

EFB's Position on the Single Market Strategy for 2025

European Family Businesses (EFB) is pleased that the European Council has asked the Commission for the creation of a horizontal strategy for the single market to ensure that there is a removal of Single Market barriers at both the EU and member state levels. Ensuring that the Single Market is completed is critical for businesses' competitiveness. After consulting with our national chapters and members, we have highlighted in the attached document the main challenges facing family businesses and our suggestions for deepening the Single Market backed by examples from our members, which can be found in an Annex to this document.

A reduction of administrative reporting for SMEs and Mid-Caps is urgently needed.

Businesses need a considerable reduction in administrative and regulatory burden especially if they are SME-sized companies and Mid-Cap sized companies. Companies of these sizes should not be expected to adhere to the same levels of reporting as large companies. However, currently, they are impacted by the reporting requirements that larger companies need to adhere to. An example given by one of our members shows the extent of the increase in reporting his company must do can be found below:

'We are a handful of people running an asset management company specialising in international growth stocks for our clients and our own portfolio. We have been in this business for 300 years. I am now the 9th generation.

For decades our accounts for statutory reporting were 8 pages. Nobody outside Bundesbank, our regulatory body, ever read it. We had no comments or questions for 30 years.

Now with new legislation, we have to file reports in the same format as large private corporations like Bosch with 400.000 employees or Lidl with 300.000 employees.

Our report is now 120 pages and again, outside our supervisory institution Bundesbank and Bafin, nobody reads it. So just a waste of manpower and new business for the paper industry. No benefit for anybody.'

We suggest exempting companies employing fewer than 100 people or with fewer than € 100 million in assets from this rule.

Moreover, another of our members noted, *'the reporting obligations of the companies is too complicated for the size of companies in Bulgaria. Too much information is required to be disclosed, with the emphasis placed on reporting, not on innovation and business development. With all these requirements and administrative burden, the practical meaning for the companies themselves is lost.'*

It is vital that the reporting takes into account the size of companies and includes a realistic expectation for what these companies can do to comply with legislation with proportionate reporting.

We suggest a review of already implemented regulation such as: the AI Act, Corporate Sustainability Reporting Directive (CSRD), GDPR, CBAM as well as upcoming legislation such as the Corporate Sustainability Due Diligence Directive (CSDDD), the EU Deforestation Regulation, EU Taxonomy Regulation and Digital Operational Resilience Act (DORA) which is due to apply as of this year.

The omnibus simplification package, if used correctly, can make implementation of corporate reporting files easily applicable. The simplified implementation of these files has been an important point for our members. This must be done sooner rather than later and with active engagement of businesses from all sectors.

In addition, **the once-only principle should be at the forefront of policymakers' minds** when drafting legislation and reviewing legislation's effectiveness.

We need to decrease legal uncertainty in legislation.

Businesses face many obstacles, including a lack of legal certainty. This lack of clarity comes from multiple sources, such as ambiguity in definitions, the lack of an EU mid-cap category, the "gold-plating" of legislation at the national level, overly complex reporting procedures, and time-consuming legislative processes.

If we begin with the issue of ambiguity in definitions of company sizes we see this issue in the feedback from one of our members:

'In the Bulgarian legislation, the definition of "large enterprises" has lower criteria than in the European legislation, thus including companies that do not have the capacity to fulfil all the obligations imposed on them. Compliance with all these requirements becomes an administrative and financial burden for companies without any real practical benefit for them.'

From this we can infer that a lack of clarity of what is a large company leaves mid-cap companies susceptible to higher compliance than they are able to reasonably afford. Thus, EFB recommends an EU-level mid-cap category with different mid-cap definitions (SMCs, medium midcaps, and larger mid-caps) through which companies can identify how they

need to apply legislation. We need to remember that not every business outside of the SME category is a large company. We need to differentiate mid-cap sized companies from large companies as they are different and, can handle different reporting capabilities with regards to cost and administrative burden.

On the topic of ambiguity and “gold-plating”, we take examples given to us by two of our members. The Faber Group noted regarding the Packaging and Packing Waste Regulation (PPWR) which is to enter into force in 2025 and will impact countless businesses in the single market. They note that *‘numerous implementing and delegated acts are expected to complement the Regulation in the coming years. Among these, secondary legislation on labelling/marketing for packaging reusability is expected to be implemented by 2029, and it is expected to have a serious impact on Faber’s reusable wooden pallets.’* The proposed secondary legislation on labelling will impact supply chains and increase production costs. As our other member Teknos noted, *‘the completely fragmented state of waste-related legislation as applied throughout the EU Member States continues to pose many challenges, especially as we continue our progress towards a circular economy under the Circular Economy Action Plan / Green Deal initiatives. Two particular issues immediately come to mind when considering differing approaches taken by Member States—labelling relating to circularity /recycling, and Extended Producer Responsibility. The former was exemplified by the attempt by the French authorities to extend the use of the Triman labelling system back in 2021-22.’* The inconsistencies in the application of directives are a significant challenge faced by businesses in the single market. This needs to be tackled in close cooperation with member states.

National transposition of EU legislation is too slow adding barriers, inconsistencies, costs and complexity to doing business in the single market.

Another barrier our members pointed out was the difficulty when they are expected to apply legislation coming from the EU, but at the national level, the transposition of an EU legislation is late and or very different from another EU member state.

An example of the problems arising from the lack of harmonisation of implementation of policies can be found in the following example from The Faber Group in particular as it regards the Extended Producer Responsibility (EPR) found in the Waste Framework Directive:

‘The lack of harmonisation in implementing EPR laws creates the following barriers to our operations:

- *Varying national rules require Faber to navigate different compliance requirements in each country where we operate, leading to additional administrative work, higher costs for monitoring regulations, and more complex reporting processes;*

- *Unequal costs, depending on where Faber assets are used or repaired. This could lead to inefficiencies in budgeting and financial planning, especially if EPR contributions are based on packaging recyclability or recycled content.*
- *If certain Member States have stricter EPR requirements, it creates barriers to the smooth flow of our assets across borders. We as a company might face delays in the movements of our assets or the need for additional compliance checks and documentation, disrupting our supply chain and operations.'*

We are not calling for harmonisation across every policy, rather we are asking for a solution to help companies when they operate within the single market and are trying to comply with the same rule in different member states and face unequal costs and requirements. Additionally, where one country has transposed a directive and another has not, we would like to know what support at the EU level companies have in these circumstances to be able to carry on with their business in a smooth manner.

The EU's legislative process is too lengthy and slow.

The legislative process in the EU is too slow. There is a need to try to reduce the time taken for the completion of legislative processes at EU level. It is important that legislation is produced in a timely manner so that we do not risk a decrease to competitiveness as a result of a disparity between when we need the legislation and when it is implementable.

As one of our members put it, *'We produce beautiful legislation, too late, while our competitors are able to start much earlier developing innovative products and services. Take the example of the EU Regulation on a European Health Data Space: 1. The Commission first published it on May 3, 2022. 2. Amendments were adopted by the European Parliament on December 13, 2023. 3. Amendments were approved by the European Parliament on April 24, 2024. 4. Amendments were published in The Official Journal of the EU on August 2, 2024. 5. The regulation has now been in the "legal-linguistical" review process for 9 months! 6. When it is finally published in the Official Journal (OJ), it will come into force 20 days later and will begin to apply in the EU 12 months later. So we can expect the Regulation to apply in the EU in 2026, four years after it was first published. The EU legislative process shackles EU businesses. Legislation that will be superseded is no longer used to design new products and services, because they will not comply with the new laws, and the entire product development cycle must wait forever. The European Union legislative process needs a revolution. Right now, it is not fit for purpose in terms of SPEED.'*

Innovation, Intellectual Property and Public Procurement – is the current system working efficiently?

Faster permitting, development and innovation have to be at the core of Europe's competitiveness strategy. On a national level companies often face difficulties to innovate partly due to the cost, time the process takes in their public administrations.

Per AIDAF's feedback, '...public procurement too often does not become an effective tool for promoting innovation, sustainability, the competitiveness of European companies and the public entities that issue them. Due to budgetary constraints, there is a tendency towards cost-cutting and, due to the complexities associated with managing public tenders, there is a preference for in-house assignments even where there is insufficient capacity. As highlighted in the Letta Report, member states struggle to reform and strengthen their public administrations on their own. We advocate for EU actions, such as utilizing existing, cost-effective tools like the Technical Support Instrument (TSI) to enhance the administrative capacity of member states.'

