



Less EU Bureaucracy Increased competitiveness for our Companies

Further Examples of EU Bureaucratic Burden in Business Practice

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Regulation establishing a Carbon Border Adjustment Mechanism (CBAM)

The [Carbon Border Adjustment Mechanism \(CBAM\)](#) was designed for products from emission-intensive sectors such as steel, cement and aluminium. All companies that purchase products from these sectors worth more than EUR 150 from non-EU countries will have to report on the underlying emissions of the product. This is a massive additional burden that SMEs in particular will not be able to cope with. From January 1, 2026, additional emission certificates will have to be purchased and surrendered for CBAM products.



If a shipment from Serbia worth EUR 151 contains many different items (e.g. screws and nuts of different sizes), the Austrian SME must report the emission data for each product group (e.g. screws with a length of 5 cm or 7 cm) to a separate database of the EU Commission. Default values can currently still be used for these reports. However, their use is limited until December 31, 2024, even if the required emission data may not be available to suppliers.

Our solution for less bureaucratic burden and enhanced competitiveness

- ▶ The simplification of procedures, the introduction of de minimis thresholds for annual or quarterly import quantities and the consolidation of similar items in small quantities are necessary to make things easier, especially for SMEs.
- ▶ If no data is available, either because the goods are sourced via traders or because the direct suppliers lack this information, default values should apply permanently.
- ▶ During the transition period, companies should be provided with an easily understandable and accessible CBAM self-assessment tool.

Regulation on Deforestation-free Products

The regulation requires companies exporting, making available or placing on the EU market certain products made from commodities such as wood, cattle, cocoa, coffee, soya, oil palm or rubber and some of their derived products (e.g. chocolate) to provide evidence of deforestation-free supply chains using geodata and to comply with complex due diligence obligations as of the end of 2024. Companies within the supply chain must upload a due diligence statement to an EU information system, which in turn is assigned a reference number. [The Deforestation Regulation](#) not only applies to imports into the EU, but also to Austrian companies that make Austrian products available in Austria. Its implementation means a massive bureaucratic burden for the Austrian businesses. Furthermore, there is currently

no practicable EU information system with functioning electronic interfaces and the FAQs from the EU Commission, which have been announced for months to provide assistance on how to implement the regulation, are still pending. Criticism of the Deforestation Regulation is also growing in Asia, Africa and South America and is hampering the EU's trade relations with these economic regions. There is a risk that important raw materials from third countries will no longer be exported primarily to the EU.



As of December 30, 2024, any EU importer of cocoa beans is required to submit for each individual delivery of cocoa beans a due diligence statement to an EU information system, which must include the geodata of the respective plot of forest. Subsequently, the corresponding reference number must be conveyed throughout the supply chain. A chocolate producer who utilizes cocoa from this source must, unless they are an SME, submit a due diligence statement for each production batch of chocolate. In his due diligence statement, the chocolate producer may refer to the statement of the importer. In addition, he must check that the upstream supplier has fulfilled his due diligence obligation. Should an Austrian confectioner with five employees now commence production of chocolate pralines from the aforementioned cocoa, he is not required to submit his own due diligence statement. However, as of June 30, 2025, he must provide the respective reference number for each production batch upon request by the authority. Consequently, the confectioner must document a considerable number of reference numbers for his chocolate pralines.



An Austrian sawmill requires relevant information from its upstream suppliers, e.g. various forest owners, as well as the respective reference number from the EU information system. Due to the mixing at the timber yard, larger sawmills that receive, for example, 200 lorries of timber per day and store the goods for an average of three months (60 working days), already must store 12,000 reference numbers. A new reference number must be passed on to the next person in the supply chain, e.g. master carpenter, joiner, furniture manufacturer or timber trader, which must contain all the reference numbers of the upstream suppliers. Analyses from France show that a single book marketed by a publisher has up to 300,000 forest plots with reference numbers.

Our solution for less bureaucratic burden and enhanced competitiveness

- ▶ The remaining preparation time is too short. There is a great deal of legal uncertainty. A postponement of the date of application is therefore absolutely necessary, as important guidelines are still missing and practical handling of the new EU information system must be ensured (e.g. functioning electronic interfaces). Upstream suppliers from Asia, South America and Africa are already warning of possible price increases and serious disruptions to the supply chain.
- ▶ For companies in Austria, a country with forest growth, the bureaucratic burden of the due diligence system must be reduced to an acceptable minimum.

