

# Balancing Reduction of Regulatory Burden Demands with EU Climate Ambitions: Finding Common Ground

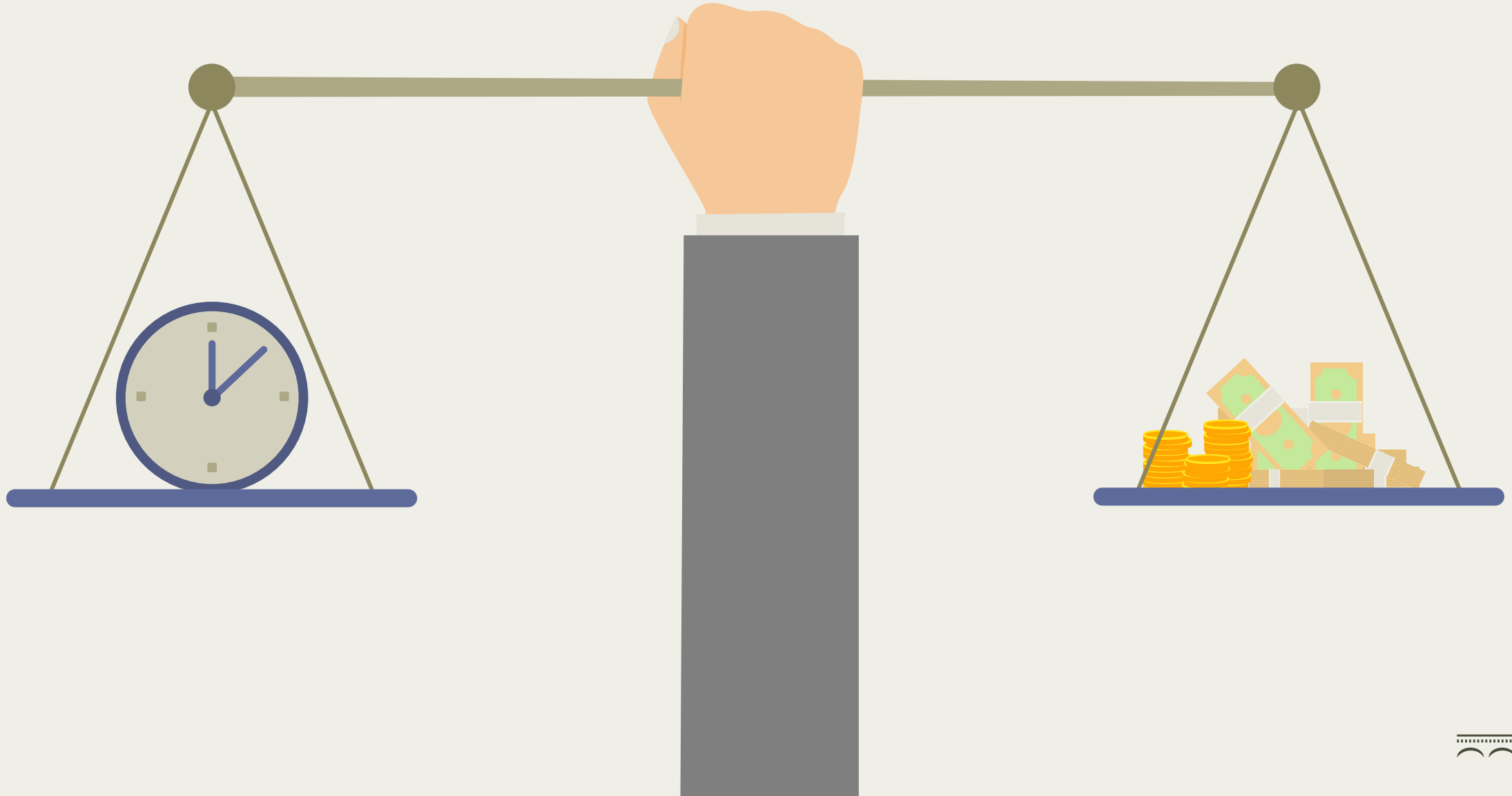
Warsaw Stock Exchange, 2025:

*Building bridges for sustainable, competitive growth: business, public administration, and stakeholders in action  
to reduce administrative burden*

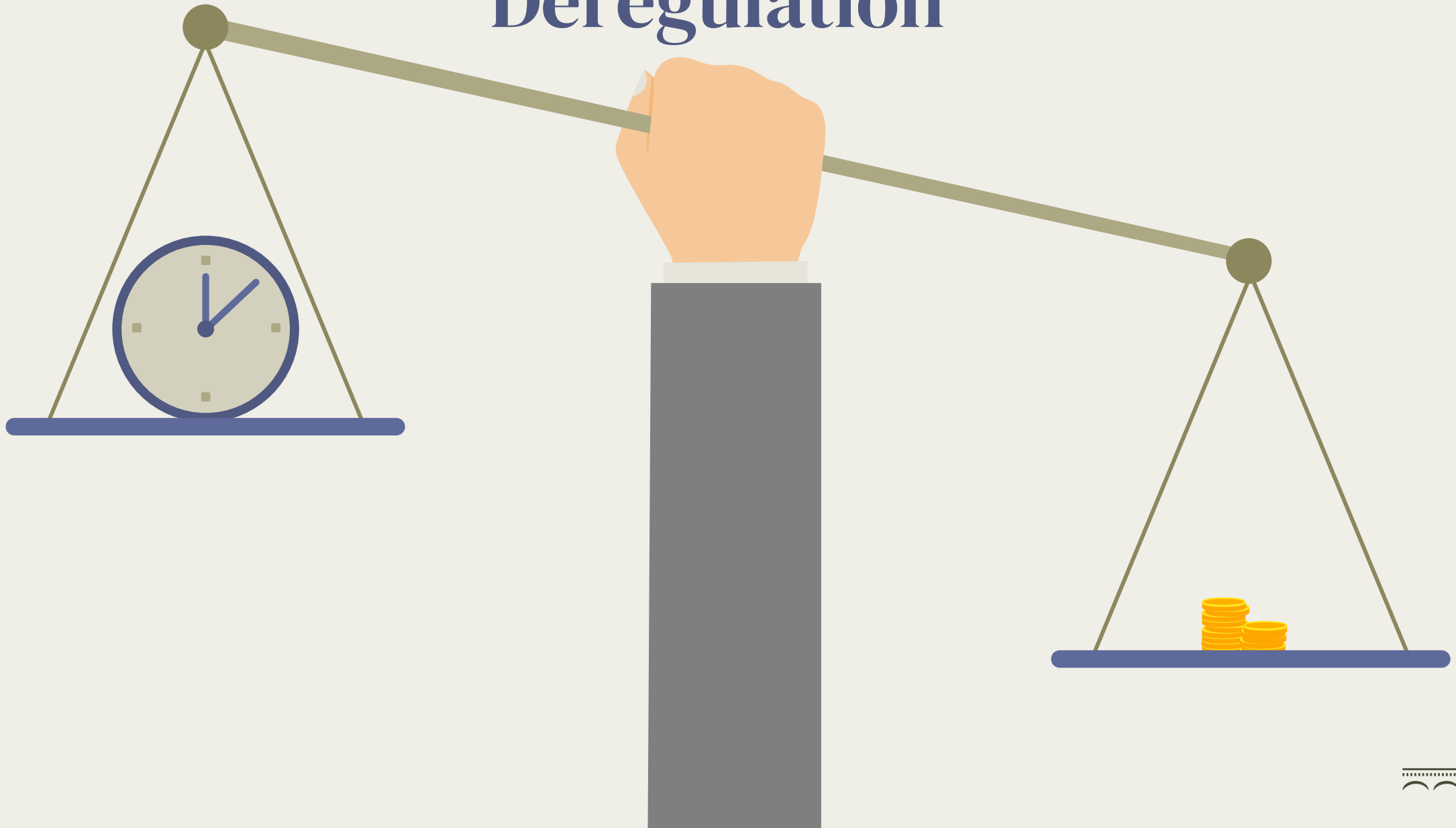
# A new context for businesses & financial markets



