

Poland's non-paper on the simplification and revision of the EU legislation

The European economy, affected by the consequences of the Russia's war of aggression against Ukraine, faces a dual challenge: a need for strengthening resilience and competitiveness while advancing twin transition. Achieving these ambitious goals requires a legal framework that is simple, clear, smart, proportionate, flexible enough to be tailored to the conditions of each member state individually and supportive of investment and innovation.

Substantial progress has already been achieved. The European Council has set the tone – the EU must reduce the administrative, reporting and compliance burden on companies. The European Commission responded with simplification initiatives on an unprecedented scale and signalled further ones in its 2026 work programme. During its Presidency in the Council of the EU Poland, followed by Denmark, has forged ahead with Omnibus packages negotiations in the Council to deliver long-awaited results.

Nonetheless, the regulatory burden still remains too high, the EU is not even in the middle of a regulatory overhaul.

What actions are needed?

- Genuine deregulation. It means not only simplification of rules, but also reviewing and, when necessary, repealing or phasing out existing regulations that no longer meet today's economic or strategic needs. Delegated and implementing acts should follow scrutiny to a much larger extent.
- Review of EU policy objectives. In the face of dynamic geopolitical changes, technological advancement, and environmental considerations, it is essential to carry out regular assessments of policy objectives and check if they remain relevant, and whether the regulations designed to achieve them remain fit for purpose. No area should be excluded from review.
- Simplicity by design. It is important to draw lessons from the consequences of overregulation for the future action. A "simplification mindset" is indispensable when proposing new legislative initiatives. New regulations should be simple and adopted only when necessary. All ideas should be tested from the outset against rigorous criteria e.g.: in what ways do they support the EU's long-term competitiveness and resilience in a constantly changing economic environment? Do they not constitute an excessive burden on entrepreneurs and consumers? How do they relate to regulations on respective issues of other major economic powers? Do they implement the "think small first" principle? Are they designed in easy-to-implement way?

Poland has identified five areas that in its opinion are essential for Europe's economic and strategic strength and should be simplified. A summary of the most important proposals is outlined below. A more comprehensive and detailed list can be found in the annex.

Industrial development

A diversified industry is the foundation of the EU economy. To improve prospects for European industry and prevent its relocation, while maintaining standards, it is necessary to:

- adjust the ETS to limit excessive allowance prices and increase price predictability, adjust linear reduction factor to ensure adequate supply of allowances for industry, and postpone the phasing out of free allowances under the existing conditions until the effectiveness of the CBAM mechanism is confirmed, as well as postpone the implementation of the ETS2;
- introduce a mechanism supporting exporters of products subject to CBAM;
- simplify the permitting of industrial installations falling under IED by reducing excessive administrative burdens in order to speed up the process, which in turn will promote effective emissions reductions as well as the circular economy;
- extend restrictions on use and reduce permissible concentrations for substances under REACH regulation based on risk assessment, rather than their properties;
- simplify public aid and notification procedures, and support stand-alone energy storage facilities without the need for public aid notification;
- provide greater EU support for development of renewable fuels and those of non-biological origin, aiding EU-wide access to supply and helping industries to overcome technical limitations of production processes against growing competition in renewable fuels & RFNBO from other global markets. Exempt the fertiliser and defence sector from obligations regarding such fuels;
- ensure technologically neutral approach in emission reduction activity in all branches of the industry;
- significantly simplify environmental regulations, including regulation on packaging and packaging waste and regulation on establishing a framework for the setting of ecodesign requirements for sustainable products, abolish the work on the directive on green claims and reduce the burden on businesses resulting from the principle of extended producer responsibility set out primarily in Article 9(1) of the directive on urban waste water treatment.

The proposed simplification measures would reduce costs, increase predictability for business and accelerate investment. Implementing them would strengthen industry's competitiveness and resilience while protecting the environment.

Agriculture

This sector of the economy is vital for food security and economic cohesion within the Union. Poland suggests that improvements to the framework conditions should include:

- elimination of any possible inconsistencies between the Common Agricultural Policy support for the period 2028-2034 and Carbon Removals and Carbon Farming rules;
- postponing the entry into force and simplifying the Regulation on statistics on agricultural input and output, maintaining statistics on plant protection use as currently regulated;
- permitting the use of raw materials listed in Annex IX of the Renewable Energy Directive II, including food and feed crops, provided they meet sustainability criteria, ensure reduction of emissions in comparison to fossil equivalent and do not compete with food security;
- no additional administrative burdens on livestock farmers in the review of the Directive on industrial emissions and keeping the cattle sector outside the Directive's scope;
- reduce the frequency of inspections of the operator authorised to issue plant passports if no significant irregularities have been found in subsequent years.

The above proposals would reduce burdens, increase predictability for EU food producers and reinforce food security without compromising the EU's environmental objectives.

