November 2025

# EK’s Study on Regulatory Costs

Elinkeinoelämän keskusliitto

# Foreword

Welcome to EK’s study on regulatory costs!

The findings of the study show that by streamlining regulation and reducing overregulation, we can improve competitiveness and boost growth. This potential is worth pursuing, and it does not require abandoning the objectives of regulation — rather, it means doing things more smartly.

EK has made, and continues to make, its own proposals on how administrative burdens and overregulation can be avoided. We also encourage everyone else who is interested in Finland’s competitiveness and growth to do the same.

**Jyri Häkämies**
*Director General, EK*

# Behind the numbers

During the spring of 2025, we interviewed a total of 19 Finnish companies about regulatory costs.

Of these interviews, 8 were conducted with companies listed on the Helsinki Stock Exchange, and 11 with unlisted companies.

Based on the interviews, we prepared surveys, which were answered by a total of 238 companies whose observations have been taken into account in this report.

Using the interviews and surveys as a basis, we have produced indicative estimates of the regulatory costs for different categories of companies.

Our thanks for the completion of this report goes to all 19 member companies that chose to participate in our interviews, calculate the costs arising from regulation, and illustrate the factors underlying them.

We also wish to thank the 238 companies that responded to our surveys, as well as the Legislative Studies Research Group at the University of Eastern Finland and the experts from EK's member associations who assisted in the preparation of this report.

**Kasper Sass**
*Junior Adviser, Corporate law, EK*

# Regulatory costs in 2024

| | |
|---|---|
| 2,0–2,5 % | Ratio to Finland’s GDP in 2024 |
| 5,6–7,0 MRD | Total regulatory costs |
| 2,6 % | Corporate tax ratio to Finland’s GDP in 2024 |
| 7,1 MRD | Total corporate tax revenue |

Taxpayers Association of Finland (2025): Corporate tax revenue €7,13 bn | Statistics Finland (18.9.2025): €275,96 bn (GDP current prices, 2024)

# Selected highlights of EU legislation

+729 %

1994-2024: Increase in EU regulations and directives

+0,75 %

1999-2009: Increase in the number of words in EU legislation

+94,6%

2009-2024: Increase in the number of words in EU legislation

Epicenter (2024) | Bruegel (2024)

# Costs of certain EU legislations

140 MEUR

Sustainability reporting obligations*

69 MEUR

Legislation on value chains*

327 MEUR

Data protection legislation**

536 MEUR

Total costs

*For companies with a turnover of over €100 million | **For companies with a turnover of over €5 million

# Content

# Content

November 2025

# EK’s Study on Regulatory Costs

Elinkeinoelämän
keskusliitto

# Background

The regulatory costs and the efforts to reduce them are not a new topic, either in Finland or at the level of the European Union (EU).

Within the EU, increasing attention began to be paid to the quality of EU legislation already years before Finland’s EU membership.

One milestone in this regard was the program launched by the European Commission in 2007, which aimed to reduce administrative burdens. However, its achievements—both in Finland and at the EU level—were questionable:

a) In Finland, the goal was to reduce the administrative burden by a total of 25 percent, but according to reports on the program, the burden was ultimately reduced by less than one percent.

b) According to European Commission, the 25 percent target was achieved. However, the reductions did not take into account the regulatory measures that simultaneously increased the burden, nor the changes made to the Commission’s simplification proposals during the subsequent EU legislative process.

Määttä & Tala (2015) | Rantala & others (2018) | VTV (2014)

# Selected highlights of EU legislation

+729 %

1994-2024: Increase in EU regulations and directives

+0,75 %

1999-2009: Increase in the number of words in EU legislation

+94,6%

2009-2024: Increase in the number of words in EU legislation

Epicenter (2024) | Bruegel (2024)

# Increase in EU legislation

The number of regulations and directives has increased exponentially between 1994 and 2024.

Since 2010, the word count of legislation has increased, making regulations and directives more technical and harder to understand.

The reports published in 2024 by Enrico Letta and Mario Draghi called for the simplification of EU legislation in order to revive the EU's competitiveness.

Draghi's report emphasized the fact that more than half (55%) of SMEs operating in the EU considered legislation to be the greatest challenge for their business.

Draghi (2024) | EIB (2023)

# Winds of change in Brussels

The President of the European Commission, Ursula von der Leyen, has set an objective of reducing companies' reporting burden by 25 percent, and by 35 percent for small and medium-sized enterprises (SMEs).

The simplification of legislation has been incorporated into the European Commission's Single Market Strategy, which aims to reduce the costs arising from legislation and improve companies' productivity.

In practice, efforts to simplify EU legislation are being carried out through so-called omnibus packages, which combine proposals affecting several different regulations and directives into a single package.

# National dimension

According to Letta’s report, around 80 percent of national legislation in Member States is based on decisions made in Brussels. Observations from Germany indicate that approximately 70 percent of companies’ compliance costs come from EU legislation.

In our study, companies operating in Finland highlighted cost-intensive areas of EU legislation, as well as examples of national regulation and administrative practices that have caused additional costs for businesses.

When discussing the costs arising from legislation, it is important to recognize the plural nature of the phenomenon: legislation originating from the EU level, additional national regulation (so-called gold-plating), legislation of purely national origin, legislative solutions made to achieve the objectives of EU directives, and the interpretation and enforcement of legislation by national authorities.

Letta (2024) | National Regulatory Council (2024)

# Study on regulatory costs

## Regulatory frameworks examined

1. Capital markets
2. Financial reporting
3. Tax compliance
4. Sustainability reporting
5. Employer obligations
6. Data protection legislation
7. Legislation on value chains
8. Statutory requests for information from authorities and other companies
9. Environmental legislation
10. Sector-specific legislation

## Company categories examined

1. Turnover 5-10 million euros (68 companies)
2. Turnover 10-100 million euros (137 companies)
3. Turnover 100-1 000 million euros (40 companies)
4. Turnover over 1 billion euros (12 companies)

# What are regulatory costs?

## Impacts on business

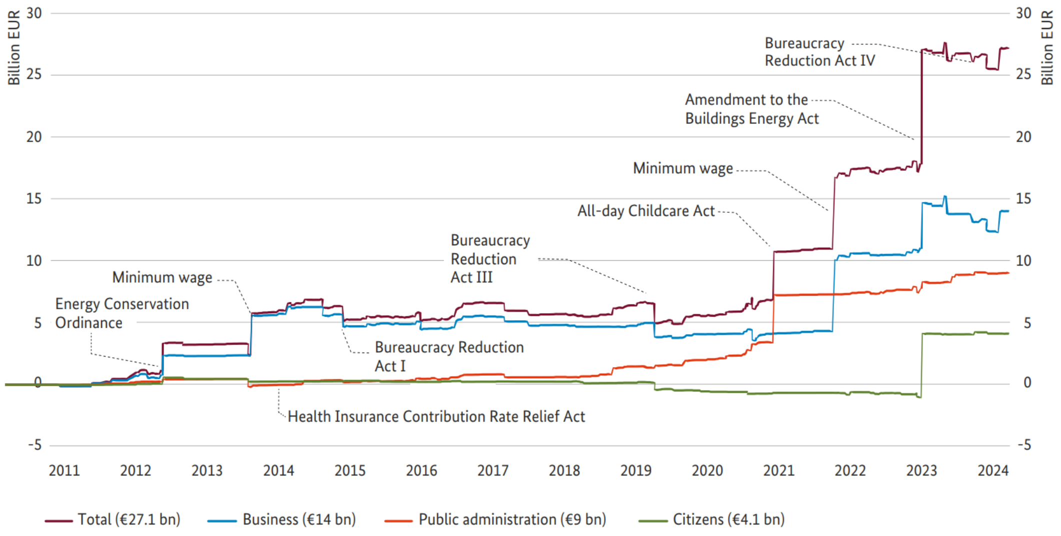
The regulatory costs refer to monetary costs that consist of the internal working time used by a company's personnel and/or the purchase of external expert services:

a) If the legislation in question does not enhance the company's business operations, these costs weaken the company's investment capacity, reduce its ability to pay salary and bonuses, and increase the pressure to raise the prices of products and services.

b) If the costs cannot be included in prices, the company's profit margins shrink, which in turn weakens its ability to pay taxes and dividends.

