



Compasses, omnibuses and roadmaps: How the EU is charting a new economic course

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While European commissioners were sitting with Ukrainian president Volodymyr Zelenskyy in Kyiv to mark three years of war, the US was voting against a UN resolution condemning Russia's aggression against Ukraine, just days after threatening to pull military aid to the war-torn country.

After a weekly meeting in Brussels, during which the commission approved a flurry of deals, action plans and legal amendments to boost Europe's industrial base, economy commissioner Valdis Dombrovskis brought up the UN vote to paint a “bigger picture” of a world “changing in front of our eyes”.

“We need to treat these developments as a call to action,” he said. “The freedom that we enjoy and the values that we cherish can no longer be taken for granted in this complex and more conflictual world.”

The changes approved by the commission on Wednesday in twin “omnibus” regulations would remove tens of thousands of firms from the climate reporting net, exempt small importers from a carbon border tax and pare back a requirement to do ethics checks on their suppliers.

The changes could save firms an estimated €6 billion a year in costs, the commission estimates.

A parallel “clean industrial deal” — just an ideas paper at this point, and including an action plan on affordable energy — promises to pump €100 billion into the EU economy to help slash energy costs



and reduce emissions for traditional industries including cars, steel, cement and aluminium, including by putting more money on the table for investments in renewable energy, battery storage and grid infrastructure.

Business gave it a cautious welcome.

BusinessEurope, a Brussels-based federation which counts Ibec as a member, said the climate deregulation drive “will allow companies to contribute more effectively to the EU's sustainability objectives”. But the clean deal, the group said, is moving too slowly and is “unlikely to lower energy costs in the short-term”.

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Eurochambres, where [Chambers Ireland](#) sits, said the deregulation drive is “a small step in the right direction” but begged for “legal certainty with clear, practical and proportionate rules” for smaller firms.

The decisions come exactly a month after the EU set out its competitiveness compass , where it suggested EU firms should get first preference in future public tenders for critical technologies such as semiconductors, artificial intelligence, medicines and energy.

The clean deal also contains promises to roll back state aid rules and insert ‘buy European’ clauses in public (and private) contracts for clean energy projects. The commission is due to present a new state aid framework in July that president Ursula von der Leyen said would see decisions on subsidies for decarbonisation and clean tech “approved faster and last longer”.

It follows two weeks after commission set out a plan to withdraw and repeal more than 40 draft or pending laws to help cut red tape for businesses.

Climate agenda

What is unclear is where all of these compasses, omnibuses and action plans leave the EU's ambitious climate agenda.

On Wednesday the EU was supposed to table a law on how to reduce its carbon emissions by 90 per cent (on 1990 levels) by 2040. That didn't happen.

The commission has also suggested it “stop the clock” on the roll-out of climate disclosures under the corporate sustainability reporting directive (CSRD), which investors say will leave them with less data on which to base their decisions.

Earlier this month, Irish asset managers Davy Private Clients and IPUT real estate signed up to a statement (calling on the EU to preserve the “integrity and ambition” of its climate rulebook. “Investors are the key users of sustainability disclosures,” the statement says.

Von der Leyen has promised “a fleet of omnibuses” to cut red tape in other areas. Picture: Getty Photo by Thierry Monasse



Von der Leyen launched the EU's big plan in the Belgian port city of Antwerp, a year after chief executives from the EU's largest industrial players demanded more help to meet the bloc's climate goals, including by using revenues from the Emissions Trading Scheme — into which they pay — to help them do that. “We want to cut the ties that still hold you back,” she told business leaders gathered in Antwerp on Wednesday.

But NGOs say cutting ties could leave the EU completely unshackled.

Christian Aid Ireland is calling on the Irish government, which supported the EU's climate reporting and due diligence directives, to “take a stand at EU level to ensure they are not torn apart”. The chief executives of both Oxfam and Trócaire, said the rule changes put “profit over people” and were “a fundamental betrayal of the values for which the EU stands”.

MEPs and EU governments must approve the climate reporting changes, which is going to be difficult given the dividing lines in the European Parliament.

And this is just the beginning. Von der Leyen has promised “a fleet of omnibuses” to cut red tape in other areas. French MEP Manon Aubry, from the leftist France Unbowed party, accused her of “planning to follow Donald Trump in his dangerous race toward deregulation”.

But economy commissioner Valdis Dombrovskis's hinted that the EU had to set itself apart from its “long standing strategic partner” and compete with rivals like China. “Put simply: we cannot hope or expect to successfully compete in a perilous world with one hand behind our backs.”