

## Single Market Emergency Instrument

Impact assessment (SWD(2022)289, SWD(2022)290 (summary)) accompanying Commission proposals for a regulation of the European Parliament and of the Council establishing a Single Market emergency instrument and repealing Council Regulation No (EC) 2679/98 (COM(2022)459), for a regulation of the European Parliament and the Council amending Regulations (EU) 2016/424, (EU) 2016/425, (EU) 2016/426, (EU) 2019/1009 and (EU) No 305/2011 as regards emergency procedures for the conformity assessment, adoption of common specifications and market surveillance due to a Single Market emergency and for a directive of the European Parliament and the Council amending Directives 2000/14/EC, 2006/42/EC, 2010/35/EU, 2013/29/EU, 2014/28/EU, 2014/29/EU, 2014/30/EU, 2014/31/EU, 2014/32/EU, 2014/33/EU, 2014/34/EU, 2014/35/EU, 2014/53/EU and 2014/68/EU as regard emergency procedures for the conformity assessment, adoption of common specifications and market surveillance due to a Single Market emergency.

This briefing provides an initial analysis of the strengths and weaknesses of the European Commission's [impact assessment \(IA\)](#) accompanying the above-mentioned three proposals, submitted on 19 September 2022 and referred to the Committee on the Internal Market and Consumer Protection (IMCO). The initiative was announced in the Commission's updated [industrial strategy communication](#) of May 2021, and is part of its 2022 work programme, and the EU's [Joint declaration on legislative priorities](#) for 2022. Based on experience from the COVID-19 crisis and the Russian war of aggression against Ukraine, it aims to provide a 'blueprint for an EU reaction on Single Market matters' in a future crisis to prevent crisis-related impacts on the single market (IA, p. 1). The initiative complements existing horizontal and sector-specific EU crises instruments (such as the [integrated political crisis mechanism](#) and the [European Health Emergency Preparedness and Response Authority](#)), as well as several ongoing initiatives (crisis-relevant medical countermeasures, measures on supply chain disruptions, the revision of the Schengen Borders Code among others, IA, pp. 3-6).<sup>1</sup> The proposed Single Market Emergency Instrument (SMEI) is intended to replace the 'Strawberry Regulation'<sup>2</sup> of 1998, which set out the current notification mechanism for obstacles to the free movement of goods attributable to a Member State's action; a recent [evaluation](#) considered this mechanism ineffective and outdated.

### Problem definition

The IA defines **two interrelated problems** affecting the functioning of the single market in times of crisis: 1. **Obstacles to free movement** of goods, services and persons, and 2. **shortages of crisis-relevant goods and services** (IA, pp. 6-11). It identifies **eight problem drivers**, which cause either both problems (absence of appropriate fora to deal with single market vigilance and crisis response and lack of preventive EU or national measures for forecasting, emergency trainings, stockpiling etc.), or either of the two problems (two and four drivers respectively,<sup>3</sup> IA, pp. 11-22).

The IA describes the problems, drivers and their consequences in a logical and concise way, including by means of a comprehensive, colour-coded problem tree illustrating the relevant interdependencies (IA, p. 11). While the problems are considered separately, the IA emphasises that they can reinforce each other: during the COVID-19 crisis, most Member States introduced various types of restrictions on free movement, such as suspension of agricultural and food exports (also used by Hungary in the context of Russia's war on Ukraine), travel bans and bans for COVID-related protective equipment. This led to a fragmented and dysfunctional single market, which then



amplified shortages of crisis-relevant goods and services, leading among others to a degradation of product quality (e.g. face masks in the first COVID-19 wave, when 60-80 % of masks failed their test, IA, pp. 6, 8-9). The IA highlights the vulnerabilities resulting from the EU's structural 'supply chain constraints' that lead to **strategic dependencies** on Russia, China and others in the areas of critical raw materials, energy and the agri-food sector, all of which are likely to affect the functioning of the single market in cases of supply shortages triggered by a crisis (IA, pp. 10, 19-21). It detects other issues, such as the complex EU product safety rules, which currently do not allow for any emergency procedures, and the EU procurement rules, whose optional flexibilities lack clarity and legal certainty (IA, pp. 17-19). The IA stresses that the problems could occur under various types of crises – natural or technological disasters, such as a volcanic eruption, a flood, a terrorist attack or a nuclear disaster – that are likely to prompt Member States to introduce free movement restrictions in the single market (IA, p. 8).