With regard to Intellectual property specially looking at Trademarks and designs, the issue of inconsistency, uncertainty and complexity in spite of harmonization has been highlighted. PUIG notes that while there is *'complexity in legal assessments for products' launch. Inconsistent criteria from Trademark Offices, Courts and Customs Offices on identical cases at European / national level. Not harmonized procedural regulations and need to institute legal proceedings on a country-by-country basis under national systems.'*

Thus, we argue that **a faster permitting system depending on sector specific requirements could be implemented across member states in order to facilitate the work for both businesses and public administration.** Additionally, complexities in intellectual property need to be addressed. It is up to member states to work together at the EU level to come up with an agreed method of working and processing of permits.

Intra-family business transfers is about business continuity.

Business continuity in Europe is vital for Europe's competitiveness. Family businesses are focused on their long-term presence in the areas they are founded in and think in generations. Thus, the family businesses operating the EU should be given more consideration than they are at present as job providers even during economic downturns, contributors to their local communities and their on-going innovative nature.

As one of our members pointed out, *'in France the succession fees are at a level of 12,5 % of the value of the business and 40% of the other values linked to the business. These fees in France are much higher than the European average.'* We would like to argue that high succession costs when passing the business to the next generation are not conducive to business continuity in the EU.

That is why we feel that the exemptions included in the 94/1069/EC: Commission Recommendation of 7 December 1994 on the transfer of small and medium-sized enterprises should continue to be upheld. They have helped intra-family business succession keep businesses operating in the Single Market.

The cost of energy is a barrier to the ability of companies to operate in the EU in a competitive manner.

Several of our members indicated that the cost of energy is hindering their productivity. While we know that the Commission has worked on reducing the prices of energy, more needs to be done. As pointed out by some of our members in their responses below:

'Energy costs and management: more decisive measures are needed to mitigate energy costs, promote the integration and interconnection of the energy market, and accelerate authorization procedures. For example, if electricity could be exchanged more easily between member states, demand peaks in one state could be balanced by lower demand somewhere else, and supply shortages in one state could be offset by production peaks in another. This would reduce electricity price volatility by smoothing out imbalances between supply and demand. A single electricity market would also be more resilient, as local shocks would be mitigated. Additionally, a more integrated electricity market would reduce energy storage costs and increase competition within the market, as companies operating in national electricity markets would compete on a continental level.' - AIDAF

'In France, we pay taxes on the production tool, these production taxes are two times higher than the company profit taxes. That's the reason why companies make so low profit in France. The tax level on energy is very high compared to the level we are paying in the USA. Electricity costs 3 times more, gas is 4 times, labour is 30% more.' – Mr Luc Darbonne.

Competitiveness and Europe's industrial base are intertwined. Thus, it is high time to consider the importance of energy to the operability of companies especially those in high energy intensity industries.

Changing demography, slow recognition of diplomas and a lack of access to skilled workers is a consistent barrier to Europe's competitiveness.

When it comes to doing business in Europe, the lack of timely recognition of qualifications and interoperability of social security systems need to be evaluated. As mentioned by PUIG, differing national social security legislations have *'room for improvement in processes and responding time by the Authorities to the requests for temporary employee assignments in other member states different than the one it is hired and their extensions. There is no official duration for temporary employee assignments in a different member state to that they were hired in order to keep the labour conditions and the Social Security obligations*

of the country of origin.’ This causes ‘increased legal uncertainty that can hinder the free movement of work by disincentivising temporary employee assignments in other member states.

Moreover, our member AIDAF noted, ‘significant steps have been taken in the EU to facilitate worker mobility through Regulation 883/2004 on the coordination of social security systems and Directive 2014/67/EU on the enforcement of Directive 96/71/EC concerning the posting of workers in the framework of the provision of services. However, while the latter has been appropriately updated and strengthened, the revision procedure for Regulation 883/2004 has been stalled since 2016. We urge this revision to establish new rules for coordinating family benefits and clarify the rules on conflicts of applicable legislation for posted workers. These practical elements, if not better regulated, hinder the principle of free movement of workers and the competitiveness of businesses operating in multiple EU markets.’

Moreover, legislation that is not fully transposed, as highlighted by Eurofirms Group, causes further barriers to people and businesses when it comes to employment. They identified the following three EU directives which have yet to be fully transposed ‘Directive 2008/104/EC of the European Parliament and of the Council of 19 November 2008 on temporary agency work, Directive 96/71/EC of the European Parliament and of the Council of 16 December 1996 concerning the posting of workers in the framework of the provision of services and Directive 91/383/CEE, Council Directive of 25 June 1991 supplementing the measures to encourage improvements in the safety and health at work of workers with a fixed-duration employment relationship or a temporary employment relationship’. These directives must be fully transposed.

Businesses need certainty and predictability when it comes to hiring workers both within and outside the EU. A standardised process needs to be created so that we can attract talent and retain it with greater ease.

The aforementioned issues are just some of the examples that our associations and their business owner members have presented to us as the barriers to doing business in the Single Market. We remain open to communicating with the European Commission and further identifying barriers and opportunities to improving the Single Market.

Please look at the documents in Annex that provide the full responses from our members.

JANUARY 2025

European Family Businesses (EFB) is a federation of national family businesses associations. Our aim is to make political decision makers aware of the contribution of family businesses to society at large and to promote policies that are conducive to long term entrepreneurship. Our members represent turnover in excess of one trillion Euro, 10% of European GDP.

The following are the responses from our members

Response from 9th Generation family business owner

1) We are a handful of people running an asset management company specialising in international growth stocks for our clients and our own portfolio. We have been in this business for 300 years; I am now the 9th generation.

For decades our accounts for statutory reporting were 8 pages. Nobody outside Bundesbank, our regulatory body, ever reads it. We had no comments or questions for 30 years.

Now with new legislation we have to file reports in the same format as large private corporations like Bosch with 400.000 employees or Lidl with 300.000 employees.

Our report is now 120 pages and again, outside our supervisory institution Bundesbank and Bafin, nobody reads it. So just a waste of manpower and new business for the paper industry.

No benefit for anybody.

We suggest to make exemptions to this rule for companies employing less than 100 people or with less than € 100 million in assets.

2) the new DORA cybersecurity requirements are again too big effort for a small firm. There is no help from regulators in complying with dozens of rules nobody outside the IT world understands.

Our risk of being attacked is minimal and we have had relevant software protection working well for years. So, for us the whole thing is just costs and distraction from serving our clients.

The big ones like Deutsche bank or Allianz may be attacked, but not the small companies. Again, an exception for small companies like the above should be made.

Response by Mr Luc Darbonne, 4th generation French family business owner

The most important in France - succession fees are at a level of 12,5 % of the value of the business and 40% of the other values linked to the business. These fees in France are much Higher than the European average.

In France, we pay taxes on the production tool, these production taxes are two times higher than the company profit taxes. That's the reason why companies make so low profit in France.

The tax level on energy is very high compared to the level we are paying in the USA. Electricity costs 3 times more, gas is 4 times, labour is 30% more.

The level of residue is not the same in each European country. For example, in Germany the level of pesticide residue on dry food is the same than on fresh food which is not correct as we concentrate in drying.

In France, we use chlorin to wash and clean our vegetables which it's not allowed in Germany. So I am not able to sell such vegetables in Germany. Other cleaning chemicals than chlorin are not allowed to be used in France... but it's allowed to import the products cleaned with other chemicals.

Response by Mr Peter Villax, 2nd generation Portuguese family business owner

The legislative process in the EU is too slow. We produce beautiful legislation, too late, while our competitors are able to start much earlier developing innovative products and services. Take the example of the EU regulation on a European health data space: 1. *The Commission first published it on May 3, 2022.* 2. Amendments were adopted by the European parliament on December 13, 2023. 3. Amendments were approved by the European parliament on April 24, 2024. 4. Amendments were published in the official journal of the EU on August 2, 2024. 5. The regulation has now been in the "legal-linguistical" review process for 9 months! 6. When it is finally published in the Official Journal (OJ), it will come into force 20 days later and will begin to apply in the EU 12 months later. So, we can expect the regulation to apply in the EU in 2026, four years after it was first published. The EU legislative process shackles EU businesses. Legislation that will be superseded is no longer used to design new products and services, because they will not comply with the new laws, and the entire product development cycle must wait forever. The European union legislative process needs a revolution. Right now, it is not fit for purpose in terms of SPEED.

Response by Mr Jose Germano de Sousa, 2nd generation Portuguese family business owner

Examples of regulatory and administrative barriers that make your company's business difficult.

The possibility of render services that are duly licensed (health related activity) towards competent local national (within EU) authorities directly to customers of other EU countries.

Clear application of equal tax policies between different EU countries for equal activity (namely its respective rates).

Divergences in regulatory and administrative regimes across the single market that make life difficult for businesses, workers and citizens.

