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DRAFT REPORT

on the European Union regulatory fitness and subsidiarity and proportionality –
report on Better Law-Making covering 2025 and 2026
(2026/2103(INI))

Committee on Legal Affairs

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the European Union regulatory fitness and subsidiarity and proportionality – report on Better Law-Making covering 2025 and 2026 (2026/2103(INI))

The European Parliament,

- having regard to Article 5 of the Treaty on European Union (TEU), in particular the principles of subsidiarity and proportionality enshrined therein,
 - having regard to Protocol No 1 to the Treaty on the Functioning of the European Union (TFEU) on the role of national parliaments in the European Union¹,
 - having regard to Protocol No 2 to the TFEU on the application of the principles of subsidiarity and proportionality²,
 - having regard to the Interinstitutional Agreement between the European Parliament, the Council of the European Union and the European Commission of 13 April 2016 on Better Law-Making³,
 - having regard to the Commission annual report 2025 of ... 2026 on the application of the principles of subsidiarity and proportionality and on relations with national parliaments (COM(2026)...),
 - having regard to the report by Mario Draghi of 9 September 2024 entitled ‘The future of European competitiveness (the Draghi report), in particular Part A of the report entitled ‘A competitiveness strategy for Europe’,
 - having regard to the report by Enrico Letta of 17 April 2024 entitled ‘Much more than a market’ (the Letta report),
 - having regard to the Commission communication of 28 April 2026 on a Simpler, Clearer and Better Enforced EU Rulebook (COM(2026)0380),
 - having regard to the State of the Union address of 16 September 2026 by the President of the Commission,
 - having regard to Rule 55 of its Rules of Procedure,
 - having regard to the report of the Committee on Legal Affairs (A10-0000/2026),
- A. whereas, in accordance with Article 5 TEU, the limits of EU competences are governed by the principle of conferral, that is to say the EU must act only within the limits of the competences conferred upon it by the Member States in the Treaties to attain the

¹ OJ C 202, 7.6.2016, p. 203, ELI: http://data.europa.eu/eli/treaty/tfeu_2016/pro_1/oj.

² OJ C 202, 7.6.2016, p. 206, ELI: http://data.europa.eu/eli/treaty/tfeu_2016/pro_2/oj.

³ OJ L 123, 12.5.2016, p. 1, ELI: http://data.europa.eu/eli/agree_interinst/2016/512/oj.

objectives set out therein; whereas the use of EU competences is governed by the principles of subsidiarity and proportionality; whereas competences not conferred upon the EU in the Treaties remain with the Member States;

- B. whereas better law-making is not a mere bureaucratic procedure, but a fundamental prerequisite for ensuring democratic legitimacy, single market integration, industrial competitiveness and societal trust within the EU; whereas better law-making is a shared responsibility between the EU institutions and the Member States, requiring a commitment to transparency, proportionality and accountability;
- C. whereas the EU faces unprecedented geopolitical, technological and economic shifts, requiring a legislative framework that is agile, resilient, future-oriented and able to react swiftly to emerging challenges without sacrificing legal certainty or thorough democratic debate;
- D. whereas excessive regulatory burdens hinder the competitiveness, innovation and growth of EU companies, with particularly detrimental effects on small and medium-sized enterprises (SMEs) which are central to the EU's economic strength and resilience, representing 99.8 % of the total business population, two thirds of employment and half of the EU's value added but face disproportionate administrative and regulatory burdens;
- E. whereas lack of or uncoordinated national transposition and gold-plating practices undermine not only the uniform application of EU legislation but also citizens' trust in the EU, and create additional regulatory burdens;
- F. whereas the 'one in, two out' principle should not be understood as a numerical target for legislative acts, but rather as a cost-based mechanism aimed at achieving a tangible net reduction in regulatory costs; whereas the focus must remain on the total administrative, compliance and implementation costs imposed on businesses, ensuring that any new obligations are balanced by doubling the number of rules removed or simplifying current rules of equivalent cost;

Subsidiarity and proportionality

1. Reaffirms that adherence to the principles of subsidiarity and proportionality is the bedrock of EU law-making and recalls that EU intervention is justified only when objectives cannot be sufficiently achieved by the Member States alone and can be better achieved at EU level; stresses that the aim of this obligation is to legislate as closely as possible to EU citizens and businesses;
2. Recalls that national parliaments are the natural guardians of the principle of subsidiarity and play a crucial role in ensuring compliance with the principles of subsidiarity and proportionality through interparliamentary dialogue and the early warning system, which allows them to submit a reasoned opinion if they believe that a legislative proposal does not respect the principle of subsidiarity;
3. Considers that more attention should be paid to whether new EU legislation is necessary or whether the objective pursued could be achieved by less burdensome means; recalls that impact assessments should properly examine the baseline scenario and relevant

non-regulatory alternatives before legislation is proposed; calls for the revised guidelines to strengthen this requirement and for the Commission to properly explain why legislative action is necessary and proportionate and to have this checked by the Regulatory Scrutiny Board;

Better law-making

Stocktaking

4. Notes that following high-profile diagnostic assessments – most notably the Draghi report on EU competitiveness and the Letta report on the single market – the EU has placed regulatory burden reduction and legislative streamlining at the core of its policy agenda;
5. Recalls, in that respect, that the Commission has committed itself to reducing corporate administrative obligations by 25 % overall and up to 35 % for SMEs, its ongoing work on targeted omnibus legislative proposals to streamline, simplify and harmonise overlapping legislation, as well as the competitiveness check and SME filter in impact assessments for new EU legislative proposals, which must, in principle, explicitly evaluate impacts on competitiveness and SME compliance capacity;
6. Acknowledges that the 12 omnibus proposals which have already been put forward are reducing the administrative burden by around EUR 17 billion per year according to the Commission;

