

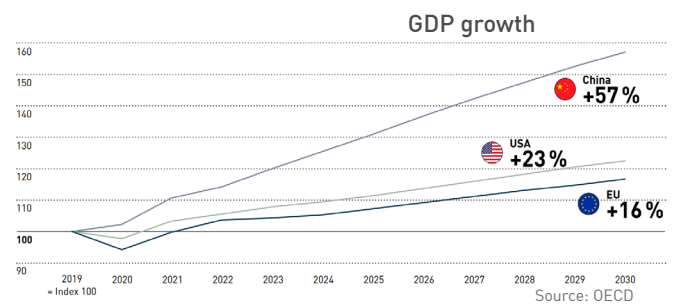
# Less EU Bureaucracy Increased Competitiveness for our Companies

*“This over-regulation places significant additional costs on businesses, proving unsustainable for SMEs and inadvertently favouring non-European companies that are not bound by the same stringent rules.”*  
Enrico Letta, Much more than a Market, April 2024

## EUROPE UNDER PRESSURE AS A BUSINESS LOCATION

	EU	USA	China
Share of global GDP (2022)	16,6	25,2	17,8
GDP growth 2024	0,9	2,1	4,7
GDP growth 2025 change on previous year in %	1,7	1,7	4,2
GDP per capita (2022, PPP)	54.636	76.330	21.483

Source: World Bank, OECD Interim Report February 2024, EC Winter 2024 Economic Forecast



## EXCESSIVE BUREAUCRACY WEAKENS OUR COMPANIES

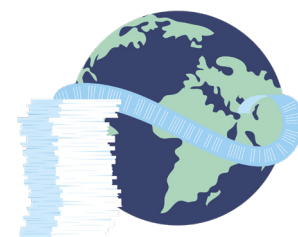
In the face of fierce global competition (e.g. USA, China, India) and numerous geopolitical crises, Austria and Europe are coming under increasing pressure as a business location. Strengthening competitiveness is currently the most important issue for companies - in Austria and throughout Europe. In addition to the high labour and energy costs, massive information, publication and reporting obligations pose a major challenge to Austrian companies and weaken their competitive position. According to a survey by the Market Institute, 59% of Austrian companies and 72% of SMEs surveyed said that the time spent on bureaucracy had increased significantly over the past three years. Due to the large number of new EU rules under the European Green Deal, the tide of red tape is set to rise even further.

For our companies, excessive bureaucratic burden is

- ▶ a disadvantage in international competition
- ▶ a time robber and cost driver
- ▶ a barrier to investment and a killer of innovation and growth

A comprehensive EU strategy to reduce bureaucratic burden with a concrete implementation plan and a commitment by all political decision-makers must therefore be a top priority in the new EU legislative term to strengthen our business location. The aim of reducing EU reporting obligations by 25% can only be a first step. For new EU legislation, the impacts on international competitiveness and SMEs („Think Small First“) must be given greater consideration in impact assessments, throughout the legislative process and in ex-post evaluations.

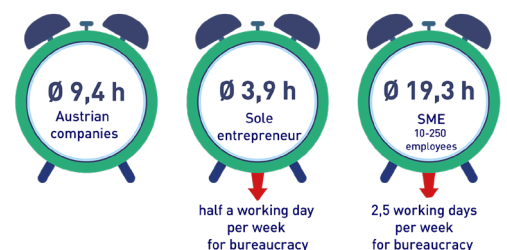
### Bureaucracy as a brake on exports



**70 %**

say that bureaucracy is also a brake on international competition

### Bureaucratic workload per week



Survey of around 1,000 Austrian companies, March 2024

## BUREAUCRATIC BURDEN IN BUSINESS PRACTICE: CORPORATE SUSTAINABILITY DUE DILIGENCE DIRECTIVE (CSDDD)

The [EU Directive on corporate sustainability due diligence \(CSDDD\)](#) requires companies to set up a system to identify social and environmental risks along their supply chain and to take measures to prevent and remedy them. It applies to companies based in the EU with more than 1,000 employees on a consolidated basis and a worldwide turnover of more than EUR 450 million. However, the directive is also of concern to SMEs, which will be indirectly affected by its provisions. In practice it is not possible for smaller companies to check whether the supplier of a supplier may be in breach of the requirements of the directive, including compliance with 24 international conventions on human rights and the environment. For companies, especially SMEs, a considerable amount of additional bureaucracy is to be expected.

### Company examples

A small Austrian family-owned business that manufactures handmade textile products and supplies them to a large corporation, sources its cotton raw materials from suppliers in Asia and Africa. The Austrian SME is responsible for the documentation that social and environmental standards are met not only in its own operations, but also by its international suppliers in Asia and Africa. If, for example, the family business does not comply with its obligation to continuously monitor its international suppliers, it could face civil liability claims.

An Austrian company produces multivitamin juice with up to 13 ingredients from up to 35 countries worldwide, as the countries of origin and suppliers of the ingredients can vary depending on the harvest and supply. For each of these countries, the fruit juice producer must be able to prove that the individual ingredients were harvested in compliance with human rights, for example. Within the supply chain, smaller fruit suppliers must also carry out such due diligence reviews and pass this information on to their customers. For Austrian SMEs as part of the supply chain, this means a massive amount of additional bureaucracy, which is associated with considerable costs and burdens. Even for a large fruit juice producer, these requirements and documentation obligations can only be met with enormous resources.

### Our solution for less bureaucratic burden and enhanced competitiveness

- ▶ The national implementation of the EU Directive on corporate sustainability due diligence must not result in an excessive bureaucratic burden on companies due to over-fulfillment of EU requirements („gold plating“). In particular, the principle of proportionality must be respected when determining the scope of the administrative penalty. It is also crucial for the competitiveness of companies to ensure that the new rules are implemented as uniformly as possible in all EU Member States.
- ▶ SMEs in particular need fast and effective European and national support measures (e.g. EU Commission guidelines on the fulfilment of due diligence obligations, ministry help desks and financial support measures) to be able to adapt to the new due diligence obligations on time.

You can find further company examples here:



### More expertise, facts and background information

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