

Covid-19 Newsletter 1

Dear Members,

As the European Union and the rest of the world are facing a pandemic crisis and a deep economic and social disruption, this dramatic situation has shown above all the importance of joint European action. In its resolution of 17 April 2020, the European Parliament has called on the Commission and the Member States to act together and to rise to the challenge and ensure that the Union emerges stronger from this crisis. Public health and economic recovery must go hand in hand in order to secure a healthy, prosperous and inclusive well-being for the present and future generations.

The ECON, EMPL, ENVI, ITRE and IMCO committees will play a key role in shaping the European response to the Covid-19 crisis. The Policy Department for Economic, Scientific and Quality of Life Policies will continue to support these committees in performing their legislative and institutional tasks. Briefings on [Covid-19](#) and on the [exceptional measures](#) taken by the European Central Bank were already made available. With this Covid-19 newsletter, we will keep the ECON, EMPL, ENVI, ITRE and IMCO committees updated about recent developments and relevant expertise. I would like to thank colleagues from the Policy Department for their input and availability. As always, they stand ready, hand in hand with the Committee secretariats, to respond to your and the committees' requests.

Karl-Peter REPPLINGER
Director for Economic and Scientific Policies
Directorate-General for Internal Policies

ECONOMIC AND MONETARY AFFAIRS



In response to the Covid-19 crisis, the ECB provided a substantial and timely **monetary** policy response. On the **fiscal** policy side, divergences emerged among EU Member States over the Covid-19 financial response. Nine Member States [called](#) to issue a new EU shared debt instrument ('corona bond'), whilst other Member States proposed a European Stability Mechanism (ESM) action. In an [interview](#) followed by an official [statement](#), President Ursula von der Leyen confirmed that the Commission was working on proposals for the recovery phase and that she was "not excluding any options within the limits of the treaty". Following the lack of consensus on a common shared instrument, France [proposed](#) a temporary, long-term shared



EU rescue fund, while Spain has put forward the [idea](#) of a new Economic Recovery Fund of 1 to 1.5 trillion based on grants to Member States, thus not raising national public debt levels. Ahead of the European Council meeting of 23 April, on 17 April the European Parliament [called](#) for an extended package "*beyond what the ESM, the EIB and the ECB are already doing*", "*in place while the economic disruption caused by this crisis lasts*", "*financed by an increased MFF, the existing EU funds and financial instruments, and recovery bonds guaranteed by the EU budget*", and clarified that "*this package should not involve the mutualisation of existing debt and should be oriented to future investment*". (paragraph 19)

ECB package of monetary policy measures: The ECB's Governing Council agreed on a comprehensive package of measures that provides a substantial monetary stimulus through the temporary expansion of asset purchases, mainly based upon the Pandemic Emergency Purchase Programme ([PEPP](#)) for **€750 billion**, adjustments to longer-term refinancing operations (LTROs) and targeted refinancing operations (TLTROs), collateral easing measures and currency swap arrangements. These measures are explained in greater detail in a separate [briefing paper](#) recently published by the Policy Department for Economic, Scientific and Quality of Life Policies.

ECB Banking Supervision Flexibility: In reaction to the Covid-19 crisis, the European Banking Supervisor [provided](#) further flexibility in the prudential treatment of loans backed by public support measures. It encouraged banks to avoid excessive procyclical effects when applying the IFRS 9 international accounting standard. It also activated capital relief measures for **€120 billion** to absorb losses or potentially finance up to **€1.8 trillion** of lending and operational relief measures announced on 12 March 2020.

On 9 April 2020, against what clearly [seems to become](#) the greatest worldwide economic crisis since the great depression, the Eurogroup put forward a [report](#) on the comprehensive economic policy response to the Covid-19 pandemic, including among other measures:

