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Internal market/Omnibus small mid-caps

A new omnibus that misses the real needs of businesses

On Wednesday 21 May, the European Commission presented its strategy for the Single Market 2025 and a fourth omnibus proposal. This new legislation creates a new category of companies between SMEs and large companies, known as “small mid-caps,” which will, among other things, be exempt from certain regulatory obligations.

For the Greens/EFA Group, the creation of an additional category of companies is not a simplification. On the contrary, it restricts the scope of regulation and is part of the Commission's deregulation drive.

In doing so, it destabilizes the economic environment and fails to address the real needs of businesses.

Statement by **Bas EICKHOUT**, Co-President of the Greens-EFA, on the omnibus proposal:

"The economic health of our businesses and compliance with European rules depend above all on their predictability and on support for their implementation.

Many measures presented as simplifications are not simplifications at all and merely delay or even abolish existing obligations that have already been implemented by a majority of companies. We regret that, after putting the directives on non-financial reporting and due diligence on hold, the European Commission seems to want to further restrict companies' social and environmental responsibility. This is particularly illustrated by the exemption from verification of the impact of key minerals used in batteries.

Furthermore, this new omnibus does not address the main challenges faced by “small mid-caps.” Indeed, the administrative burden is not the primary cause of the slowdown in their growth. This ranks far behind difficulties in finding staff, supply chain disruptions, and raw material shortages. However, the Commission does not provide any answers on these issues.

Finally, the creation of a new category of companies must not be at the expense of support for SMEs, which are the backbone of the European economy and provide the majority of jobs on our continent.

We would also add that exemptions granted to companies cannot be at the expense of consumers, who must also be able to benefit from the single market."

Statement by **Anna CAVAZZINI**, Chair of the Internal Market Committee on the Internal Market Strategy:

"450 million consumers are the foundation of our internal market, which has a global appeal thanks to high environmental, consumer, and social standards. Simplifying laws must not lead to a reduction in European standards. In this context, the announced exemptions for medium-sized companies, for example in digital legislation or the Ecodesign Regulation, are problematic and risk creating major loopholes.

To ensure fair competition in the internal market, we must also enforce European standards without restriction on imports from third countries in online trade. I expressly welcome the EU Commission's consideration of establishing a European market surveillance authority.

The digital product passport has the potential to kill three birds with one stone: easier checks for customs and market surveillance, more information for consumers, and a smooth transition to a circular economy. Extending it to all product information is therefore exactly the right move. I call on the European Commission to prioritize the introduction of the digital product passport in the internal market so that it can contribute to fair competition, informed purchasing decisions, and more recycling."*

Note: The new category of companies known as "small mid-caps" covers around 38,000 European companies.

(*) IMCO: Report David Cormand: https://www.europarl.europa.eu/doceo/document/IMCO-PR-771897_EN.pdf

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