Different roles from country to country (within EU) regarding both the legal authorizations to comply with, the payment and payors regime (public, private, social); different needs to comply with depending on the country, knowing that entities from different countries may compete for the same markets, originating potential non-equal basis (ex. Conditions of licensing authorizations to comply with that differs from country (EU) to country; tax policies).

• **What difficulties have you experienced in obtaining or establishing cross-border services/ trade in goods and investments?**

Lack of support, information, incentives, or even pro activity from local / national public institutions to entities that aim to provide services across border (from pt to other EU countries)

• **What are the obstacles to growth within the single market?**

Scale, difficulty to achieve equal circumstances by small EU countries players facing big EU countries players. Normalization of conditions for growth (licensing) - recognition between EU countries of the same conditions to provide services in all EU countries. Special incentives to players of said smaller countries, where it's harder to achieve relevant scale.

Response by Associazione Italiana delle Aziende Familiari (AIDAF)

Competitiveness: in light of the investments and rapid actions of major American and Chinese financial and industrial entities, we strongly feel the need for common European resources, such as a new European common debt asset, to enable large joint investment projects among member states. This would open up significant opportunities for development and innovation for EU businesses, always with a focus on green and digital paradigms that underpin European legislation. In this context, echoing a need recently stated by Confindustria - general confederation of industries of Italy and Spain - we support the call for a competitiveness fund to back private sector efforts in transitions, while ensuring a level playing field within the single market.

Public procurement and enterprises: public procurement too often does not become an effective tool for promoting innovation, sustainability, the competitiveness of European companies and the public entities that issue them. Due to budgetary constraints, there is a tendency towards cost-cutting and, due to the complexities associated with managing public tenders, there is a preference for in-house assignments even where there is insufficient capacity. As highlighted in the letter report, member states struggle to reform and strengthen their public administrations on their own. We advocate for EU actions, such as utilizing existing, cost-effective tools like the Technical Support Instrument (TSI) to enhance the administrative capacity of member states.

Worker mobility: significant steps have been taken in the EU to facilitate worker mobility through regulation 883/2004 on the coordination of social security systems and directive 2014/67/EU on the enforcement of directive 96/71/ec concerning the posting of workers in the framework of the provision of services. However, while the latter has been appropriately updated and strengthened, the revision procedure for regulation 883/2004 has been stalled since 2016. We urge this revision to establish new rules for coordinating family benefits and clarify the rules on conflicts of applicable legislation for posted workers. These practical elements, if not better regulated, hinder the principle of free movement of workers and the competitiveness of businesses operating in multiple au markets.

Energy costs and management: more decisive measures are needed to mitigate energy costs, promote the integration and interconnection of the energy market, and accelerate authorization procedures. For example, if electricity could be exchanged more easily between member states, demand peaks in one state could be balanced by lower demand somewhere else, and supply shortages in one state could be offset by production peaks in another. This would reduce electricity price volatility by smoothing out imbalances between supply and demand. A single electricity market would also be more resilient, as local shocks would be mitigated. Additionally, a more integrated electricity market would reduce energy storage costs and increase competition within the market, as companies operating in national electricity markets would compete on a continental level.

Transport and connections: companies find that Europe is not yet fully connected. In particular, the European transport infrastructure network is inadequate. In many places, cross-border connections are insufficient or completely absent. Additionally, national digital systems are still incompatible. For air transport, which is crucial for business mobility between member states, the single European sky project is still incomplete, harming the efficiency of the air traffic management system.

Response by a family business in Bulgaria.

Examples of regulatory and administrative barriers that make your company's business difficult.

Rapidly changing European regulations makes the environment in which the business operates rather unstable. Numerous directives and regulations are adopted that enter into force simultaneously or with short deadlines between them (EU Taxonomy and Tagging, ESRS, etc.).

On the other hand, there are often long delays in the transposition of the European directives into local legislation. The administration in the country is unprepared and untrained for the implementation of all this dynamic European legislation.

A number of complex mechanisms are being introduced that companies must comply with – for example ETS EUA and CBAM. They require a large administrative capacity and resources (in some cases, it is necessary to use the services of licensed intermediaries). A recommendation in this direction is to look for simpler solutions.

The reporting obligations of the companies is too complicated for the size of companies in Bulgaria. Too much information is required to be disclosed, with the emphasis placed on reporting, not on innovation and business development. With all these requirements and administrative burden, the practical meaning for the companies themselves is lost.

• Divergences in regulatory and administrative regimes across the single market that make life difficult for businesses, workers and citizens.

In the Bulgarian legislation, the definition of "large enterprises" has lower criteria than in the European legislation, thus including companies that do not have the capacity to fulfil all the obligations imposed on them. Compliance with all these requirements becomes an administrative and financial burden for companies without any real practical benefit for them.

• What difficulties have you experienced in obtaining or establishing cross-border services/ trade in goods and investments?

In the European ports the Maritime transport is becoming more expensive due to the inclusion in the EU Emissions Trading System which makes local businesses uncompetitive. These requirements are being introduced despite the fact that there is still no clarity on the so-called fuel of the future.

• What are the obstacles to growth within the Single Market?

One of the most significant obstacles to growth is the demographic structure of the European market with an aging and shrinking population. Another problem is the low level of innovations.

• Do you have examples of when your company faced obstacles in accessing skilled labour?

One example of an obstacle in Bulgaria is the complex and slow procedure for hiring workers from third countries. European countries should work on integrating refugees, language training and building basic social skills.

24/01/2025

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[Ref: Single Market Strategy for 2025 – Call For Evidence Submission](#)

We thank the European Commission for providing us with the opportunity to comment on this important topic, as outcomes and initiatives from this will likely have a significant effect on our EU operations.

We encounter multiple EU (and non-EU) regulatory challenges daily within our paints and coatings industry, nearly all of these resulting from regulations introduced within the last 10-15 years. The pace of introducing new chemical legislation continues to accelerate globally, much of this inspired by EU activities. We believe that it is important to remain focused on the issues of most immediate concern, and resolve these in the most effective and efficient manner, whilst still allowing us to continue to do business profitably within the EU as well as globally. However in recent years we have identified several key pieces of EU legislation that have become much more of an administrative burden, that are ineffective in delivering solutions to the issues they are intended to tackle, and essentially not 'fit for purpose'. This includes some of the legislation below relating to differences encountered between Member State activities within the Single Market. Comprising chemical regulations, taxation and bureaucracy which hinder the growth of business and create unnecessary barriers for free movement of goods and people.

BPR and Biocidal Products

One of the most challenging legislations with a strong regional / Member State element is the **Biocidal Products Regulation (EU) 528/2012**. The legal requirements relating to registration, authorisation, approval and renewal of Biocidal Actives and Biocidal Products are extremely complex and require a high level of specialist attention from companies such as ourselves who place Biocidal Products and Treated Articles on the EU market. The use of a common portal (R4BP) alleviates some of the difficulties, but the overall structure of the legislation is not easy for industry to comply with, especially when submitting dossiers and information to evaluating Member State Competent Authorities (e-MSAs), or applying for Mutual Recognition status. The inconsistent requirements, judgements and decision-making across the different e-MSAs often lead to delays and confusion, resulting in customer frustration, loss of business and occasionally outright concerns over compliance. Full transparency, predictability and firm consistent decision-making is strongly desired by industry in order for us to make long-term strategic business plans and implement these in the market. Long time schedules for evaluating dossiers, leading to multi-year delays to product launches, whilst continual changes to toxicological testing assessment requirements and substance classifications, have led to lost business, lost customers and lost confidence in our abilities, issues which we try to minimise and manage as best we can. The Stop-the-Clock process also leads to frustrations and sudden short term high resource needs, which is extremely difficult to manage within a fast-moving active business selling e.g. wood preservation products. A further issue is the lack of harmonised approach by MSAs regarding reporting of volumes of Biocidal Products placed on their markets. A full-scale review of the BPR focused on transparency, a common approach, predictability and simplification is long over due.

Waste legislation

The completely fragmented state of waste-related legislation as applied throughout the EU Member States continues to pose many challenges, especially as we continue our progress towards a circular economy under the Circular Economy Action Plan / Green Deal initiatives. Two particular issues immediately come to mind when considering differing approaches taken by Member States – labelling relating to circularity / recycling, and Extended Producer Responsibility. The former was exemplified by the attempt by the French authorities to extend the use of the Triman labelling system back in 2021-22. As we hope you are aware,

space on packaging for additional labels is extremely limited due to the additional need for us to comply with different legislations (such as REACH Restriction instructions, BPR etc.) and thus the introduction of yet more nationally-legislated labels, to be attached only for goods shipped to one specific Member State, further complicates an already complex situation. With regard to Extended Producer Responsibility, different mechanisms and rules at Member State level require us to dedicate significant resources in order to accurately report on the quantities of packaging linked to the product volumes that we place on the market in each Member State. Many Member States are supplied by us from more than one of our seven factories located in the Single Market so some degree of data manipulation is required to calculate the correct information to be reported, in order to determine the EPR fee. The fact that each Member State then revises their EPR procedures and costs on a regular basis just leads to further administrative expenses, delivering no real benefit to business. Some attempts to bring some degree of harmonisation to this topic across the EU would be welcomed.

