About the Article

Do the monetary costs expected to be saved by businesses through simplification initiatives outweigh the possibly detrimental costs for environmental regulation? The shifting of the Commission's priorities is reflected in the policy overlap of the omnibus package on sustainability and the comprehensive sustainability regulation framework outlined in the European Green Deal. The current focus lies in boosting competitiveness, which tends to sideline climate action.

About the Author

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The Omnibus packages, presented by the European Commission, pose various challenges to key instruments of the European Green Deal (EGD) and, hence, constitute a challenge for climate and environmental governance in Europe. The EGD was at the heart of the 2019-2024 Commission, but there has been a shift in priorities for the 2024-2029 Commission (Bertram, 2025). The Omnibus packages aim at simplifying, implying that a green Europe could also be achieved in a manner that is less burdensome for those subject to regulation (Ibid.). It is rather clear, however, how this can be seen as a threat to green governance, if it means diminishing scopes, delaying timelines, and softening enforcement (Ibid.).

The first omnibus package, presented on 26 February 2025, focuses on sustainability, aiming to reduce the complexity of EU requirements for sustainability reporting and due diligence obligations for businesses (Council of the European Union, 2025). Only EU companies employing around 1000 employees and with a new annual turnover of over €450 million will have to partake in this reporting (European Parliament, 2025). The same rules apply to non-EU companies, as well as to their subsidiaries and branches generating turnover of more than €200 million in the EU (European Parliament, 2025). Significantly reducing the number of companies subject to the Corporate Sustainability Reporting Directive (CSRD) poses a threat to the underlying idea of sustainable finance (Baumüller, 2025). The CSRD was a considerable milestone of the EGD, and sustainable finance has a key role to play in delivering on its policy objectives (Baumüller, 2025; European Commission, n.d.).

As stated in the omnibus package on sustainability, due diligence obligations, on reducing their negative impact on the planet, will only be required from EU corporations with over 5000 employees and a net annual turnover of over €1.5 billion and for non-EU companies above the same turnover threshold in the EU (European Parliament, 2025). Scholars have pointed out that there is a critical gap in the Commission's proposed new approach to setting thresholds for sustainability reporting: the absence of a comprehensive assessment of related sustainability impacts. Furthermore, the arbitrary nature of these threshold changes is alarming, as they not only disproportionately affect different sectors but also fail to align with actual sustainability impacts (Baumüller, 2025).

It is not by simplifying or removing administrative requirements that the EU will succeed in restoring the competitiveness of European business (de Sadeleer, 2025). This is because the majority of the problems are not administrative, but structural by nature (de Ibid.). These structural challenges point to, for example, energy prices and the dependency on raw materials produced outside of Europe (Ibid.). The challenges brought forward raise the question of how the European economy can be transformed to make it not only climate neutral but also resilient and fair, as connected to the sustainable development goals (SDGs), which the EU is also committed to (Ibid.). The high level of ambition of the EU, through the SDGs, the EGD, CRDS, and the omnibus packages, both in trying to balance the demands of business and the environment, is perhaps a task too large to handle. This can be seen in these various overlapping and incompatible policies placed on the agenda simultaneously.

A more structured, interdisciplinary impact assessment is necessary, taking into account sustainability science, economics, and industry-specific insights (Baumüller, 2025). The focus of the current Commission lies on boosting competitiveness and providing legal certainty for businesses to flourish sidelines environmental and climate action, and is therefore rather incompatible with the EGD, although it claims to aim to keep the EU's environmental objectives intact. The EU's sustainability reporting framework arguably risks being severely compromised, in a time where sustainability moves beyond a mere moral concern towards a business imperative (Baumüller, 2025). This is all laid on the table in a context of various other challenges that need to be addressed when dealing with the climate crisis. Indisputably, the task of balancing efficient operations of business with environmental goals is not an easy task. The question remains: do the monetary costs expected to be saved by businesses from simplification initiatives truly outweigh the possibly detrimental costs for environmental regulation?

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