

Our position

Investing in Europe's recovery: forging the future



AmCham EU speaks for American companies committed to Europe on trade, investment and competitiveness issues. It aims to ensure a growth-orientated business and investment climate in Europe. AmCham EU facilitates the resolution of transatlantic issues that impact business and plays a role in creating better understanding of EU and US positions on business matters. Aggregate US investment in Europe totalled more than €3 trillion in 2019, directly supports more than 4.9 million jobs in Europe, and generates billions of euros annually in income, trade and research and development.

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Introduction

The COVID-19 pandemic continues to present an unprecedented challenge. Initially, the European Commission took steps to coordinate a common European response to the global outbreak and limit the spread of the virus and its economic impact. As the crisis evolves, new challenges emerge. Member States must address the effects of containment on households and businesses, allow economic activity to start again after weeks of ‘lockdowns’ and continue to protect the health and security of their citizens in light of possible ‘second waves’. The difficult task for leaders in Europe, and around the world, is to continue to address all these challenges simultaneously.

The road to economic recovery will inevitably be long. The EU economy’s ability to bounce back will undeniably depend on the success of crisis response measures. That is why AmCham EU put forward short-term recommendations¹ to support policymakers to manage the short-term economic impact of the health emergency, while laying the foundations for what is coming next.

Looking beyond immediate coping measures, the Commission put forward its Recovery Plan for Europe², setting out an ambitious fiscal stimulus package along with a forward-looking set of policies to usher in the European society of tomorrow. The EU’s economy must be strengthened by the post-COVID-19 recovery plan. We believe this starts with unerring support for a competitive Single Market. The EU also needs an industrial policy which can rise to current challenges. The EU’s recovery must be able to withstand increased global trade tensions, technological transformation, increasing and changing environmental expectations and must empower Europe’s workforce through investment in

¹ http://amchameu.eu/system/files/position_papers/the_road_to_economic_recovery_responding_to_the_crisis.pdf

² https://ec.europa.eu/info/live-work-travel-eu/health/coronavirus-response/recovery-plan-europe_nl

job creation and skills. Tangible measures and financing at EU and national level are essential in promoting the competitiveness and innovation of companies invested in Europe.

We stand ready to play our part. As the US business community invested and committed to Europe, we put forward the following recommendations in response to the Commission Communication³ to continue support Europe's future. This paper reflects the structure of the Commission's plan and lays out our priorities in those key areas.

Building European industry: the policy fundamentals

Industry is a critical sector for the European economy, contributing 16% to the European Gross Domestic Product (GDP). It is also a significant sector for European trade, with 80% of exports coming from industry⁴. An industrial strategy that lays the groundwork for the EU manufacturing industry to project itself into the future is therefore paramount.

Decarbonising and digitalising manufacturing processes will be a necessary step towards a carbon neutral economy. Industrial expertise will also be essential to the EU's other Green Deal objectives such as achieving a circular economy and waste elimination. Ushering in the digital age, and leveraging it in the manufacturing sector, will also ensure that EU industry is as efficient and cost-effective as possible. Digitising EU industry will require re-skilling and upskilling the EU's workforce, but will ensure that employees are prepared for the workplace of the future.

The Communication⁵ outlines 'policy fundamentals' in the areas of green investment, digital and skills. In this section, we provide recommendations in these three areas.

The Green Deal: laying the foundations for the next generation

AmCham EU represents companies who are playing an active role in the transition towards a greener economy in Europe. Our member companies are investing in, researching, and developing a wide range of low-carbon technologies across the EU. This investment has taken place over decades and will remain crucial for the development of innovative solutions needed to further the energy transition and meet the EU's climate neutrality goal. With clearly defined targets, and a path for achieving them, our member companies will continue to be constructive partners in the definition and implementation of climate policies, both in the recovery period and beyond.

What our planet looks like tomorrow will depend on how we balance economic recovery and environmental protection today. We firmly believe that recovery investments should be targeted to the drivers of a genuinely sustainable growth. Sustainable production and consumption are the only

³ The paper seeks to follow a similar structure to the following Commission Communication: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020DC0456&from=EN>

⁴ <https://cor.europa.eu/en/engage/studies/Documents/The%20future%20of%20industry%20in%20Europe/future-of-industry.pdf>

⁵ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020DC0456&from=EN>

way forward, consumers must be empowered to contribute to the low-carbon transition. Investment in infrastructure should be at the forefront of the EU and national recovery measures. Reducing greenhouse gas emissions is an economy-wide endeavour, and requires a policy framework enabling sustainable growth, the pursuit of competitive advantages and innovation.

