengthened the Non-Financial Reporting Directive, NFRD). It is also worth noting that regulation will have a necessary cost as it requires the regulated entity to adapt and change behaviour—the challenging task

of policymakers is to take the broader perspective to assess the expected value and impacts of a policy option (regulation or other) in a context where anticipating benefits that will be delivered over time is increasingly complex<sup>15</sup> (including the market creation and long-term competitiveness effects that the simplification debate is raising). Given this complexity, it is critical to understand the simplification calls that have recently intensified—otherwise, the responses might not address the root cause of the demands.

## 2. THE SIMPLIFICATION CALLS

Recent calls for simplification cover many different issues under this broad umbrella—sometimes quite broad and vague, sometimes very specific. For the sake of concision, these claims can be structured around five major asks: 1) reducing administrative burdens (see Box to understand different regulatory compliance costs); 2) addressing implementation bottlenecks; 3) regulating better from the start; 4) applying proportionality; 5) reducing the environmental objectives or slowing down the rhythm of the transition. Other recent claims pertain to the need to shorten and alleviate the procedures for accessing EU and MS

<sup>13</sup> Global Corporate Sustainability Report 2024 | OECD

<sup>14</sup> Although systematic regulatory impact assessment may help monitor the level of regulatory burden over time.

<sup>15</sup> The Triple Transition and the Dawn of Quantum Policymaking - Intereconomics

**FIGURE 1. Definition of compliance costs**



— Compliance costs are the costs that are incurred by the parties at whom regulation may be targeted in undertaking actions necessary to comply with the regulatory requirements (including administrative burdens and substantive compliance costs), as well as the costs to government of regulatory administration and enforcement (not developed here).

— Administrative burdens can be defined as the costs of complying with information obligations stemming from government regulation. Information obligations can be defined as regulatory obligations to provide information and data to the public sector or third parties.

— Substantive compliance costs are the other costs of complying, i.e.: implementation costs, direct labour costs, overheads, equipment costs, materials costs and the costs of external services.

— Implementation costs are the costs regulated entities incur in familiarising themselves with new or amended regulatory compliance obligations, developing compliance strategies and allocating responsibilities for completing compliance-related tasks.

— Direct labour costs are the costs of staff time devoted to completing the activities required to achieve regulatory compliance.

— Overhead costs include the costs of rent, office equipment, utilities and other inputs used by staff engaged in regulatory compliance activities. Similarly, equipment costs cover the purchase of capital equipment to comply with regulations.

— Materials costs are the incremental costs incurred in changing some of the material inputs used in the production process in order to ensure regulatory compliance (they are sometimes called “input costs”).

— External services costs cover the payments made to external suppliers providing assistance in achieving regulatory compliance.

Source: OECD (2014). OECD Regulatory Compliance Cost Assessment Guidance, OECD Publishing, Paris, <https://doi.org/10.1787/9789264209657-en>.

funds, including state aid. The complexity and length of these procedures continue to be cited as a factor hampering deployment of innovative solutions. For the sake of concision, this *Policy Brief* focuses mostly on simplification of EU legislation, seeking to highlight the broad scope of what it entails—further work could however be developed to go into specific areas of claim, including access to funding.

Under **reducing administrative burdens**, beyond the request to reduce paperwork (number of dimensions/indicators to report on and bodies to report to), a major simplification demand is to address the cumulative costs and incoherence in business reporting obligations in fast growing regulatory areas. In the sustainability area, where business lament the possible lack of coherence of legislation (CSRD, CSDDD, green taxonomy) and related reporting obligations developed in isolation. Among other things, through its open letter, the EU insurance industry *“urges the European Commission to recognize that this burden is created not only by too many reporting requirements, but also by duplications and overlaps across different pieces of legislation....”*<sup>16</sup>

