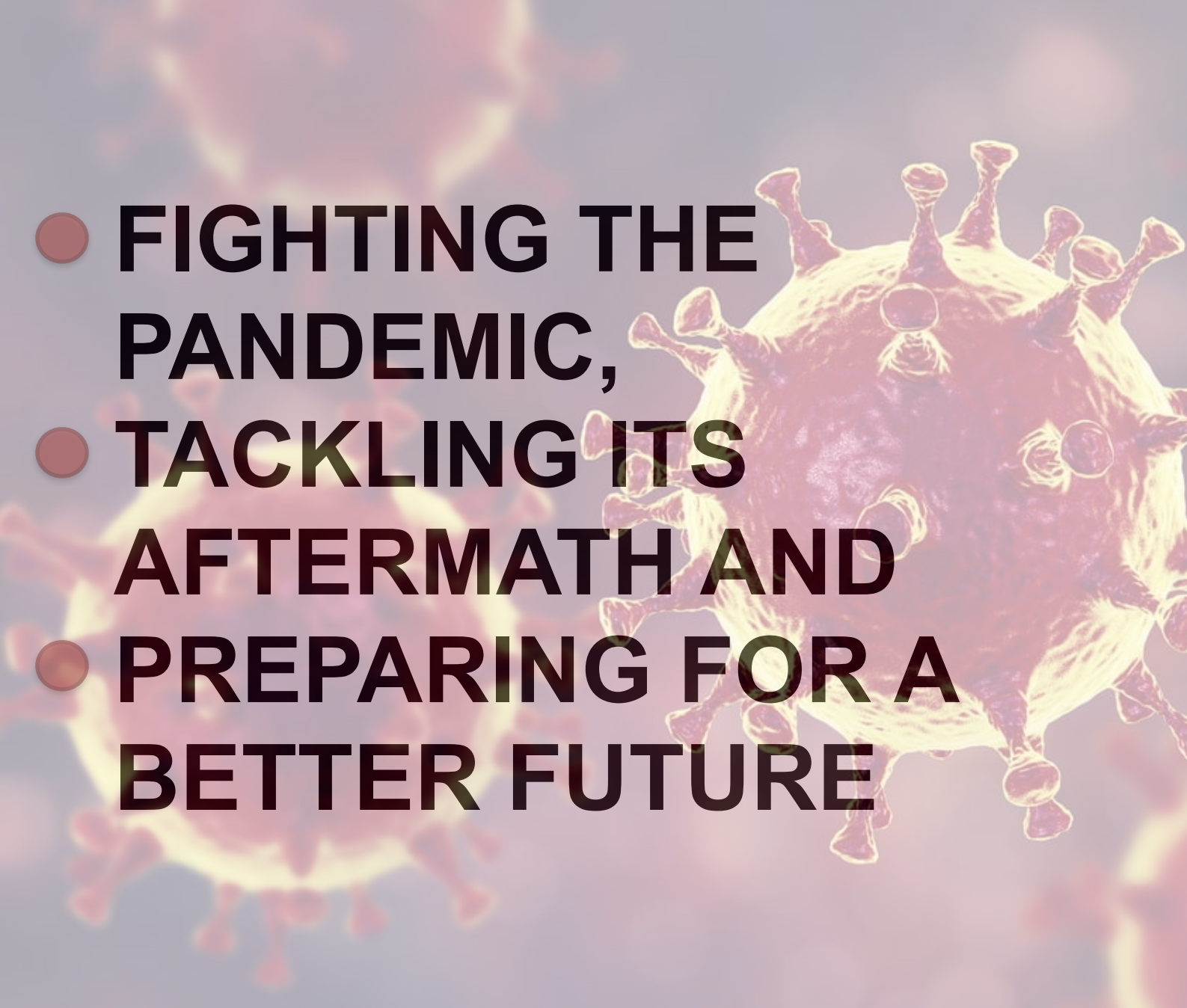


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- **FIGHTING THE PANDEMIC,**
 - **TACKLING ITS AFTERMATH AND**
 - **PREPARING FOR A BETTER FUTURE**

Action Plan by the S&D Group in the European Parliament



Group of the Progressive Alliance of
Socialists & Democrats
in the European Parliament

This action plan has been launched by the S&D Group on 25 March 2020. The COVID-19 crisis and its multiple impacts on our societies continue to evolve daily. The S&D Group is monitoring the situation continuously and stands ready to respond to the crisis with additional political demands and proposals as the situation will evolve in coming weeks and months.