HSE Work Certifications

HSE Work Certifications, should be recognized between Member States, especially for work that involves the same chemicals, assuming those certifications meet EU-wide safety standards. However, there are often additional local training or specific certifications required. For example, the legislation is different in Finland and Germany. German legislation requires the safety training provided by government / insurance company or other training company approved by government ([Regulation 2](#)). In Finland the occupational safety and health manager is adequately qualified to conduct this training. Differences such as add barriers to cross border working in the EU.

Remote working across member state borders

In order for Teknos to attract appropriate talent into the organisation it can be necessary to employ people who work remotely from other Member States. However, some countries have specific tax rules for remote workers, and the employer may need to comply with regulations related to permanent establishment rules (i.e., whether hiring the worker creates a taxable presence in the country of residence). The consequences of this are taxation, costs and bureaucracy.

Inconsistent employment practices

In different member states, employment practices are significantly different from one Member State to another. For instance, there are different national pension and taxation rules. This makes it unappealing for individuals to move between Member States.

Withholding Taxation rules.

Countries within the EU should apply the EU Parent Subsidiary Directive, which allows for no withholding tax on dividends under specific conditions. The **EU Parent-Subsidiary Directive** (Council Directive 2011/96/EU, as amended) aims to eliminate double taxation on dividends and other profit distributions between companies in EU Member States. Its primary purpose is to facilitate the free flow of capital within the European Union by removing tax barriers to cross-border investments among EU companies. This is, however, not always consistently applied. For example, in Poland they making exceptions from EU legislation by first deducting 5% and then a further 20% which then needs to be applied to be paid back after Polish authorities approval of recipient.

Transportation

Each Member State has different toll systems and tax structures, there are also additional different vehicle standards, despite harmonisation efforts on permitted dimensions, weight limits and road rules. Combined these add significant complexity and cost when shipping goods across the EU. Furthermore, despite the single market, goods entering the EU from third countries face customs checks within the EU, which can delay logistics when combined with varying national customs procedures.

Inconsistent Enforcement

A well-known topic that has often been discussed, and therefore we do not need to go into further detail. It is sufficient to point out that there are considerable differences across Member State authorities in terms of the knowledge, resource and capabilities with regard to monitoring legislation compliance and taking enforcement action. Any efforts towards bringing this topic closer to a balanced and common position and approach would be most welcome.

In Conclusion

We are committed to supporting any new initiatives from the authorities that ensure that, as far as possible, the regulatory burdens related to doing business within the Single Market is minimised, and that the barriers to trade from a regulatory standpoint are removed as far as possible. This will allow us to further invest in our EU business operations rather than have the need to divert valuable human and monetary resources towards complying with 'not fit for purpose' legislations.

We are looking forward to the imminent publication of the new EU Chemicals Industry package in the coming weeks. We would especially welcome an opportunity to comment on future proposed initiatives on how to return the EU chemical industry to a competitive global position and reverse the current decline in volumes and value, and of course the proposed revision to REACH.

We are of course at your disposal if further discussion or clarification is needed on the content of this Call For Evidence paper.

Contact: Trevor Fielding, Head of Regulatory Affairs, Teknos Group. trevor.fielding@teknos.com

Further Reading

Emergency Response / Poison Centre Notification

This complex and resource-draining legislation is probably the most widely encountered example of an unnecessary legislative burden to doing business in the Single Market. The effort required to comply with Article 45 and Annex VIII of the CLP Regulation (EC) No 1272/2008 should not be underestimated by the authorities. Submitting notifications to the different individual Member State portals where we are or intend to sell just one of our many thousands of hazardous mixtures is time-consuming, and can be a considerable cost for us, for those countries where a fee is associated with each submission (e.g. Belgium). Added to this the general belief is that the information contained within the PCN database is of very limited use when it comes to actually treating patients under emergency conditions (referring to comments made by several Member State authorities at annual PCN enforcement forums). We would therefore politely suggest that the fundamental question as to whether this legislation serves any useful purpose needs to be posed, the effectiveness of the existing legislation studied in further detail, and the balance between cost and gain assessed.

New Hazard Classes, and CLP in general

We already perceive that the introduction of new hazard classes in last year's revision to the CLP Regulation is going to cause some challenges for the Single Market. More specifically, the different positions that Member States have already taken on the topic of Endocrine Disruptors (identification, definition, criteria etc.) requires additional regulatory checks and activity when selling to countries that have followed a more distinct path on this topic (e.g. France). A harmonised approach to classification, labelling and packaging is essential for the smooth functioning of the Single Market, even more so now that there is such a clear divergence between CLP and GHS. Having different classifications, requiring different country-specific Safety Data Sheets to be developed and published at country level, is only the start of a potentially much more complex regulatory burden if these different classifications then trigger additional risk management controls and measure (perhaps linked to e.g. REACH Restrictions) at a local or regional level. Similarly, the way nanoforms are treated at Member State level differs and can cause confusion and additional barriers to trade for our business in terms of information provision, registration and reporting. A uniform approach to all the elements of CLP is needed to ensure common understanding as to the hazardous nature of different substances, how mixtures containing these substances should be labelled and packaged, and hence instruction on the safe use in both consumer and industrial scenarios.

Persistent Organic Pollutants (POPs)

As illustrated in the 2023-24 discussions between our industry and the Commission with regard to the setting of an appropriate Unintentional Trace Contaminant (UTC) level for Polychlorinated Biphenyls (PCBs) in pigments, the setting of specific limits and thresholds in national legislation relating to POPs can lead to significant confusion and concern in the marketplace, creating unlevel playing fields and potentially barriers to trade between Member States within the Single Market. Such individual activities at Member State level should be strongly discouraged at European Union level to minimise the possibility of such complicated situations from arising, and we strongly encourage actions against POPs to be taken in a controlled, harmonised and coordinated manner after consensus is reached through the relevant committee chaired by the Commission. The PCB UTC situation was fortunately concluded successfully, but we perceive that a repeat of such an issue is still very possible, as future UTCs for confirmed POPs come under the spotlight.

Digital Product Passport & ESPR

We welcome the introduction of the new Ecodesign for Sustainable Products Regulation (ESPR) Regulation (EU) 2024/1781 and fully support the general objectives behind this initiative, to lead to more environmentally sustainable and circular products in the EU market. We will be actively participating through our trade association (CEPE) as the discussions proceed on a future Delegated Act for paints and developing corresponding appropriate criteria. However we are already perceiving some degree of

divergence within the Single Market linked to this legislation viz. the activities at Member State level on what content should be included in some form of digital information provision i.e. the Digital Product Passport. Several Member States appear to have already brought their own ideas forward into some form of national requirement prior to the forums for discussing such a topic even being created. We would strongly encourage the authorities to steer the discourse towards a full consensus rather than to allow national or regional versions of DPP to prevail or influence decision-making. A related example of this which causes additional burden for our business is the differing requirements for Environmental Product Declarations (EPDs), where the specific modelling and data etc. requirement for a French EPD (FDES), for example, is distinct from that which is required for an EPD to be published in Sweden or Finland.

Obstacles around the EU Single Market affecting the Temporary Work Agency (TWA) sector and related

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1.- Request to Eurofirms Group (EG) by European Family Businesses (EFB)

Eurofirms Group is a leading staffing corporation operating in Europe and America throughout its subsidiaries. Headquartered in Spain for more than 20 years, it offers a wide range of services such as temp staffing, recruitment, outsourcing, payroll, consulting or training.

European Family Businesses is the EU federation of national associations representing long-term family-owned enterprises, including small, medium-sized and larger companies.

1A: Literal request from European Family Businesses (EFB)

The European Commission has recently opened a call for evidence to feed the new Single Market Strategy 2025. Building on the Letta and Dragi report, the strategy will present a list of initiatives to boost the Single Market and productivity. This call for evidence is a great opportunity for us as a community to engage with the Commission and provide with real life examples of the difficulty of doing business in the EU.

We aim to gather, with your input, as many concrete examples as possible to include in the call for evidence by January 24, 2025. We must voice the obstacles family businesses face in the EU. Please take some time to give us feedback.