Ultimately, these costs are paid by private persons: by company executives and employees through lost salary and bonuses, by consumers through higher prices, by shareholders through lost dividend income, and ultimately by citizens as taxpayers.

## Monitoring and calculating




a) In Germany, and index is used to calculate the costs arising from regulation (the figure above)

b) In Sweden, the regulatory costs are monitored in relation to the Sweden's GDP (approximately 6% ratio in 2024).

National Regulatory Council (2024) | Tillväxtverket (2024)

# What should be taken into account when interpreting our cost estimates?

Our cost estimates represent average cost estimates for 2024, rounded to the nearest five thousand euros. Our cost estimates do not include taxes, statutory social security contributions, or any cost benefits that may arise from legislation.

Quantifying the cost benefits of legislation and weighing them against the burdens caused by legislation is particularly challenging task. This is illustrated by the fact that 68 percent of the Finnish government proposals assessed by the Finnish Council of Regulatory Impact Analysis contained deficiencies in the quantitative assessments of costs and benefits and in their descriptions. Among other reasons, this is why such estimates have not been included in this report.

Since financial reporting is also carried out for companies' own business needs, the tables show the proportion of financial reporting costs that companies consider unnecessary for their business (48% on average).

Certain cost estimates apply to all companies in a particular category, while others do not.

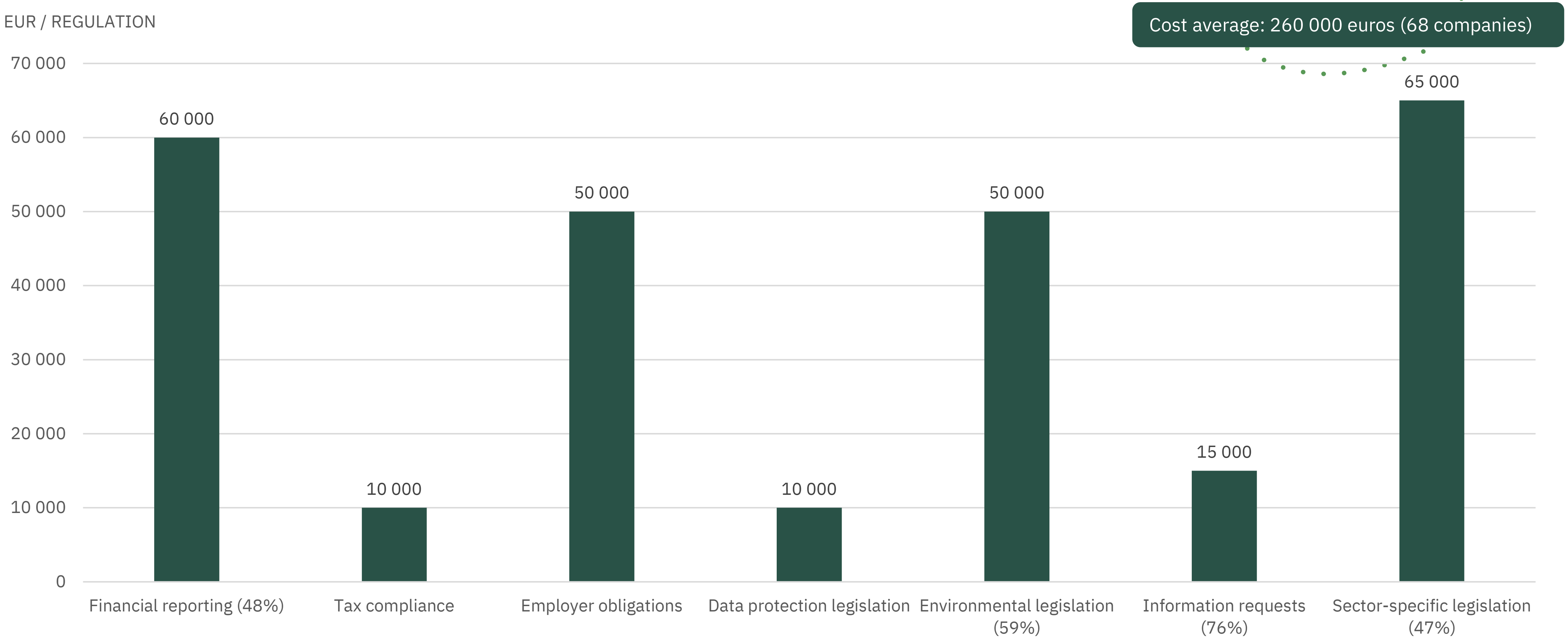
> For example, environmental legislation affected an average of 59% of companies; if environmental legislation apply to a company, the costs incurred are higher than those shown in the following tables.
>
> Legislation on value chains, information requests, sector-specific legislation, and sustainability reporting obligations are presented with corresponding percentages.

The costs arising from sustainability reporting obligations and legislation on value chains have not been examined for companies with a turnover of less than 100 million euros. Instead, the costs arising from responding to information requests have been examined for these companies.

