

## EU MONITORING REPORT Q2-2020

### EUROPEAN UNION'S RESPONSE TO COVID-19

**Brussels, 10 August 2020** – Logistics firms and supply chain industry overall have been directly affected by the COVID-19 pandemic. Because they facilitate trade and commerce and help businesses get their products to customers, supply chain disruptions to the sector caused by the pandemic could, therefore, impact competitiveness, economic growth, and job creation.

The good news is the manufacturing picked back up—by the end-February, [about 70 percent of large industry had restarted operations](#). But there is also bad news: a return to full production capacity is unlikely in the short term. Actually, [new data from Ti](#) reveals most logistics and supply chain executives do not expect volumes to return to normal levels before 2021 - at the earliest.

Fortunately, the European institutions have prepared a series of mechanisms to help companies in need of financial assistance - as well as the population.

#### MEASURES TAKEN BY THE EU AS A RESPONSE TO COVID-19 CRISIS

The COVID-19 crisis has shown, among other things, how difficult European cooperation can be sometimes, especially in policies where the EU has limited powers to support Member States.

At the beginning of the crisis, their reactions to the pandemic were oriented towards limiting or restricting circulation and focusing on national resources in order to contain the spreading of the virus. The European solidarity did not make its presence felt too quickly, but in the end the Member States concluded that the challenges posed by the current situation require a concerted response from them and in coordination with the European institutions.

Therefore, in the COVID-19 context, EU leaders have agreed eventually on the following four priority areas:

- Limiting the spread of the virus
- Ensuring the provision of medical equipment
- Promoting research for treatments and vaccines
- Supporting jobs, businesses and the economy

These priorities were agreed on by EU leaders in March 2020 to guide the EU's emergency response to the COVID-19 pandemic.

## 1. Measures taken for limiting the spread of the virus

The EU has been working together with its member states to contain the spread of the virus and support national healthcare systems to respond to the COVID-19 pandemic, such as:

- Temporary closure of EU's external border: restriction of non-essential travel to the EU

To slow down the transmission of the virus, on 17 March 2020, EU leaders agreed on a coordinated temporary restriction of non-essential travel to the EU that is enforced until 30 June 2020. The travel of European citizens outside the EU is also discouraged.

From 1 July 2020, member states started lifting travel restrictions for residents of some third countries. The list of countries for which member states should gradually lift travel restrictions at the external borders was updated on 16 July 2020 and is available [here](#).

- Border management: introduction of `green lanes` for essential goods

To ensure that EU-wide supply chains continue to operate, The European Commission says that [the green lane border crossings](#) should be open to all freight vehicles, whatever goods they are carrying. Crossing the border, including any checks and health screening, should not take more than 15 minutes.

- Risk assessment for EU population - it is conducted by the European Center for Disease Control (ECDC) [and published periodically](#)

This report updates daily the European people regarding the evolution of the number of coronavirus-related cases, deaths and other sensible information on the matter.

- Weekly coordination between EU, experts and member states through Integrated Political Crisis Response (IPCR)

The IPCR arrangements reinforce the European Union's ability to take rapid decisions when facing major crises requiring a response at EU political level.

## 2. Ensuring provision of medical equipment

The EU is working together with its member states to ensure the provision of personal protective equipment and medical supplies across Europe via 4 joint public procurement worth up to a collective total of €1.5 billion for face masks, protective gear, ventilators and testing kits.

Also, the EU had regulated exports of key supplies from the EU to ensure supply in all member states and had close contact with the European industry to increase all the essential goods and equipment.

Additionally, under the EU civil protection mechanism, the EU took other measures such as:

- Deployment of medical teams and delivery of supplies to countries in need
- Creating a new common European reserve of emergency medical equipment
- Implementing the Emergency Response Coordination Centre, to coordinate support 24/7

## 3. Promoting research for treatments and vaccines

There are three pillars:

### a) Ensuring research funds and financial support to develop treatments and vaccines: 220 million euros in total

Mariya Gabriel, Commissioner for Innovation, Research, Culture, Education and Youth, [said](#): “The enormous talent and breakthrough ideas of innovative European companies give us hope. Our increased support to the European Innovation Council will unlock their potential so that we can better tackle the coronavirus and support our recovery. The EIC responded quickly to the coronavirus crisis and demonstrated the agility and impact of EU funding.”.

### b) Creating and maintaining a COVID-19 data platform for rapid collection and sharing of valuable research data.

The new platform (which is available [here](#)) will provide “an open, trusted, and scalable European and global environment where researchers can store and share datasets, such as DNA sequences, protein structures, data from pre-clinical research and clinical trials, as well as epidemiological data”, says the [European Commission](#), and the researchers will be able to find faster an effective response to the COVID-19 related issues.