What we would like to know from you:

- Examples of regulatory and administrative barriers that make your company's business difficult.*
- Divergences in regulatory and administrative regimes across the single market that make life difficult for businesses, workers and citizens.*
- What difficulties have you experienced in obtaining or establishing cross-border services/ trade in goods and investments?*
- What are the obstacles to growth within the Single Market?*
- Do you have examples of when your company faced obstacles in accessing skilled labour?*

1B: Statement of Eurofirms Group about the response

This report intends to respond to the above request by offering an overview of non-exhaustive list of evidences across the EU, and a glimpse of overall context. The document provides 10 types of business stoppers occurring today across countries, with specific deep dive in Spain, Portugal, Italy and France. More details available upon request.

Considering the purpose of this report, the information provided is simplified, ignoring exceptions that may bring confusing or complex messages in order to avoid misunderstanding or misperception.

2.- Preliminary overall assessment

2A.- EU Directive not fully transposed

The EU Directives aimed to be transposed across EU countries related to the Temporary Work Agency (TWA) are represented by the following 3 specific ones:

- Directive 2008/104/EC of the European Parliament and of the Council of 19 November 2008 on temporary agency work <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32008L0104>
- Directive 96/71/EC of the European Parliament and of the Council of 16 December 1996 concerning the posting of workers in the framework of the provision of services <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:31996L0071>
- Directive 91/383/CEE, Council Directive of 25 June 1991 supplementing the measures to encourage improvements in the safety and health at work of workers with a fixed-duration employment relationship or a temporary employment relationship <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:31991L0383>

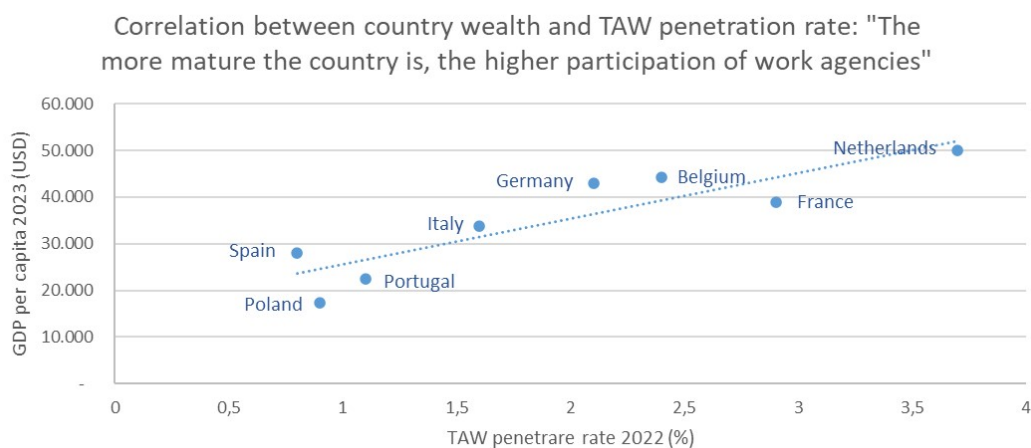
In chapter “3.- Evidences” there are 10+ examples to illustrate that transposition or harmonization is not yet complete. These actual cases showcase how far we are today to a single market approach, pinpointing unfair regulation framework imbalances, and providing a brief reference of consequences summarized at high level as follows:

- Creating difficulties for agencies (TWA) to grow across all major indicators
- Hampering user companies to lever from flexibility employment relationships
- Making more difficult for candidates to find jobs national and internationally
- Stopping the EU from capturing the whole internal potential opportunity related to employment: business growth, freedom of movement, European cohesion, etc

2B.- Country penetration rates and market maturity correlations

There is an undeniable correlation between temporary agency work penetration rate and labour market maturity and overall wealth. Employment wise, the most mature and effective countries within the EU held a more receptive regulation framework as deduced from the chart below. A more mature single market for staffing could make a difference.

Note: TAW Penetration rates are calculated by dividing the number of agency workers in full-time equivalents by the working-age population. GDP per capita is provided by <https://tradingeconomics.com/country-list/gdp-per-capita?continent=europe>



3.- Evidences

3A.- Limitations to temp staffing companies

- 1) Activity sectors banned: While supplying temp personnel to the “Construction” sector is legally banned in Spain, there is no restriction in Portugal, Italy, Germany or Netherlands. Furthermore, in France this segment represents >19% of the total employees posted by the temp staffing firms (2019 data).
- 2) Types of contracts related to flexibility: Spain eliminated the undetermined temp contract -also known as Staff Leasing- called “Obra o Servicio” in the new regulation back in 2022. Meanwhile Portugal allows its equivalent “Temo Incerto” and Italy through “Contratto Indeterminato”. On the other extreme Germany law allows only indefinite contracts with staffing agencies who remained obliged to pay these workers even between assignments (“secondment model”)-
- 3) Succession of temp contracts: In Spain temporary contracts with staffing companies can be prorogated once, 3 times in Netherlands (or 36 months), 4 in Portugal and 6 in Italy (or 24 months).
- 4) Endorsement guarantee when setting up a staffing company: While Italy requires a guarantee submitted to the licensing body of 400.000€ to 600.000€ (conditions apply), Spain and Portugal set the initial bar below 300.000€. We believe that a guarantee is necessary, but these unjustified differences illustrate the imbalances among countries as well.

Consequences: entry barriers, inefficiencies, less job opportunities, irrational unilateral limitations to companies willing to grow through flexibility, confusing business for international companies and candidates, less productivity for banned sectors or professions.

3B.- Inefficiencies derived from differences around national burdens

- 1) Health & Safety (H&S): This onboarding regulation is not harmonized either, so a valid certificate for a specific job could apply in one country and not in the rest, reducing mobility and generating inefficient duplicities. Additionally, while in most countries such as France, Italy or Portugal the H&S responsibility lays on the client (user company), in Spain still such responsibility is owned by the work agency.
- 2) Headings within the salary structure: It is common across European countries that part of the remuneration includes “rubriques” or salary headings such as meal or travel allowance. However, in countries like Portugal amounts are disproportionated, comparatively higher, complex to manage and often exempt from taxation. This creates uncertainty and competitive disadvantages when operating cross-borders, affecting also the comprehension of minimum wages and framework union agreements. Countries like Spain, France or Italy are more delimited and strictly controlled, although differences also apply.
- 3) Social Security employer contribution: very high dispersion of rates across countries, ranging from 12,1% in Netherlands to 36,3% in France using data from 2020 (Poland 15,4%, Germany 19,9%, Portugal 23,8%, Spain 29,9%, Italy 31,6%) and with different and fluctuating calculation models. This creates complexity to international user companies, friction to work agencies when operating across borders and extraordinary inefficiencies due to paperwork and dedicated resources. Moreover in countries like Portugal this rate is negotiated between the user companies individually and insurance companies on an annual basis, a remarkable source of uncertainty national and internationally.
- 4) Training statutory contribution: The Spanish law requires work agencies to pay 1,25% of workers’ gross salaries, while the Portugues law set a 35 hours credit for workers training implemented by the employer. There are as many other models as countries.

Consequences: duplication, delays, difficulties to workers' international mobility, unfair competition cross borders, paperwork and complexity, imbalanced H&S risks assumptions, unequal training opportunities for workers, undercontrolled remuneration schemes, inefficiencies.

3C.- Other inconsistencies as evidence

- 1) People with disability: Countries approach to providing access to benefits and special support to people with disabilities varies, starting from the definition: In Spain companies with 50 employees or more are obliged to reserve 2% of them for people with at least 33% of disability rate; alternatively, companies can donate as compensation. In Italy companies' obligation starts from 15 employees or more, but the disability rate requires at least 46% to opt for such restricted vacancies. On the other hand, in Portugal this disability rate is set at 87% or more. This is inconsistent and generates competitive disadvantages to workers and ultimately companies through burdens waving.
- 2) Information transparency and access: The EU has been for many years promoting an Open Data approach to ease business for companies and workers, among other beneficiaries. However, countries' Public Administrations are not transposing this approach equally. Work agencies must submit several indicators with a diverse set of requirements (examples: #contracts, #workers, #hours worked, salary levels, etc), segments (work location, job category, industry activity, contract type, etc) and web tools to do so. Spain and Italy display mature control of this activity and reasonably easy process and IT tools, although is disappointing when publishing several aggregated segmented results. In Portugal both data control and results sharing is comparatively immature. France is more mature at publishing market insights and reports. Part of this problem is due to the lack of coordination or standards within countries.

Consequences: competitive disadvantages, less or imbalanced job opportunities for targeted segments, lack of key insights for decision making, resources wasted for ineffective tasks, insufficient transparency.

