COVID-19: List of the measures taken in relation to the ITRE remit - March-April 2020

KEY FINDINGS

This briefing summarises the recent measures taken by the European Commission on matters within the remit of the Committee on Industry, Research and Energy in response to the urgent and ongoing COVID-19 crisis, while referencing relevant parts of the resolution of the European Parliament of 17 April 2020 on EU coordinated action to combat the COVID-19 pandemic and its consequences.

Industry

To speed up the diagnosis, testing and development of a COVID-19 vaccine, and to secure the stability of European SMEs and industry under stress, the Commission has put forward a package of industrial, research and energy measures including: **protection of foreign direct investment** concerning European stressed assets, **increased funding** and capital injections with multiple financial instruments, general **workforce protection**, ensuring adequate production and stocks of health and medical products, support for the conversion of existing industrial facilities to protective equipment production, targeted response portals for industrial clusters, guidance on accelerated public procurement during the COVID-19 pandemic, the speeding-up of existing COVID-19-related **research projects**, and **new calls** for the development of vaccines and treatments.

On 17 April, in its resolution 2020/2616(RSP), paragraph 21, the European Parliament stated that it '*supports the Commission in its objective of designing a new EU industrial strategy*' and also supports '*the reintegration of supply chains inside the EU and increasing EU production of key products such as medicines, pharmaceutical ingredients, medical devices, equipment and materials*'.

1. Investment

According to the Bank for International Settlements (BIS), the COVID-19 shock is placing enormous strains on corporate cash buffers. Corporate financial statements from 2019 suggest that **50 % of firms do not have sufficient cash to cover total debt servicing costs over the coming year.** Simulations suggest that a 25 % decline in revenues, consistent with the 8 to 9 % downward revision published on April 2020 of the IMF GDP growth forecasts for advanced economies, would raise firm leverage by around **10 percentage points** if the entire funding gap were closed with debt.

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The European Commission has approved a massive plan of financial support for large, medium-sized and small European businesses and their workforce, and is currently discussing the possibility of **temporary** capital injections for industrial businesses in various forms. It adopted the Corona Response Investment Initiative (CRII), which was approved by Parliament in plenary under the urgent procedure (2020/0043(COD)), mobilising around **EUR 8 billion** in immediate liquidity, to be accelerated to **EUR 37 billion** of European public investment in healthcare systems, SMEs, labour markets and other vulnerable parts of Member States' economies. The proposal states that the European Regional Development Fund (ERDF) and other financial instruments could support the financing of **working capital in SMEs** where necessary as a temporary crisis measure (for more details, see DG BUDG's technical presentation). The CRII has been extended by the Coronavirus Response Investment Initiative Plus (CRII+), allowing transfer possibilities across the three cohesion policy funds (the European Regional Development Fund, European Social Fund and Cohesion Fund) and the different categories of regions, thematic concentration flexibility and a 100% EU co-financing rate for cohesion policy programmes for the year 2020-2021.

2. Foreign Direct Investment screening

On 25 March 2020, the Commission issued guidelines for Member States on foreign direct investment to protect EU industrial and corporate assets under stress. The guidelines urge Member States to make full use in this time of crisis of their investment screening mechanisms in order to address cases where the acquisition of European companies by investors from outside the EU would create a risk for security and public order in the EU, especially in areas such as medical research, biotechnology and infrastructure. In March 2019, the EU adopted a regulation on the screening of foreign direct investment. Currently, national foreign direct investment screening mechanisms are in place in 14 Member States.

3. Protective equipment and essential medical products

The Commission is working to secure an adequate European **stock of health and medical supplies,** including personal protective equipment (PPE), to ensure that healthcare professionals and those in need will have access to protective equipment such as masks, gloves and overalls, ventilators and other medical devices as well as pharmaceutical products.

The Commission has published: (1) guidance for manufacturers, meant to help economic operators assess whether they can convert their existing facilities to produce protective equipment; and (2), a series of Q&As in the following areas: protective equipment, leave-on hand cleaners and hand disinfectants and 3D printing. These are meant to accelerate approvals of essential equipment and products.

4. Industrial Clusters Response Portal

The Commission has also created the COVID-19 Industrial Clusters Response Portal to support the efforts of industrial clusters to address the challenges posed by the COVID-19 epidemic in Europe. The platform collects in a single place all reliable information on actions and decisions of the Commission relating to industry, and especially to industrial clusters, operating as an open discussion forum where actors can share experiences, solutions, requests and questions.