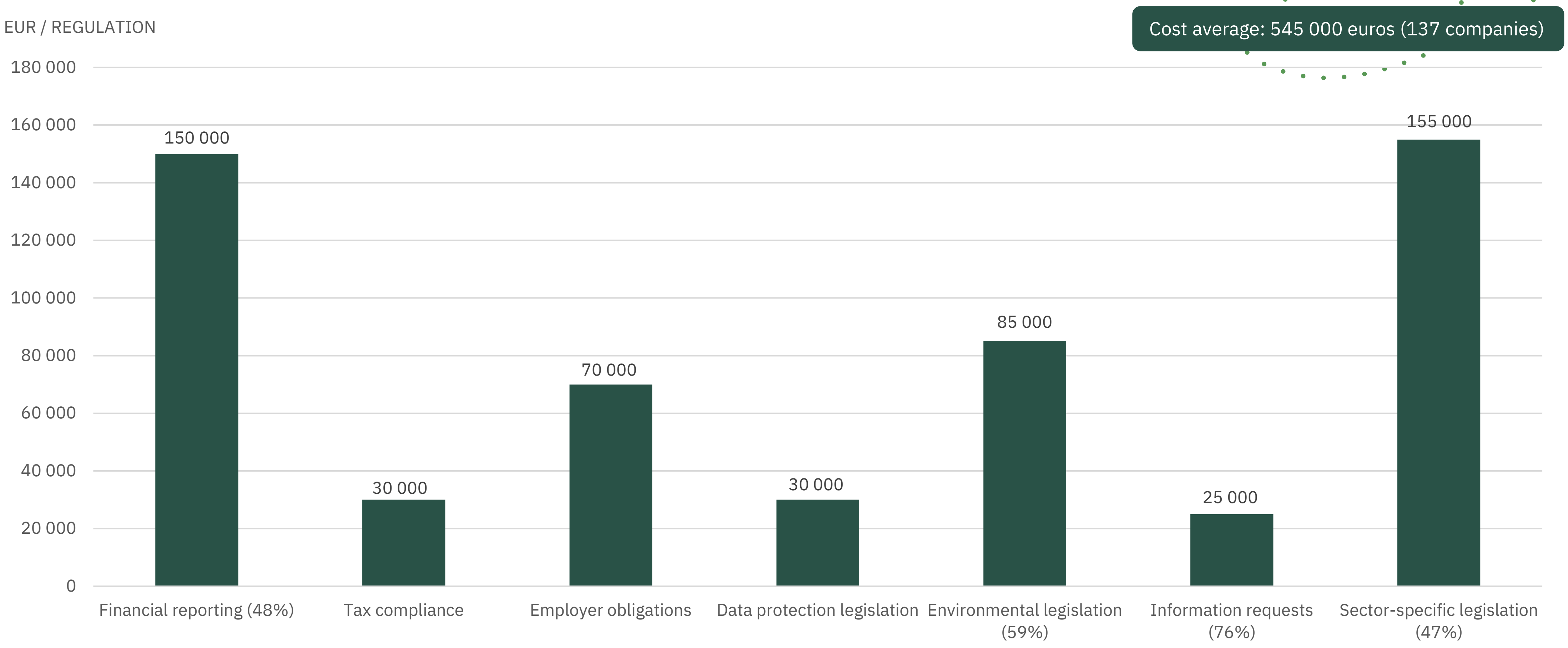
The upper right corner of the tables shows the average regulatory costs per company and the number of companies that participated in our study through interviews or surveys.

Finnish Council of Regulatory Impact Analysis (2024)

# a) Company with a turnover of 5–10 million euros

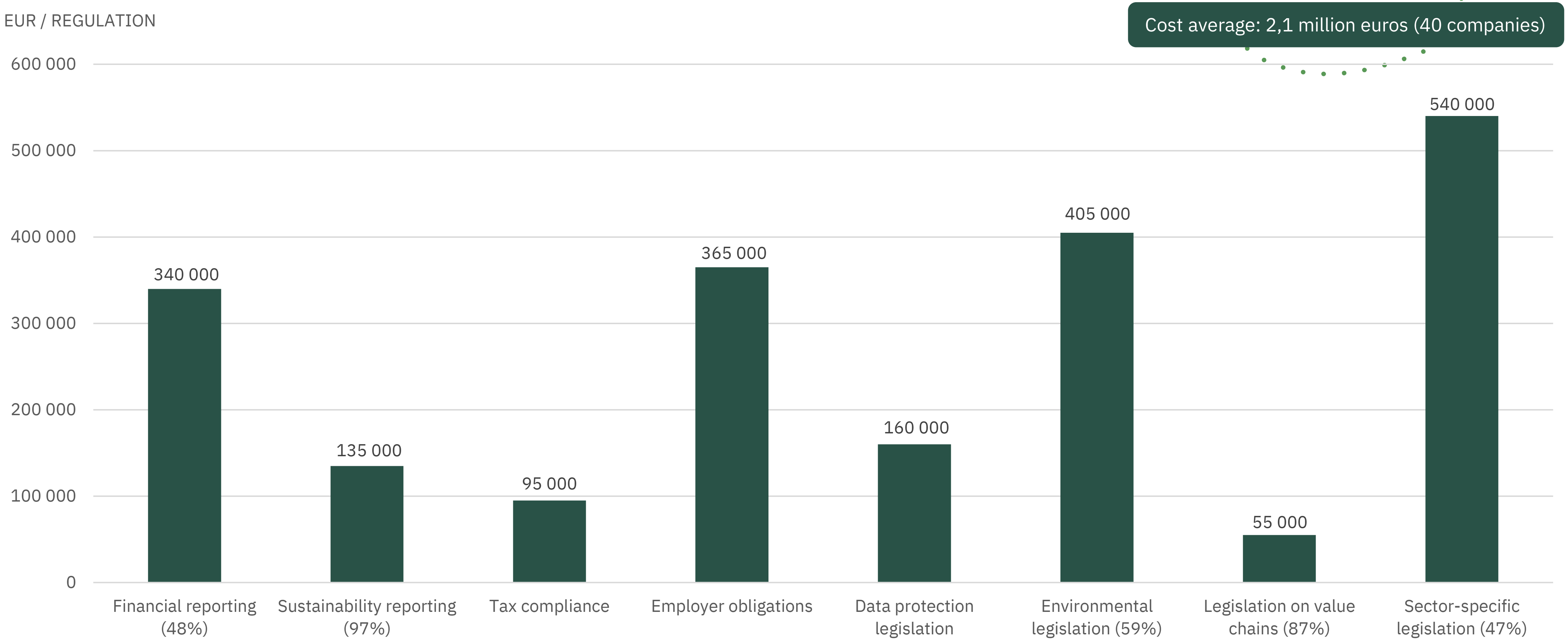


# b) Company with a turnover of 10-100 million euros



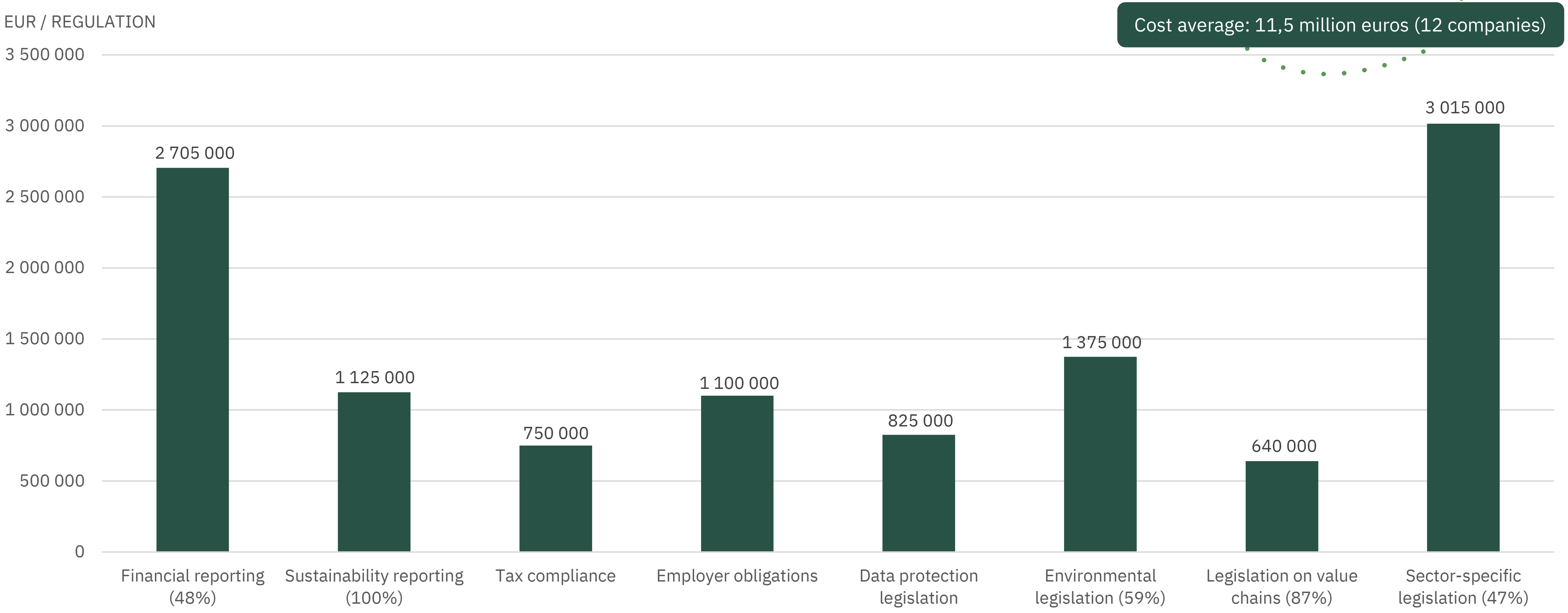
# c) Company with a turnover of 100-1000 million euros