3D.- Transversal stoppers described in one sentence

- Diverse Payroll related services such as Employer of Records (EOR) not allowed in all countries
- Diverse definition and approach to telework as well as platform workers
- Union framework agreements: enormous difference levels, contradictions, negotiation delays and lack of basic harmonization across countries
- Data definition, submission forms and web tools differ widely among countries for the same data entry process
- Unjustified differences (tools, length, homologation, requirements, etc) for equivalent processes and classifications due to old fashioned diverse countries' bureaucracy, even worst when subregions regulations apply
- Different maturity regarding environment, social and governance (ESG) standards
- Although converging positively following EU and ILO conventions, there are still different approaches and even restrictions by country when it comes to Public Administrations requiring worker agency services
- Access to candidates pools is also diverse due to national employment services reluctance to integrate IT systems and share candidates databases (best practice in France)

As mentioned above, this is not a full market research or exhaustive list of cases, but an illustrative set of examples to prove the lack of harmonization across EU countries regarding the staffing business. Solving these problems will facilitate the EU single market ambition implicit in this report.

4.- Conclusions & recommendations

Both the EU and countries' institutions are to be blamed. The first one for not being able to seduce countries with the benefits of single market within the staffing industry, the later for not being able to integrate and harmonize their national regulations to European proven policies and best practices.

Certainly, a more transversally mature single staffing market would make a positive difference for the sector itself as well as for its clients, candidates and EU business performance overall. We strongly recommend pursuing further Directives transposition and facilitate multiple-level real regulation harmony among countries. A short, mid and long terms approach should be defined, executed and closely monitored based on priorities aligned by all stakeholders. An effective, efficient and competitive job market is at stake.

Eurofirms Group postulates to help the EU institutions develop further analytics or provide related insights to facilitate and speed up change management.

Input from the Faber Group on the Call for Evidence: “Single Market Strategy 2025”

The Faber Group is an international family company specialised in circular load carrier (i.e. reusable transport packaging) services. We have a robust, agile and sustainable network across Europe to streamline the supply chain. We provide sustainable, reliable, cost-effective pallet, box and pooling services to virtually all industries throughout Europe. We facilitate this by sharing our logistic resources and investing in new concepts. It is our ambition to have a positive impact with our logistics solutions for supply chains. We bring circularity into logistics and make being circular a service in a shared economy.

As a family company, we thank the European Commission for the opportunity to provide evidence of current market and regulatory barriers that hamper our operations in the Single Market and the overall EU economy, while also sharing our proposed solutions.

The EU legislation and issues laid down in this document specifically relate to the activities carried out by the Faber group in the pooling of reusable wooden pallets and reusable plastic crates, by which these assets are rented and reused exclusively within a closed network of participants controlled by us as poolers, ensuring efficiency and sustainability.

For more information, please visit <https://www.faber.group>.

Legislation/Issue	<i>EU Deforestation Regulation</i>
Barriers	<ul style="list-style-type: none"> • The legislative text does not clearly state how rented pallets in a closed pool such as the one from the Faber Group are to be classified, if either within or out of the scope of the Regulation, creating uncertainty for us as poolers. • If rented pallets in a closed pool are to be considered within the scope of the Regulation, it remains unclear how we as poolers should meet due diligence obligations, as no specific guidance for the sector has been provided thus far, even with the deadline for compliance postponed by a year. • The Regulation appears to require our industry to perform due diligence on each pallet after every rental cycle, potentially every two months, and whenever pallets during a same rotation are being exported or returned to the EU market, thus imposing an excessive burden on the industry and creating inefficiencies. • With the large number of Faber’s pallets circulating in the EU, conducting due diligence on individual pallets for each rotation presents significant challenges.
Impact	<p>This goes against:</p> <ul style="list-style-type: none"> • The goal of the European Commission to cut down bureaucratic burdens by at least 25%. • European Commission’s President Ursula von der Leyen’s vision of enhancing Europe’s competitiveness. • The goal to support the growth of the European circular economy.

Proposed solutions	<p>Together with other wooden pallet poolers, the Faber group calls on the European institutions to have:</p> <ul style="list-style-type: none"> • Clarification around the exemptions laid down in Annex I of the Regulation, and whether they would apply to closed pallet poolers given the uniqueness of our business model; • Additional guidance on how to best comply with the Regulation's obligations, should the exemptions not apply to our industry; • Due diligence obligations that do not overly burden our industry but that support our efforts in providing sustainable and cost-effective services to businesses all around Europe.
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Legislation/Issue	<i>Packaging and Packaging Waste Regulation (PPWR): labelling</i>
Barriers	<p>As the PPWR enters into force in 2025, numerous implementing and delegated acts are expected to complement the Regulation in the coming years. Among these, secondary legislation on labelling/marketing for packaging reusability is expected to be implemented by 2029, and it is expected to have a serious impact on Faber's reusable wooden pallets.</p> <p>Currently, the European Commission remains of the stance that reusable transport packaging such as pooled wooden pallets should be subject to physical labelling, without alternative solutions such as digital formats, and that such labels should be applied to both current and new assets. Below we outline the main barriers stemming from this upcoming legislation on our specific business model:</p> <ul style="list-style-type: none"> • The areas where a label/mark for packaging reusability could be applied to wooden pallets are extremely limited, and the areas available are already covered in the marking showing: ownership of the pallet by Faber, compliance with the International Standards for Phytosanitary Measure n°15 (ISPM 15), manufacturing traceability. See enclosed a picture of how pallets are currently being marked. • Should physical labels be imposed by the legislation, rather than marking, the Commission should be aware of the fact that physical labels would be prone to being ripped off or torn from the pallet during any of the many handling processes a pallet is subjected to while transporting goods. • The vast majority of pallets, including Faber's, are manufactured on semi-automated production lines which incorporate marking systems. If there were to be any further labelling or marking to be done, then this would have to be done once the production process has been completed.
Impact	<p>The expected secondary legislation on labelling could lead to:</p> <ul style="list-style-type: none"> • Increased costs for retrofitting production lines or adding manual steps to apply physical labels;

	<ul style="list-style-type: none"> • Increased labour costs and reduced production efficiency, particularly for high-volume operations; • Additional costs for new labelling technology or systems; • Potential need to redesign pallets to create space for additional reusability labels, increasing design and production complexity; • Increased costs for frequent replacement or re-labelling; • Reduced lifespan and usability of pallets due to damaged labels; • Uncertainty about how our wooden pallet should comply with the Regulation given the limited space. <p>This would seriously impact Faber’s operations around Europe, creating disruptions in the supply chain as higher production costs, manual labelling requirements, and compliance challenges slow down pallet availability and circulation. Such inefficiencies could ripple through the economy, increasing costs for industries relying on reusable transport packaging and undermining progress toward the EU’s circular economy goals.</p>
Proposed solutions	<p>The Faber group proposes the following solutions:</p> <ul style="list-style-type: none"> • Digital solutions for labelling and track and tracing our assets • Exemption for wooden transportation pallets and packaging from physical labelling/marketing requirements due to the specificity of our assets and the limits mentioned in the document • Since pallets owned by closed poolers are painted and carry our logos, we propose using these elements as indicators of pallets’ reusability.

Legislation/Issue	<i>Packaging and Packaging Waste Regulation (PPWR): legal title</i>
Barriers	<p>The PPWR provides a first element in the protection of the ownership of reusable assets in closed loops by including the lack of change of ownership as a key criterion to define closed-loop systems and the obligation of economic operators making use of reusable packaging in closed-loop systems to return reusable assets.</p> <p>Nonetheless, a critical barrier looms, as Member States will need to enact national laws to enforce, through measures such as sanctions, the return of reusable assets in closed-loop systems. If not handled correctly, this may lead to:</p> <ul style="list-style-type: none"> • A fragmented sanction regime in the EU, creating inconsistencies in how the return of reusable pallets is mandated and penalized across the EU; • Users of pooled pallets not complying with return obligation, if enforcement measures are insufficient or ineffective in certain Member States;

	<ul style="list-style-type: none"> • uncertainty about financial liabilities and operational risks when operating in multiple countries.
Impact	<p>A lack of harmonised sanction regimes in the EU can lead Faber to:</p> <ul style="list-style-type: none"> • Focus its operations on those EU Member States where legal title is fully protected, thus creating economic imbalances in the EU and loss of economic opportunities/partnerships in those countries where the sanctions same regimes are not applied. • Have difficulties in maintaining inventory and ensuring the efficiency of the pooling system due to non-compliance with return obligations. • Experience higher rates of pallet loss, theft, or misuse, leading to increased costs for replacing assets. • Experience increased administrative burden to navigate and comply with varying national legal frameworks. <p>Finally, for the EU economy, a lack of harmonisation would risk inefficiencies in supply chains, delays in achieving circular economy targets, and unequal market conditions, undermining the Regulation's intended benefits.</p>
Proposed solutions	<p>Faber proposes consistent adoption across Member States to prevent market distortions. We emphasise the need for national measures to ensure the effectiveness of share and reuse systems within their territories.</p>

