WIRTSCHAFTSKAMMER ÖSTERREICH

Position Paper
4th Omnibus Package
Small Mid-Cap Enterprises and Digitalisation

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GENERAL COMMENTS

From the point of view of the Austrian Federal Economic Chamber (WKÖ), a tangible simplification and reduction of the administrative burden of EU legislation for **all companies** must be achieved quickly in order to strengthen Europe's competitiveness. The 4th omnibus package, which is intended to bring both administrative simplification for the new category of small mid-cap enterprises and simplification through digitalisation in product legislation, is generally welcomed as a step in the right direction. However, it is still unclear how much relief the individual measures will actually bring for companies.

Small mid-cap enterprises in particular are often drivers of innovation, create high-quality jobs and make a significant contribution to economic dynamics in Europe, but often face high regulatory requirements. Simplifications for small mid-cap enterprises, which are located between traditional SMEs and large corporations, contribute significantly to strengthening the competitiveness and capital market viability of this group of companies.

The new category of small mid-cap enterprises comprises around 38.000 companies in Europe (of which around 780 are commercial enterprises in Austria). This new category should not have any negative effects on SMEs, e.g. with regard to the availability of subsidies. 26.1 million European companies are SMEs which need as well as large companies fast and substantial reductions in bureaucracy to strengthen their competitiveness.

In general, WKÖ calls for the consistent application of the "Think Small First" principle in order to design EU legislation from the outset in such a way that it is as easy as possible to comply with for SMEs in practice - and therefore also for larger companies - instead of only creating simplifications in hindsight.

Increased digitalisation offers opportunities to reduce red tape regarding documentation and reporting obligations (in particular the implementation of the "once only" principle for one-time data transmission to authorities), but care must be taken to ensure that this is implemented in a company-friendly manner. It should also be noted that digitalisation cannot be the sole solution for reducing excessive bureaucracy. The difficulty in practice often lies in obtaining and calculating the required data points. Digitalisation and AI can help with reporting through automated data transmission. However, the prerequisite for this is that companies can actually provide this data.

The digitalisation of reporting obligations is only a reduction if it actually leads to a reduction in the time and cost of preparing reports. The digitalisation of analogue processes regularly involves a great deal of human resources, costs (consulting and capital expenditure for new systems and programs) and time (duration of implementation). Only if this effort can be earned back within a reasonable period of time through digitalisation it would be a relief. It is also often difficult - especially for smaller companies - to fulfil the technical requirements.

1. SMALL MID-CAP ENTERPRISES, COM(2025)501 + COM(2025)502

- **General Data Protection Regulation (EU) 2016/679 (GDPR)**

1. The proposal to amend Article 30 (5) GDPR is expressly welcomed:

According to Art. 30 GDPR, every controller and processor must keep a “record of processing activities”. Art. 30 (5) GDPR currently provides for a derogation from this obligation for companies or organisations with fewer than 250 employees, but this does not apply if the processing they carry out involves a risk to the rights and freedoms of data subjects, the processing is not occasional or the processing involves special categories of personal data or the processing of personal data relating to criminal convictions and offences. Due to these limitations of the derogation, it can hardly be applied at present. The mere fact that the data processing may not be "occasional" means that all companies that, for example, require personnel administration or carry out customer administration cannot utilise the derogation.

The proposal is not only intended to extend the group of companies eligible for the derogation (to all companies or organisations with fewer than 750 employees), but also to restrict the "counter-exemption" to processing operations that entail a high risk to the rights and freedoms of data subjects. The clarification in recital 10 is also very positive, namely that the processing of special categories of personal data necessary for compliance with obligations in the area of labour law and social security does not in itself require the keeping of processing records.

Overall, it can therefore be assumed that by implementing this proposal, many companies could benefit from the derogation in Art. 30 (5) and that this would help to reduce administrative costs.

2. The other proposed amendments, in particular the extension of the scope of application of Art. 40 GDPR (codes of conduct) and Art. 42 GDPR (certifications) to small mid-cap enterprises - which also takes into account their special needs in these contexts - are also welcomed.

- **Regulation (EU) 2016/1036 on protection against dumped imports and Regulation (EU) 2016/1037 on protection against subsidised imports**

WKÖ has no objections to the proposed amendments to the basic anti-dumping regulation (EU) 2016/1036 and the anti-subsidy regulation (EU) 2016/1037. The expansion of the SME helpdesk for small mid-caps is a logical and understandable step. The fact that the investigation periods for small mid-cap enterprises should also be linked to their financial year is to be supported, also in view of the fact that this was and is already the case for SMEs.

- **Regulation (EU) 2017/1129 on the prospectus**

The EU Commission's proposal is to be welcomed in principle.