Four key principles will be crucial to the EU's vision for a green economic recovery:

- 1) **International cooperation and openness:** The EU's flagship Green Deal must demonstrate global leadership in addressing climate change. The ambitious energy transition targeted in the Paris Agreement requires the mobilisation of global financial markets and global cooperation among countries and regions. The Green Deal also requires international cooperation. We recommend that EU initiatives take an open and outward-looking approach to ensure equal and non-discriminatory access for third-country financial institutions, businesses and investors.
- 2) **Transparent, and evidence-based and scientific policymaking:** Transparency is a prerequisite for data-driven policymaking and is essential to create the most efficient and effective solutions to address climate change. All aspects of the Green Deal should be science-based, relying on coherent and evidence-based policy instruments. The EU's aspiration for a greener future, incorporating the goal of climate neutrality, should be subject to a thorough impact assessment that takes into account state-of-the-art technology as well as the availability of economically-viable solutions and the infrastructure needs of the market. Businesses are uniquely placed to provide expertise on the real-world challenges associated with climate change and on the impact of transition-oriented policy initiatives.
- 3) **Preservation of established norms which are effective:** In the pursuit of the objectives of the Green Deal, it is inevitable that certain policies will change. However, established and well-functioning legislative frameworks and principles, which form the basis of the Single Market's success, and have protected citizens' safety, wealth and health, should be preserved. Policymakers should take steps to identify, safeguard, and leverage existing principles and legislation that have fostered competition and market efficiency to help the EU adapt to a lower-carbon reality. Additionally, the best path to such a radical transformation is an economy-wide approach that offers flexible, market-based efficient and cost-effective solutions.
- 4) **Regulatory certainty and economic stability:** It is essential that the EU supports a coherent, holistic and long-term framework to enhance sustainable growth, including clear and objective definitions of 'green', without which investors would lack regulatory certainty. In the interest of financial and economic stability, preventing complex defaults or market risk must be taken into account as a prerequisite for sound action.

Recommendations:

- **Sustainable finance:** The EU's sustainable finance agenda can provide a positive framework for tackling the risks, and uncovering the opportunities related to the transition to a more sustainable economy. Capital markets can be a powerful tool to mobilise, attract and activate new pools of investment in order to drive sustainable innovation. Deep, liquid and integrated European capital markets can provide the means through which investors can efficiently allocate capital across the Union to help meet Europe's sustainability goals.

- **Circular economy:** The second circular economy action plan must be about concrete implementation. This means we must focus on the economics of the circular economy. A viable circular economy requires shifting economic patterns. This means Europe must clear the way for alternative raw materials (sourced from waste, plants, CO₂, etc), massively invest in new recycling technologies and ensure affordable secondary materials flow freely throughout the EU Single Market. Such an agenda also requires the removal of legislative and regulatory impediments inherent to waste legislation, as well as the once-in-a-generation opportunity for massive investment in the collection and recycling infrastructure via green recovery funding at national and EU level.
- **EU Climate Law:** AmCham EU stresses the importance of international cooperation for achieving climate goals and ambitions. The following principles should guide such a framework: the central role of carbon pricing and international cooperation on carbon markets; a transparent and science-based assessment of state-of-art technologies and economically viable solutions to the energy transition; a common methodology to assess progress across regulations based on a common measurement unit (ie, euro/tonne) to ensure effective and cost-efficient emission reduction; technology neutrality; a stable and predictable investment climate taking long-term business models and the R&D timeframes for required breakthrough technologies into account. Faced with the scale of the carbon neutral ambition, AmCham EU supports an economy-wide approach that offers flexible, market-based efficient and cost-effective solutions.
- **Farm to Fork:** AmCham EU emphasises the need for alignment between Farm to Fork with other European policy initiatives, in particular with the objectives, targets and timelines of other parts of the European Green Deal. Food consumption and food production policies should create the right incentives for a ‘pull and push’ (demand and supply) effect and include adequate transition periods and review processes to change course in the case of unintended consequences. The envisaged changes in the transition towards more sustainable food systems will lead to trade-offs that would have to be carefully analysed and discussed with all stakeholders affected. The Farm to Fork strategy should be guided by the latest available reliable science and maintain the EU’s high standards of safe, nutritious and quality food throughout the transition.
- **Sustainable and smart mobility:** The transport sector is facing enormous challenges to further reduce emissions for all modes of transport. The EU should continue to develop a comprehensive strategy for the transition to low- and zero-emission mobility, putting the principle of ‘co-modality’ at the heart of the future EU transport policy. Additionally, the EU should support technologies that can help to further reduce emissions in Member States through financial and non-financial incentives. It must promote adequate and favourable market conditions that meet the diverse mobility and transport needs of all Europeans.
- **Green and digital solutions:** Europe needs to bring about the digital transformation of its economy in order to become more (resource) efficient and thus more sustainable. This requires a European data space, the promotion of industrial and digital business models and an industry-friendly implementation of Horizon Europe. Data-driven innovation and computing power will help combat climate change. They will also help improve circularity in supply chains and production processes or build resilience around disaster management and environmental protection. Frontier technologies can help in combatting climate change with appropriate

government support to climate action. Maximising technology's transformative potential will depend on an increasingly collaborative, integrative approach to development and deployment.

A digital rebirth: investing in tomorrow's society

The COVID-19 pandemic has demonstrated our collective ability to manage in the face of extreme adversity. While we must learn from the pandemic, and increase our economy's future resilience, we are now faced with the need to revive our economy. This presents an opportunity to look at innovation and investment in future areas of growth, in particular across the digital sector, for the long-term viability of the European economy. The digital sector has proved crucial in recent months for citizens and industry, not only because more people and businesses across the EU have embraced digital capacities and capabilities, but also as trusted technological solutions have enabled us to sustain social, economic, healthcare and educational interactions, as well as information flow and research.

