

Mr Charles Michel
President of the European Council
European Council
Rue de la Loi 175
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BELGIUM

24 March 2020

Dear President,

Message to the video conference of the Members of the European Council on 26 March 2020
Overcoming the COVID-19 crisis and focussing on the essential

Ahead of the video conference of the members of the European Council to be held in a context of an unprecedented sanitary crisis with dramatic economic and social consequences, BusinessEurope and its member federations want to assure the European Council of their determination to help overcoming the COVID-19 crisis and urge the European Council, the European Commission and the European Parliament to focus on the essential in order to avoid diverting resources away from this vital battle.

1. Overcoming the COVID-19 crisis

The European business community fully supports the measures taken so far to tackle the COVID-19 crisis and calls on the European Commission, the Council and the European Central Bank to do whatever it takes to preserve our Economic and Monetary Union, make sure that as many businesses as possible survive this crisis and can help rebuild our economy, ensure that our social systems are working and deliver our European way of life once the health crisis caused by COVID-19 is overcome.

Public health is the first priority. Our sympathies are with the families already affected. We are extremely grateful that workers and businesses are showing exceptional courage and resilience to treat the sick and maintain the production of vital goods and services we all depend upon.

This crisis is not only a major challenge for public health but will also have substantial negative impact on EU growth in 2020, with the likelihood of a large number of EU member states experiencing a massive downturn. Workers and companies, especially SMEs and mid-caps, are already suffering dramatically from the necessary restrictive measures which have been put in place.

Protecting our society will require extraordinary **responsibility, action and solidarity** from all parties:

- **Responsibility**, as businesses, workers and citizens, to ensure everything we do helps address and overcome this crisis;
- **Action**, both to maintain the essential functioning of our economy in the immediate future, and ensure that once the spread of the virus is addressed, we have maintained the business ecosystem vital to fully restoring our treasured European way of life;

- **Solidarity**, between businesses of all size, between businesses and governments and between all EU member states.

Member states have acted quickly to put in place measures to ensure liquidity to firms across the economy. However, it is clear that support will have to extend beyond this to provide grants or subsidies to help support companies with viable business models and jobs, which experience significant falls in revenue through this crisis.

The Commission has acted swiftly too and adopted a new temporary state aid framework. This was necessary to provide essential clarity to member states, and allow them to put in place measures to safeguard our business eco-system, which will be essential to swiftly returning the full functioning of our economy once the virus crisis subsides. In particular, the proposal to allow direct grants of up to €800,000 to all businesses is very welcome. But more flexibility and clarity is also required regarding the support beyond €800,000 that will be required for many of the larger companies affected. Their survival is crucial for the survival of SMEs and mid-caps working with them and for the future of the EU. We believe such a scheme can be rapidly developed in a way that continues to safeguard the level playing field in our Single market.

The ECB has acted decisively to support financial stability, including that of our common currency. We also support the steps to temporarily use the maximum flexibility built into the Stability and Growth Pact (SGP), including its temporary suspension by use of the general escape clause.

All necessary temporary monetary, fiscal and other specific steps need to be taken to protect the economic and social basis of our society in order to overcome this unprecedented crisis.

2. Focussing on the essential, maintaining the Single Market and keeping industry going

In the current emergency situation, where there is extreme pressure on markets and governments, we must maintain the cross-European supply chains and preserve the Single Market. Both are vital to delivering the goods and services we depend upon in the coming weeks. And we must not forget that trade and investment flows with the rest of the world are equally critical to maintain economic resilience and avoid supply shortages in Europe.

Maintaining industrial activity as such is critical to minimize disruptions, job losses and the need for financial aid from governments in Europe. We call for a coordinated approach on what constitutes critical infrastructure and essential goods and services. And to allow companies to re-orient their production towards essential goods or minimize job losses, we urge the Member States and the Commission to show flexibility and allow for temporary derogations from normal regulatory requirements and speed up authorisation and certification procedures.

In line with the 20 March discussions of the EU ministers responsible for internal market and industry which acknowledged the urgency of increasing and diversifying our production capacities to meet the needs of all Member States, especially regarding the protective and medical equipment, we call for a large EU industrial reconversion plan aimed at:

- activating production lines for goods and services experiencing a high increase of the demand (e.g. the entire health supply chain);
- whenever possible, reconverting specific productions and exploiting temporarily unused production capacities, to fulfil urgent needs for goods in short supply.

