

Policy Position

Europe must improve the quality of its regulation

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#RedTape

#BetterRegulation

#Competitiveness

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The EU is discussing better regulation. The issue is urgent. Nothing less than the competitiveness of European companies and the acceptance of the EU are at stake. But beware – neither symbolic politics nor broad deregulation will help. Instead: here are four concrete measures that could substantially improve the quality of EU regulation.

Europe must reduce its bureaucratic requirements, warn business representatives. While in the US companies can easily get tax benefits for green investments, companies in the EU feel confronted with a „[tsunami](#)“ of new green rules, which they believe are slowing down innovation and growth. EU Commission President Ursula von der Leyen responded to the criticism in October by [announcing](#) her intention to reduce companies' reporting obligations by a quarter.

With the Brussels legislative machine running at full speed for the past four years to get the European Green Deal off the ground, the debate on better regulation in the EU has gained fresh momentum. This is urgently needed in the face of overly complex and inconsistent regulation and multiple and overlapping reporting obligations. However, parts of the business community and of liberal-conservative parties are currently trying to water down ambitions for climate protection under the banner of cutting red tape. The latest example is the European Sustainability Reporting Standards (ESRS), which were first [watered](#) down by the business lobby and then had to survive a [battle](#) in the EU Parliament.

If you really want to strengthen Europe's competitiveness, you need concrete proposals to improve the quality of European regulation. Here we present four.

First, better regulation can also mean hiring more bureaucrats. Only a few Commission officials are working on the green taxonomy to categorise sustainable economic activities. The academic, civil society and business representatives assembled in this group undoubtedly have a great deal of expertise. However, the set of rules they have created is [overly complex and drives users to despair](#). A better-staffed EU Commission could draft the rules itself and pay more attention to proportionality. Consulting experts makes sense, but outsourcing legislation does not. It is therefore short-sighted for the EU member states - as has just happened again in the review of the multiannual financial programme - to cut proposals for more staff in the Commission. Good legislation costs money.

Second, the EU Commission needs to work more as one and set priorities, rather than risking rushing into symbolic politics with grandiose announcements such as a 25 per cent reduction in reporting requirements. Contradictions in the regulations for protecting ecosystems/biodiversity and promoting new mines in Europe are an example for that cooperation between the various policy divisions and technical departments within the European executive does not always work. The College of EU Commissioners in particular should act more as a common filter, ensuring coherence and defining strategies.

Thirdly, the instrument of impact assessment should be expanded and given a higher priority in the legislative process. The European Commission already estimates the likely consequences of each legislative proposal. However, the focus is usually one-sidedly on easily measurable compliance costs. However, the positive impact of legislation on competition, social and environmental issues must also be an integral part of the analysis. In addition, the EU Parliament and Council should also prepare impact assessments where they amend key aspects of the Commission's proposals. The costs and benefits must be clear when a legislative text is adopted.

Fourth, national governments should play their part in avoiding unnecessary red tape. Much of the cost of regulatory compliance does not come from Brussels, but from the transposition of European standards into national law. The most prominent example of this 'gold-plating' is the EU's General Data Protection Regulation (GDPR), on which Germany has piled its own data protection law. This practice undermines European harmonisation efforts and places unnecessary burdens on businesses and citizens. Of course, member states should be allowed to go beyond the minimum requirements of EU law, for example to protect employees. But the additional administrative burden must remain proportionate. Bodies such as the German Regulatory Control Council painstakingly identify duplicate and overlapping requirements. National legislators should take these more into account.

The quality of European regulation must improve if the EU is not to lose the acceptance of businesses and citizens. But the debate must be conducted honestly.

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