Now, as we begin to look forward, the digitisation of industries and public services should be considered as a means to help return to what we had, but also to build a more resilient and sustainable economy. While we recognise the trade-offs and circumstances that will be faced, the decisions taken now will affect the digital sector and the broader business community's ability to contribute to future growth. In the longer-term, AmCham EU supports the key digital principles laid out in the Recovery Plan for Europe, and wants to ensure all Europeans benefit from an increase in digital services and innovations.

Recommendations:

Connectivity

- The rollout of 5G, coupled with fibre and enhanced Wi-Fi capacity, is one of the most critical building blocks of our digital economy and society. The connectivity benefits of 5G and Wi-Fi 6 will give consumers access to more information faster than ever before and will make business more efficient. Autonomous cars, smart communities, Internet of Things (IoT), immersive education and e-health will all rely on the uninterrupted availability of high speed, high quality, reliable and secure digital infrastructures.
- Connectivity will help accelerate the digital transformation and policymakers should pursue connectivity objectives by: 1) enabling network deployment, including through regulatory tools, that lower the cost of deployment, and making spectrum available in a timely manner for both licensed and unlicensed technologies; 2) ensuring networks can be used to meet the needs of more heterogeneous use cases (return on investment will not come from consumer business but from the ability to offer tailored and differentiated services including network as a service); and 3) foster demand, including the acceleration of 5G adoption, emphasising the need for open, interoperable standards and open source architectures (ORAN). This will lead to innovative and reliable software solutions, increased cybersecurity and a healthy competitive landscape with trusted suppliers.
- Enhancing digital connectivity and capacity within rural areas will also be critical to enabling small to medium-sized businesses to engage and benefit from the new opportunities available

to them in the digital economy. This will provide the technology needed for small and medium-sized businesses to transition to e-commerce sales, enabling them to grow within both the Single Market and international markets with which the EU has negotiated free trade agreements.

Digital skills

- Significant investments in education, life-long learning and reskilling are essential to ensure the workforce is ready for the jobs of tomorrow. Vocational training and apprenticeships will continue to play their role, but we also need to better align education with in-demand skills like science, technology, engineering and mathematics (STEM) skills and competences.
- Multi-disciplinary skills will be required to support the development of systems for workers beyond classic education institutions. Governments should work with academic institutions to create curricula that meet the specific needs of a digital technology-powered economy, such as ethical training for engineers and technology training for lawyers and healthcare professionals.
- Public private partnerships can help students build the digital skills they need by promoting non-traditional educational pathways, including apprenticeships, certifications, and other training programmes.

Digital capacities and capabilities

- Europe should accelerate investment, innovation and entrepreneurship to help new technologies scale up. Digital technologies are profoundly transforming our society, have tremendous economic and social potential, and deliver benefits to businesses, citizens and governments. The most promising technologies (eg, artificial intelligence (AI), blockchain, data and cloud infrastructure, IoT, 5G, robotic process automation (RPA), and cybersecurity strategies) can change the way we develop and use certain products and services.
- AI is already commonly used in many daily actions with features that make people's lives safer, more convenient and productive. AI can flourish in Europe if the right conditions are in place – through a risk-based, use-case specific approach focused on high-risk AI applications – that both strengthen the foundations of the AI market and accelerate the responsible production and the adoption of AI in Europe, including implementing these technologies in a way that eliminates bias. The ultimate objective of building a successful ecosystem is to stimulate demand and promote the development and uptake of responsible AI solutions by the private and public sectors.
- Logistics have become the backbone of our economy. Blockchain-based industrial platforms with IoT capabilities can increase traceability, security and transparency throughout global supply chains if companies are given incentives to invest in blockchain-based technologies.
- Business software and cloud computing services have been crucial in the sudden shift to remote working. By encouraging the use of these tools and services as mission-critical operations, policymakers can safeguard economies, organisational stability and cross-border operations. Hybrid cloud infrastructure can be scaled endlessly across multiple platforms, has decentralised data and drives the growth of the 'remote economy'.

- COVID-19 accelerated the adoption of emerging technologies within the public sector, such as RPA and AI-powered technologies, to help provide digital public services, enable remote working, and support employees manage high-volume workloads. Emerging technologies helped with managing increased data processing, medicine reporting, processing of unemployment benefits with speed and accuracy. RPA and AI implementations increased internal operations' resilience by overcoming challenges posed by insufficient digital distribution channels and bureaucratic processes. Increasing the uptake of emerging technologies will be essential for enabling a faster, digital, public administration and a more resilient economic recovery.
- We must build trust between society and technology. An understanding of the technologies available will be necessary for them to be accepted, trusted and used by people. The complexity of value chains and diversity of business models, as well as the fast-developing digital environment, requires strong public-private partnerships to tackle complex challenges such as IoT, cybersecurity or disinformation, and educate citizens.
- Adopt common approaches to detecting, mitigating and managing cyber risk at the international level, as cyber threats are not bound by borders or jurisdictions. It is fundamental that the EU continues to strengthen cybersecurity. It is a responsibility of government and industry alike, which can be advanced most effectively through partnership, harmonisation and global cooperation.