Legislation/Issue	<i>International Standards for Phytosanitary Measure n°15 (ISPM 15)</i>
Barriers	<p>The regulation that translates the International Standards for Phytosanitary Measure n° 15 (ISPM15) into EU law currently does not provide a clear interpretation or harmonisation about the application of these standards for our pallets in circulation in Europe.</p> <p>Below, we present the challenges Faber and other pallet poolers experience in relation to ISPM 15:</p> <ul style="list-style-type: none"> • Regular use and handling lead to ISPM 15 marks being worn out after a few rotations. Currently, the only solution to make pallets compliant again is to obliterate all marks and to reheat treat the entire pallet and remark just as new. This process, multiplied by the very high number of pallets whose marks get worn out, represents a significant impact on operations with no phytosanitary justifications. • Components can get damaged and need to be replaced. Currently, each new (ISPM15 compliant) component must be marked. Each country applies different rules for the number of marks on a pallet and therefore number of repairs/repaired elements (since new component = new mark). This has the following consequences: <ul style="list-style-type: none"> ○ Having multiple marks all over the pallets (because each component must be marked) increases

	<p>significantly the probability that a mark will get worn during normal use.</p> <ul style="list-style-type: none"> ○ In countries with limits on the number of marks, it is reached after one or two repairs, which is very little compared to the amount of time a pallet in a pooling system can be repaired throughout its whole life cycle. ○ This process is very difficult to apply and makes it difficult for authorities to verify the compliance of a pallet.
Impact	<p>The current situation in the EU regarding ISPM 15 impacted and continues to impact Faber as follows:</p> <ul style="list-style-type: none"> • It creates significant inefficiencies in pallet operations. Requiring reheat treatment and remarking of pallets when markings wear out adds unnecessary steps to your processes, inflating costs without providing any actual phytosanitary benefits. Additionally, the variability in national rules for marking repaired components complicates repairs, increasing labour demands and creating delays. These operational hurdles undermine the efficiency of pooling systems, adding both financial and logistical burdens. • Reheat-treating and remarking pallets unnecessarily consume energy and resources, reducing the environmental efficiency of pooling systems such as Faber's. Furthermore, limits on the number of repairs due to marking rules shorten the lifespan of pallets, driving up the demand for new pallets and contributing to resource depletion. This undermines the principles of the circular economy, where reuse and repair should be maximised. • The lack of harmonised standards leads to inconsistencies in how pallets are handled and repaired, increasing the risk of penalties or disputes with regulatory authorities. Moreover, the confusion surrounding these requirements can erode client confidence in the reliability of our pooling system, posing a reputational risk for Faber. <p>Finally, the lack of ISPM 15 harmonisation in the EU presents a clear obstacle to the free flow of goods in the EU Single Market and fails to support or promote sustainable practices aligned with the EU's ambition for the circular economy. Moreover, increased operational costs for pallet poolers such as Faber cascade through supply chains, raising transportation and packaging costs for industries reliant on reusable pallets. This ultimately results in higher prices for consumers and reduced competitiveness for EU businesses globally.</p>
Proposed solutions	<p>Faber proposes setting up a trial period in one EU Member State (for instance, in the Netherlands) to have an exemption from certain marking requirements, applicable to verified pallet pooling businesses/companies that are able to meet and maintain compliance with a defined set of standards and criteria.</p>

	The lessons learned at the end of the trial period would create a best practice to replicate in other Members States.
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Legislation/Issue	<i>Extended Producers Responsibility (EPR)</i>
Barriers	<p>The PPWR, coming into force in 2025, will harmonise key aspects of Extended Producer Responsibility (EPR) across Member States, including the definition of key actors and their obligations, financial contributions based on recyclability, and digital labelling for packaging.</p> <p>However, the implementation of EPR laws will still vary significantly across Member States due to differing national approaches. Moreover, in some EU countries, reusable packaging companies such as poolers are subject to EPR fees, not taking into account the specificity of our pooling model and their virtuous impact on the EU circular economy, as reuse systems like ours are vital for waste prevention and resource efficiency.</p> <p>The lack of harmonisation in implementing EPR laws creates the following barriers to our operations:</p> <ul style="list-style-type: none"> • Varying national rules require Faber to navigate different compliance requirements in each country where we operate, leading to additional administrative work, higher costs for monitoring regulations, and more complex reporting processes; • Unequal costs, depending on where Faber assets are used or repaired. This could lead to inefficiencies in budgeting and financial planning, especially if EPR contributions are based on packaging recyclability or recycled content. • If certain Member States have stricter EPR requirements, it creates barriers to the smooth flow of our assets across borders. We as a company might face delays in the movements of our assets or the need for additional compliance checks and documentation, disrupting our supply chain and operations.
Impact	The lack of harmonisation in EPR implementation continues to increase operational costs, disrupt logistics, and complicate compliance across the EU, ultimately impacting the efficiency of Faber's pooling system. These inefficiencies would create a fragmented market that undermines the competitiveness of European businesses and slows economic growth, while also hindering the EU's sustainability and environmental goals.
Proposed solutions	The Faber group calls on the European institutions to support Member States to have harmonised EPR rules to ensure a level playing field for reusable transport packaging.

Enclosure: Example of current marking of pallets





Context

The European Commission via DG GROW has launched a Call for Evidence to identify barriers in the Single Market in order to draft the “Single market strategy for 2025”.

The European Family Business organisation is leading a wide effort to identify these barriers affecting family businesses across the European Union and has contacted PUIG to contribute.

This document consolidates PUIG feedback on this matter.

PUIG at a glance

- Global leader in the Premium Beauty Industry
- Founded in 1914 and 3rd generation family business
- Present in 150 countries, reaching c.€ 4.3 bn. N.R. in 2023
- Portfolio of 14 brands & several beauty licences

rabanne	CAROLINA HERRERA	APIVITA	Jean Paul GAULTIER
Charlotte Tilbury	BYREDO	NINA RICCI	
L'ARTISAN PARFUMEUR	KAMA AYURVEDA	PENHALIGON'S	EST. LONDON 1870
DRIES VAN NOTEN	DR. BARBARA STURM	LOTO DL SVR	
ADOLF DOMINGUEZ	BANDERAS		



02. Identified Barriers: Regulatory Challenges (1/2)

Different regulations between member states in tax, IP rights, ecom, ESG, and packaging.

Theme	Issue	Implications	Proposed solutions
<p>Tax Regulations & Compliance</p>	<p>Information Requests from the different Tax Authorities have progressively increased reaching outstanding levels, regulations are similar but not totally harmonized amongst the different jurisdictions. Pillar 2 Regulation is the corollary and maximum exponent of the situation.</p>	<p>Companies must have large teams/systems prepared to answer multiple requests from the different Authorities in different countries asking for similar information with different approach, deadlines etc. This includes of course Tax Teams but also involvement from Finance, Controlling, Human Resources, IT, and so it is not negligible. When teams are dedicated to this kind of tasks, they don't have time to add value to the business by focusing on what is necessary.</p>	<p>European Union Tax Harmonization of Regulations & Requests between the different countries, including central filings and central data collection from Companies together with simplification of regulations. Authorities sharing information about Companies.</p>
<p>Differing national Income tax legislations</p>	<p>Lack of homogeneous Income Tax treatments among EU members and different Tax periods</p>	<p>In the case of intra-Community mobility of employees, increased complexity and additional costs (e.g. need to have Tax experts from different member states to support our employees)</p> <p>Potential issues with double taxation require affected employees to pay in advance and follow administrative processes to obtain a refund</p>	<p>Unifying and Single Tax Calendar and Legislation</p>
<p>Differing national Social Security legislations</p>	<p>Room for improvement in processes and responding time by the Authorities to requests for temporary employee assignments in other member states different than the one it is hired and their extensions.</p> <p>There is no official maximum duration for temporary employee assignments in a different member state to that where they are hired in order to keep the labour conditions and the Social Security obligations of the origin country</p>	<p>Increased legal uncertainty that can hinder the free movement of works by disincentivising temporary employee assignments in other member state</p>	<p>Changing legislation to simplify processes, establish a minimum period under which there is no obligation to inform authorities about a temporary assignment (e.g. 3 months)</p> <p>Implementing Positive Administrative Silence regarding the approval of extensions to temporary assignment of workers in a different member state to where it is hired.</p> <p>Establishing an official maximum period of the temporary assignment that officialises the current 5-year milestone to keep the labour conditions and the Social Security obligations of the origin country</p>
<p>Tax Incentives for qualified labour</p>	<p>Lack of homogeneity of Tax incentives scheme for qualified professionals</p>	<p>Complexity and cost. Each country has its own criteria for access this schemes and applying the tax benefit based on their perception of talent shortages.</p>	<p>Unifying legislation not only legal framework that harmonizes at least the criteria to access the scheme</p>
<p>Exhaustion of IP Rights</p>	<p>Very burdensome enforcement measures for brand owners and/or unapplicable in practice (ex. ECJ decision HP)</p>	<p>Authorization to restrict parallel imports from outside EU become no enforceable in reality</p>	<p>Focus back on the notion of consent provided by texts related to the exhaustion of rights within EU.</p> <p>Review the criteria laid down by the ECJ decision HP which are being generalized to all industries by national jurisdictions.</p>



02. Identified Barriers: Regulatory Challenges (2/2)

Different regulations between member states in tax, IP rights, ecom, ESG, and packaging.