- **ESM Pandemic Crisis Support:** the precautionary ESM Enhanced Conditions Credit Line ([ECCL](#)) is a credit line exclusively linked to support the domestic financing of direct and indirect healthcare, cure and prevention related costs due to the Covid-19 crisis. The ECCL, which has short maturities and [seniority](#) over national debt, does not require any prior debt sustainability analysis and would give countries access to credit to **up of 2% of GDP**, for a maximum combined volume of around **€240 billion**. "*The credit line will be available until the Covid-19 crisis is over. Afterwards, euro area Member States would remain committed to strengthen economic and financial fundamentals, consistent with the EU economic and fiscal coordination and surveillance frameworks, including any flexibility applied by the competent EU institutions*". (Eurogroup [report](#) of 9 April 2020)
- **EIB Guarantee Fund:** the European Investment Bank (EIB) [created](#) a **€25 billion guarantee fund** to enable the EIB Group to scale up its support for companies in all 27 EU Member States by mobilising **up to €200 billion**. **This Guarantee Fund comes** on top of the [already announced](#) immediate support package of up to **€40 billion**, and including guarantee schemes, liquidity lines and asset-backed securities (ABS) purchasing programmes.
- **SURE initiative:** the Support to mitigate Unemployment Risks in an Emergency ([SURE](#)) is the European [reinsurance mechanism](#) aimed to protect jobs, including short-term work schemes, self-employed, and businesses affected by the Covid-19 in all countries in need. The new instrument will provide up to **€100 billion in loans**, enabling people to continue enabling people to continue to pay their rent, bills and food shopping, rent, bills and food shopping, backed by up to **€25 billion of guarantees, voluntarily** committed by Member States to the EU Budget, with no pre-allocated envelopes for Member States. To finance the

loans to Member States, the Commission [will borrow](#) on financial markets, and provide the loans to Member States on favourable conditions. See also the separate [briefing paper](#) on SURE published by the Economic Governance Support Unit.

- **European Recovery Fund [under discussion]:** the Eurogroup [agreed](#) "to work on a Recovery Fund to prepare and support the recovery, providing funding through the EU budget to programmes designed to kick-start the economy in line with European priorities and ensuring EU solidarity with the most affected Member States. Such a fund would be **temporary, targeted and commensurate** with the extraordinary costs of the current crisis and help spread them over time through appropriate financing. Subject to guidance from Leaders, discussions on the legal and practical aspects of such a fund, including its relation to the EU budget, its sources of financing and on innovative financial instruments, consistent with EU Treaties, will prepare the ground for a decision".

Stability and Growth Pact Suspension: for the first time since its adoption in 2011, the general escape clause of the Stability and Growth Pact (SGP) was [activated](#). The clause allows for a **temporary**, unlimited in size increase of national sovereign deficit and debt levels in order to respond to the medical urgency and ensure the continuity of the economic activity through massive, targeted fiscal support. For the preventive arm of the SGP, which [covers](#) most of the EU Member States, Articles 5(1) and 9(1) of Regulation (EC) 1466/97 state that: "*in periods of severe economic downturn for the euro area or the Union as a whole, Member States may be allowed temporarily to depart from the adjustment path towards the medium-term budgetary objective, provided that this does not endanger fiscal sustainability in the medium term*". See more information on the SGP escape clause in a separate [in-depth analysis](#) published by the Economic Governance Support Unit.

State Aid temporary rules: on 19 March, to support the economy in the current Covid-19 outbreak, the Commission [adopted](#) a Temporary State Aid Framework, [amended](#) on 3 April, to **increase flexibility** and broaden the possibilities for public support. The new framework recognises that the entire EU economy is currently experiencing serious disturbances and aims to help channel economic support, while limiting possible negative consequences to the level playing field in the Single Market. It lists a number of **temporary State Aid measures** compatible under [Article 107](#) (3)(b) TFEU, which can be approved very rapidly upon notification, such as: direct grants, selective tax advantages, state guarantees for loans, subsidised public loans, short-term export credit insurance. The amendment of the Temporary Framework broadened the scope by adding support for measures related to the fight against the pandemic (R&D, testing facilities, etc.) and to specific companies in sectors or regions particularly affected by the crisis. On 9 April, the Commission issued a [statement](#) that plans to further broaden its scope, enabling Member States to provide **recapitalisation to companies** in need. Since national public support in the form of equity or hybrid capital can be highly distortive to competition in the Single Market, it should remain a measure of last resort and subject to safeguards. Among the conditions that are likely to be included in the amendment: a ban on dividend pay-outs and share buy-backs for the company receiving capital support, an obligation to set up a clear State Aid exit strategy and other measures to limit distortions of competition.

Covid-19 impact on tourism, travel and leisure: some euro zone economies seem to be particularly vulnerable. The larger exposure to [tourism](#), smaller automatic stabilisers, larger share of vulnerable workers and higher chance of bankruptcies due to firm size all contribute to an uneven recovery once the virus retreats and the restrictive measures are lifted. As the current lockdown measures taken to counter the virus make it impossible to travel for leisure, the immediate growth impact will be larger for countries with a large tourism and travel sector. Tourism is particularly important in Italy and Spain, accounting for at least 13% of GDP and about 15% of total employment. Within the eurozone, Cyprus, Greece and Portugal are the three countries where tourism and travel sector has the largest GDP share.

