



Single Market Emergency Instrument

Overview presentation

*Unit GROW.A4 Strategy and Regulation: Single Market and Industrial Policy
European Commission*

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Political and legal context

- Calls by the European Council to draw lessons from COVID-19 pandemic and to build a more robust and resilient economic base
 - European Council in its Conclusions of 1-2 October 2020 stated that the EU will draw the lessons from the COVID-19 crisis and address remaining fragmentation, barriers and weaknesses of the Single Market in facing emergency situations.
 - The meeting of EU leaders in Versailles on 10-11 March 2022 highlighted the need to build a more robust economic base, which is more resilient, competitive and fit for the green and digital transitions, building on the strengths of the Single Market
- Industrial Strategy Update of 5 May 2021
- Commission Work Programme 2022

Objectives of SMEI

General Objective

Anticipate, prepare for and respond to impacts of crises on the Single Market

Specific Objectives

Safeguard the free movement of goods, services and persons

Ensure availability of goods and services of strategic importance and crisis-relevant goods and services

SMEI package

- SMEI package formally adopted by the Commission on 19 September 2022
- Components of the package:
 - Main Regulation establishing a Single Market Emergency Instrument and repealing the Strawberry Regulation
 - Regulation and Directive amending a number of product-specific regulatory regimes
 - Impact Assessment
- [Link to the press materials](#) (also with links to legal acts)

Architecture of the instrument

Advisory group

Contingency
planning

Regular activities

Single Market
vigilance mode

- Activated by COM Implementing Act
- for six months max

Single Market
emergency
mode

- Activated by Council Implementing Act
- for six months max

Including
exceptional
measures

- Additional individual activation by COM Implementing Act

Key definitions

- **‘Crisis’** means an exceptional unexpected and sudden, natural or man-made event of extraordinary nature and scale that takes place inside or outside of the Union;
- **‘Single Market vigilance mode’** means a framework for addressing a threat of significant disruption of the supply of goods and services of strategic importance and which has the potential to escalate into a Single Market emergency within the next six months;
- **‘Single Market emergency’** means a wide-ranging impact of a crisis on the Single Market that severely disrupts the free movement on the Single Market or the functioning of the supply chains that are indispensable in the maintenance of vital societal or economic activities in the Single Market;
- **‘crisis-relevant goods and services’** means goods and services that are indispensable for responding to the crisis or for addressing the impacts of the crisis on the Single Market during a Single Market emergency.

Legal basis and scope of the proposal

Legal basis:

- Article 114 TFEU (internal market legal basis)
- Articles 21 and 45 TFEU (for provisions on free movement of persons and workers)
- Article 91 (transport, only for the Directive amending harmonised rules)

Excluded completely from the scope:

- financial services
- semiconductors
- energy products such as electricity, gas and coal
- medicinal products, medical devices and medical countermeasures (certain specific provisions of SMEI apply)

Coherence ensured with key existing and forthcoming crisis response mechanisms

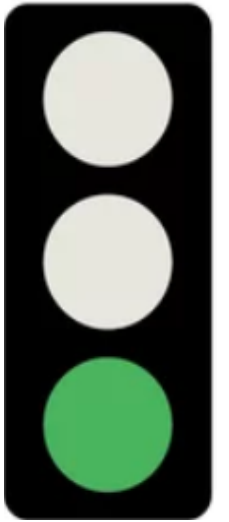
- Union Civil Protection Mechanism (UCPM)
- Integrated political crisis response mechanism (IPCR)
- European Health Emergency Preparedness and Response Authority (HERA) and European Health Security Framework
- European food security crisis preparedness and response mechanism
- Commission proposal for Chips Act
- Commission proposal for the revision of the Schengen Borders Code
- Commission proposal for a directive to enhance the resilience of critical entities providing essential services in the EU
- Contingency plan for transport

Governance structure: Advisory group

- Establishment of the Single Market advisory group
- Composition: chaired by the Commission, one representative of each MS
- Meetings at least 3 times per year
- Can be invited as observers: EP, EEA EFTA states, economic operators, stakeholders, social partners, experts
- Advises if a threat to the Single Market is present (for vigilance mode) and if the criteria for activation have been fulfilled (for emergency mode)
- Tasks in contingency framework: proposing cooperation arrangements, assessing significant incidents reported by Member States
- Tasks in vigilance mode: gathering foresight, data analysis and market intelligence, analysing data, consulting and facilitating exchanges of information
- Tasks in emergency mode: analysing crisis-relevant information, advising on the implementation of specific measures, reviewing national crisis measures, facilitating exchanges and sharing of information

