

16. July 2025

Dear Commissioner Dombrovskis,

we are appealing to you as European Commissioner responsible for Implementation and Simplification regarding the Commission's proposal for a regulation on combating late payment in commercial transactions from September 2023.

The Commission, with you as the Commissioner responsible, has announced ambitious targets for the next five years to simplify existing regulations and strengthen the competitiveness of the EU single market. As set out in the [Communication](#) on implementation and simplification, it is one of the Commission's main goals to radically lighten the regulatory load for people, businesses and administrations in the EU.

In general, we support the Commission's goal to reduce red tape and to make it easier for EU companies to operate across the single market – a goal that has also been expressed in the single market strategy 2025. Therefore, we agree with the statement made in the Communication that *“Strengthening the EU's competitiveness has become more important than ever in today's volatile and uncertain world.”* However, the introduction of additional layers of red tape without benefits for the functioning of the single market would be detrimental for this goal.

For this reason, we call on you to withdraw the Commission's proposal for a late payment regulation.

The proposal is not only unfit to achieve its declared aim to create a culture of prompt payment, but it also thwarts the Commission's efforts in ensuring a level playing field in the single market with regard to companies not established in the EU. The newly envisaged requirements of the proposed regulation would have far-reaching negative effects in their entirety.

Among other things, a uniform rigid payment deadline for all sectors would disproportionately interfere with contractual freedom. In addition, the proposal would not only undermine the freedom of contract underlying the civil law system of the Member States but also jeopardize the open market economy with free competition guaranteed by EU law (Art. 3 (2) TEU, Art. 119, 120 TFEU, Art. 16 Charter of Fundamental Rights), which is inconceivable without private autonomy.

A [study](#) by Allianz Trade has shown that these rigid payment deadlines, which offer significantly less flexibility than the current situation, would increase financing gaps. Shortening payment periods to 30 days would require European companies to raise additional funds amounting to 2 trillion Euros, which at current interest rates would increase companies' interest payments by 100 billion Euros. According to the study, this would correspond to a margin loss of 2 percentage points. Such financing bottlenecks would of course ultimately have a particularly negative impact on SMEs whose competitiveness the EU Commission actually wants to improve with its proposal.



Furthermore, when SMEs are in the position of debtors, they rather benefit from flexible and longer payment periods.

The proposal would also increase administrative burdens with the planned creation of new enforcement authorities. According to the proposed text, these are supposed to have powers that belong to public administrative law, such as checking whether businesses comply with civil law provisions. Such authorities are not needed; court proceedings or judicial dunning procedures are suitable measures for responding to payment defaults. In light of the Commission's political promises to reduce red tape, the introduction of such structures would be counterproductive.

In summary, this legislation would cause unjustifiable damage and is likely to have a further negative impact on the global competitiveness of the EU single market. The proposed changes, such as the restriction of contractually agreed payment terms, would have a negative impact on many sectors, especially those, with very complex supply structures where flexible payment terms are essential to maintain liquidity. This proposal is therefore incompatible with the aforementioned objectives of the EU Commission. This is even more evident when the current discussions on ensuring a level playing field in the EU single market with traders from third countries is taken into account: The proposal contradicts the objectives set out by the Commission with its E-Commerce Toolbox from February 2025 – namely achieving a level playing field in the single market with traders from third states and ensuring fair competition. The proposed late payment regulation would create additional difficulties for companies based in Europe, thus putting them at a global competitive disadvantage and additionally have far-reaching and negative effects on the EU single market as a whole.

A majority in the Council also sees those major problems with this suggested legislation and consistently rejects the proposal.

We therefore call on you to withdraw this proposal as part of the Commission's ongoing measures to simplify existing regulations and strengthen competitiveness. This would be an important and timely move to strengthen the single market and to move closer to achieving these important objectives of the European Commission.

We kindly ask for your support in that matter and remain at your disposal for any questions or discuss the matter further.