A data-driven economy

- Data has enormous transformative potential, but significant investment will be needed for Europe to deliver on its strategy to become the most attractive market for the storage, processing and profitable use of data. The creation of European data spaces and federated cloud infrastructures requires instilling confidence that data protection rules will be adhered to, but also that data is of high quality, credible, timely, available in machine-readable formats, and that cloud infrastructures are trustworthy, secure and energy efficient.
- We support fair and clear rules on data access and use, that comply with European values and advance competitiveness, that recognise data-driven innovation as key to the success of a data-agile economy for Europe, but that focuses policy efforts on voluntary approaches that remove legal uncertainties and increase trust and incentivise businesses to share data.
- Digital public services and authorities should make available a broader range of data which has significant potential for re-use and can be of benefit to the general interest. This supports a transition to open data by public services, making them more agile, efficient, and transparent.
- Investing in digital health infrastructures and capabilities holds the potential to strengthen healthcare systems resilience. The ambitions of the German Presidency of the Council for a European health data space should be supported through investments in the right infrastructures, included via the EU4Health Program.
- International data flows are critical to cross-border trade and trade agreements. For the EU to ensure its economy is innovative and future-proof, data needs to be able to flow freely and in a

trusted way within, and across, its borders. The EU's trade review should thus focus on harmonising norms and removing digital trade barriers such as: restrictions on the transfer of data across borders, particularly data localisation measures or disclosure of source code, algorithms, encryption keys; measures that discriminate against foreign persons, products, services or technologies; mandatory national standards that do not adhere to internationally recognised and consensus-based standards; and the imposition of tariffs or customs duties on electronic transmissions. Unhindered data flows can offer great benefits for the region's economic growth and innovation. They are also necessary for all businesses who want to enter global markets, access the latest technological innovations, reduce costs, improve productivity and scale as well as enable digital collaboration.

The online environment

- The Internet has profoundly transformed the way we do business, and in particular how companies connect and communicate with customers, grow new markets at home and abroad and create jobs. E-commerce is essential for the European economy, and as a motor for increased competition and continued innovation.
- The EU has an opportunity to advance the engagement and success of small and medium-sized businesses in e-commerce by ensuring funding supports these efforts, including training related to the various aspects of online selling such as exporting.
- A healthy and competitive environment requires a level playing field in which equivalent services are regulated the same way and companies compete under the same regulatory environment.

Intellectual property rights

- For the digital transformation to be sustainable, efficient, well-designed and balanced, intellectual property (IP) rights enforcement will be key to promote investment, innovation, growth and the global business activities of companies.

Completing the Single Market: building a resilient European economy

The Single Market has turned Europe into one of the most attractive hubs for international investment, allowing small, medium and large companies to thrive. It also brings a greater choice of goods and services at lower prices to consumers. An LE Europe study⁶ shows that, every year, the Single Market brings an additional €600 to each European household. Further integration, in particular in the area of services, would bring this number to €800. We strongly believe that the Single Market will be at the core of the European economic recovery.

⁶ http://www.amchameu.eu/sites/default/files/amcham_eu_single_market_web.pdf

The Single Market needs to adapt to a changing economy, evolving business models and transformational digital technologies. More can be done to harmonise policies and frameworks for cooperation across Member States to ensure the free movement of people, goods, services and capital. If done right, this also represents an enormous opportunity for Europe to be at the forefront of innovative global regulatory and industrial standards.

Long-term measures that could lead to fragmentation would be detrimental to Europe's competitiveness, its influence in a connected and globalised economy and, ultimately, the wellbeing of its citizens. Restrictive trade measures also increase the risk of retaliation by Europe's trading partners, threatening to worsen the situation for European citizens, companies and the economy. We fully support the newly-established Single Market Enforcement Task Force to identify and address barriers to trade.

We would like to issue the following recommendations and respond to the three key areas, related to financial services, competition and security, that the Commission outlines in its Communication⁷ in the Single Market chapter.

Recommendations:

- **Capital Markets Union (CMU):** the CMU agenda needs to remain a priority with renewed focus on the creation of open, innovative and sustainable financial markets. At present, the fragmented state of markets represents an obstacle to cross-border investments and the efficient allocation of capital. While some smaller Member States may have healthy banking sectors with no current shortage of funding, diversification of the funding base will add to the ability to get funding where it is most needed.
- **Banking Union:** AmCham EU is a long-standing supporter of European rules aimed at strengthening financial stability via improvements to prudential requirements, as well as to recovery and resolution mechanisms. The overarching priorities of the EU in the field of prudential regulation should be to complete the Banking Union, to ensure a globally consistent implementation of international banking standard (Basel framework) and to avoid fragmentation and localised ring-fencing requirements.
- **Competition policy:** The European Commission's DG Competition (DG COMP) responded quickly and efficiently to the COVID-19 outbreak, both in relation to state aid and Article 101 and 102 of the Treaty on the Functioning of the European Union (TFEU)⁸ enforcement. As Europe prepares for the economic recovery, it will be critical for DG COMP to not only continue with its antitrust reform agenda but also to incorporate lessons learned during the crisis into future policy initiatives.
- **Security and defence:** Leaders are faced with increasingly complex security environment, where non-traditional and non-kinetic threats have broadened the range of threats to citizens. Today, this environment is made even more complex with new vulnerabilities emerging in the aftermath of the COVID-19 emergency and the uncertainty that the emergency has created has