# EU Competitiveness – The right Balance?



# Deregulation



# Solving Climate Crisis



Health care



Infrastructure



Transport



Consumer goods



Technology & Communications



Extractives & Mineral Processing



Resource Transformation



Service



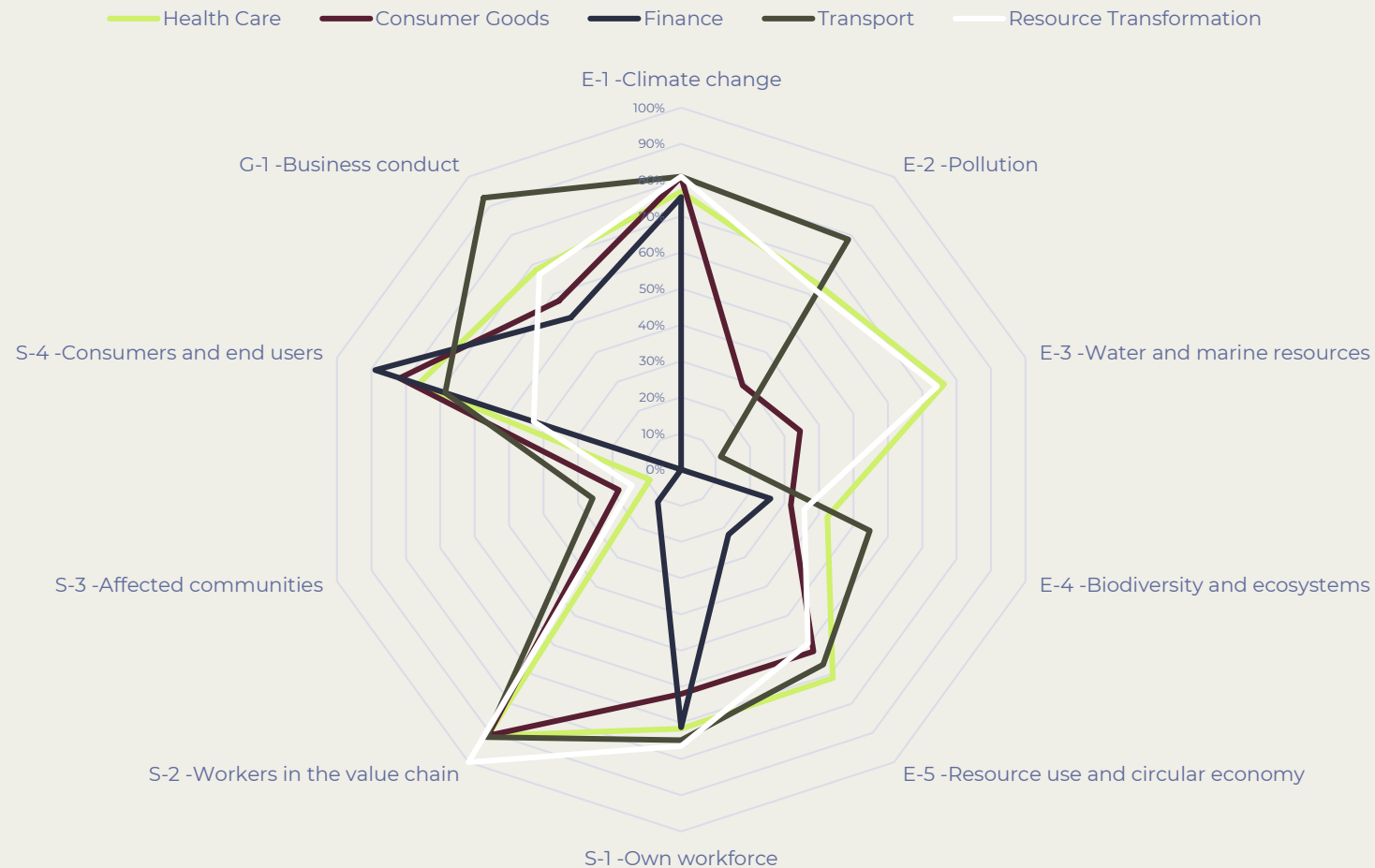
Renewable Resources



Finance



# Conclusions from Corporate Reporting



# Copenhagen Changery



# A new context for businesses & financial markets



# The just transition is key for world GDP



## Social reconfiguration

Workforce changes, polarization and DEI agenda interference with business culture and corporate ethics.