5. Public procurement

The Commission has released new guidance for public buyers to help them use the flexibility provided by the EU's public procurement framework to ensure rapid and efficient purchases of all necessary equipment.

See also: Public procurement during the coronavirus pandemic.

6. SMEs

On 25 March 2020, the Commission allocated **EUR 164 million** for SMEs and start-ups for innovative solutions to tackle the COVID-19 outbreak via the European Innovation Council Accelerator programme. On 30 April 2020, the Commission approved an extra budget of **EUR 150 million** on top of the EUR 164 million already announced for the European Innovation Council to fund breakthrough ideas tackling coronavirus. Close to 4000 start-ups and SMEs applied to the EIC Accelerator pilot in March, over 1000 of them offering innovations relevant to the coronavirus outbreak. The remote evaluation of all the applications has been completed, and the successful SMEs are invited for live interviews from 11 to 20 May 2020.

See also the Commission's Research and Innovation Actions to tackle COVID-19 overview for more information on research and innovation.

7. Tourism

The Commission is supporting the tourism industry, which employs some **27 million people** and generates over **10 % of the EU's GDP**, through liquidity support, fiscal measures, an easing of state aid rules, new guidance on passengers' rights, and the application of the package travel directive.

See Support for the EU tourism industry for more information.

Technology and Research

On 2 April 2020, the Commission complemented the first package with the COVID-19 Response Investment Initiative Plus (CRII+), which allows support from the European Structural and Investment Funds (ESIF) through **transfers across the three cohesion funds** (the ERDF, the European Social Fund (ESF) and the Cohesion Fund (CF)), transfers between the different categories of regions, flexibility in their thematic concentration and a 100 % EU cofinancing rate for 2020-2021 cohesion policy programmes. The Commission and national ministries have also agreed on the first ERAvsCorona action plan, which lays out 10 priority short-term coordinated actions to tackle the coronavirus.

On 30 April 2020, the European Commission #EUvsVirus hackathon identified **117 solutions** to support European and global recovery from the coronavirus outbreak. Some of the top category winners include projects for: highly scalable patient monitoring systems minimising physical contact between nurses and patients; remote queuing solutions to ensure social distancing in the retail industry; information gap closures between demand, supply and funding of medical products, via donations and charities; online village platforms for experiential virtual learning; short-term financing solutions for SMES; and sewer surveillance platforms for early virus detection.

On 17 April 2020, the European Parliament, in its resolution 2020/2616(RSP), paragraphs 11 and 14, stated that it *'believes that Europe's researchers, innovative small and medium-sized enterprises (SMEs) and industry should get every support they need to find a cure'*, calling on the Member States to *'significantly increase support for research, development and innovation programmes aimed at understanding the disease, speeding up diagnosis and testing, and developing a vaccine'* and on the Commission to *'further develop its capacity for cloud services, while complying with the ePrivacy directive and the GDPR to facilitate the exchange at EU level of research and health data by entities working on the development of treatment and/or vaccines'*.

With regard to research projects, the EU has come up with a coordinated response to support the development of a COVID-19 vaccine and effective treatment, mobilising up to **EUR 140 million** under the Horizon 2020 research programme. Its key elements are as follows.

1. Research projects

The Commission has earmarked **18 projects**, involving 140 research teams, to receive **EUR 48.5 million** from Horizon 2020. These concern: developing better monitoring systems to prevent and control the spread of the virus; rapid diagnostic tests; new treatments; and developing new vaccines. The research teams will share their results in an effort to speed up the public health response.

See the box on COVID-19 diagnostics, treatments and vaccines **EU research projects,** at the end of the document.

2. Research proposals

The Commission has called for **new research proposals** focusing on developing COVID-19 treatments and diagnostics within the framework of the Innovative Medicines Initiative, a public-private partnership between the EU and the pharmaceutical industry funded through Horizon 2020 with an total investment of **EUR 90 million**, up to half coming from the EU budget and the rest from industry. All deadlines have been extended.

See the European Research Area (ERA) corona platform for more information.

3. COVID-19 vaccine

The Commission has provided financial support of up to **EUR 80 million** to CureVac, an innovative vaccine developer in Germany, to support work on the COVID-19 vaccine. The support would come in the form of an **EU guarantee** of a currently assessed EIB loan of an identical amount, in the InnovFin Infectious Disease Finance Facility framework under Horizon 2020.