- **Regulation (EU) 2023/1542 concerning batteries and waste batteries**

In principle, simplifications to the EU Battery Regulation are very welcome, but the proposed amendments are "only" minor and selective simplifications.

At first glance, the extension of the exemption through the legislative package for small mid-cap enterprises is of course positive. However, if such a company, like an SME, is in the supply chain of an obliged company (under Article 47 of the EU Battery Regulation), the data must be supplied to that company so that it can fulfil its due diligence obligations. In any case, the EU Battery Regulation should be amended in line with the content of the Corporate Sustainability Due Diligence Directive (CSDDD) (e.g. the proposed amendment to mainly limit full due diligence requirements to direct business partners) in order to ensure coherence between the legal acts.

In addition, the EU Battery Regulation requires more simplification and less bureaucracy. One example is Article 74 (5) of the EU Battery Regulation. This stipulates that the costs borne by the manufacturer for collection/sorting/recycling must be shown separately for the end user at the point of sale of a new battery.

The necessity of labelling the visible fee makes no sense, nor does it have any added value for consumers. What does the consumer do with the information on how many Euros the manufacturer has paid here? On the other hand, this requirement creates unnecessary work for manufacturers and retailers. An average retailer in Austria has at least 2 brands and possibly his own house brand. This means that they would have to calculate the disposal costs per item every year and display them on their price tags. Assuming an average battery shelf, that's between 20 and 100 items, depending on the retailer and size. You also need to bear in mind that there is no generally applicable disposal tariff for batteries; prices vary. Retailers have to calculate the costs themselves for batteries they import themselves. The organisational effort is immense, with no discernible added value. Multiplied by all EU countries, which all have their own disposal systems and tariffs, this leads to exactly the opposite of what the EU actually wants, namely a reduction in bureaucracy and uniform rules.

This requirement should be removed from the EU Battery Regulation, or at least a minimum provision should be added, e.g. that disposal costs below 1 Euro do not have to be advertised (example: the disposal costs for a button cell are approx. 0.002 Euro).

With regard to the numerous outstanding secondary legislation on the EU Battery Regulation, pragmatic and flexible implementation should be urged. If necessary, the secondary legislation should be used to revise the EU Battery Regulation. As almost all secondary legislation is still missing, much of the EU Battery Regulation still cannot be conclusively assessed.

- **Regulation (EU) 2024/573 on fluorinated greenhouse gases (FGR)**

The European Commission's proposal is sensible and provides a certain degree of relief.

A significant simplification would be a clarification that the qualification requirements under Art. 10 do not apply to persons who only use alternatives to F-gases. The European Commission's current interpretation is that such persons must also fulfil the requirements, although according to Art. 2 FGR the scope is limited to F-gases in Annexes I, II and III. The consequence of this is that the FGR practically interferes with vocational training. It also requires that a complex qualification/certification system be maintained for an unlimited period of time. This is associated with unjustified administrative costs and expenses for companies, authorities and bodies responsible for certification, such as WKÖ.

A further extensive simplification for companies, authorities and bodies entrusted with certification, such as WKÖ, would be to leave it to the Member States to decide whether training courses must be repeated at least every 7 years. At present, such repetitions are mandatory in accordance with Art. 10 (9) FGR. As a result of this obligation, the qualification requirements of the FGR are no longer efficiently integrated into the existing Austrian vocational training system, as was the case under the previous FGR, which allowed this flexibility. This makes a costly parallel administrative structure necessary, which has no added value, as companies already train their employees at regular intervals and as required - often much more frequently than every 7 years.

- **Directive 2014/65/EU on markets in financial instruments (MIFID)**

The European Commission's proposal is to be welcomed in principle. With regard to the inclusion of companies with a market capitalisation of 200 million Euro to less than 1 billion Euro in SME growth markets, the question arises as to whether the term "SME growth market" is still appropriate. A renaming to "growth market" is suggested.

- **Directive (EU) 2022/2557 on the resilience of critical entities**

The 4th omnibus package obliges the Member States to describe existing simplifications in future also for small mid-cap enterprises. However, the European Commission's proposal does not provide for the creation of new exemptions for small mid-cap enterprises. Any benefit for the companies concerned is questionable. Relief for small mid-cap enterprises would also be desirable in the national implementation of the Critical Entities Resilience Directive.

2. DIGITALISATION OF CERTAIN LEGAL ACTS IN PRODUCT LEGISLATION AND COMMON SPECIFICATIONS, COM(2025)503 + ANNEXES, COM(2025)504 + ANNEXES

The intention to make declarations of conformity available only in electronic form could help to reduce compliance costs for companies and is therefore to be welcomed in principle and also in the interests of a uniform set of rules. We consider it sensible that - if it is mandatory to enclose an EU declaration of conformity or a similar document with the product - the EU declaration of conformity must be issued in electronic form and made accessible via an Internet address or a machine-readable code.