The **evidence** underpinning the existence of the problems includes evaluations of the Strawberry Regulation and the legal framework for product safety, as well as a recent [ECA special report](#) that found that both the system under the Schengen Borders Code, which involves mandatory notification to the Commission, and the system under the Single Market Transparency Directive (TRIS system), were being insufficiently implemented (IA, p. 16). The **scope of the problems** is indicated by quantified, albeit limited and rather general data (e.g. the negative effect of travel and export restrictions on 2 million cross-border workers and traffic jams when COVID-19 hit; the decrease of intra-EU trade by 24 % in 2020, which was largely attributed to the obstacles to free movement; the 'unprecedented' contraction of the EU economy of 6.3 %; and reported shortages in equipment of 57 % in the motor industry and 52 % for electrical equipment, IA, pp. 7-10). While such data indicates the relevance of the problems, more specific information on the direct and indirect effects of the eight drivers would have been useful to quantify the effects of the problems' causes more precisely. Moreover, the IA tends to present the absence of (mandatory) EU rules as problematic (resulting, for example, in the limited possibility to obtain information from companies), but it does not analyse the effects on the main affected stakeholder groups, as requested by the [Better Regulation Guidelines and Toolbox](#) (tool 13; IA, pp. 13-14, 19, 21). Also, the weight and respective relevance of the individual drivers is not explained (although the supply chain issues appear to be of major relevance, as they are linked to five out of eight problem drivers).

## Subsidiarity / proportionality

Both principles are assessed in the IA and in a separate [subsidiarity grid](#). On the one hand, the IA describes the added value of an EU joint ability like the SMEI to avoid the negative impacts of an uncoordinated 'patchwork' of national measures on the deeply integrated single market, which prevent swift, structured and coordinated EU crisis contingency planning, monitoring and response (IA, pp. 24-25, Grid p. 2). At the same time, it concedes that some aspects of the proposed SMEI could 'overlap' with the Member States' responsibility to preserve national security as stipulated in Article 4(2) TEU (IA, pp. 23-24). The IA argues that the Member States' direct involvement in the decisions to activate the more invasive vigilance and emergency measures does ensure that both subsidiarity and proportionality are respected, stressing that neither the EU nor the Member States should act 'exclusively' in a crisis (IA, pp. 25, 64, 66). Nevertheless, the IA suggests giving Article 4(2)<sup>4</sup> precedence over the proposed SMEI (similar to political agreements reached for other ongoing initiatives, IA, p. 23). However, the IA does not explain how the SMEI would interact with national measures nor what coherence with other crisis instruments would look like. Proportionality is taken into account in the assessment and the comparison of the IA's options, especially as regards stakeholder concerns. The subsidiarity deadline for national parliaments is 17 January 2023.

## Objectives of the initiative

The IA's objectives derive directly from the problems. The **general objective** of the initiative is to ensure the functioning of the single market by avoiding negative single market impacts in times of crisis (IA, p. 25). To this end, the IA defines **two specific objectives**: i) to minimise obstacles to free

movement of goods, services and persons; and ii) to address shortages and safeguard availability of crisis-relevant goods and services.

Contrary to the Better Regulation Guidelines, however, the IA does not further specify the objectives. It (merely) states that both specific objectives should be achieved by providing tools ensuring well-coordinated and transparent EU-level vigilance mechanisms 'for all single market players', including information exchange and close cooperation with industry/stakeholders 'when necessary to ensure the availability of crisis-relevant goods and services in an emergency' (IA, p. 26). Consequently, not all of the S.M.A.R.T. criteria of the above guidelines, according to which objectives should be specific, measurable, achievable, relevant and time-bound, seem to have been met. Moreover, a definition of clear deliverables would have been useful in view of the monitoring and subsequent evaluation of the objectives' achievement (for more details, see the section below).

