

29 September 2025

Open Public Consultation on the 28th regime – an EU corporate legal framework

Introduction

NFU welcomes the opportunity to contribute to the European Commission's consultation on the design of a new 28th regime for company law. We recognise the importance of enabling European companies, particularly start-ups and scale-ups, to grow across borders, attract investment, and fully benefit from the Single Market. Stronger productivity growth depends on the ability of firms to scale, integrate new technologies, and challenge incumbents. Achieving this requires regulatory coherence, access to finance, and an environment where innovative firms can flourish.

At the same time, NFU stresses that the harmonisation of company law must not undermine the labour market models and social security systems that have been key to Europe's competitiveness, resilience, and social stability. For NFU, it is vital to distinguish between regulatory fragmentation that genuinely restricts business expansion and the national frameworks that safeguard workers' rights, ensure fair competition, and uphold Europe's social and economic model.

Barriers to Scaling Up in the Single Market

Evidence from international institutions, including the IMF and the European Investment Bank, highlights the significant barriers that currently prevent European firms from scaling up. Divergent national regulations increase compliance costs and legal uncertainty, discouraging companies from expanding across borders. Europe's financial system, which remains heavily bank-based and nationally segmented, restricts the flow of risk capital that innovative firms need to grow. Barriers to trade in services are particularly high, with tariff-equivalent restrictions more than double those in goods markets. Together, these factors limit innovation and investment, reduce Europe's attractiveness to entrepreneurs, and often push promising firms to relocate outside the EU in search of more supportive conditions.

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NFU supports an approach, which proposes a 28th regime as an optional and complementary corporate legal framework. Such a regime should provide simplified and flexible rules that reduce unnecessary administrative burdens for companies operating across borders, while leaving national company laws intact. It should not replace or harmonise away the diversity of national corporate law traditions but rather create an additional, voluntary instrument that businesses may choose if it supports their cross-border ambitions.

By lowering compliance costs, ensuring greater predictability, and improving legal certainty for investors, the 28th regime could strengthen the Single Market and make Europe more attractive for innovative entrepreneurs. NFU believes this regime should be designed in a way that facilitates company mobility and investment without imposing top-down uniformity that risks undermining established national practices.

Preserving Europe's Social and Labour Models

While NFU recognises the benefits of reducing fragmentation in company law, we emphasise that labour law and social security provisions cannot be treated as barriers to integration. These frameworks fulfil essential purposes by protecting workers' rights, maintaining fair competition, and preserving the social standards that underpin public trust in European integration.

The Nordic countries illustrate how strong labour protections and competitiveness can reinforce one another. Employment relations in this region are governed primarily by collective bargaining between trade unions and employers' organisations, rather than by detailed state legislation. The system is rooted in the principle of flexicurity, which balances relatively flexible dismissal rules for employers with strong social security provisions and active labour market policies for workers. This balance has made the Nordic labour markets highly attractive to global investors and has supported the development of a dynamic ecosystem for start-ups and scale-ups. Repeatedly, the Nordic Council of Ministers has underlined that this model is a competitive advantage for the region and an essential element in sustaining innovation-led growth. Any top-down EU approach that marginalises the role

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of national social partners would risk undermining a system that has consistently delivered both competitiveness and social cohesion.

Legal Basis for Future Legislation

NFU notes with concern that discussions on the legal basis of a possible proposal have mentioned Article 114 TFEU, which addresses the functioning of the internal market, together with Article 153(1) TFEU, which relates to social policy. While Article 114 may provide a sound foundation for measures aimed at reducing barriers to business integration, NFU strongly opposes extending such a framework into areas governed by Article 153(1). Labour law, including conditions for redundancies and individual dismissals, falls under the competence of Member States and, in the Nordic context, is regulated primarily through collective bargaining. Extending EU legislation into this field would undermine the autonomy of social partners, conflict with the principle of subsidiarity, and threaten the institutional balance that has helped to shape well-functioning national labour markets.

Conclusion

In case the European Commission does indeed intend to put forward a legislative proposal in furtherance of the development of a 28th regime for company law, NFU recommends to be guided by the approach taken by the European Parliament's INL draft report. Such a regime should be complementary to national company laws, and focused on reducing regulatory fragmentation that impedes cross-border business growth. It should not encroach upon labour law or social security systems, which remain essential to Europe's identity, resilience, and long-term success. By striking this balance, the EU can create a Single Market that fosters innovation and competitiveness while preserving the fairness, stability, and trust that underpin sustainable economic growth.

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