

Readout

April 2020

Key notes from the last EU Policy calls

EU response

European [roadmap](#) to phase-out of confinement – 15 April

Deciding that the time has come to begin to relax confinement should be based on these criteria:

- **Epidemiological criteria** showing that the spread of the disease has significantly decreased and stabilised for a sustained period.
- **Sufficient health system capacity**, for example taking into account the occupation rate for intensive care units, the availability of health care workers and medical material.
- **Appropriate monitoring capacity**, including large-scale testing capacity to quickly detect and isolate infected individuals, as well as tracking and tracing capacity.
- **We need a European approach.** While timing and modalities for lifting containment measures differ between Member States, we need a common framework.
- **Science with public health at its centre**, while acknowledging that ending restrictive measures involves balancing public health benefits with social and economic impacts.
- **Coordination between Member States**, to avoid negative effects. This is a matter of common European interest.
- **Respect and solidarity.** This is essential for both health and socio-economic aspects. At a minimum, Member States should notify each other and the Commission in due time before they lift measures and take into account their views.

Temporary lifting of State Aid rules to support businesses and workers

- The objective is to make sure that businesses have the liquidity they need to keep operating across the EU;
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- Thanks to this initiative Member States are exceptionally allowed to provide State Aid to businesses through direct financial support. This would not be allowed under the normal State Aid regime to preserve competition between companies at EU level;
- Pending approval from the Commission, Member States can now act to preserve strategic sectors of their economy and help companies access credit to compensate for lost profits;
- Financial support by Member States should be directed to research and product development around the coronavirus; deferral of tax payments and suspension of social security contributions; additional subsidies to avoid lay-offs in the hardest-hit regions.

Extraordinary measures concerning transport

- The European Commission recommended to Member States to apply a temporary **30 days coordinated restriction of non-essential travel from third countries into the EU** (this rule does not apply to EU and UK nationals and residents);
- Coordination of external border controls and measures to ensure that medicines, protective equipment and other goods can reach hospitals, doctors' practices and nursing homes;
- To ensure the free flow of goods and services through the European Commission has established the **issuing of Green lanes** – border crossings open to all freight vehicles carrying goods where any checks or health screenings should not take more than 15 minutes;

Facing the Public Health crisis

- The voluntary **Joint Procurement Agreement** with Member States (and the United Kingdom and Norway) enables the joint purchase of such equipment and supplies;
- The Commission itself has begun a stockpiling operation aimed at distributing material to Member States that are most in need;
- The Commission has approved the **temporarily waive of customs duties and VAT on the import of medical devices** from third countries. This will make it easier financially to get the medical equipment that doctors, nurses and patients need.

Broader economic and fiscal measures to help Member States support businesses and workers:

- SURE (Support to mitigate Unemployment Risks in an Emergency), a special unemployment support instrument to protect workers affected by the pandemic;
 - The objective of this initiative is to avoid extensive job-losses in the areas most affected by the economic consequences of coronavirus;



- Up to €100 billion in total financial assistance will be available to all Member States to compensate the wage losses due to short-time work schemes;
- Flexibility under the EU's Fiscal Rules:
 - The Commission has temporarily lifted some of the fiscal requirements that Member states need to adhere to to ensure control over their public spending and public debts;
- Extraordinary measures by the European Central Bank :
 - The ECB announced a pandemic emergency purchase programme of 750 billion euros;
 - It will purchase national bonds to prevent speculation and ensure that sovereign debts remain sustainable in a time of economic and financial volatility;

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Healthcare update

Main initiatives:

- Pharma strategy (non-legislative) – in Q4 2020
- Cancer plan (mix of legislative and non-legislative) – might be postponed to Q1 2021
- European Health Data Space – will be prioritized, no deadline set

COVID-19 impact:

- Positive: sharing data and investing in research will become crucial for Member States and EU; public health pending and policy will need some rethinking
- Negative: some of the crisis caused by COVID-19 is blamed on companies so we can expect its results to influence the thinking on pharmaceuticals strategy; possible negative outcomes:
 - Compulsory licensing as emergency measure
 - Stockpiling requirements increase
- Pharmaceutical sector may be reshored to Europe to ensure protection of supply chains



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Climate and Industrial Policy update

European Green Deal

Follow the European Commission's [proposal for a European Green Deal](#) last December, a comprehensive package that will streamline climate and environmental goals across the EU has been presented. The initiative is being led by Executive Vice-President for the European Green Deal: Frans Timmermans. Over the next several months the Commission will roll out a number of proposals as set out in their [Work Programme](#) that will be implemented and enforced by the European Institutions over the next five years. Below is a timeline listing the key issues that are most relevant to AmCham EU **set to be published in 2020**:

[EU Climate Law](#) (March 2020) – out

[Industrial Strategy](#) (March 2020) – out

[Circular Economy Action Plan](#) (March 2020) - out

Farm to Fork Strategy (April 2020)

Strategy for sustainable and smart mobility (Summer 2020)

Climate Target revision (Summer 2020)

Non-Financial Reporting Directive (late 2020)

The Transport, Energy and Climate committee is also following the proposal for a carbon adjustment mechanism, however this is not expected until 2021.

EU Climate Law

- The proposal for a European Climate Law sets a binding target for climate neutrality objective of net-zero emissions by 2050, while empowering the Commission to set out a trajectory at EU level, starting from the Union's 2030 target, through delegated acts for an indeterminate period of time. The Commission would be able to assess EU and national progress every 5 years as of 2023. This progress will be measured according to a number of factors from cost-effectiveness and economic efficiency to socially fair transition.

- There are many Member States in favour of the climate law proposal: Cyprus, Denmark, Estonia, Finland, Ireland, Latvia, Slovenia, Spain and Sweden
- A number of Member States raised specific concern with the trajectory approach of the proposal empowering the Commission to set targets every five years through delegated acts: Bulgaria, Czech Republic, Hungary, Malta, Romania, Slovakia
- Next Steps:
 - The Commission was set to present the proposal to the European Parliament, however this has been postponed due to the COVID-19 outbreak. Although much activity has been suspended the institutions for the time being, the **Parliament aims to accelerate work on the Climate Law once the pandemic is under control.**
 - AmCham EU is currently developing a position on the issue

EU Industrial Strategy

- The Strategy is part of a broader package of initiatives that propose pathways towards a refreshed European industrial policy and makes suggestions on how the EU can ensure a green and digital transformation of industry. The proposal includes multiple sectors and stresses the need for collaboration between different industries and highlights the need for
- Europe to strengthen its key strategic interests including the Single Market. The package also includes an SMEs Strategy, a Report on barriers in the Single Market, and an Enforcement Action Plan on Single Market.
- Although the strategy covers a vast number of sectors, it lacks some concrete measures, especially concerning how to strengthen the Single Market and potential polarization of regional ability to equally achieve milestones of the transformation. Another criticism is that to an extent the strategy overlooks the impact that the green and digital economy will have on facilitating the transformation of industry.
- In comparison to previous industrial strategies there is enhanced focus on **creating industrial alliances and using strategic tools to enhance competitiveness and secure mutually beneficial trade**



Environment update

- The Environment Committee is organising a webinar to discuss key issues and reflections on the Circular Economy Action Plan (published by the Commission on 11 March), as well as to present the Committee's Circular Economy Brochure and discuss best practices from member companies. It is planned to take place on **Wednesday 20 May at 14.00-15.00**.
- The Common Industry Association Position Paper on the EU 'Plastics Levy' has gathered over 60 signatories and we will be using this in our advocacy going forward. We welcome any additional signatories to this paper.

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