European businesses are far more likely than US firms to cite regulation as a major obstacle to doing business. As Europe searches for ways to boost economic growth and frets about its competitiveness, the EU needs to ensure its regulations encourage better productivity and enable innovation.

In a new paper, ‘Better regulation in Europe: An action plan for the next Commission’, the CER’s assistant director Zach Meyers sets out how the evolution of the EU institutions, and in particular the increased power and politicisation of the Commission, means that the EU must reinvigorate the ‘better regulation’ agenda. The paper proposes several priorities for the EU to improve regulation:

1. Subject the Commission to more internal ‘checks and balances’ and greater external scrutiny. The Commission needs more rigorous consultations and impact assessments. The Regulatory Scrutiny Board should become a genuinely independent review body with sufficient resources to review more of the Commission’s initiatives, and should itself become more accountable.

2. Require the Council of Ministers and the Parliament to do more to uphold ‘better regulation’ standards. Both are doing too little to ensure their own proposals and positions are properly scrutinised and assessed. This often undermines the Commission’s good work assessing the impacts of its initiatives.

3. Promote better consistency and predictability in EU laws. The Commission needs reforms to ensure that it is perceived to be applying and enforcing EU laws consistently. And given the explosion in delegated law-making of recent years, EU law-makers must avoid delegating excessive power to the Commission.

4. Keep the burden of regulation under continuous review. The Commission needs to take a more comprehensive assessment of the costs of regulation, which go beyond the traditional focus on direct compliance costs.

The paper concludes that improving the quality of EU regulation is only one part of the puzzle to unlocking better productivity and more economic growth in Europe, but it is a critical one. To achieve better regulation, the next Commission president should insist on more funds – a tough ask when member-state budgets are already stretched – or require the Commission to do less, but do it more effectively. This will require a change in political priorities. The urgent need to address Europe’s flailing economic growth and lack of business dynamism should serve as the basis for that political change.
Zach Meyers, the author of the report said: “To tackle its competitiveness problem, the EU needs to make its economy more dynamic, so it is easier to launch and grow innovative businesses, and to help the best ones expand across Europe. To achieve this, the Union needs major reforms to its law-making practices to ensure regulation is better targeted and more carefully designed.”

Notes for editors:
For further information on the new research and to request an interview with Zach Meyers @Zach_CER and @zach-cer.bsky.social please contact Octavia Hughes in the CER press office on pressoffice@cer.eu or +44 (0) 20 7233 1199.

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