4. Digital contact tracing - mobile applications

On 8 April 2020, the Commission published a recommendation on a common pan-European approach for COVID-19 mobile applications and the use of anonymised mobility data for **contact tracing;** on 16 April, the Member States, supported by the Commission, adopted an EU toolbox for using mobile applications for

efficient **contact tracing and warning** in response to the coronavirus pandemic; on 21 April, the European Data Protection Supervisor adopted guidelines on the use of location data and contact tracing tools in the context of the COVID-19 outbreak.

On 17 April, the European Parliament, in its resolution 2020/2616(RSP), paragraph 52, pointed out that *'any use of applications developed by national and EU authorities may not be obligatory'* and that *'the generated data are not to be stored in centralised databases, which are prone to potential risk of abuse and loss of trust and may endanger uptake throughout the Union'*. Parliament demanded that *'all storage of data be decentralised, full transparency be given on (non-EU) commercial interests of developers of these applications, and that clear projections be demonstrated as regards how the use of contact tracing apps by a part of the population, in combination with specific other measures, will lead to a significantly lower number of infected people'*. Parliament further demanded that *'the Commission and Member States are fully transparent on the functioning of contact- tracing apps, so that people can verify both the underlying protocol for security and privacy, and check the code itself to see whether the application functions as the authorities are claiming; recommends that sunset clauses are set and the principles of data protection by design and data minimisation are fully observed'*.

Energy

The coronavirus pandemic has had a strong impact on global energy markets, contributing to a **collapse in the price** of oil as well as **lower prices for other fossil fuels** and lower **electricity demand**, with potential impacts upon electrical reliability risks, reduced utility bill payments, and delayed or reduced industrial investment activity. The researchers McWilliams and Zachmann provide a map showing the evolution of peak hour electricity consumption across Europe over the past four weeks. On 1 April 2020, average electricity consumption for 2020 relative to 2019 was: +3.4 % (SE), -0.5% (DK), -6.4 % (DE), -8.1 % (PL), -9.8 % (PT), -13.3 % (AT), -16.5 % (BE), -17.8 % (UK), **-19.7 % (ES) and -29.8 % (IT)**.

See also the EPRS publication Impact of coronavirus on energy markets.

On 28 April 2020, the Energy Council confirmed that there is **no risk** of energy supply disruption and confirmed the EU energy sector's key position regarding the goal of achieving climate neutrality.

The EU Toolbox for the development of contact tracing mobile applications

Contact tracing, normally carried out manually by public health authorities, is a time-consuming process in which infected cases are interviewed in order to determine who they remember being in contact with from 48 hours before the onset of symptoms and up to the point of self-isolation and diagnosis. Digital tools, such as digital mobile applications with tracing functionalities, can be of substantial support in this process. If such applications could reach over 50 % of the population, they could be useful in terms of enabling Member States to rapidly detect contacts of cases, collect information on these contacts and inform contacts on the need for follow-up and testing if required. In parallel with mobile applications, manual contact tracing will continue to play an important role, in particular for vulnerable persons.

The EU common approach to contact tracing applications aims to ensure the interoperable and privacy-preserving digital contact tracing of EU citizens, to be applied consistently by all Member States with the full support of the EU. According to the first issuance of the common EU toolbox, developed by the e-Health Network with the support of the European Commission, national contact tracing applications must be: (1) voluntary; (2) approved by the national health authority; (3) privacy-preserving, with securely encrypted personal data; (4) dismantled as soon as no longer needed.

The EU toolbox distinguishes between essential requirements and functionalities to be considered by Member States, and specifically lists:
- 7 essential requirements for national applications and cross-border interoperability (e.g.: epidemiological relevance for definition of close contacts and data retention period; infection confirmation and user warning alert from European or national public health authorities or equivalent bodies; decentralised processing vs. backend server solutions);
- 7 technical functionalities (e.g. Bluetooth protocol for contact detection);
- 5 essential requirements for cross-border interoperability (e.g. WHO and ECDC protocol alignment);
- 10 cybersecurity requirements for national authorities and developers (e.g. data minimisation, encryption);
- 8 fundamental rights safeguards (e.g. voluntary character, temporary data retention, no tracking, no stigmatisation, proximity data stored on the device);
- 2 principles on accessibility and inclusiveness (e.g. digitally excluded people).

By 31 May 2020, the Member States are to report to the Commission on the actions taken and provide updates regarding their bi-weekly meetings, as long as the crisis persists; the Commission will publish by **30 June 2020** the report evaluating the progress made.