## Range of options considered

Before presenting the options to achieve the objectives, the IA reiterates the shortcomings of the **baseline scenario** (no EU action), highlighting the legislative gaps in the current regional, national, bilateral and EU anti-crisis instruments when it comes to addressing the impacts on the single market (IA, pp. 26-27). It then presents a framework ('flexible toolbox') to remedy these shortcomings, composed of four major elements: a governance body and a gradual three-level framework, from contingency planning to single market vigilance to single market emergency (IA, pp. 28-33).<sup>5</sup>

The IA defines **eight 'building blocks'** to address the eight problem drivers and fits them into this three-level framework (IA, pp. 33-36). Building blocks 1 and 2 are applicable in '**normal**' times (no crisis) and contain governance, coordination and cooperation measures. In the event of signs of a crisis, a **single market vigilance mode** is to be activated under building block 3, by means of an implementing act of the Commission, assisted by the governance body, which is composed of the Commission and a representative of each Member State. Building blocks 4-8 contain measures applicable in **emergency situations** (to be activated according to certain criteria by a Council implementing act proposed by the Commission, assisted by the governance body). It is rather surprising that the IA should lay out such a detailed anti-crisis framework before any policy option has been presented. In fact, it frames and structures the options of the IA, together with **three gradual implementation 'approaches': 1) soft law; 2) 'targeted legal solutions combined with soft law'; and/or 3) 'comprehensive legal framework combined with some soft law'** (IA, pp. 37-43). Following a detailed analysis of the main **costs and benefits** of the application of **these three approaches** under each building block, carried out in **Annex 6**, the IA discards some approaches and retains varying combinations of them for each building block.

Despite the complexity of this set-up, the building blocks, measures, approaches and options are presented in a clear and balanced manner. However, some aspects of the functioning of the options could have been explained in more detail, one example being the decision-making and criteria involved in the activation of the more invasive measures (under the vigilance and the emergency modes, IA, pp. 37-45). Since they are not discussed in detail, they are also not assessed later on; consequently, the interaction between the Member States, the Commission and the new governance body remains vague. For instance, the IA explains that for the obligatory emergency measures under block 8 to be activated, a **specific assessment** would need to be carried out by the Commission and the governance body. This assessment would help to tailor economic operators' and Member States' obligations in respect of the emergency measures according to certain criteria defined in the IA (IA, pp. 32-33, 60, 64). However, the IA does not provide any details or timeframes for this assessment, which raises the question about when it would be carried out (before or during the activation) and how quality control would be ensured. The options are cumulative, not exclusive, and differ in their degree of ambition, which somewhat limits the range of options, as do the pre-determined framework and the preselected approaches.

Table 1 – Options assessed in the IA (after prior selection of retained 'approaches')

Building block	Option 1	Option 2	Option 3
<b>ALL TIMES:</b> 1. Governance, coordination and cooperation	<b>Approach 2:</b> Formal advisory group at technical level, obligation of Member States (MS) to share information within the group in anticipation and during a crisis		
<b>ALL TIMES:</b> 2. Crisis contingency planning	<b>Approach 2:</b> <u>Recommendation</u> to MS for risk assessment, training & compendium of crisis response measures	<b>Approach 3:</b> <u>Obligation</u> of the Commission for EU-level risk assessment + obligation of MS to train crisis management staff regularly	
<b>single market VIGILANCE:</b> 3. Information gathering, industry stockpiling and/or Member States' strategic reserves	<b>Approach 2:</b> <u>Recommendation</u> to the MS on information gathering concerning identified strategic supply chains and for building up strategic reserves of goods of strategic importance		<b>Approach 3:</b> – <u>Obligation</u> of MS to gather information concerning strategic supply chains and share it with the Commission – <u>Obligation</u> of the Commission to keep updated list (implementing acts) with targets for strategic reserves to be constituted by MS for selected supply chains of goods and services of strategic importance, by means of recommendation; <u>After additional activation:</u> – Obligation of MS to build up strategic reserves
<b>Single market EMERGENCY:</b> 4. Key principles and supportive measures to facilitate free movement	<b>Approach 2:</b> Binding rules reinforcing key principles of free movement of goods, services and persons, where appropriate for effective crisis management		
<b>EMERGENCY:</b> 5. Transparency and administrative assistance	<b>Approach 3:</b> Binding fast-track notification of national measures*, flash peer review and possibility to declare the notified measures incompatible with EU law; contact points and electronic platform for information sharing		
<b>EMERGENCY:</b> 6. Speeding up the placing of crisis-relevant products on the market	<b>Approach 2:</b> Targeted amendments of single market harmonisation legislation enabling national authorities to authorise the placing on the market of crisis-relevant products during conformity assessment; Commission can adopt technical specifications for products; MS prioritise market surveillance for crisis-relevant products		
<b>EMERGENCY</b> 7. Public procurement	<b>Approach 2</b> New provision on coordinated procurement/common purchasing by the Commission for some or all MS (revision of the Financial Regulation)		