Cost average: 2,1 million euros (40 companies)



# d) Company with a turnover of more than 1 billion euros

Cost average: 11,5 million euros (12 companies)



# Calculating the total costs

a) Since we estimated the regulatory costs based on the turnover of the companies participating in our study, we had to request information from Statistics Finland on the total number of these companies in Finland per company category (see page 23).

b) We then calculated the total costs incurred by regulation and compared them to Finland’s gross domestic product in 2024.

   i. For clarity, we have excluded the costs of capital market legislation from our estimates (see pages 34–36, 38).

   ii. As we have not examined companies with a turnover of less than five million euros in our study, we can only assess the maximum costs for these companies.

d. Finally, we can present the total costs caused by certain EU regulatory frameworks.

# Number of companies based on turnover in 2024*

| Company size | Number of companies | Average turnover | Total turnover |
|---|---|---|---|
| Under 5 MEUR | 472 802 | 190 660 | 90 144 384 230 |
| 5-10 MEUR | 4 405 | 7 005 123 | 30 857 568 756 |
| 10-100 MEUR | 4 734 | 27 469 760 | 130 041 844 316 |
| 100-1000 MEUR | 598 | 260 897 220 | 156 016 537 639 |
| Over 1000 MEUR | 55 | 2 507 770 856 | 137 927 397 091 |

80,2%
Of total turnover

*The information is based on data ordered from Statistics Finland for the study.

# Average costs of regulation*

**Companies with a turnover of 5-10 MEUR (4,405 companies)**

Average costs ≈ 260 000 euros.

Total ≈ 1,15 bn EUR.

**Companies with a turnover of 10-100 million euros (4,734 companies)**

Average costs ≈ 545 000 euros.

Total ≈ 2,58 bn EUR.

**Companies with a turnover of 100-1000 million euros (598 companies)**

Average costs ≈ 2,1 MEUR.

Total ≈ 1,25 bn EUR.

**Companies with turnover over 1 billion euros (55 companies)**

Average costs ≈ 11,5 MEUR.

Total ≈ 634 MEUR.

**In total**

≈ 5,61 bn EUR.

*The costs presented on this page are not direct calculations but are based on our study. For example, 11.5 million euros multiplied by 55 does not equal a total of 634 million euros.

# Total costs of regulation

**Companies with a turnover of less than 5 MEUR**

The regulatory costs for the categories of companies we examined amount to €5.61 billion.

The estimates does not cover companies with a turnover of less than 5 million euros, which account for a large proportion of Finnish companies in terms of number of companies ≈ 97.9%

However, in terms of turnover, only 19.8% of Finnish companies fall outside the scope of our estimates.

Based on the ratio of turnover, we can make a rough estimate that the total regulatory costs amount to no more than 7.0 billion euros.

**Regulatory costs in total**

≈ 5,6–7,0 bn EUR

**Ratio to Finland’s GDP in 2024**

≈ 2,0–2,5 %

Statistics Finland (18.9.2025)

# I: Regulatory costs in 2024

| | | | |
|---|---|---|---|
| 2,0–2,5 % | Ratio to Finland’s GDP in 2024 | 5,6–7,0 MRD | Total regulatory costs |
| 2,6 % | Corporate tax ratio to Finland’s GDP in 2024 | 7,1 MRD | Total corporate tax revenue |

Taxpayers Association of Finland (2025): Corporate tax revenue €7,13 bn | Statistics Finland (18.9.2025): €275,96 bn (GDP current prices, 2024)

# Costs of certain EU legislations

For most of the regulatory frameworks we examined, the boundaries are set by EU legislation.

a) Environmental legislation is a good example of this.

b) Employment and labor law as well as tax regulation can be regarded as areas that have largely remained under national decision-making.

From Finland's perspective, sustainability reporting obligations and legislation concerning value chains can be considered pure EU legislation. Data protection legislation is also based almost exclusively on EU regulations.

For these regulatory frameworks, we can calculate the following overall estimates for 2024:

a) Legislation on value chains: 69 MEUR*

b) Sustainability reporting obligations: 140 MEUR*

c) Data protection legislation: 327 MEUR**

*For companies with a turnover of over €100 million | **For companies with a turnover of over €5 million

# II: Costs of certain EU legislations

| | |
|---|---|
| 140 MEUR | Sustainability reporting obligations* |
| 69 MEUR | Legislation on value chains* |
| 327 MEUR | Data protection legislation** |
| 536 MEUR | Total costs |

*For companies with a turnover of over €100 million | **For companies with a turnover of over €5 million

# CASE STUDY I

## Costs of sustainability reporting obligations

# Sustainability reporting in practice

Although the sustainability reporting obligations entered into force in 2024 only for large listed companies, our study found that these obligations have resulted in costs for all the company categories we examined.

The costs incurred from sustainability reporting obligations depend largely on the company's background:

a) If the company was a Finnish subsidiary of a large international group, sustainability reporting obligations resulted in costs for the company due to the need to submit information to the group's parent company.

b) If the company belonged to a group for which sustainability reporting obligations were due to come into force in the coming years, costs were incurred in preparing for the reporting obligations;

c) If a company had to submit data to a company higher up in the value chain that was subject to sustainability reporting obligations, the collection and submission of data incurred costs;

d) If the company was part of the first wave of sustainability reporting requirements, costs were incurred for preparing for sustainability reporting, conducting double materiality analysis, internal training and work, report verification, publication, and other similar tasks.

# Costs of sustainability reporting obligations

Sustainability reporting obligations resulted in total costs of approximately 140 million euros for Finnish businesses in 2024:

a) First wave companies
   - Cost average: 680 000 euros
   - Total costs: 68 MEUR

b) Companies prepared for sustainability reporting obligations
   - Cost average: 130 000 euros
   - Total costs: 72 MEUR

Our cost estimates do not cover companies with a turnover of less than 100 MEUR that prepared for the implementation of sustainability reporting obligations.

Our cost estimates are based on the average costs of sustainability reporting obligations estimated for listed companies in our study, multiplied by the total number of listed companies included in the first wave of sustainability reporting obligations*.

