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Europe must be a rule-maker, not a rule-taker

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In the coming days, the European Union will choose whether to lead the global sustainable finance system or step back as negotiations between the EU parliament, the European Commission and the Council of the EU conclude. This decision will determine who sets the standards for transparency, climate transition finance and corporate accountability for European companies — and whether the EU remains a rulemaker or becomes a rule taker in a system shaped elsewhere. The question is not only about sustainability, it is about competitiveness and sovereignty. And we cannot hand over to other jurisdictions the power to decide what European companies should report, or how their transition plans should look.

For Europe, safeguarding long-term competitiveness means moving away from fossil fuels while avoiding new forms of dependency. Succeeding or failing will have profound consequences — not only for our domestic performance, but for Europe's position in the global landscape. We rely on the high standards of our financial institutions and banks. But if we backtrack and accept lower standards — inconsistent information that is less reliable — we will lose our identity and our purpose.

Several major economies are now following in Europe's footsteps, mandating transition plans and introducing demanding climate disclosure rules. Fast-growing regions — from parts of Africa to Latin America — increasingly require environmental and social standards as conditions for investment, access to markets and participation in new value chains. They want growth that is sustainable, resilient and delivers for their citizens.

These are precisely the areas where the EU has a unique value proposition: combining environmental ambition, social rights and responsible business conduct. But we cannot defend this approach if we stop measuring it, weaken traceability, or discard the tools that allow us to verify compliance.

If Europe dilutes its framework, we would be outsourcing parts of our economic and environmental strategy to other jurisdictions. EU companies would face higher financing costs, weaker credibility with investors and reduced access to sustainable capital, jeopardising priorities such as strengthening energy security and building a genuine savings and investment union.

Reliable, high-quality and easily comparable information is the foundation on which companies design credible strategies, investors assess risks and financial supervisors fulfil their mandates. Without it, banks and asset managers would slide back to the era before sustainable finance, when they had to approach companies individually for data. This would raise costs and weaken the fight against greenwashing.

Europe could simply follow external approaches or fully defer to international standards shaped elsewhere. But it is possible to ensure compatibility with global norms while preserving its ability to decide what to adopt, when and under what conditions. The choice is not between Europe and the world; it is between shaping global priorities or depending on those set by others.

We cannot afford inconsistency if we want an economy capable of producing high-quality goods and services. Reliable information, clear standards and credible transition plans are indispensable to building competitive value chains, strengthening resilience and ensuring that Europe remains an attractive destination for investment.

Europe can and must simplify rules where necessary, reduce unnecessary burdens and improve consistency. But giving up on transparency, reliability and diligence — or outsourcing core elements of our transition — is not simplification. It is self-harm. Europe has always competed through high standards, innovation and quality of life. It can still lead on all these fronts — but only if it chooses to do so.