Impact assessment

7. Suggests that further consideration should be given to the development of a common methodology for assessing the impact of substantial amendments, one that covers the full regulatory cost, including compliance and implementation costs; calls for clear criteria to determine what constitutes a substantial amendment and stresses that Parliament and the Council should apply the same methodology;
8. Considers that effective scrutiny requires clear outcomes; takes the view that Commission proposals should, as a rule, be supported by a positive opinion of the Regulatory Scrutiny Board and that a proposal should not proceed where the board's concerns remain unaddressed;

Reacting to challenges

9. Welcomes the Commission communication of 28 April 2026; endorses the concept of 'simplicity by design' as a guiding mandate for the drafting of future legislative initiatives; supports the launch of the action plan on regulatory deep cleaning targeting fragmented legal frameworks across key sectors; calls on the Commission to report to Parliament on a biannual basis regarding the specific legislative proposals for codification, recast and repeal stemming from the deep cleaning exercise;
10. Calls for regulatory burden reduction to be one of the core objectives of the deep cleaning exercise, covering the full and cumulative regulatory costs borne by businesses and citizens; considers that each review should identify and quantify the costs to be

removed and calls for the exercise to run beyond 2027 and continue throughout the remainder of the current mandate;

11. Reiterates that all major legislative and policy initiatives should be accompanied by a cost-benefit analysis; considers such analyses indispensable for evidence-based policymaking and for maintaining citizens' and businesses' trust in EU legislation; is of the opinion that in situations where no impact assessment is undertaken, a cost-benefit analysis must be prepared at a later stage and accompany the proposal;
12. Reiterates the vital importance of applying the 'think small first' principle at all stages of policy formulation; calls for the systematic application of SME exemptions or simplified regimes where full compliance presents a disproportionate obstacle to business viability; emphasises that cost-benefit analysis is indispensable for such an approach;
13. Stresses the imperative of operationalising the 'once-only' principle and 'digital-by-default' standards across all EU reporting and compliance workflows, ensuring that data is submitted to public authorities only once and stored in interoperable and secure digital repositories;
14. Calls for a transition from the 'one in, one out' principle towards a 'one in, two out' approach covering not only the direct administrative burden, but also regulatory compliance costs, on the basis of a clear and operational distinction between the two; insist that such a system be underpinned by a clear methodology and monitoring to achieve a net reduction in regulatory costs;
15. Deplores the practice of gold-plating by the Member States, as it is a barrier to the smooth functioning of the single market and impacts the EU's competitiveness; requests that the Commission develop a standardised reporting tool to flag instances of national gold-plating and to assist the Member States in 'clean' transposition; welcomes the commitment made by the President of the Commission to create a pact against gold-plating;
16. Revisits its suggestion from its previous report on better law-making covering 2023 and 2024⁴ regarding a regulatory compensation scheme; notes that the Commission leans towards prevention and reduction rather than financial compensation, thus seemingly disregarding unnecessary costs incurred by companies; invites the Commission to present a comprehensive feasibility study on establishing mechanisms to offset regulatory costs incurred by companies for duly performed reporting tasks;
17. Calls for a strategic de-prioritisation and reduction in the number of delegated and implementing acts; insists that essential political choices, must remain within the legislative acts rather than be deferred to delegated and implementing acts;
18. Calls for enhanced reality checks and standardised SME and competitiveness tests; recommends that draft legislation undergo a minimum level of real-world testing with

⁴ European Parliament resolution of 10 March 2026 on the European Union regulatory fitness and subsidiarity and proportionality – report on Better Law-Making covering 2023 and 2024 (OJ C, C/2026/4003, 26.8.2026, ELI: <http://data.europa.eu/eli/C/2026/4003/oj>).

actual business operators and local authorities;

19. Calls for a joint commitment from the three institutions to minimise new regulatory obligations and costs throughout the legislative process, and calls on the Member States to follow accordingly in implementation phase;

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20. Instructs its President to forward this resolution to the Council and the Commission.

EXPLANATORY STATEMENT

This report reviews EU better law-making in 2025 and the developments, challenges and trends observed in 2026. Parliament supports the “simplicity by design” and regulatory deep cleaning. We call for stronger impact assessments and less gold-plating. It urges moving from “one-in, one-out” to “one-in, two-out”, strengthening the Regulatory Scrutiny Board, and ensuring that EU rules work better for SMEs, through the Think Small First principle.

ANNEX: DECLARATION OF INPUT

Pursuant to Article 8 of Annex I to the Rules of Procedure, the rapporteur declares that he included in his report input on matters pertaining to the subject of the file that he received, in the preparation of the draft report, from the following interest representatives falling within the scope of the Interinstitutional Agreement on a mandatory transparency register¹, or from the following representatives of public authorities of third countries, including their diplomatic missions and embassies:

1. Interest representatives falling within the scope of the Interinstitutional Agreement on a mandatory transparency register
NNR
2. Representatives of public authorities of third countries, including their diplomatic missions and embassies
None

The list above is drawn up under the exclusive responsibility of the rapporteur.

Where natural persons are identified in the list by their name, by their function or by both, the rapporteur declares that he has submitted to the natural persons concerned the European Parliament's Data Protection Notice No 484 (<https://www.europarl.europa.eu/data-protect/index.do>), which sets out the conditions applicable to the processing of their personal data and the rights linked to that processing.

¹ Interinstitutional Agreement of 20 May 2021 between the European Parliament, the Council of the European Union and the European Commission on a mandatory transparency register (OJ L 207, 11.6.2021, p. 1, ELI: http://data.europa.eu/eli/agree_interinstit/2021/611/oj).