EU Regulatory Observatory:

EU Digital Omnibus: Simpler Rules, Same Regulatory Weight

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Summary

- The Digital Omnibus is a regulation consolidation exercise, not a deregulation initiative. It aims to streamline the machinery of EU digital governance, not reduce its scope or stringency.

- Simplification does not equal deregulation. The Digital Omnibus modifies how rules operate; it does not examine whether they are justified. Businesses will experience less administrative friction but no real easing of compliance requirements.

- The initiative focuses on reporting efficiency, legal clarity, and interoperability rather than market freedom. All regulatory obligations remain intact, including those under the Artificial Intelligence Act, the Network and Information Security Directive (updated), the Digital Operational Resilience Act, and data rules. The outcome is a cleaner, more coherent framework that continues to regulate just as much as before. It reflects the EU's procedurally liberal but substantively conservative approach to digital regulation. Competitiveness gains will be marginal unless the EU also addresses regulatory intensity and proportionality.

- The EU Regulatory Observatory expert panel's assessment characterised the Digital Omnibus as a mix of liberal and non-liberal policies, with the majority of them falling in the middle of the spectrum (average score of 6.55/10, with 0 = complete regulation and 10 = complete deregulation).

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Introduction

The Digital Package (Digital Omnibus) is part of the European Commission's simplification and competitiveness agenda, and is designed to make EU digital legislation more coherent and less administratively burdensome. It forms the digital aspect of the Regulatory Fitness and Performance Programme/Omnibus initiative, which aims to modernise EU law and streamline compliance without undermining essential safeguards in data protection, cybersecurity, and artificial intelligence.

More precisely, the Digital Omnibus is part of the Commission's broader agenda to simplify EU rules and strengthen competitiveness within the Single Market. The initiative focuses on three main areas:

1. Simplifying data rules to make cookie and tracking consent more consistent and less burdensome for users

2. Harmonising cybersecurity reporting requirements across various EU laws, such as the Network and Information Security Directive (updated) (NIS2), Digital Operational Resilience Act (DORA), and Critical Entities Resilience Directive (CER)

3. Refining the Artificial Intelligence Act (AI Act) to ensure better technical alignment and smoother implementation once it takes effect

Its aim is to review and streamline digital regulation covering areas such as data, cybersecurity, AI, and digital product compliance in order to reduce administrative burdens and duplication (of procedures and requirements) for businesses, especially small and medium-sized enterprises (SMEs) and mid-cap firms. More specifically, it aims to simplify incident and data breach reporting requirements across overlapping legal frameworks, clarify rules on cookies and data access for innovative business models, and ensure that the recently adopted rules, such as the AI Act, are applied in a predictable, proportionate, and innovation-friendly way. By doing this, the Commission hopes to reduce the regulatory 'drag' on companies operating in the digital space, support growth and investment, and cut administrative burdens by at least 25% for all businesses (and 35% for SMEs) by the end of its current mandate.

Overall, its objectives are to:

- Simplify and clarify rules that have become overly complex or inconsistent

- Reduce red tape and compliance costs, particularly for SMEs

- Modernise requirements to match today's technological realities

- Improve the coherence between frameworks on data, cybersecurity, and AI

The ultimate goal of the exercise is to ensure high standards of consumer, data, and cybersecurity protection. The initiative focuses on three main policy areas:

- Data legislation, to simplify cookie and tracking rules to enable more uniform consent and reduce compliance fatigue