25th of March 2020



Group of the Progressive Alliance of
Socialists & Democrats
in the European Parliament

FIGHTING THE PANDEMIC, TACKLING ITS AFTERMATH AND PREPARING FOR A BETTER FUTURE

Action Plan by the S&D Group in the European Parliament

The global and European health crisis provoked by the COVID-19 virus has already cost the lives of many thousands of people in the world and in Europe. The death toll and the number of infections continue to increase daily and hospitals are facing severe shortages of medical equipment and supplies in an increasing number of countries and regions. Doctors, nurses and other health workers are fighting a daily war at the risk of their lives.

The pandemic has already caused irreparable pain to thousands of families, and millions are now confined at home in fear for their health and for their future. It has painfully exposed the fragility of our health and governance systems in the face of such challenges, at a time when strong public action is the only possible answer. While the virus continues to take its toll in terms of human lives, it has also started to attack the economic and social foundations of our societies, as confinement broadens and deepens as the only possible response to the pandemic in the absence of an effective treatment or a vaccine. This presents us with highly risky challenges that may well surpass the recent financial crisis from which we hardly recovered.

Europe, as the current epicentre of the pandemic, goes through one of the most difficult moments since the last world war. Global support from third countries is welcome and much appreciated. We hope that, sooner than later and once we succeed to bring the pandemic under control, we can support other countries affected by the COVID-19. Solidarity must be shown with the Western Balkan states and the southern neighbourhood countries as privileged partners. The EU should also vigorously support the call of the United Nations Secretary General for an immediate global ceasefire in all corners of the world in order to focus on the “true fight of our lives” and to protect vulnerable civilians in conflict zones from the ravages of the pandemic.

An ineffective and insufficient political response to the COVID-19 crisis would destroy our economic prosperity and our social welfare for years, resulting in many million Europeans losing their job or having to end their self-employed or small business activity, with dire political consequences as a result. In order to overcome the multiple challenges we face, exceptional public policy

action is needed to protect our economic and social structures, peoples' health and jobs, and their well-being, and to prepare for a different - sustainable and resilient - future for all.

For this we need a clear, consistent, closely coordinated, European and national policy vision and action for the short and longer term, as set out by the S&D Group in this Action Plan¹.

This is not only about a virus for which humanity was not prepared. The present crisis also reveals the limits and contradictions of our societies and socio-economic systems. In a globalised world that remains excessively shaped by increasingly concentrated economic interests, an over-concentration of wealth, and a contraction of the role of government and too many laissez-faire and neoliberal policies, natural habitats and our climate continue to be destroyed and vast numbers of peoples and territories are left behind. This undermines the sense of belonging to a community where we depend on one another and act in solidarity to overcome such crises.

This crisis must be a wake-up call and our opportunity to change course towards sustainable well-being by developing collective and shared resilience within a far more cohesive society. Our national, European and global institutions must live up jointly to this challenge in providing social peace and protection while many features of our lives will be challenged beyond limits.

A. Our main proposals for short and longer term policy action

In the midst of this crisis, the urgent actions of European institutions and national governments need to include the following:

- 1. Immediate, strong and EU-wide coordinated, public support to the medical profession, to health institutions and to researchers in the public and private spheres in order to develop an effective treatment and a vaccine against COVID-19**, ensuring reproducibility of results, data sharing, privacy of information and patient enrolment in clinical trials as being of extreme importance. This must be combined with urgent and robust additional funding for high-quality, accessible and affordable health care systems.
- 2. Utmost mobilisation of all public health tools available at European level**, building up adequate EU reserves (stockpiling) of essential medical equipment, material and supplies, including by supporting the increase of EU internal production capacities, provision of test kits for regions which are highly affected, efficient and flexible joint procurement for medical supplies, strengthened public health agencies (ECDC, EMA), in particular in terms of human resources, sufficient funding of European research against COVID-19, and efficient sharing of data on potential treatments and vaccines.

