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Proposal for a
REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
for a Single Market Emergency Instrument

(Text with EEA relevance)

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

• **Reasons for and objectives of the proposal**

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 how fragile the Single Market can be in case of unforeseen disruptions and, at the same time, how much the European economy and all its stakeholders rely on a well-functioning Single Market. In the future, in addition to geopolitical instability, climate change and resulting natural disasters, biodiversity loss, and global economic instability may lead to other, new emergency situations. For this reason, the functioning of the Single Market needs to be guaranteed in times of emergency.

The impact of a crisis on the Single Market can be two-fold. On the one hand, a crisis can lead to the appearance of obstacles to free movement within the Single Market, thus disrupting its functioning. On the other hand, a crisis can amplify the shortages of crisis-relevant goods and services if the Single Market is fragmented and is not functioning. As a result, supply chains can swiftly become interrupted, companies face difficulties in sourcing, supplying or selling goods and services. Consumer access to key products and services becomes disrupted. Lack of information and legal clarity further exacerbate the impact of these disruptions. In addition to direct societal risks caused by the crisis, citizens, and in particular vulnerable groups, are confronted with strong negative economic impacts. 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.

In close cooperation with all Member States and other existing EU crisis instruments, SMEI will provide a strong agile governance structure as well as a targeted toolbox to ensure the smooth functioning of the Single Market in any type of future crisis. It is likely that not all of the tools included in this proposal will be needed simultaneously. The purpose is rather to brace the EU for the future and equip it with what may prove to be necessary in a given crisis situation severely affecting the Single Market.

The European Council in its Conclusions of 1-2 October 2020¹ stated that the EU will draw the lessons from the COVID-19 pandemic and address remaining fragmentation, barriers and weaknesses of the Single Market in facing emergency situations. In the Update of the Industrial Strategy Communication², the Commission announced an instrument to ensure the free movement of persons, goods and services, as well as greater transparency and coordination in times of crisis. The initiative forms part of the Commission Work Programme for 2022³. The European Parliament welcomed the Commission's plan to present a Single Market Emergency Instrument and called on the Commission to develop it as a legally binding structural tool to ensure the free movement of persons, goods and services in case of future crises⁴.

• **Consistency with existing policy provisions in the policy area**

A number of EU legal instruments lay down provisions which are relevant for the management of crises in general. On the other hand, certain EU frameworks and recently adopted Commission proposals lay down more targeted measures which focus on certain aspects of

¹ <https://www.consilium.europa.eu/media/45910/021020-euco-final-conclusions.pdf>.

² COM(2021)350 final.

³ https://ec.europa.eu/info/publications/2022-commission-work-programme-key-documents_en.

⁴ European Parliament resolution of 17 February 2022 on tackling non-tariff and non-tax barriers in the single market (2021/2043(INI)).

crisis management or are relevant for specific sectors. The Single Market Emergency Instrument will apply without prejudice to the provisions put forward by these targeted crisis management instruments, which are to be considered as *lex specialis*. Financial services in particular are excluded from the scope of the initiative due to the existence of a dedicated crisis-relevant framework in this area.

Interplay with horizontal crisis response mechanisms

The integrated political crisis response mechanism (IPCR)⁵ is among the horizontal crisis response mechanisms⁶. The Presidency of the Council of the EU uses the IPCR to facilitate information sharing and political coordination among the Member States in responding to complex crises. The IPCR was activated for the first time in October 2015 for the refugee and migration crisis. Since its activation, it has been instrumental in monitoring and supporting the response to the crisis, reporting to Coreper, the Council and the European Council. The IPCR has also been used to exercise the Union response to major crises caused by cyber-attacks, natural disasters, or hybrid threats. More recently, the IPCR mechanism has also been convened after the outbreak of the COVID-19 pandemic.

Another EU mechanism for general crisis response is the Union Civil Protection Mechanism and its Emergency Response Coordination Centre (ERCC)⁷. The ERCC is the Commission's central operational 24/7 hub for first emergency response, the establishment of strategic stockpiles at the EU level for emergency response ("rescEU"), disaster risk assessments, scenario building, disaster resilience goals, EU wide overview of natural and man-made disaster risks, other prevention and preparedness measures, such as training and exercises.

- **Consistency with other Union policies**

Interplay with measures targeting specific aspects of crisis management

The above-mentioned horizontal crisis response mechanisms are supplemented by other more targeted measures, focusing on specific aspects of the Single Market such as the free movement of goods, common rules on exports or public procurement.

One such framework is the Regulation (EC) No. 2679/98 setting up a response mechanism to address obstacles to the free movement of goods attributable to a Member State leading to serious disruptions and requiring immediate action ('The Strawberry Regulation')⁸. This Regulation provides for a mechanism of notification as well as a system of information exchange between the Member States and the Commission. (See sections 8.1 and 8.2 for more details.)

The Regulation on common rules for exports⁹ allows the Commission to subject certain categories of products to an extra-EU export surveillance or to an extra-EU export authorisation. The Commission was subjecting certain vaccines and active substances used for the manufacture of such vaccines to export surveillance¹⁰ on this basis.

⁵ <https://www.consilium.europa.eu/en/policies/ipcr-response-to-crises/>.

⁶ It was formally set up by Council Implementing Decision (EU) 2018/1993 of 11 December 2018 on the EU Integrated Political Crisis Response, on the basis of previously existing arrangements.

⁷ Laid down by the Decision (EU) 1313/2013 governing the functioning of the Union Civil Protection Mechanism.

⁸ Council Regulation (EC) No 2679/98 of 7 December 1998 on the functioning of the internal market in relation to the free movement of goods among the Member States, *OJ L 337, 12.12.1998, p. 8*.

⁹ Regulation (EU) 2015/479 of the European Parliament and of the Council of 11 March 2015.

¹⁰ Commission Implementing Regulation (EU) 2021/2071 of 25 November 2021.

Other economic measures include negotiated procedure and occasional joint procurement by the Commission on behalf of the Member States¹¹.

Interplay with sector-specific crisis measures

Certain EU frameworks lay down more targeted measures which focus only on certain specific aspects of crisis management or only concern certain specific sectors.

The Commission communication “Contingency plan for ensuring food supply and food security”¹² draws lessons learnt during the COVID-19 pandemic and previous crises with the objective to step up coordination and crisis management including preparedness. To this end, the contingency plan puts forward key principles to be followed to ensure food supply and food security in the event of future crises. To ensure the implementation of the contingency plan and the key principles therein, the Commission in parallel established the European Food Security Crisis preparedness and response Mechanism (EFSCM), a group composed of Member States and non-EU countries representatives as well as of food supply chain stakeholders chaired by the Commission to strengthen coordination, exchange data and practices. The EFSCM was convened for the first time in March 2022 to discuss the impacts of the energy and input price increases and the consequences of Russia’s invasion of Ukraine for food security and supply. The market observatories and the civil dialogue groups are other fora that ensure transparency and the flow of information in the agri-food sector.

The Commission communication “Contingency plan for transport”¹³ has the objective to ensure crisis preparedness and business continuity in the transport sector. The plan establishes a “crisis manual” that includes a toolbox consisting of 10 actions aimed at mitigating any negative impact on the transport sector, passengers and the internal market in the event of a crisis. These include among others measures rendering EU transport laws fit for crisis situations, ensuring adequate support for the transport sector, ensuring free movement of goods, services and people, sharing of transport information, testing transport contingency in real-life situations etc.¹⁴

Regulation (EU) No 1308/2013 establishing a common organisation of the markets in agricultural products¹⁵ (CMO Regulation) as well as the sister CMO Regulation for fisheries¹⁶ provide the legal basis for collecting relevant information from Member States to improve market transparency¹⁷.

¹¹ They can be adopted on the basis of Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC.

¹² COM(2021)689 final.

¹³ COM(2022)211 final.

¹⁴ Additional measures include: managing refugee flows and repatriating stranded passengers and transport workers, ensuring minimum connectivity and passenger protection, strengthening transport policy coordination through the Network of National Transport Contact Points, strengthening cybersecurity and cooperation with international partners.

¹⁵ Regulation (EU) No 1308/2013 of the European Parliament and of the Council of 17 December 2013 establishing a common organisation of the markets in agricultural products and repealing Council Regulations (EEC) No 922/72, (EEC) No 234/79, (EC) No 1037/2001 and (EC) No 1234/2007, *OJ L 347, 20.12.2013, p. 671*.

¹⁶ Regulation (EU) No 1379/2013 of the European Parliament and of the Council of 11 December 2013 on the common organisation of the markets in fishery and aquaculture products, amending Council Regulations (EC) No 1184/2006 and (EC) No 1224/2009 and repealing Council Regulation (EC) No 104/2000. *OJ L 354, 28.12.2013, p. 1*.

¹⁷ Following Russia’s invasion of Ukraine, the obligation for Member States to provide monthly notifications of cereal stocks has been included in an amendment to Commission Implementing Regulation (EU) 2017/1185 of 20 April 2017 laying down rules for the application of Regulations (EU) No 1307/2013 and (EU) No 1308/2013 of the European Parliament and of the Council as regards notifications to the Commission of

Regulation (EU) 2021/953 establishing the EU Digital COVID Certificate¹⁸ sets out a common framework for the issuance, verification and acceptance of interoperable certificates for COVID-19 vaccination, test or recovery certificates to facilitate free movement of EU citizens and their family members during the COVID-19 pandemic. Furthermore, based on a Commission proposal, the Council adopted specific recommendations on the coordinated approach to the restriction of free movement in response to COVID-19 pandemic¹⁹.

Finally, the Commission Decision of 16 September 2021 established the Health Emergency Preparedness and Response Authority²⁰ for coordinated action at Union level to respond to health emergencies, including monitoring the needs, swift development, manufacturing, procurement and equitable distribution of medical countermeasures.

Interplay with ongoing initiatives

In parallel, a number of initiatives, which have been recently proposed and are currently being discussed, concern aspects relevant for the crisis response and preparedness. These initiatives however have a limited scope covering specific types of crisis scenarios and are not intended to set up a general horizontal crisis-management framework. To the extent these initiatives include a sectoral crisis response and preparedness framework, that framework will take precedence over the Single Market Emergency Instrument as *lex specialis*.

The Commission proposal for a Regulation on serious cross-border threats to health, repealing Decision No 1082/2013/EU (the 'Cross-border Health Threats Decision')²¹ aims at strengthening the EU's health security framework, and reinforcing the crisis preparedness and response role of key EU agencies with respect to serious cross-border health threats. It would strengthen the preparedness and response planning and reinforce epidemiological surveillance and monitoring, improve data reporting, strengthen EU interventions.

The Commission proposal for a Council Regulation on a framework of measures for ensuring the supply of crisis-relevant medical countermeasures in the event of a public health emergency at Union level²² provides for crisis response tools such as joint procurement, mandatory information requests for businesses about their production capacities, and repurposing production lines in case of public health crises once a public health emergency would be declared. The declaration of an EU emergency situation would trigger increased coordination and allow for the development, stockpiling and procurement of crisis-relevant products. The proposal covers medical countermeasures and medicinal products for human use but not medical services.

The Commission proposal for the European Chips Act²³ aims to strengthen Europe's semiconductor ecosystem. One important pillar of this strategy is to set up a mechanism for coordinated monitoring and response to shortages in the supply of semiconductors, aiming to

information and documents and amending and repealing several Commission Regulations, *OJ L 171, 4.7.2017, p. 113*.

¹⁸ Regulation (EU) 2021/953 of the European Parliament and of the Council of 14 June 2021 on a framework for the issuance, verification and acceptance of interoperable COVID-19 vaccination, test and recovery certificates (EU Digital COVID Certificate) to facilitate free movement during the COVID-19 pandemic, *OJ L 211, 15.6.2021, p. 1*.

¹⁹ Council Recommendation (EU) 2020/1475 of 13 October 2020 on a coordinated approach to the restriction of free movement in response to the COVID-19 pandemic, *OJ L 337, 14.10.2020, p. 3 and its subsequent updates*.

²⁰ C(2021)6712 final.

²¹ COM(2020)727 final.

²² COM(2021)577 final.

²³ COM(2022)46 final.

anticipate and swiftly respond to any future supply chain disruptions, through a dedicated emergency toolbox, together with Member States and international partners.

The Commission proposal for a Data Act²⁴ will allow public sector bodies to access data held by the private sector that is necessary for exceptional circumstances, particularly to implement a legal mandate if data are not otherwise available or in case of a public emergency (i.e. exceptional situation negatively affecting the population of the Union, a Member State or part of it, with a risk of serious and lasting repercussions on living conditions or economic stability, or the substantial degradation of economic assets in the Union or the relevant Member State(s)).

The Commission proposal to amend the Schengen Borders Code²⁵ aims to provide a common response at the internal borders in situations of threats affecting a majority of Member States. The proposal will also put in place procedural safeguards in case of unilateral reintroductions of internal border controls and provide for the application of mitigating measures and specific safeguards for cross-border regions in cases where internal border controls are reintroduced. The proposal promotes increased use of effective alternative measures to address the identified threats to internal security or public policy instead of internal border controls, for instance increased checks by police or other authorities in border regions, subject to certain conditions. The proposal also includes the possibility for the Council to quickly adopt binding rules setting out temporary travel restrictions for third country nationals at the external borders in case of a threat to public health. It also clarifies which measures Member States can take to manage the EU's external borders effectively in a situation where migrants are instrumentalised by third countries for political purposes.

The Commission proposal for a revision of the Financial Regulation, scheduled for adoption by the Commission in the course of 2022, adapts the applicable procurement rules in crisis management situations to allow an EU institution or body to procure on behalf of Member States or to act as a central purchasing body in order to donate or resell supplies and services to Member States, as well as to launch joint procurement procedures despite the EU institutions not acquiring services and supplies for themselves. It also updates the definition of a crisis to include public health emergency situations and provides for triggering the crisis provisions in line with applicable internal procedures.

The proposal for a Directive on the resilience of critical entities adopted by the Commission in December 2020²⁶ has the objective to enhance the resilience of entities providing services that are essential for the maintenance of vital societal functions or important economic activities the EU. With this initiative, the aim is to create a comprehensive framework to support Member States in ensuring that critical entities providing essential services are able to prevent, protect against, respond to, resist, mitigate, absorb, accommodate and recover from significant disruptive incidents such as natural hazards, accidents or terrorism. The Directive will cover eleven key sectors, including energy, transport, banking and health.

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

• Legal basis

The proposal is based on Article 114 TFEU.

Within the context of a crisis, the Single Market can be impacted both by the appearance of the specific disruptions and shortages inherent to the said crisis, as well as by the possible intra-EU

²⁴ COM (2022)68 final.

²⁵ COM (2021)891 final.

²⁶ COM(2020)829 final.

restrictions to the free movement of goods, services and persons, which may emerge in an attempt to address the said crisis. The general objective of the initiative is to lay down the mechanisms and procedures, which would allow to prepare for and to address potential crises and disruptions to the proper functioning of the Single Market. Such measures are also aimed to minimise the intra-EU obstacles to the free movement in times of crisis. More specifically, in the case of a crisis, the measures have to be taken to address any identified shortages and to safeguard the availability of crisis-critical goods and services across the entire EU.

A number of measures in this proposal derogate or complement existing EU harmonisation legislation, based on the general internal market legal basis. Measures such as the ramping up of production capacities, the speeding up of permitting, priority rated orders as well as the accumulation and distribution of strategic reserves also aim to ensure a coherent response to future crises and to avoid the fragmentation of the Single Market. In cases where there are substantial risks to the functioning of the Single Market or in cases of severe shortages or an exceptionally high demand of goods of strategic importance, measures at EU level aimed to ensure the availability of crisis-relevant products, such as strategic reserves or priority rated orders, may prove to be indispensable for the restoration of the normal functioning of the Single Market.

- **Subsidiarity (for non-exclusive competence)**

The economic activities across the Single Market are deeply integrated. Interaction between companies, service providers, clients, consumers and workers located in different Member States that rely on their free movement rights, is increasingly common. The experience of the past crisis has shown that often the distribution of production capacities across the EU is uneven. In parallel, in the case of a crisis, the demand for crisis-relevant goods or services across the EU territory may also be uneven. The objective of ensuring the smooth and uninterrupted functioning of the Single Market cannot be achieved by means of unilateral national measures. Moreover, even if measures adopted by the Member States individually may be able to address to a certain extent the deficiencies resulting from a crisis at the national level, they are in fact more likely to further exacerbate the said crisis across the EU by adding further obstacles to the free movement and/or additional strain on products already impacted by shortages.

