

Bureaucracy moratorium now!

Position paper
of the
CDU/CSU Group



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Imprint

CDU/CSU-Gruppe im Europäischen Parlament
W 60, Zi. 0.61
Platz der Republik 1
11011 Berlin

☎ 030 / 22 77 57 75

✉ info@cducsu.eu

🌐 www.cducsu.eu

📘 @CDUCSUEuropa

🐦 @CDU_CSU_EP

📷 cducsueuropa

April 2022

Europe is experiencing a turning point due to the Russian war of aggression against Ukraine and the consequences of the Corona pandemic. A turning point that means that the planned green and digital transformation path, as envisaged before the pandemic and the war, cannot be implemented as originally planned. Therefore, targeted adjustments are necessary. At the same time, the climate goals, a CO2 reduction target of -55% by 2030 and climate neutrality in 2050, of course remain in place.

The upheavals on the international agricultural, energy and raw materials markets associated with the crises also call for decisive action by all political decision-makers, which must aim in particular to diversify and ease the burden on citizens and businesses in the European Union in these difficult times.

The best way to achieve this in the current situation is with a moratorium on bureaucracy. Since 1990, the average growth rate of cumulative additional legislative or non-legislative acts at the European level has been 15% per year. In the past year alone, 1,977 legislative or non-legislative acts were adopted or amended, while only 1,008 legislative or non-legislative acts were repealed or expired in the same period. Assuming that the number of legislative and non-legislative acts corresponds to the number of bureaucratic burdens they contain, this results in a 2-in-1-out rule, rather than the 1-in-1-out principle piloted by the Commission in 2021. This needs to change.

In this context, we would like to make a contribution to the debate with the below proposals on how the turning point induced by the crises can be concretely shaped by a bureaucracy moratorium of current and planned EU legislation.

First steps in the right direction

First important signals have been given by the Commission, following a call by the EPP Group, with the temporary framework for economic support in the context of Russia's invasion of Ukraine, the postponement and re-evaluation of the nature protection package as well as targets for the sustainable use of pesticides and targets for the restoration of nature, as well as the common European framework for action REPowerEU for more affordable, secure and sustainable energy. The communication on safeguarding food security and strengthening the resilience of food systems in Europe is also an important signal. But this can only be a start.

Our goals and our plan

A European Green Deal

1. **Fit-for-55 package:** The legislative process of the Fit-for-55 package dossiers is fully hit by the impact of the war in Ukraine. Adopted transformation paths have lost their validity. Therefore, the right adjusting screws for flexibility must be operated with targeted adjustments.
 - a. **Revision of the EU Emissions Trading Scheme (ETS):** We need to think about extending the deadline for submitting the final accounts for companies subject to the EU ETS and to use mechanisms that slow down the increase in the CO₂ price and allow companies to spread the payments over time.
 - b. **Carbon Boundary Adjustment Mechanism (CBAM):** With the phase-out of free allowance allocation, the CBAM places a heavy burden on energy-intensive industries. Therefore, we demand that the CBAM is not hastily introduced and that the hitherto successful carbon leakage protection measures for industries are not hurriedly dismantled. In particular, it is important to create a reserve in case the mechanism does not work. In this case, it must be possible to hand out free certificates to companies in an uncomplicated manner.
 - c. **Amending the Renewable Energy Directive (RED) and the Energy Efficiency Directive (EED):** Increasing the ambition level of the renewable energy target in the RED to 45% and using more energy diversity are very important. Significant progress in energy saving and energy efficiency is also needed. The focus must be on flexibility, coherence and pragmatism in implementation and include concrete financial support.
 - d. **Revision of the Energy Performance of Buildings Directive (EPBD):** The proposal on the energy performance of buildings was the only dossier to receive a final negative assessment by the Regulatory Scrutiny Board (RSB) in 2021. The characteristics of the building sector in the Member States clearly show that barriers to renovation are country-specific and need to be addressed at this level. Therefore, the member states must be given the greatest possible flexibility in implementation and follow the „worst-first“ principle throughout Europe instead of forcing them into an artificial assessment grid.
 - e. **Revision of CO₂ emission performance standards for cars and vans:** The revision of the CO₂ fleet regulation aims at a significant tightening of the limit values and poses great challenges for the industry and suppliers. In particular, we therefore call for the de facto ban on internal combustion engines for 2035 to be replaced by an appropriate, flexible regulation that also includes options for synthetic fuels.
 - f. **RefueEU Aviation and FuelEU Maritime:** The introduction of blending quotas for alternative fuels in aviation and shipping must be seen in the context of the actual availability of raw materials and the needs of the respective sectors (including automotive) as well as the international competitive situation. At the same time, clear incentives must be set for the introduction of synthetic fuels, hydrogen and electricity.