US agenda disrupts value propositions of EU businesses.

Accelerating pace

Strategic dilemmas

Permanent crisis

External pressures

High complexity

Unforeseen events

# Geopolitical tensions keep slower transition



## Securitization

Tariffs, war and trade conflicts interrupt business supply chains and squeeze margins.

Trade and access to resources affect geopolitics and trade.

Security of supply and low-cost energy is a geopolitical weapon.

Accelerating pace

Strategic dilemmas

Permanent crisis

External pressures

High complexity

Unforeseen events

# 6 out of 9 planetary boundaries crossed



## Environmental crisis

Climate crises accelerating a more permanent crisis, pressures on governments on e.g., carbon taxes.

Areas of high concern include loss of species, deforestation, pollutants and plastic to nitrogen cycles and freshwater pollution creating external pressures.

Accelerating pace

Strategic dilemmas

Permanent crisis

External pressures

High complexity

Unforeseen events

# AI and digitalization speed up everything



## Technological development

AI, digitalization of corporate operating models, electrification of businesses and societies are key to transitioning to a more sustainable economy.

Accelerating pace

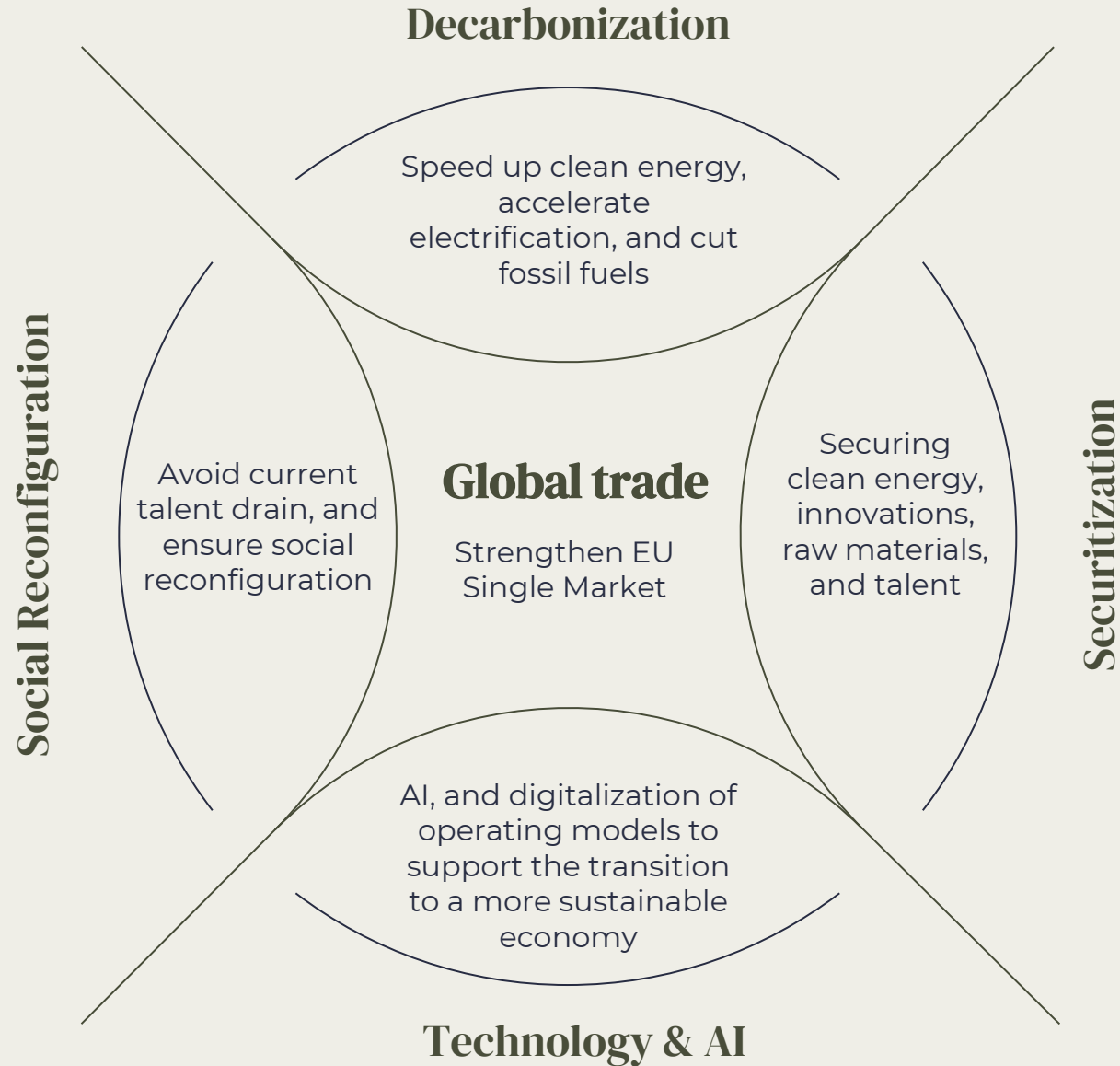
Strategic dilemmas

Permanent crisis

External pressures

High complexity

Unforeseen events



# Challenges - Letta Report

## **Fragmentation in Key Sectors**

- The EU's Single Market remains incomplete, particularly in sectors like energy, financial services, and telecommunications. This fragmentation limits economies of scale and hampers the EU's ability to compete globally.

## **Regulatory Complexity**

- A complex and inconsistent regulatory environment across Member States creates administrative burdens, especially for small and medium-sized enterprises (SMEs), impeding innovation and growth.

## **Insufficient Integration of Capital Markets**

- The lack of a unified capital market restricts the efficient allocation of resources and limits investment opportunities within the EU.

## **Talent Drain and Limited Mobility**

- European talent often seeks opportunities outside the EU due to limited mobility and support within the Single Market, undermining the Union's capacity for innovation.