The introduction of rules which govern the functioning of the Single Market is a competence shared between the EU and the Member States. A significant number of EU frameworks governing various aspects are already in place and they contribute to the smooth operation of the Single Market by laying down coherent sets of rules which apply across all the territories of the Member States. However, the existing EU frameworks generally lay down rules concerning the day-to-day functioning of the Single Market, outside of any specific crisis scenarios. There is currently no horizontal set of rules and mechanisms which address aspects such as the contingency planning, the crisis anticipation and monitoring and the crisis response measures, which would apply in a coherent manner across economic sectors and the entire Single Market.

The emergency instrument would only be deployed with the objective of ensuring a coordinated approach to anticipate, prepare for and respond to crises that have important cross-border effects and threaten the functioning of the Single Market, and where no EU instrument already exists or where the existing instruments do not lay down crisis-relevant provisions. Putting in place contingency and vigilance measures across the Single Market can facilitate the coordination of the response measures in the case of a crisis. Furthermore, such measures can be complemented by effective and efficient coordination and cooperation amongst the Commission and Member States during the crisis in order to ensure that the most appropriate measures to address the crisis are taken.

The Single Market Emergency Instrument is not intended to lay down a detailed set of EU level provisions which should be exclusively relied upon in the case of crisis. Instead, the instrument is intended to lay down and ensure the coherent application of possible combinations between provisions taken at EU level together with rules on the coordination of the measures taken at the level of the Member States. In this respect, the measures which may be taken at EU level on the basis of the Single Market Emergency Instrument would be coordinated with and complement the response measures adopted by the Member States. In order to allow for such coordination and complementarity, the Single Market Emergency Instrument would set out specific measures which the Member States should refrain from imposing once a Single Market emergency has been activated at EU level.

In this context, the EU added value of this instrument would be to lay down the mechanisms for a swift and structured way of communication between the Commission and Member States, coordination and information exchange when the Single Market is put under strain, and to be able to take necessary measures in a transparent and inclusive way – speeding up existing mechanisms as well as adding new targeted tools for crisis situations. It would also ensure transparency across the internal market, ensuring that businesses and citizens that rely on their free movement rights have at their disposal appropriate information about the applicable measures across all the Member States. This will increase legal certainty allowing them to take informed decisions.

A further advantage of action in this domain would be to equip the EU with the resilience tools needed to sustain the competitiveness of the EU industry in a geopolitical context in which our international competitors can already rely on legal instruments allowing for a structured monitoring of supply chain disruptions and for the adoption of possible response measures such as strategic reserves

- **Proportionality**

The measures contained in this Regulation are carefully tailored in order to ensure that they do not go beyond what is necessary for the achievement of its objective of ensuring the smooth and uninterrupted functioning of the Single Market. The measures complement Member States action where the aims of the Regulation cannot be achieved by means of unilateral action by the Member States. They take into account the ability of the economic operators to manage the normal business risks, to have their own contingency plans and to come up with initiatives for resolving supply chain issues. This is catered for in particular by means of obligations of the Commission to consult the economic operators before resorting to mandatory Single Market emergency measures such as mandatory information requests and priority rated orders.

- **Choice of the instrument**

The Single Market Emergency Instrument initiative takes the form of a Proposal for a Regulation of the European Parliament and of the Council. Considering that in the case of provisions laid down in a Regulation, there is no need for the Member States to transpose them into their respective national legislation, this specific legal instrument would allow to ensure that the provisions are applied in a consistent manner.

The proposed Regulation will introduce procedures which are complementary the Single Market Transparency Directive or the Services Directive and are to be applied in the emergency mode. The Regulation clarifies the relationship between the relevant legal frameworks but without amending the respective legal frameworks.

3. RESULTS OF EX-POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS

- **Ex-post evaluations/fitness checks of existing legislation**

The Regulation (EC) No. 2679/98 setting up an response mechanism to address obstacles to the free movement of goods attributable to a Member State leading to serious disruptions and requiring immediate action ('The Strawberry Regulation') will be repealed. According to its evaluation finalised in October 2019 and supported by an external study, this mechanism is rarely used and its information exchange system is insufficient as it's too slow and outdated²⁷.

- **Stakeholder consultations**

As outlined in Annex 2 to the Impact Assessment accompanying this proposal, **stakeholder consultation** activities were conducted between October 2021 and May 2022. The consultation activities included: a **call for evidence** published on the "Have your say" portal and open from 13 April to 11 May 2022, a **public consultation** conducted via a questionnaire published on the same portal for the same dates, a **stakeholder workshop** on 6 May 2022, a **Member State survey** in May 2022 and **targeted consultations** conducted by means of meetings with Member States and specific stakeholders.

Stakeholders largely agree with the need to ensure free movement as well as greater transparency and coordination in times of crisis. Most experiences described by stakeholders came from the COVID-19 crisis. When it comes to ensuring availability of crisis-relevant goods, Member States have expressed support for measures such as coordination of public procurement, fast-track conformity assessment and improved market surveillance. A number of Member States have voiced concern about including broad crisis preparedness measures when no crisis is looming on the horizon, without specifying targeted supply chains. While some business stakeholders voiced concerns about mandatory measures targeting economic operators, others have expressed support for a greater coordination and transparency, measures to ensure free movement of workers, fast-track notifications of national measures, fast track procedures for development and publishing of harmonised standards, EU and national single points of information, emergency drills for experts.

- **Collection and use of expertise**

Evidence and data that were used for the development of the Impact Assessment included:

- "The impact of COVID-19 on the Internal Market", study at the request of the EP IMCO Committee;
- Evaluation of the "Strawberry Regulation" (EC) No 2679/98 and its supporting external study;
- Evaluation of the New Legislative Framework;
- Relevant information and/or evidence collected in the context of preparation of existing or proposed EU crisis response initiatives and mechanisms, including through consultation activities or impact assessment studies (e.g. the Data Act, Single Market Information Tool (SMIT), HERA, Schengen Borders Code, Contingency plan for ensuring food supply and food security, the integrated political crisis response mechanism (IPCR), Contingency plan for transport, EU Digital COVID Certificate Regulation, Council Recommendation (EU) 2020/1475 on a coordinated approach to

²⁷ As assessed in the evaluation supporting study and the evaluation Commission Staff Working Document SWD(2019)371 final of 8 October 2019.

the restriction of free movement in response to the COVID-19 pandemic and its adaptations);

- Academic studies and literature on the effect of previous crises on the functioning of the Single Market, as well as existing position papers and other documents drawn up by relevant stakeholders;
- Newspaper articles and press materials.

The Impact Assessment further relied on the information received from consultation activities as detailed in the synopsis report contained in Annex 2 of this Impact Assessment.

The evidence base of the report is strongly limited due to the relatively low number of responses to the call for evidence and the public consultation, and the lack of a supporting study. To remedy this situation, the Commission conducted a stakeholder workshop attended by a large number of stakeholders and conducted a series of targeted consultations, especially with Member States and stakeholders.

- **Impact assessment**

In line with its ‘Better Regulation’ policy, the Commission conducted an Impact Assessment²⁸. The Impact Assessment evaluated three policy options establishing a governance body and a framework for contingency planning, vigilance and emergency modes. Both Single Market vigilance mode and Single Market emergency mode would be activated according to specific criteria and triggering mechanisms. Certain measures in the toolbox would need additional activation.

On the basis of analysis of problem drivers and gaps in the relevant sector-specific legislation, eight building blocks of measures were defined by grouping measures into blocks applying at different times (at all times, in vigilance mode and in emergency mode). For each building block, three policy approaches were analysed ranging from non-legislative measures to a hybrid approach to a more comprehensive legislative framework. On the basis of this analysis, some or all approaches were retained for each building block and were combined into three realistic policy options reflecting different levels of political ambition and stakeholder support:

Mode	Building blocks	Policy Option 1 TRANSPARENCY	Policy Option 2 COOPERATION	Policy Option 3 SOLIDARITY
All times	1. governance, coordination and cooperation	<i>Approach 2</i> Formal Advisory Group as the technical-level forum and obligation of the MS to share information within the group in anticipation and during the crisis		
All times	2. crisis contingency planning	<i>Approach 2</i> Recommendation to the MS for risk assessment, training and drills & compendium of crisis response measures	<i>Approach 3</i> - Recommendation to MS for risk assessment & compendium of crisis response measures and - Obligation to the Commission for Union level risk assessment - Obligation to MS to train their relevant crisis management staff regularly	
Vigilance	3. Single Market vigilance	<i>Approach 2</i>		<i>Approach 3</i> - Obligation to MS to gather information

²⁸ See the accompanying Staff Working Document.

		<ul style="list-style-type: none"> - Recommendation to the Member States on information gathering concerning identified strategic supply chains - Recommendations to the Member States for building up strategic reserves of goods of strategic importance 	<p>concerning identified strategic supply chains</p> <ul style="list-style-type: none"> - Obligation of the Commission to draw up and regularly update list with targets for strategic reserves - Obligations to MS²⁹ to build up strategic reserves for selected goods of strategic importance if the MS strategic reserves fall significantly short of the targets 	
Emergency	4. key principles and supportive measures for facilitating free movement during emergency	<i>Approach 2</i>		
		Reinforcing key principles of free movement of crisis-relevant goods and services in binding rules where appropriate for effective crisis management		
Emergency	5. transparency and administrative assistance during emergency	<i>Approach 3</i>		
		Binding full-fledged fast-track notification mechanism, flash peer review and possibility to declare the notified measures incompatible with EU law; contact points and electronic platform		
Emergency	6. speeding up the placing of crisis-relevant products on the market during emergency	<i>Approach 2</i>		
		Targeted amendments of existing Single Market harmonisation legislation: faster placing of crisis-relevant products on the market; Commission can adopt technical specifications; MS prioritise market surveillance for crisis-relevant products		
Emergency	7. public procurement during emergency	<i>Approach 2</i>		
		New provision on joint procurement/common purchasing by the Commission for some or all Member States		
Emergency	8. measures impacting crisis-relevant supply chains during emergency mode	<i>Approach 1</i>	<i>Approach 2</i>	<i>Approach 3</i>
		Guidance on ramping up production capacity; speeding up permitting procedures; accepting	Recommendations to MS for the distribution of stockpiled products; speeding up permitting	Obligations to MS ³¹ to distribute products previously stockpiled; speeding

29 Subject to additional trigger

31 Subject to additional trigger

		and prioritising orders of crisis relevant goods Recommendations to businesses to share crisis-relevant information	procedures; encouraging economic operators to accept and prioritise orders Empowering MS ³⁰ to oblige economic operators to ramp up production capacity and to address binding information requests to economic operators	up permitting procedures, Obligations to businesses to accept and prioritise orders; ramp up production capacity and provide crisis-relevant information
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The Impact Assessment did not present a preferred option.

On 15 June 2022, the Commission submitted the Impact Assessment to the Regulatory Scrutiny Board (RSB). The RSB gave a negative opinion, noting in particular (1) the need to provide clear and detailed information related to the foreseen Single Market emergency including a definition, the criteria and decision-mechanisms for establishing and terminating it and the measures which would be implemented during it; (2) the need to provide a thorough assessment of the impacts of the policy options; and (3) the need to present alternative combinations of relevant policy options and to link the comparison to the analysis of impacts. To address these findings, the Commission provided a clear definition of a Single Market emergency, specified the criteria and decision making mechanisms, explained the three modes of functioning of SMEI and specified which building block of SMEI would be activated under which mode. It further elaborated the assessment of impacts to cover more types of impacts i.e. economic impacts for key stakeholders (businesses, MS and Commission), impacts on SMEs, impacts on competitiveness, competition, international trade, and differentiated which impact would occur with the immediate effects and which could be expected under the vigilance and emergency modes. Further, the Impact Assessment defined three alternative policy options based on a combination of different approaches to some of the building blocks, provided an assessment of impacts of these options and extended the comparison of options to cover proportionality and subsidiarity.

On 29 July 2022, the Commission submitted the revised Impact Assessment to the RSB. The RSB then gave a positive opinion with comments. These comments related to the need to further explore the different types of crisis that may impact the functioning of the Single Market, to more clearly set out the interplay with possible measures taken on the basis of Article 4(2) TFEU and to sufficiently justify some of the measures proposed from the subsidiarity and proportionality point of view. To address these comments, indications on effects of potential future crises were added, interplay with potential measures under Article 4(2) TFEU was better explained and further details were added on the obligatory measures foreseen under emergency mode.

Further information on how the RSB recommendations are reflected in the Impact Assessment report can be found in Annex 1, point 3, of the Impact Assessment.

- **Regulatory fitness and simplification**

According to the Commission’s Regulatory Fitness and Performance Programme (REFIT), all initiatives with the objective to change existing EU legislation should aim to simplify and deliver stated policy objectives more efficiently (i.e. reducing unnecessary regulatory costs).

³⁰ Subject to additional trigger

The proposal provides a toolbox of measures to address Single Market emergency, consisting a set of measures applicable at all times as well as certain measures only applicable in vigilance or emergency modes, to be separately activated. There are **no administrative costs for businesses and citizens** that would apply with immediate effect and during the normal functioning of the Single Market.

For measures likely to lead to strong impacts and potential costs for SMEs, in particular measures such as mandatory information requests, requests to ramp up production and to accept priority-rated orders, during the additional activation of such measures specific analysis and assessment will be done as to their impact and proportionality, in particular their impact on SMEs, by the Commission in consultation with the governance body. This assessment will be part of the process of additional activation of these specific measures by a Commission implementing act (additional to the overall triggering of the emergency mode). Depending on the nature of the crisis and the concerned strategic supply chains and crisis-relevant products, specific accommodations will be provided for SMEs. While it is not possible to exempt microenterprises completely from the scope of measures such as mandatory information requests, as these enterprises may have specific unique know-how or patents of critical importance in a crisis, specific accommodations will include simplified survey designs, less onerous reporting requirements, and longer deadlines for responses, to the extent possible in view of the need for urgency in the context of a specific crisis.

The Regulation (EC) No. 2679/98 setting up a response mechanism to address obstacles to the free movement of goods attributable to a Member State leading to serious disruptions and requiring immediate action ('The Strawberry Regulation') will be repealed. This will lead to the simplification of the legal framework due to the fact that this mechanism is rarely used and its information exchange system is insufficient as it's too slow and outdated.

- **Fundamental rights**

This Regulation and in particular the priority rated orders and the measures facilitating the repurposing of production lines as well as the measures facilitating the expansion of production capacity affect the freedom to conduct business set out in Article 16 of the EU Charter of Fundamental Rights of the economic operators active on the Single Market during the Single Market emergency. Such restrictions have been carefully tailored and are balanced against the vital interests of the society. The provisions on priority rated orders provide for a number of safeguards for the economic operators subject to such orders, in order to balance the intensity of the restriction.

The mandatory information requests to economic operators may also affect the right to privacy of the economic operators concerned under Article 7 of the EU Charter of Fundamental Rights, in particular the business secrets and other sensitive information. However, the Regulation provides for safeguards and guarantees that such information requests will be only made in case the relevant information is indispensable for resolving the Single Market emergency and is not available on a voluntary basis or from publicly accessible sources, and the obtained information is handled carefully, ensuring secrecy and non-disclosure of sensitive business information, such restrictions are proportionate and justified.

Finally the sanctions which are foreseen for breaches of the mandatory information requests to economic operators and the priority rated orders constitute restrictions to the right to property set out in Article 17 of the EU Charter of Fundamental Rights. Given the fact that the amounts of penalties have been set at appropriately dissuasive, but not excessive levels, and the period of their application is limited in time, with a possibility to contest them before the CJEU, they amount to proportionate and justified restrictions of the right to property.

The Regulation respects the right to an effective judicial remedy and to a fair trial as provided for in Article 47 of the Charter. It reiterates the right of economic operators subject to information requests and priority rated orders to defend their rights before the CJEU and provides for possibilities of contesting such requests of the Commission in administrative procedures before that.

