

Single Market emergency instrument

2022/0278(COD) - 19/09/2022 - Legislative proposal

PURPOSE: to establish a Single Market emergency instrument (SMEI).

PROPOSED ACT: Regulation of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: the Single Market is one of the EU's greatest assets and provides the backbone for the EU's economic growth and wellbeing. Recent crises, such as the COVID-19 pandemic or Russia's invasion of Ukraine, have demonstrated some **vulnerability of the Single Market and its supply chains** in case of unforeseen disruptions.

The EU was not sufficiently prepared to ensure efficient manufacturing, procurement and distribution of crisis-relevant non-medical goods such as personal protective equipment, especially in the early phase of the COVID-19 pandemic and the *ad-hoc* measures taken by the Commission in order to re-establish the functioning of the Single Market and to ensure the availability of crisis-relevant non-medical goods during the COVID-19 pandemic were necessarily reactive. The pandemic also revealed **insufficient overview of manufacturing capacities** across the Union.

Actions by the Commission were delayed by several weeks due to the **lack of any Union wide contingency planning** measures and of clarity as to which part of the national administration to contact to find rapid solutions to the impact on the Single Market being caused by the crisis.

In addition, it became clear that uncoordinated restrictive actions taken by the Member States would further aggravate the impacts of the crisis on the Single market. It emerged that there is a need for arrangements between the Member States and Union authorities as regards contingency planning, technical level coordination and cooperation and information exchange.

The proposal therefore aims to address two separate but interrelated problems: **obstacles to free movement of goods, services and persons** in times of crisis and **shortages of crisis-relevant goods and services**.

The Single Market Emergency Instrument complements other EU legislative measures for crisis management like the Union Civil Protection Mechanism, as well as EU rules for specific sectors, supply chains or products like health, semiconductors or food security, which already foresee targeted crisis response measures.

CONTENT: the Commission seeks to establish a **framework of measures to anticipate, prepare for and respond** to impacts of crises on the Single Market, with the purpose of safeguarding the free movement of goods, services and persons and of ensuring the availability of goods and services of strategic importance and crisis-relevant goods and services in the Single Market.

The Single Market Emergency Instrument (SMEI) includes the following components:

- an **advisory group** to advise the Commission on the appropriate measures for preventing or addressing the impact of the crisis on the Single Market;

- a framework for **contingency planning** which includes: (i) arrangements for **crisis protocols and crisis communication** and training and **emergency simulations** in view of ensuring timely cooperation and exchange of information between the Commission, Member States and relevant Union level bodies and; (ii) **ad-hoc alerts** for early warning system for any incidents that significantly/seriously disrupt or have the potential to significantly/seriously disrupt the functioning of the Single Market and in its supply chains of goods and services;

- a framework for **Single Market vigilance** which will be the framework for impacts of significant incidents that have not yet escalated into a full-blown Single Market emergency. It requires activation when an incident that has occurred has the potential to significantly disrupt the supply chains of goods and services of strategic importance or which causes **firsts signs of severe shortages** of such goods and services. Monitoring the supply chain of goods and services as well as building up strategic reserves of such goods;

- a framework for **Single Market emergencies** which includes measures to improve **transparency and facilitate free movement**. Under extraordinary circumstances, and only when the emergency mode has already been activated, the Commission may also make use of tools which will require a **separate activation step**. In this case, the Commission may issue targeted information requests to economic operators, which can be made **binding**. It may also ask them to accept priority rated orders for crisis-relevant products, in response to which firms must either comply or explain the grave reasons justifying refusal. Furthermore, the accelerated placing on the market of certain products through **quicker testing and accreditation**, including through conformity assessment, will ensure their availability during emergencies.