EMERGENCY	Approach 1	Approach 2	Approach 3:
8. Measures impacting crisis-relevant supply chains	<u>Guidance</u> for increasing production capacity and speed of permitting procedures and for accepting and prioritising orders of crisis relevant goods; recommendations to businesses to share crisis-relevant information	<u>Recommendations</u> to MS to: distribute previously stockpiled products; speed up permitting procedures; encourage economic operators to accept and prioritise orders  After <u>additional activation</u> : Empowering MS to a) oblige economic operators to increase production capacity and b) to address binding information requests to economic operators	After <u>additional activation</u> : – <u>Obligations</u> of MS to: distribute products previously stockpiled; speed up permitting procedures – <u>Obligations</u> of businesses to accept and prioritise orders, increase production capacity and provide crisis-relevant information

Source: Compiled by the author based on the IA.

\*Not applicable to internal border controls (Schengen Borders Code)

## Assessment of impacts

As noted, the IA contains **two levels**, involving a multi-layered and gradual system of measures, building blocks, approaches and options. The **first** consists of the assessment of the three gradual 'approaches' provided in Annex 6, and the **second** – of the assessment of the options. Both assessments contain a comparative analysis of the main costs and benefits, but differ insofar as the first selects preferred approaches under each building block, whereas the IA does not select a preferred policy option. Both assessments are mostly qualitative and rather unspecific, which the IA justifies by the uncertainty of the nature and scope of the crisis. Accordingly, an unusual disclaimer precedes the assessment of the options; it explains 'data gaps and limitations' with the fact that 'evidence will become only available in a crisis situation (unknown today)' (IA, p. 47). This is probably why (although it never mentions it) the IA does not assess impacts on specific products, sectors, supply chains or companies, or assess specific third countries or strategic EU dependencies, even though it mentions them in the problem definition (IA, pp. 10, 20, 51, 127). To sum up, the IA declares that it is providing 'ranges of magnitude of potential impacts' rather than specific quantified impacts. It categorises this magnitude of impacts in terms of minor positive or minor negative impacts, positive or negative impacts and significant positive or significant negative impacts.

The **first level** – the **assessment** of the costs and benefits of **each approach** under each building block – is logical and concise (Annex 6). The selection of preferred approaches is based on their 'effectiveness in meeting the policy objectives and/or the lack of support of stakeholders' and appears duly justified (e.g., under building block 1, the 'medium' solution of a formal advisory group at technical level (approach 2) is chosen, discarding both an informal network at technical level and a board with high-level Member State representatives and obligatory centralised information sharing, IA, p. 37, 45 and Annex 6, pp. 110-112). The analysis is qualitative, except for the estimates of the Commission's standard budget to set up and run an expert group (€30 000/year, IA, p. 110). As shown in the above table, for **five building blocks (1, 4, 5, 6 and 7)**, **one approach is retained** for all options (four times approach 2 and one time the most integrated approach 3). For three **building blocks (2, 3 and 8)**, two or three approaches are retained for further analysis.

Consequently, the core of the **second level**, the **options' assessment**, concentrates on these three building blocks, as option 1 and option 2 differ in blocks 2 and 8, and option 2 and 3 differ in blocks 3 and 8 (the other components being identical in all options). The IA describes **implications** of the measures of each block for **companies, SMEs, competitiveness and competition, international trade, national public authorities and the Commission** (IA, pp. 47-66). The focus is on **economic impacts**. The main expected **benefits** of better coordinated crisis response and crisis anticipation include better functioning of the internal market, improved movement and availability of goods and



services, higher turnovers for companies and less disruption and delays in production (IA, pp. 48, 56, Annex 3). The extent of the benefits – and of the **costs** companies or Member States would incur under the assessed measures – depend on their voluntary or mandatory nature and the scope of obligations (IA, pp. 58, 63-64, Annex 3).<sup>6</sup> According to the IA, measures under block 8 and approach 3 (combined in option 3) involve the highest costs but also the potentially highest benefits for society in a crisis (IA, pp. 53, 64, 67). For all options, economic costs are expected to be overall lower than economic benefits. **Social and environmental impacts** are considered briefly and broadly, with positive impacts increasing from option 1 to 3; they are not specifically substantiated. Social benefits include eased free movement and reduced effects on supply chains and bankruptcies, entailing secure employment, reduced poverty and support for the green and digital transition, in particular in cross-border regions and trade (IA, pp. 55, 59, 65). Furthermore, the IA anticipates a limited negative environmental impact as a result of increased economic activities in a better functioning single market, with accelerated procedures implying less scrutiny of environmental impacts, as option 3 explains (IA, p. 65). It considers option 1 as 'consistent' with the '**do no significant harm**' principle, but does not comment on the other options in this respect. Other impacts mentioned relate to **data protection**, where the IA states that the assessment preceding a decision on obligations for companies and Member States under block 8 would safeguard information provided by economic operators to ensure 'confidentiality and trade secrets protection', but it does not say how (IA, p. 33). Finally, the IA points to the particular vulnerability of insular and outermost regions to internal market disruptions, suggesting they would benefit particularly from measures under blocks 4 and 5, without exploring this further (IA, pp. 20, 55).

