

BENCHMARKING COMPETITIVENESS CHECKS USED IN SELECTED EU IMPACT ASSESSMENTS FROM 2025-2026

EXECUTIVE SUMMARY

In 2023 the European Commission introduced mandatory competitiveness checks in impact assessments accompanying all of its legislative proposals, looking at **four dimensions of competitiveness**: i) cost and price competitiveness, ii) capacity to innovate, iii) international competitiveness, iv) SME competitiveness.

BusinessEurope has taken a look at selected competitiveness checks (see annex) to assess their quality, as a continuation of a [BusinessEurope pilot project from 2025](#). We analysed the competitiveness checks in the impacts assessments accompanying the:

- **Proposal for a revised Cybersecurity Act**
- **Proposal for a Regulation on Clean Corporate Vehicles**

In summary, the results of the benchmarking show:

- Revised Cybersecurity Act: **poor quality** (lack of quantitative evidence and an insufficient assessment of innovation impacts as well as supply chain and geopolitical risks).
- Regulation on Clean Corporate Vehicles: **poor quality** (lack of a quantitative and evidence-based analysis of the impacts on the capacity to innovate and on international competitiveness, as well as a lack of assessment of the four dimensions for the final adopted proposal).

Without questioning the methodology or the four dimensions used to assess the impact of legislative proposals on competitiveness, BusinessEurope urges the Commission to improve the quality and comprehensiveness of applying the competitiveness check. As with BusinessEurope's 2025 project, this benchmarking analysis reveals recurrent shortcomings, in particular in the assessment of impacts on international competitiveness and capacity to innovate. The competitiveness check should not become a mere "tick-the-box" exercise but should provide a meaningful and substantive analysis.

Based on the below analysis, BusinessEurope recommends to:

- **Strengthen the quality of the assessment across all four dimensions of competitiveness**, and particularly international competitiveness and capacity to innovate.

- ▶ **Provide a more robust, quantitative and evidence-based assessment of expected costs and benefits**, including compliance and implementation costs across the supply and value chain, investment needs, impact on R&D expenditure and innovation.
- ▶ Reinforce the evidence base through **strengthened stakeholder engagement** during the entire phase of conducting competitiveness checks.
- ▶ Establish at least potential **links between competitiveness impacts of the analysed policy intervention in question and related existing regulatory frameworks** to avoid cumulative impacts.
- ▶ Ensure **consistency between the competitiveness check conclusions and the political priorities** of competitiveness and regulatory simplification in the final legislative proposal.

A. PROPOSAL FOR A REVISED CYBERSECURITY ACT

When applying the competitiveness check, has the Commission used all the competitiveness check tools?

- The Commission has formally applied all the required competitiveness check tools by explicitly assessing the four dimensions of competitiveness in Annex 5 (cost and price competitiveness: neutral; international competitiveness: positive; innovation capacity: neutral; SME competitiveness: positive). However, the competitiveness check relies heavily on cross-references to Section 6 of the main Impact Assessment, making it read more as a compliance exercise than as a substantive assessment.
- Moreover, the neutral assessment of the cost and price competitiveness dimension is difficult to reconcile with the evidence presented in the Impact Assessment. The assessment quantifies the replacement cost for only one sector and for only non-upgradeable telecommunications equipment at between EUR 3.4 billion and EUR 4.3 billion, while data is missing for other sectors. It acknowledges that providers of European individual cybersecurity skills attestations would incur both one-off and recurrent administrative costs, which will vary depending on the certification scheme and assessment methods. At the same time, parts of the underlying analysis rely on questionable assumptions. In particular, it uses the cost of data breaches in the financial sector as a proxy for operational disruption costs across different sectors and assumes that reductions in post-incident mitigation time would translate proportionally into reductions in business losses. This overlooks the fact that the majority of losses typically occur during the initial stages of a cyberattack and may also include regulatory fines, that are not related to the period of dealing with the incident.

Are certain elements in the competitiveness check prevailing or insufficiently covered?

