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NOTE

From: General Secretariat of the Council
To: Permanent Representatives Committee/Council

Subject: *Preparation of the Competitiveness Council (Internal Market, Industry, Research) on 6 March 2025*
Discussion on the Omnibus Simplification Packages
- *Policy debate*

Delegations will find attached a Presidency background note on the Omnibus Simplification Packages with a view to the policy debate at the Competitiveness Council on 6 March 2025.

DISCUSSION PAPER

Meeting of the Competitiveness Council

Brussels, 6 March 2025

Discussion on the Omnibus Simplification Packages

The last few years have brought many additions to the European Union’s regulatory framework. The overall number of regulations represents significant burdens for European companies. They struggle under the weight of regulatory complexity and have to deal with new obligations or restrictions. These factors negatively influence the competitiveness of European enterprises vis-à-vis companies from third countries, which do not face the same level of regulatory scrutiny as European companies do.

The recently published Competitiveness Compass rightly points out that “regulatory burden has become a brake on Europe’s competitiveness”¹. In light of Europe’s growing competitiveness challenges, there is an **urgent imperative to undertake simplification efforts with greater determination than ever before**.

The Commission has announced its intention to publish a series of simplification initiatives to address this issue, including Omnibus packages covering far-reaching simplifications in specific policy areas. A set of omnibus packages are to be tabled in 2025 according to the 2025 Commission work programme, with the streamlining and simplification of sustainability reporting, sustainability due diligence and taxonomy being addressed in the first Omnibus and investment simplification – in the second one. A third Omnibus package will, among other things, focus on small mid-caps and removal of paper requirements in product legislation.

¹ Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions: A Competitiveness Compass for the EU, p. 16.

In addition, further simplification efforts in 2025 will focus, among other areas, on a revision of the digital *acquis* and on a simplification of the Common Agricultural Policy. In its Communication on Implementation and Simplification² the Commission invited the European Parliament and the Council “to consider fast tracking these files, acting on the simplification proposals without reopening other parts of the legislation, to provide maximum and swift clarity and relief to companies”.

The Polish Presidency has taken steps, in agreement with the partners from the Presidency Trio, to organize the process in the Council in a way to facilitate for political supervision by the European Council. This entails the efficient coordination of work related to legislative files being within the remit of different relevant Council formations under the General Affairs Council.

The Competitiveness Council gathering ministers who work closely with the business community and representing a comprehensive perspective of the Single Market, plays a paramount role in supporting and contributing to this process, as it is uniquely positioned to recognize and address the changing needs of entrepreneurs. The Competitiveness Council shall monitor the simplification efforts, including those related to the Omnibus packages so that they tackle the right challenges and their results bring tangible relief to the business community.

Many of the above mentioned simplification initiatives will have a particular focus on easing administrative burdens for SMEs. There is a concern among entrepreneurs that the large number of reporting requirements (e.g. data points) that in combination with push from auditors for maximum compliance may unintentionally burden SMEs within the value chain while they are not directly targeted in the scope of reporting obligations. Since large companies, which must comply with these requirements, are natural key business partners for SMEs, the need to provide increasing amounts of information will become an inherent part of doing business. This is especially evident when large companies use contractual obligations to place disproportionate requirements on SMEs in view of their businesses' size and capabilities. As a result, the simplification efforts rightly focus on addressing the potential trickle-down effects of diverse reporting requirements for larger companies.

² A simpler and faster Europe: Communication on implementation and simplification, pp. 6-7.

Moreover, the need for simplification is apparent in other areas of the EU acquis, other than those noted in the Commission's Communication on Implementation and Simplification, and the ambitious work announced by the Commission must further address them. The focus on SMEs is particularly important in this regard, as the danger of trickle-down effects and placing unintentional burdens may be evident not only in sustainability reporting, but also in other reporting and regulatory requirements. A key priority should therefore be to create a lasting and growth-oriented legal framework for these companies, to ensure that they can scale up and continue their growth in Europe.

The work on the first and subsequent Omnibus simplification packages is crucial, as it will establish the blueprint for the wide range of simplification efforts announced by the Commission. It is therefore essential that it is processed swiftly and in a focussed way.

These initial packages will serve as a benchmark for how future simplification workstreams are approached and implemented. We must engage in discussions regarding which policy areas should be tackled by future Omnibus packages.

Discussion questions

1. Having in mind voices of business communities in Member States and, in particular, burdens placed on SMEs, which other areas in the EU acquis than those already covered by announced omnibuses require urgent simplification measures in order to strengthen our competitiveness?
2. How can we ensure that the 'Omnibus method' delivers, leading to swift agreement and simplification on the ground? What further measures can be taken by the Council, Member States and the Commission to ensure that simplification measures are prioritised?