Regulation establishing Ecodesign Requirements for Sustainable Products

The [Ecodesign for Sustainable Products Regulation \(ESPR\)](#) provides for up to 16 ecodesign criteria for the design and production of physical products. These criteria are concretised by performance requirements (e.g. minimum or maximum values) and information obligations. The ESPR provides a framework which will have to be defined in more detail by many legal acts still to be adopted. A central element of the ESPR is the creation of a digital product passport (DPP) for the electronic registration, processing and dissemination of product-related information between companies in the supply chain, authorities and consumers. Companies will be obliged to maintain a DPP in which compliance with ecodesign criteria as defined by the ESPR can be accessed throughout the entire product life cycle (i.e. from the raw material to the product, recycling and waste). According to estimates, this affects 30 million companies in the EU with around 1.5 billion business contacts between these companies. DPPs must also be kept for products from third countries. Depending on the product group, delegated acts will regulate which ecodesign requirements (performance and information criteria) are required for a product. The DPP will be used on the one hand by the authorities for market surveillance and on the other hand by customs authorities to check compliance of imports from third countries with the ecodesign criteria. The ESPR does not provide for any SME exemptions.



An Austrian carpenter (sole entrepreneur) manufactures a dining table according to the specifications provided by the customer. In future, the delegated act for furniture could specify which of the 16 ecodesign criteria the carpenter must report on and which threshold values he must comply with during production. The following information could be entered in the DPP: if applicable any substances of concern (in paints, varnishes, mordants, glues), resource consumption (certification of the wood, transport routes, CO2 emissions during production including drying), recyclability of the overall product, energy and water used during production, expected waste generation and durability (e.g. this table will last 30 years with proper care).

Our solution for less bureaucratic burden and enhanced competitiveness

- ▶ The aim of the ESPR to provide all physical products in the EU with additional new ecodesign criteria (performance and information criteria) means an enormous increase in bureaucracy per se. The ecodesign criteria yet to be defined must therefore be proportionate. Data collection must be designed in such a way that it can be implemented with reasonable effort, especially for SMEs.
- ▶ The information requirements must also be harmonised with the new reporting standards of other EU legal acts (e.g. Taxonomy Regulation, CSRD, CSDDD, Deforestation Regulation). Ideally, the information required in one area should exclude the need to provide the same information in other areas (once-only principle).
- ▶ Two key aspects of the DPP need to be considered separately: The technical functioning of the interfaces between companies (EU standardisation) and the collection of the data to be filed within the company itself.
 - a) The EU standardisation for the DPP is currently being developed and should be completed by 31 December 2025. It should enable data to be entered and retrieved correctly across all value chains. Only once this standard has been finalised will companies be able to start preparing the interfaces to their internal IT accordingly. These adjustments will entail correspondingly high financial costs. On the one hand, we call for sufficient transitional periods to eliminate the foreseeable teething troubles of such a database and, on the other, for a system that minimises costs.
 - b) The data records to be entered in the DPP will have to be collected, processed and entered via another internal company IT system. In view of the fact that data can be collected down to the level of the individual product in future, particular care must be taken when drawing up the specifications in order to maintain competitiveness.

REACH Regulation in Chemicals Law

The [REACH regulation](#) governs the registration, evaluation, authorisation and restriction of chemical substances. REACH has around 170 articles and 17 annexes. It is accompanied by 5000+ pages of guidelines. REACH registration or authorisation is generally time-consuming and costly and represents a major hurdle, especially for SMEs. Even in the simplest cases, the preparation of a registration takes a year as the process is very complex and time-consuming. However, once registration or authorisation has been granted, the work is not over, as there are regular legal changes. An authorisation usually must be renewed every four to 12 years. Without REACH registration or authorisation, a chemical raw material cannot be used or marketed in the EU, which can have a massive impact on the availability of raw materials for EU companies.



REACH is a complex regulatory framework even for the smallest users of chemicals, such as a carpenter. The individual responsible for REACH in the carpentry must keep an inventory of all substances, mixtures and articles that are manufactured, imported or used in accordance with its portfolio. Such examples include varnishes and oils utilized for wood treatment. The company role in accordance with REACH must be determined for each substance (e.g. importer, downstream user, distributor, etc.). Particular attention must be paid to imports, as registration may be required for these. The average carpentry business cannot afford this. Such a company is ultimately dependent on its suppliers and their fulfilment of obligations. Without registration, the user also runs the risk of being penalized.



Authorisation is even more costly for SMEs, even if only the smallest quantities are involved. This issue currently affects numerous companies in the surface treatment sector, in particular. They have no alternative for their production processes other than utilising the substances subject to authorisation. Within this legal framework, they are exposed to massive costs, overwhelming bureaucracy and immense legal uncertainty due to regular court proceedings.