Beyond rationalizing internal EU requirements, business point to the need to ensure interoperability with standards under development in other major jurisdictions. As documented by the OECD Global Corporate Sustainability report 2024, sustainability reporting measures have multiplied between 2022 and 2023, be it at country level (US, Japan, India, Brazil, China, the EU, etc.) or at international level (ISSB, IOSCO, OECD, IAASB).<sup>17</sup> In that context, BIAC, the business platform to the OECD, calls to palliate ESG standard fragmentation and proliferation<sup>18</sup>; the Investor joint statement on Omnibus Legislation for interoperability with relevant international sectoral standards (ISSB, GRI, SASB) to ease reporting burdens<sup>19</sup> and PwC for consistency in definitions notably between the CSRD and international standards.<sup>20</sup>

Reporting requirements raise a number of issues beyond paperwork and coherence, including how audits are performed. Regarding the CSRD in particular, Impact France points to the cautionary approach adopted by auditors that increasingly require reasonable rather than limited assurance<sup>21</sup> and the variation of approaches across Member States (EU guidance is expected through a delegated act expected by end 2026).<sup>22</sup> This highlights the variety of actors that are involved in sustainability reporting that may contribute at their level to more effective implementation of EU reporting legislation.

**Compliance with EU legislation** is a traditional area of complaint for business operating in the EU. Once adopted at the EU level, EU directives need to be transposed at national level to come into force (by opposition to regulations that apply directly in all members at a set date). This adds additional time in the legislative process and potentially creates divergences in adoption across Member States. The rationale for directives is to account for the diversity of Member States national systems to achieve a set goal and Member-states have large discretion when transposing EU directives (but also in implementing EU regulations). However, late or inadequate transposition (notably gold plating, i.e. the introduction of additional requirements on top of EU directives) may create additional costs and compromise EU integration.

Despite progress, the parliament notes that late transposition remains a problem.<sup>23</sup> The average length to transpose a directive with a deadline set in 2023 was 19 months, adding to a EU legislative time of about 2 years in average but ranging widely as shown in the financial services area.<sup>24</sup> Beyond time, heterogenous implementation of EU legislation across Member States may impose businesses operating across EU countries to adapt to various interpretations of the same rule. As an example, BusinessEurope flags that the national implementation of the waste directives leads to diverging requirements and reporting processes, different calculation methodologies to establish the targets, depending on definitions in different Member States and different understanding of end-of-waste status.<sup>25</sup>

For many, it is paramount to **improve the quality of EU legislation in the first place**, to make it simpler, more effective and efficient, which are core objectives of the EU Better Regulation Agenda.<sup>26</sup> At the heart of the agenda lies the quality of impact assessments, i.e. the tools used before the Commission finalizes a proposal to examine whether there is a need for EU action and the possible impacts of available solutions.<sup>27</sup> This has been at the centre of discussion for many years—and the better regulation guidance and toolbox have been under scrutiny and revised several times, also leading to the establishment of an independent body, the Regulatory Scrutiny Board, which issues opinions on the quality of individual impact assessment reports.<sup>28</sup> Despite these waves of adapting the better regulation agenda, and increasingly complexifying the toolbox for use by European Commission Directorates in developing the impact assessments, stakeholders point to several shortcomings that, in the end, affect the quality of legislation.

Despite the interinstitutional arrangement, impact assessments apply to the EC proposals and do not account for major amendments or changes that the co-legislators may bring in the process and do not address delegated legislation. Hence the calls

<sup>16</sup> [Insurance Europe letter on upcoming EC initiative to simplify and reduce reporting](#)

<sup>17</sup> OECD (2024), *Global Corporate Sustainability Report 2024*, OECD Publishing, Paris, <https://doi.org/10.1787/8416b635-en>

<sup>18</sup> [FIN-2024-02 Business priorities for the OECD work on RBC-1.pdf](#)

<sup>19</sup> [Investor joint statement on European Commission's 'omnibus legislation' | PRI](#)

<sup>20</sup> [Simplifying corporate reporting - policymakers | PwC](#)

<sup>21</sup> On this, the OECD Global Corporate Sustainability report 2024 highlights a very similar assurance level for the verification of scope 1 and 2 GHG emissions (one area of the CSRD) across regions; but point to the fact that more than in other regions, businesses in the EU use the same auditor of the financial statement to verify their sustainability disclosures.