- The competitiveness check places considerable emphasis on expected benefits from streamlined rules and on the anticipated strengthening of the international standing of EU Conformity Assessment Bodies (CABs), which would certify applicants. However, these expected benefits are not quantified in a consistent manner. For example, the IA projects €14.6 billion in compliance savings but fails to account for the financial burden of new fees for certification maintenance and testing tools.
- While the Impact Assessment acknowledges geopolitical tensions as a challenge, these do not feature prominently in the competitiveness assessment as risks affecting either the ICT supply

chain framework or the certification framework. This is despite stakeholder feedback presented in the Impact Assessment indicating that geopolitical tensions have a negative to highly negative impact on the European Cybersecurity Certification Framework (ECCF).

Are there any quantifications of impacts that are obviously missing?

- Yes. The Impact Assessment quantifies replacement costs only for the telecommunications sector. It does not estimate replacement costs for other critical sectors, nor does it quantify the costs of purchasing new equipment from restricted market option, nor the FTE hours needed for integrating and testing that new equipment within existing systems. It claims that input and labour, production costs do not appear to be significantly impacted, however, substantiation of this claim appears to be missing.
- The assessment of innovation impacts is also limited and internally inconsistent. While Annex 5 concludes that the proposal has a neutral impact on innovation capacity, Section 6.1 states that restrictions on untrusted suppliers will “create new market opportunities for trusted suppliers, estimated at EUR 2 billion per year”, thereby stimulating innovation, research and development, and competitiveness in the internal market. It further states that SMEs would divert resources to “fueling business growth and innovation”. The competitiveness check does not explain or reconcile these differing conclusions.

What is the overall assessment of the competitiveness check - good, average, poor - as a basis for understanding the impact on competitiveness?

- **The competitiveness check provides a poor basis** for understanding the impact on competitiveness. The assessment acknowledges that the proposal will generate substantial costs for affected sectors, including equipment replacement and administrative burdens, yet these costs are only partially quantified and, in some cases, are based on questionable assumptions. At the same time, the expected competitiveness gains remain largely hypothetical and are not supported by quantitative evidence. The assessment also provides only a limited analysis of innovation impacts and gives insufficient consideration to supply chain and geopolitical risks. Overall, the competitiveness check functions more as a formal compliance exercise than as a robust basis for assessing the proposal’s impact on EU competitiveness.

RECOMMENDATION:

- **The competitiveness check should provide a more robust assessment of the expected impacts, especially of the ICT Supply Chain Framework at the time of the legislative proposal. In particular, it should: (i) quantify the main compliance, replacement and implementation costs across the affected sectors; (ii) substantiate the expected competitiveness benefits with evidence rather than relying on qualitative assumptions; (iii) provide a more consistent assessment of innovation impacts; (iv) explicitly assess supply chain and geopolitical risks to competitiveness; and (v) ensure that future sector-specific market analyses refine, rather than substitute for, the competitiveness assessment underpinning the legislative proposal.¹**

¹ Impact Assessment Report accompanying the Proposal for the Cybersecurity Act 2 , p. 94 (Option D.3): “The impact on competitiveness and innovation will be more effectively analysed through the market analysis that will be conducted in parallel to the EU coordinated security risk assessments, for each specific sector/ technology.”

B. PROPOSAL FOR A REGULATION ON CLEAN CORPORATE VEHICLES

When applying the competitiveness check, has the Commission used all the competitiveness check tools?