The IA **compares** the **options' impacts** against the two specific objectives in terms of effectiveness, efficiency and subsidiarity/proportionality (IA, pp. 66-67). It does not select a preferred option, which highlights the political nature of the decision on how much competence the Commission should have – and under what conditions – to oblige companies and Member States to provide, collect and analyse information, constitute strategic reserves and distribute previously stockpiled products to prevent future crises from affecting the single market. However, the analysis implies that option 3 would be most effective in achieving this, despite higher costs for companies and Member States and subsidiarity or proportionality concerns (IA, pp. 63-64).

### SMEs/ Competitiveness

The IA considers the impacts of every option on SMEs consistently and also provides **an SME test**, which identifies in particular the measures under building blocks 3 to 8 relevant for SMEs (IA, pp. 128-129, Annex 7). SMEs are expected to benefit considerably from eased free movement, the possibility to place products faster on the market, and financial support and competitive advantages when production of priority products would have to be ramped up (option 3, IA, pp. 61-63, 129). At the same time, the IA openly acknowledges that mandatory information requests will raise costs for all companies, including SMEs. As for the other impacts, no quantification is provided due to the unknown data about a future crisis, but the IA stresses the exceptional nature of the obligatory, more costly measures. To mitigate potential negative effects, the IA points to the crisis-specific assessment for the activation of such obligations and notes that information requests should be designed with SMEs in mind, but does not say how this would be done (IA, p. 131). The IA explicitly rejects the idea of exempting microenterprises, arguing that they have potentially unique knowledge or patents of critical importance for the single market, depending on the nature of the crisis. The competitiveness of the EU industry is expected to benefit increasingly from option to option, as international competitors already have legal instruments for a structured monitoring of supply chain disruptions and the adoption of possible response measures (IA, pp. 25, 63, Annex 8).<sup>7</sup>

### Simplification and other regulatory implications

The IA notes the simplification of the EU crisis framework by the proposed repeal of the Strawberry Regulation (IA, pp. 68, 90). In this context, it could have explored more thoroughly how a coherent interplay of national and EU crisis instruments would function. According to the IA, the initiative would not create administrative costs related to the 'one in, one out' approach 'during the normal

functioning of the single market' – implying that it would create such costs under the vigilance and emergency modes, but not following up on this assumption. It simply stresses that the obligatory measures would only be used 'in very exceptional' and currently unknown circumstances.

## Monitoring and evaluation

The IA suggests evaluating the initiative after 5 years of application; to this end, the Member States and 'representative organisations of economic operators' would have to provide the 'necessary' (unspecified) information (IA, p. 68). It notes only in very general terms that the Commission and the Member States would monitor the application and effects of the different measures 'on the persons and companies' concerned (IA, p. 69). This seems insufficient, as the questions about who would be monitoring supply chains or strategic reserves and how this should be done appear essential. The IA makes no reference to the specific objectives of the initiative in this context; this renders the IA's approach to the issues of monitoring and evaluation rather weak (*idem* in the proposals).

## Stakeholder consultation

A four-week [open public consultation](#) to prepare this IA was held from 13 April to 11 May 2022, thus eight weeks short of the 12-week period requested by the Better Regulation Guidelines, which is not explained in the IA. In addition to the (only) 25 responses received to this consultation, the Commission organised a stakeholder workshop on 6 May 2022 (including SMEs), a Member State survey (13 replies) and targeted consultations of Member States (including in Council working parties) and specific stakeholders (synopsis report in Annex 2 with a breakdown of the feedback). The IA takes stakeholder views consistently into account and is very transparent about the concerns of both economic operators and numerous Member States (some, though not all, are named) about the proportionality and subsidiarity of the more far-reaching measures (IA, pp. 64, 66, 84, 88).

