

The impact of COVID-19 on the Internal Market

The [original full study](#)¹ assesses the impact of the COVID-19 crisis on the Internal Market and consumer protection, including the impact of measures introduced at national and EU level to mitigate the consequences of the pandemic. What further measures should be considered in order to reinforce the resilience of the EU's Internal Market in the face of future crises?

The economic and social impacts of the crisis have been enormous. The European response to the first wave of the crisis was nonetheless reasonably good in terms of protecting the Internal Market and protecting consumers, and was achieved by means of measures that are consistent with European values. Over the summer, a certain amount of normality was restored.

At the time of writing the study, the EU is in the midst of an even more damaging second wave. Vaccines have been developed rapidly, so there are grounds for hope; however, more contagious variants of COVID-19 are spreading in the EU. The vaccination campaign in the EU is off to a sluggish start, primarily because large-scale orders for the vaccines that have been authorised were placed too late, which in turn meant that production was late in ramping up.

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[original full study](#)
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Restrictions and mitigation by the Member States and the European Union

Restrictions were put in place at EU and Member State level. Restrictions on travel of individuals into and out of the EU have been prominent, as well as on travel within the EU, but the EU has been steadfast in working to avoid impediments to the free flow of goods and services across borders. Restrictions on gatherings, schools, and non-essential shops resulted in a dramatic decline in the movements of individuals during lockdown periods, which served to reduce the spread of infection but in many cases at substantial economic cost.

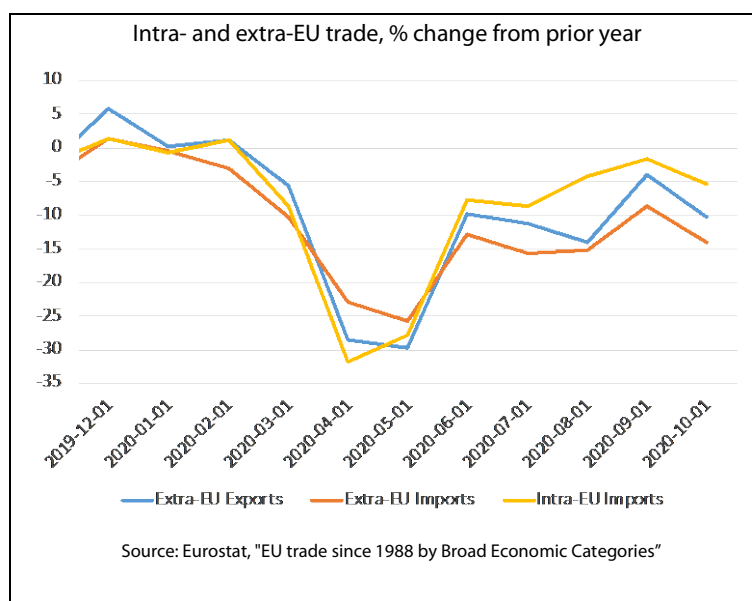
Public health is primarily a Member State competence under the Lisbon Treaty, but the EU has played a supporting role in procurement and a central role in maintaining intra-EU economic activity across borders. The measures taken by the EU that have specifically addressed Internal Market aspects have included (1) free flow of individuals, including commuters, business travellers, and tourists; (2) free flow of goods, for instance through the use of "green lanes" for trucks; (3) exemptions and administrative flexibility on aspects of VAT and customs; (4) free flow of medical goods; (5) joint public procurement of vaccines, medical equipment, and personal protective equipment (PPE); and (6) consumer protection, especially for travel that was cancelled.



Impacts of the restrictions

The pandemic has represented a shock both to production and consumption. Industrial production declined markedly in the early months of the pandemic, but it largely rebounded by the third quarter. Consumption has declined, partly because some workers are earning less, partly because there are fewer opportunities to spend money during a lockdown.

Cross-border intra-EU trade in goods declined substantially during the first wave of the pandemic, but then recovered to nearly normal levels over the summer of 2020. Large-scale job retention schemes prevented a surge in unemployment, but hours worked contracted.



Recommendations

Pandemic preparedness needs to become an explicit part of EU planning, and cannot wait for the next crisis.

In the current crisis, Member States have been tempted to take strong, urgent actions to protect life or property, as they should; however, consideration of the EU consequences needs to be better incorporated into Member State planning, and not just as an afterthought. Timely notifications to the EU are a key aspect of this.

Uniform, standardised EU vaccination passports and testing forms, possibly in combination with other measures, might provide a valid basis for re-opening travel among the Member States. Balancing the economic need to re-open borders against the risk of allowing an increase in infections is challenging. Policymakers should seek to identify broad risk-based decision principles that could be applied as appropriate for future pandemics.

Manual contact tracing has been abandoned in many Member States and regions because manual contact tracing staff were overwhelmed by the sheer volume of cases to be tracked. A serious re-thinking of the use of automated contact tracing tools will be needed for future pandemics.

The shift from Member State to European level for procurement of PPE, medical equipment, and vaccines was a hugely positive step, but long delays in placing orders for authorised vaccines have been extraordinarily costly. For future pandemics, full funding for vaccine purchase (not just for R&D) must be legally committed in advance to enable a nimble response. Responsible EU agencies must therefore be empowered to place well-reasoned bets, not all of which will pay off in the end. Intelligent supply chain management for vaccines is also called for.

Ensuring availability of key life-saving vaccines and medications in third countries is not only a matter of humanity and charity, but also of enlightened self-interest because it (1) reduces the risk of re-introduction of infection; (2) reduces the risk of emergence of new and even more dangerous variants of a virus; and (3) bolsters our own economy to the extent that it avoids harm to our trading partners.

¹ Marcus, J. S. et al., 2021, The impact of COVID-19 on the Internal Market, Publication for the committee on Internal Market and Consumer Protection, Policy Department for Economic, Scientific and Quality of Life Policies, European Parliament, Luxembourg. Available at: [https://www.europarl.europa.eu/RegData/etudes/STUD/2021/658219/IPOL_STU\(2021\)658219_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2021/658219/IPOL_STU(2021)658219_EN.pdf).

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