4. BUDGETARY IMPLICATIONS

The budgetary implications of the proposals would relate to three expenditure categories. The recurrent costs, which derive from staff costs within the Commission for the foreseen training activities and the necessary extension of the IT tool used for the notification system, would be covered either under the heading “Administrative expenditure” or under the Single Market Programme. The costs related to the building up of strategic reserves, the secure supply, such as those related to procurement of goods and services of strategic importance and crisis-relevant goods, or to priority rated orders, would not imply an impact on Union resources, as they would be born entirely by the Member States. The costs deriving by the occurrence of a crisis, which are unpredictable by nature, would be covered either under the heading “Administrative expenditure” or via internal redeployment of Union resources.

5. OTHER ELEMENTS

- **Implementation plans and monitoring, evaluation and reporting arrangements**

The Commission will carry out an evaluation of the effectiveness, efficiency, coherence, relevance and EU added value of this legislative initiative and present a report on the main findings to the European Parliament, the Council, the European Economic and Social Committee, and the Committee of the Regions five years after the date of application of the legislative acts. The Commission may propose based on the evaluation report how to improve the Single Market Emergency Instrument.

- **Detailed explanation of the specific provisions of the proposal**

The SMEI aims to establish a comprehensive preparedness and crisis-response architecture composed of the following main components:

- an advisory group;
- a framework for contingency planning;
- a framework for Single Market vigilance and
- a framework for Single Market emergencies.

1. The advisory group

The role of this group would be to ensure *adequate coordination and advise* the Commission on the appropriate measures for preventing or addressing the impact of the crisis on the Single Market. It will propose the activation and the scope of the Single Market vigilance and emergency modes and analyse the relevant information gathered by voluntary or mandatory means, including from the economic operators. This central body will be composed of the Commission, one representative of each Member State with expertise in Single Market matters as permanent members, and observers representing other crisis relevant bodies such as the Integrated Political Crisis Response group of the Council, HERA Board, Semiconductor Board, European Food Security Crisis preparedness and response Expert Group, etc. The Commission will organise and chair the meetings.

2. The framework for contingency planning

In normal times where no sudden event is likely to have or is already having severe disruptive effects on the Single Market, market forces ensure the functioning of the businesses and the Single Market. The framework of contingency planning does not require an activation step and consists of:

- (a) Arrangements for crisis protocols and crisis communication and training and drills.
- (b) Union level risk assessment carried out by the Commission, after having consulted the advisory group, with a view of identifying goods and services of strategic importance and vulnerable areas of the Single Market.
- (c) Early warning system 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. In determining the significance or the seriousness of the disruption, pre-determined parameters will be taken into account such as the number of economic operators' affected, geographical area or duration of the disruption.

3. The framework for Single Market vigilance

This would be the framework for impacts of significant incidents that have not yet escalated into a full-blown Single Market emergency and include a set of vigilance measures such as:

- (a) Monitoring of the supply chains of goods and services of strategic importance that have been identified in the Union level risk assessment referred in the contingency planning and whose supply could be significantly disrupted due to the occurrence of an incident . Such monitoring will be carried out by the Member States on the basis of voluntary requests for information about factors impacting the availability of the selected goods and services of strategic importance (such as production capacity, stocks, suppliers limitations, possibilities for diversification and substitution, demand conditions, bottlenecks) to all actors along the relevant supply chain of goods and services of strategic importance and other relevant stakeholders established in Member States national territory.
- (b) Building-up of strategic reserves, which is a measure subject to dual-activation by means of additional Commission Implementing Acts. The Commission after having consulted the advisory group may draw up lists of individual and non-binding targets for the strategic reserves that the Member States should maintain. The Member States, acting jointly in a spirit of solidarity, shall deploy their best efforts to build up strategic reserves of the goods identified as being of strategic importance. The Commission might, in exceptional circumstances, take a decision to render the individual target for one or more Member States mandatory, where
 - the Commission considers, supported by objective data, that the needs for the concerned good remain unchanged or have further increased, and the efforts of the Member State concerned to meet the voluntary target are insufficient, but also indispensable to ensure the preparedness to a potential Single Market emergency; or

- 14 Member States ask the Commission to issue a binding target decision; also in this case, the Commission shall take into account the importance of a specific Member State in the specific supply chain concerned.

4. The framework for Single Market emergencies

The activation of the Single Market emergency will immediately trigger the application of a number of emergency-response measures, which include:

- (a) Measures to improve transparency: Member States obligations to notify any draft measures relating to crisis-relevant goods and services and goods and services of strategic importance as well as crisis-relevant restrictions of free movement of persons, together with the reasons for those measures;
- (b) Actions for re-establishing and facilitating free movement: General requirements for free movement restrictions during a Single Market emergency (list of key principles) such as i) measures restricting the free movement of goods or persons (including workers and service providers) should only be introduced as a last resort if no other alternative is available to address the problem at hand, ii) shall be evidence-based and subject to peer review in the Advisory Group and scrutiny by the Commission, iii) shall be based on specific and limited public interest grounds, iv) shall be limited in time and lifted as soon as the situation allows it, etc.;
- (c) Banned restrictions of free movement rights during a Single Market emergency requiring Member States to refrain from, for example, introducing intra-EU export bans of crisis-relevant goods or services and any export restriction of products or services that
 - hamper their free movement;
 - disrupt their supply chains and
 - create or increase shortages in the Single Market;
- (d) Public procurement: i) procurement of crisis-relevant goods by the Commission on behalf of Member States and ii) procurement of crisis-relevant goods by the Member States
- (e) Emergency measures requiring dual activation :
 - information requests to economic operators;
 - actions to ensure the availability and supply of crisis-relevant goods;
 - priority rated orders;
 - targeted and coordinated distribution of strategic reserves.

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

for a Single Market Emergency Instrument

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 114 thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee³², [where necessary]

Having regard to the opinion of the Committee of the Regions³³, [where necessary]

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) This Regulation should ensure the normal functioning of the Single Market, including the free movement of goods, services and persons and guarantee the availability of crisis-relevant goods and services and goods and services of strategic importance to citizens, businesses and public authorities during a crisis.
- (2) A crisis for the purpose of this Regulation is an exceptional event, unexpected and sudden, of extraordinary nature, scale and impact to the functioning of the Single Market, taking place inside or outside the Single Market. A crisis can be natural or man-made, but economic perturbation in the Single Market caused by purely market-driven processes shall not be subject to this Regulation.
- (3) The framework of measures foreseen under this Regulation should be deployed in a coherent, transparent, efficient, proportionate and timely manner, so as to prevent, mitigate and minimise the impact on the functioning of the Single Market and on the maintenance of vital societal functions, meaning security, safety, public order, or health, which a crisis may cause.
- (4) To this end, this Regulation provides:
 - the necessary means to ensure the continued functioning of the Single Market, the businesses that operate on the Single Market and its strategic supply chains, including the free circulation of goods, services and persons in times of crisis and the availability of crisis relevant goods and services to citizens, businesses and public authorities at the time of crisis; a forum for adequate coordination, cooperation and exchange of information; and

³² OJ C [...], [...], p. [...].

³³ OJ C [...], [...], p. [...].

- the means for the timely accessibility and availability of the information which is needed for a targeted response and adequate market behaviour for the businesses and citizens during a crisis.
- (5) Where possible, it shall allow for anticipation of events and crises, building on on-going analysis concerning strategically important areas of the Single Market economy and the Union's continuous foresight works
 - (6) The framework rules established by this Regulation should only apply where no more specific mechanisms exist for specific sectors, policy areas, types or aspects of crises.
 - (7) The Single Market Emergency Instrument should not duplicate the existing framework for medicinal products, medical devices or medical counter-measures under the EU Health Security Framework, including Regulation (EU) .../... on serious cross-border health threats [SCBTH Regulation (COM/2020/727)], Council Regulation (EU) .../... on a framework of measures for ensuring the supply of crisis-relevant medical countermeasures [Emergency Framework Regulation (COM/2021/577)], Regulation (EU) .../... on the extended mandate of the ECDC [ECDC Regulation (COM/2020/726)] and Regulation (EU) 2022/123 on the extended mandate of the EMA [EMA Regulation].
 - (8) The contingency planning and vigilance action of the Single Market Emergency Instrument complement [the Proposal for] Regulation on Serious Cross-border Health Threats which concerns medical devices and pharmaceutical goods as regards non-medical goods.
 - (9) It should be clarified that in case of public health emergencies, medical counter-measures would be governed by the [proposal for a] Council Regulation on a framework of measures for ensuring the supply of crisis-relevant medical countermeasures in the event of a public health emergency at Union level and any non-medical goods that are not governed by more specific crisis response frameworks, would fall into the scope of application of this Regulation.
 - (10) The framework set out in this Regulation should not apply to semiconductors and it should be without prejudice to the [proposal for a] Regulation of the Council and of the European Parliament establishing a framework of measures for strengthening Europe's semiconductor ecosystem (Chips Act).
 - (11) This Regulation should be without prejudice to the [proposal for a] Directive on Critical Entities Resilience. In particular it should not concern the essential services that fall into the scope of application of that Directive.
 - (12) This Regulation should be without prejudice to the European Food Security Crisis Preparedness and Response Mechanism for food products. However, agri-food products should be governed by the provisions concerning free movement of goods, including the notification mechanism and the follow-up on free movement of goods restrictions, under this Regulation. The measures concerning agri-food products notified under this Regulation may be also reviewed for their compliance with any other relevant provisions of EU law.
 - (13) The Single Market Emergency Instrument should be without prejudice to the European Civil Protection Mechanism and should support it, where necessary, as regards availability of critical goods and free movement of critical operations professionals for crises that fall into the remit of that mechanism.

- (14) The Single Market Emergency Instrument should complement the Integrated Political Crisis Response mechanism operated by the Council under Council Implementing Decision (EU) 2018/1993 as regards its work on Single Market impacts of cross-sectoral crises that require political decision-making.
- (15) When appropriate and necessary, coordination should be ensured between the Single Market Emergency Instrument and the activities of the Single Market Enforcement Task-Force (SMET).
- (16) The Single Market Emergency Instrument is without prejudice to the Commission contingency plan for transport adopted on 23 May 2022³⁴, in particular as regards the implementation of the Green Lanes system.
- (17) This Regulation is without prejudice to the specific rules on the crossing of internal borders set out in Regulation (EU) 2016/399 of the European Parliament and of the Council. Any instances of reintroduction of temporary border controls should continue to be notified solely under the notification system foreseen under Article 27 of Regulation (EU) 2016/399.
- (18) This Regulation should be without prejudice to Union competition rules and licencing rules.
- (19) The Regulation lays down rules addressing the effects of crisis on the Single Market. The application of this Regulation should be without prejudice to the application of the provisions of Regulation (EU) 2015/479 of the European Parliament and of the Council of 11 March 2015 on common rules for exports.³⁵
- (20) The Regulation has due regard to the ability of the economic operators active on the Single Market to manage normal business risks and of the benefits gained from the free competition, free trade and their freedom to conduct business. Therefore any arrangements made by the economic operators for management of their supply chain risks should be encouraged.
- (21) The role of the Member States in managing the large scale economic risks at the time of crises should also be respected. However, an increasingly interconnected Single Market, in which goods, services, capital and workers circulate freely, and which has an ever-stronger digital dimension, means that very few enterprises are purely national if all relevant elements are considered, such as their client base, supply chain, scope of activities, investor and capital base. Consequently supply chain issues in one Member State may cause a disruption of the supply chains across the Single Market. Therefore it is necessary to provide for supporting and complementary measures at Union level that would address such cross-border supply chain issues within the Single Market.
- (22) In the course of the Union level risk assessment, the work of the Commission shall therefore take account of and build on the work done by Member States. The strategic importance of goods and services should also be determined based on the cooperation in this regard with the industry, as well as analytical work of the Commission in strategically important areas of the economy [].
- (23) Strategically important areas of the economy should be defined in relation to their critical importance for the Union and the Member States and their strategic interests.

³⁴ COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS A contingency plan for transport, 23.5.2022, COM/2022/211 final

³⁵ *OJ L 83, 27.3.2015, p. 34.*

Such definitions should be coherent with Regulation (EU) 2019/452 of the European Parliament and of the Council establishing a framework for the screening of foreign direct investments into the Union and any relevant work of the Commission that concerns strategic interests of the Single Market economy.

- (24) The Commission should, after having consulted the advisory group, carry out an assessment of all relevant risks that may affect the functioning of the Single Market whenever necessary, and at least every two years with a view of identifying vulnerable areas of the Single Market that require resorting to the vigilance measures, with particular focus on goods and services of strategic importance. It should consider the need of renewal of the risk assessment and of the list of warning indicators at least once per year.
- (25) In order to ensure that the inventory of hazards and risks to the functioning of the Single Market and its supply chains contained in the risk assessment is up to date and complemented with information on new crises and the resulting potential, imminent or materialised disruptions of the supply chains the Member States should be able to alert the Commission thereof in an organised manner.
- (26) Where the Commission learns of a significant disruption in the supply of strategic goods and services in the course of the risk assessment, from international partners, upon alert from Member States, or other channels of a significant incident having the potential to significantly disrupt the functioning of the Single Market and in its supply chains of goods and services, it may convene a meeting of the advisory group to discuss the severity of the disruptions of the free movement of goods and services or of the supply of the goods and services concerned; the advisory group shall provide an opinion about whether, in their view, it may be appropriate, necessary and proportionate to advise the Commission to launch the vigilance mode and to require the Member States to monitor those disrupted supply chains of goods and services of strategic importance that have been identified as more vulnerable to the risks in the Union risk assessment in accordance with Article 16 of this Regulation or to consider the building up of strategic reserves for such goods of strategic importance.
- (27) The Commission shall also enter into dialogue with stakeholders and industry with a view to identifying and preparing effective emergency measures concerning disruptions of supply chains. This dialogue will build on already existing and well established cooperation with economic operators and other relevant stakeholders
- (28) The advisory group established under this Regulation will cooperate with crisis-relevant bodies, such as the European Semiconductors Board, the Health Security Committee, the Health Crisis Board and any crisis-relevant emanation of the Council;
- (29) The Commission, taking into consideration the opinion provided by the advisory group, shall coordinate and streamline efforts of Member States to build up and maintain strategic reserves by promoting public procurement in line with Chapter V, and the exchange of information and cooperation between Member States, including by facilitating public-private cooperation.
- (30) Given the broad-ranging effects that it produces for the Member States, the political significance of the transition to the Single Market emergency mode and the range of the measures that may be taken by the Commission during that mode, it should be exceptionally activated by means of Council implementing acts that are adopted at the proposal of the Commission.

