

Newsletter



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Regulation Is Becoming a Competitive Strategy

Why the EU is using regulation to shape markets, not just govern them

For much of the past three decades, European regulation has primarily sought to safeguard competition, reduce market failures, and establish a predictable legal framework for businesses. Regulatory intervention was designed to ensure that markets functioned efficiently, while allowing market forces to determine economic outcomes.



Recent developments suggest that this role is evolving. Increasingly, regulation is no longer viewed solely as a mechanism for governing markets, but also as an instrument for shaping them. Alongside its traditional objectives of protecting competition and consumers, the European Union is using regulation to strengthen competitiveness, encourage investment, enhance resilience, accelerate innovation, and reinforce Europe's strategic autonomy. Rather than viewing regulation solely as a compliance mechanism, policymakers increasingly regard it as a catalyst for investment, innovation, and long-term economic resilience.

This shift is visible across a wide range of recent initiatives. The revised EU Merger Guidelines acknowledge that scale, innovation, and investment may strengthen Europe's global competitiveness. The Omnibus Simplification Package seeks to reduce unnecessary regulatory burdens while maintaining policy objectives. The Savings and Investments Union aims to mobilise private capital to support economic growth, while initiatives relating to critical entities, cybersecurity, energy, and digital infrastructure increasingly focus on resilience and long-term economic security.



Importantly, these developments do not suggest that traditional regulatory principles are being abandoned. Competition, consumer protection, financial stability, and the rule of law remain central objectives. Rather, the broader policy context has changed. Today's regulatory framework increasingly recognises that economic resilience, technological leadership, secure supply chains, and access to investment are themselves conditions for sustainable competitiveness.

This evolution also reflects a growing recognition that regulation and economic policy can no longer be viewed in isolation. In an environment characterised by geopolitical uncertainty, technological disruption and increasing global competition, regulatory frameworks are being designed not only to mitigate risks, but also to support long-term investment, innovation, and sustainable economic growth. In this context, regulatory policy is increasingly operating alongside industrial, trade, competition, and investment policy, reflecting a more integrated approach to Europe's long-term economic objectives.

For businesses, this evolution has important practical implications. Regulatory developments should no longer be viewed solely through the lens of compliance. They increasingly influence investment decisions, financing opportunities, corporate strategy, governance, supply-chain management, innovation, and market positioning.

Organisations that understand the strategic direction of regulation may be better placed to anticipate change rather than merely respond to it. Ultimately, the European regulatory agenda appears to be entering a new phase. Regulation is no longer only about establishing the rules of the market; it is increasingly becoming part of Europe's broader economic strategy. For businesses operating within the European Union, understanding this shift may prove to be as important as understanding the rules themselves.



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