<sup>22</sup> [Simplifions la CSRD sans renoncer à son ambition](#)

<sup>23</sup> [Monitoring the implementation of EU law: tools and challenges - Update | European Parliament](#)

<sup>24</sup> [EU Financial Services Legislation: How long is the legislative process? January 2022.](#)

<sup>25</sup> [2025-01-22\\_businesseurope\\_mapping\\_of\\_regulatory\\_burden.pdf](#)

<sup>26</sup> [Better regulation - European Commission](#)

<sup>27</sup> [Impact assessments - European Commission](#)

<sup>28</sup> [Better regulation in the European Union](#)

by BusinessEurope that “every legislative initiative must be accompanied by a top-quality regulatory impact assessment, verified by the Regulatory Scrutiny Board, which should be considered and updated in all steps of the EU legislative process” and for greater “scrutiny of delegated legislation (delegated and implementing acts)”.<sup>29</sup> As part of this call for better regulation, business voices are becoming louder on the need to improve the implementation of the competitiveness check in the regulatory impact assessment process—as is the case of France Industry in *For a “competitiveness check” in the European decision-making process*,<sup>30</sup> or in the opinion of the European Economic and Social Committee,<sup>31</sup> supported by German BDI.<sup>32</sup>

**With growing sustainability legislation comes the issue of the disproportionate impacts on SMEs vs larger companies.** This is a core area since exemptions cannot be considered a systematic solution as they defeat the purpose of establishing regulation in the first place (i.e. to change corporate behaviour) and may end up excluding smaller businesses from necessary finance and supply chains.<sup>33</sup> The joint BusinessEurope, SMEUnited, EuroChambres report identifies the lack of understanding of legislative impacts on SMEs and of mitigation measures as one of the limitations of the better regulation agenda.<sup>34</sup> In response, SMEUnited calls for a rigorous application of the SME test (which analyses the effects of upcoming EU legislative proposal on SMEs as part of the EC regulatory impact assessment process)<sup>35</sup> and of the “once only” principle (by which business provide data to public administration only once, with the understanding that public bodies exchange this data among themselves).<sup>36</sup> Others, such as Impact France, call for longer transition periods to help smaller companies adapt to new (reporting) requirements. With the fast development of legislation, the standardization process is also becoming increasingly an area of claims, particularly for SMEs.<sup>37</sup>

There is also an **underlying call for deregulation** (i.e. aimed at removing or weakening existing EU legislation) in a number of simplification claims—coming in a context where international competition has become much fiercer and leadership in countries is less supportive of sustainable development. This deregulatory agenda may not systematically be anti-environmental *per se*—some stakeholders may question the effectiveness of regulation vs other policy instruments, which notably came in the wake of the US Inflation Reduction Act and its heavy subsidization

approach.<sup>38</sup> The call for deregulation can for instance be seen in the joint AFEP-DAI press release<sup>39</sup> to make the taxonomy voluntary or in the French Communication<sup>40</sup> asking for exemptions to be broadened from SMEs to enterprises of intermediary size or to delay *sine die* the enforcement of the CS3D. In these instances, legislation is not simplified for those having to comply with it but the regulatory basis is eroded.<sup>41</sup>

In the face of the calls to delay or weaken EU legislation, coalitions have emerged in support of preserving the ambition of the EU sustainability acquis. They highlight reasons for this, including that perceived change in EU direction or delay may risk confusing the long-term signals provided by the Green Deal by introducing a doubt on the policy objective and altering the stability that business need to undertake long-term investment. Long-term policy and legal stability is at the heart of the Investor joint statement on Omnibus Legislation<sup>42</sup> and of the multis-takeholder call for Smart implementation of EU sustainability reporting standards.<sup>43</sup> Others point that in a context where EU competitors are gaining market shares in the sustainability area, change in direction risks favouring laggards and outdated technologies.<sup>44</sup>

### 3. HOW TO TREAT DIFFERENT DEMANDS AND THE EXPERIENCE SO FAR

The simplification calls are multiple and cannot be addressed *via* a single process or mechanism. They request various institutions to act and need to be dealt with at different levels of governance according to the powers entrusted to the co-legislators and the subsidiarity principle. In what follows, we highlight four areas of action: 1) ensuring coherence and dynamic policymaking through Omnibus Laws and the upcoming review clauses; 2) identifying and addressing administrative burdens; 3) pre-empting new burdens via better regulation; 4) bridging the implementation gaps.

