

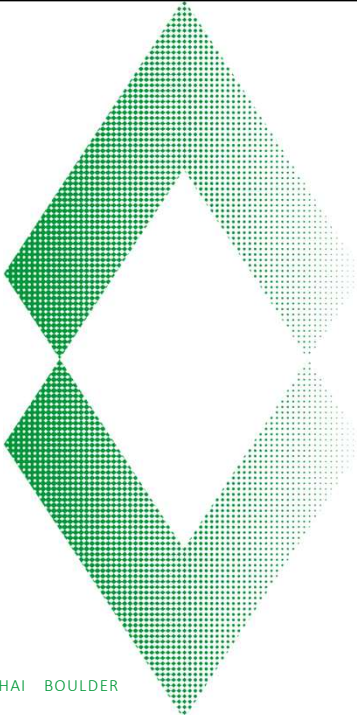
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## The *Competitiveness Compass* for the EU and its Impact on the Chemical Industry

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Ales Bartl, Ph.D.  
Partner  
Brussels  
+32 (0) 2 645 5085  
[bartl@khlaw.com](mailto:bartl@khlaw.com)

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## Ales Bartl



- ◆ Ales Bartl has a broad experience in EU product regulatory law, including Registration, Evaluation, Authorisation, and Restriction of Chemicals (REACH) regulation, the Classification, Labelling, and Packaging (CLP) regulation, Biocidal Products Regulation (BPR), medical devices, electronic products, and general product compliance and product safety. He advises on regulatory compliance of a broad range of products marketed in the EU and represents clients before EU and national competent authorities on compliance and enforcement issues, including product withdrawals and recalls.
- ◆ Ales also represents clients before the Court of Justice of the European Union and the Board of Appeal of European Chemicals Agency.

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## Background



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## *The Competitiveness Compass for the EU*

- ◆ On 29 January 2025, the Commission published a Communication to the Parliament and Council titled “[\*A Competitiveness Compass for the EU\*](#)”
- ◆ The initiative builds on Mario Draghi’s September 2024 report, “[\*The Future of European Competitiveness\*](#),” and the European Council’s [\*Budapest Declaration on the New European Competitiveness Deal\*](#)
- ◆ It is the first major initiative of the new EC mandate for coming 5 years with competitiveness as one of the EU’s overarching principles for action.
- ◆ Members of Parliament will debate the initiative in plenary session on 12 February (today)

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## Policies Structured Around **Three Main Pillars** + **Five Horizontal Enablers**



- ◆ **The three pillars are:**
  - ◇ Closing the innovation gap
  - ◇ A joint roadmap for decarbonisation and competitiveness
  - ◇ Reducing excessive dependencies and increasing security
- ◆ **The five horizontal enablers to reinforce competitiveness in all sectors:**
  - ◇ Simplification of regulatory and administrative burdens
  - ◇ Removing barriers in the Single Market
  - ◇ Financing (Next Multiannual Financial Framework, including Competitiveness Fund and Competitiveness Coordination Pool)
  - ◇ Skills and quality jobs
  - ◇ Better coordination

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### COMPETITIVENESS COMPASS

*Timeline of key actions*

- Q4 2026**
  - Circular Economy Act
- Q3 2025**
  - Space Act
  - Sustainable Transport Investment Plan
- Q1 2025**
  - AI Factories Initiative
  - Clean Industrial Deal and an Action Plan on Affordable Energy
  - The White Paper on the Future of European Defence
  - Preparedness Union Strategy
  - Internal Security Strategy
  - Omnibus simplification and definition of small mid-caps
  - Union of Skills
- Q2 2025**
  - Start-up and Scale-Up Strategy
  - New State Aid Framework
  - European Savings and Investment Union
- Q4 2025**
  - Quantum Act
  - Digital Networks Act
  - Industrial Decarbonisation Accelerator Act
- 2025 TBC**
  - Carbon Border Adjustment Mechanism Review
  - Critical Medicines Act
  - MFF, including Competitiveness Fund
- 2026 TBC**
  - 28th regime
  - European Research Area Act
  - Advanced Materials Act
  - Revision of directives on Public Procurement
  - Revision of the Standardisation Regulation

### The *Competitiveness Compass for the EU*

- ◆ The Commission plans to issue up to 47 legislative and non-legislative proposals by the end of 2026. Key dates include:
  - ◇ Clean Industrial Deal and an Action Plan on Affordable Energy [Q1 2025]
  - ◇ **Omnibus simplification and definition of small mid-caps** [26/2/2025]
  - ◇ Steel and metals action plan [2025]
  - ◇ **Chemicals industry package** [Q4 2025]
  - ◇ **Circular Economy Act** [Q4 2026]
  - ◇ Vision for Agriculture and Food [Q1 2025]
  - ◇ Amendment of the Climate Law [2025]

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## Commission work programme 2025



- ◆ [Published today](#) (February 12)
- ◆ Annex with the timeline of specific legislative proposals available [here](#)

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## The First Omnibus Simplification Package



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## The First Omnibus Simplification Package (1)



