

Our position

The road to economic recovery: responding to the crisis

Recommendations on short-term measures to respond to the COVID-19 crisis



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: a difficult balancing act

The COVID-19 pandemic presents an unprecedented challenge. The immediate priority was to tackle the health emergency. The European Commission took steps to coordinate a common European response to the global outbreak and limit the spread of the virus and its impact. However, the crisis has also put strain on the European institutions and solidarity amongst Member States, at a time at which cross-border cooperation to tackle a truly global health challenge is more important than ever.

As the crisis evolves, new challenges emerge. Member States must tackle the effects of containment on households and businesses and develop exit strategies to allow for economic activity to start again after weeks of 'lockdowns', while continuing to protect the health and security of their citizens. They are helping businesses stay afloat, supporting households and helping to preserve employment. Yet, these are only first steps in tackling broader social and economic aftershocks of the COVID-19 crisis.

The road to the economic recovery will be long. The difficult task ahead for leaders in Europe, and around the world, is to continue to address all these issues simultaneously. There is a tough balancing act ahead of us, which requires management of the short-term economic impact of the health emergency, while laying the foundations for what is coming next. The EU economy's ability to bounce back will undeniably depend on the success of crisis response measures. Short-term measures will need to be complemented by long-term policies and investments, the combination of which should support the new European economy that is both green and digital.

As we face the most significant public health and economic crisis in a generation, strong cooperation between government, business and civil society will be essential. We stand ready to do our part.

Responding to the crisis

The world continues to grapple with COVID-19 and its ripple effects on our societies. The crisis is far from over. Some short-term priorities need to be addressed now to mitigate the impact on recovery plans. The last few weeks highlighted the need to continue to build stronger European crisis response mechanisms. It is only with increased cooperation between the Member States that the EU can build the resilience necessary to protect citizens and businesses. We cannot afford 27 disjointed responses in the midst of a crisis that does not know borders. Initiatives from the Commission to coordinate national efforts are critical.

AmCham EU would like to support policy-makers during the entire recovery phase and would like to put forward the following short-term recommendations to ensure that Europe does not stall on its road to recovery.

Building effective healthcare systems across Europe

COVID-19 is first and foremost a public health crisis. The fight against COVID-19 mobilised the healthcare sector and its professionals at an unprecedented scale, with their efforts supplemented by the armed forces, providing logistical support, building field hospitals and deploying additional medical staff.

The emergency caused by the pandemic has highlighted shortcomings and inequalities in healthcare systems around the world, including EU Member States. Shortages in medical supplies and equipment, lack of hospital capacity, a fragmented research and innovation landscape and a policy framework not equipped to support rapid cross-border health data sharing for research have hindered Europe's ability to respond effectively to the pandemic.

While continuing to focus on preventing the spread of coronavirus and treat patients suffering from the disease, the increasing backlog of oncology treatments, cardiology interventions and other medical procedures also need to be addressed rapidly, so patients can get access to care.

As EU Member States are transitioning out of the most urgent phase of the COVID-19 response, the European Commission and national governments need to take bold steps to ensure the resilience of healthcare systems going forward.

Recommendations:

- The current unilateral restrictions on the movement of pharmaceuticals, medical devices and personal protective equipment, as well as stockpiling requests from certain Member States, are putting at risk critical deliveries to those countries worst hit by the pandemic. We ask that the European Commission takes action to prevent countries from introducing unilateral stockpiling requirements that put at risk the overall supply of critical COVID-19 medicines in Europe. These trade restrictive measures also increase the risk of retaliation by Europe's trading partners, threatening to worsen the situation for European patients, citizens and the economy.
- We call on the EU and its global partners to increase collaboration with industry in finding and delivering vaccines and treatments against COVID-19 as quickly as possible. Such collaboration could include streamlining and adapting regulatory processes, identifying bottlenecks and analysing gaps in manufacturing capacity, and mobilising funds and networks to foster research and distribution.
- Ensure that the EU's framework for data privacy and protection is adapted to the pressing need for innovation in digital health. Such innovations have so far suffered from a lack of interoperability, common standards and market uptake, due to the absence of reimbursement and incentive structures. A coordinated EU approach on the use of contact tracing apps in the fight against the spread of coronavirus across Europe would uphold EU standards on privacy and data protection, address the use of data for short term contact tracing, and frame the conditions under which this anonymised data could be used for research in the future.
- Enable and promote telehealth and homecare treatments, where possible, to reduce exposure of vulnerable patient groups to COVID-19 through adapting policies accordingly. This requires more flexible solutions to modernise healthcare delivery and support uptake of care outside hospitals, including a review of incentives and reimbursement policies across Europe to support a holistic patient pathway management for the right patient, with the right treatment option, at the right time and location.
- Manufacturers urgently need forecasting data from the European Centre for Disease Prevention and Control (ECDC) on the evolution of the outbreak, and more information from Member States on capacity and demand. It is essential to be able to identify the supply that is really needed to meet patients' needs. This is the foundation on which plans to produce for current and future expected demand will be built.
- Recovery measures must include efforts for future pandemic preparedness as well as a strong rebound of primary healthcare provision including non-COVID-19 related treatments, elective procedures and those procedures - currently delayed or suspended - required to treat life-threatening conditions such as cancer.