Contingency planning

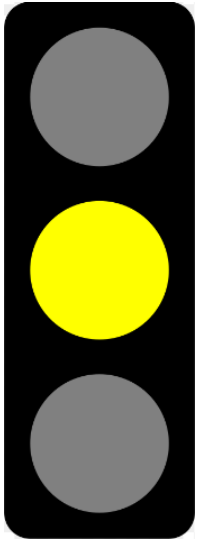
- Central liaison offices
 - Union level central liaison office
 - Central liaison offices per Member State
- Crisis protocols
 - Crisis cooperation, exchange of information and crisis communication
 - Arrangements for timely cooperation and secure exchange of information
- Trainings and simulations
 - For the staff of central liaison offices
- Ad hoc alerts for early warning
 - Notified by central liaison offices



Framework for Single Market vigilance

Single Market vigilance activation

- Activation: Commission Implementing Act
- Maximum duration: 6 months, can be extended
- Criteria:
 - a framework for addressing a threat of significant disruption of the supply of goods and services of strategic importance (*=goods and services that are indispensable for ensuring the functioning of the Single Market in strategically important areas and which cannot be substituted or diversified*)
 - and which has the potential to escalate into a Single Market emergency within the next six months



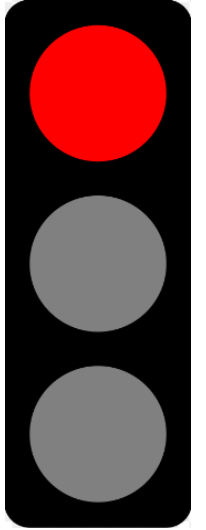
Single Market vigilance measures

- Monitoring by the Member States of supply chains of goods and services of strategic importance
 - Goods and services identified in the IA activating the vigilance mode
- Strategic reserves
 - Identification by the COM
 - Request to information to MS by means of COM IA
 - Individual targets by means of COM IA
 - Binding decision requiring MS to build up reserves by means of COM IA
- Joint procurement or procurement by the Commission on behalf of the Member States

Framework for Single Market emergency

Single Market emergency activation

- Activation: Council Implementing Act
- Maximum duration: 6 months, can be extended
- Previous activation of vigilance mode not required
- Criteria:
 - a wide-ranging impact of a crisis on the Single Market that severely disrupts the free movement on the Single Market
 - OR the functioning of the supply chains that are indispensable in the maintenance of vital societal or economic activities in the Single Market
- Indicators to be taken into account:
 - Previous activation of UCPM, HERA, IPCR
 - Estimation of the number of economic operators or users relying on the disrupted sector(s)
 - Impact on economic and societal activities, environment, public safety
 - Geographic area, cross-border impacts
 - Absence of substitutes



Measures on free movement, transparency and administrative assistance

- General requirements for measures restricting free movement
 - Must be limited in time, removed as soon as possible, no undue administrative burden etc
- Prohibited restrictions of free movement
 - Intra-EU export bans on crisis-relevant goods and services
 - Restrictions on free movement of persons involved in the production of crisis-relevant goods or provision of crisis-relevant services etc
- Reinforced notification procedure
 - Possibility of a Commission decision
- Single points of contact in MS and the Union

Measures on availability of crisis-relevant goods and services

- Coordinated distribution of strategic reserves (recommendation to MS)
- Other measures (recommendations to MS)
 - Facilitating the expansion or repurposing of existing or the establishment of new production capacities for crisis-relevant goods
 - Facilitating the expansion of existing or the establishment of new capacities related to service activities
 - Accelerating permitting of crisis-relevant goods
- Joint procurement or procurement by the Commission on behalf of the Member States

Exceptional measures requiring dual activation

- Additional activation by means of Commission Implementing Acts
- Information requests to economic operators
 - Only if businesses refuse to share the information on a voluntary basis
 - Information on production capacities, possible existing stocks, expected output schedules, supply chain disruptions
- Priority rated orders
 - Only if businesses refuse to prioritise orders on a voluntary basis
 - ‘Comply or explain’ principle
 - Release from liability
- Targeted amendments to harmonised product legislation (via separate ‘Omnibus proposals’)

Structure of the Omnibus proposals

- The Omnibus proposals are built upon a set of reference Articles, which are adapted to the specificities of each sector;
- The proposed Articles will be incorporated in the amended legal frameworks;
- Not all reference Articles are relevant for all sectorial frameworks and only the relevant ones are included;
- The common denominator between the sectorial legal frameworks which the Proposals aim to amend all:
 - concern harmonised products;
 - follow the principles of the New Approach to technical harmonisation and
 - are partially or fully aligned to the New legislative framework principles and reference provisions therein.

Main elements of the Omnibus proposals

- Prioritisation by the notified bodies of the applications for conformity assessment concerning crisis-relevant products;
- Possibility for the national competent authorities to issue authorisations for products in derogation to the requirement of mandatory involvement of a notified body;
- Possibility to rely on relevant national and international standards in order to demonstrate compliance;
- Possibility for the Commission to adopt via implementing acts common specifications for crisis-relevant goods conferring a presumption of conformity;
- Possibility for the Commission to adopt via implementing acts mandatory common specifications for crisis-relevant goods;
- Prioritisation of market surveillance activities concerning crisis-relevant goods and mutual assistance among market surveillance authorities.

Thank you



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