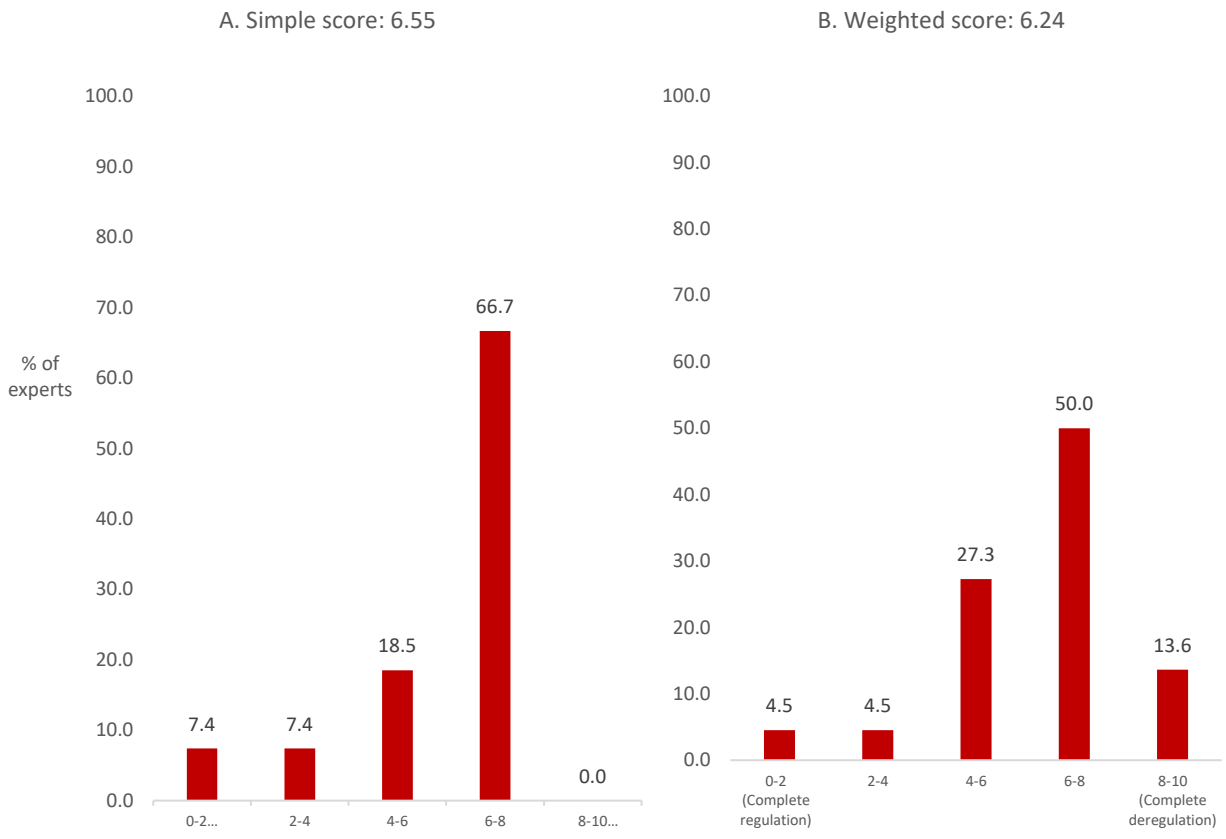
- Cybersecurity, to harmonise incident-reporting obligations across the NIS2, DORA, and CER

- The AI Act, to introduce technical refinements to improve interoperability and implementation once the act is in force

The EU Regulatory Observatory's assessment of the Digital Package

The expert panel's assessment of the Digital Package (Digital Omnibus) indicates a deregulation-leaning stance, although some experts perceived it as having anti-liberal components. The average score is 6.55 out of 10 (where 0 = complete regulation and 10 = complete deregulation; see Figure 1A). The weighted score[1] is 6.24/10, indicating a slightly less liberal, but still pro-liberal, bearing, according to experts who were more confident in their responses (Figure 1B).

Figure 1. Percentages of scores and average scores in the EU Regulatory Observatory's assessment of the Digital Package



Notes: A: The simple average does not account for the experts' confidence levels and the harmonisation of responses along the regulation–deregulation scale; N = 22. B: The weighted average accounts for both the experts' confidence levels and the harmonisation of responses along the regulation–deregulation scale; N = 22.

Source: Authors' analysis

[1] The weighted average accounts for both the experts' confidence levels and the harmonisation of responses along the regulation–deregulation scale. For more details, see the methodological note at the end of this brief.

The quite large standard deviation of the responses (more than 1.5 points) reveals the extent of the panel members' disagreement. Experts who viewed the Digital Omnibus as having a pro-liberal stance considered it a positive steptowards simplifying the EU's digital regulatory landscape, as the package intends to reduce compliance burdens, particularly for SMEs, and to eliminate overlapping or redundant obligations, especially in areas such as cybersecurity reporting, cookie consent, and data governance. Several experts noted that the initiative restructures the relationship between existing laws – including the AI Act, General Data Protection Regulation (GDPR), and Electronic Identification, Authentication and Trust Services – without removing core consumer protections. They perceived this as a pragmatic reset of digital rules that could promote innovation, competitiveness, cross-border interoperability, and administrative efficiency, without fundamentally weakening safeguards. Most experts viewed the initiative as a pro-liberal effort aimed at reducing administrative burdens, legal fragmentation, and compliance costs – especially for SMEs. The panel believes that the initiative is on the right path to addressing the concerns of Europeans and EU businesses regarding the use and adaptation of AI as well as issues concerning private data and its security. Nonetheless, they think that there is still a lot of space for improvement, as well as a risk of abusing some individual liberties, as explained in the next paragraph.