We call on the Commission to give special recognition in the new Multiannual Financial Framework to the shortcomings in healthcare systems that this crisis has uncovered. At the same time, as we rely on armed forces and the security sector to provide the readiness to deter threats of various nature, including health, we should aim to preserve its spending targets and sustain our industrial bases for resilience purposes.

- Finally, we call on the Commission to assess - together with all stakeholders – the implementation of newly created mechanisms, such as the different joint public procurements launched by the EU, the Emergency Support Instrument and the RescEU Stockpile. These instruments could lead to better pandemic preparedness and ensure business sustainability, while avoiding negative impacts on global availability of healthcare products.

Assuring safety of workplaces and production sites

We welcome the European Commission's comprehensive roadmap towards lifting COVID-19 containment measures, and as Member States begin to gradually lift confinement measures, we remain acutely aware that we are still facing an unprecedented public health emergency, and that lockdowns may return.

Companies are doing their utmost to protect the health and safety of their employees, while maintaining business continuity to the extent possible. This includes the need to make sure that workplaces and production sites are secure, e.g. by instituting hygiene protocols that are in line with suggested World Health Organization (WHO) and local measures.

Key additional measures are currently geared towards reducing density in offices, for example instituting shift systems, but also by rearranging the flow of office spaces. During this second phase, strong cooperation between public authorities and the business community will be essential to find pragmatic and innovative solutions that will maintain business continuity and ensure a smooth transition to the next stage of recovery.

Recommendations:

- The European Commission should provide guidelines to Member States to establish harmonised protocols on the safety of workers. Companies urgently need clear guidelines reflecting the diversity of different industries.
- We seek reasonable measures related to the use of PPE: when they are compulsory and when voluntary. We must preserve PPE for those sectors most in need, such as medical professionals and carers. Reusable cloth face coverings should be considered an acceptable alternative.
- Requirements should not include overly burdensome reporting on the health conditions of each employee, but rather set a clear protocol supported by PPE accessibility and recommended practices to ensure that companies can maintain safe conditions in their workplace.
- Reporting requirements related to employees that become infected should be reasonable and proportionate. They should focus on keeping the workplace safe - for example, notification should be focused on informing other employees that have come into close contact with the infected individuals.
- An important factor to a strategy for economic restart is the ability to protect employees and as such the availability of personal protective equipment (PPE). The Commission should consider extending the scope of the relief of customs duties and VAT on imports of necessary PPE (now applicable to purchases made by government and public bodies) also to companies who purchase this equipment for their employees and for purchases by private individuals. To ensure proper availability of PPE in Europe, it is key to accelerate the development of dedicated standards and certification procedures for 3D print answering subsisting interrogations concerning materials, quality control and market surveillance.

Providing the necessary liquidity to Europe's economy

The EU has mobilised resources rapidly, and tabled an investment initiative to provide Member States with immediate liquidity. The European Council has also agreed to use the EU budget and the European Investment Bank (EIB) to create a Recovery Fund, which will be used to protect people's jobs and support companies hit by the crisis¹. In addition, liquidity measures have been put in place to help hard-hit small- and medium-sized businesses.

Fiscal stimulus and pro-growth tax policies will continue to be needed to support both investment and consumption in the short term. The increase in corporate and household debt, rising unemployment and lasting economic uncertainty will inevitably reduce future investment, consumption and productivity. Central banks should address liquidity and temporary problems in market functioning while governments should support companies where the underlying question is one of solvency caused by the crisis and where the company is otherwise viable. The banking industry is well placed from a liquidity perspective to support the economy during this challenging period.