2. **Taxonomy of sustainable economic activities:** The delegated acts defining the sustainable activities for the climate change adaptation and mitigation targets as well as the delegated act on Article 8 of the Taxonomy Regulation, which defines the content, methodology and presentation of the information to be disclosed, are accompanied by enormous bureaucracy. The delegated acts on the other four environmental objectives are still completely missing. In view of the war, the currently confusing compliance and reporting requirements through the taxonomy and the delegated acts should be suspended. The plans for the so-called social and amber taxonomy and the development of a negative list of sectors, in which economic activities are to be classified into green, yellow and red categories in the manner of a planned economy, must be put on hold completely.
3. **Corporate Sustainability Reporting Directive (CSRD):** The European Commission's proposal significantly expands the currently existing non-financial reporting obligations both in scope and detail. Almost 50,000 companies across the EU will have to report in much greater detail than before on their sustainability activities. In Germany alone, this could lead to a tenfold increase in the number of companies required to report. A transfer of reporting obligations along the supply chains at the expense of small and medium-sized enterprises is likely, especially in connection with the associated **Corporate Sustainability Due Diligence Directive (CS3D)** - the EU Supply Chain Act. The trilogue negotiations currently underway must ensure sustainable relief for large undertakings and SMEs. This means no separate audit obligations for sustainability and financial reporting and no separation of reporting obligations of parent and subsidiary companies. This means simple and uniform standards as well as long implementation periods instead of overburdening companies with different thresholds and nuanced reporting requirement elements.
4. **Sustainability of food systems and protection of our environment:** Key strategies of the European Commission for the implementation of sustainability goals in agricultural and environmental policy are the „Farm to Fork“ strategy, the **EU Biodiversity Strategy for 2030**, the **Effort Sharing Regulation (ESR)**, the **EU soil strategy for 2030**, but also the **regulation on deforestation-free products**. The war and the resulting export restrictions on agricultural and intermediate products from Russia and Ukraine make a substitution of various products necessary. In addition to the adjustments already mentioned above, the Commission must continue to seek a temporary revision of greening in the Common Agricultural Policy (CAP), as well as ensure that no new financial penalties or previously non-existent sectoral targets for agriculture are introduced in the ESR. Similarly, the use of plant protection products on ecological priority areas for protein crops must be made more flexible. The introduction of sustainability labels or labels of origin also have a bureaucracy-creating effect, which is why their introduction in the current situation must be reconsidered or postponed and suspended. The temporary suspension of set-aside obligations in the new CAP for 2023 must also be discussed further. This applies in particular in connection with the goal of ensuring that African demand for grain, which has so far been met from Russia or Ukraine by a large extent, can also be met from Europe without causing distortions in the food markets in Europe. In this context, there must also be no overregulation of soil protection regulations. Since soils are local, site-specific and unique, each country has its own national regulations on soil protection. Significant flexibility must be maintained. The same applies to the Commission's proposal on deforestation-free raw materials and products, which provides that market participants (producers, wholesalers) are obliged to submit a declaration of due diligence, which should contain the country of production and all areas on which production has taken place, including geolocation coordinates and information on longitude and latitude. This also applies to components produced on other land. This is an administrative burden that is at odds with the added value. Here, too, the proposal should be thoroughly revised.