A minority of experts expressed concerns about certain anti-liberal elements, particularly the introduction of the European Digital Identity Wallet. They argued that this might pave the way for increased state surveillance and centralised control of personal data. Although the initiative is framed as improving user-friendliness, critics argue that it lacks compelling public support and poses long-term risks for privacy and individual autonomy, with a potential for illiberal outcomes. For these experts, the package moves closer to centralised oversight under the guise of digital convenience, raising red flags about state overreach and the erosion of liberal democratic principles. Expert opinions in the middle of the scale acknowledged the benefits of simplification and streamlining but stressed the lack of detail in the proposal and questioned whether real deregulation will occur. Several experts argued that the reform represents a regulatory reset rather than a rollback, as it seeks to clarify and simplify the existing EU framework for digital transformation instead of dismantling it. In addition, some responses point to ambiguities in implementation, especially regarding the alignment of the AI Act and GDPR, and suggest that simplification might result in stricter uniform obligations rather than genuine regulatory lightening. The package appears to be a well-intentioned but incomplete and potentially contradictory initiative whose real impact will depend on its final form and execution.

The good, the bad, and the ugly of the Digital Package

The Digital Omnibus regulation can be interpreted as a manifestation of the EU's commitment to market liberalisation, regulatory efficiency, and individual autonomy within the framework of the Digital Single Market.

By attempting harmonisation through a single regulatory act, the initiative aims to ensure a level playing field across member states, thereby facilitating competition and innovation without imposing excessive administrative burdens. Its emphasis on simplification and consistency reflects a push for regulatory proportionality, that is, ensuring that legal obligations are not more restrictive than necessary to achieve legitimate policy goals such as consumer protection or cybersecurity. Moreover, the initiative's reliance on a regulation rather than a directive signifies a preference for legal clarity and efficiency as well as for minimising the discretionary power of national authorities and safeguarding against protectionist or interventionist distortions within the internal market. However, while the Commission frames the initiative as part of its drive to enhance competitiveness, simplification does not equate to deregulation. Therefore, the Digital Omnibus should be understood as a regulation consolidation exercise rather than a liberalisation of Europe's digital rulebook. The Digital Omnibus leaves the substantive regulatory framework intact. It modifies how obligations are administered but does not examine whether they are necessary or proportionate.

Its main achievements are likely to be the following:

- Streamlined reporting: The creation of harmonised channels will reduce duplicate submissions.
- Improved interoperability: Data, AI, and cybersecurity frameworks will be aligned to avoid overlap.
- Greater legal certainty: Clearer guidance will be provided on compliance obligations.
- Administrative efficiency: Regulators and companies will be able to manage existing rules more effectively.
- Simpler and more coherent rules: Several existing digital laws will be brought under one framework, reducing complexity and making EU digital law easier to understand and apply.
- Easier cross-border operations: With harmonised rules across member states, businesses will be able to operate more easily throughout the EU without having to meet different national requirements.
- More transparency and accountability: Standardised procedures and reporting will promote clearer oversight and stronger trust between the EU, businesses, and citizens.
- Better use of data for policymaking: Improved data collection and comparison will allow EU institutions to design and adjust digital policies based on real evidence.
- Stronger global influence: By setting consistent digital standards, the EU will strengthen its global role and influence in shaping international digital regulation, while protecting its interests from competitors, especially China.

In essence, the Digital Omnibus reduces friction but not regulation. It aims to make digital transformation easier and more transparent, thereby protecting consumers and businesses within the EU. It aims to provide answers to what will happen as AI and other cutting-edge technologies rapidly expand. It facilitates better governance of regulation rather than proposing deregulatory measures. As such, the exercise remains procedurally liberal but substantively conservative, a sign of Europe's cautious, risk-averse regulatory culture in the digital domain.

Conclusions and policy recommendations

The Digital Omnibus is a useful but limited measure. It improves the machinery of EU digital governance without questioning its volume. Europe's regulations will increase in clarity and administrative efficiency, yet their ecosystem will remain dense and prescriptive. To genuinely enhance competitiveness, the next phase should address the depth and proportionality of regulation, not merely its format.