<sup>29</sup> [Better regulation in the new legislature](#)

<sup>30</sup> [FI-Competitiveness-check-Concept-and-methodology-note-vf070923.pdf](#)

<sup>31</sup> [A competitiveness check to build a stronger and more resilient EU economy | EESC](#)

<sup>32</sup> [Article](#)

<sup>33</sup> OECD (2025), “Fostering convergence in SME sustainability reporting”, *OECD SME and Entrepreneurship Papers*, No. 66, OECD Publishing, Paris, <https://doi.org/10.1787/ffbf16fb-en>.

<sup>34</sup> [Making Better Regulation work better for SMEs - The SME Test benchmark 2024: 2024-11-19\\_sme\\_test\\_benchmark\\_final.pdf](#)

<sup>35</sup> [SME Test - European Commission](#)

<sup>36</sup> [New legislative term must deliver on SME claims | SMEUnited](#)

<sup>37</sup> [Giving SMEs a voice in standards – High-Level Forum on Standardisation | SMEUnited](#)

<sup>38</sup> See notably the positioning of energy intensive industries vis a vis US IRA and China’s state interventionism in [The Antwerp Declaration for a European Industrial Deal](#)

<sup>39</sup> Joint AFEP and DAI press release, Think OMNIBUS as a tool for European competitiveness, 20 January 2025: [Think “OMNIBUS” as a tool for European competitiveness – AFEP](#)

<sup>40</sup> Note des Autorités Françaises : propositions de mesures pour l’agenda européen de simplification réglementaire et administrative, 29/01/2025 : [NAF\\_Simplification\\_des\\_normes\\_europeennes.clean.pdf](#)

<sup>41</sup> Arguably companies with the largest footprints remain in scope—however, collectively smaller companies may account for a significant impact. According to INSEE, there were some 276 large companies in France in 2019 over 4,105,094 companies (0,01%), which would constitute the basis for legislation if SMEs and ETIs were exempted. [Catégories d’entreprises – Les entreprises en France | Insee](#)

<sup>42</sup> [Investor joint statement on European Commission’s ‘omnibus legislation’ | PRI](#)

<sup>43</sup> [Joint letter – Smart implementation of EU sustainability reporting standards - ECOS](#)

<sup>44</sup> [Letter: Brussels should resist US calls to roll back green agenda](#)

## Ensuring coherence and dynamic policymaking through Omnibus Laws and the upcoming review clauses

As technologies and society evolve rapidly and countries address major disruptions such as climate change in an inter-connected world, they need to adopt more adaptive, iterative, and flexible regulatory assessment cycles.<sup>45</sup> With sustainability legislation developing fast across areas of interest and across jurisdictions, greater consideration of coherence and interoperability of frameworks and standards is needed in the legislative process. It is needed upstream in the development of new legislation (in the expected new climate or ETS legislation for instance) and as review opportunities arise—for example with the Omnibus Law or in the framework of the review clauses (EV, electricity). This is what Emmanuel Faber, Chair of the International Sustainability Standard Board (ISSB), is calling for, highlighting past simplification efforts carried out on sustainability reporting as part of ISSB building on EU leadership in this area and warning that in a context where more jurisdictions are adopting international standards ex-post interoperability may become more and more challenging.<sup>46</sup>

In this context, an Omnibus Law provides an opportunity to shed light on options for simplifying the implementation of newly adopted sustainability reporting initiatives based on early implementation challenges and taking into account related reporting requirements within or outside the EU. These opportunities should be seen as ways to improve sustainability reporting by making it fitter for purpose, more coherent across legislations and more operational. For this, however, the Omnibus Laws should go through the same rigorous analysis as any new EU regulation and consider all options at all stages of their development, including beyond their development by the European Commission (see below).