¹ We also welcome, in this regard, the recent declaration made by the European Trade Union Confederation <https://www.etuc.org/sites/default/files/document/file/2020-03/ETUC%20Declaration%20COVID-19.pdf>

3. **A coordinated and powerful European-wide fiscal stimulus package of sufficient magnitude in line with the principles of the European Green Deal, backed up by an immediate creation of first-generation Eurobonds guaranteed by a purchase programme of the European Central Bank,** to face the large negative impact of the pandemic on the European economy, counterbalancing the extended lack of economic activity due to confinement in the midst of the crisis and capable to support a swift and broad-based economic and social recovery as soon as the peak of the crisis is behind. Only a very large stimulus package equivalent to the loss of GDP growth will keep job losses low and allow for a rapid re-start of economic activity after the peak of the crisis. This stimulus would be largely financed by an equivalent public debt increase which should be channelled through European instruments.
4. **Strong and joint action by the European Central Bank (ECB) and the European Stability Mechanism (ESM) notably to curtail the impact of rising public debt on interest rate spreads of national public bonds, to avoid new divergences between national economies and speculation on interest rates.** After the launch of the ECB's Pandemic Emergency Purchase Programme (PEPP), the European Council must now open the way for the use of the ESM's overall lending capacity and for an immediate launch of Eurobonds. This should be combined with **re-activating the European Financial Stabilisation Mechanism (EFSM)** that provided essential financial assistance during the financial crisis to Member States experiencing or threatened by severe financial difficulties using bonds issued on behalf of the EU.
5. **Develop and enhance powerful national support measures to compensate the lack of economic activity in many sectors, in order to protect all types of workers, self-employed and small businesses,** including in particular workers and self-employed in precarious forms of work, **in a coordinated European framework and in close dialogue with social partners.** Targeted support measures should also be taken to protect the most vulnerable, including labour migrants, the homeless, and those exposed to domestic violence by creating new 'safe havens' where they can obtain shelter and support in case of need. National support measures must be effectively supported by all available European instruments, in particular the European Social Fund, InvestEU, the European Globalisation Adjustment Fund and the EU Solidarity Fund, and should be able to benefit from an immediate creation of Eurobonds. For all those without other sufficient sources of income, a **temporary European minimum income scheme** should be set up urgently.
6. **Develop a more coordinated approach based on solidarity between Member States regarding internal border closures and restrictions.** This should include clear information on measures adopted (such as green lanes) to protect supply chains, and must allow for travel of core-workers, people returning to their homes and freight. It should also be based on Member States following EU rules: internal border controls must be transparent, justified, proportionate, specific to types of transport and non-discriminatory.

7. All EU institutions to **acknowledge that the present internal border controls are drastic, temporary measures adopted to slow the spread of COVID-19.** The measures should be withdrawn as soon as the situation allows (based on up-to-date scientific advice on the spread of the virus).
8. **Continuous supply and distribution of essential goods and vital medical and protective equipment within the Single Market**, combating the sale of fake products online which allegedly prevent or cure the new virus, protecting consumers and ensuring their rights especially in the frame of the Unfair Commercial Practices Directive and the Passengers' Rights Regulations.
9. **Full flexibility to be provided by the State Aid framework**, including the activation of Art.107(3) to "remedy serious disturbance", and implementation of the Commission's proposed new Temporary Framework, as long as necessary during the recovery phase.
10. **Reliable food supplies from agriculture, fisheries and food business to be ensured during and beyond the immediate health crisis**, safeguarding their continued production and barrier-free transport across the Single Market.
11. **Preventive measures for those refugees who are in the hotspots and detention centres** and do not have access to healthcare. These people are particularly exposed and at risk. We should call for the evacuation of the islands and border areas, starting with the most vulnerable (that is, those over 60 years of age, persons with pre-existing conditions, minors).

