



EU Policy Updates Note 7

07 / May – July 2025



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1. Introduction

This Note provides an overview of relevant EU policy developments in the four domains covered by the DignityFIRM project which took place between May and July 2025. In May, the European Commission proposed [measures](#) to ease the administrative burden and simplify access to financial support under the Common Agricultural Policy (CAP), as part of its [competitiveness strategy](#). Meanwhile, the negotiations advanced on the [Sustainability Omnibus package](#) and its proposed amendments to the [Corporate Sustainability Reporting Directive](#) (CSRD) and the [Corporate Sustainability Due Diligence Directive](#) (CSDDD). Discussions on the [next Multiannual Financial Framework \(MFF\)](#) also gained momentum, with the Commission's proposal to restructure the EU budget raising **questions and uncertainty, including on the future CAP**. This Note also includes an update on the **extension of temporary protection for Ukrainians** until March 2027 and the [Mid-term review of the Action Plan on Integration and Inclusion](#). Developments not covered in this Note include progress in the negotiations of new rules concerning [unfair trading practices](#) (see [Note 5](#)) and the [common market organisation of agricultural products \(CMO Regulation\)](#) (see [Note 4](#)). Negotiations of the proposed Return Regulation which would reform rules on repatriations of irregularly staying non-EU nationals are advancing (see [Note 6](#)), with [political pressure](#) upping and the file being prioritised by both the [Danish Council's Presidency](#) and the European Parliament (EP), where the Dutch [MEP Azmani](#) (Renew) was nominated rapporteur.

2. EU Developments

The European Commission proposes CAP simplification, prompting mixed reactions

In May, the European Commission unveiled its [plan](#) to reduce red tape and simplify rules to access EU funding under the current [CAP](#) (see also [Note 3](#)), with the proposal now under discussion within the EP and the Council. The initiative enacts one of the priorities laid out in the [Vision for Agriculture and Food](#) (see [Note 6](#)). Key [proposed changes](#) include **simplified payment schemes** in support of small farmers and higher [annual payment](#) caps. Further changes include **less frequent on-site inspections** by responsible authorities and **new crisis payments to support farmers** affected by a range of natural and other disasters. These new payments would not be subject to [social conditionality](#). The proposal sparked mixed reactions. [Farmers' associations](#) welcomed the incentive-based approach taken by the Commission and its efforts to remove "[unnecessary over-administration](#)". Other [commentators](#) warned that **frequent regulatory shifts** could undermine farmers' long-term planning and investments. [Workers' associations](#) expressed concerns about the exemption of crisis payments from social requirements, urging co-legislators to maintain their commitments to decent work.

Discussions on the Sustainability Omnibus package advance within the Council and Parliament

Negotiations are proceeding in earnest on the [Sustainability Omnibus package](#) following the Commission's proposal to simplify due diligence requirements under the CSDDD and sustainability reporting obligations under the CSRD (see [Note 6](#)). As part of the [Omnibus](#), the EU [co-legislators](#) had already

agreed to postpone existing CSRD reporting deadlines and the CSDDD transposition. Yet, the [French and German governments](#) argued that this did not go far enough, calling for the CSDDD and “other regulations” to be scrapped altogether. Despite such calls, the Council successfully adopted its [general approach](#), which will serve as a basis for negotiations with the EP, starting in autumn. The [Council](#) aims to further **reduce the scope of the CSRD** compared to the Commission’s proposal, meaning that fewer companies would be subject to sustainability reporting rules. Regarding the **CSDDD**, while the Commission did not propose to change the already limited [scope](#), member states want to narrow it down further by **only subjecting larger companies** (with over 5000 employees and an annual turnover of €1.5 billion) to due diligence obligations. Under the same instrument, the Council’s negotiating position maintains the Commission’s proposal that companies should carry out full risk assessments only for their [direct suppliers](#). Companies would only need to investigate other actors within their supply chain based on “reasonably available information”. Reaching a negotiating mandate may prove harder for the EP. The [rapporteur](#) (European People’s Party, Sweden) published his proposed amendments. Pending a positive vote by the EP plenary [scheduled for October](#), these will enable MEPs to enter negotiations with the Council. Similarly to the Council, the rapporteur proposed to **raise the thresholds** above which companies would be subject to reporting and due diligence obligations. Yet, [conflicting views](#) exist in the [EP](#), suggesting that discussions among political groups will not be straightforward.

