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SETTING THE RECORD STRAIGHT: THE TRUE MEANING OF 'SIMPLIFICATION' IN SUSTAINABILITY LAW¹

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1. I Simplify, Therefore I Am

If the previous European Commission (2019–2024) had a governing philosophy, it was the green transition. Under President Ursula von der Leyen, the European Green Deal became the organising principle of EU policymaking, producing landmark measures such as the Fit for 55 package, the Nature Restoration Law, and a new generation of corporate sustainability obligations. During those years, the EU consciously positioned itself as a global leader in environmental and climate governance.

The Commission that took office in late 2024, albeit under the same President, has adopted a markedly different approach. The word that now echoes through every corridor of the Berlaymont is *simplification*. Competitiveness has replaced climate ambition as the dominant political narrative, and the sustainability *acquis* painstakingly assembled during the previous mandate has found itself in the crosshairs of a sweeping reassessment.

This shift is not without justification. Mario Draghi's 2024 report on European competitiveness painted a sobering picture of an EU lagging behind the United States and China in productivity, investment, and innovation, identifying regulatory complexity as one contributing factor. At the same time, widespread farmer protests across several Member States sharpened political opposition to elements of the Green Deal and accelerated demands for regulatory relief.

What has followed, however, is something more unsettling than a mere recalibration of priorities. A powerful narrative has taken hold: that Europe suffers from an excess of regulation, that stringent regulatory

1. This Practitioner's Note was not subject to peer review.

standards are the direct source of declining competitiveness, and that the solution is simply less law. In accepting this framing, EU institutions have begun revisiting legislative choices adopted only recently and grounded in carefully considered public-interest objectives, particularly environmental protection and climate action.

2. One Omnibus after Another

The clearest manifestation of this new approach has been the Commission's presentation, in 2025, of no fewer than ten omnibus simplification bills. The most politically significant, commonly referred to as Omnibus I or the Sustainability Omnibus, targets the core of the EU's Green Deal.

Its impact is substantial. Under the Corporate Sustainability Reporting Directive (CSRD), mandatory reporting obligations have been significantly narrowed through higher company-size thresholds, a reduction in required sustainability disclosures, and delayed implementation timelines. The Corporate Sustainability Due Diligence Directive (CSDDD) has undergone a similar process, with a more limited scope of supply-chain obligations, weaker enforcement mechanisms, and diluted liability provisions. The Carbon Border Adjustment Mechanism (CBAM) has also been streamlined in ways that reduce both administrative obligations and overall coverage.

These measures do not stand in isolation. Other Green Deal instruments have likewise come under pressure from sectoral interests and several Member States seeking revisions or exemptions, most recently in relation to the landmark EU Emissions Trading System. The cumulative effect is not a targeted adjustment of specific administrative burdens. It looks, to the informed observer, very much like a systematic retreat.

3. Simplification or Deregulation by Stealth?

To be clear, simplification is both a legitimate and necessary objective. The EU has long embraced the principles of better regulation: rules should achieve their objectives efficiently and without imposing disproportionate compliance costs. Few practitioners would deny that genuine opportunities for improvement exist.

Duplicative reporting requirements, inconsistent definitions across legislative instruments, and misaligned implementation timelines create unnecessary burdens for businesses and public authorities alike. Addressing such shortcomings is entirely consistent with effective regulation.

Examples of meaningful simplification are easy to identify. Consolidating overlapping disclosure obligations into a single reporting framework can reduce costs without weakening sustainability objectives. Streamlining permitting procedures in pre-assessed areas with limited environmental sensitivity can accelerate investment while concentrating protective rigour where it is most needed. Relieving micro-enterprises and small operators with negligible environmental footprints from heavy compliance obligations that were never proportionate to their activities is a straightforward and defensible correction.

But there is a line between this kind of sensible housekeeping and something qualitatively different. The Centre for European Policy Studies (CEPS) has put forward a practical test to assess regulatory changes, labelling them as examples of simplification or deregulation. The decisive criterion is whether, after the proposed change, the original regulatory objective can still be met – on the same path, or on an honestly recalibrated one. If the answer is yes, simplification has occurred. If the answer is no – because implementation is indefinitely delayed, the regulated population is drastically reduced, binding obligations become voluntary, or enforcement mechanisms lose effectiveness – then the measure amounts to deregulation, regardless of the terminology employed.