Theme	Issue	Implications	Proposed solutions
Selective Distribution enforcement	No dedicated protection of selective network within EU countries other than France.	Selective distribution recognized within EU regulation (notably VBER) but not enforceable in practice. Alternative being exhaustion of IP rights with caveats mentioned above.	Deploy at EU level the dedicated legal measures existing in France to protect and enforce effectively SDS (L4422 French Business Code considering as a liability the fact to participate directly or indirectly to the violation of a selective distribution network).
Intellectual Property (trademarks, designs)	Coexistence of European system with national ones, creating complexity and uncertainty, in spite of harmonization of trademark and design regulations.	Complexity in legal assessments for products' launch. Inconsistent criteria from Trademark Offices, Courts and Customs Offices on identical cases at European / national level. Not harmonized procedural regulations and need to institute legal proceedings on a country-by-country basis under national systems.	Align construction criteria at EU and national level. Define EU "prevailing" criteria vs national criteria. Harmonization and convergence in Court legal proceedings.
ESG legislation complexity	ESG high regulatory complexity with several directives covering the topic but without a comprehensive view (e.g. CSRD, 3D) and delays in transposing the directives into national law.	Delayed transposition in many Member States, which causes legal uncertainty and compliance difficulties for companies that cannot be sure, until the last stages, whether they have to issue reports in accordance with the previous national regulation or the CSRD.	Closely monitor transposition measures whilst coordinating with the Member States to ensure that divergence with the EU Directive is minimized.



02. Identified Barriers: Administrative Burden (1/1)

Heavy administrative workload, lack of agility, and delays.

Theme	Issue	Implications	Proposed solutions
High administrative complexity in hiring and other labour-related processes	Heavy administrative burden	Lenght of processes and cost	Reducing and simplification of processes
	Lenght of processes and cost. Uncertainty in timings: i.e. Obtention of NIE with lots of delays that make the starting date of a labor relationship unpredictable with the corresponding inconveniences	Increases needed time and cost to hire a worker from a different member state compared to a national one and hinders the free movement of workers because without a NIE they can't be hired	Reducing and simplification of processes Changing legislation to allow workers to identify themselves with their respective country ID numbers
Talent access difficulties	There is no common legislation for remote work in the EU, each member state has its own, and they sometimes contradict, which hinders the movement of workers within the Single Market.	Creates uncertainty regarding income tax treatment and Social Security registration and contributions for remote workers hindering the free movement of workers	Creating a common Remote Work framework at EU level
	There is room for improvement in the communication between national Social Security agencies/authorities regarding the granting of pensions.	If this issue is addressed, accepting a work offer in a different member state will be perceived as safer and enhance these movements, especially in the case of senior talent where retirement is closer.	Enhancing relevant regulations and communicate effectively through the EU
Fragmented Ecom regulations	Fragmentation per country of consumer and data privacy regulations	Need of multiple assessments/templates/ policies for the launch of ecom sites	Align deployment criteria of EU applicable regulations or define criteria allowing designation of “prevailing” regulation based for instance on location within EU of owner of the site



02. Identified Barriers: Operational Inefficiencies (1/2)

Fragmented regulations and ingredient bans, scarcity of recycled materials and need for relevant investments

Theme	Issue	Implications	Proposed solutions
<p>Ban of ingredients in cosmetics based on the ingredient classification and not on the real risk on consumers.</p>	<p>In the Cosmetics Regulation, once an ingredient is classified as CMR1, its use is banned in Cosmetics, with independence of the exposure of a consumer based on the dosage of this ingredient in formulas (normally very low) or the application (normally superficial in Cosmetics).</p> <p>This is not happening in other sectors, like Food, which can still have the ingredients, in much larger content, and with an ingestion in the body.</p> <p>Additionally, the timing given to execute the changes is very short and impossible to accomplish with a minimum efficiency.</p>	<ol style="list-style-type: none"> Critical ingredients for the industry need to be protected and exempted. The case of ethanol can be one of the clearest ones. There is no substitution in many products, like perfumes. Amount of human and financial resources: It requires reformulation of more than 50% of the formulas (c. thousands). Each reformulation is a complex R&D project. I.e., in the case of perfumery, keeping a similar sense when an ingredient is eliminated required several months of work to find alternatives which keep equivalent smell. The amount of resources dedicated to these reformulation is huge, freezing innovation as resources are dedicated to reformulation. Timings given are extremely short. The impact of green Deal ingredient banned is so huge that it is not possible to have it ready with the timings given. It is required to recall all products in the market that are not reformulated, even if they were distributed before this prohibition. This is a titanic effort for manufacturers and retailers. On top of this complexity, there is also a gigantic cost of destruction of these products, both economic and to the environment. Every change in formulation requires changes on packaging texts. As the process of reformulation is continuous, we are forced update packaging all the time. 	<ol style="list-style-type: none"> Ingredients should be banned based on risk and not just on the classification of the ingredient. In cosmetics, in most cases, presence of these ingredients is very low, and the usage is superficial, not penetrating in the body. Give 5 years to reformulate instead of the 23 years normally given. Do not force to recall products placed in the market before regulation enters into force. Digitalization: Allow use of digital information (e.g. use of QR codes) to inform consumers on ingredients, recycling instructions, etc.
<p>Packaging and Packaging waste regulation</p>	<p>There are some severe difficulties in the implementation of the packaging regulation.</p> <p>The most critical for our industry is the need to protect product design and allow differentiation among products and brands. To make the industry more dynamic and innovative, therefore protecting our brands value, we need to avoid standardization.</p> <p>The scarcity of recycled materials sourcing and their higher costs are another barrier to advance.</p> <p>Finally, the lack of harmonization in recycling models and capabilities in the different markets make very difficult to understand the recyclability of the products (set as a target) and the recycling instructions that need to be given to consumers.</p>	<ol style="list-style-type: none"> It is essential to allow differentiation in the product design. Products should be developed with eco-design conception but avoiding standardization. Otherwise, there is a huge risk of deteriorating the value of the whole industry. Scarcity in recycled material and the extra cost that this sourcing implies is a clear limitation in the implementation of the PPWR. Labelling, specially, recycling instructions should allow companies to have the same packaging in all countries, with same single instructions for all markets. Otherwise, it will be extremely costly and inefficient for companies that sell the same product in different geographies. 	<ol style="list-style-type: none"> Eco-design principles allowing design differentiation, that foster innovation whilst avoiding design standardization. Facilitate access to recycled materials supply to ensure availability at a competitive cost. Simplify labelling or allow digitalization.



02. Identified Barriers: Operational Inefficiencies (2/2)

Fragmented regulations and ingredient bans, scarcity of recycled materials and need for relevant investments

Theme	Issue	Implications	Proposed solutions
<p>ESG standards and limited international reach</p>	<p>Impact limited to the European Union.</p> <p>Need to dedicate workers, hire consultants, change providers and ways of working to comply with the ESG legislation and resulting audits.</p>	<p>Increased legal uncertainty.</p> <p>Negative impact on our operations and competitiveness and reduced return on required investments and regulation impact.</p> <p>Detracts resources from innovation and increases cost, therefore reducing the competitiveness of the European industry.</p> <p>Increased incentive to delocalize to other jurisdictions with lower ESG requirements.</p>	<p>Reach international agreements that include the obligation for our trading partners to also apply similar ESG legislations.</p> <p>Otherwise create an environmental border mechanism to tax product coming from countries with lower ESG standards to compete on a level playing field (e.g. CBAM).</p> <p>Reduce legal complexity by creating a single ESG legislation with a comprehensive view at EU level</p> <p>Create a green seal that helps consumers identify which products are environmentally friendly.</p> <p>Offer specific financing and grants to EU companies to help them comply with the legislation (e.g. covering part of the innovation cost)</p> <p>Monitoring the competitiveness of the EU industries proactively and act to support them when needed (stablishing phasing periods to apply legislation, with green funding etc.)</p>