Innovation

One of the key factors stifling innovation in Europe is the excessive burden, especially in the field of new technologies. Reducing this burden is essential to enable the scaling up innovations and maintaining global competitiveness. Poland proposes that in order to support the development and adoption of these technologies without compromising user or data protection, the EU should:

- postpone the entry into force of AIA provisions for high-risk AI systems and ensure regulatory coherence with the GDPR by developing joint guidelines between the AI Office, the European Data Protection Board, and the European Union Agency for Fundamental Rights; reduce administrative burdens by creating common audit tools and templates for fundamental rights impact assessments;
- provide a central EU-level portal with up-to-date draft standards under the AI Act (AIA);
- enable the creation of cross-border regulatory sandboxes and establish a common digital platform for sandboxes, introduce EU or national voucher systems for SMEs, especially those participating in AI sandboxes under the AIA;
- ensure the horizontal nature of the cybersecurity requirements provided by the Directive on measures for a high common level of cybersecurity across the Union (for services) and by the Regulation on horizontal cybersecurity requirements for products with digital elements (for products) to eliminate overlapping requirements, ensure efficient digital transformation of businesses and provide proper functioning of the internal market;

- establish rules for single entry point for cybersecurity notifications, including incident reporting, that will ensure efficient reporting for competent authorities, abolish overreporting and streamline information sharing;
- introduce transitional periods for implementing the Data Act, ensuring its provisions are fully coherent with the GDPR, particularly with regard to data processing and processors obligations.

The proposed changes would create more favourable conditions for digital technologies, particularly AI, as well as for data and cybersecurity. Easier compliance, greater interoperability and improved support for regulatory sandboxes will help unlock the EU's innovation potential.

Infrastructure and mobility

Infrastructure is the lifeblood of the economy and security strength of the EU. However, there is room for development, modernization and adaptation of infrastructure and mobility frameworks in the event of hybrid threats or armed conflict, particularly in the Eastern part of the EU. In order to be better prepared, the EU should:

- introduce a harmonized, accelerated procedure for issuing permits for military transports carried out by civilian carriers transporting specialized equipment and weapons (indivisible loads, including oversized and overweight loads), which would be based on a system of priority processing of applications by national authorities, enabling the rapid execution of defence tasks;
- ensure the interoperability of civil and military infrastructure by introducing a requirement for TEN-T core network corridors and priority corridors to verify the load-bearing capacity of engineering structures based on defined load models for special vehicles, combined with the creation of a classified digital data exchange system for technical parameters, enabling authorized military authorities and infrastructure managers to immediately assess the passability of a route without having to disclose sensitive data on critical infrastructure;
- harmonise time regimes for issuing transit permits and direct communication channels between National Movement Coordination Centres and relevant military authorities, and standardise forms and customs procedures for NATO and the EU;
- reduce and expedite the environmental impact assessment for dual-use infrastructure, and exempt it, along with financial plans and programmes in this field, from relevant procedures, tasks and thresholds where necessary;
- exempt selected defence and critical infrastructure projects from certain environmental requirements or significantly simplify them while maintaining the highest possible standards,
- adapt the EU model of public transport operation to the needs of national security and defence in current geopolitical realities, as well as maintaining dynamic development

of passenger rail transport, in order to balance the need for strategic resilience and operational flexibility within the organization of public transport.

Poland is confident that the listed proposals would accelerate the development of the necessary infrastructure, military mobility, and resilience of critical networks. It would thereby contribute to EU's connectivity, deterrence and defence.

Access to capital

Capital markets in the EU remain insufficiently integrated and lack depth, which hinders access to capital, especially for innovative, higher-risk projects. Such projects are crucial for increasing European companies' competitiveness. The EU could help to achieve this objective and:

- reduce excessive regulatory burdens on issuers or emission allowance market participants by delaying the disclosure of confidential information to the public, while providing them with the ability to delay the public disclosure of inside information, the disclosure of which could cause harm to or be detrimental to the interests of the MSs;
- harmonise the thresholds in the rules governing compulsory buyout and repurchase procedures for shares in public companies, in order to remove legal uncertainty across MSs and incentivise investors from outside the EU to invest in the Union;
- limit the obligations on investment firms using algorithmic trading solutions by excluding simple algorithms from the scope of the Directive on markets in financial instruments or by providing that only certain requirements of the latter apply to such algorithms, and explicitly state in its implementing provisions that they do not apply to categories of clients who are eligible counterparties or professional clients;
- change the nature of online payment account comparison site operators or remove them; change the model of offering such account with basic features by Payment Service Providers, selecting entities on the basis of quantitative or qualitative criteria or by choosing a designated operator; eliminate periodic reporting to the European Commission on basic and transferred accounts;

Poland believes that the proposed measures will significantly reduce the burden on banks, issuers and investors, while enhancing regulatory consistency and increasing the EU's capital markets attractiveness and efficiency.