Viewed through this lens, many current initiatives raise legitimate concerns. Measures that postpone implementation without a credible timetable do not merely simplify compliance; they defer policy objectives. Reductions in the scope of the CSRD and CSDDD that exceed what proportionality requires do not merely lessen administrative burdens; they narrow accountability. Replacing binding due-diligence obligations with voluntary guidance does not improve efficiency; it weakens the normative framework underpinning the legislation.

This matters because language shapes political perception. Measures presented as technical adjustments may attract little scrutiny, whereas proposals openly framed as reductions in environmental or social protections would invite a far more substantive debate. The risk is that simplification becomes a politically convenient label for changes whose real effect is a lowering of regulatory ambition.

4. Simplification Through (smart) Regulation

The most significant conceptual error in the current debate is the assumption that simplification and regulation are opposing ideas. In reality, the history of European integration demonstrates precisely the opposite.

The EU's appetite for regulation does not stem from bureaucratic excess or an ideological preference for complexity. It stems from the structural reality of a single market composed of twenty-seven distinct legal orders. In the absence of common EU rules, the fragmentation of national regulatory frameworks creates precisely the kind of barrier and compliance burden that businesses find most costly: the need to navigate twenty-seven different sets of requirements for essentially the same products, processes, or activities. The Treaty basis for this insight is Article 114 TFEU, which empowers the EU to adopt harmonisation measures for the functioning of the internal market – not because more regulation is desirable for its own sake, but because a single coherent rulebook is less burdensome than twenty-seven divergent ones.

This understanding remains central to contemporary EU policy debates. The Letta report on the future of the single market identifies regulatory fragmentation across sectors such as capital markets, energy, telecommunications, and professional services as a major obstacle to investment and growth. Similarly, the proposal for a so-called “EU, Inc.” or 28th company-law regime seeks to create an optional European framework under which firms could operate according to a single set of rules rather than multiple national systems. These initiatives are not examples of deregulation. On the contrary, they rely on further European-level regulation as a means of reducing complexity.

The same dynamic underpins what has become known as the “Brussels effect”. When the EU sets a harmonised standard, third-country

operators that wish to access the European market tend to comply with that standard globally rather than maintaining separate production or compliance processes for different jurisdictions. European regulation thus becomes the *de facto* global benchmark.

This phenomenon has strategic implications. Ambitious but coherent standards can create competitive advantages for European businesses that have already adapted to them, while simultaneously projecting European regulatory preferences internationally. A systematic retreat from such standards risks not only weakening environmental protection but also diminishing the EU's capacity to shape global norms.

The deeper lesson is therefore straightforward. Competitiveness and regulation should not be viewed as mutually exclusive objectives. Well-designed regulation can reduce transaction costs, increase legal certainty, facilitate market integration, and create predictable conditions for investment. The relevant distinction is not between regulation and deregulation, but between smart regulation and poor regulation.

5. Green Standards Are a Feature, Not a Bug

There is a version of the simplification agenda that deserves unequivocal support. It is the version that removes unnecessary duplication, aligns inconsistent requirements, reduces disproportionate burdens on smaller operators, and produces a regulatory framework that is easier to navigate while remaining capable of achieving its objectives. Practitioners, businesses, and public authorities all stand to benefit from such reforms.

There is, however, another version of simplification – one that treats competitiveness as a justification for progressively weakening environmental and social safeguards, often at the behest of powerful lobbying interests. Under this approach, simplification becomes less a matter of regulatory quality than of regulatory retreat.

That distinction is crucial. Over decades, the European Union has built a regulatory model that seeks to internalise the long-term costs of environmental degradation, promote corporate accountability, and drive sustainable economic activity. Whether one agrees with every individual legislative choice is beside the point. The broader architecture

reflects a deliberate political commitment to balancing economic growth with environmental and social responsibility.

Simplification should serve that architecture, not dismantle it.

The challenge facing the EU is therefore not to choose between sustainability and competitiveness. It is to demonstrate that the two can reinforce one another when supported by coherent, proportionate, and effectively enforced rules. A race to the regulatory bottom is neither Europe's comparative advantage nor its historical vocation.

The real promise of simplification lies in making regulation work better, not in making it disappear. If that distinction is lost, the Union risks sacrificing long-term strategic objectives for short-term political convenience. If it is preserved, simplification can become what it ought to be: a tool for strengthening, rather than weakening, Europe's sustainability project.