As containment measures are removed gradually, 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 both the European and the global economies' resilience to future shocks.

Fiscal action should learn from the lessons of the global financial crisis. Global coordination will be essential for trade and investment to start again in earnest, and create positive feedback loops within European and national economies.

Recommendations:

- In addressing liquidity issues the European Central Bank should have a clear exit strategy with the aim to restore the normal functioning of markets and prevent a vicious cycle in the real economy. It will also be important to maintain the market's ability to discriminate between assets.
- With that in mind we believe the best central bank interventions are: (1) pre-announced with the signal that purchases will be very large in size; (2) in government bonds and short-maturity debt of the highest grade-corporates; (3) accompanied with a signal that more will be done if necessary.
- Ongoing and future initiatives should strive to avoid fragmentation of global liquidity pools. Banks are necessary to finance the European economy; they are critical to allocate capital and liquidity where it is most needed. We encourage European policy-makers to further promote free flows of capital by avoiding regulation that encourages fragmentation and ring-fencing of capital and liquidity.
- The Capital Markets Union (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.
- 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 is in urgent need, and additional trade costs weigh disproportionately heavily on companies during this crisis. While access to funding is important, measures to avoid new costs is crucial to keep companies afloat. The European Commission should therefore refrain from introducing any new or planned tariff or duty increases on any products imported until the end of 2020.

¹ The EU's Spring 2020 Economic Forecast shows that Europe's economy will contract by 7% in 2020 and grow by around 6% in 2021 (https://ec.europa.eu/info/sites/info/files/economy-finance/ip125_en.pdf).

Preserving the integrity of the Single Market and facilitating trade

The Single Market has been under pressure from national measures to tackle the coronavirus outbreak. Yet the Single Market must be one of the main drivers of the economic recovery that will follow. This means that now, more than ever, it is crucial to stand up for the Single Markets, its achievements, and to recognise its role in the livelihoods of European businesses and consumers. Revitalising industrial output, investment, trade, and capital flows heavily depends on the ability of the European business ecosystem, from transport, logistics to entire supply chains to operate with minimum disruption.

Supply chains and their delivery services continue to play a pivotal role in ensuring that time-critical shipments – whether of life-saving medical supplies, protective equipment, spare parts for urgent repairs, or agricultural inputs for ongoing food security – are delivered in time to those who need them. As such, operational continuity for road, rail, sea and air transport operations remains essential to avoid further harm to EU economic activity, businesses and consumers and to boost trade flows from, to and within the Single Market.

This is especially the case for the transport of consumer goods from e-commerce activities, which are currently the only means of sales where retail stores have been ordered to close. Our member companies need to rely on fast intermodal transport solutions to ensure that time-critical shipments reach their destinations. Flexible customs facilitation wherever possible, coordinated at EU level and consistently applied across the EU, should also be implemented to ensure the flow of goods and effective border management with Member States and third countries.

Recommendations:

- To help Member States strike the right balance between protecting public health and preserving the integrity of the EU Single Market and the openness of global supply chains, we need continued, as well as additional, guidance from the European Commission. Member States should implement a consistent and clear strategy to ensure the uninterrupted flow of goods and services.
- Customs and trade facilitation is essential to allow for cross-border export and import of goods and will be key to helping EU companies getting back to business, particularly once restrictions will start to be lifted and we expect an increase in volumes being traded both within and across EU borders. This includes measures such as allowing the temporary use of scanned copies of original sanitary and phytosanitary certificates for imports of animals, plants and their products into the EU.
- We welcome the EU's recommendation for continued uninterrupted application of EU Green Lanes, and we encourage longer term application of this important process as well as the continued lifting of driving bans, and an upholding of the current flexibility on driving and resting times. Commercial road transport should take priority over private vehicles.
- The European Commission should keep playing a coordinating role, urging that Member States take advantage of the derogations, exemptions and flexibility that already exists within the Union Customs Code (UCC) and advising how this can be done in a harmonised manner. A more uniform application of the UCC at EU level is vital, and the active non-compliance of certain Member States should be addressed with appropriate measures by the European Commission.
- For air cargo movement, it is also essential to ensure the continued facilitation of air crew repositioning via commercial flights and their accommodation in hotels nearby airports, the continued waiver of night curfews and slot restrictions for air cargo and the extension of relevant authorisations and permits needed to operate flights, including extension of relevant licences. Keeping quarantine exemptions in place for asymptomatic aircrew, maintenance technicians, loadmasters and other aviation critical staff remains crucial to minimise disruptions. The significant reduction in commercial air cargo capacity and destinations has caused express operators in particular to revert to other forms of transport (ie from air to road).