Immediate actions and initiatives are also needed in our European neighbourhood and globally:

1. The Commission and the Member States should **associate all the Western Balkan countries to the EU platforms and mechanisms** working towards COVID-19 response coordination, and mitigation of the socio-economic consequences of the outbreak in Europe.
2. The EU should put its weight behind an **emergency meeting of the UN Security Council**, as the number of multilateral contacts or exchanges at global level on the COVID-19 crisis have been limited so far (only a G7 video-conference has taken place).
3. **Europe must show international solidarity with the most vulnerable in the world and step up its aid for the WHO and UNHCR.** A new coronavirus disease (COVID-19) Solidarity Response Fund has been launched by the WHO. We welcome the mobilisation of 25€ mn from the European Development Fund to be channelled through the WHO.
4. **Export restrictions must not, under any circumstances, turn into de facto export bans.** Even in these difficult times, we have to live up to the responsibility

we have towards the many vulnerable countries relying on the EU. **Export control measures should be constantly monitored** to ensure they do not stifle domestic production or disrupt GVCs which could hamper cross-border production. And as production increases, we can continue to mobilise resources where they are needed – anywhere in the world.

5. While EU countries are applying social distancing, **migrants and refugees close to the EU borders** are still confined in overcrowded detention centres in many countries. As the EU borders are closed, we should quickly assess the statute of these migrants and refugees. We must ensure that the most vulnerable among them are evacuated from the camps and detention centres, either by being relocated to other EU countries or to the Greek mainland or - should this preferred option not be possible - by moving them to hotels or other private alternative accommodations to limit the spread of the virus.
6. Concerning Iran, the EU and the EU members in the International Monetary Fund should **support a grant of the 5\$ bn emergency loan Iran requested** for fighting the virus.
7. The Commission must continue to **closely monitor the disinformation campaigns targeting the EU and its Member States taking advantage of the COVID-19 crisis**. Furthermore, the EU and its Member States should step up their cooperation in countering cyberattacks.

At the same time as they are fighting the health crisis and its immediate aftermath, European institutions and national governments need to think ahead and start already now to take the necessary actions to consolidate the economic and social recovery and to change course towards a sustainable and resilient society, by taking the following additional actions:

1. **Sufficiently abundant and fully coordinated long-term funding of European research in health**, including in virology and epidemiology to build up our preparedness and resilience in fighting possible future pandemics, as changes in infectious disease transmission patterns are notably a likely major consequence of climate change². A part of EU funding dedicated to the World Health Organisation shall serve the purpose of establishing reviewed global standards for food safety and banning food products likely to cause viral transmission from animal hosts to humans from the food market. All governments shall comply with safety standards and related restrictions.
2. **A comprehensive European social recovery strategy at EU and national levels in close dialogue with social partners, safeguarding workers' rights and ensuring well-being for all**, including an Unemployment Reinsurance Benefit Scheme; a temporary European Employment Guarantee to address potentially massive unemployment depending on the speed of recovery; a

² <https://www.who.int/globalchange/climate/summary/en/index5.html>

comprehensive Anti-Poverty Strategy; strengthened social security systems; adequate funding for more effective and more resilient national healthcare systems; building more resilient educational systems; measures to protect people's housing; measures to eliminate the digital divide; as well as an updated European Semester plan framing a socially robust economic recovery starting this year. This European social recovery strategy must be gender mainstreamed to ensure that women are not more exposed to the negative impacts of the crisis than men.