Based on this study, the amount of total costs has been influenced by companies' readiness to implement sustainability reporting obligations into their operations. Companies that had years of sustainability work behind them and existing systems and processes for data collection found implementing the reporting obligations less demanding than those that had to build their reporting processes from scratch.

*HE 79/2025: first wave: around 100 companies (large listed companies)

# Summary

In 2024, sustainability reporting obligations resulted in significant costs for companies, as it was the first year of reporting under the new requirements.

a) The transition phase required investments in reporting systems, personnel, and external expert services, among other things.

b) It is noteworthy that based on observations from Germany, the CSRD in its original form would have caused German companies the highest bureaucratic costs in the history of cost monitoring (see page 47).

The costs are expected to decrease in the coming years, although reporting will remain financially significant overall.

At EU level, obligations are currently being simplified and streamlined, which will reduce the costs on companies in the coming years.

In addition, so-called second-wave companies are being granted an additional two years to fulfill their obligations, with the aim of exempting them from reporting obligations altogether. These changes will play a key role in keeping costs moderate in the near future.

# CASE STUDY II

## Costs of “stock exchange premium”

# Stock exchange premium?

A total of 21 listed companies from the following categories participated in our study:

a) Companies with a turnover of more than 1 bn EUR

b) Companies with a turnover of 100-1,000 MEUR

c) Companies with a turnover of 10-100 MEUR

In addition to basic corporate law, these categories of companies incurred costs from e.g. capital market legislation, IFRS accounting standards, and sustainability reporting obligations (see page 38)

Since our study included listed companies from several turnover categories, it is appropriate to examine the regulatory costs of the so-called *stock exchange premium* based on the average costs calculated for the above-mentioned company categories as a whole.

The upper right corner of the table (page 35) shows the average regulatory costs per company and the number of companies that participated in our study through interviews or surveys.

# Costs of stock exchange premium

# Summary

The cost estimates presented in this section should not be interpreted as a comprehensive presentation of the costs incurred to listed companies as a result of regulation, but rather as an attempt to illustrate certain aspects of the costs imposed on listed companies.

Based on the findings of this study, it can be concluded that being publicly listed caused a significant cost burden for listed companies operating in Finland in 2024.

On the other hand, it is also worth noting that stock market status brings with it numerous benefits from a financial perspective.

Based on our study, the problems associated with stock exchange status do not relate to a specific set of regulations, but rather to the fact that a company’s business focus shifts from compliance , which may particularly hamper the growth and development of small-cap companies e.g. if company executives spend more time dealing with matters unrelated to business development (see page 41),

Based on our study, it can be concluded that if regulatory strategies and scopes similar to sustainability reporting obligations become more widespread, a stock exchange listing is not particularly attractive for small-cap companies due to the regulatory costs. This may partly explain the recent trend of increasing consortium takeover bids and the growing role of private equity in financial markets.

# FOLLOW-UP QUESTION I

What do the examined regulations cover?

a)

## Capital markets

...stock exchange and book-entry register fees, insider administration, updating of the company prospectus, market disclosure, organisation of the general meeting, and compliance with the corporate governance code.

Companies did not consider legislation of the capital markets to be an especially burdensome framework. The problems related to capital market legislation concern the way in which a company's business focus tends to shift, following a listing, towards more compliance-oriented, which may hamper the company's development. Furthermore, as a result of the listing, the remuneration of the company's board and executives tends to increase, while the costs of external service providers also rise.

## Financial reporting

...the working time of financial administration professionals, the requirements imposed by the IFRS accounting standards (for listed companies), the operating costs of financial management systems, and the fees paid to external auditors.

" The costs of modern financial management systems are in the range of millions of euros. In addition, our company employs around 20 persons across different business functions who work on reporting, which also represents costs in the million-euro range. The recently implemented changes related to the CSRD and the CBAM typically generate additional annual costs amounting to several hundred thousand euros due to increased resource requirements and system modifications."

## Sustainability reporting

...the internally used working time, training sessions, external consulting services, the development of new systems, and the upgrading of existing ones, assurance and reporting.

For the first-wave companies, costs arose from statutory reporting obligations, whereas for companies outside the first wave, the costs resulted from preparations for forthcoming reporting requirements.

(See pages 30-32, which particularly concern costs of sustainability reporting obligations).

## Tax compliance

...working hours of financial administration professionals and lawyers, external consulting services, and systems necessary for compliance with tax obligations and their updating.

Costs may have incurred e.g. from the change in the VAT rate from 24% to 25.5%, as well as from the implementation of the Minimum Tax Directive.

Companies considered that additional costs arose from changes in the tax authorities' interpretations and from bureaucratic processes and unpredictable decisions, independent of regulatory amendments, for example in relation to combined deduction based on R&D costs.

## Employer obligations

...occupational health services, working time monitoring, mandatory training (for example related to occupational safety), payroll systems, and the internal working time used by the company's HR function.

Unnecessary costs arose from issues related to foreign employees:

"Legislative amendments concerning foreign employees generate substantial costs. The tightening of immigration legislation and its administrative interpretations are in conflict with labour law."

"National tax decisions related to project work carried out abroad, as well as insufficient integration, generate an unreasonably high costs."

b)

### Data protection legislation

...the internal and external working time of ICT and legal professionals, as well as the updating and development of IT systems.

If a company's core business involved maintaining a large customer database (e.g. in consumer business) and using it for various purposes, the costs arising from data protection legislation were significantly higher than for a company whose business consisted mainly of providing services to other companies.

According to ETLA's findings, strict data rules reduces R&D investment: in certain sectors, R&D investments by companies operating solely in the domestic market decreased by 63%, whereas among multinational companies the corresponding investments declined by approximately 27%.

### Environmental legislation

...investment planning, environmental impact assessment (EIA) procedures, the delay of investments, and the various permit and land-use planning procedures.

According to EK's findings, in 2017 there were approximately 15,000 activities subject to permitting in Finland, whereas the corresponding figures were about 4,000 in Sweden and 5,300 in Denmark.

"Administrative costs related to the extraction of mineral materials have increased significantly in recent years. Costs are especially from requests for information that are not directly connected to the activity itself. Additional costs are also caused by the slowness of the authorities in processing permits."

### Legislation on value chains

...the working time of legal professionals, the use of external consulting services, and the development and updating of new systems.

" Significant additional costs arise from the implementation of the EUDR and the PPWR. We will likely need to hire one additional employee solely to ensure compliance with these obligations."

According to PTT's findings, the EUDR alone imposes annual costs of EUR 207 million and maintenance costs of EUR 65 million on Finnish companies.

Other regulatory instruments related to value chains include, for example: CS3D, CBAM, and ESPR.

### Information requests

... the internal working time of companies and the establishment and updating of reporting systems.

Recent EU legislation have imposed obligations on large companies, which, in order to comply, require information from companies within their supply chain. Competent authorities may, in turn, require companies to submit data to official registers or for other purposes related to the exercise of public authority.

"Surveys conducted by Statistics Finland occasionally entail a significant workload, particularly in situations where Statistics Finland requests data in a format or classification that is not required in other internal or external reports."

### Sector-specific legislation

Sector-specific legislation is common e.g. in the following business sectors: food, chemicals, healthcare and pharmaceuticals, energy, construction, aviation, as well as insurance and financial services.

In certain companies, sector-specific legislation constitutes a large share of compliance costs, whereas in other companies such legislation may not be applicable.