## Supporting data and analytical methods used

The sources cited in the qualitative IA are solid and include evaluations, the annual report on the single market, several IAs for other EU initiatives, a [European Parliament study](#) and a recent ECA special report (IA, p. 78). The method, assumptions and limitations of the analysis are transparent and seem duly justified by the uncertainty of both the nature and the scope of a future crisis (lack of data, Annex 4). However, substantiation beyond the – very consistent – references to stakeholder views could have been at times more abundant and specific to underpin elements – such as those of the problem definition – that are known at this point. Some additional effort could have been made, e.g. by using past crises as proxies for quantification or by assessing the diverse national information/notification systems against the investments needed to adapt them to the IA's options. Notwithstanding this remark, the IA had admittedly little choice than to assess the magnitude of potential impacts to keep the analysis proportionate, given that the policy area and the 'stakeholders' of future crises are unknown and potentially very diverse.

## Follow-up to the opinion of the Commission Regulatory Scrutiny Board

After a [negative opinion](#) on the first draft IA on 8 July 2022, the RSB issued a final [positive opinion with reservations](#) on a revised version on 17 August 2022. The IA describes in detail in Annex 1 how the RSB comments were addressed in the final IA (e.g. addition of key definitions, improved description of options and assessment of impacts). Draft IAs are not publicly available, but as noted in this briefing, the final IA still shows some weaknesses, which include issues raised by the RSB, such as the level of detail in the options and the interaction at the national and the EU level in a crisis.

## Coherence between the Commission's legislative proposal and IA

The proposals follow the reasoning of the IA and correspond mostly to option 3, except for measures under building block 8, which combine all three options (explanatory memorandum, p. 13). In addition, they provide details not discussed in the IA, for instance a sanctions regime.

The ex-ante analysis of this initiative, aimed at addressing impacts on the single market caused by a potential future crisis, implies major uncertainties and limitations, openly acknowledged by the IA (notably owing to a lack of data). Notwithstanding this important caveat, the IA develops a clear intervention logic, linking the problems with objectives to achieve through three policy options, without, however, fully complying with the Better Regulation Guidelines. It assesses the broad scope of potential impacts of these options (rather than specific impacts), and compares their effectiveness, efficiency and coherence. The interaction with other EU or national anti-crisis tools, including the recently proposed EU chips act, could have been addressed more thoroughly, and more efforts could have been made to quantify at least some effects. Taking the proportionality and subsidiarity principles consistently into account – and notably stakeholder concerns in this respect – the IA does not select a preferred option. This reflects the particularly sensitive, political nature of the decision on the degree of the EU's competence to intervene, under set conditions, in economic processes, so as to avoid disruptions of the single market and EU supply chains in a future crisis.

## ENDNOTES

- <sup>1</sup> Annex 9 of the IA provides a detailed mapping of existing and upcoming emergency instruments.
- <sup>2</sup> 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
- <sup>3</sup> **Drivers problem 1:** 1) divergent and not well-targeted single market restrictions by Member States; and 2) lack of information from public authorities on these restrictions; **problem 2:** 1) procedures to place harmonised products on the market too slow to deploy critical goods for crisis response; 2) insufficient legal certainty of existing emergency provisions in public procurement and lack of rules on coordinated and joint procurement for single market emergencies; 3) supply chain disruptions amplifying shortages of crisis-relevant products during emergency and inability to anticipate them; and 4) lack of information from economic operators.
- <sup>4</sup> Both the IA and the proposal refer to the Treaty of the Functioning of the EU (instead of the relevant Treaty on EU).
- <sup>5</sup> In this context, the IA provides also definitions of 'Single market emergency', 'a natural or man-made crisis', 'goods and services of strategic importance', 'strategically important areas of the economy' and 'crisis-relevant goods and services' (IA, p. 28). They differ slightly from the definitions featured in the legislative proposal.
- <sup>6</sup> Based on the [IA of the Services Directive notification proposal](#) (IA, pp. 52, 56).
- <sup>7</sup> Crisis measures with high international trade and competition impacts are not covered by this initiative, as they belong to the realm of EU exclusive competence (emergency state aid framework, export authorisation schemes, IA, p. 51).

This briefing, prepared for the IMCO committee, analyses whether the principal criteria laid down in the Commission's own Better Regulation Guidelines, as well as additional factors identified by the Parliament in its Impact Assessment Handbook, appear to be met by the IA. It does not attempt to deal with the substance of the proposal.

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