⁷ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020DC0456&from=EN>

⁸ [Treaty on the Functioning of the European Union](#)

already been leveraged for the purpose of disinformation. The security, defence and space industries will be critical for enabling leaders to address disinformation, to protect critical assets and infrastructure. The security, defence and space industrial bases are therefore essential to address national security challenges and strengthen the security of citizens. They will also be essential for protecting the economic environment and enabling a strong economic recovery.

Enhanced European healthcare systems

The COVID-19 crisis has demonstrated the critical importance of life science research and the ecosystems that support the advancement of innovations to address health needs, and as mechanisms for effective pandemic response. Investment in sustainable health systems and innovation brings value to European citizens and the economy, building resilience and preparedness for potential future health crises.

Recommendations:

- **A world-class IP incentives ecosystem:** To place itself at the forefront of pharmaceutical innovation, the EU must ensure a world-class IP incentives framework to attract investment into the development of future treatments for the benefit of patients, including for those with chronic, rare or paediatric diseases. In order for Europe to remain an attractive investment environment, we warn against any erosion or tampering of existing IP incentives that have helped deliver life-changing treatments for patients. Specifically, for areas of high unmet need such as antimicrobial resistance (AMR), we call for *sui generis* EU legislation delivering robust ‘pull’ incentives as part of the EU’s Pharmaceutical Strategy for Europe.
- **More adaptive regulatory frameworks:** More flexible and adaptive regulatory, health technology assessments and payer frameworks will accelerate patient access to innovative healthcare solutions. To ensure that regulatory procedures keep up with scientific advances, we call for shorter approval times, reduced administrative burden and more flexible and simplified post-approval process, while ensuring quality and safety of our technologies.
- **Investments in healthcare innovation**
 - **Adequate EU funding:** The EU4Health programme can be a strong basis to support Member States as they strive to develop policies to improve healthcare system resilience and sustainability. However, it needs to be adequately funded to be able to deliver on the EU’s objectives. At the same time, Horizon Europe needs to strongly prioritise healthcare research and the European Regional Development Fund (ERDF) should make healthcare systems and infrastructure investments a priority over the next seven years.
 - **More efficient investments:** To create more resilient healthcare systems, policymakers must see healthcare as an investment rather than a cost and innovation as part of the solution to future challenges. We call for a shift towards more integrated, forward-looking budgeting across the life sciences sector. In addition, the EU should enable and encourage Member States to adapt novel payment models focusing on the value of

medical technologies and the health outcomes they deliver for patients. This would improve coordination, efficiency and effectiveness of care, and ultimately increase the readiness of healthcare systems to manage the next health crisis.

- **Capitalise on the digital transition:** The European Health Data Space (EHDS) is an opportunity to make the digital transformation of healthcare a catalyst of the EU's recovery. Europe needs to enable safe and efficient management of health data to deliver high-quality, interoperable, data to gain greater insights in prevention, implement successful screening and detection strategies, and optimise treatments for patients. In addition, emerging data privacy and security technologies, such as anonymisation, tokenisation and blockchain, should be leveraged to the fullest extent possible to facilitate the exchange of sensitive health-related data in a safe, secure, and trusted manner. Finally, a key learning from the COVID-19 crisis should be to increase the use of telemedicine, including remote monitoring and patient self-management.
- **Increase resilience for public health emergencies:**
 - **Global supply chain:** We encourage the EU to collaborate with like-minded partners such as the US, with industry and other stakeholders to improve supply chain flexibility and resilience as part of a global coordinated approach. Our shared goal should be to ensure the early and reliable detection of a circulating pathogen in the population, leverage equipment and implement protocols for data collection in a consistent way across Europe and efficiently scale up the production of quality medicines, vaccines and medical equipment to reflect demand and accommodate regional supply disruptions.
 - **EU framework for public health emergencies:** a stronger European approach is needed to ensure better preparedness for future pandemics. The rapid deployment of approved vaccines/treatments requires strengthening the European Center for Disease Prevention and Control (ECDC)/European Medicines Agency (EMA) emergency use assessment processes, simplifying processes for emergency joint procurement, setting up no-fault compensation systems and liability protection to safeguard all parties involved. For Medical Devices (MD) and In-Vitro Diagnostics (IVDs), we encourage the EU to consider granting European-wide emergency authorisations building on existing EU fast-track approval/regulation derogations, which were designed for acute crises. Setting up an EU BARDA mechanism is also critical to support R&D and production for public health emergencies.
- **Rethinking our models of care:** A critical part of strengthening the resilience of healthcare systems is to innovate and diversify the models of care. More resilient healthcare systems mean more focus on valuation of outcomes that focus on prevention, early diagnosis and keeping patients out of the hospital, moving care closer to their homes and communities. One example would be to enable pharmacists to deliver vaccination programmes. Re-thinking our models of care has become increasingly important as the COVID-19 pandemic has caused a significant backlog of medical operations which have not taken place in areas such as cancer treatment, cardiology and orthopaedics. The EU's Beating Cancer Plan would come a long way if it leads to policy initiatives that ensure cancer patients have uninterrupted access to screening and treatment programs. Making our health systems more resilient means ensuring that all patients can receive the treatment they need – pandemic or not.