Approximately 47% of the companies participating in our study were affected by sector-specific legislation.

For an example of sector-specific legislation, see the section concerning chemical industry (page 51).

ETLA (2025) | EK (2017) | PTT (2025)

# FOLLOW-UP QUESTION II

How much of companies' working time is taken up by regulation?

# Selected highlights from companies

8–9 %

Personnel working in areas related to legislation

15 %

Legislation as a proportion of the working time of executives of listed companies

12 %

Legislation as a proportion of the working time of executives of unlisted companies

# Burden on executives and personnel

## Executives working time

Based on our study, 15 % of the working time of executives at listed companies is spent on regulatory matters.

The corresponding percentage for unlisted companies is 12 % on average.

Based on our findings, nearly one-sixth (1/6) of corporate executive's working time is spent on regulatory matters.

While in recent discussions in Finland there has been criticism of corporate executives for their lack of desire for growth, it is important to bear in mind how much of their time is spent on matters other than core factors in the development and growth of their companies.

## Personnel working with regulation

Based on the study, regardless of the size of the company, an average of 8–9 percent of the company's personnel in areas related to regulation

As the size of the company decreases, the number of personnel working in areas related to regulation does not decrease in the same way as the burden on company executives between listed companies and unlisted companies.

Our findings regarding the working hours of corporate executives and personnel working in areas related to regulation contradict the generally accepted view that the relative burden of regulation increases the smaller the company category.

However, it should be noted that our report covers companies with a turnover of more than 5 million euros and does not take into account smaller companies, for which the regulatory burden may be greater than what is presented here.

# FOLLOW-UP QUESTION III

How regulatory costs could be reduced?

# National efforts to reduce burden on companies

## Action programme 2008-2012

The national action programme aimed at reducing the administrative burden on undertakings fell significantly short of its 25% target: the reduction ultimately amounted to less than 1% of the overall burden.

The most significant reduction in relative terms of administrative burden was achieved in the area of public procurement; however, these measures had no material impact on the overall burden, as the share of public procurement in companies' total administrative burden was marginal.

In 2012, the greatest administrative burden was considered to arise in the fields of employer obligations and taxation, where no substantial changes were achieved under the programme.

.

## Norm reduction campaign

One of the flagship projects of Prime Minister Sipilä's Government, which took office in 2015, was the reduction of norms and the simplification of legislation.

During the government term, a Finnish Council of Regulatory Impact Analysis was established, and the 'one in, one out' principle was introduced and piloted.

In addition, norm reduction projects were implemented at ministerial level.

Comparable comprehensive projects have not been taken since; however, improving the quality of regulation and reducing the administrative burden have remained on the agenda of successive governments, although with varying emphasis.

## Reducing the administrative burden

During the term of the Government led by Prime Minister Orpo, which took office in 2023, the 'one in, one out' principle has been applied to reduce the administrative burden on companies, alongside a target to reduce 300 norms deemed unnecessary.

'One in, one out' principle has been supported by the use of a regulatory burden calculator to ensure that the administrative burden on companies does not increase. However, the 'one in, one out' principle does not apply to EU legislation, and therefore the mechanism alone cannot guarantee that the administrative burden on companies will not increase.

One of the major initiatives of the government term is the establishment of a new Permitting and Supervisory Authority, which is scheduled to start operations as of the beginning of 2026.

## Regulatory burden report 2024

According to observations by the Ministry of Economic Affairs and Employment, government proposals implementing the 'one in, one out' principle have reduced the administrative burden on undertakings by a total of EUR 120 million.

However, companies participating in our study did not perceive a reduction in their administrative burden. When asked whether the findings of the report reflect their experience of the development of administrative burden, 15% of companies responded positively, while 85% responded negatively.

The reserved responses of companies may partly be explained by the fact that the reduction measures did not consider the various instruments of EU legislation whose implementation has imposed burden on Finnish companies.

VTV (2014) | TEM (2012) | Rantala & others (2018) | TEM (2024)

# Selected quotes from companies

” Preparing for CBAM took up a lot of working time. Fortunately, CBAM will not affect us after all.”

” A concrete reduction has been the postponed CSRD reporting obligation, which would have caused annual additional costs of 100,000–200,000 euros, bringing no added value other than an audited report.”

” We assume that the NIS2 and the related national legislation will, during the current year, impose contractual obligations and reporting requirements on us. The resulting additional costs are expected to amount to several hundred thousand euros per year.”

” Each new piece of legislation (including those still in preparation) forces us to shift our executives’ “available resources” from business development to understanding and analysing directives, building processes, and reporting — tasks that often require the use of external and expensive consultancy services.”

# Examples from Denmark?

## Digitalisation of financial reporting

As a significant proportion of the costs arising from financial reporting were considered unnecessary from the perspective of companies in our study, the question arises as to what measures could be taken to reduce these costs.

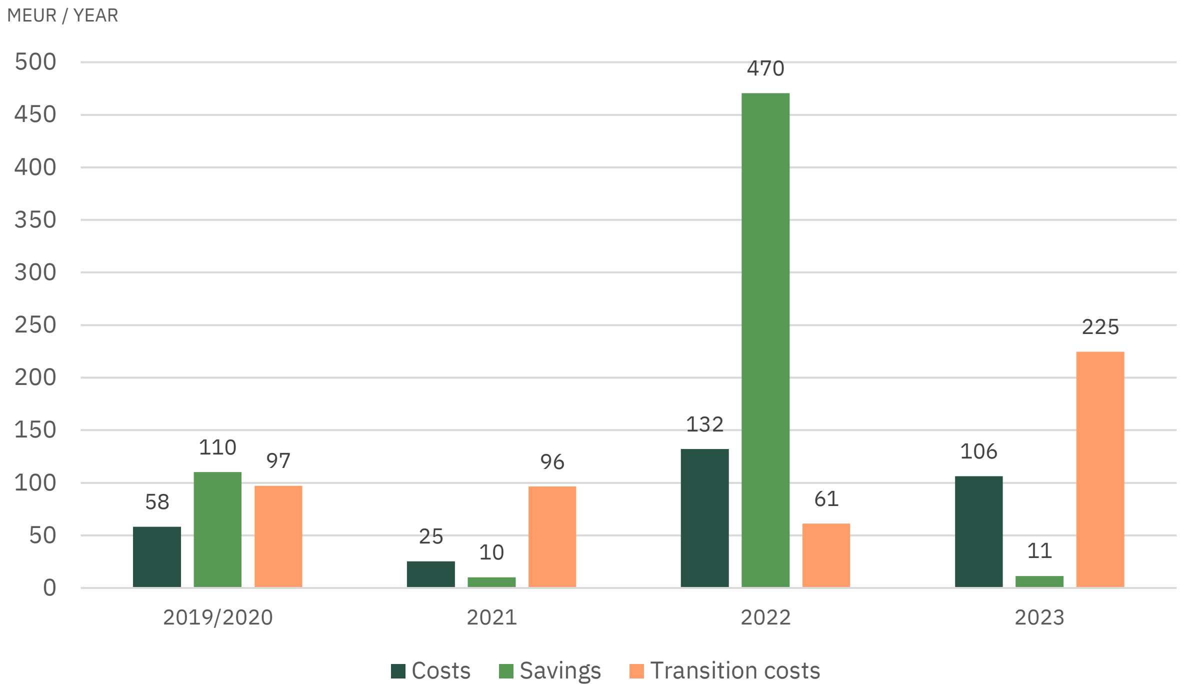
In Denmark, the digitalisation and automation of financial reporting were estimated to generate annual savings for undertakings of approximately EUR 400–500 million.