- (31) The activation of the Single Market emergency mode should trigger the obligation of the Member States to notify crisis-relevant free movement restrictions.
- (32) In order to ensure that the specific Single Market emergency measures are used only where this is indispensable for responding to the Single Market emergency, such measures should require individual activation by means of Commission implementing acts, which indicate the reasons for such activation and the crisis-relevant goods or services that such measures apply to.
- (33) Furthermore, in order to ensure the proportionality of the implementing acts and due respect to the role of the economic operators in crisis management, the Commission should only resort to the activation of the Single Market emergency measures, where the economic operators are not able to provide a solution to the particular aspects of a Single Market emergency on a voluntary basis.
- (34) The information requests to economic operators should be used by the Commission only where the information which is necessary for responding adequately to the Single Market emergency, such as information necessary for procurement by the Commission on behalf of the Member States or estimating the production capacities of manufacturers of crisis-relevant goods the supply chains of which have been disrupted, cannot be obtained from publicly available sources or by means of voluntary information requests.
- (35) The principle of solidarity enshrined in Article 2 TEU shall be a guiding principle for Member State action concerning procurement and strategic reserves.
- (36) In order to leverage the purchasing power and negotiating position of the Commission during the Single Market vigilance mode and the Single Market emergency mode, Member States should be able to request the Commission to procure on their behalf.
- (37) The Commission should be able to use during the Single Market emergency a range of measures for ensuring the availability of crisis-relevant products on the Single Market. Such measures would include measures that would speed up the placing of products on the market, placing of priority rated orders and measures increasing the production capacity of manufacturers.
- (38) The measures ensuring regulatory flexibility would support such measures, allowing the Commission to require the Member States to speed up permitting that would be necessary for enhancement of the capacity to produce crisis-relevant goods or provision of crisis-relevant services.
- (39) The activation of the Single Market emergency mode should also trigger the application of certain crisis-response procedures which introduce adjustments to the rules governing the design, manufacture, conformity assessment and the placing on the market of goods subject to Union harmonised rules. These crisis-response procedures should enable products, designated as crisis-relevant goods to be placed swiftly on the market in an emergency context. The conformity assessment bodies should prioritise the conformity assessment of crisis-relevant goods over any other ongoing applications for other products. On the other hand, in cases, where there are undue delays in the conformity assessment procedures, the national competent authorities should be able to issue authorisations for products, which have not undergone the applicable conformity assessment procedures to be placed on their respective market, provided that they comply with the applicable safety requirements. Such authorisations shall be only valid on the territory of the issuing Member State and limited to the duration of the Single Market emergency. In addition, in order to facilitate the increase in supply of crisis-relevant products, certain flexibilities should be introduced with respect to the mechanism of

- presumption of conformity. In the context of a Single Market emergency, the manufacturers of crisis-relevant goods should be able to rely also on national and international standards, which provide an equivalent level of protection to the harmonised European standards. In cases where the latter do not exist or the compliance with them is rendered excessively difficult by the disruptions to the Single Market, the Commission should be able to issue common technical specifications of voluntary or of mandatory application in order to provide ready-to-use technical solutions to the manufacturers.
- (40) The introduction of these crisis-relevant adjustments to the relevant sectorial Union harmonised rules requires targeted adjustments to the following 18 sectorial frameworks: Directive 2000/14/EC, Directive 2006/42/EU, Directive 2010/35/EU, Directive 2013/29/EU, Directive 2014/28/EU, Directive 2014/29/EU, Directive 2014/30/EU, Directive 2014/31/EU, Directive 2014/32/EU, Directive 2014/33/EU, Directive 2014/34/EU, Directive 2014/35/EU, Directive 2014/53/EU, Directive 2014/68/EU, Regulation (EU) 2016/424, Regulation (EU) 2016/425, Regulation (EU) 2016/426, Regulation (EU) 2019/1009. The activation of the respective emergency procedures should be conditional upon the activation of the Single Market emergency and should be limited to the products designated as crisis-relevant goods.
- (41) In order to ensure uniform conditions for the implementation of this Regulation, implementing powers should be conferred on the Commission as regards the possibility to adopt supportive measures for facilitating free movement of persons, for establishing a list of individual targets (quantities and deadlines) for those strategic reserves that the Member States should maintain, , so that the objectives of the initiative are achieved. Furthermore, implementing powers should be conferred on the Commission as regards activating the vigilance mode and vigilance measures in order to carefully monitor the strategic supply chains and coordinate the building up of strategic reserves for goods and services of strategic importance. Moreover, implementing powers should be conferred on the Commission as regards activation of emergency response measures at the time of a Single Market emergency, to allow for a rapid and coordinated response. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council.
- (42) This Regulation respects fundamental rights and observes the principles recognised in particular by the Charter of Fundamental Rights of the European Union (the ‘Charter’). In particular, it respects the right to privacy of the economic operators enshrined in Article 7 of the Charter, the freedom to conduct business and the freedom of contract, which are protected by Article 16 of the Charter, the right to property, protected by Article 17 of the Charter, and the right to an effective judicial remedy and to a fair trial as provided for in Article 47 of the Charter. Since the objective of this Regulation cannot be sufficiently achieved by the Member States and can rather, by reason of the scale or effects of the action, be better achieved at Union level, the Union may adopt measures in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty. In accordance with the principle of proportionality as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve that objective.
- (43) The Union framework shall include interregional elements to establish coherent, multi-sectoral, cross-border Single Market vigilance and emergency response measures, in particular considering the resources, capacities and vulnerabilities across neighbouring regions.

- (44) Council Regulation (EC) 2679/98 which provides for a mechanism for bilateral discussions of obstacles to the functioning of the Single Market has been rarely used and is outdated. Its evaluation demonstrated and the solutions provided by that Regulation are not able to cater for the realities of the complex crises, which are not limited to incidents happening at the borders of two neighbouring Member States. It should therefore be repealed.

HAVE ADOPTED THIS REGULATION:

Part I

General Provisions

TITLE I

SCOPE

Article 1

Subject matter and scope

1. This Regulation establishes a framework of measures consisting of contingency planning, vigilance mode and emergency mode to anticipate, prepare and respond to impacts of crises on the Single Market, with the purpose of ensuring the availability of goods and services of strategic importance and crisis-relevant goods and services in the Single Market and of safeguarding the free movement of goods, services and persons.
2. The measures referred to in paragraph 1 include:
 - (a) an advisory group to advise the Commission on the appropriate measures for anticipating, preventing or addressing the impact of the crisis on the Single Market;
 - (b) measures for obtaining, sharing and exchanging the relevant information;
 - (c) contingency measures aiming at anticipation and planning;
 - (d) measures for addressing Single Market impacts of significant incidents that have not yet resulted into a Single Market emergency (Single Market vigilance), including a set of vigilance measures and
 - (e) measures for addressing Single Market emergencies, including a set of emergency response measures.
3. This Regulation applies to the extent that as the Union has not taken more specific measures for specific sectors, policy areas, types or aspects of crises.
4. This Regulation shall not apply to medicinal products as defined in Article 2, point (c), Regulation (EU) 123/2022, medical devices as defined in Article 2, point (e) of Regulation (EU) 123/2022, or to medical countermeasures within the meaning of Article 3, point (8), of Regulation (EU) .../... [the SCBTH Regulation].
5. This Regulation is without prejudice to the Commission:
 - (a) entering into consultations or cooperation, on behalf of the Union, with relevant third countries with a view to seeking cooperative solutions to address supply chain disruptions, in compliance with international obligations. This may involve, where appropriate, coordination in relevant international fora; or
 - (b) assessing whether it is appropriate to impose restrictions to exports of goods under Regulation on common rules for exports³⁶.

³⁶ OJ L 83, 27.3.2015, p. 34.

Article 2
Definitions

For the purposes of this Regulation, the following definitions apply:

- (1) ‘crisis’ means an exceptional event, unexpected and sudden, natural or man-made, but not market-driven, of extraordinary nature, scale and impact, taking place inside or outside the Single Market;
- (2) ‘Single Market vigilance’ means a situation in which there is a threat of significant disruption in a supply chain of goods or services of strategic importance which are dependent on non-diversifiable and non-substitutable inputs, entailing a very high probability of a Single Market emergency occurring from crisis in the following six months;
- (3) ‘Single Market emergency’ means the application of at least one other of the relevant Union crisis-response mechanisms following a crisis that has also produced a severe impact on the Single Market, or a wide-ranging impact of an unexpected and sudden, non-market driven crisis on the Single Market in at least two Member States that severely disrupts the functioning of the Single Market or its supply chains that are indispensable in the maintenance of vital societal or economic activities in the Single Market;
- (4) ‘strategically important areas of the economy’ means those areas with critical importance to the Union and its Member States whose contribution to the functioning of the Single Market is of systemic and vital importance for security, safety, public order, health, including critical infrastructure, critical technologies and inputs which are essential for safeguarding such interests, the disruption, failure, loss or destruction of which would have a significant impact to the functioning of the Single Market;
- (5) ‘goods and services of strategic importance’ means goods and services that are non-diversifiable and non-substitutable, and indispensable for ensuring the functioning of the Single Market in strategically important areas of the economy;
- (6) ‘crisis-relevant goods and services’ means goods and services that are indispensable for safeguarding or restoring the functioning of the Single Market during a Single Market emergency
- (7) ‘reserves’ means stock of goods held by Member States or by economic operators.

TITLE II
GOVERNANCE

Article 3
Advisory group

1. An advisory group is established to provide its opinion to the Commission regarding the risk assessment on the state of the Single Market and on potential disruptions that may affect its functioning.
2. The advisory group shall be composed of one representative from each Member State. Each Member State shall nominate a representative and an alternate representative. The Commission shall chair the advisory group and ensure its secretariat. The Commission may invite representatives of other crisis-relevant bodies at Union level, of the European Parliament, of the EEA States, representatives of economic operators,

stakeholder organisations and other experts, to attend meetings of the advisory group as ad-hoc observers.

3. In the framework of the vigilance mode referred to in Article 9, the advisory group shall assist the Commission in the following tasks:
 - (a) establishing if the criteria for activation and scope of the vigilance mode have been fulfilled;
 - (b) gathering foresight, data analysis and market intelligence,;
 - (c) consulting the representatives of economic operators, including SMEs, and industry to collect further market intelligence;
 - (d) performing risk assessment at Union level;
 - (e) analysing aggregated data received by other crisis-relevant bodies at Union and/or international level;
 - (f) facilitating exchanges and sharing of information, including with other relevant bodies at Union level;
 - (g) maintaining a repository of previously used national and Union crisis measures;
 - (h) facilitating exchanges and sharing of information, including with other crisis-relevant bodies at Union level.
4. In the framework of the Single Market emergency mode referred to in Article 14, the advisory group shall assist the Commission in the following tasks:
 - (a) analysing crisis-relevant information gathered by Member States or the Commission;
 - (b) establishing if the criteria for activation or deactivation of the emergency mode, as well as on the possibility to prolong it, once it is activated have been fulfilled;
 - (c) advising on the implementation of the measures chosen for responding to Single Market emergency at Union level;
 - (d) performing a review of national crisis measures;
 - (e) facilitating exchanges and sharing of information, including with other crisis-relevant bodies at Union level.
5. The Commission shall ensure the participation of all bodies at Union level that are relevant to the respective crisis. The advisory group will cooperate and coordinate closely, where appropriate, with other relevant crisis-related bodies at Union level. The Commission shall ensure coordination with the measures implemented through other Union mechanisms, such as the Union Civil Protection Mechanism (UCPM) or the EU Health Security Framework.
6. At its first meeting, on a proposal by and in agreement with the Commission, the advisory group shall adopt its Rules of Procedure.
7. The advisory group may adopt opinions, recommendations or reports in the context of its tasks set out in paragraphs 3 to 4.
8. The advisory group shall meet at least three times a year. Its members shall be appointed for a two-year renewable term. They shall remain in office until the end of their term or until they are replaced, if need be.

Article 4
Central liaison offices

1. Member States shall designate central liaison offices with principal responsibility for contacts, coordination and information exchange with the central liaison offices of other Member States and with the Union level central liaison office during the Single Market vigilance and emergency modes under this Regulation. Such liaison offices shall centralise the inputs from the respective national competent authorities.
2. The Commission shall designate a Union level central liaison office for contacts with the central liaison offices of the Member States during the Single Market vigilance and emergency modes under this Regulation. The Union level central liaison office shall ensure the coordination and information exchange with the central liaison offices of the Member States for the management of the Single Market vigilance and emergency modes.

Part II

Single Market contingency planning

TITLE I

CRISIS PROTOCOLS, TRAININGS AND REHEARSALS

Article 5

Crisis protocols

1. The Commission, taking into consideration the opinion provided by the advisory group, taking into account the input of relevant Union level bodies , shall establish by means of a Commission delegated act a detailed framework, setting out crisis protocols and arrangements for crisis communication for the Single Market vigilance and emergency modes in the context of this Regulation.
2. This framework shall include arrangements for ensuring the timely cooperation and secure exchange of information between the Commission, the relevant Union-level bodies and the Member States concerning:
 - (a) an inventory of relevant competent authorities, the designated central liaison offices under Article 4 of this Regulation and single points of contact in the Member States set out pursuant to Article 22 of this Regulation, their contact details, assigned roles and responsibilities during the vigilance and emergency modes of this Regulation under national law;
 - (b) attribution of roles and responsibilities between national and Union level competent authorities and the central liaison offices for management of the Single Market vigilance and emergency modes;
 - (c) cooperation in all the modes under this Regulation across the sectors of the Single Market;
 - (d) consultation of the representatives of economic operators, including SMEs, on their initiatives and actions to mitigate and respond to potential supply chain disruptions and overcome potential shortages of goods and services in the Single Market;
 - (e) the risk and emergency communication;
 - (f) the management of this framework.
3. In order to ensure the operation of the framework, the Commission may conduct stress tests, simulations and in-action and after-action reviews with Member States, and update the framework as necessary.

Article 6

Trainings and rehearsals

The Commission shall organise the training of the staff of the designated central liaison offices on crisis coordination, cooperation and information exchange under this Regulation. It shall also organise rehearsals involving the staff of the central liaison offices from all Member States based on potential scenarios of Single Market emergencies.

TITLE II

RISK ASSESSMENT AND AD HOC ALERTS FOR EARLY WARNING

Article 7 *Union level risk assessment*

1. The Commission shall undertake a risk assessment with a view to determining goods and services of strategic importance of the Single Market economy that may require vigilance measures.
2. In carrying out the Union level risk assessment, the Commission shall take into account amongst others:
 - (a) any relevant parts of the general risk assessment carried out pursuant to Article 6(1) of the Decision No 1313/2013/EU of the European Parliament and of the Council on a Union Civil Protection Mechanism³⁷;
 - (b) other crisis-relevant risk assessments, carried out in accordance with the requirements of relevant sector-specific acts of Union law;
 - (c) any risks arising in strategically important areas of the economy from dependencies on non-diversifiable and non-substitutable inputs, including from third countries;
 - (d) any significant incident notified by the central liaison offices of Member States in accordance with Article 8;
 - (e) any market intelligence available to the Commission, including any relevant information shared by industry, the economic operators and their representative organisations following an invitation by the Commission.

For the purposes of point (c) of paragraph 1, the Commission shall cooperate with the competent authorities of the Member States, as appropriate.
3. The risk assessment shall set out a list of indicators for identifying factors that may disrupt, compromise or negatively affect the supply of goods and services of strategic importance. In the context of this assessment, the Commission may draw up and regularly review non-exhaustive lists of goods and services, which may potentially be considered of strategic importance.
4. The Commission shall review the list of indicators on a regular basis as necessary and at least every two years. The advisory group shall discuss the need of renewal of the risk assessment and of the list of indicators at least once per year.
5. This article is without prejudice to the Commission:
 - (a) entering into consultations or cooperation, on behalf of the Union, with relevant third countries with a view to seeking cooperative solutions to address supply chain disruptions, in compliance with international obligations. This may involve, where appropriate, coordination in relevant international fora; or
 - (b) assessing whether it is appropriate to impose restrictions to exports of goods under Regulation on common rules for exports³⁸,

³⁷ OJ L 347, 20.12.2013, p. 924.

³⁸ OJ L 83, 27.3.2015, p. 34.

when it learns of a disruption in the supply of goods and services in the course of this risk assessment.

Article 8

Ad hoc alerts for early warning

1. The central liaison office of a Member State shall alert the Commission and the central liaison offices of other Member States without undue delay of any crisis or shock that has the potential to significantly disrupt the functioning of the Single Market and its supply chains.
2. The central liaison offices and any relevant national competent authorities shall, in accordance with Union law and national legislation that complies with Union law, treat the information referred to in paragraph 1 in a way that respects its confidentiality and protects the security and commercial interests of the economic operators concerned.
3. In order to determine whether the potential disruption of the functioning of the Single Market and its supply chains of goods and services is such that it should be the object of an alert, the following parameters shall, in particular, be taken into account:
 - (a) the number of economic operators affected by the disruption or potential disruption;
 - (b) the duration or anticipated duration of a potential disruption;
 - (c) the geographical area and the share of the Single Market affected by the potential disruption;
 - (d) the effect of the disruption or potential disruption on non-diversifiable and non-substitutable inputs.

Part III

Single Market Vigilance

TITLE I

VIGILANCE MODE

Article 9

Criteria for activation

The vigilance mode may be activated in case a significant incident has occurred, which has the potential to significantly disrupt the supply chain of goods or services of strategic importance that are dependent on non-diversifiable and non-substitutable inputs, or which causes first signs of severe shortages of such goods and services.

Article 10

Activation

1. Where the Commission, taking into consideration the opinion provided by the advisory group, considers that the criteria set out in Article 9 are fulfilled, it shall activate the vigilance mode by means of an implementing act for a maximum duration of six months. Such an implementing act shall contain an assessment of the potential impact of the crisis, the list of the goods and services of strategic importance concerned, and the vigilance measures to be taken.
2. The implementing act referred to in paragraph 1 shall be adopted in accordance with the committee procedure referred to in Article 39(2).

