

RegWatchEurope's key messages for the new European Commission mandate, the European Parliament and the Council

At the beginning of its new mandate, the European Commission and the co-legislators face a very different Europe than five years ago. Having battled a global pandemic and stood up to Russian aggression in Ukraine, the European Union of today is in many ways a more resilient and united one. But it is also facing increasing pressure: it needs to boost its competitiveness, manage the green transition, respond to rapid technological developments – all while protecting its democratic institutions. According to the recently published Letta and Draghi Reports, such pressures and resulting trade-offs could potentially become an existential challenge to the EU as we know it.

Recent years have shown that the EU can act quickly in times of crisis. In the future this agility will need to be accompanied by an even stronger focus on competitiveness, burden reduction, as well as improving the quality of regulation across policy areas and along the entirety of the policy cycle. This should be done without losing sight of social and environmental impacts, as well as impacts on the economy at large.

Competitiveness at the centre of policy-making

Improving the competitive position of European businesses truly needs to become one of the centrepieces of the new Commission and Parliament mandates, and there are encouraging signs that this will be the case. In its 2023 Communication on long term competitiveness,¹ the Commission introduced a new format for the **assessment of competitiveness**. In order to be effective, RegWatchEurope (RWE) stresses that the assessment of the effects on competitiveness should not simply amount to an additional annex in an impact assessment report, but rather that competitiveness should be a central concern for the Commission services preparing new proposals, as well as for the co-legislators during negotiations.

The **removal of unnecessary burdens** is a very important aspect of promoting Europe's competitiveness, and should as such become a cross-cutting endeavour across the Institutions of the EU. The endorsement of all the Better Regulation principles has long been there from the European Parliament and the Council;² now is the time to make them tangible in the entire European decision-making process.

Reducing regulatory burdens

Complex and burdensome EU regulation has long been at the core of anti-EU sentiment. Burden reduction can also play an important role in protecting and strengthening EU institutions. With the introduction of the **'one in, one out' approach** and the **25 percent burden reduction target for reporting requirements** and the increased focus on **cumulative cost assessment** in the second half of its previous mandate, the Commission has already set up important framework conditions. In order to achieve the required results, the Commission should now ensure that the 'one in, one out' approach includes **all compliance costs and savings** in its offsetting mechanism, as well as pay more attention to identifying offsetting measures with tangible impact. The selection and transparent monitoring of measures to achieve the burden reduction target should become an ongoing activity across all policy areas. RWE stresses the importance of the European Parliament and the Council also committing to the targets of the Commission if they are to be realized in the end. Finally, stronger focus should also be placed on **digitisation** as a means of burden reduction, for instance as part of

¹ COM(2023) 168 final.

² See e.g. European Parliament resolution of 16 February 2023 on an EU strategy to boost industrial competitiveness, trade and quality jobs (2023/2513(RSP)), and Council conclusions 'A Single Market for the benefit of all' (10298/24, COMPET 589 MI 538), and 'A competitive European industry driving our green, digital and resilient future' (10127/24, COMPET 573 IND 272 MI 519).

an European digital-readiness check. From the perspective of regulatory burden, RWE welcomes the plans to further focus on **SME competitiveness** by forging a stronger link with the existing SME Test.

Improving policy-making across policy areas and along the entire policy-cycle

With the focus on cumulative impacts in the 2023 Communication, the Commission took an important step towards breaking up “policy silos” and ensuring a more holistic approach to assessing impacts. This cross-cutting approach should be strengthened in the current mandate and more effectively integrated into other instruments, such as the competitiveness check, the SME test and ex-post evaluation.

A key prerequisite is that impact assessments are systematically carried out for all relevant proposals: In 2023 over 50 legislative proposals put forward by the Commission were not accompanied by an impact assessment.

Furthermore, **delegated acts** are an important legal instrument, allowing the Commission more flexibility to supplement and amend non-essential elements of a basic act. However, where a delegated act results in substantial impacts, these impacts do not undergo the same level of assessment as those of the basic act. Out of over 750 delegated acts in 2023, only two were accompanied by an impact assessment. For implementing acts an impact assessment was carried out for only a single act out of over 650. RWE therefore supports a strengthening of Better Regulation standards for delegated and implementing acts.³ RWE furthermore underlines the importance that the co-legislators to a much greater extent consider their commitment in the Interinstitutional Agreement on Better Law-making to carry out **impact assessments on substantial amendments** to Commission’s proposals.

Transposition, implementation and enforcement of EU law is also an integral part of the EU policy cycle. The Commission and Member States should therefore intensify their cooperation in ensuring **correct and timely transposition** of EU legislation, for instance through more systematic transposition and implementation workshops, both before and after the final EU act has been adopted. This can be further supplemented by national follow-up impact assessments in order to reduce existing blind spots in the Better Regulation framework. **Review clauses** should be introduced as default and standardised as far as possible in EU acts. Particularly burdensome legislation from the previous mandate period where such clauses were not included should undergo a review regardless. RWE also welcomes the Commission initiative to stage overarching **Implementation dialogues**.⁴

Outlook

RWE welcomes the further focus placed on Better Regulation objectives in the Political Guidelines for the next Commission⁵ and the Mission Letters to the Commissioners-designate. As a network of regulatory scrutiny bodies, we are looking forward to actively contributing to these pursuits. We highlight the importance of the **stress-testing of the European acquis** for addressing opportunities for simplification across policy areas. We welcome the emphasis placed on the **entire trajectory of European decision-making**, and the role of a new interinstitutional agreement in consolidating that emphasis. And finally, we wish to express our strong support for **reality checks** as an early warning mechanism to gain insight into on-the-ground experiences with regulatory burdens that might not have been foreseen at the inception of the legal instrument.

³ As noted in the Mission Letter to Commissioner-designate Valdis Dombrovskis, September 17, 2024.

⁴ As noted in all Mission Letters to Commissioners-designate, September 17, 2024.

⁵ Ursula von der Leyen’s Political Guidelines for the next European Commission, July 18, 2024.