3. **Complement the immediate ECB and ESM action by the rapid creation of a European Treasury, empowered to issue Eurobonds on a stable and long-term basis.** This is needed to support the continuing efforts of Member States to solidify and stabilise the economic and social recovery, and provide the necessary financial clout to pursue EU's long-term sustainable development and the European Green Deal despite the crisis and its aftermath. Liquidities granted to the banking sector and to larger companies should be framed to ensure that they translate into sustainable investments into the real economy as much as possible.
4. **Reform the European fiscal rules**, for when their temporary derogation will end, to enforce their counter-cyclical capacity and to turn them into an incentive for the significant public investment needs arising from the European Green Deal.
5. **Sufficient EU budget resources through an ambitious Multi-Annual Financial Framework for 2021-2027** within the radically new economic and social context for the EU, to contribute to the financing of a strong response to the current crisis, as well as a very ambitious European Green Deal which can create millions of jobs, building on the European Parliament's position.
6. **Revised and extended European Own Resources** (art. 311 of the Treaty) in order to reduce GNI contributions by Member States and increase the amount of fresh revenues, necessary to implement the new European policy agenda and priorities.
7. **A new Annual Sustainable Growth Survey to reframe the on-going European Semester in a fundamentally changed economic and social context** since its launch in November 2019, which has made the existing policy analysis and recommendations obsolete. The short and longer term injection of massive amounts of public money from a combination of public sources and through different channels must be coherent with the EU's goal of developing a Sustainable Europe, as framed in the European Green Deal, and should be used as a leverage for an acceleration of the transition and of the achievement of the United Nations Sustainable Development Goals. The European Semester should now be used more than ever by the European Commission as an essential governance process to achieve this.

8. **A new European Industrial Policy to make Europe's industry not only more competitive but also more resilient to global shocks** which cause disruptions in global value and production chains by supporting the re-integration of chains inside the EU wherever possible, and as a priority for strategic sectors. This should also lead to increased European production of medicines and pharmaceutical ingredients, medical devices, equipment and materials. Public participation or even the nationalisation of system-relevant and strategic corporations needs to be a final option if industrial groups and corporations in those sectors cannot survive the crisis otherwise.
9. **A robust and sufficiently financed cohesion policy** with continued focus on economic, social and territorial cohesion, as a vital tool to support a sustainable economic and social recovery across the whole EU with the precondition of full respect of the rule of law and democratic principles. This should be accompanied by the simplification of the procedures to access funds so that money reaches its beneficiaries more quickly.
10. **A revision of the rules of the Schengen Border Code**; explicitly to cover this kind of public health emergency and to provide greater clarity on coordination measures at EU level and among Member States.
11. **Reiterate that this temporary crisis is not a threat to the continuing and long-term success of Schengen**, which represents not only one of the greatest achievements of the EU, but also one of the greatest expansions of personal freedom across the continent.
12. **Build up Europe's transformative resilience** for the future by learning all the lessons from the current crisis in terms of insufficient emergency planning and emergency response capacities in the health, economic and social fields, and by ensuring that our social, ecological and economic sustainability becomes fully integrated into our economies and in strong democratic systems of governance. We need our societies to bounce forward out of this crisis, not bounce backwards. This would provide a solid foundation to high resilience for any future shocks, including those to be expected from climate change. **The European Commission should provide a proposal for a broad-based and ambitious European transformative resilience strategy to the Parliament and the Council in the near future.**
13. The EU institutions have to collectively **ensure that the transition towards a sustainable Europe is placed at the heart of the immediate economic and social responses to the crisis, as well as of the ensuing recovery strategy.** The best future answer to the current crisis, and to the risk of future crises of all sorts, is Europe's agenda of transition, and its European Green Deal.

EU external action also needs to reflect the aftermath of the pandemic once it will be under control. A number actions will become necessary then:

