

## Press Release

### Urgent Need for Simplification of European Regulations Affecting the Mittelstand

*Paris, February 19, 2025 – The Mouvement des Entreprises de Taille Intermédiaire (METI), which represents France’s 6,800 mid-cap enterprises (entreprises de taille intermédiaire or ETIs) (1,000 billion euros in revenue, 34% of exports), has been highlighting for over four years the impact of increasing regulatory complexity on competitiveness. The latest reporting obligations imposed by the CSRD and CSDDD exemplify this trend. Committed to delivering data-driven insights, METI has unveiled a new survey on regulatory complexity as experienced by French mid-caps. The findings are unequivocal: not a single company considers the CSRD to be anything but “complex,” and more than half deem it “extremely complex.”*

#### Green Deal: Focus on Action, Not Paperwork

Mid-caps have been actively engaged in the sustainable transformation of their business models, production methods, and organizational structures. However, the European Union, through a combination of misaligned enthusiasm, regulatory rigidity, and a disconnect from economic realities, has inadvertently hindered this momentum. By imposing extensive documentation requirements over practical decarbonization efforts, the EU is **diverting thousands of companies with limited financial and human resources into a cycle of reporting rather than enabling them to focus on climate action.**

As Europe’s production capacity continues to shrink, there is a growing consensus on the need to reduce regulatory burdens. This is a welcome shift, but **urgent and drastic action is necessary** to prevent lasting damage to Europe’s industrial fabric, jobs, exports, and regional prosperity.

#### Recognizing the Role of Mid-Caps in Green Competitiveness

How did we reach this point? At what stage were key industrial players—companies that remain committed to producing in Europe despite increasing global competition—meaningfully included in discussions? Consider a mid-cap with 400 employees and 70 million euros in revenue: such a company can typically allocate only three employees to administrative tasks. Expecting them to select, collect, and report on hundreds of indicators can only hinder their competitiveness and development.

Some may have seen regulatory complexity as an opportunity to drive new business for consultants, IT specialists, compliance services, etc. However, this perspective ignores the reality that excessive and contradictory regulations, benefiting external service providers rather than businesses themselves, ultimately risk undermining the very companies they are meant to support—especially when non-European competitors are not subject to the same obligations. If this trend continues, the economic fabric of Europe could be severely weakened.

## The Omnibus Legislation: An Ultimate Chance to Correct Course

**Mid-caps are making their stance clear:** over 80% consider CSRD simplification a priority, with two-thirds deeming it both "urgent and a priority". The figures are similar for CSDDD. This urgency is justified: **our initial impact studies estimate that an industrial mid-cap faces an average annual compliance cost of 400,000 euros—equivalent to 2 billion euros across all French mid-caps, or 13% of their average annual investment volume.**

### A Call for Immediate and Drastic Simplification

The European Union must go beyond merely slowing down regulation—it must take decisive action. It must allow mid-cap companies to focus on what they do best: invest! Invest in innovation, invest in decarbonization, invest in recruitment, invest in long-term sustainability. The French government has already set clear and ambitious objectives for regulatory simplification. METI calls for these objectives to be transformed into immediate measures, especially:

- Exempting mid-caps with fewer than 1,500 employees from the CSRD by creating a dedicated category.
- Exempting all mid-caps from the CSDDD.
- Reducing the number of required indicators tenfold.
- And, most importantly, **suspending the implementation of these regulations until these simplifications are in effect.**

**The Omnibus legislation must not fail. Either it will demonstrate Europe's ability to act decisively for its future, or it will reinforce concerns that regulatory burden is overtaking economic growth.**

For the full results of our survey: <https://urlr.me/kxjwCm>

### About Mid-Cap Companies (ETIs) in France

6,800 mid-caps

1,000 billion euros in revenue

25% of employment in France

38% of industrial employment in France

One-third of French exports

Two-thirds of mid-caps' headquarters located outside the Greater Paris region

### About METI

[www.m-eti.fr](http://www.m-eti.fr)

Bringing together the mid-caps' community at the national level and through regional Clubs, METI's mission is to place mid-caps—long-term businesses that ensure regional prosperity—at the heart of France's and the European Union's economic strategy. Its work is structured around four main pillars:

- Documenting and highlighting the major contribution of French mid-caps to their local ecosystem in terms of industry, employment, exports, investments, transformation, and corporate responsibility.
- Advocating for the restoration of conditions for "working, producing, and investing" in France by promoting long-term investment and addressing France's competitiveness gap.
- Supporting mid-caps' transformation and commitment in environmental, digital, and social domains.
- Calling for the creation of a European mid-caps category and ensuring mid-caps' issues are considered by EU institutions.

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