- ◆ The Competitiveness Compass mentions a “series of Simplification Omnibus packages” in an effort to “reduce the reporting burden of at least 25% for companies and at least 35% for SMEs,” including administrative burdens
- ◆ First simplification package is the Omnibus Regulation in the field of corporate sustainability reporting, sustainability due diligence and taxonomy
- ◆ **First Omnibus Simplification package expected to be published on 26 February 2025** following the close-door consultation with stakeholders which took place on 6 February

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## The First Omnibus Simplification Package (2)



- ◆ Simplification and elimination of overlaps in sustainability reporting in the Corporate Sustainability Reporting Directive (**CSRD**), the Corporate Sustainability Due Diligence Directive (**CS3D**) and the Taxonomy Regulation (**EU Taxonomy**)
  - ◆ The first in-scope companies under the CSRD are required to report in 2025 for the financial year beginning 2024
- ◆ Will create a new category of company called “small mid-cap,” bigger than SMEs but smaller than large companies (2Q 2025)
- ◆ Establishment of a Simplification Advisory Group to provide advice to the Commission regarding its competitiveness goals and identify key policy areas for improvement
- ◆ Other elements?

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## Possible Impact on CSRD



- ◆ Germany and France have pushed for a two-year delay of the entry into force of the reporting obligations
- ◆ France has asked for a reduction in the number of indicators, to focus solely on climate objectives and to add a principle of capping reporting in the subcontracting chain
- ◆ Scrapping or pausing the development of new reporting standards

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## Possible Impact Under the CSDDD



- ◆ Possible reduction of the extra-territorial effects in order to calm down political pressure outside the EU
- ◆ Possible indefinite postponement of the entry into force date of the Directive proposed by France
- ◆ Introduction of several adjustments:
  - ◆ Threshold adjustments targeting only the biggest companies (e.g.: European: 5,000+ employees and sales >€1.5 billion (worldwide) and Non-European: Sales >€1.5 billion (EU market))
  - ◆ Conduct due diligence at Group level rather than at subsidiary level
  - ◆ Creation of a single European supervisory body
  - ◆ Prevent separate reporting obligations for regulated financial companies

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## Our Intake 1/3



- ◆ Full legislative procedure after the publication of the first Omnibus package proposal, (i.e., important role of Council and Parliament)
- ◆ This is just the first package of a series of simplification proposals, other ones mentioned in the Draghi Report include: the sustainable finance disclosure regulation (SFDR), the eco-design for sustainable products regulation, the industrial emissions directive, the emissions trading system and REACH.
- ◆ Other ones which have been mentioned (MEP Axel Voss) include the Carbon Border Adjustment Mechanism, the forced labour ban and the Deforestation Regulation.

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## Our Intake 2/3



- ◆ In-scope companies should still continue preparing for reporting under the current framework, as the expectation is that the Omnibus package would remove duplication without changing the substance of the obligations
  - ◆ President von der Leyen emphasised in November 2024 that “the content of the laws is good, we want to maintain it and we will maintain it. But the way we get there ... is too much, often redundant and often overlapping”
- ◆ Climate of uncertainty regarding deadlines and possible postponement while many companies have already invested to meet with sustainability reporting obligations

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## Our Intake 3/3



- ◆ Criticism raised by different stakeholders and civil society organisations because of the lack of an open and public consultation, without an Impact Assessment
- ◆ However, it does open the door for further consultations re. sustainability reporting (i.e., giving a voice to the Industry via “Reality Checks” to solve practical issues)



## The Impact on the Chemical Industry





## Simplification Measures – REACH Revision (1)



- ◆ REACH Revision expected to be published end of 2025, as well as the Chemicals industry package [Q4 2025 – EU funding, addressing economic challenges, focus on PFAS]
- ◆ According to the Competitiveness Compass, the revision of REACH will *“bring a real simplification and ensuring faster decision-making on important hazards, as well as sustainability, competitiveness, security and safety”*
- ◆ Possible modernisation of current scientific understanding, including mixtures assessment factor (MAF) and generic approach to risk management (GRA)
- ◆ Polymer registration once again not mentioned

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## Simplification Measures – REACH Revision (2)



- ◆ Introduction of a flexible approach which takes into account the context of use of SVHCs (industrial uses v. consumer products)
- ◆ Simplification of REACH procedures
- ◆ France has asked the Commission to perform an Impact Assessment and not include REACH among the simplification package

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## What Does it Mean for Industry



- ◆ 2020 EU Chemical Strategy for Sustainability mentioned a modernization of REACH
- ◆ Since then, the perspective has changed to enhance economic growth and create a more favorable environment for Industry
- ◆ Commission services will hold consultations with stakeholders who will stress test EU Regulations, opening a new window of opportunity for dialogue with Industry
- ◆ Issues remain: CLH procedures driven by overconservative application of CLP criteria by RAC
- ◆ Appeal in TiO2 case: 'RAC and the Commission are always right, unless their assessment is 'scientifically impossible'

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# Thank You

**Any questions?**

Ales Bartl, Ph.D.

Partner

Brussels

+32 (0) 2645 5085

[bartl@khlaw.com](mailto:bartl@khlaw.com)

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