



*Committee on Budgets
The Chair*

12.01.2023

Ms Anna Cavazzini
Chair
Committee on the Internal Market and Consumer Protection
BRUSSELS

Subject: Opinion on the proposal 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 (2022/0278 (COD))

Dear Chair,

At their meeting of 26 October 2022, the Committee on Budgets' Coordinators decided to adopt an opinion in the form of a letter on the above-mentioned proposal and mandated me to convey the position set out below.

Background to the proposal and overall budgetary implications

The Commission's proposal has the objective of ensuring a coordinated approach to anticipate, prepare for and respond to crises with major effects that 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.

More specifically, the proposal is intended to equip the EU with a crisis toolbox to minimise obstacles to the free movement of goods, services and persons and facilitate quick and practical solutions to supply chain issues in times of crisis. The toolbox includes:

- a group advising the Commission on the appropriate measures for anticipating, preventing or responding to the impact of a crisis on the Single Market;
- measures for obtaining, sharing and exchanging relevant information;
- contingency measures aimed at anticipating and planning e.g. training on crisis coordination, cooperation and information exchange for liaison officers in the Member States;

- vigilance measures for addressing impacts of significant incidents on the single market (not yet emergencies) e.g. monitoring of the supply chains of goods and services of strategic importance or identification of goods of strategic importance for which it may be necessary to build a reserve;
- emergency response measures, e.g. request of information from economic operators on their production capacities and existing stocks of crisis-relevant goods or prioritisation of certain orders for the production or supply of crisis-relevant goods.

Some measures, e.g. procurement by the Commission on behalf of Members States, can be activated under both the vigilance and emergency modes.

These two modes are to be activated for a maximum duration of six months via implementing acts. Some measures under each mode are also to be activated by means of delegated or implementing acts.

According to the legislative financial statement accompanying the proposal, the costs would amount to EUR 3.08 million for the period 2024-2027 of which:

- EUR 2.63 million for the recurrent costs of 5 FTE within the Commission. It will be in principle covered under the heading 7 “administrative expenditure”;
- EUR 0.45 million for the costs for the planned training activities and the necessary extension of the IT tool used for notification. It would be covered by redeployment under the single market programme.

The additional crisis management costs in the Commission are deemed unpredictable and thus are not included in the legislative financial statement. They would be covered in principle via internal redeployment of Union resources under heading 1 “single market, innovation and digital” and/or heading 7 “administrative expenditure”.

Position of the Committee on Budgets

The Committee on Budgets makes the following observations with respect to the budgetary implications of the proposal, which I would ask you to take into account in the preparation of the European Parliament position as well as during the trilogues:

1. The long-standing position of the European Parliament is that new tasks and responsibilities should be matched with fresh resources and not financed by redeployment. Although the amounts involved, at least at this stage, are small, it therefore seems appropriate for the Committee on the Internal Market and Consumer Protection to challenge the approach of redeploying resources within the Single Market programme to finance the Single Market emergency instrument.
2. The legislative financial statement accompanying the proposal is partial and captures only the costs of the initiative in the absence of a crisis. The budgetary margin under heading 1 is very tight and even tighter under heading 7. The Commission is to provide a forecast of the costs possibly incurred with the activation of the vigilance and emergency modes over one year. It will be necessary to evaluate if the Commission would be able to deliver the intended measures in the event of a crisis within the existing budgetary margins and without

impacting on other agreed programmes. In case the evaluation shows that there are not enough margins available to respond to possible crisis, this should have to be factored into the revision of the functioning of the Multiannual Financial Framework.

3. In the event of changes with appreciable budgetary consequences introduced by the co-legislators during the negotiations, the Committee on the Internal Market and Consumer Protection could ask the Commission to update the legislative financial statement accordingly. Such changes could include inter alia a different split in the tasks entrusted to the Commission and the Member States or a change in the distribution of measures across the different modes. If not addressed in the frame of the negotiations, this could lead to a situation where the necessary resources could not be made available in the annual budgetary procedure as has happened with some past initiatives.
6. The Committee on Budgets remains available to support the process.

Yours sincerely,

Johan Van Overtveldt