The digitalisation of financial reporting is assumed to lead also to the digitalisation of sustainability reporting.

The observations from Denmark serve as an example of how innovative regulatory policy can lead to solutions that facilitate the implementation of new regulatory frameworks.

At the same time, these observations support the view that the costs imposed on undertakings by regulation can be significantly reduced through purely national measures

## Regulatory costs in Denmark (modified)




Erhversministerit (2023)

# Examples from Germany?

In Germany, the regulatory costs have been followed since 2011 by an index that monitors the development of regulatory costs (see page 16).

The largest cost savings in Germany have been achieved through Bureaucracy Reduction Acts I–IV.

A significant proportion of the reductions achieved relate to the use of digitalisation in public services, invoicing and various contractual matters. Raising thresholds for accounting requirements has also been regarded as a means of reducing regulatory costs, particularly for SMEs.

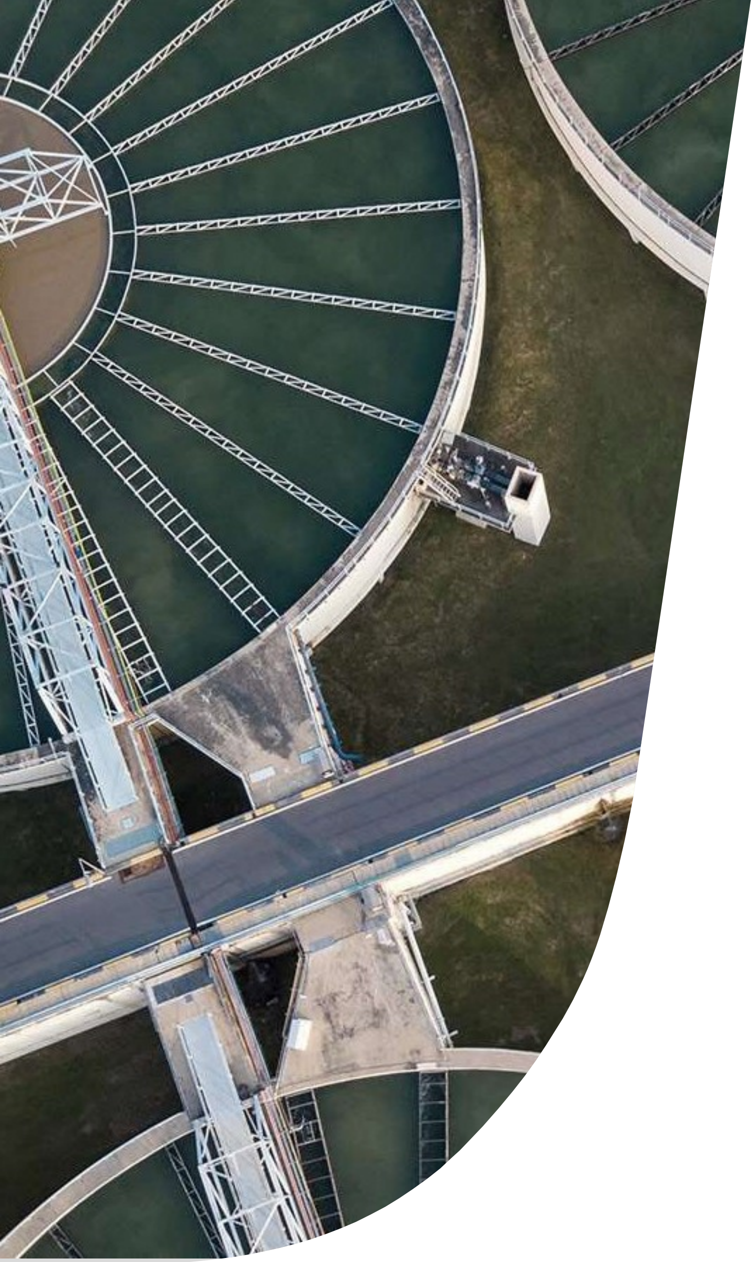
According to the 2024 Annual Report, the highest costs in the measurement history were anticipated to incur from the implementation of the CSRD: “Never before has one single regulatory initiative triggered such a large increase in bureaucracy costs.”

The National Regulatory Council considers that the next logical step in Germany would be to set concrete targets for reducing bureaucracy costs e.g. by EUR 4 billion per year, and to revise the ‘one in, one out’ principle in order to set a cap on the maximum costs and to take into account costs of EU legislation.

National Regulatory Council (2024) | Bundestag (2025)

# FOLLOW-UP QUESTION IV

What else should be taken into account?



# ...Quite a lot

It is evident that legislation generates numerous benefits: for example, environmental regulation ensures that industrial activities do not pose a risk of environmental pollution; participation in capital markets provides companies with broader financing opportunities; and data protection legislation ensures that personal data are processed appropriately.

The positive effects of regulation do not, however, cancel its costs or release decision-makers from the responsibility concerning those caused by it. Regulation can be streamlined also without compromising its core content. In addition, all regulation concerning companies is not necessary or proportionate.

Quantifying the monetary value of the benefits arising from legislation and weighing them against the harms is, in practice, particularly challenging and is not within the scope of this study.

The complexity of assessing the balance between benefits and harm is illustrated by the observations of the Finnish Council of Regulatory Impact Analysis, according to which the government proposals examined contained deficiencies in quantitative assessments and in the description of costs and benefits in 68% of the proposals assessed.

Finnish Council of Regulatory Impact Analysis (2024)

# Data protection as an example

An analysis focused on costs does not illustrate the adverse effects of legislation that restricts business activities.

According to observations by ETLA, strict data protection rules on the use of health data in the pharmaceutical and biotechnology sectors have been found to reduce R&D investments.

Following the entry into force of strict data protection rules, R&D investments by undertakings operating solely in domestic markets declined by 63%, whereas corresponding investments by multinational undertakings fell by approximately 27%.

In everyday business, the challenges arising from data protection rules do not primarily come from compliance costs, but from the restrictions imposed on business activities.

In an environment of strict data protection legislation, companies should plan in advance how they intend to use the data they collect in future product development or e.g. in training artificial intelligence.

Large multinational companies may have sufficient resources for such execises, but many SMEs lack the expertise and resources required, which is reflected in ETLA's findings as a substantial reduction in R&D investments.

ETLA (2025)

# The chemical industry as an example

The annual turnover of chemical industry undertakings operating in Finland is approximately EUR 30 billion, of which about half is attributable to exports, making the chemical industry Finland's second-largest export sector.

According to a survey by the Chemical Industry Federation of Finland (conducted in December 2024), 74% of companies in the sector consider that legislation affecting their business constitutes an obstacle to growth. The costs imposed on companies by legislation amount on average to approximately 4.5% of turnover i.e. EUR 495–660 million annually.

According to Cefic, the European Chemical Industry Council, regulatory costs are estimated to represent around 12–13% of total value added (up to twice as much as R&D expenditure).