## Identifying and addressing administrative burdens

Beyond sporadic opportunities to review and simplify EU legislation through Omnibus laws (as highly visible as they are), ongoing mechanisms should help raise attention on frictions and administrative burdens as new EU legislation hits the ground and more systemic responses should be found on recurring challenges. It is challenging to establish an effective feedback mechanism on frictions at the EU level. The Have your say: Simplify! Platform received 1,854 suggestions between 2019 and 2025. The Fit for Future platform was established in 2021 for a four-year mandate as a high-level expert group to advise the European Commission on how to simplify EU law. By its final plenary meeting in October 2024, the platform had issued 41 opinions, the most recent ones pertaining to sustainability reporting or reporting at

large.<sup>47</sup> In October–December 2023, the EC launched an initiative aimed to identify reporting requirements in EU legislation that can be removed or rationalized without undermining the policy objectives.<sup>48</sup> The call brought in 193 submissions. While not negligible, numbers remain modest, and it is not clear that affected businesses use these transparent mechanisms to voice their concerns. At the same time, opportunities for stakeholder engagement have progressively deepened in the EU, which has become one of the best performers on stakeholder engagement in primary and secondary legislation against OECD composite indicators (see successive OECD Regulatory Policy Outlooks).<sup>49</sup>

Beyond more systematic engagement and grassroots warning mechanisms, what would make a difference? At EU level, there is a need to systematize *ex post* reviews and move it from a focus on single instruments to a focus on full areas of regulation and sectors to capture the cumulative impacts of regulation. The calls also converge on the importance of better applying the materiality and proportionality principles to guide regulatory action, reporting and their assurance,<sup>50</sup> and on the gains that greater data sharing among relevant authorities, implementing the Only Once principle, would bring. A step was taken in this direction with the Council mandate to simplify reporting requirements in the field of financial services and investment support and rationalize reporting requirements by increasing efficiency in data sharing between EU supervisory authorities.<sup>51</sup> Across national levels, more could also be done to limit sustainability reporting redundant to CSRD.<sup>52</sup> Better multi-level governance of reporting requirements is needed, which may also imply that more territorial relays exist to support companies, notably smaller ones, in their compliance with EU legislation.

## Pre-empting new burdens via better regulation

This requires a connexion with a long-term strategy for Europe to provide anchor points to what better regulation means beyond a technocratic exercise. This long-term strategy for Europe could base itself on the long-term decarbonization strategy produced in 2018, which underpinned the EU Green Deal agenda. It would need to be updated to account for the changing geopolitical, technoeconomic and social environment and move from a climate focus to an economic and environment resilience strategy. This anchoring would facilitate the better regulation agenda working as a system, including bringing in the co-legislators on major amendments or technical bodies on implementing legislation and standards, or addressing issues of policy coherence across EU legislation and with other major jurisdictions, empowering SMEs and better taking account of enforcement in design.

<sup>47</sup> Adopted opinions - European Commission

<sup>48</sup> [call for evidence to feed rationalisation of reporting requirements](#)

<sup>49</sup> [OECD Regulatory Policy Outlook 2021 | OECD](#)

<sup>50</sup> [Simplifying the EU Taxonomy to Foster Sustainable Finance / \(8\) Publier | LinkedIn](#)

<sup>51</sup> [Council agrees its position on simpler financial reporting requirements - Consilium](#)

<sup>52</sup> [Les Propositions d'Impact France pour simplifier et améliorer la CSRD.docx](#)

<sup>45</sup> [OECD Recommendation of the Council for Agile Regulatory Governance to Harness Innovation](#)

<sup>46</sup> [La CSRD a un rôle important à jouer dans la construction d'une économie plus résiliente | LinkedIn](#)

While very much the centre of attention, the European Commission is not the only responsible authority when it comes to the better regulation agenda. In 2016, the three co-legislators committed via the inter-institutional arrangement to jointly implement the Better Regulation system. In particular, in a context where significant pieces of EU legislation differ substantially from the initial proposal submitted by the Commission once they are through the full cycle, they committed to assessing the impacts of their amendments when substantial, and they considered this to be appropriate and necessary. However, neither the European Parliament nor the Council have delivered on this commitment. It is a political and a resource issue. Parliament and Council need to step up, renew their commitment to the Interinstitutional Agreement on Better Lawmaking in a context where EU legislation is under greater public scrutiny and allocate appropriate resources.