The facilitation of communication between economic operators and national authorities through the digitalisation of all communication is also to be welcomed. However, it must be ensured at national level that the electronic feedback from companies to the authorities can also be verified within the specified deadline. The requirements for the deadline must be observed in this regard.

Declarations of conformity and instructions in the DPP

The Digital Product Passport (DPP), which is intended e.g. for products in the new Ecodesign Regulation as well as for other products such as batteries and toys, offers an efficient way of keeping a product's conformity information up to date and facilitating cross-border trade. Companies are willing to store and disclose data in the DPP, provided this is done for clearly defined areas such as declarations of conformity and instructions for use.

For certain products covered by COM(2025)503 and COM(2025)504, the relevant information on product conformity or instructions should only be provided in a digital product passport if another EU legislative act already makes a digital product passport mandatory for this product. WKÖ welcomes this approach, as all relevant product information is centralised.

Streamlining the adoption of common specifications using the EU Machinery Regulation as an example

The development of harmonised European standards (hENs) should remain the primary objective, as these standards - as the European Commission itself points out - promote global trade and international cooperation in general. The EU must be strengthened in all areas in order to have an impact internationally, e.g. with ISO and IEC. In the view of WKÖ, the EU can achieve this goal better through the standardisation system with open, transparent processes in compliance with WTO criteria.

Standardisation in Europe has fundamentally proven itself through the involvement of all affected stakeholders, even if the standardisation process for the development of hENs needs to be accelerated overall. In our experience, CEN works on a hEN for around 2,5 to 3 years. The average duration for hENs of 6 years and 1 month mentioned by the European Commission should also include internal processes of the Commission such as the development of the SReq, HAS consultants, correction loops and publication, over which the standardisation organisations (CEN, CENELEC) have no influence.

All interested stakeholders are involved in the standardisation process; SMEs as well as civil society, research institutions and the administration can actively participate in standardisation committees. As the development of international and European standards is mirrored at national level in the ASI and OVE committees, low-threshold involvement - which in Austria takes place without participation fees - is possible. This is particularly important for SMEs. As standards thus reflect the views of all stakeholders, they represent solutions that are used on the market to implement EU legislation.

All these advantages are lost with common specifications. Common specifications should therefore only be used when the standardisation system has actually "failed". However, the path to the standardisation organisations should always be the first step.

WKÖ therefore rejects the wording proposed in COM(2025)503 and COM(2025)504 regarding common specifications. This leaves the European Commission a great deal of discretion in deciding when to use common specifications and does not reflect the intention of a "fall back" option, as is the case in the EU Machinery

Regulation, for example. On the contrary, the wording indicates that the common specifications can be widely used by the European Commission as soon as it sees an urgent need.

Another serious disadvantage is that the common specifications are not cancelled as soon as a hEN is published in the EU Official Journal that covers the same regulatory requirements as explicitly provided for in the Machinery Regulation (Art. 20 (7)), for example. A corresponding formulation should definitely be included in the current proposals of the European Commission. In addition, the process for drawing up common specifications is regulated in detail in the Machinery Regulation. The European Commission must state its reasons for adopting common specifications. The implementing acts establishing common specifications are adopted in the examination procedure. When preparing the draft for a common specification, the European Commission takes into account the views of the relevant bodies or expert group and consults the relevant stakeholders. All of this is missing in the current Commission proposals.

The European Standardisation Strategy (dated 22.2.2022) clearly states that there is a need to streamline the different formulations of common specifications. The European Commission is now doing exactly the opposite by using different wordings for the adoption of common specifications in different legal acts. This leads to further fragmentation.

In the view of WKÖ, the European Commission should use the wording in the Machinery Regulation as a blue print for the adoption of common specifications in all other legal acts. The wording of the common specifications in COM(2025)503 and COM(2025)504 should therefore be adapted in line with the wording in the Machinery Regulation.

- **Regulation (EU) 2024/1781 establishing a framework for the setting of ecodesign requirements for sustainable products (ESPR)**

The previous rules on ecodesign - with an increasing improvement in the energy consumption of appliances - were a success. The technical and legal implementation was clearly defined and easy to handle. With the new Ecodesign for Sustainable Products Regulation (EU) 2024/1781 (ESPR), not only are up to 15 additional sustainability aspects to be applied, but the entire value chain must also be taken into account. This is also accompanied by an extremely demanding tightening of reporting obligations. The Digital Product Passport is intended to collect and make the content available across the board. From the WKÖ's perspective, the collection of data that will be required as part of the ESPR must be designed in such a way that it is also economically feasible for SMEs.