Costs for the chemical industry arise i.e. from:

a) REACH registration: average costs per company are approximately EUR 44,000 for registration of 1–10 tonnes and EUR 95,000 per registered substance; for the 10–100 tonnes, costs per company average EUR 101,000 and EUR 280,000 per registered substance.

b) Under the extended producer responsibility introduced by forthcoming Urban Wastewater Directive the pharmaceutical and cosmetics sectors have been proposed as payers, even though micro-pollutants enter water from other sources as well. Investment costs for wastewater treatment plants range from EUR 280–815 million, with annual operating costs increasing by several million euros. This could have indirect effects on the availability of medicines in Finland, given that wholesale prices are already very low.

c) ” The quantities of product imports are reported once a year to the KemiDigi system maintained by Finnish Safety and Chemicals Agency (Tukes). This is very manual work, and the imported quantities must also always be declared to customs, so this information could very well go automatically from customs to Tukes. The chemical notifications of products are based on the product's safety data sheet, which must be attached as an annex to the chemical notification, but in addition the same information must also be entered manually into the KemiDigi system.

d) Additional costs have incurred by requests for information from authorities concerning products for which authorities already hold all necessary data in their own systems, as well as numerous requirements relating to the handling, transport and packaging of chemicals.

Cefic (2024) | EK (2025) | Chemical Industry Federation of Finland (2024) | European Comission (2018) | VTT (2024)

# Sources

**Bruegel (2024).** Simplifying EU law: A cumbersome task with mixed results. Available at: https://www.bruegel.org/analysis/simplifying-eu-law-cumbersome-task-mixed-results

**Bundestag (2025).** EU-Richtlinie zur Nachhaltigkeitsberichterstattung. Available at: https://www.bundestag.de/presse/hib/kurzmeldungen-1112542

**CEFIC (2024).** Facts and figures 2024. Available at: https://cefic.org/resources/powerpoint-2024-cefic-facts-and-figures/

**Draghi (2024).** The Draghi report on EU competitiveness. Available at: https://commission.europa.eu/topics/eu-competitiveness/draghi-report_en#paragraph_47059

**Epicenter (2024).** EU regulatory volume has doubled since the Treaty of Lisbon. Available at: https://www.epicenternetwork.eu/briefings/eu-regulatory-volume-has-doubled-since-the-treaty-lisbon/

**EIB (2023).** Investment barriers in the EU 2023. Available at: https://www.eib.org/attachments/lucalli/20230330_investment_barriers_in_the_eu_2023_en.pdf

**EK (2017).** Ympäristönsuojelulain muuttaminen (ilmoitusmenettely). Available at: https://ek.fi/lausunnot/ymparistonsuojelulain-muuttaminen-ilmoitusmenettely/

**EK (2025).** Tietoa Suomen taloudesta: Ulkomaankauppa. Available at: https://ek.fi/tutkittua-tietoa/tietoa-suomen-taloudesta/ulkomaankauppa/

**Erhvervsministeriet (2024).** Redegørelse om bedre regulering for erhvervslivet 2023. Available at: https://www.em.dk/aktuelt/udgivelser-og-aftaler/2024/jun/redegoerelse-om-bedre-regulering-for-erhvervslivet-2023

**ETLA (2025).** Privacy Regulation and R&D Investments: Causal Evidence from Global Pharmaceutical and Biotechnology Firms. Available at: https://www.etla.fi/julkaisut/working-papers/privacy-regulation-and-rd-investments-causal-evidence-from-global-pharmaceutical-and-biotechnology-firms/

**European Commission (2018).** Study on the impacts of the 2018 REACH registration deadline. Available at: https://op.europa.eu/en/publication-detail/-/publication/bbf2a250-c996-11eb-84ce-01aa75ed71a1/language-en

**HE (79/2025).** Hallituksen esitys eduskunnalle laiksi kirjanpitolain muuttamisesta annetun lain voimaantulosäännöksen muuttamisesta. Available at:  https://www.finlex.fi/fi/hallituksen-esitykset/2025/79

**Chemical Industry Federation of Finland (2024).** Sääntelystä yrityksille satojen miljoonien hintalappu vuodessa – kemianteollisuuden suhdannenäkymät edelleen heikot, lomautuksia ja irtisanomisia poikkeuksellisen paljon.

**Letta (2024).** Much more than a market: Report by Enrico Letta. Available at: https://www.consilium.europa.eu/media/ny3j24sm/much-more-than-a-market-report-by-enrico-letta.pdf

# Sources


**Finnish Council of Regulatory Impact Analysis (2024).** Lainsäädännön arviointineuvoston vuosikatsaus 2024. Available at: https://julkaisut.valtioneuvosto.fi/handle/10024/166163.

**Määttä & Tala (2015).** Mitä sääntely maksaa – sääntelytaakan ja lainsäädännön kustannusten tarkastelua. Available at: https://www.edilex.fi/artikkelit/14952

**National Regulatory Council (2024).** Annual report 2024: Good legislation. Digital administration. Less bureaucracy. Available at: https://www.normenkontrollrat.bund.de/Webs/NKR/EN/publications/Anual-Reports/Anual-Reports_node.html

**Politico (17.2.2025).** How von der Leyen blindsided Brussels with her deregulation drive. Available at: https://www.politico.eu/article/ursula-von-der-leyen-blindsided-eu-brussels-deregulation-drive/

**PTT (2025).** EU:n metsäkatoasetuksesta suurimmat kustannukset puuta käyttäville yrityksille ja suurille kaupan alan toimijoille. Available at: https://www.ptt.fi/eun-metsakatoasetuksesta-suurimmat-kustannukset-puuta-kayttaville-yrityksille-ja-suurille-kaupan-alan-toimijoille/

**Rantala & others (2018).** Sääntelytaakan arviointi ja vähentäminen. Available at: https://julkaisut.valtioneuvosto.fi/handle/10024/160704

**Statistics Finland (18.9.2025).** Kansantalouden vuositilinpito. Available at: https://stat.fi/tilasto/vtp

**TEM (2012).** Selvitys yritysten hallinnollisen taakan kehityksestä: loppuraportti, TEM raportteja 15/2012.

**TEM (2024).** Yksi sisään, yksi ulos – Vuosittainen taakkaraportti 2024. Available at: https://julkaisut.valtioneuvosto.fi/bitstream/handle/10024/166128/VN_2025_23.pdf?sequence=1&isAllowed=y

**Tillväxtverket (2024).** Regler som påverkar företagens kostnader och konkurrenskraft 2024. Available at: https://tillvaxtverket.se/tillvaxtverket/omtillvaxtverket/varauppdrag/allauppdrag/foretagensregelkostnader.2743.html

**Taxpayers Association of Finland (2025).** Verokertymä Suomessa. Available at: https://www.veronmaksajat.fi/tutkimus-ja-tilastot/suomen-verot-ja-menot/verotuotot/

**VTT (2024).** Yhdyskuntajätevesidirektiivinuudistuksen kustannukset - mikroepäpuhtauksien poisto ja hallinta. Available at: https://www.laaketeollisuus.fi/media/julkaisut/esitteita-ja-raportteja/vtt-raportti-yhdyskuntajatevesidirektiivin-kustannuksista-final.pdf

**VTV (2014).** Selvitys: Toimintaohjelma yritysten hallinnollisen taakan vähentämiseksi. Available at: https://www.vtv.fi/app/uploads/2018/06/25084220/toimintaohjelma-yritysten-hallinnollisen-taakan-vahentamiseksi-netti-02-2014.pdf