On a general note, the **Economic Governance Support Unit** has published a [comprehensive summary](#) of EU/EA measures and a [selection of positions](#) taken by EU institutions on an EU recovery fund. A summary of the measures taken by Member States can be found [here](#).

Future Policy Department Covid-19-related work for ECON

- One of the two topics for the next series of Monetary Policy papers (*The ECB's Mandate: Perspectives on General Economic Policies*) will also address Covid-19 issues
- A forthcoming study on the macro-prudential aspects of non-banking intermediation (shadow banking) should also cover the risks arising from the Covid-19 crisis

EMPLOYMENT AND SOCIAL AFFAIRS



To face one of the [greatest labour crises](#), which could increase Europe's unemployment by **7.8% in the second quarter of 2020**, the EU has taken initiatives to address immediate needs and mitigate negative impacts on various policy sectors, including employment and social policy. These include measures to mitigate job or salary losses, as well as measures to support the most vulnerable or deprived groups who may be disadvantaged by the current situation.

On 17 April, the European Parliament, in its [resolution](#) 2020/2616(RSP), paragraph 37, *"believes that the Member States must take measures to ensure that workers in Europe, including the self-employed, are shielded from income loss and that the most affected companies, in particular SMEs, and sectors have the necessary support and financial liquidity; welcomes in this respect the Commission's new Support to mitigate Unemployment Risks in an Emergency (SURE) proposal and calls for its swift implementation and to launch a permanent European Unemployment Reinsurance Scheme; encourages the Member States to better coordinate social and fiscal legislation in order to avoid ramifications in terms of social security and fiscal systems for cross-border workers and labour migrants as a result of emergency measures"*.

SURE initiative: the temporary Support to mitigate Unemployment Risks in an Emergency (SURE) initiative is designed to protect jobs, mainly through short-term work schemes, and to provide income replacement for the self-employed. For further details, please refer to the ECON section.

European Unemployment Reinsurance Scheme: the Commission [plans](#) to accelerate work on a legislative proposal for a permanent European Unemployment Reinsurance Scheme. The objective is to help active workers, as well as people who have lost their jobs due to major upheaval. It would also support Member State policies aimed at preserving jobs and skills and helping the unemployed to make the transition from one job to another.

Coronavirus Response Investment Initiatives (CRII and CRII+): as a response to the most urgent needs, the Commission proposed an initiative made up of two packages, CRII and CRII+, (see ITRE section) to make €37 billion available from the EU Structural Funds to mitigate the impact of the crisis on the most vulnerable sectors, including labour markets. These initiatives allow the Member States to have greater flexibility to make transfers between cohesion policy funds so that resources are available where they are needed most and offer support to those most in need by amending the rules of the Fund for European Aid to the Most Deprived ([FEAD](#) - see below).

European Social Fund (ESF): the Commission is making all coronavirus crisis related expenditure eligible under cohesion policy rules. As ESF funding is already used to ensure access to quality services, including healthcare, it can be used to pay for healthcare equipment and protective equipment for healthcare workers, to recruit additional healthcare staff and to deliver community-based services for the most vulnerable. It can also be used to support new forms of working arrangements, including telework, and ensure the reintegration into the labour market of workers and self-employed. Commissioners Nicolas Schmit and Elisa Ferreira have [written](#) to the Member States to inform them of the amounts available for each country and of the ways financing from ESF and ERDF can be mobilised under the CRII and CRII+.

Fund for European Aid to the Most Deprived (FEAD): the FEAD provides assistance for the provision of food and other basic needs to the most deprived groups. In order to meet their needs during the pandemic, the Fund will [evolve](#) to take account of new solutions (e.g. using electronic vouchers to deliver food aid/material assistance to reduce the risk of contamination) and adapt to upcoming challenges.

European Globalisation Adjustment Fund: the [Fund](#) supports people who have lost their jobs as a result of major changes linked to globalisation or the global economic and financial crisis. The Commission [underlines](#) that it could support redundant workers and the self-employed in the current crisis. The fund has up to €179 million available in 2020.