Our solution for less bureaucratic burden and enhanced competitiveness

- ▶ Simplifications in data requirements that reduce authorisation and registration costs are urgently needed. A significant savings factor is the possibility of efficient data and cost sharing between the registrants of a substance, as already provided for REACH registration. This process could be extended to the registration of substances that are related („read across”) and additionally to the authorisation process. Simplified data requirements for the authorisation of uses for small quantities under 100 kg or of uses which are essential for the manufacture of medicines or high-tech products would also be useful.
- ▶ The announced review of the REACH regulation must bring effective improvements for SMEs in line with the „Think Small First” principle. For example, a threshold should be introduced below which suppliers are exempt from the obligation to communicate information on substances in articles (Art. 33). We propose the annual turnover of a medium-sized company (EUR 50 million) as the threshold value in accordance with the SME recommendation.

Proposal for a Directive on Substantiation and Communication of Explicit Environmental Claims (Green Claims Directive)

According to the [proposed directive](#), companies must undergo an extremely complex substantiation and certification process if they want to claim their products as „sustainable“ or „green“. Prior to making an environmental claim (green claim), a company must substantiate the claim by having made an extensive life-cycle analysis (LCA). Afterwards an ex-ante verification to get a certificate of conformity by an external inspection body of the environmental is to be made. The verification body must confirm that the justification (e.g. a study with a life-cycle analysis of the product) matches the environmental claim. Finally, the authority must take note of this verification/certification and feed it into an EU information system. SMEs, in particular, are likely to refrain from engaging in environmental communication to avoid the costs and burdens associated with it.



The cost of substantiating an environmental claim can vary considerably depending on the type and complexity of the environmental claim (e.g. regarding the recycled content of a product's packaging or the reduction of greenhouse gas emissions over the entire life cycle of the product). For instance, if a company intends to make a claim regarding the environmental footprint of a product, a study employing the methodology for calculating the environmental footprint of the product would cost approximately EUR 8,000, according to the EU Commission. According to the WKO Crafts and Trade Division, such a study could cost up to EUR 30,000 and more. If the chosen claim relates to the footprint of the organisation itself, the costs can amount to EUR 54,000 according to estimates by the EU Commission.



In future, it will be inadmissible for a bicycle courier company to describe itself as an „environmentally friendly delivery service“, even though it is obvious that the production and operation of bicycles consumes fewer resources and produces fewer greenhouse gases than motor vehicles. The designation „environmentally friendly courier service“ is then a general environmental claim, which would only be permissible if the company fulfilled one of the environmental labelling provisions of the EU or a Member State.

Our solution for less bureaucratic burden and enhanced competitiveness

- ▶ Environmental claims in connection with recognised labels (e.g. the Austrian Ecolabel) should be excluded from the directive or at least from verification and the associated official acknowledgement of the verification (incl. certification).
- ▶ The justification (= substantiation) of environmental claims for products should be simplified. Requiring a study including a life-cycle analysis to substantiate every claim is going way too far.
- ▶ Exemptions should apply not only to micro-enterprises with fewer than ten employees, but to all SMEs. The risk of SMEs being indirectly forced to provide evidence for green claims via the supply chain remains and should be minimized as far as possible when creating the exemptions.
- ▶ The handling of complaints and sanctions is far too strict and creates a double track to the recently tightened EU Directive on unfair commercial practices.
- ▶ Labels, especially private labels, are discriminated against by the added value requirement compared to state eco-labels. There needs to be relief here, too.

A1 Certificate for Business Trips/Postings of Workers to other EU Countries

In accordance with [EU legislation](#), companies based in Austria whose employees are planning a business trip/posting abroad must submit an application for the A1 certificate to the competent social insurance institution either electronically or using a form. This serves as proof that the employee is properly insured in Austria and that the country to which the employee is being posted is not authorised to impose social security contributions. A separate application must be submitted for each employee. Employees must also carry a paper copy with them in order to be able to prove their existing social insurance in the event of inspections. As there is no time limit for this obligation, this form must be completed and carried with the employee whenever he crosses the EU-internal border for work-related purposes, including when attending congresses, meetings or training courses.



An Austrian SME with 50 employees must complete a corresponding A1 form in advance for each business trip for every individual employee (even if it is, for example, only a one-day participation in a trade fair for companies in Belgium) and submit it to the social insurance institution in advance. Furthermore, the company must also ensure that the employee concerned carries the paper certificate on the day of the business trip and presents it in the event of an inspection in Belgium.

Our solution for less bureaucracy and enhanced competitiveness

- ▶ Due to the large number of different administrative practices regarding the carrying of the A1 certificate within the EU and a missing provision in the regulation, an EU-wide provision along the lines of the German model is needed as a short-term solution, which does not provide for an obligation to carry the A1 certificate for short business trips and allows it to be submitted later without sanctions in the event of a check.
- ▶ In the medium term, exemptions for short business trips should be introduced into EU law to create a non-bureaucratic environment for entrepreneurial activity.

More expertise, facts and background information

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