Article 11

Extension and deactivation

1. The Commission, taking into consideration the opinion provided by the advisory group, may extend the vigilance mode by means of an implementing act, each time for a maximum duration of six months, where the criteria for activation continue to be fulfilled.
2. Where the Commission, taking into consideration the opinion provided by the advisory group, has ascertained that the criteria set out in Article 9 are no longer fulfilled, with respect to some or all vigilance measures for goods and services it shall deactivate the vigilance mode in full or in part by means of an implementing act.
3. Those implementing acts shall be adopted in accordance with the committee procedure referred to in Article 39(2).

TITLE II

VIGILANCE MEASURES

Article 12

Monitoring

1. When the vigilance mode is activated in accordance with the Article 10 of this Regulation, the Member States shall monitor, through their national competent

authorities, the supply chains of goods and services of strategic importance that have been identified in the implementing act activating the vigilance mode.

2. The Commission shall provide for standardised and secure means for the information collection and processing for the purpose of paragraph 1, using electronic means. Without prejudice to national legislation in the area of confidentiality, the safeguarding of confidentiality with regard to the commercially sensitive information content shall be ensured.
3. In the context of the monitoring activities, Member States shall set up and maintain an inventory of the most relevant undertakings established on their respective national territory that operate along the supply chains of goods and services of strategic importance that have been identified in the implementing act activating the vigilance mode.
4. On the basis of the inventory set up pursuant to Article 5, the competent authorities of the Member States shall address to the most relevant actors along the relevant supply chain of goods and services that have been identified in the implementing act activating the vigilance mode and other relevant stakeholders established in their respective national territory requests for providing information on a voluntary basis. Such requests for information shall in particular request information about factors impacting the availability of the selected goods and services of strategic importance (such as production capacity, stocks, suppliers' limitations, possibilities for diversification and substitution, demand conditions, bottlenecks). The competent authorities of the Member States shall transmit the relevant findings to the Commission and the advisory group without undue delay via the respective central liaison office.
5. Due regard shall be taken by the Member States competent authorities to minimising the administrative burden on economic operators and in particular SMEs, which may be associated with requests for information.
6. The Commission shall ask the advisory group to discuss the findings and prospects of evolution based on the monitoring of strategic supply chains.
7. On the basis of the information collected through the activities under paragraph 1, the Commission may provide a report of the aggregated findings.

Article 13
Strategic reserves

1. When the vigilance mode has been activated, the Commission shall, among the goods of strategic importance that have been identified in the implementing act activating the vigilance mode, identify those for which building a reserve may be necessary for increasing preparedness to a potential Single Market emergency. The Commission shall inform Member States.
2. Concerning strategic reserves, the Commission may request all or some Member States by means of an implementing act to provide information. This implementing act shall clearly and specifically list the goods or services concerned. Member States shall report to the Commission on the levels of such strategic reserves, held by the Member States as well as by the economic operators of goods of strategic importance currently available on their respective territories.
3. Member States, acting jointly in a spirit of solidarity and fair sharing of responsibility, shall deploy their best efforts to build up strategic reserves of the goods identified as

goods of strategic importance pursuant to Article 13(1). The Commission shall provide support to Member States to coordinate and streamline their efforts.

4. Where the building of strategic reserves can be rendered more effective by streamlining among Member States, the Commission, taking into consideration the opinion provided by the advisory group, may draw up and regularly update, by means of implementing acts, a list of individual targets (quantities and deadlines) for those strategic reserves that the Member States should maintain. When setting the individual targets for each Member State, the Commission shall take into account:
 - (a) the probability and impact of shortages and risks identified during the risk assessment conducted pursuant to Article 7;
 - (b) the level of existing stocks and strategic reserves across the Union;
 - (c) the costs for building and maintaining such strategic reserves.

The building up of strategic reserves shall not add disproportionate strain on the supply chains of the concerned goods identified as goods of strategic importance pursuant to Article 13(1).

5. The Member States shall regularly inform the Commission about the current state of their strategic reserves. The Member States, whose reserves have reached the individual targets, shall inform the Commission of any excess stocks of goods identified as goods of strategic importance pursuant to Article 10(1) that they might have at their disposal. The Commission shall facilitate the cooperation between those Member States, which have already reached their targets and other Member States, which are still in the process of building their respective strategic stocks.
6. Where the strategic reserves of a Member State continuously fall significantly short of the targets and economic operators on its territory are not able to compensate that shortfall, the Commission may adopt a decision, in exceptional circumstances according to paragraph 7, requiring the said Member State to build up its strategic reserves by a set deadline.
7. Such decision, rendering a target of strategic reserves mandatory for one or more Member States, shall only be taken where
 - the Commission considers, supported by objective data, that the needs for the concerned good remain unchanged or have further increased, and the efforts of the Member State concerned to meet the voluntary target are insufficient, but also indispensable to ensure the preparedness to a potential Single Market emergency; or
 - 14 Member States ask the Commission to issue a binding target decision; also in this case, the Commission shall take into account in exceptional circumstances. In particular, the Commission shall consider the importance of a specific Member State in the specific supply chain concerned.
8. The implementing acts referred to in this Article shall be adopted in accordance with the committee procedure referred to in Article 39(2).

Part IV

Single Market Emergency

TITLE I

EMERGENCY MODE

Article 14

Criteria for activation

1. A Single Market emergency shall be considered to have occurred where a crisis:
 - (a) has already triggered the application of at least one of the relevant Union crisis-response mechanisms³⁹ and has produced a severe impact on the Single Market, or
 - (b) severely disrupts the functioning of the Single Market or its supply chains that are indispensable in the maintenance of vital societal or economic activities in the Single Market.
2. In the situation referred to in point (a) of paragraph 1, a severe impact on the Single Market shall be assumed. The assessment of the severity of the disruption referred to in point (b) of paragraph 1 shall be based on concrete and reliable evidence, at least the following indicators:
 - (a) an estimation of the number of economic operations and/or users relying on the disrupted sector or sectors of the Single Market for the provision of the goods or services concerned;
 - (b) the importance of the goods and services concerned for other sectors;
 - (c) the impacts in terms of degree and duration, on economic and societal activities, the environment and public safety;
 - (d) the market share of the affected economic operator(s) in the concerned sector or sectors;
 - (e) the geographic area that could be affected, including any cross-border impacts;
 - (f) the importance of the affected economic operator in maintaining a sufficient level of supply of the goods or of the services, taking into account the availability of alternative means for the provision of those goods or services; and
 - (g) the absence of substitute goods, inputs or services.

Article 15

Activation

1. The Single Market emergency shall be activated when the criteria laid down under Article 14 are fulfilled and in accordance with the procedure laid down in this Article.
2. Emergency mode may be activated both directly, and as a measure overriding or pursuing an ongoing vigilance mode.

³⁹ Crisis-response mechanisms include X, Y Z.

3. Where the Commission, taking into consideration the opinion provided by the advisory group, considers that the criteria of Article 14 are fulfilled, it shall propose to the Council to activate a Single Market emergency mode.
4. The Single Market emergency mode shall be activated, by means of a Council implementing acts. The duration of the activation, which shall be specified in the implementing act, would be a maximum of six months.
5. The activation of a Single Market emergency also enables the activation and deployment of the measures laid down in Articles 12 and 13.

~~5. As soon as the Single Market emergency mode is activated, the Commission shall draw, without delay, consider an indicative list of crisis-relevant goods and services.~~

Article 16 Extension and deactivation

1. Where the Commission considers, taking into consideration the opinion provided by the advisory group, that an extension of the Single Market emergency is necessary, it may propose to the Council to extend the Single Market emergency no later than 30 days before the expiry of the period for which the Single Market emergency has been activated. The Single Market emergency may be extended by no more than six months at a time.
2. Where advisory group has concrete and reliable evidence that the Single Market emergency should be deactivated, it may formulate an opinion to that effect and transmit it to the Commission. Where the Commission, taking into consideration the opinion provided by the advisory group, considers that the criteria for activation of Single Market emergency laid down in Article 14 are no longer fulfilled, it shall propose to the Council the deactivation of the Single Market emergency.
3. The measures taken in accordance with Articles 25 to 30 and pursuant to the emergency procedures introduced in the respective Union legal frameworks by means of the amendments to sectorial product legislation set out in [insert reference to proposal for the Omnibus Regulation] shall cease to apply upon expiry of the duration of the Single Market emergency mode. The Commission shall submit to the Council an assessment on the effectiveness of the measures taken in addressing the Single Market emergency no later than three months after the expiry of the measures, on the basis of the information gathered via the monitoring mechanism foreseen by Article 12.

TITLE II
FREE MOVEMENT DURING THE SINGLE MARKET EMERGENCY

Chapter I
Measures for re-establishing and facilitating free movement

Article 17

General requirements for free movement restrictions during a Single Market emergency

1. When adopting and applying national crisis response measures to address Single Market emergencies, Member States shall ensure that their actions comply with the requirements laid down in paragraphs 2 to 11.
2. Measures restricting the free movement of goods or persons, including workers and service providers, shall only be adopted if no other alternative is available.
3. Any such restrictions shall be evidence-based and subject to peer review in the advisory group and scrutiny by the Commission in line with the notification procedure laid down in Article 20 of this Regulation.
4. Any such restrictions shall be justified by a clearly identified overriding reason relating to the public interest, suitable for securing the attainment of that objective, must not go beyond what is necessary to attain that objective and it must not be possible to replace them with other, less restrictive measures which attain the same result.
5. Any restrictions shall be limited in time and removed as soon as the situation allows it.
6. Any requirements imposed on citizens and businesses shall not create an undue or unnecessary administrative burden.
7. There may be no discrimination between Member States or between citizens based on nationality.
8. Member States shall avoid disruptions to supply chains, ensure essential travel and shall keep transport flows moving.
9. Member States shall regularly exchange information on all matters falling within the scope of this Regulation between themselves and with the Commission. They shall inform citizens, consumers, businesses, workers and their representatives accordingly.
10. Member States shall ensure that all measures affecting free movement of goods, services and persons, including workers and service providers, are clearly communicated to all affected stakeholders before their entry into force. Member States shall ensure that there is a continuous dialogue with stakeholders, including international partners.
11. Once coordinated and uniform crisis response measures have been taken at Union level, Member States authorities shall immediately discontinue the application of any national measures adopted to the same purpose.

Article 18

Prohibited restrictions of free movement rights during a Single Market emergency

1. During the Single Market emergency mode, concerning those goods and services that the Commission has listed as crisis-relevant goods and services in the indicative list referred to in Article [24-15](#) of this Regulation or any of the implementing acts referred to in ~~such~~ article [24](#), Member States shall refrain from introducing on these goods and services:
 - (a) any intra-EU export bans or other measures of equivalent effect;
 - (b) any restrictions on the export of goods or provision or receipt of services, or any other measures that will have a similar effect, if those restrictions or measures:
 - hamper the free movement of crisis-relevant goods and services,
 - disrupt supply chains of crisis-relevant products goods and services or
 - create or increase shortages of crisis-relevant goods and services in the single marketor
 - (c) any restrictions on the export of goods or provision or receipt of services that are directly or indirectly discriminatory based on nationality of the supplier;
 - (d) any restrictions of free movement of workers and service providers involved in the production of crisis-relevant goods and their parts and provision of crisis-relevant services, or taking any other measures that will have a similar effect:
 - that cause shortages of necessary workforce on the Single Market, therefore disrupting supply chains of crisis-relevant goods and services or creating or increasing shortages of crisis-relevant goods and services in the Single market or
 - that are directly or indirectly discriminatory based on nationality of the worker.
2. Member States shall refrain from imposing the following types of measures restricting free movement of goods with the purpose to respond to a Single Market emergency:
 - (a) applying more generous rules to goods from a neighbouring Member State, any other specific Member State or a group of Member States, as compared to goods originating from other Member States;
 - (b) selectively and without any justification refuse the entry of goods originating from some other Member States to their territory;
 - (c) restrictions not limited to the duration of the Single Market emergency;
 - (d) block the flow and transit of goods by introducing inappropriate entry or exit bans or prohibitions of the operation of freight transport;
 - (e) impose requirements on businesses that produce, sell or place goods on the market relying on free movement of goods, that are not appropriate for the achievement of the purported legitimate aim of such measures;
 - (f) measures that manifestly create an undue administrative burden for the businesses that produce, sell or place goods on the market relying on free movement of goods.

3. Member States shall not impose in particular the following types of restrictions of the freedom to provide services with the purpose to respond to a Single Market emergency:
 - (a) measures applicable beyond the duration of the Single Market emergency;
 - (b) measures that ban types of services or manners of service provision which do not interfere with the management of a Single Market emergency;
 - (c) measures that target explicitly or implicitly only cross-border providers of temporary or occasional services, even if such service providers are able to demonstrate that they do not pose a greater threat to public health or safety, public order or environment in the host Member State than the threat posed by service providers established in the given Member State;
 - (d) measures that treat service providers who are in an objectively similar situation differently;
 - (e) blocking flows of passenger transport unless justified and proportional to the nature of the Single Market emergency;
 - (f) requirements imposed on service providers relying on freedom to provide services, that are not appropriate for the achievement of the purported legitimate aim of such measures;
 - (g) measures that manifestly create an undue administrative burden for the service providers relying on freedom to provider services.
4. Member States shall not impose in particular the following types of restrictions for the free movement of persons at the time of an activated Single Market emergency:
 - (a) imposing more generous rules to travel to and from a neighbouring Member State as compared to travel to and from other Member States;
 - (b) prohibitions of business travel linked to the research and development, production of or placing on the market of crisis-related goods or the related inspections;
 - (c) prohibitions of travel for imperative family reasons not being appropriate for the achievement of any purported legitimate aim of such measures ;
 - (d) prohibitions of essential travel that are not appropriate for the achievement of the purported legitimate aim of the measures;
 - (e) selectively and without any justification refusing the entry of persons originating from some other Member States to its territory;
 - (f) measures that are not limited to the time of the circumstances that gave rise to their imposition during a Single Market emergency;
 - (g) requirements imposed on persons relying on their right to free movement of persons that are not appropriate for the achievement of the purported legitimate aim of the measures;
 - (h) measures that manifestly create an undue administrative burden for the persons relying on their right to free movement of persons without any rational relation to the purported legitimate aim of the measures.
5. Besides the restrictions mentioned in points (a), (c), (d), (e) and (f) of paragraph 4, Member States shall not impose in particular restrictions on workers and service providers and their representatives with the purpose to respond to a Single Market

emergency that are patently inappropriate to ensure the achievement of the purported legitimate aim of the measure or which manifestly go beyond what is necessary for that purpose.

Article 19
Mitigating measures

1. Where a Member State imposes travel restrictions in a Single Market emergency, they shall establish specific burden-free and fast procedures for border crossings to ensure a smooth passage for business representatives, service providers, seasonal, cross-border, frontier and posted workers and their representatives.
2. The Commission may issue at the time of Single Market emergencies implementing acts to provide for supportive measures for reinforcing free movement of persons (including service providers, workers, persons responsible for civil protection special operations, business representatives) during the given crisis. Those implementing acts shall be adopted in accordance with the committee procedure referred to in Article 39(2) of this Regulation.
3. When a Single Market emergency has been activated under this Regulation and the activities exercised by the service providers, business representatives and workers are not affected by the emergency in the Member State, that Member shall allow such categories of persons from other Member States to enter their territory and have unhindered access to their place of activity.
4. However, when the exceptional circumstances resulting from the crisis at hand do not allow all service providers, business representatives and workers from other Member States to enter the territory of the Member State and to have unhindered access to their place of activity or workplace, Member States shall allow
 - (a) service providers that provide crisis-relevant services, business representatives that are involved in production of crisis-relevant goods and essential workers to continue crossing their borders to the place of their activities, if activities in the sector concerned are still allowed in the Member State;
 - (b) civil protection workers to have unhindered access to their place of activity in any of the Member States.
5. The Commission may issue, by means of an implementing act any Union-wide documents supporting the free movement of persons (including service providers, workers, persons responsible for civil protection operations, business representatives) for the duration of the activated Single Market emergency at hand.
6. The Commission and the Member States may set up interoperable digital tools or IT infrastructures supporting the objectives of the Single Market Emergency instrument. Such tools or infrastructures may be developed outside the duration of Single Market Emergency. The Commission shall, by means of implementing acts, set out the technical aspects of such tools or infrastructures. Those implementing acts shall be adopted in accordance with the committee procedure referred to in Article 39.