A stronger Europe in a multilateral world

Trade and investment are the engine of global growth. They bring significant benefits to consumers and businesses in Europe, the US and around the world. Today, the EU is the world's largest trading bloc and the largest exporter of manufactured goods and services. This is a success story that has been built on a commitment by the EU to open, rules-based and sustainable trade and investment policies with partners around the world.

As the world faces the unprecedented challenge of a global pandemic, bold action from governments is critical to protect citizens' health and shield our economies from the impact of a global recession. We are all in this together and now is the time to demonstrate international cooperation and solidarity with the rest of the global community. This common problem requires common solutions.

Recommendations:

- **Global healthcare response:** The EU has an important role to play as it is leading the global response in various international fora and by hosting pledging conferences to raise funds for the development of vaccines, treatments and tools. However, strength and optimism should also be found in the transatlantic relationship – an alliance that is more critical than ever before. Unilateral approaches to solving these challenges will not prevail. Coronavirus cannot be solved by Europe, by the US or any one country or jurisdiction alone. This crisis will only be solved through global cooperation with strong leadership.
- **Diversification of supply chains:** The pandemic has also put the spotlight on the need for diversification and stability of supply chains, especially for the medical equipment and food sectors. However, economic nationalism and protectionism are not the solution to a long-lasting recovery. We are living in a world where economic links are so intertwined that interdependence is inevitable. While the robustness of supply chains is under review, it is through greater partnership and stronger cooperation between actors that we will strengthen them for generations to come.
- **Transatlantic cooperation:** Boosting transatlantic trade and investment will be key toward a global economic recovery. Trade tensions that have arisen in recent years must be put aside as we strive towards growth, jobs, stability, security and prosperity. The transatlantic economy remains the largest, most prosperous and most innovative of its kind in the world – and it continues to grow. The EU and the US need to continue to work together in the short term and long term to develop their economic ties, address global challenges and promote new global standards, especially in the area of digital trade.
- **Multilateral trading system:** In times when calls for more protectionist measures are resonating, it is important to remember the value of the multilateral trading system. Underpinned by the World Trade Organization (WTO), it has helped to open up international markets, raised standards globally, and continues to act as a crucial guarantee for governments and companies in global markets. AmCham EU reaffirms its unwavering commitment to the WTO and to a rules-based order supported by the international trading system. AmCham EU urges all WTO Member States to resolve outstanding issues needed to restore the Appellate Body to full operation. AmCham EU also calls on all WTO Member States to focus on a constructive process to

modernise and equip the WTO with tools fit to address trade challenges of the 21st century. An appropriate venue would be an ambitious agreement within the WTO Joint Statement Initiative on E-Commerce that serves as a key forum for expanding digital trade commitments in a broad and inclusive manner.

- **Relationship with China:** A stronger Europe in the world also means partnering up with like-minded allies to solve common goals. We welcome the decision by the European Commission to engage with China in a reciprocal and conditional manner, based on the respect of fundamental principles, such as the commitment to free trade, fair competition and the rule of law. To that end, AmCham EU welcomes US Secretary of State Mike Pompeo's declaration in June to accept a proposal put forward by the EU High Representative for Foreign Affairs and Security Policy Josep Borrell to create a new US-EU dialogue on China to address these common issues.

Boosting Europe's recovery

The European Commission and Member States have agreed a historic and ambitious €672,500 billion recovery instrument, Next Generation EU, linked to a strengthened long-term EU budget. The size of the response is commensurate to economic challenges Europe is currently facing. The EU has mobilised resources rapidly and tabled an investment initiative to provide Member States with immediate liquidity.

We support the key principles of cohesion, convergence and solidarity. As containment measures are gradually removed, recovery may be uneven across Europe. Where the recovery is weak, strong fiscal intervention will be needed to maintain a level playing across each Member State economy. In this context, EU coordination will be vital to strengthen the resilience of both European and global economies to future shocks.

We welcome the strong focus of the Recovery and Resilience Facility on contributing to the twin green and digital transition. We are ready to work with Member States and the European Commission on the kind of projects they could be investing in for this purpose and at the same time create jobs and generate economic growth.

As for the EU budget, the EU should indeed prioritise investment in areas where European action delivers the largest added value to the European economy and society and where it most efficiently complements national spending programmes. The EU budget can act as a powerful multiplier. It can help pool cross-border resources, trigger private investment and fill financing gaps for innovative projects. In order to compete globally, the EU should increase funding in key areas such as human capital, research and innovation, environmental sustainability, the deployment of digital technologies, modern infrastructure and best-in-class public procurement.