## Bridging the implementation gaps

For EU business and citizens, EU legislation lands after a full legislation cycle across EU institutions and transposition (for directives) or through the lens of enforcement processes carried out by national or sub-national authorities. Once implemented, it is hard to clearly understand who is responsible for what in this cycle. Addressing issues related to implementation, the "Achilles heel of European integration",<sup>53</sup> is both critical and challenging. Critical because implementation gaps are questioning the credibility of EU action (and hampering the delivery of the Green Deal). Challenging because of the lack of implementation data, the shared responsibilities between EU institutions and Member States, and the absence of a feedback culture. Again, it is an area where recurring attempts at addressing the issues have led to layers of mechanisms.

Reducing transposition time, avoiding over prescription and bureaucratic procedures (including in permitting and licensing) ultimately require close cooperation with Member States, taking into account the variety of actors involved in the compliance chains, including regulators, auditors, administrations delivering licenses and inspectors. The challenges are manifold and require a harder look at specific areas and sectors that will necessitate future in depth work. Looking ahead, there is a particular challenge to ensure that the cuts in regulatory burden undertaken by Commission through the Omnibus Laws are properly reflected in national laws and do not just stay in Brussels—this could constitute a pilot of a more symbiotic relation with members on implementation.

## CONDITIONS FOR SUCCESS

It is striking to see that the same approaches are being proposed over time: regulatory exemptions, quantitative targeting of red tape reduction, co-legislators and Member States working as a system, ever greater stakeholders'

<sup>53</sup> [ComplexityofEULaw.pdf](#)

engagement, better impact assessments considering various impacts. This is leading to an increasingly cumbersome system of mutual accountability. Under which conditions will it work for competitiveness and sustainability?

- **Various players engaging in good will.** This involves: 1) civil society notably businesses of different size and position in value chains, including leading companies for Europe's sustainable competitiveness, helping identify unnecessary costs and a competitive path compatible with sustainability; 2) co-legislators contributing to the better regulation agenda and engaging in impact assessments; 3) national governments ensuring alignment with the EU legislation and commitment to the simplification agenda in their core transposition and implementation activities; 4) and various Commission DGs agreeing that there may be several paths to policy objectives.
- **Restating values and policy objectives.** Given recent debates and focus on simplification that many may have been interpreted as a change in objectives, stakeholders and international partners may be confused on the EU directions. Restating values and policy objectives through the development of an EU long-term strategy may be needed. This long-term strategy for Europe could largely rely on the announced new European industrial strategy and be developed based on the long-term decarbonization strategy produced in 2018, pending changes to account for a changing context and to encompass a broader economic and environment resilience strategy.
- **Strengthening review processes.** Given the complex institutional set up and variety of actors involved at both EU and Member States level, there is a certain inertia of EU legislation in a context where more agility is needed. Evaluations—notably *ex post*—, stakeholder engagement processes and experience from early implementation in the field could better feed in review clauses and *ex ante* impact assessments of new or revised legislation to ensure continuous improvement of EU legislation. Market changes, the business environment and the innovation outlook should be more regularly assessed and fed back into the legislative process.
- This in turn may warrant **greater interlinkages between Member States and the EU institutions on better regulation, implementation and simplification.** There are today limited linkages between the initiatives taken at EU level to simplify, better regulate or implement EU legislation and Member States efforts in the same areas. Arguably, there could be greater bridges between the two levels to share results of impact assessments, stakeholder engagement initiatives and ex-post evaluations and to align simplification efforts. There could also be greater exchanges on implementation and enforcement of EU legislation among Member States and with the EU. This could also involve clarifying who may be responsible for addressing specific implementation bottlenecks (be they related to legislation, infrastructure development or access to funds).

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