5. **Circular Economy Package I and II:** As part of the Circular Economy Action Plan, the Commission presented a first proposal in March 2022, which is to be complemented by a second package in July 2022. Thus, the current approach of the Ecodesign Directive is to be extended to all products, a digital product passport with detailed requirements is to be introduced and the possibility of destroying non-sold products is to be prohibited. This is to be followed in the summer by a review of the requirements of the Packaging and Packaging Waste Directive. Important here is to lay a reliable foundation for secondary raw material markets. The bureaucratic burden from these proposals can be considerable if implemented incorrectly. Accordingly, attention should be paid to a pragmatic design.
6. **Emissions and Pollutants Package:** In early April 2022, the European Commission will present its Emissions and Pollutants Package. This includes, among other things, the revision of the Industrial Emissions Directive, the revision of the EU regulations for fluorinated greenhouse gases and regulations for substances that deplete the ozone layer. Justified in substance, these proposals come at an inopportune time. In particular, the EU directive on industrial emissions is likely to be significantly tightened, which will entail new compliance burdens and reporting obligations. The Commission should refrain from publishing this package at the present time.
7. **Chemicals law, revision of the REACH Regulation:** With the revision of the REACH Regulation, the Commission wants to contribute to a toxic-free environment. The planned adjustments are very ambitious and numerous tightening's (obligations to provide evidence, restriction of use, introduction of new hazard classes) are planned, which will be accompanied by enormous burdens for all those who use chemical substances. It must be avoided that substances are banned that we urgently need and for which there are no alternatives (yet). In agriculture in particular, food security is otherwise threatened with regard to plant protection products. Against the background of current developments, the Commission should fundamentally review the need to revise the REACH Regulation.
8. **Other elements of the European Green Deal:** Among other things, the Commission presented a proposal to revise the **Environmental Criminal Law Directive** in December 2021 and plans to revise the **EU Air Quality Directive**. Although the intention of better enforcement of environmental law or air quality limit values is to be welcomed in principle, their implementation through the proposed tightening of environmental criminal law is neither necessary nor proportionate at the current time. Here, too, a proportionality test must clarify whether the proposals can be dealt with as planned. The same applies **to the review of CO₂ emission standards for heavy-duty vehicles and regulations to prevent methane leakage in the energy sector**.

A Europe for the digital age

9. **Review of the Directive on security of network and information systems (NIS):** The revision of the NIS aims to ensure the enhancement of cyber security in Europe. Against the backdrop of current geopolitical developments, strengthening the cyber resilience of critical infrastructure operators, public administration and businesses is elementary. In this context, however, there must be no overregulation of businesses. There is also a lack of target-oriented transition periods and measures to enable and support companies, especially small and medium-sized enterprises (SMEs). These points of criticism and elements of relief must still be taken into account in the trilogue negotiations currently underway.

An economy that works for people

10. **Social Europe:** The trilogue negotiations on the EU **Minimum Wage Directive** are in full swing. Those on the EU **Gender Pay Transparency Directive** are expected to begin shortly. The proposals include extensive reporting requirements for companies, increased requirements and obligations, and are explicitly aimed at reducing the number of court disputes at the expense of effective and fair individual wage determination. Wage determination, which is inherently nationally regulated by the social partners and clearly a national matter through the principle of subsidiarity, is in danger of falling behind. The preservation of national traditions and realities must be the overriding goal. New regulations whose added value is not proven beyond doubt must take a back seat against the background of the current crisis.
11. **Corporate Sustainability Due Diligence Directive (CS3D):** The final opinion of the Regulatory Scrutiny Board (RSB) on this Commission proposal was negative. The proposal goes far beyond the current or soon to come into force national legislation in Germany. It has an extremely wide scope of application and introduces an almost incalculable financial and administrative risk with the civil liability component, the passing on of obligations to suppliers by means of contractual clauses and the reporting obligations. Against this background, the proposal needs to be completely revised and the time horizon and scope better defined. Until then, the proposal should be put on hold.