Investing in the EU's infrastructure can boost its competitiveness significantly. Building strong trans-European networks for transport, energy, digital infrastructure and telecommunications are key for strengthening the free movement of people, goods, services and capital. Member States need the EU's support to fulfil ambitious obligations agreed at EU and international levels. Public procurement with strong sustainable requirements can drive this agenda by stimulating innovation and supporting

the development of new technologies. EU public procurement rules which emphasise qualitative criteria will increase the attractiveness of the best technologies available and encourage the creation of skilled jobs in Europe.

The Commission should prioritise R&D and innovation programmes in the EU budget. Strong R&D programmes create a culture of innovation, encourage entrepreneurship and support the development of pioneering technologies. Effective R&D programmes guarantees that funding is available throughout a project's lifetime, from the R&D phase to the deployment of new technologies on the market. Further investment should be channelled towards strategic fields such as artificial intelligence, clean energy, circularity and life sciences. Research and innovation can help tackle some of the world's largest challenges, like ageing population, air pollution and climate change.

For Member States to achieve the ambitions of the Green Deal, and as governments are drafting their national plans, funds need to enable investments in collection infrastructure and new recycling technologies, to support a circular economy.

Global coordination will also be essential for trade and investment to start again in earnest within European and national economies. It will be important to ensure that all EU programmes are open to transatlantic companies of all sizes.

Fiscal stimulus and pro-growth tax policies will continue to be needed to support both investment and consumption in the short term. Measures are in place in EU countries to ease the financial burden for businesses, notably for customs debts and guarantees, but more flexibility and a common approach by Member States is required. Liquidity continues to be necessary and additional trade costs weigh disproportionately heavily on companies during this crisis. For example, supporting the hospitality and tourism sectors should be a focus for recovery because hundreds of thousands of jobs, businesses and billions of euros in revenues depend on the strength of these sectors. While access to funding is important, measures to avoid new costs is crucial to keep companies afloat. For instance, we support the implementation by Member States of both comprehensive VAT reduction programmes and temporary excise tax reductions to encourage consumers to support their local businesses.

A fair and inclusive recovery

The outbreak of COVID-19 has sparked a crisis with substantial socio-economic consequences. Throughout the first months of the pandemic, we have seen widespread job losses, bankruptcy of hospitality and tourism businesses and difficulties linked to home schooling of children and mental health for workers across Europe. In addition to this, recent research has shown⁹ that the effects of the pandemic from a healthcare, economic and social perspective have disproportionately affected low-income households as well as underrepresented groups, including women, youth, minorities and individuals with disabilities. We should all ensure that inclusion is at the heart of the EU's economic recovery.

⁹ https://ec.europa.eu/jrc/sites/jrcsh/files/jrc121228_policy_brief_the_impact_of_the_great_lockdown_on_hh_25_06_2020_1.pdf

Recommendations:

- **Filling the skills gap:** Education and training should be on top of the EU recovery agenda. Investing in the future means devoting resources to train the professionals of tomorrow through a forward-looking approach. Research demonstrates the persistence of a gap between companies' needs and the skills that educational curricula provide to students. In times of economic crisis, it is crucial to fill the gap to ensure that supply and demand for skills meet. Trainings should be directed to both highly-skilled workers but also low qualification workers, with facilitated access to vocational training opportunities.
- **Ambitious upskilling and re-skilling programmes:** The EU should continue to support upskilling and reskilling programmes to ensure that workers display more dynamic and attractive skillsets in a time of continuous transformation. To this end, public-private partnerships should be seen as a positive model for the deployment of large-scale training schemes across the continent. Such schemes should target both out-of-job and in- job individuals, creating appropriate incentives for companies to nurture talent and encourage employees to pursue life-long learning. Upskilling and reskilling should focus both on digital skills but also on entrepreneurship skills to foster the start-up and innovative mindsets, which are key to boost growth.
- **Creating opportunities for underrepresented groups in the labour market:** Research has shown that COVID-19 has disproportionately affected underrepresented groups, women in particular, in the labour market¹⁰. The EU economic recovery needs to focus primarily on creating opportunities for these groups to re-enter the job market. Member States should work together with employers to create a diverse and inclusive working environment. At the same time, investment should go into upskilling and reskilling schemes targeting underrepresented groups in order to enhance their employability in line with the new digital and green priorities set out for the EU economy.

Financing the EU's response

To raise funds for Next Generation EU, the Commission proposed temporarily lifting the own resources ceiling to 2% of the gross national income (GNI), which would allow the EU to borrow €672,500 billion on financial markets. The increase in corporate and household debt, rising unemployment and lasting economic uncertainty will inevitably reduce future investment, consumption and productivity. Fiscal stimulus and pro-growth tax policies are necessary to support both investment and consumption in the short term. Against this backdrop, the proposal also outlines tax policy initiatives which could, if not designed properly, stifle EU economic growth. While a lot of the details are still missing, preventing a full analysis, we believe that EU budgetary decisions should

¹⁰[Beyond the data: Understanding the impact of COVID-19 on BAME groups', Public Health England Publications. 2020](#)

be backed by sound fiscal and budgetary policy and that all initiatives should comply with the following key principles¹¹:

- 1) **Attractiveness of the Single Market:** The Single Market is one of the EU's greatest achievements, turning Europe into one of the most attractive hubs for international investment. Given the Commission has suggested own resources would be used to raise recovery funds, it should ensure the details for design and implementation of own resource mechanisms do not jeopardise the EU's competitiveness and attractiveness as an investment destination and therefore should seek to minimise any negative effects.
- 2) **International cooperation:** As EU countries engage in multilateral discussions, we urge that any tax proposals do not go beyond internationally agreed standards. The Commission should ensure that any tax proposals do not create new barriers to economic recovery by inadvertently inhibiting cross border trade, investment, and economic growth. The EU should also refrain from any initiative that could exacerbate existing trade tensions.
- 3) **Sound policy-making:** Any new EU proposals should continue to rely on rigorous science and fact-based impact assessments, made available to the public, as well as open and transparent dialogue with public and private actors. The policies at regulatory and fiscal level should be based on scientific evidence, allowing to reduce exposure to risk factors. We emphasise that new 'own resources' initiatives should take into account the EU's efficiency indicators¹².
- 4) **Economic certainty:** To invest, a company needs visibility on whether it will obtain a satisfactory return on its investment. In an increasingly open world, investment projects are assessed on a global scale. Europe is one of many regions where such manufacturing investment projects may be located; therefore, it should offer investment conditions that are attractive compared to those in other regions. At the moment, such discussions are a shared competence between national, regional, local and EU levels (in assessing what state aid is allowed) which makes the process more complex. It is important to stress that regulatory uncertainty and lack of transparency can both be perceived as an investment risk

Recommendations:

- **Digital taxation:** We call for the EU's continued leadership and involvement in the OECD Inclusive Framework discussion on digital taxation. With over 130 jurisdictions currently considering changes affecting corporate taxing rights, in the era of increasing digitalisation, we believe it would be counterproductive to pursue unilateral actions. This critical agenda requires a broader international consensus.

¹¹ We note that Council Decision 2014/335/EU on Own Resources indicate that (i) "Own Resources should participate, to the greatest extent possible, in the development of the policies of the Union" (recital 1); (ii) "own resources arrangements should be guided by the overall objectives of simplicity, transparency and equity."

¹² <https://ec.europa.eu/eurostat/web/europe-2020-indicators/resource-efficient-europe/indicators-explained>

- **Emissions trading system (ETS):** We are committed to carbon reduction and continue to see the ETS as the keystone of EU climate policy that should help reduce carbon emissions. An effective ETS needs to continue to be predictable, trustworthy and should send the right investment signals to global markets.
- **Carbon border adjustment mechanism:** We recognise the challenge of maintaining the competitiveness of manufacturing production in jurisdictions with strong climate ambitions in the absence of equivalent measures in other jurisdictions of the global economy. However, this proposal may inadvertently disrupt highly-integrated supply chains and lead to trade conflicts. Any mechanism to promote carbon-neutral domestic production must be WTO-compatible and be adopted only after a thorough assessment of its impact on supply chains and highly-integrated manufacturing production.
- **Plastics levy:** Any fiscal measures to incentivise circularity in relation to any material need to be carefully designed, evaluated and calibrated in a transparent manner if they are to serve their intended purpose. We are concerned that a tax on single-use plastic could have adverse effects on circularity, as it will divert significant resources away from where they need to be invested (ie innovation, improved collection and sorting, waste infrastructure, etc.). We believe that any fiscal measures penalising a specific product or material such as plastics packaging could have adverse effects on circularity, since they will effectively divert significant resources away from where they should, to the contrary, be invested, unless the resources collected through such tax are earmarked for innovation in recycling technologies, improved collection and sorting, waste infrastructure, etc.
- **Tax on operations of multinational enterprises:** With limited details available to date on this potential element, we urge the Commission to carefully consider the scope, incidence, and administrative burdens such a tax would have on EU corporate taxpayers, as this raises important concerns around competition, fairness and the attractiveness of the EU as a destination for global investment. It has the potential to deter future investments in the EU Single Market that could support innovation, employment growth and economic recovery.

Conclusion

The European Union has been highly affected by the COVID-19 pandemic. However, all strands of society pulling together to overcome the initial impact. From health workers working around the clock, to businesses pouring resources into the production of personal protective equipment, or governments and institutions pulling all economic levers at their disposal to keep economies afloat, the EU has shown great unity in adversity. Now as we go from crisis management to longer term recovery, Europe has an opportunity to shape its future.

Our vision, as laid out above, brings together the expertise of all sectors to find lasting solutions to the current crisis. Out of a very difficult situation lies the opportunity to build the Europe of tomorrow. With a focus on advancing a strong Single Market; embracing the digital transformation; and transitioning to a zero-carbon economy, while playing a leading role as an international partner in a global economy, Europe can thrive in the twenty-first century.

Unprecedented times have called for unprecedented measures, and the EU’s policymakers have duly delivered. Member States have unlocked funding through the Next Generation EU recovery plan. Now, with the right vision and implementation, the EU can build a revved-up economy that will propel the next generation of Europeans into the future.