Chapter II

Transparency and administrative assistance

Article 20 *Notifications*

1. After the Single Market emergency mode is activated in accordance to Article 15, Member States shall notify to the Commission any crisis-relevant draft measures restricting free movement of goods and the freedom to provide services as well as crisis-relevant restrictions of free movement of persons, together with the reasons for those measures. Such notification shall not prevent Member States from adopting the measures in question in case immediate action is needed due to reasons occasioned by serious and unforeseeable circumstances. Member States shall notify the adopted measure immediately together with a justification for the need to immediately adopt the measure.
2. Member States shall let the Commission have a statement of the reasons which make the enactment of such measure justified and proportionate, where those reasons have not already been made clear in the notified measure. Member States shall communicate to the Commission the full text of the national legislative or regulatory provisions which contain or are modified by the measure.
3. Member States shall use the Information System set up for notifications under Directive 2015/1535 for notifications under this Article.
4. The Commission shall communicate the notified measures to the other Member States without delay.
5. It shall refer the notified measure to the advisory group, for an opinion. If the advisory group chooses to deliver an opinion, it shall do so within four days from the date of receipt by the Commission of the notification referred to in this Article.
6. The Commission shall ensure that citizens and businesses are informed of the notified measures, unless Member States request that the measures remain confidential, as well as of the decisions and Member States comments adopted in accordance with this Article.
7. Member States shall postpone the adoption of a notified draft measure for seven days from the date of receipt by the Commission of the notification referred to in this Article.
8. Within 7 days from the date of receipt of the notification, the Commission shall examine the compatibility of any draft or adopted measure with Union law and may provide comments on the notified measure; such comments shall be taken into account by the notifying Member State.
9. The Member States may also provide comments to the Member State which has notified a measure; that Member State shall take such comments into account.
10. The notifying Member State shall communicate the measures it intends to adopt in order to comply with the comments delivered in accordance with paragraph 8 to the Commission within seven days after receiving them. If the Commission finds that the measures communicated by the notifying Member State are still not in accordance with Union law, it may issue within 30 days of that communication, a decision requiring that Member State to refrain from adopting the notified draft measure or, in case of an

already adopted measure, a decision requesting the Member State to abolish it. The adoption of this decision shall be without prejudice to the possibility for the Commission to adopt measures at a later stage, including the launching of an infringement procedure on the basis of Article 258 TFEU.

11. The notifying Member State shall communicate the adopted text of a notified draft measure to the Commission without delay. It shall also communicate the text of a revised measure in case it modifies the notified adopted measure.
12. Information supplied under this Article shall not be confidential except at the express request of the notifying Member State. Any such request shall relate to draft measures and shall be justified.
13. The Commission shall publish the measures adopted by the Member States in the context of the Single market emergency that restrict free movement of goods, services and the persons, including workers, which have been received by means of the notifications referred to in this Article as well as via other sources. The measures shall be published within 1 working day of their receipt by means of an electronic platform managed by the Commission.

Article 21

Link to other notification mechanisms

1. Where a Member State is required to notify a measure under Article 20 of this Regulation and under Article 5(1) of Directive (EU) 2015/1535, a notification carried out under this Regulation shall be deemed to have satisfied also the notification obligation established under Article 5(1) of Directive (EU) 2015/1535.
2. Where a Member State is required to notify a measure under Article 20 of this Regulation and under Articles 15(7) or 39(5) of Directive 2006/123/EC, a notification carried out under this Regulation shall be deemed to have satisfied also the notification obligations established under Directive 2006/123/EC. Similarly the Commission Decision referred to in Article 17(10) of this Regulation is deemed to be a Decision taken under Article 15(7) of Directive 2006/123/EC for the purposes of that Directive.
3. Where a Member State is required to notify a measure under Article 20 of this Regulation and to inform the Commission in accordance with Article 59(5) of Directive 2005/36/EC, that notification shall be deemed to have satisfied also the information obligation set out in Article 59(5) of Directive 2005/36/EC.

Article 22

Single points of contact in the Member States

1. Member States shall operate national single points of contact.
2. The single points of contact shall provide citizens, consumers, economic operators and workers and their representatives with the following assistance:
 - (a) assistance in requesting and obtaining information about national restrictions of the free movement of goods, services, persons and workers that are related to the declared Single Market emergency.
 - (b) assistance in the performance of any national level crisis procedures and formalities that have been put in place due to the declared Single Market emergency.

3. Member States shall ensure that it is possible for citizens, consumers, economic operators and workers and their representatives to receive, at their request and via the respective single points of contact, information from the competent authorities on the way in which the respective national crisis response measures are generally interpreted and applied. Where appropriate, such information shall include a step-by-step guide. The information shall be provided in clear, understandable and intelligible language, it shall be easily accessible at a distance and by electronic means and shall be kept up to date.

Article 23

Union level single point of contact

1. The Commission shall set up and operate a Union level single point of contact.
2. The single point of contact shall provide citizens, consumers, economic operators, workers and their representatives with the following assistance:
 - (a) assistance in requesting and obtaining information as regards Union level crisis response measures that are relevant to the declared Single Market emergency or which affect the exercise of the free movement of goods, services, persons and workers including the reintroduced internal border controls during the Single Market emergency.
 - (b) assistance with the performance of any crisis procedures and formalities that have been put in place at the Union level due to the declared Single Market emergency.

TITLE III

SINGLE MARKET EMERGENCY RESPONSE MEASURES

Chapter I

Targeted information requests and availability of crisis-relevant goods and services

Article 24

Requirement of dual activation

1. Any measure included in this Chapter may be used by the Commission only after a Single Market Emergency has been activated by means of Council implementing acts in accordance with Article 15 of this Regulation for the duration of the emergency mode and the Commission has activated any such measures by means of Commission implementing acts.
2. ~~As soon as the Single Market emergency mode is activated, the Commission shall, without delay, consider an indicative list of crisis-relevant goods and services. An implementing act activating a measure included in this Chapter shall, however, clearly and specifically list the crisis-relevant goods and services to which this particular measure applies.~~
3. The Commission implementing acts referred to in paragraph 1 shall be adopted in accordance with the committee procedure referred to in Article 39(2).

Article 25
Information requests to economic operators

1. In situations of severe crisis-related shortages or an immediate threat thereof, the Commission might invite representative organisations or economic operators in crisis-relevant supply chains to provide well circumscribed and relevant information to the Commission in relation to their production capacities and possible existing stocks of crisis-relevant goods and components thereof in its Union production facilities and third country facilities which it operates or contracts or purchases supply from, while fully respecting trade and business secrets, as well as any relevant supply chain disruptions within a given deadline. If the addressees do not provide the requested information within the time limit without a valid justification, in case of severe shortages of crisis-relevant goods or services or in case of an immediate threat thereof, the Commission may in a second step address a formal decision to the representative organisations or economic operators in crisis-relevant supply chains requesting them to provide targeted information to the Commission in relation to their production capacities and possible existing stocks of the crisis-relevant goods and components thereof in its Union production facilities and third country facilities which it operates or contracts or purchases supply from, while fully respecting trade and business secrets and to transmit to the Commission a schedule of the expected production output for the following 3 months for each Union production facility as well as any relevant supply chain disruptions. Such requests may also comprise other data necessary for assessing the nature or magnitude of a given supply chain disruption or shortage, with the purpose to inform the choice of possible mitigation or emergency measures.
2. The Commission shall rely, where possible, on the relevant and available contact lists of the economic operators along the selected supply chains of crisis-relevant goods and services, compiled by the Member States. The Commission may obtain the necessary information on the relevant economic operators from the Member States.
3. Information requests shall contain a reference to the implementing act referred to in paragraph 1, on which they are based and should only be used in situations of severe crisis-related shortages or an immediate threat thereof. Any information request shall be duly justified and proportionate in terms of the volume, nature and granularity of the data, as well as the frequency of access to the data requested and necessary for the management of the emergency. A request shall set out a reasonable time limit within which the information is to be provided. It shall take into account the cost and effort required to collect and make the data available by the economic operator or representative organisation. It shall also indicate the penalties provided for in Article 30 for failure to comply and the timeline for a reply.
4. The owners of the undertakings or their representatives and, in the case of legal persons, companies or firms, or associations having no legal personality, the persons authorised to represent them by law or by their constitution shall supply the information requested on behalf of the undertaking or the association of undertakings concerned. Lawyers duly authorised to act may supply the information on behalf of their clients. The latter shall remain fully responsible if the information supplied is incomplete, incorrect or misleading.
5. The implementing acts referred to in paragraph 1 shall be adopted in accordance with the committee procedure referred to in Article 63(2).

Article 26
Confidentiality and processing of the information

1. The Commission may present to the advisory group aggregate information based on any information collected pursuant to Article 32.
2. The Commission shall not share any information in such a way that can lead to the identification of an individual operator when the sharing of the information results in potential commercial or reputational damage to this operator or in divulging any trade secrets.

Article 27
Measures to ensure the availability and supply of crisis-relevant goods

1. The Commission may, when it considers that there is a risk of a shortage of crisis-relevant goods, recommend that Member States implement specific measures to ensure the efficient re-organisation of supply chains and production lines and utilise existing stocks to increase the availability and supply of crisis-relevant goods, as quickly as possible.
2. In particular, the measures referred to in paragraph 1 may include:
 - (a) measures facilitating the expansion or repurposing of existing or the establishment of new production capacities for crisis-relevant goods;
 - (b) measures facilitating the expansion of existing or the establishment of new capacities related to service activities;
 - (c) the introduction of measures aiming at accelerating permitting or facilitating the placing on the market of crisis-relevant goods.

Article 28
Targeted amendments to harmonised products' legislation

When the Single Market emergency mode has been activated by means of a Council implementing act adopted pursuant to Article 15(3), and the Commission has adopted an implementing act pursuant to Article 24(1), the emergency procedures included in the Union legal frameworks amended by [*insert reference to the Omnibus Regulation*] shall become applicable with respect to those products, which have been designated as crisis-relevant goods pursuant to Article 24(2).

Article 29
Priority rated orders

1. The Commission may invite economic operators in crisis-relevant supply chains to accept and prioritise certain orders of inputs for the production of crisis-relevant goods or orders for the production of crisis-relevant goods as final products ('priority rated order').
2. If the economic operators do not accept to prioritise such orders of inputs for the production of crisis-relevant goods or orders for the production of crisis-relevant goods, the Commission may, in exceptional circumstances, address a decision to the concerned economic operators, obliging them to accept such priority rated orders, where

- the Commission considers, supported by objective data, that the needs for the concerned good or service remain unchanged or have further increased, and that the requested prioritisation of the concerned order or orders by the specific economic operator is indispensable to ensure the availability of the specific crisis-relevant goods or services; or
 - 14 Member States ask the Commission to issue such binding decision; also in this case, the Commission shall take due account of the implications for the economic operator.
3. The obligation shall take precedence over any performance obligation under private or public law unless the economic operator addressed contests the obligation [within xx days] and explains why it would not be feasible or appropriate in light of the objectives of this provision for it to comply. The economic operator shall in such cases Explain, in particular, why it considers its non-compliance to be duly justified based on one of the following grounds:
- (a) if the economic operator is unable to perform the priority rated order on account of insufficient production capability or production capacity, even under preferential treatment of the order;
 - (b) if acceptance of the order would place an unreasonable economic burden and entail particular hardship for the economic operator.

The economic operator shall provide a public explanation for its non-compliance, with due regard to business confidentiality.

4. When an economic operator established in the Union is subject to a third country priority rated order measure, it shall inform the Commission thereof.
5. The obligations under paragraphs 1 and 2 shall be enacted by the Commission via decision. The decision shall be taken in accordance with applicable Union legal obligations, having regard to the circumstances of the case, including the principles of necessity and proportionality. The decision shall in particular have regard for the legitimate interests of the economic operator concerned and the cost and effort required for any change in production sequence. In its decision, the Commission shall state the legal basis of the priority rated order, fix the time-limit within which the order is to be performed in the absence of contestation by the economic operator addressed, and, where applicable, specify the product and quantity, and state the penalties provided for in Article 30 for non-compliance with the obligation. The priority rated order shall be placed at fair and reasonable price.
6. Where an economic operator accepts and prioritises a priority rated order, it shall not be liable for any breach of contractual obligations that is required to comply with the priority rated orders. The liability shall be excluded only to the extent the violation of contractual obligations was necessary for compliance with the mandated prioritisation.

Article 30

Coordinated distribution of strategic reserves

Where the strategic reserves constituted by the Member States in accordance with Article 13 prove to be insufficient to meet the needs related to by the Single Market emergency, the Commission, taking into consideration the opinion provided by the advisory group, may recommend to the Member States, where possible, to distribute the strategic reserves in a targeted way, having regard to the need not to aggravate the Single Market disruption further

and the principles of necessity, proportionality and solidarity and establishing the most efficient use of reserves with a view to ending the Single Market emergency.

Article 31

Penalties and fines to operators for non-compliance with the obligation to reply to mandatory information requests or to comply with priority rated orders

1. The Commission may, by decision, where deemed necessary and proportionate:
 - (a) impose fines, where a representative organisation of economic operators or an economic operator, intentionally or through gross negligence, supplies incorrect, incomplete or misleading information in response to a request made pursuant to Article 25, or does not supply the information within the prescribed time limit;
 - (b) impose fines, where an undertaking, intentionally or through gross negligence, does not comply with the obligation to inform the Commission of a third country obligation pursuant to Article 29(2);
 - (c) impose periodic penalty payments, where an economic operator, intentionally;
or
 - (d) through gross negligence, does not comply with an obligation to accept and prioritise certain orders of inputs for the production of crisis-relevant goods or orders for the production of crisis-relevant goods as final products ('priority rated order') pursuant to Article 29(1).
2. Fines imposed in the cases referred to in paragraph 1 (a) and (b) shall not exceed 300 000 EUR.
3. Periodic penalty payments imposed in the cases referred to in paragraph 1 (c) shall not exceed 1.5 % of the average daily turnover in the preceding business year for each working day of non-compliance with the obligation pursuant to Article 29 (priority rated orders) calculated from the date established in the decision.
4. In fixing the amount of the fine or periodic penalty payment, regard shall be had to the nature, gravity and duration of the infringement, taking due account of the principles of proportionality and appropriateness.
5. Where the undertaking has satisfied the obligation which the periodic penalty payment was intended to enforce, the Commission may fix the definitive amount of the periodic penalty payment at a figure lower than that which would arise under the original decision.
6. The Court of Justice of the European Union shall have unlimited jurisdiction to review decisions whereby the Commission has fixed a fine or a periodic penalty payment. It may cancel, reduce or increase the fine or periodic penalty payment imposed.

Article 32

Limitation period for the imposition of fines and periodic penalty payments

1. The powers conferred on the Commission by Article 31 shall be subject to the following limitation periods:
 - (a) two years in the case of infringements of provisions concerning requests of information pursuant to Article 25;

- (b) two years in the case of infringements of provisions concerning information obligation pursuant to Article 25 and Article 29(2) (info about third country obligations for information requests and priority rated orders);
 - (c) three years in the case of infringements of provisions concerning the obligation to prioritise the production of crisis-relevant goods pursuant to Article 29.
2. The time shall begin to run on the day on which the infringement is committed. However, in case of continuous or repeated infringements, time shall begin to run on the day on which the infringement ceases
 3. Any action taken by the Commission or the competent authorities of the Member States for the purposes of ensuring compliance with the provisions of this Regulation shall interrupt the limitation period.
 4. The interruption of the limitation period shall apply for all the parties which are held responsible for the participation in the infringement.
 5. Each interruption shall start the time running afresh. However, the limitation period shall expire at the latest on the day in which a period equal to twice the limitation period has elapsed without the Commission having imposed a fine or a periodic penalty payment. That period shall be extended by the time during which the limitation period is suspended because the decision of the Commission is the subject of proceedings pending before the Court of Justice of the European Union.