It is important to note that by consolidating fragmented rules and simplifying procedures related to data management, cybersecurity reporting, cookie consent, and digital identity, the proposal brings much-needed clarity, consistency, and efficiency. Businesses, particularly SMEs, stand to benefit from reduced duplication of reporting and greater legal predictability. However, as several experts in the panel observed, the reform polishes rather than prunes the EU's regulatory landscape. It reorganises the existing layers of law without reducing their overall weight, reflecting a broader tendency in EU policymaking to pursue harmonisation through additional frameworks rather than regulatory restraint. To really enhance competitiveness and innovation, the next phase of digital policy should move beyond structural tidiness and confront the depth, necessity, and proportionality of existing rules. A meaningful reform agenda would involve critically reassessing overlapping mandates, ensuring coherence across instruments such as the GDPR, Data Act, and AI Act, and

embedding flexibility for experimentation and technological evolution, so that Europe's digital governance system becomes not only clearer but also leaner, more adaptive, and a genuine enabler of growth.

Looking ahead, the EU could strengthen the liberal orientation of the Digital Omnibus by further promoting openness, proportionality, and flexibility in its regulatory landscape. Such an approach would emphasise market freedom and innovation while ensuring that rules remain light-touch, evidence-based, and adaptable to technological change. This could involve adopting principles-based regulation rather than overly prescriptive standards and allowing companies to meet objectives in diverse and creative ways. The EU could also expand regulatory sandboxes and experimental governance mechanisms to encourage responsible innovation under controlled conditions, particularly for SMEs and start-ups. Furthermore, enhancing stakeholder participation – through transparent consultation, co-regulation, and stronger involvement of civil society and industry networks – would align digital governance with the liberal values of pluralism and accountability. Finally, by promoting mutual recognition and international regulatory cooperation, EU member countries can reinforce their commitment to open markets and global interoperability, ensuring that the EU's digital framework remains competitive, inclusive, and firmly grounded in liberal democratic principles.

We make the following recommendations:

1. **Shift the focus from simplification to proportionality:** Evaluate whether existing reporting obligations produce value relative to their cost, not just whether they are easy to meet.

2. **Introduce periodic regulatory audits:** Review digital acts such as the AI Act, NIS2, and DORA every three to five years in terms of performance and necessity.

3. **Consolidate supervisory interfaces:** Develop a single EU-wide digital compliance portal integrating reporting for data, cybersecurity, and AI laws.

4. **Enable experimental regulatory spaces:** Create digital sandboxes granting SMEs temporary regulatory flexibility to test innovative solutions.

5. **Build simplification into future legislation:** Embed interoperability and duplication prevention clauses at the drafting stage of all new digital laws.

6. **Enhance stakeholder participation:** Ensure that initiatives more actively involve stakeholders throughout the design and implementation phases of the regulatory process. By fostering open and participatory dialogue, the EU can narrow the perceived gap between the 'Brussels bureaucracy' and the market ecosystem, thereby strengthening legitimacy, improving regulatory outcomes, and ensuring that governance remains light-touch, proportionate, and innovation-friendly.

7. **Produce flexible regulations:** Given the constant pace of technological change, it is essential that EU regulations remain both evidence-based and adaptable. Regulatory frameworks should be designed with built-in flexibility to accommodate emerging technologies and evolving market dynamics without requiring continual legislative overhaul. By grounding policymaking in empirical evidence, risk assessment, and technological foresight, the EU can ensure that digital governance remains realistic, future-proof, and innovation-enabling, rather than rigid or outdated.

Conclusion

The results of the EU Regulatory Observatory's assessment are presented both as a simple and as a weighted average in order to (a) calibrate the different perceptions and biases of the experts on the regulation–deregulation scale, (b) take into account the experts' confidence in their area of expertise, and (c) account for the extent to which the rating is informed by the experts' knowledge of the digital sector.

This process involved three key steps:

1. Harmonising perceptions and reducing biases: The experts were asked to rate 40 hypothetical scenarios (vignettes) in each policy area (King et al. 2004; Pemstein et al. 2020) to evaluate whether the policy is moving towards more regulation (anti-liberal) or more deregulation (pro-liberal). To ensure comparability across respondents, we used a standardised scale of 0–10, where:

- 0 = complete regulation (anti-liberal stance),
- 5 = no change/status quo, and
- 10 = complete deregulation (pro-liberal stance).