- The Commission has formally applied the competitiveness check for all four dimensions of competitiveness in Annex 5 (cost and price competitiveness: positive; capacity to innovate: positive; international competitiveness: positive; SME competitiveness: negative). The Commission assessed the impact on competitiveness for three sub-options of the preferred option. It is important to note, however, that the final proposal adopted by the Commission does not fully match any of the sub-options.
- Cost and price competitiveness: The Commission's assessment of the cost and price competitiveness is the most elaborate dimension and the only one with a full cost-benefit analysis, looking at a variety of factors such as fuel, operating and capital costs, tax expenditures, etc. The analysis looks at different levels of ambitions in terms of national targets, with the cost competitiveness scaling with ambition. It weights in the impact on SMEs and on the automotive manufacturers' competitiveness. However, while the check acknowledges the possibility of the different measures Member States may take to achieve their national targets, the check is missing a separate cost scenario and analysis of such measures. Measures such as company or category-specific targets and fiscal incentives are treated as interchangeable choices, even though it is likely to assume that the cost implications differ significantly.
- Capacity to innovate: The Commission's assessment of the capacity to innovate does not offer quantitative evidence, such as R&D spending, increase of investment, patent data, etc., but largely relies on a qualitative assessment. The assessment argues that increasing corporate demands creates a more stable environment for manufacturers, leading to more investment and incentives to develop ZEV models, greater understanding of ZEV use and ultimately, more innovation and technological development. While this a plausible argument, without a fully evidenced assessment based on quantitative data, the assessment reads more as a causal explanation of a chain of results and lacks a quantitative analysis of the innovation impact.
- International competitiveness: This dimension is arguably the weakest of the four. The competitiveness check argues that an improved cost structure of companies affected due to lower fuel and operating costs as well as increased competitiveness of manufacturers due to a more predictable planning will also improve their international competitiveness. However, this is the only dimension that does not scale with ambition (i.e. increased targets under the three different sub-options), without providing an explanation for the reasons. At the same time, the competitiveness check lacks any quantitative data to support this argument, for example through a comparison with third country competitors, such as Chinese or US manufacturers. Moreover, while the impact assessment includes an assessment of the impacts of EU content requirements in another chapter and Annex, including the EU manufacturers' exposure to non-EU supply chains, the competitiveness check itself lacks any analysis or mention of 'Made in EU' requirements, international dependencies, supply chains or relocation risks.
- SME competitiveness: With the only negative rating of all four dimensions, this is probably the most accurate assessment. It includes a causal pathway, quantified net benefits and costs, and a time factor. While the impact assessment states that SMEs are not directly affected by the initiative, as the scope excludes them, the competitiveness check rightly acknowledges important indirect impacts. It assumes that the increased demand for ZEVs by large companies reduces the

availability of and access to new-ZEV for SMEs in the short-to-medium term. This would result in higher operating costs for SMEs (as they are expected to purchase more new conventional vehicles), which is however partially offset over time by second-hand ZEV availability. While the inelastic supply claim slightly overlooks the possibility of elastic supply, it is a defensible short-term assumption. However, the competitiveness check overlooks another important indirect impact on SMEs: targets and requirements placed on larger companies may be passed on to SMEs through leasing, rental and financing arrangements, as many large companies also provide or finance vehicles for SMEs.

Are certain elements in the competitiveness check prevailing or insufficiently covered?

- The check assesses the impacts on competitiveness of three sub-options of the preferred policy option. However, while the basic legal architecture remains the same, none of the assessed sub-options fully match the proposal that was actually adopted by the Commission, which sets out less ambitious national targets, exclusion of heavy-duty vehicles, combined targets for ZEVs and low-emission vehicles, as well as softer conditionality on 'Made in EU'. Even without accounting for the changed design of the targets, with heavy-duty vehicles excluded from the final proposal, it can be assumed that the concluded cost and international competitiveness benefit is smaller. In a nutshell, it can be assumed that none of the assessment of the four dimensions can be read as literally applying to the adopted legislative proposal.

Are there any quantifications of impacts that are obviously missing?