Part V

Procurement

TITLE I

PROCUREMENT OF GOODS AND SERVICES OF STRATEGIC IMPORTANCE AND CRISIS-RELEVANT GOODS BY THE COMMISSION ON BEHALF OF MEMBER STATES DURING VIGILANCE AND EMERGENCY MODES

Article 33

Request of Member States to the Commission to procure crisis-relevant goods and services on their behalf

1. Two or more Member States may request the Commission to launch a procurement on behalf of the Member States that wish to be represented by the Commission ('participating Member States'), including innovation procurement, for the purchasing of crisis-relevant goods and services.
2. The Commission shall assess the utility, necessity and proportionality of the request. Where the Commission intends not to follow the request, it shall inform the Member States concerned and the advisory group and give reasons for its refusal.
3. Where the Commission agrees to procure on behalf of the Member States, it shall draw up a proposal for an agreement to be concluded with the participating Member States allowing the Commission to procure on their behalf. This agreement shall organise in detail the procurement on behalf of the participating Member States referred to in paragraph 1.

Article 34

Negotiating mandate of the Commission

1. The agreement shall establish a negotiating mandate for the Commission to act as a central purchasing body for crisis-relevant goods on behalf of the participating Member States through the activation of existing contracts or the negotiation of new contracts.
2. In accordance with the established agreement, the Commission may be entitled, on behalf of all participating Member States, to enter into contracts with economic operators, including individual producers of crisis-relevant goods and services, concerning the purchase of such goods or services.
3. In order to prepare for the fulfilment of such tasks, representatives of the Commission or experts nominated by the Commission may carry out on-site visits at the locations of production facilities of crisis-relevant goods.
4. The Commission shall carry out the procurement procedures and conclude the resulting contracts with economic operators on behalf of the participating Member States.

Article 35

Modalities of procurement by the Commission on behalf of the Member States

1. Procurement under this Regulation shall be carried out by the Commission in accordance with the rules set out in Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council for its own procurement⁴⁰.
2. The contracts may include a clause establishing that a Member State which has not participated in the procurement procedure, may become a party to the contract after it has been signed, laying out in detail the procedure for doing so and its effects.

TITLE II

JOINT PROCUREMENT DURING VIGILANCE AND EMERGENCY MODES

Article 36

Joint procurement procedure

Procurement under this Regulation may also be carried out by the Commission in accordance with the rules set out in Article 165(2) of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council for its own procurement.

TITLE III

PROCUREMENT BY THE MEMBER STATES DURING THE DURING EMERGENCY MODE

Article 37

Consultation and coordination regarding individual procurement by the Member States

When the emergency mode has been activated pursuant to Article 16, Member States shall consult and coordinate their actions with the Commission and the representatives of the other Member States within the advisory group prior to launching procurement of crisis-relevant goods during an activated Single Market emergency in accordance with Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement⁴¹.

Article 38

Ban of individual procurement action by participating Member States

When the emergency mode has been activated pursuant to Article 15 and procurement by the Commission on behalf of Member States has been launched in accordance with Articles 33 to 35, the participating Member States may not procure goods or services covered by such procurement outside of it.

⁴⁰ OJL 193, 30.7.2018, p. 1.

⁴¹ OJL 94, 28.3.2014, p. 65.

Part VI

Final provisions

Article 39

Committee procedure

1. The Commission shall be assisted by a Single Market Emergency Instrument Committee. That committee shall be a committee within the meaning of Regulation (EU) No 182/2011.
2. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply. Where the committee delivers no opinion, the Commission shall not adopt the draft implementing act and the third subparagraph of Article 5(4) of Regulation (EU) No 182/2011 shall apply. By way of derogation, on duly justified imperative grounds of urgency relating to the impacts of the crisis on the Single Market, the Commission shall adopt immediately applicable implementing acts in accordance with the procedure referred to in Article 8 of Regulation (EU) No 182/2011.

Article 40

Repeals

Council Regulation (EC) 2679/98 is repealed with effect from [date].

Article 41

Entry into force

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Article 42

Report and review

Report by Commission to the Council in five years from the entry into force of this Regulation and every five years after that on the functioning of the contingency planning, vigilance and Single Market emergency response system suggesting any improvements if necessary.

This review shall include an evaluation of the work of the Advisory Board under the emergency framework established by this Regulation, and its relation to the work of other relevant Union level crisis management bodies.

Member States shall be consulted and their views and recommendations on the implementation of the emergency framework reflected in the final report. The Commission shall, if appropriate, present proposals based on that report in order to amend this Regulation or make further proposals.

Done at Brussels,

For the European Parliament
The President

For the Council
The President

LEGISLATIVE FINANCIAL STATEMENT

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

1.1. Title of the proposal/initiative

Regulation of the European Parliament and of the Council for a Single Market Emergency Instrument

1.2. Policy area(s) concerned

Internal Market; free movement of goods, services and persons

1.3. The proposal/initiative relates to:

a new action

a new action following a pilot project/preparatory action⁴²

the extension of an existing action

a merger or redirection of one or more actions towards another/a new action

1.4. Objective(s)

1.4.1. General objective(s)

The general objective of Single Market Emergency Instrument (SMEI) is to enhance the Single Market's vigilance for, response to and its smooth functioning in times of crisis. To this end, SMEI will equip the EU with a well-calibrated crisis toolbox that permits a rapid and effective response to any future crisis that threatens to hamper the functioning of the Single Market, complementing other existing EU mechanisms, including through better coordination, transparency and speed. The objective is to strengthen the functioning of the Single Market and provide quick and practical solutions to issues of free movement of goods, services and persons and of supply in times of crisis.

1.4.2. Specific objective(s)

Specific objective No 1

Minimise obstacles to free movement of goods, services and persons in times of crisis

The specific objective 1 is to minimise obstacles to free movement of goods, services and persons in times of crisis by providing a toolbox of solutions to ensure a well-coordinated EU-level vigilance and response to crises affecting the Single Market. To this end, it is expected to provide a toolbox of solutions consisting of vigilance, coordination and transparency measures assuring more aligned and targeted Member State responses and providing needed transparency when it comes to obstacles to free movement.

Specific objective No 2

Address shortages and safeguard availability of crisis-relevant goods and services

⁴² As referred to in Article 58(2)(a) or (b) of the Financial Regulation.

This specific objective aims at facilitating quick and practical solutions to issues of supply in times of crisis. To this end, it is expected to provide adequate vigilance, coordination and transparency mechanisms for a targeted policy response and for all Single Market players by enabling information exchange and close cooperation with industry/stakeholders for identifying crisis-relevant supply chain bottlenecks and capacity needs and taking further action when necessary to ensure the availability of crisis-relevant goods and services in an emergency.

1.4.3. *Expected result(s) and impact*

Specify the effects which the proposal/initiative should have on the beneficiaries/groups targeted.

The initiative will ensure access to the Single Market during times of crisis for citizens and businesses and will provide support for the identified supply chains ensuring the functioning of the Single Market and better overall EU-level crisis response thanks to the availability of crisis-relevant products needed in the crisis response, and will also generate indirect social benefits in terms of improving living conditions and quality of life of citizens and saving lives, depending on the type of crisis.

The initiative is expected to contribute to the achievement of the United Nations Sustainable Development Goals (SDGs), in particular SDG #1 No poverty, SDG #8 Decent work and economic growth, SDG #9 Industry, innovation and infrastructure, SDG #10 Reduced inequalities and SDG #16 Peace, justice and strong institutions.

Businesses will be positively affected, in particular during an emergency, due to better EU-level crisis response leading to less obstacles to free movement and better availability of crisis-relevant products. Measures in the toolbox that would have a direct positive effect on businesses include key principles to ensure free movement and supporting measures, transparency and administrative assistance during emergency, public procurement during emergency and measures to place products faster on the market during emergency, and speeding up permitting during emergency. Businesses however could also face costs and their operations could be impacted, notably due to measures to support supply chains during emergency, in particular information requests to companies, obligations to ramp up production and to accept priority-rated orders.

Citizens would benefit from the overall better EU-level crisis response thanks to the presence of the coordination mechanisms as well as the toolbox to ensure less obstacles to free movement and better availability of crisis-relevant products. They would further directly benefit from key principles to ensure free movement, in particular as it concerns free movement of persons, in their capacity as workers and consumers. They could also directly benefit from distribution of previously stockpiled crisis-relevant products of strategic importance. There are no direct costs to citizens.

Member States would benefit from overall better EU-level crisis response and directly benefit from the existence of a dedicated governance body ensuring coordination during a crisis with impact on the Single Market. There would be administrative and compliance costs for Member States for a range of measures foreseen under the toolbox, including for contingency planning, gathering information on supply chains, participation in match-making and constitution of strategic reserves under vigilance mode, as well as in emergency mode for compliance with key principles for free movement, measures on transparency and administrative assistance, compliance with measures on placing crisis-relevant products on the market, participation in public

procurement during emergency and measures impacting crisis-relevant supply chains during emergency.

For the Commission, we consider that the activity of developing new guidance, recommendations and coordinating obligatory measures forms part of the normal activities. The Commission would nevertheless incur additional specific costs, in particular for the organisation of the SMEI Advisory Group meetings, organising trainings and drills for national experts, conducting Union-level risk assessment, organising match-making between companies, analysis of notifications under transparency and administrative assistance.

1.4.4. *Indicators of performance*

Specify the indicators for monitoring progress and achievements.

The Commission will carry out an evaluation of the effectiveness, efficiency, coherence, proportionality and subsidiarity of this legislative initiative and present a report on the main findings to the European Parliament, the Council, the European Economic and Social Committee, and the Committee of the Regions five years after the date of application of the legislative acts. The Commission may propose in that evaluation report how to improve the Single Market Emergency Instrument. This review mechanism is similar to the review mechanisms included with the Commission proposal for a Council Regulation on a framework of measures for ensuring the supply of crisis-relevant medical countermeasures in the event of a public health emergency at Union level as well as with the Commission proposal for a Regulation of the European Parliament and of the Council establishing a framework of measures for strengthening Europe's semiconductor ecosystem (Chips Act) .

Member States and representative organisations of economic operators will be obliged to provide the Commission with the information necessary for the preparation of that report.

The Commission and Member States will regularly monitor the application of the legal acts, in particular the effectiveness of the measures facilitating the free movement of goods, persons and services during the crisis on the persons and businesses concerned as well as the functioning of the Single Market, and the impacts of the information requests and monitoring, building and distribution of the strategic reserves and other measures increasing the availability of products and services on the Single Market to economic operators and their representatives.

1.5. **Grounds for the proposal/initiative**

1.5.1. *Requirement(s) to be met in the short or long term including a detailed timeline for roll-out of the implementation of the initiative*

N/A as the application of the instrument depends on the emergence of a crisis which by its nature cannot be foreseen.

1.5.2. *Added value of Union involvement (it may result from different factors, e.g. coordination gains, legal certainty, greater effectiveness or complementarities). For the purposes of this point 'added value of Union involvement' is the value resulting from Union intervention which is additional to the value that would have been otherwise created by Member States alone.*

Reasons for action at European level (ex-ante): the economic activities across the Single Market are deeply integrated. Interaction between companies, service

providers, clients, consumers and workers located in different Member States that rely on their free movement rights, is increasingly common. The experience of the past crisis has shown that often the distribution of production capacities across the EU is uneven (e.g. with the production lines of certain products primarily located in a few Member States such as PPE). In parallel, in the case of a crisis, the demand for crisis-relevant goods or services across the EU territory may also be uneven. The objective of ensuring the smooth and uninterrupted functioning of the Single Market cannot be achieved by means of unilateral national measures. Moreover, even if measures adopted by the Member States individually may be able to address to a certain extent the deficiencies resulting from a crisis at the national level, they are in fact more likely to further exacerbate the said crisis across the EU by adding further obstacles to the free movement and/or additional strain on products already impacted by shortages.

Expected generated Union added value (ex-post): the introduction of rules which govern the functioning of the Single Market is a competence shared between the EU and the Member States. A significant number of EU frameworks governing various aspects are already in place and they contribute to the smooth operation of the Single Market by laying down coherent sets of rules which apply across all the territories of the Member States.

However, the existing EU frameworks generally lay down rules concerning the day-to-day functioning of the Single Market, outside of any specific crisis scenarios. This being said, some proposals which have been recently adopted by the Commission contain certain crisis-relevant provisions. However, there is currently no horizontal set of rules and mechanisms which address aspects such as the contingency planning, the crisis monitoring and the crisis response measures, which would apply in a coherent manner across economic sectors and across the entire Single Market.

The emergency instrument would only be deployed with the objective of ensuring a coordinated approach to respond to crises that have important cross-border effects and threaten the functioning of the Single Market, and where no EU instrument already exists or where the existing instruments do not lay down crisis-relevant provisions. Putting in place contingency and vigilance measures across the Single Market can facilitate the coordination of the response measures in the case of a crisis. Furthermore, such measures can be complemented by effective and efficient coordination and cooperation amongst the Commission and Member States during the crisis in order to ensure that the most appropriate measures to address the crisis are taken.

The Single Market Emergency Instrument is not intended to lay down a detailed set of EU level provisions which should be exclusively relied upon in the case of crisis. Instead, the instrument is intended to lay down and ensure the coherent application of possible combinations between provisions taken at EU level together with rules on the coordination of the measures taken at the level of the Member States. In this respect, the emergency measures which may be taken at EU level on the basis of the Single Market Emergency Instrument would be coordinated with and complement the emergency response measures adopted by the Member States. In order to allow for such coordination and complementarity, the Single Market Emergency Instrument would set out specific measures which the Member States should refrain from imposing once a Single Market emergency has been activated at EU level.

In this context, the EU added value of this instrument would be to lay down the mechanisms for a swift and structured way of communication between the Commission and Member States, coordination and information exchange when the

Single Market is put under strain, and to be able to take necessary measures in a transparent way – speeding up existing mechanisms as well as adding new targeted tools for emergency situations. It would also ensure transparency across the internal market, ensuring that businesses and citizens that rely on their free movement rights have at their disposal appropriate information about the applicable measures across all the Member States. This will increase legal certainty allowing them to take informed decisions.

A further advantage of action in this domain would be to equip the EU with the resilience tools needed to sustain the competitiveness of the EU industry in a geopolitical context in which our international competitors can already rely on legal instruments allowing for a structured monitoring of supply chain disruptions and for the adoption of possible response measures such as strategic reserves.

1.5.3. Lessons learned from similar experiences in the past

In recent years, the world has been witnessing a sequence of crises from the COVID-19 pandemic to Russia’s invasion of Ukraine. These will not be the last crises that the world will have to weather. In addition to geopolitical instability, climate change and resulting natural disasters, biodiversity loss, and global economic instability may lead to other, new emergency situations. Unfortunately, there is no crystal ball at hand to predict the exact time and form of the next crisis.

As recent crises have shown, a fully-operational Single Market and smooth cooperation of Member States on Single Market issues can considerably strengthen the EU’s resilience and crisis response. Therefore, the Single Market Emergency Instrument, for which this Impact Assessment analyses different policy options, should provide a blueprint for an EU reaction on Single Market matters in a future crisis. It should take into account the lessons learned from past emergencies and extrapolate them to possible future emergencies.

The European Council in its Conclusions of 1-2 October 2020 stated that the EU will draw the lessons from the COVID-19 pandemic and address remaining fragmentation, barriers and weaknesses of the Single Market in facing emergency situations. In the Update of the Industrial Strategy Communication, the Commission announced an instrument to ensure the free movement of persons, goods and services, as well as greater transparency and coordination in times of crisis. The initiative forms part of the Commission Work Programme for 2022. The European Parliament welcomed the Commission’s plan to present a Single Market Emergency Instrument and called on the Commission to develop it as a legally binding structural tool to ensure the free movement of persons, goods and services in case of future crises.

1.5.4. Compatibility with the Multiannual Financial Framework and possible synergies with other appropriate instruments

The proposal is a political priority of the European Commission and delivers on the commitment to ensure the smooth functioning of the Single Market. The initiative presents synergies with various instruments, for instance with horizontal crisis response mechanisms (integrated political crisis response mechanism - IPCR); with measures targeting specific aspects of crisis management (Council Regulation (EC) No 2679/98 of 7 December 1998 on the functioning of the internal market in relation to the free movement of goods among the Member States, Regulation (EU) 2015/479 of the European Parliament and of the Council of 11 March 2015 on common rules for exports); with sector-specific crisis measures (the European Food Security Crisis

preparedness and response Mechanism – EFSCM; Regulation (EU) 2021/953 establishing the EU Digital COVID Certificate; Commission Decision of 16 September 2021 established the Health Emergency Preparedness and Response Authority; Regulation (EU) No 1308/2013 establishing a common organisation of the markets in agricultural products (CMO Regulation) as well as the sister CMO Regulation for fisheries; Commission communication “Contingency plan for transport”).