Free movement of critical workers: following the reintroduction of internal border checks, the Commission presented [guidelines](#) to ensure free movement of critical workers to enable them to reach their workplaces. In addition to calling on Member States to organise smooth border crossings for critical staff, the guidelines call on Member States to cooperate with regard to the passage of general frontier workers and posted workers if their work is still permitted in the host Member State. With regard to seasonal workers, Member States should exchange information on their various needs and establish procedures to ensure smooth border passage for seasonal workers. The measures should also include informing employers of the need to adequately protect workers' health and safety.

Future Policy Department Covid-19-related work for EMPL

The following EMPL publications will cover relevant aspects of the Covid-19 pandemic and its consequences:

- Employment and social situation in Germany - In-depth analysis, forthcoming end of April
- Mitigating employment and social effects of the Corona pandemic - European and international policy recommendations - Briefing, forthcoming in May
- European initiative for minimum wages - At a glance, forthcoming in May
- Skills and jobs - At a glance, forthcoming in May
- The Child Guarantee - At a glance, forthcoming in May
- Affordable Housing – In-depth Analysis, forthcoming in June
- Social Impact Investment – In-depth Analysis being launched, scheduled for July

ENVIRONMENT, PUBLIC HEALTH AND FOOD SAFETY



To save lives and save their healthcare systems from collapsing under the surge of Covid-19 cases, all Member States took measures to limit the virus spread, such as: home confinement of citizens; [social distancing](#); testing and [contact tracing](#); closing universities and schools; widespread mandatory telework; prohibiting mass gatherings; closing down shops of non-essential goods; and travel restrictions. Member States also temporarily re-arranged hospitals by postponing non-essential and non-urgent treatments in order to free up bed capacity for

Covid-19 patients. Being dependent to a large extent on the import of medical equipment from outside the EU, **Member States faced shortages of basic personal protective equipment such as masks, tests and gowns**, essential for medical and care workers.

As public health and healthcare policy are primarily the competence of the Member States, national governments responded to the Covid-19 outbreak based on the advice of their national health authorities. Though having many common elements, the scope and the timeline of these measures varied from one Member State to the other. Following an initial period characterised by a lack of coordination, Member States found a way to [cooperate](#) with each other in a united way, making use of the mechanisms provided by the EU legal framework (such as the Health Security Committee, the Union Civil Protection Mechanism and the EU Integrated Political Crises Response arrangements), relying also on guidance by the European Centre for Disease Prevention and Control and the Covid-19 Advisory Panel, and the support of the Commission via the Emergency Response Coordination Centre and targeted actions. More details on the state of play and the EU's Public Health Response are available in the separate [briefing paper](#) published by the Policy Department for Economic, Scientific and Quality of Life Policies.

On 15 April 2020, to ensure an orderly and better coordinated **exit strategy** and to respond to the call of the European leaders, the Presidents of the Commission and the European Council presented a [joint roadmap](#) which recommends a **gradual, targeted and phased approach to lockdown removal**. In the same way as the putting in place of the lockdown measures, the lifting of these containment measures, including their timeline and pace, also remains a competence of Member States. The announcement of different gradual exit strategies by some Member States already before the publication of the European roadmap made this very clear. In the absence of a vaccine or treatment, the easing of containment measures will inevitably lead to an increase of the number of infections. The exit strategies aim to find this fine balance, allowing a gentle restart of the economy while limiting to the maximum the human toll to pay for that, and preserving the functionality of the healthcare systems.

On 17 April, the European Parliament [resolution](#) 2020/2616(RSP), paragraphs 7-17 asked for more European solidarity and action in the health sector, and called for "*substantially strengthening the competences, budget and staff of the European Centre for Disease Prevention and Control (ECDC) and of the European Medicines Agency (EMA)*", "*the creation of a European Health Response Mechanism to better prepare and respond in a common and coordinated way to any type of health or sanitary crisis that emerges at EU level in order to protect the health of our citizens;*" and "*to strengthen all components of crisis management and disaster response, and to further strengthen instruments such as [rescEU](#) to ensure a truly common, coordinated and effective response at EU level*".

The **European Union Emergency Support Instrument** directly supports the **healthcare systems** of EU Member States against the Covid-19 pandemic mobilising **€3 billion** from the EU budget, of which **€2.7 billion** through the Emergency Support Instrument ([ESI](#)) and **€300 million** through the [rescEU](#) medical equipment capacity. In this way, the Commission will be able to: (1) directly purchase or procure emergency support on behalf of Member States and distribute medical supplies such as masks and respirators; (2) financially support and co-ordinate pressing needs such as the transportation of medical equipment and of patients in cross-border regions; (3) support the construction of mobile field hospitals. To finance it, the Commission has put forward a Draft Amending Budget.