**c) Improving SMEs' access to finance and finding innovative solutions to COVID-19-related issues: 164 million euros.**

[The European Commission is financing](#) startups and SMEs with technologies and innovations that could help in treating, testing, monitoring or other aspects of the Coronavirus outbreak.

Also, on 14 July, the European Council [adopted a regulation](#) which aims to speed up the development and the deployment of a vaccine against COVID-19 in the EU: "The act provides for a temporary derogation from certain provisions of EU legislation on the deliberate release in the environment and the contained use of genetically modified organisms (GMOs). It also aims to simplify the procedure for application for marketing authorization for medicinal products containing or consisting of GMOs intended to treat or prevent COVID-19".

#### **4. Supporting jobs, businesses and the economy**

On 23 April 2020, EU leaders endorsed a €540 billion package of three safety nets for workers, businesses and member states. The package consists of:

- **€ 100 billion** - Support to mitigate unemployment risks in an emergency (SURE). This instrument enables member states to "request EU financial support to help finance the sudden and severe increases of national public expenditure, as from 1 February 2020, related to national short-time work schemes and similar measures, including for self-employed persons, or to some health-related measures, in particular at the workplace in response to the crisis", according to [a press release](#) of the European Council.
- **€ 200 billion** - Pan-European guarantee fund for loans to companies (European Investment Bank). On April 16, [the EIB Board approved](#) a € 25 billion European guarantee fund with the goal to deliver up to € 200 billion in support of the real economy, with a focus on small and medium-sized companies. The € 25 billion guarantee fund will be funded by EU Member States pro rata to their shareholding in the EIB and/or other institutions.
- **€ 240 billion** - Pandemic crisis support for member states (European Stability Mechanism). The only requirement [to access the credit line](#) is that euro area member states requesting support would commit to use this credit line to support domestic financing of direct and indirect healthcare, cure and prevention related costs due to the COVID-19 crisis.

The EU also took action [to redirect EU funds](#) to help member states:

- **€37 billion** from structural funds to support EU countries and their citizens in their fight against the outbreak
- **Up to €800 million** through the EU Solidarity Fund, which has been amended to provide support to member states affected by public health crises like the one caused by COVID-19
- Additional **€3.1 billion** unlocked from the 2020 budget to respond to the COVID-19 crisis

Additionally, the EU took another measures, such as:

- Increasing flexibility in the use of structural funds, which allows member states to transfer money between different funds and regions to meet their needs in mitigating the social and economic damage of the pandemic
- Member states can also request up to 100% financing from the EU budget for initiatives dealing with the impact of the COVID-19 outbreak
- Applying the full flexibility of EU fiscal rules to help member states' authorities to support healthcare systems and businesses and to maintain employment during the crisis
- Relaxing the EU state aid rules for governments to provide liquidity to the economy

Last, but not least, [EU leaders have talked in a 4-day summit](#) about a **€1.68 trillion** package for assuring financial aid for the countries that are most severely hit by the crisis, a seven-year budget and a coronavirus recovery fund. You can find out more on this topic [here](#).

## What's next?

The [EU crisis response in tackling Covid-19. Views from the member state](#) report, released by the European Policy Institutes Network (EPIN), responds to an important question: What is the post-crisis expectation? Here is an excerpt:

“What should we expect? That the EU should now take the lead in coordinating exit strategies across Europe. But for this to happen, member states’ governments will need to allow the EU institutions to play their role. At the time of writing, it seems that the Commission’s Easter efforts in this respect have been impaired by capitals and even regional authorities taking different approaches to the relaxation of their lockdown measures. Such realities might hamper the coordination of future Europe-wide economic recovery efforts.

Having an EU approach to easing lockdown restrictions, facilitating labor mobility across borders and widening green lanes could overcome the current and foreseeable restrictions to the free movement of persons and goods. Coordinated solutions of this kind would not only complement national approaches to the exit strategy, but also promote more solidarity between member states.

Public support for greater EU competences in dealing with this public health emergency should encourage member state governments to put more energy into finding ways of sharing both the benefits and the burdens of EU membership”.

## Sources and further reading

Timeline – Council actions on COVID-19

<https://www.consilium.europa.eu/en/policies/coronavirus/timeline/>

The common EU response to COVID-19

[https://europa.eu/european-union/coronavirus-response\\_en](https://europa.eu/european-union/coronavirus-response_en)

COVID-19 coronavirus pandemic

<https://www.consilium.europa.eu/en/policies/coronavirus/>