- Any assessment and quantified cost-benefit analysis of the impacts of combined targets for low- and zero-emission vehicles – as adopted in the final legal text – are fully missing from the impact assessment. The assessed sub-options of the preferred option set out pure ZEV targets. Thus, while the impact assessment assesses the concept of combined targets qualitatively, it actually discarded it for “lack of external coherence as well as lack of effectiveness”², without providing any data-based assessment or reasoning.
- As outlined above, the competitiveness check lacks an evidence-based, quantitative assessment of the capacity to innovate. Aspects such as R&D spending, increase of investment, or patent data have not been assessed.
- Moreover, the competitiveness check lacks any quantitative analysis of the impact on the international competitiveness, especially of factors such as international dependencies, supply chains or relocation risks. It does not mention or include the assessment of the impacts of EU content requirements (which is done in another part of the impact assessment), nor does it quantify the assumption that companies will buy primarily EU-produced ZEVs as company cars.
- The different measures Member States may implement at national level to achieve their targets are not separately quantified, in particular company or category-specific targets.

What is the overall assessment of the competitiveness check - good, average, poor - as a basis for understanding the impact on competitiveness?

- **The competitiveness check provides a poor basis** to understand the competitiveness impacts of the proposal. The assessment of the innovation and international competitiveness dimensions are in particular insufficiently developed, lacking a comprehensive, quantitative and evidence-based analysis and largely relying on a qualitative assessment. Moreover, considering that the

² Impact Assessment report accompanying the Proposal for a Regulation on Clean Corporate Vehicles, p. 171 (Annex 7: Discarded Policy Options).



competitiveness check looks at three sub-options of the preferred policy option, which do not fully match the final proposal adopted by the Commission, it can be assumed that none of the assessment of the four dimensions can be read as literally applying to the adopted legislative proposal.

RECOMMENDATION:

- ▶ **The competitiveness check should provide a more robust and quantitative assessment of the expected impacts, especially on the capacity to innovate and international competitiveness, and provide a quantitative analysis of factors such as R&D spending, increase of investment, international dependencies and supply chains. Moreover, it should re-evaluate all four dimensions of competitiveness considering the legal framework as set out by the final proposal as adopted, thus providing a quantitative cost-benefit analysis of the impacts of: i) the combined zero- and low-emission vehicles targets, ii) the reduced vehicle scope (only vans and cars, with heavy-duty vehicles excluded), and iii) the narrow application of the EU content requirements.**

ANNEX: COMMISSION COMPETITIVENESS CHECKS AS INCLUDED IN THE IAS

A. PROPOSAL FOR A REVISED CYBERSECURITY ACT

Dimensions of Competitiveness	Impact of the initiative (++ / + / 0 / - / -- / n.a.)	References to sub-sections of the main report or annexes
Cost and price competitiveness	0	Section 6 of the main report
International competitiveness	+	Section 6 of the main report
Capacity to innovate	0	Section 6 of the main report
SME competitiveness	+	Section 6 of the main report and Annex 6

Source: Commission staff working document, Impact Assessment Report, accompanying the documents Proposal for a Regulation of the European Parliament and of the Council on the European Union Agency for Cybersecurity (ENISA), European cybersecurity certification framework, and ICT supply chain security and repealing Regulation (EU) 2019/881 (The Cybersecurity Act 2) and Proposal for a Directive of the European Parliament and of the Council amending Directive (EU) 2022/2555 as regards simplification measures and alignment with the [Proposal for the Cybersecurity Act 2] SWD(2026) 11 final ([link](#))

B. PROPOSAL FOR A REGULATION ON CLEAN CORPORATE VEHICLES

Dimensions of Competitiveness	Impact of the initiative (++ / + / 0 / - / -- / n.a.)	References to sub-sections of the main report or annexes
Cost and price competitiveness	++ for P01A and P01B / +++ for P01C	6.1.1, 6.1.5, 6.1.6, 6.1.7 and Annex 4 (sections 3, 4, 5, 6 and 7)
International competitiveness	+ for P01A / ++ for P01B / +++ for P01C	6.1.8
Capacity to innovate	+ for P01A, P01B and P01C	6.1.5
SME competitiveness	-- for P01A, P01B and P01C	6.1.6, Annex 4 (section 3 and 4) and Annex 6

Source: Commission staff working document, Impact Assessment Report, accompanying the document Proposal for a Regulation of the European Parliament and the Council on Clean Corporate Vehicles SWD(2025) 1060 final ([link](#))



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