

Considerations by Denmark, Estonia, Finland, Ireland, Netherlands, Slovenia and Sweden on a Single Market Emergency Instrument

Based on the lessons of the COVID-19 crisis, the Single Market Emergency Instrument (SMEI) should ensure better coordination of measures, uphold the effectiveness of the four freedoms and leverage the Single Market to address urgent and unexpected crises.

The focus of SMEI should be the continuation of free movement in times of crisis, as envisaged in the updated industrial strategy. However, the scope of SMEI appears to be moving towards an instrument to address strategic dependencies and general product shortages. This draws the focus away from the original objective of the instrument and risks duplication of existing initiatives such as HERA, the Chips Act, the ongoing work on transition pathways and strategic dependencies and the work of Industrial Forum. We recall that a well-functioning Single Market is the best form of preparedness and is an asset in addressing crises.

As the Annual Single Market Report highlights, the COVID-19 crisis has strongly affected the European economy. Lockdown forced many businesses to a halt, borders closed, supply chains were interrupted, demand was disrupted, and workers and service providers found themselves unable to move across Europe, recalling that the free movement of persons is highly interlinked to the free movement of goods and services. At the same time, the crisis showed the importance of co-operation, openness and dialogue between Member States and the value of diversified value chains, as lack of transparency on the measures adopted and uncertainty about the justification and proportionality of measures impacted value chains and economic activities, thus undermining European solidarity.

At the same time, the Single Market has been an asset during the crisis by drawing on a common pool of excellence in life sciences and enabling companies to use digital tools to find new suppliers. In particular, a coordinated response to guarantee continued openness of EU internal borders via 'green lane' border crossings was key to avoid disruptions to essential travel and supply chains.

Drawing on these lessons, we see the proposal on a SMEI as an opportunity to make our Single Market more robust to the introduction of barriers in times of crises. To succeed in this endeavor, the instrument should to the greatest extent possible prevent intra-EU restrictions by guaranteeing more information sharing, coordination and solidarity between Member States when adopting crisis-related measures, while respecting national competences. The instrument should introduce clear guidance on the availability and proportionality of measures and review national restrictions. The instrument should also consider fast track conformity assessment, coordination of public procurement and market surveillance for goods and services that are critical to that particular crisis. Possible collection of data from companies by the Commission or Member States should be strictly limited and follow principles of extreme necessity and proportionality in order to avoid administrative burdens on companies. The instrument should also consider how to ensure transparency for citizens and businesses with regards to measures taken across Member States in order to support their continued free movement.

The SMEI should to the greatest possible degree build on existing instruments with regards to notifications, standards, etc. It should focus on clarifying and facilitating their swift and efficient use for preserving the functioning of the Single Market whenever a crisis erupts. Moreover, the proposal should ensure coherence with existing measures on crisis management

and coordination such as HERA the Emergency Response Coordination Centre (ERCC), the Union Civil Protection Mechanism (UCPM) and the Integrated Political Crisis Response (IPCR). In this regard, it is important that the proposal for SMEI is preceded by a solid and complete impact assessment that thoroughly assesses the added value in comparison with existing tools, especially with regards to the introduction of preparedness elements. The impact assessment should also evaluate and draw lessons on the COVID-crisis. As the pandemic is still on-going, we would also like to call upon the Commission to keep monitoring the Single Market and free movement carefully and to consider the possible links with SMET and other Single Market forums dealing with barriers on the Single Market without duplicating their work.

The instrument should be flexible towards the type of crisis, while not being too broad. This, in turn requires a clear definition of a crisis, which strikes a proper balance between efficiency and proportionate use of the mechanism at hand while avoiding unnecessary administrative burdens. In particular, the instrument should only be triggered when there is an urgent and temporary crisis on the Single Market, including regional crises that affect the four freedoms, and hence not be broad enough allowing the instrument to become permanent in nature. Member States should be directly involved in the formulation of the definition of a crisis as well as the triggering conditions for the use of the instrument.

Rather than becoming a general and permanent tool to address dependencies, the sole aim of SMEI should be to improve the robustness of the Single Market by having mechanisms to preserve the principles of free movement and enable coordination and solidarity in times of crisis.