With regards to climate, the Covid-19 crisis hit Europe at the beginning of **the European Green Deal** strategy. Questions arise on the impact of the Covid-19 health crisis on the EU's green and climate ambitions. The European Commission confirmed its will to address the post Covid-19 era without altering the climate and digital agenda. In its videoconference of 26 March 2020, [the Council](#) requested the Commission, in consultation with other institutions, to develop a Roadmap accompanied by an Action Plan on economic recovery and sustainable growth, integrating inter alia the green transition and the digital transformation. The following day, the Commission reaffirmed that the European Green Deal remains the EU's growth strategy.

The European Parliament in its [resolution](#) 2020/2616(RSP), paragraph 20 of 17 April 2020, "*stresses that this recovery and reconstruction package should have at its core **the European Green Deal and the digital transformation** in order to kick-start the economy, improve its resilience and create jobs while at the same time assist in the ecological transition, foster sustainable economic and social development – including the strategic autonomy of our continent – and assist in implementing an industrial strategy that preserves core EU industrial sectors; highlights the need to align our responses with the EU's objective of climate neutrality*".

Moreover, 13 environment ministers, including those from Germany, France, Italy and Spain, signed on 9 April 2020 a [statement](#) on the lessons learned from the Covid-19 crisis. In their view, early action is essential to **address the detrimental effects of climate change** and the European Green Deal must be central to the resilient crisis recovery.

At international level, all major UN events have been postponed including the climate COP26 in Glasgow originally scheduled for November 2020. [All Parties to the Paris Agreement](#) need to update their shorter term 2030 climate goals and present **long-term decarbonisation strategies** prior to COP26. The EU aims to present its final 2030 greenhouse gas reduction target later this year increased to 50 or 55%, subject to an impact assessment, from the current 40% compared to 1990 levels. Few countries (Marshall Islands, Suriname, Norway, Moldova, Japan and Singapore) have presented their updated plans and most recently [Chile](#), which is currently presiding the **global efforts to raise climate ambitions**. Chile has committed to peak emissions by 2025 in a national plan, which goes beyond what the country promised in 2015 in Paris. The postponement of COP26 during 2021 allows the United States to define its national plan after the presidential elections scheduled for the end of this year.

According to the [WMO](#) and the [EEA](#), the unprecedented worldwide reduced economic activity during this Covid-19 crisis has already contributed to localised **air pollution improvements**, while it is too early to estimate the consequences on the **greenhouse gas concentrations** in the atmosphere. On 16 April, [ESA](#) announced that data from the Copernicus Sentinel-5P satellite, from the EU Copernicus programme, show some cities seeing levels fall by 45-50% compared to the same period last year. Nitrogen dioxide concentrations from 13 March until 13 April 2020, compared to the March-April averaged concentrations from 2019 in Madrid, Milan and Rome saw decreases of around 45%, while Paris saw a dramatic drop of 54%, coinciding with the strict quarantine measures implemented across Europe.

The current situation gives a unique opportunity to the atmospheric scientific research community to study physical and chemical processes and enlighten climate change impacts. For example, **air travel is down by 70% according to IATA**, something not seen since September 2001 in the United States when most flights were grounded. Scientists hope that clear skies will allow them to narrow down uncertainties related to the contribution of aircraft contrails to climate change. Commercial aviation generated 2-3% of carbon emissions, however **cirrus clouds created by the air traffic** could increase the sector's human caused global warming as high as 4 to 5%.

Future Policy Department Covid-19-related work for ENVI

- Policy Department will provide regular updates of the [Covid-19](#) briefing. Future Health Working Group workshops and studies on COPS (climate and biodiversity) may also include coronavirus related impacts

INDUSTRY, RESEARCH AND ENERGY



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 European Commission put forward a package of measures based upon: foreign direct **investments protection** of European stressed assets, **increased funding** and capital injections with multiple financial instruments (see the ECON section), general **workforce protection** (see the EMPL section), the speeding-up of existing Covid-19-related **research projects**, and **new calls** for the development of vaccines and treatments.

