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NOTE

From: Presidency
To: Permanent Representatives Committee/Council
Subject: Regulation on the Single Market Emergency Instrument
- Policy debate

Delegations will find in annex the Presidency note for the policy debate on the Regulation on the Single Market Emergency Instrument.

Regulation on the Single Market Emergency Instrument

The Commission is tabling its proposal for the Single Market Emergency Instrument Regulation (SMEI), together with an Omnibus Regulation and an Omnibus Directive concerning 18 pieces of legislation on harmonised products and a Commission Communication. The intention to create a tool to coordinate and ensure the free flow of goods, services and persons, as well as to maintain solidarity during crises was announced already in the Commission Communication “Updating the 2020 New Industrial Strategy: Building a Stronger Single Market for Europe's recovery” as a reaction to the unprecedented disruption of the Single Market caused by the covid-19 pandemic.

As we have learned from this pandemic, lack of communication and coordination in crisis management among Member States significantly hindered free movement of goods, services and persons and disrupted supply chains to the detriment of the economy. In the early phase, uncoordinated measures resulted in closure of intra-EU borders. All this contributed to the decline of EU GDP by 5.9 % in 2020.

Similarly, the Russian invasion of Ukraine has also had significant impact on the mobility of people and goods in the EU across all modes of transport, due mostly to logistical challenges linked to border crossings and airspace restrictions. In addition, the large influx of Ukrainian refugees to the EU has led to further operational challenges.

As these recent crises showed, decisions need to be taken quickly and implemented efficiently, while at the same time being able to quickly adjust to new developments. Access to timely, comprehensive and clearly structured information as well as transparency towards all economic operators needs to be ensured for proper functioning of the Single Market in emergency situations.

To mitigate impacts on the Single Market the EU already makes use of existing mechanisms, such as notifications under the Transparency Directive or the Single Market Enforcement Taskforce. Number of recently adopted or published Commission proposals and EU frameworks (HERA, Chips Act proposal, Data Act proposal to name a few) aim to lay down more targeted measures, which focus on certain aspects of crisis management or are relevant for specific sectors. One of the goals of the newly proposed SMEI is therefore to build on these tools and complement them in order to facilitate effective coordination, cooperation, solidarity and communication between EU institutions, Member States and stakeholders. It aims to strengthen the functioning of the Single Market and to ensure the free movement of persons, goods and services in case of future crisis.

The Presidency invites the delegations to base their interventions on the following questions:

1. Which are the key elements of the SMEI proposal to increase resilience of the Single Market?
2. How do you see the interlinkages of the SMEI proposal with other currently discussed proposals?