European projects on COVID-19: focus on diagnostics, treatments and vaccines

Among the COVID-19 research projects approved, 3 projects received **EUR 6.4 million** to develop diagnostics, 6 projects received **EUR 15.8 million** to develop treatments and 2 projects received **EUR 5.7 million** to develop vaccines. In addition, CureVac was offered **EUR 75 million** in financing to develop an innovative messenger RNA vaccine.

Diagnostics

- CoNVat - *Combating 2019-nCoV: Advanced Nanobiosensing platforms for point-of-care global diagnostics and surveillance,* led by Fundacio Institut Catala de Nanociencia i Nanotecnologia (ES) - Project details
- CoronaDX - *Three point-of-care Rapid Diagnostic tests for COVID-19 Coronavirus, improving epidemic preparedness, public health and socio-economic benefits,* led by Danmarks Tekniske Universitet (DK) - Project details
- HG nCoV19 test - *Development and validation of rapid molecular diagnostic test for nCoV19,* led by Hibergene Diagnostics (IE)

Treatments

- Fight-nCoV - *Fighting off Coronavirus (SARS-CoV-2) with broad-spectrum antivirals: establishing animal challenge model,* led by Stockholms Universitet (SE) - Project details
- SCORE - *Swift COronavirus therapeutics Response,* led by Academisch Ziekenhuis Leiden (NL) - Project details
- Solnatide - *Exploration of safety, tolerability and clinical efficacy of Solnatide IMP in patients infected with the 2019 new coronavirus,* led by RTDS Association (AT) - Project details
- ATAC - *Antibody therapy against coronavirus (COVID-2019),* led by Karolinska Institutet (SE) - Project details
- MANCO - *Monoclonal Antibodies against 2019 New Coronavirus,* led by Erasmus Universitair Medisch Centrum Rotterdam (NL) - Project details
- CoroNAb - *Nanobodies and antibodies against 2019-nCoV,* led by Karolinska Institutet (SE) - Project details

Vaccine

- OPENCORONA - *Rapid therapy development through Open Coronavirus Vaccine Platform,* led by Karolinska Institutet (SE) - Project details
- Prevent-nCoV - *Prevention of 2019 nCoV infection through development and clinical testing of a novel Virus Like Particle (VLP) vaccine,* led by Københavns Universitet (DK) - Project details

For more information, see the Commission's Coronavirus research and innovation web page.

Selected topics on COVID-19 social tracing applications

Safeguards requirements

Any contact tracing and warning application officially recognised by the relevant national authorities should present all **guarantees for respect of fundamental rights**, and in particular privacy and data protection and the prevention of surveillance and stigmatisation. To this end, Member States should ensure that strong safeguards are in place. Contact tracing applications will have to be temporary and voluntary and have a necessary and proportionate basis in data retention policy. They will also have to be compliant with EU law, particularly on data protection and privacy, and be non-tracking and non-stigmatising, preserving the privacy of infected persons or their close contacts, ensuring the storing of proximity data on the device and ensuring data encryption. In particular, positional data is neither necessary nor recommended for the purpose of contact tracing applications ('**no tracking**'), as their goal is not to follow the movements of individuals or to enforce prescriptions. Collecting an individual's movements in the context of contact tracing apps would violate the principle of data minimisation and would create major security and privacy issues (EU Toolbox, version 1, Safeguard Requirement 3, page 37).

Privacy-preserving contact tracing applications

Member States are considering the most appropriate app solutions for their specific situations that comply with applicable laws and minimise the processing of personal data. Solutions (see a summary of the debate on protocols, with various positions) can be grouped into at least two general categories, neither of which includes the storing of unnecessary personal information:

a) **Decentralised processing** (DP-3T): the proximity data related to contacts generated by the application would only be kept on the device (i.e., mobile phone). The application would generate arbitrary identifiers of the phones in contact with the user; these identifiers would be stored on the device of the user with no additional personal information or phone numbers.

b) **Backend server solution** (PEPP-PT): in this option, the client application would function through a backend server held by the public health authorities, on which the arbitrary identifiers would be stored. Users could not be directly identified through these data: only the arbitrary identifiers generated by the application would be stored on the server. Its advantage would be that public authorities could estimate the aggregate intensity of contacts, the effectiveness of the application, and the numbers of potentially infected cases. (EU Toolbox, pages 14-15).