# Challenges – Draghi Report

## **Innovation and Productivity Gap**

- Europe has been lagging behind the United States and China in terms of productivity growth and technological innovation. This gap is attributed to insufficient investment in research and development, as well as fragmented efforts across Member States.

## **Fragmented Single Market and Capital Markets**

- The EU's Single Market remains incomplete, with barriers that hinder the free movement of goods, services, capital, and labor. This fragmentation limits the scalability of businesses and the efficient allocation of resources.

## **Regulatory Overload**

- A complex and often inconsistent regulatory environment across Member States creates administrative burdens, particularly for small and medium-sized enterprises (SMEs), impeding innovation and growth.

## **Energy Costs and Dependencies**

- European **industries** face higher energy costs compared to global competitors, partly due to reliance on energy imports and fragmented energy markets.

## **Demographic Challenges**

- An aging population and declining birth rates threaten the sustainability of the EU's labor force and economic dynamism.



# Turn decarbonization into a driver of growth for European

- Clean Industrial Deal

- 1) affordable energy;
- 2) boosting demand for clean products;
- 3) financing the clean transition;
- 4) circularity and access to materials;
- 5) acting on a global scale; and
- 6) skills and quality jobs.

**Boosting demand for clean products** will come into effect through the Industrial Decarbonization Accelerator Act, which plans to increase demand for EU-made clean products, by introducing sustainability, resilience, and '**made in Europe**' criteria in public and private procurements.

## Horizontal enablers

- cutting red tape,
- fully exploiting the scale of the single market,
- promoting quality jobs,
- better coordinating policies at the EU and national levels

Affordable energy is the foundation of competitiveness

# From Paper 2030 Agenda

## **2024 Reports to inform current state**

The Letta and Draghi Reports, as they provided the impetus for the new European Commission regarding competitiveness

## **Regulation**

Corporate Sustainability Due Diligence Directive (CSDDD)

“Stop the Clock” Legislative Proposal

Corporate Sustainability Reporting Directive (CSRD)

The Competitive Compass,

The Omnibus Simplification Package,

The Clean Industrial Deal,

**These will have profound impacts on how the EU will prepare the private sector for the clean transition.**