With regard to the ESPR, this omnibus is disappointing, as the proposal does not provide for a reduction in reporting obligations, but only for the creation of a digital contact and the transmission of information and documentation on product conformity to the authorities only in electronic form. It is worth questioning why the transmission only in electronic form is not also provided for in Art. 36 (2) ESPR.

In addition, the deadlines for feedback to the authorities provided for in the ESPR should generally be extended from 15 days to 30 days. This applies in particular to Art. 27 (10), Art. 28 (2) lit c, Art. 29 (8), Art. 30 (5) and Art. 36 (2) ESPR. In view of the amount and complexity of the information to be collected, such an extension is in any case proportionate and appropriate.

Furthermore, companies need the implementation of the ESPR to be as low-threshold as possible as well as an urgent reduction in reporting obligations. For example, substances of concern (at least 4.600 substances whose occurrence must be reported) are one of the 16 ESPR criteria where there is a need for simplification. Austria does not have the necessary infrastructure to test this criterion alone. This will probably also apply to the other Member States.

As the requirements will be extremely complex and expensive, we also propose a gradual introduction of the ESPR, in particular of the DPP obligations, or a significant extension of the introduction periods for future products (currently 18 months, 24+ months would be better).

We are therefore in favour of the following points:

- a gradual introduction of the sustainability criteria through the delegated acts, so that experience can be incorporated into an increasing complexity;
- sufficient transition periods so that companies can harmonise their resources with the market supply
- harmonisation between the different pieces of legislation to enable a "data-once-only" solution for different uses; and
- as a result, a simplification of reporting obligations that strengthens companies' competitiveness by allowing them to focus on the market-relevant aspects of their products.

3. EU BATTERY REGULATION: STOP THE CLOCK PROPOSAL, COM(2025)258

WKÖ supports the proposed postponement of the due diligence requirements of the EU Battery Regulation in line with the CSDDD, as it gives the companies concerned more time to implement the necessary measures.

According to the current legal situation, there are only six months between the date on which the due diligence obligations for economic operators come into force and the date on which the European Commission provides guidelines. The new version now provides for an extension of this period, giving companies a preparation period of around twelve months. This adjustment is to be welcomed. Nevertheless, we would like to emphasise that even the one-year period now envisaged still seems extremely ambitious for many companies in view of the considerable organisational and structural adjustment requirements.

In addition, many companies will probably have to implement other newly introduced due diligence and information obligations (Ecodesign for Sustainable Products Regulation, Packaging and Packaging Waste Regulation, CSDDD ...) in parallel during the relevant period. The cumulative effect of these requirements further increases the pressure to implement them and should definitely be taken into account when designing realistic transition periods.

4. FURTHER SIMPLIFICATION MEASURES AND REDUCTION OF RED TAPE URGENTLY NEEDED

Simplifications and time extensions are urgently needed for many other EU legislative acts (see WKÖ list with proposals for reducing bureaucracy and simplification at EU level).

For example, the recently adopted EU Packaging and Packaging Waste Regulation (PPWR) absolutely needs to be simplified and made less bureaucratic, as some of the regulation's requirements are completely unrealistic. They completely ignore economic circumstances and supply chains and cannot be implemented in this way. The application of the EU Packaging and Packaging Waste Regulation (and all specific dates in the regulation) should be postponed for at least 2 years or longer. During this time, the regulation should be revised and made practicable.

The inclusion of the EU Deforestation Regulation (EUDR) in an omnibus would also be essential to effectively reduce unnecessary administrative burdens. In this context, the postponement of the due diligence obligations for the battery supply chain by two years from 2025 to 2027 and the general exemption of small mid-cap enterprises from the due diligence obligations of the EU Battery Regulation are noteworthy. The planned omnibus simplifications to the CSDDD are cited as arguments in favour of this. Consequently, the EUDR, as a lex specialis of the CSDDD, should also be included in an omnibus with the aim of reducing the enormous administrative burden associated with the current version of the EUDR.

It is completely incomprehensible why so many opportunities have been missed to include the EUDR in an omnibus package. Due to the lead time for the implementation of the EUDR, it is essential that a decision on the simplification of the EUDR is taken promptly in order to ensure legal certainty for companies and prevent unnecessary costs. The longer there is a delay in implementing urgently needed simplification measures for the EUDR, the higher the financial costs for the ongoing implementation of the EUDR will be. This poses a major challenge for companies because many detailed issues have still not been clearly clarified in legal terms.

CONTACT

WKÖ EU Policy Department, Vienna

Marlene LALES, EU Policy Advisor
T +43 5 90 900 4435, E Marlene.Lales@wko.at

Yasmin SOETOPO, EU Policy Advisor
T +43 5 90 900 4310, E Yasmin.Soetopo@wko.at

WKÖ EU Representation, Brussels

Peter DOHR, EU Policy Advisor
T +32 2 286 58 80, E Peter.Dohr@eu.austria.be