In parallel, a number of initiatives, which have been recently proposed and are currently being discussed, concern aspects relevant for the crisis response and preparedness. These initiatives however have a limited scope covering specific types of crisis scenarios and are not intended to set up a general horizontal crisis-management framework. To the extent these initiatives include a sectoral crisis response and preparedness framework, that framework will take precedence over the Single Market Emergency Instrument as *lex specialis*:

- the Commission proposal for a Regulation on serious cross-border threats to health
- the Commission proposal for a Council Regulation on a framework of measures for ensuring the supply of crisis-relevant medical countermeasures in the event of a public health emergency at Union level
- the Commission proposal for the European Chips Act
- the Commission proposal for a Data Act
- the Commission proposal to amend the Schengen Borders Code
- the Commission proposal for a revision of the Financial Regulation
- the Commission proposal for a Directive on the resilience of critical entities

1.5.5. *Assessment of the different available financing options, including scope for redeployment*

For recurrent expenditures, which derive from staff costs within the Commission for the foreseen training activities and the necessary extension of the IT tool used for the notification system, the source of financing could be identified either via redeployment of Union resources or under the Single Market Programme, The possibility of utilising the expenditure heading “Special instruments” in exceptional situations could be explored.

1.6. Duration and financial impact of the proposal/initiative

Comment: considering the nature of the initiative, which is closely linked to the occurrence of a crisis of unpredictable nature and scale, the duration of the initiative cannot be indicated.

limited duration

- in effect from [DD/MM]YYYY to [DD/MM]YYYY
- Financial impact from YYYY to YYYY for commitment appropriations and from YYYY to YYYY for payment appropriations.

unlimited duration

- Implementation with a start-up period from YYYY to YYYY,
- followed by full-scale operation.

1.7. Management mode(s) planned⁴³

Direct management by the Commission

- by its departments, including by its staff in the Union delegations;
- by the executive agencies

Shared management with the Member States

Indirect management by entrusting budget implementation tasks to:

- third countries or the bodies they have designated;
- international organisations and their agencies (to be specified);
- the EIB and the European Investment Fund;
- bodies referred to in Articles 70 and 71 of the Financial Regulation;
- public law bodies;
- bodies governed by private law with a public service mission to the extent that they provide adequate financial guarantees;
- bodies governed by the private law of a Member State that are entrusted with the implementation of a public-private partnership and that provide adequate financial guarantees;
- persons entrusted with the implementation of specific actions in the CFSP pursuant to Title V of the TEU, and identified in the relevant basic act.
- *If more than one management mode is indicated, please provide details in the 'Comments' section.*

Comments

The standard rules for monitoring the Commission expenditures for the implementation of this Regulation apply.

⁴³ Details of management modes and references to the Financial Regulation may be found on the BudgWeb site:
<https://myintracomm.ec.europa.eu/budgweb/EN/man/budgmanag/Pages/budgmanag.aspx>

2. MANAGEMENT MEASURES

2.1. Monitoring and reporting rules

Specify frequency and conditions.

The management mode for this initiative is direct management by the Commission and its responsibilities in implanting it will pertain to its departments.

Report by Commission to the Council in five years from the entry into force of this Regulation and every five years after that on the functioning of the contingency planning, vigilance and Single Market emergency response system suggesting any improvements if necessary.

This review shall include an evaluation of the work of the Advisory Board established under this Regulation under the emergency framework established by this Regulation, and its relation to the work of other relevant Union level crisis management bodies.

Member States shall be consulted and their views and recommendations on the implementation of the emergency framework reflected in the final report. The Commission shall, if appropriate, present proposals based on that report in order to amend this Regulation or make further proposals.

2.2. Management and control system(s)

2.2.1. *Justification of the management mode(s), the funding implementation mechanism(s), the payment modalities and the control strategy proposed*

[...]

[...]

Guidance:

DGs are to *explain why* the management mode(s), funding implementation mechanism(s), payment modalities, and control strategy proposed are *considered to be the most appropriate solutions* in this case – not only in terms of the policy/programme objectives but also in terms of balancing the internal control objectives (control effectiveness, efficiency and economy; i.e. low errors, fast contracting/paying and low control costs) – knowing that complexity of programmes can impact the error rates and (together with the volumes of transactions to be processed) also the costs of controls.

Remark: Such justification is especially crucial when the programme is split into segments, with a deviating delivery set-up for some of them.

2.2.2. *Information concerning the risks identified and the internal control system(s) set up to mitigate them*

[...]

[...]

Guidance:

This includes explaining how the root causes of high error rates in the previous programme(s) are being addressed now, e.g. by simplifying previously complex modalities which were prone to error and/or by intensifying the (ex-ante and/or ex-post) controls for inherently high-risk activities.

2.2.3. *Estimation and justification of the cost-effectiveness of the controls (ratio of "control costs ÷ value of the related funds managed"), and assessment of the expected levels of risk of error (at payment & at closure)*

[...]

[...]

Guidance:

The costs of controls are to be estimated at Commission level and, for shared and indirect management, also (separately) at the level of Member States or Entrusted Entities. Also the source of the information (related to the cost of controls at the level of Member States or Entrusted Entities) and how they were estimated should be presented.

If for the whole or part of the programme the estimated total cost of controls (i.e. those of the Commission plus, if applicable, those of the Member States or the Entrusted Entities) are relatively high, then this should be explained by referring to possible cost drivers such as the specific risk-profile, the (dis)economies of scale in terms of number and size of the DG's typical transactions processed, complexity of delivery mechanisms, etc.

Remark: Such justification is especially crucial when the programme is split into segments, with a deviating delivery set-up for some of them.

In terms of expected error rate(s), at the stage of the legislative proposals the aim is to maintain the error rate below the threshold of 2%. A different materiality threshold could only be discussed on a case-by-case basis in the light of the legislative debate, notably when the Legislative Authority would not (fully) endorse the proposed programme simplifications and/or would cap the controls, which would have consequences on the expected error rate. This would then require a coordinated approach.

2.3. Measures to prevent fraud and irregularities

Specify existing or envisaged prevention and protection measures, e.g. from the Anti-Fraud Strategy.

The measures implemented by the Commission will be subject to the ex-ante and ex-post controls in accordance with the Financial Regulation. Contracts and agreements financing the implementation of this Regulation will expressly entitle the Commission, including OLAF and the Court of Auditors to conduct audits, on the spot checks and inspections.

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

Comment: due to the nature of the initiative, which is inherently linked to the occurrence of a crisis of unpredictable nature, duration and scale, quantification of expenditure cannot be estimated.

3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected

- Existing budget lines

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number	Diff./Non-diff. ⁴⁴	from EFTA countries ⁴⁵	from candidate countries ⁴⁶	from third countries	within the meaning of Article 21(2)(b) of the Financial Regulation
1	03.010101 - Support expenditure for the Single Market Programme	Non-diff.	YES	YES ⁴⁷	YES ⁴⁷⁶	NO
1	03.020101 - Operation and development of the internal market of goods and services	Diff.	YES	TBD ⁴⁷⁶	TBD ⁴⁷⁶	NO
1	03.020107 – Market Surveillance	Diff.	YES	TBD ⁴⁷⁶	TBD ⁴⁷⁶	NO

- New budget lines requested

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number	Diff./Non-diff.	from EFTA countries	from candidate countries	from third countries	within the meaning of Article 21(2)(b) of the Financial Regulation
	[XX.YY.YY.YY]		YES/NO	YES/NO	YES/NO	YES/NO

⁴⁴ Diff. = Differentiated appropriations / Non-diff. = Non-differentiated appropriations.

⁴⁵ EFTA: European Free Trade Association.

⁴⁶ Candidate countries and, where applicable, potential candidates from the Western Balkans.

⁴⁷ Negotiations for participation of candidate and third countries in the Single Market Programme ongoing

3.2. Estimated financial impact of the proposal on appropriations

3.2.1. Summary of estimated impact on operational appropriations

- The proposal/initiative does not require the use of operational appropriations
- The proposal/initiative requires the use of operational appropriations, as explained below:

EUR million (to three decimal places)

Heading of multiannual financial framework	1	Single Market, Innovation and Digital					
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DG: GROW			Year 2024	Year 2025	Year 2026	Year 2027	Following years	TOTAL
• Operational appropriations	Budget line 03.020101 - Operation and development of the internal market of goods and services	Commitments	pm	pm	pm	pm	pm	pm
		Payments	pm	pm	pm	pm	pm	pm
Budget line 03.020107 – Market Surveillance	Appropriations of an administrative nature financed from the envelope of specific programmes ⁴⁸	Commitments	pm	pm	pm	pm	pm	pm
		Payments	pm	pm	pm	pm	pm	pm
Budget line 03.010101 - Support expenditure for the Single Market Programme	TOTAL appropriations for DG GROW	(3)	pm	pm	pm	pm	pm	pm
		=1a+1b+3	pm	pm	pm	pm	pm	pm
		=2a+2b	pm	pm	pm	pm	pm	pm

⁴⁸

Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.

Heading of multiannual financial framework	7	‘Administrative expenditure’
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This section should be filled in using the 'budget data of an administrative nature' to be firstly introduced in the [Annex to the Legislative Financial Statement](#) (Annex V to the internal rules), which is uploaded to DECIDE for interservice consultation purposes.

EUR million (to three decimal places)

	Year 2024	Year 2025	Year 2026	Year 2027	TOTAL
DC: GROW					
• Human resources	pm	pm	pm	pm	pm
• Other administrative expenditure	pm	pm	pm	pm	pm
TOTAL DG GROW	pm	pm	pm	pm	pm

TOTAL appropriations under HEADING 7 of the multiannual financial framework	(Total commitments = Total payments)	pm	pm	pm	pm
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	Year 2024	Year 2025	Year 2026	Year 2027	Following years	TOTAL
TOTAL appropriations under HEADINGS 1 to 7 of the multiannual financial framework	pm	pm	pm	pm	pm	pm
Commitments	pm	pm	pm	pm	pm	pm
Payments	pm	pm	pm	pm	pm	pm

3.2.2. Estimated output funded with operational appropriations

Commitment appropriations in EUR million (to three decimal places)

Indicate objectives and outputs ↓	Type 49	Year				Year				Year				TOTAL	
		N		N+1		N+2		N+3		Enter as many years as necessary to show the duration of the impact (see point 1.6)					
		Cost	€	Cost	€	Cost	€	Cost	€	Cost	€	Cost	€		Cost
OUTPUTS															
SPECIFIC OBJECTIVE No 1 ⁵⁰ ...															
- Output															
- Output															
- Output															
Subtotal for specific objective No 1															
SPECIFIC OBJECTIVE No 2 ...															
- Output															
Subtotal for specific objective No 2															
TOTALS															

⁴⁹ Outputs are products and services to be supplied (e.g.: number of student exchanges financed, number of km of roads built, etc.).
⁵⁰ As described in point 1.4.2. 'Specific objective(s) ...'

3.2.3. Summary of estimated impact on administrative appropriations

- The proposal/initiative does not require the use of appropriations of an administrative nature
- The proposal/initiative requires the use of appropriations of an administrative nature, as explained below:

EUR million (to three decimal places)

	Year N ⁵¹	Year N+1	Year N+2	Year N+3	Enter as many years as necessary to show the duration of the impact (see point 1.6)			TOTAL
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HEADING 7 of the multiannual financial framework	pm	pm	pm	pm	pm	pm	pm	pm
Human resources	pm	pm	pm	pm	pm	pm	pm	pm
Other administrative expenditure	pm	pm	pm	pm	pm	pm	pm	pm
Subtotal HEADING 7 of the multiannual financial framework	pm	pm	pm	pm	pm	pm	pm	pm

Outside HEADING 7⁵² of the multiannual financial framework	pm	pm	pm	pm	pm	pm	pm	pm
Human resources	pm	pm	pm	pm	pm	pm	pm	pm
Other expenditure of an administrative nature	pm	pm	pm	pm	pm	pm	pm	pm
Subtotal outside HEADING 7 of the multiannual financial framework	pm	pm	pm	pm	pm	pm	pm	pm

TOTAL	pm	pm	pm	pm	pm	pm	pm	pm
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The appropriations required for human resources and other expenditure of an administrative nature will be met by appropriations from the DG that are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

⁵¹ Year N is the year in which implementation of the proposal/initiative starts. Please replace "N" by the expected first year of implementation (for instance: 2021). The same for the following years.

⁵² Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.

3.2.3.1. Estimated requirements of human resources

- The proposal/initiative does not require the use of human resources.
- The proposal/initiative requires the use of human resources, as explained below:

Estimate to be expressed in full time equivalent units

	Year N	Year N+1	Year N+2	Year N+3	Enter as many years as necessary to show the duration of the impact (see point 1.6)		
• Establishment plan posts (officials and temporary staff)							
20 01 02 01 (Headquarters and Commission's Representation Offices)	Pm	Pm	Pm	Pm	Pm	Pm	Pm
20 01 02 03 (Delegations)							
01 01 01 01 (Indirect research)							
01 01 01 11 (Direct research)							
Other budget lines (specify)							
• External staff (in Full Time Equivalent unit: FTE)⁵³							
20 02 01 (AC, END, INT from the 'global envelope')	Pm	Pm	Pm	Pm	Pm	Pm	Pm
20 02 03 (AC, AL, END, INT and JPD in the delegations)							
XX 01 xx yy zz ⁵⁴	- at Headquarters						
	- in Delegations						
01 01 01 02 (AC, END, INT - Indirect research)							
01 01 01 12 (AC, END, INT - Direct research)							
Other budget lines (specify)							
TOTAL	Pm	Pm	Pm	Pm	Pm	Pm	Pm

XX is the policy area or budget title concerned.

The human resources required will be met by staff from the DG who are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

Description of tasks to be carried out:

Officials and temporary staff	
External staff	

⁵³ AC= Contract Staff; AL = Local Staff; END= Seconded National Expert; INT = agency staff; JPD= Junior Professionals in Delegations.

⁵⁴ Sub-ceiling for external staff covered by operational appropriations (former 'BA' lines).

3.2.4. *Compatibility with the current multiannual financial framework*

The proposal/initiative:

- can be fully financed through redeployment within the relevant heading of the Multiannual Financial Framework (MFF).

Explain what reprogramming is required, specifying the budget lines concerned and the corresponding amounts. Please provide an excel table in the case of major reprogramming.

- requires use of the unallocated margin under the relevant heading of the MFF and/or use of the special instruments as defined in the MFF Regulation.

Explain what is required, specifying the headings and budget lines concerned, the corresponding amounts, and the instruments proposed to be used.

- requires a revision of the MFF.

Explain what is required, specifying the headings and budget lines concerned and the corresponding amounts.

3.2.5. *Third-party contributions*

The proposal/initiative:

- does not provide for co-financing by third parties
- provides for the co-financing by third parties estimated below:

Appropriations in EUR million (to three decimal places)

	Year N ⁵⁵	Year N+1	Year N+2	Year N+3	Enter as many years as necessary to show the duration of the impact (see point 1.6)			Total
Specify the co-financing body								
TOTAL appropriations co-financed								

⁵⁵ Year N is the year in which implementation of the proposal/initiative starts. Please replace "N" by the expected first year of implementation (for instance: 2021). The same for the following years.

3.3. Estimated impact on revenue

- The proposal/initiative has no financial impact on revenue.
- The proposal/initiative has the following financial impact:
 - on own resources
 - on other revenue
 - please indicate, if the revenue is assigned to expenditure lines

EUR million (to three decimal places)

Budget revenue line:	Appropriations available for the current financial year	Impact of the proposal/initiative ⁵⁶						
		Year N	Year N+1	Year N+2	Year N+3	Enter as many years as necessary to show the duration of the impact (see point 1.6)		
Article								

For assigned revenue, specify the budget expenditure line(s) affected.

[...]

Other remarks (e.g. method/formula used for calculating the impact on revenue or any other information).

[...]

⁵⁶ As regards traditional own resources (customs duties, sugar levies), the amounts indicated must be net amounts, i.e. gross amounts after deduction of 20 % for collection costs.