

(English version)

**Priority question for written answer P-002467/24
to the Commission
Tomasz Froelich (ESN)
(7 November 2024)**

Subject: Potential threats to EU competitiveness owing to eco-bureaucracy and climate policy unilateralism following the election of Donald Trump

Former ECB President Mario Draghi recently published a report on Europe's sustainable competitiveness. The report drew comparisons between the EU and the US. The conclusion of the comparison with the US is that overregulation is harming the EU's competitiveness. The Corporate Sustainability Reporting Directive is seen as one of the main causes of the enormous regulatory burden and also entails huge costs. The EU Taxonomy Regulation is cited as an example of confusing bureaucracy ⁽¹⁾.

Various business associations consider the EU Supply Chain Directive to be a threat to the international competitiveness of EU companies.

Following the election of Donald Trump, the European Union is even more isolated internationally with its climate policy. Efforts to oblige US companies to produce sustainability reports had already stalled under Joe Biden. Several US states adopted laws to abolish mandatory ESG bureaucracy ⁽²⁾.

1. In light of the Draghi report, do the Sustainability Reporting Directive, the EU Taxonomy Regulation and the EU Supply Chain Directive pose a threat to the EU's competitiveness?
2. How does the Commission see its chances of success in establishing international standards with a unilateral climate policy?
3. Following the election of Donald Trump and taking into account the Draghi report, does the Commission intend to reduce climate regulation in order to save European industry and jobs?

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**Answer given by Mr Hoekstra on behalf of the European Commission
(18 December 2024)**

The Draghi report demonstrates that matching climate policies with an industrial plan presents a significant economic opportunity for Europe.

Since 2018, the EU has implemented a comprehensive framework for sustainable finance. Early indications show that the framework is gaining traction, as market actors are embracing the opportunities it offers.

At the same time, the Commission is aware of the challenges the framework presents and is exploring ways to improve it. The Commission already put forward measures to simplify sustainability reporting, for instance by postponing sector-specific European Sustainability Reporting Standards (ESRS) or raising the thresholds for which companies need to report.

Additionally, the framework will apply gradually. Reporting under the Corporate Sustainability Reporting Directive ⁽¹⁾ will only start in 2025 for large, listed companies, progressively expanding by the end of the decade.

The Due Diligence Directive ⁽²⁾ will be progressively rolled out to cover companies over 1000 employees and turnover over EUR 450 million by 2029.

As announced in the Commission President's political guidelines, the Commission will continue to focus on simplification and burden reduction as part of its new mandate. Beside simplifying the regulatory rules, the Commission will present its strategy in its Clean Industrial Deal.

This is consistent with the Draghi Report, which highlighted turbulences faced by EU industry, in part due to high energy prices relating to Russia's aggression against Ukraine.

¹ https://commission.europa.eu/document/download/ec1409c1-d4b4-4882-8bdd-3519f86bbb92_en?filename=The%20future%20of%20European%20competitiveness_%20In-depth%20analysis%20and%20recommendations_0.pdf (p. 318 et seq.)

² <https://www.corporatecomplianceinsights.com/trump-2024-election-compliance-ethics/>

⁽¹⁾ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32022L2464>

⁽²⁾ https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L_202401760

The EU's ambitious climate agenda is accompanied by extensive international cooperation and robust climate diplomacy, supporting and encouraging international partners to develop climate policies of their own.