Extending the Electronic Transit Document (ETD) arrangement for road movement between airports/hubs/gateways during the crisis would minimise disruption and ensure smooth interconnection between countries.

- Member States should put in place a fast-track procedure at customs for PPE destined not only to hospitals or public authorities but also to other end-users with the goal of increasing availability of PPE imported from third countries to help a healthy and safe restart of economic activity. Clearance of multi-piece shipments based on the arrival and release of the first piece, covering duties and taxes for the entire shipment regardless of the number of pieces and their different moments of arrival, would free up space and resources and ensure critical goods are able to reach their destination quickly and efficiently.
- Alignment between Member States on requirements of different types of imports, notably those requiring conformity to EU standards, such as the CE marking, along with clear communication from the European Commission including to third country shippers, could help alleviate pressure on supply chains as large volumes of shipments of vital PPE continue to be held at customs until their clearance can be finalised.
- We also call for deeper cooperation and efforts between EU and Member States' enforcement authorities to prevent the trade of counterfeit and unsafe products, which increasingly put European citizens' health and safety at risk. The upsurge in the trade of counterfeit and substandard masks, gel, and protective equipment are of particular concern.
- Disruptions in the food supply chain contribute to shortages that can have immediate and long-lasting impacts on food security. During the crisis, governments can help to ensure the food system continues to operate by ensuring open and fair trade as it relates to food and agricultural products. Supply chains and logistics can become faster, more secure and transparent if governments focus on an wide uptake and incentives to invest in blockchain-based technologies. This applies both within the EU, where COVID-19 has shown that a fully operational Single Market is key for the proper functioning of the EU food and feed supply chains as well as with regard to trade with third countries, which remains essential in order to provide access to diverse and affordable food for all.

Ensuring fair competition under the current state aid temporary framework

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 & 102 of the Treaty on the Functioning of the European Union (TFEU)² enforcement. As Europe prepares for economic recovery, it will be critical not only for DG COMP to continue with its antitrust reform agenda but also to incorporate lessons learned during the crisis into future policy initiatives.

Recommendations:

- In relation to State aid enforcement, DG COMP moved very quickly to adopt the Temporary Framework and has since continued to adapt the framework and approve notified measures at a rate that is commensurate with the urgency of the crisis. Some of the approved measures are very general, however, and it is not possible for DG COMP to apply the usual level of controls to ensure that state aid does not unnecessarily distort competition, for example in relation to aid's incentive effect and proportionality of aid. When conditions permit, AmCham EU encourages the Commission to undertake a review of aid granted during the crisis.

² [Treaty on the Functioning of the European Union](#)

- In relation to aid granted in the form of recapitalisations, AmCham EU supports the precautions built into the Temporary Framework and encourages the Commission to monitor their implementation carefully in the coming months and years.
- AmCham EU is concerned about the Commission's encouragement of Member States acquiring 'golden shares' in companies in their jurisdictions. The Commission has consistently sought to limit the use of such instruments because of their potential to distort competition and the free movement of capital. By contrast, AmCham EU supported, and continues to support, a horizontal and consistent approach to FDI screening across Europe under Regulation 2019/452³, which includes carefully drafted protections of transparency and non-discrimination.
- Those principles do not seem to apply to the acquisition of golden shares. Furthermore, as long as such an EU-wide framework does not exist, the EU could play a role to facilitate the development of best practices and seek to promote a level of harmonisation in terms of the various national procedures.
- In relation to Article 101/102 TFEU enforcement, AmCham EU strongly supports DG COMP's guidance on cooperative arrangements undertaken in response to the crisis, and DG COMP's willingness to provide companies with guidance on proposed cooperative arrangements. DG COMP will likely have the occasion to review many more cooperative arrangements in the coming months than it has done since the adoption of Regulation 1/2003⁴. AmCham EU encourages DG COMP to incorporate the lessons from those reviews into its proposed revisions to the Horizontal and Vertical Cooperation Block Exemptions and Guidelines and to continue providing informal guidance after the current crisis has subsided.