Industry: the European Commission approved a massive plan of financial support to large, medium and small European industries and their workforce (see the ECON and EMPL sections), and is currently discussing the possibility of **temporary** capital injections in industrial businesses in various forms. On 17 April, the European Parliament, in its [resolution](#) 2020/2616(RSP), paragraph 21, "supports the Commission in its objective of designing a new EU industrial strategy" and "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".

Foreign Direct Investments Screen: on 26 March, 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 of, in this time of crisis, their investment screening mechanisms to address cases where the acquisition of European companies by investors from outside the EU would create a risk to the EU's security and public order, especially in areas such as medical research, biotechnology and infrastructures. 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.

Investments: the European Commission adopted the [Corona Response Investment Initiative \(CRII\)](#), voted under urgent procedure in plenary by the European Parliament [2020/0043\(COD\)](#), immediately mobilising around **€8 billion** of immediate liquidity to accelerate up to **€37 billion** of European public investment to healthcare systems, SMEs, labour markets and other vulnerable parts of EU 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](#)).

Research: on 2 April 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** (ERDF, European Social Fund (ESF) and Cohesion Fund (CF)), transfers between the different categories of regions, flexibility in their thematic concentration and 100% EU co-financing rate for 2020-2021 cohesion policy programmes.

On 17 April the European Parliament in its [resolution](#) 2020/2616(RSP), paragraphs 11 and 14, *"believes that Europe's researchers, innovative small and medium-sized enterprises (SMEs) and industry should get every support they need to find a cure; calls 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 *"calls 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 regards 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 **€140 million** under the [Horizon 2020](#) research programme. Its key elements are:

- **Research projects:** the European Commission has allocated **18 projects**, involving 140 research teams, to receive **€48.5 million** from Horizon 2020 on: developing better monitoring systems to prevent and control the spread of the virus; rapid diagnostic tests; new treatments developing new vaccines. Research teams will share their results in an effort to speed up the public health response.
- **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 expected **€90 million** total investment, 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.
- **Covid-19 vaccine:** the Commission [provided](#) financial support for **€80 million** to [CureVac](#), an innovative vaccine developer in Germany, to support work on the Covid-19 vaccine. The support would come in form of an **EU guarantee** of a currently assessed EIB loan of an identical amount, in the framework of the [InnovFin Infectious Disease Finance Facility](#) under Horizon 2020.

Contact tracing apps: on 8 Apr 2020, the Commission [recommended](#) a common pan-European approach for Covid-19 **mobile applications** and the use of anonymised mobility data for **contact tracing**, to be developed together by Member States and the Commission, by 15 April 2020.

With regard to **SMEs**, the European Commission attracted **€164 million** for SMEs and start-ups for innovative solutions to tackle the Covid-19 outbreak via the [European Innovation Council Accelerator](#) programme.

See also the Commission's [Research and Innovation Actions to tackle Covid-19 overview](#) for more information on research and innovation.

As regards **energy**, the coronavirus pandemic has had a strong impact on global energy markets, contributing to a **collapse in the oil price** (as well as **lower prices for other fossil fuels**) and in

electricity demand. It has had potential impacts upon electric reliability risks, reduced utility bill payments, and delayed or reduced industry 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 1st April 2020, the 2020 average electricity consumption relative to 2019 was: +3.4% (SE), -0.5% in (DK), -6.4% (DE), -8.1% (PL), -9.8% (PT), -13.3% (AT), -16.5% (BE), -17.8% (UK), **-19.7% (ES), -29.8% (IT)**. See also the EPRS publication entitled [Impact of coronavirus on energy markets](#).

Future Policy Department Covid-19-related work for ITRE

- Covid-19 updates to existing Policy Department products are currently being considered, including in the following areas: AI: the role of AI in contact tracing; support to SMEs; Energy: impact of low and negative prices and low energy demand on the overall energy sector