To improve interpretive accuracy, vignettes were designed separately for eight distinct policy areas in which liberalisation may take different forms:

1. Digital platforms
2. Environment and emissions
3. Trade policy
4. Common fisheries policy
5. Common commercial policy
6. Agricultural policy
7. Energy markets
8. Consumer protection

Each vignette set consisted of five imaginary policy scenarios ranging from strongly regulatory to strongly liberalising.[2] These served as scale anchors, allowing for the standardisation of the experts' ratings across and within areas.

2. Compiling the experts' ratings: The experts evaluated the EU regulations using the same scale.
3. Recording the experts' confidence levels: For each regulation, the experts reported their confidence regarding their topic-specific expertise and the extent to which their ratings were informed by their expertise (both on a 0–10 scale).

[2] While the assignment of ideal scores is necessarily subjective to some extent, we aim to operate within the boundaries of mainstream policy consensus to ensure broad acceptability and analytical clarity. Ratings that deviate substantially from common interpretations are reviewed and revised accordingly, based on expert feedback.

The final weighted average score is computed as follows.

Rescaling procedure

Let X_i denote the raw rating given by expert i to the vignette set, and let Y denote the pre-specified 'true' rating of the vignettes. For each expert, we estimated a simple linear regression model:

$$Y = a_i + b_i \bullet X_i$$

The resulting coefficients a_i (intercept) and b_i (slope) capture the expert's idiosyncratic use of the response scale.

Subsequently, all real directive ratings provided by expert i were adjusted as follows:

$$Y_{ij} = a_i + b_i \bullet X_{ij}$$

where Y_{ij} is the standardized liberalisation score assigned by expert i to directive j, and X_{ij} is the original raw score for that directive.

Confidence and expertise weighting

To incorporate experts' self-assessments of their confidence, we applied a calibrated confidence-weighted adjustment to each expert's rating, ensuring that the evaluations are not excessively distorted. Traditional linear weighting methods tend to disproportionately suppress scores with moderate confidence, pulling down the mean rating significantly. We followed this weighting method to preserve the core evaluative signal of the base rating – especially for moderately confident assessments – while still rewarding higher confidence and down-weighting uncertain responses in a controlled and proportional manner.

Let the base score provided by expert i be defined as

$$S_i = \text{Intercept}_i + \text{Slope}_i \bullet \text{Expertise}_i$$

where Intercept and Slope are derived from the vignette results of each participant to harmonise the regulation–deregulation scale, while Expertise is the self-rated domain knowledge on a scale of 0–10. The adjusted (final) score is then computed as

$$\hat{S}_i = S_i \bullet 1 + \alpha \bullet \frac{C_i - \bar{C}}{C_{\max}}$$

where $C_i = C_i^{\text{policy}} + C_i^{\text{content}}$ is the sum of the expert's two confidence ratings (each on a 0–10 scale). $\bar{C} = 10$ is the neutral midpoint of the total confidence score (used as the baseline), $C_{\max} = 20$ is the maximum possible combined confidence, and α is a gain parameter controlling the sensitivity of the adjustment to confidence (e.g., $\alpha = 0.25$).

This adjustment ensures that if $C_i = 10$, then $\hat{S}_i = S_i$ (no change); if $C_i > 10$, then $\hat{S}_i > S_i$ (slight upward adjustment), and if $C_i < 10$, then $\hat{S}_i < S_i$ (mild discounting).

The choice of α determines the extent to which confidence modifies the score. In our case, we set $\alpha = 0.25$, such that a fully confident response ($C_i = 20$) is scaled up by 12.5%, while a minimally confident one ($C_i = 0$) is scaled down by 12.5%. This creates a bounded influence window, avoiding extremes while maintaining relative differences.

This method draws on soft-threshold weighting methods described in the expert assessment literature (e.g., Belton and Stewart 2002; Cooke 1991) and achieves the goal of respecting expertise without allowing a few confident respondents to disproportionately skew the aggregate outcomes.

Our panel of experts

The EU Regulatory Observatory panel comprises 34 experts, representing more than 25% of the current EU member countries. Most of them (62%) hold a PhD in their area of expertise. The majority (66.7%) work as researchers or policy advisors in think tanks, government bodies, or non-governmental organisations, while one out of five (20.8%) hold tenure track or tenured academic positions, as lecturers, associate professors, or professors; the rest of the experts (12.5%) are researchers in academic institutions (including PhD candidates and postdoctoral fellows). Two-thirds of the panel (66%) have more than eight years of professional experience.

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