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NOTE

From: Presidency

To: Permanent Representatives Committee/Council

Subject: Economic consequences of EU legislation
- Presidency issues note

In view of the Economic and Financial Affairs Council on 12 December 2025, delegations will find attached a Presidency issues note on the above-mentioned subject.

Economic consequences of EU legislation

5 December 2025

As pointed out in the 2024 Draghi Report, excessive regulatory and administrative burdens can weaken the competitiveness of Europe, the 'stock' of regulation is large, the 'flow' of new regulation in the EU is growing faster than in other comparable economies, and efforts to reduce the stock and the flow have had limited impact so far.

In October, the European Council called in its conclusions for efforts at all levels 'to drastically reduce, as a matter of urgency, administrative, regulatory and reporting burdens for businesses, including SMEs, and public administrations', urged the Commission and the co-legislators to 'avoid over-regulation and the introduction of new administrative burdens, in particular on SMEs, throughout the legislative and implementation processes at all levels', and called for 'legislative and regulatory self-restraint'.

The Commission's omnibus packages reduce the burdens arising from the stock of EU regulation. However, there is a significant risk that burdens arising from the flow of new regulation will outweigh these efforts without proper monitoring tools.

Monitoring costs and benefits generated by the flow of new EU legislation

European policymakers lack even a basic overview of the cumulative costs and benefits generated by the steady flow of new EU legislation. The Danish Presidency has compiled an overview of the costs and benefits for European businesses and public authorities of all proposals currently under negotiation across Council configurations. The overview shows that for European businesses, if adopted, these proposals will – in addition to substantial one-off costs – add new recurrent administrative costs of around EUR 1.4-1.5 billion and recurrent adjustment costs of roughly EUR 11.9-19.6 billion. It also shows that for public authorities these proposals will add around EUR 119-140 million in recurrent administrative costs and EUR 2.1-9.2 billion in recurrent adjustment costs. It should be noted that total costs could be underestimated as estimates are sometimes only partial.

Next steps

The Council (COMPET) discussed the overview of costs and benefits for businesses on 8 December. The Council (GAC) will adopt Council conclusions on Simplification and Better Regulation on 16 December.

The Council conclusions will stipulate that:

- the Presidency (assisted in its tasks by the Council secretariat) once per semester provides an updated overview of the economic, social, regulatory and other benefits as well as administrative and adjustment costs for businesses and public administrations from proposals currently under negotiation.
- the Council in its ECOFIN and COMPET configurations discusses the economic, social and regulatory benefits and aggregate administrative and adjustment costs for businesses, citizens, and public administrations, also at EU level, from proposed EU legislation based on this overview, without prejudice to the competencies of other Council configurations.
- The Council (GAC) will take these discussions into consideration, in particular in its discussions on simplification and on legislative programming.

Issues for discussion

- *Is overall costs proportionate to the benefits? Can net benefits be improved?*
- *Do overall costs and benefits support the aim to increase the competitiveness and growth potential of European economies?*
- *Without prejudice to the competencies of other Council configurations, do ministers have comments on the economic consequences of the proposed legislation in the overview table?*