INTERNAL MARKET AND CONSUMER PROTECTION



The first weeks of the crisis were characterised by competition between national, regional and EU-level joint procurements, disruptions of supply chains including export restrictions, and the lack of information of different Member States' needs. Vital products were not reaching their destinations or arriving with significant delay. Competition between Member States and international partners led to a significant increase in prices. Many Member States introduced **export authorisations** and [intra-EU export bans](#) of medical equipment, **border controls** at internal borders and **travel restrictions** in response to the coronavirus outbreak, which seriously impacted the functioning of the Single Market, essential to deliver goods and protective equipment to citizens. The Digital Single Market dimension, assuring access to telework, health services, education and information, e-government and e-commerce, gained prominent importance. Consumer protection became essential to ensure reimbursements for service cancellations and to combat the spread of misinformation and rogue traders selling false or non-conform medical equipment at inflated prices. On 23 March 2020, the IMCO Committee addressed a [letter](#) to the EU Commission Executive Vice-President Margrethe Vestager, Commissioners Thierry Breton and Didier Reynders, as well as to the Croatian Presidency of the Council, calling for further action to be taken to tackle the Covid-19 crisis and pointing to a democratic oversight of this process. The IMCO Committee met on [2 April 2020 with Commissioner Thierry Breton](#) and on [14 April 2020 with Commissioner Didier Reynders](#) to review already applied measures and instruments to introduce.

Coordination of border management measures and travel restrictions: in order to guarantee the free circulation of goods and services in the Single Market, the European Commission published on 16 March 2020 [guidelines](#) for border management measures. On 23 March 2020, the Commission issued guidelines on **'green lanes'** to Member States to ensure speedy and continuous flow of goods across the EU and to avoid bottlenecks at key internal border crossing points. The European Commission made a [proposal](#) on 16 March 2020 to introduce a coordinated restriction of non-essential travel into the EU for a period of 30 days. On 8 April, the Commission invited Member States and Schengen Associated Countries to prolong this regime until 15 May 2020.

On 17 April, the European Parliament [resolution](#) 2020/2616(RSP), paragraph 40, "*considers it is of utmost importance to keep the internal EU borders open for goods*" and "*strongly supports the Commission's call on the Member States to allow frontier workers to continue crossing borders, in particular in sectors for which continued free movement in the EU is deemed essential; calls, in that respect, for the establishment of 'green lane' border crossings for land (road and rail), maritime, inland waterways and air transport*".

Full application of EU passenger rights: due to disruptions caused by the reintroduction of border controls and travel restrictions, the European Commission has issued on 18 March 2020 [guidelines](#) to ensure EU passenger rights are applied in a coherent manner across the EU. The EU is the only area in the world where citizens are protected by a full set of passenger rights – whether they travel by air, rail, ship, bus or coach. Carriers have to offer reimbursement (refund of tickets) or re-routing to passengers whose service has been cancelled.

Assuring supply and availability of conform medicines and medical equipment: on 8 April, the European Commission adopted [guidelines](#) to optimise the **supply and availability of medicines** to rationalise supply, allocation and use of vital medicines to treat coronavirus patients, as well as of medicines at risk of shortage. The Commission set up a '*Clearing house for medical equipment*' to help identify available supplies, including testing kits. The Commission also adopted a recommendation on conformity assessment and market surveillance to increase the supply of personal protective equipment meeting health and safety standards. The Commission also launched four joint procurements of personal protective equipment with Member States.

On 17 April, the European Parliament, in its [resolution](#) 2020/2616(RSP), paragraph 59, "*insists that the use of export authorisations must not, under any circumstances, turn into de facto export bans; emphasises the importance of maintaining access to scarce medical products for developing countries; stresses that the export of PPE must get to those who need it most and not those who can afford to pay the highest price*".

Technological and data toolbox to combat and exit the Covid-19 crisis: on 8 April 2020, the Commission has issued a [recommendation](#) on a **common EU toolbox** for the use of technology and data to combat and exit from the Covid-19 crisis, in particular concerning mobile applications and the use of anonymised mobility data. The recommendation aims 1) at empowering citizens to take effective and more targeted social distancing measures, and at warning, preventing and contact tracing to help limit the propagation of the Covid-19 disease, and 2) at providing a common scheme for using anonymised and aggregated data on the mobility of populations.

Future Policy Department Covid-19-related work for IMCO

- New research papers on Covid-19 and updates to existing Policy Department products are currently being considered
- Forthcoming research papers are expected to make reference to the impacts and consequences of the Covid-19 crisis, for example in: "New Economic Opportunities and Challenges for Digital Services 20 years after adoption of the E-Commerce Directive", "New aspects and Challenges for Digital Services 20 years after adoption of the E-Commerce Directive" and "Future Developments of Digital Services"
- Future research papers on the Single Market or the Digital Single Market may also include coronavirus related impacts

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Administrator responsible: Matteo CIUCCI; Editorial assistant: Roberto BIANCHINI

Contact: Poldep-Economy-Science@ep.europa.eu

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