Fostering the right digital environment

We believe the digital sector and information and communications technologies (ICT) are playing, and will continue to play, a crucial role in both the short-term and future economic recovery exit strategies. Technology underpins critical products and services that global communities, governments and healthcare organisations depend on every day.

As we contain the virus through social distancing and movement restrictions, safe and trusted technological solutions are enabling us to sustain social, economic, healthcare and educational interactions as well as information flow and research. When we look to recover, it will be digitisation that helps us not only to return to what we had, but to build a new, more resilient and sustainable economy.

Recommendations:

- Build resiliency for future pandemics and take advantage of the opportunity to transform our economy and stimulus funds. On the presumption that a significant proportion of the EU recovery fund will happen through a re-prioritisation of the new 2021-27 MFF, we believe a fundamental shift is required to ensure that the new MFF as well as any additional recovery funds support and generate jobs and growth that delivers on the EU's twin transitions: the green and digital transformations.
- Such funding should be focused on the digitisation of sectors such as healthcare and education where the crisis has shown an immediate need to up investments in these areas. For education, it is clear that it will take time for schools to fully reopen and countries will need to be ready for hybrid models with a mix of in-person and remote learning.
- Digital should be mainstreamed across sectors. As governments are looking to make investments in other services, infrastructures including buildings and other physical assets, mainstream digital into such works. For instance, as governments may be investing in building renovation works to boost jobs and the economy.

³ [Regulation \(EU\) 2019/452 of the European Parliament and of the Council of 19 March 2019 establishing a framework for the screening of foreign direct investments into the Union](#)

⁴ [Council Regulation \(EC\) No 1/2003 of 16 December 2002 on the implementation of the rules on competition laid down in Articles 81 and 82 of the Treaty](#)

Such renovation should also make buildings smart, reducing both a building's operating costs and environmental footprint. There is also an urgent need to expand the pool of European workers who can work with additive manufacturing machines in different sectors anticipating future needs.

- Mostly, digitisation should become a priority in the public sector. Leading by example through the adoption of scalable solutions, such as hybrid cloud infrastructure, governments can help accelerate the digitisation of industry and allow them to adapt to agile working methods.
- Recovery funds should also provide support for organisations and citizens, in particular low income, with immediate financial support to invest in equipment and services that allow remote operations. Such equipment includes endpoints like laptops and IP phones, as well as video and home network equipment like routers, switches and security gateways. Services include collaborative software offerings, cloud-based networking services, and security services to protect devices, networks and data.
- As we move to remote activities, regulators should provide and promote practical guidance for organisations' procurement teams on legal requirements and compliant solutions (including applicable certifications) – particularly in sectors sensitive to data privacy and security concerns, such as health, education and finance.
- Governments should ensure that critical ICT workers are categorised as essential workers, being exempt from rigid lockdown measures. Continuous access to data centres and other critical facility and infrastructure should be ensured at all times, while maintaining necessary safety measures.
- The pandemic emphasises the need to double efforts to foster the rollout of ubiquitous high capacity and secure networks, incentivising private investment and boosting funding for rural and sparsely populated areas.
- Planned spectrum allocations that may be delayed due to the COVID-19 crisis should be accelerated once normal operations start to take hold. Governments should also make a plan to prioritise new allocations of spectrum for broadband – both license-exempt and licensed – to make wireless connectivity more robust.
- Eliminate import tariffs on ICT equipment to help reduce costs and which can further public and private investment in remote working and digital transformation.
- Cyber-attacks have spiked during the crisis and the threat surface has increased significantly. New paths of communication and work environments create new security risks. Investment in cybersecurity at national and sector level needs to continue as our societies become even more dependent on digital infrastructure. Cyber authorities should collaborate with the private sector to provide guidance on remote work security for businesses. EU initiatives in areas like data policy, AI, data protection and certification need to take into account the particular challenges posed by cybersecurity as a key consideration early in the process.
- Strengthen the fight against illegal content online, in order to ensure that consumers can engage in a safe and trusted digital environment focusing on the sale of authentic goods and provision of legitimate digital services.