As the post-2027 EU budget takes shape, concerns grow over CAP and social inclusion funds

The [MFF](#) defines the available resources to implement the EU’s policies and sets rules for their expenditure. In the current MFF, the CAP benefits from a [standalone budget](#) representing roughly one-third of the entire EU budget. Migration and inclusion policies are funded through multiple instruments like the Asylum Migration and Integration Fund (AMIF), the European Regional Development Fund (ERDF), and the

European Social Fund+ (ESF+). With the current budget period approaching its end, discussions on the [post-2027 framework](#) gained momentum. In a [Communication](#) from last February, the Commission outlined several [ideas](#) for the next MFF, with a formal legislative proposal expected for [July](#). To respond to new economic and geopolitical realities, the Commission envisages a **profound restructuring of the EU budget**. According to a [leaked memo](#), the next MFF would be structured around three main pillars: “Member States’ plans, competitiveness, and external action”. In the Commission’s view, this would create a simpler and more effective [framework](#). It would overcome the current “[rigid](#)” programming that earmarks funds under different policy areas and makes it hard to re-allocate them. [Additional sources](#) confirm that funds which are currently separate - including the CAP and some migration funds - would be merged. Their [disbursement](#) would be linked to the achievement of reforms and goals outlined by member states and their regions in **national plans** to be validated at the EU level. While no official decision has yet been made and these ideas remain under discussion, if adopted, they would mark a **major departure from the current MFF**. In response to these ideas, [EU agriculture ministers](#) and [MEPs](#) voiced concerns, with the proposal also sparking [farmers' protests](#) in Brussels. [Critics](#) argued that, without a dedicated [CAP budget](#), the next framework could raise **uncertainty for farmers**, affecting the sustainability of the agri-food chain. Additionally, while the “[nationalisation](#)” of CAP funds could create [measures](#) tailored for diverse EU contexts, it may lead to **fragmentation and unfair competition** between farmers in different states. Other [commentators](#), by contrast, pointed to the flexibility and better support that could come from the reform, enabling more effective responses to unexpected challenges. The new budget will also impact **integration policies**. [Several](#) civil society organisations ([CSOs](#)) and [trade unions](#) called for the next **ESF+ to remain a standalone instrument**, with increased funding for social inclusion. They highlighted the vital role of ESF+ for inclusion, anti-discrimination and anti-poverty efforts. They also called for EU funds to reach all migrants in need, regardless of their legal status. Relatedly, while

barriers remain, ESF+ is one of the few flexible instruments allowing, in principle, support for the inclusion of irregular migrants. The MFF [negotiations](#) should start in the summer, following the Commission's proposal, and be over by 2027. As the EP must give its green light and member states must agree unanimously, difficult negotiations can be anticipated.

The EU extends temporary protection for Ukrainians and prepares for an exit strategy

In June, the Council unanimously supported the European Commission's proposal to [extend temporary protection](#) until March 2027. The [extension](#) will provide beneficiaries of temporary protection with **continued access to residence and social rights** (see [Note 4](#)). [Commentators](#) dubbed this a pragmatic choice offering a degree of continuity. Yet, uncertainty remains about post-March 2027 scenarios, with pressure mounting on member states to either facilitate orderly return or secure stay. To this end, the [Commission](#) also proposed a **two-pronged transition strategy**. First, it encouraged member states to [support voluntary return](#) through reintegration assistance, exploratory visits, and information centres, called "[Unity Hubs](#)". Yet, due to uncertainty linked to the war, many displaced Ukrainians are expected to remain in the EU, at least until safety is guaranteed. On this account, the Commission also recommended that member states facilitate the transition to **national residence permits** before 2027, based on EU instruments or national law. The [discretion](#) left to national authorities in implementing the recommended measures will likely ensure states' support for the Commission's proposal. However, this strategy could lead to [uneven implementation and outcomes](#). For [commentators](#), it could also lead to political tensions linked to onward movements within the EU, other than making returns to Ukraine more unpredictable. [CSOs](#) also expressed concerns over **gaps for vulnerable groups** who may not be eligible for national residence permits and may end up in an irregular situation.

Review of EU Action Plan on Integration and Inclusion shows progress but gaps remain

In June, the Commission released the [Mid-term review of the EU Action Plan on Integration and Inclusion \(2021-2027\)](#). The [Action Plan](#) aims to **support the integration of migrants** and "EU citizens with a migrant background" across policy areas like education, employment, health, and housing. While the EU has limited competences over integration policies, the Action Plan aims to **coordinate national strategies** and the **use of EU funding**. The review reveals that, despite some progress, **migrants still face many integration challenges**. Employment rates increased in the referenced period, but **obstacles remain in accessing the labour market** and having qualifications and skills recognised. Many migrants also struggle in **accessing** adequate housing and **essential services**, such as healthcare. The review also examines the use of the various **EU funds** that can support the integration of migrants. It notes that, while EU guidance and innovative practices at the national level have improved coordination, key stakeholders, including CSOs and local and regional authorities, report **difficulties in accessing funding, among others, due to red tape**. These insights and best practices relating to the use of EU funds should inform the design of the next programming period as well as discussions on the new MFF (see above). Notably, despite previous [calls from CSOs](#) to make all migrants eligible for EU support, **irrespective of their residence status**, some passages of the review explicitly refer to "[migrants legally residing in the EU](#)". This suggests that support for irregular migrants may be further limited in the future.

This note is published on a quarterly basis.

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ABOUT DignityFIRM

Towards becoming sustainable and resilient societies we must address the structural contradictions between our societies' exclusion of migrant workers and their substantive role in producing our food.

www.dignityfirm.eu



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