We very much welcome the bold action taken under the green lanes initiative and ask member States to implement it rapidly and in a coherent and coordinated way.

While authorities must do everything in their power to stop COVID-19 from spreading, transportation of goods across borders within the EU single market must not be blocked:

- harmonised solutions for crossings of borders for truck drivers must be found,
- cross-border access for critical infrastructure (including digital IT equipment and services), manufacturing and medical equipment maintenance services must be ensured,
- export bans recently introduced by member states on personal protective equipment, medical equipment and medical devices must be urgently removed,
- the mobility of workers' providing essential services has to be maintained as much as possible, and
- the waiting time at intra-EU borders should be reduced as much as possible.

Furthermore, it is critical to ensure that international trade flows are maintained. We are particularly concerned that export bans on medical supplies essential to fight this pandemic are also rising around the world creating additional supply shortages.

The crisis comes at a moment where the European institutions are working out a series of important new initiatives in a wide range of policy fields. Overcoming the COVID-19 crisis will require the mobilisation of all energies and resources in a dramatic effort. It is unavoidable that the scope and timeframe of some of the new initiatives will be substantially affected by the unprecedented challenges our societies and businesses are facing. Therefore, we urge you not to press on with these initiatives as if nothing has happened. A more comprehensive picture of the newly emerging situation and its consequences is required to determine how the new initiatives can be implemented. Avoiding additional burdens on enterprises is absolutely essential to make sure that as many businesses as possible survive and to allow our economy and society as a whole to recover more rapidly once the health crisis is overcome.

Several member states have already clearly announced that they will focus on the essential and put other important initiatives on hold. For example, in France, President Macron announced that he would suspend ongoing discussions on pending reforms such as the pension reform. In Spain, the government decided to postpone a range of on-going initiatives which were subject to public consultations.

BusinessEurope calls on the European institutions to follow a similar approach and to concentrate all efforts on essential actions to mitigate the health and economic impacts of the COVID-19 crisis, putting on hold EU initiatives that could increase costs for companies or divert resources away from the fight against COVID-19 and postpone non-essential public consultations at EU level. Stakeholders face many practical difficulties to respond for practical reasons. Furthermore, the impact of the crisis means that there will be eventually a need for additional reflection on some proposals.

Once the COVID-19 crisis will be overcome, it will be extremely important to draw the necessary lessons and significantly improve the capacity of the European Union to implement reforms that strengthen our economy and fast-track implementation of the European industrial strategy as this will determine our capacity to shoulder all the other crucial challenges facing us and be better equipped to face future shocks.

3. Improving digital capacity in the short term and for the longer-term

BusinessEurope's Reform Barometer 2020 is not meant to evaluate the impact from the current COVID crisis but it reveals a real lack of implementation of reforms. Only 13% of the country specific recommendations were fully implemented by member states, according to our members, down from around 20% in the previous editions. Furthermore, it points to a number of remaining structural weaknesses that require Europe's full attention. For example, while we have many global leaders in clean tech, we are lagging behind in the global digital race.

Improving our digital capacity is undoubtedly essential as this technology is indispensable both to continue to live, work, learn, shop and provide goods and services in present circumstances and for our future prosperity.

BusinessEurope therefore calls on the European Council to make sure that the European Union:

- bridges its digital infrastructure investment gap (estimated at around 65 billion EUR a year) to ensure broader high-quality connectivity,
- accelerates the next phase of digitising European industry by ensuring the full digitisation of the businesses, especially the manufacturing sector,
- implements a strong coordinated EU strategy against cyberespionage, cyber-attacks, malware and phishing,
- provides more detailed guidance on how to apply our data protection framework to health data, location data and data processing on the basis of public interest grounds to improve legal certainty for companies using technologies in their battle against COVID-19.
- proposes a new European e-health plan.

We look forward to working with you and all the members of the European Council to overcome the COVID-19 crisis and focus on the essential to ensure that Europe bounces as rapidly as possible out of the COVID-19 crisis and can return to addressing all the other vital challenges facing our European Union.

Yours Sincerely,


Pierre Gattaz
President


Markus J. Beyrer
Director General

enclosures:

- *BusinessEurope statement on measures to tackle COVID 19*
- *BusinessEurope Reform Barometer 2020*