- 1. Post-crisis resilience in Europe also needs to be fostered globally.** A coordinated and holistic response towards developing countries, **especially in Africa**, should be a priority for the EU, its Member States, and their international partners. Knowing that sustainable development in inclusive and just societies is the best recipe to create resilient societies in the face of adversity, the EU should take the current crisis as a reminder how urgently we need to work towards radical global change in line with the United Nations Agenda 2030.
- 2. The EU must support empowerment to strengthen public goods, medical research centres, general health care systems, and basic education to create strong and resilient societies in our neighbourhood, especially on our African partner continent.** Given existing weak infrastructure and fragile health care systems, combined with the lack of access to medicines, the pandemic could have tremendous repercussions on developing countries whose populations are already amongst the most vulnerable to the impacts of humanitarian disasters. Many of those countries are already hosting large numbers of migrants and refugees, running from previous natural or man-made disasters. Their situation will be aggravated by the pandemic due the overcrowding and lack of hygiene in the refugee camps. In addition, the slow economic growth in many of those countries could be further hampered by the spread of the pandemic. Because of this reality, strengthening preparedness, providing humanitarian aid and implementing long term development programs are of a great importance as they are complementary.
- 3. The European Development Fund (EDF) will need to be mobilised**, among others, to train, equip, and strengthen the diagnostic capacities of hospital laboratories close to infectious disease and set up quarantine rooms for suspected cases at airports and hospitals, or to trace contacts of confirmed cases, as recommended by WHO; reinforce national public health capabilities and infrastructures, and set up crisis management plans in each African country.
- 4. Iran is one of the countries worst hit by the pandemics and the EU should deploy a range of instruments and initiatives to support its fight against the pandemic.** The INSTEX (special trade mechanism to enable legitimate trade with Iran) should be mobilised to process at least trade in pharmaceuticals and medical devices; the EU and Member States should collectively urge the US government to lift the sanctions that cripple Iran's ability to cope with the pandemic, and the EU should use this opportunity to work on regional solutions for the Gulf challenges, to which the EU's High Representative committed to - the EEAS and the Commission could facilitate a meeting on expert/medical level, if needed by videoconference, to bring together Iran, Iraq and their Gulf

neighbours. The Eu should also ask for Iran to immediately release all remaining political prisoners, now highly vulnerable to the spread of the virus.

- 5. The EU must closely monitor the extent to which measures taken by governments around the world to fight the pandemic, such as a state of emergency, are being abused in order to silence opposition and dissent.**

B. Our detailed action plan

We have to put all our efforts to develop effective treatments and vaccine and overpass this health crisis. This must be the first common aim: to **provide strong and coordinated public support across Europe and internationally to the medical and health profession and to researchers in the public and private spheres so that they can win this fight as fast as possible**. Beyond measures to support a coordinated answer to the current situation, and in view of the possible resurgence of the coronavirus or the occurrence of future pandemics, the EU must support fundamental research related to public health threats and emergencies much more than it did in the past and definitely in a more sustainable way. We stress the need for open access and sharing of data between European researchers. For this purpose, we need strong health data structures based on the development of harmonised health data standards. These should allow for a gender-segregated collection and reporting of data on infectious diseases and epidemics, as well as easier sharing between Member States. It must serve not only to tackle more accurately the ongoing pandemic, but also to design better public policies in the future. Data gender segregation plays a key role here, as infectious diseases often have asymmetrical impacts on men and women.

This means using all the public health tools available to us at European level, building **EU reserves** of material including face masks, ventilators, test kits and laboratory supplies, other medical equipment and materials, as well as future treatments and vaccines. We need to be able to prevent and face with a supportive approach any shortage of medical supplies across the EU that might potentially occur because of supply disruption or temporary lockdown of manufacturing sites. Reserves and their distribution need to be established rapidly and the funding should be increased according to future needs. **Joint procurement** of these supplies is also underway between the Member States. This process needs to be speeded up and strengthened in the future, as this is how Member States should purchase the vaccine once it is available, to avoid price speculation and allow equal access throughout the EU.

As an immediate measure, we are urging to **protect** all of our **citizens who are exposed to a higher risk** of catching the virus due to the nature of their jobs. Medical staff, drivers, shop assistants, caretakers as well as any other professional group who are maintaining the functioning of the public life and of essential activities need to be safeguarded from additional harm, for example, through personal protective equipment. In this context, it is vital to ensure the ongoing application of workers' rights in the transport sector. Drivers have to have access to essential hygienic facilities and food along the road. Furthermore, while a relaxation of the driving and rest time rules might be justified within reason, it is not acceptable that different rules are applied in all member states.

We need to support and strengthen our public health agencies and partnerships for health, the **European Centre for Disease Prevention and Control (ECDC)**, the **European Medicines Agency (EMA)**, the **Innovative Medicines Initiative (IMI)**, as well as the **European Food Safety Agency (EFSA)**. ECDC is working around the clock to monitor and coordinate the response to the crisis, while EMA is responsible for assessment and approval of treatments and vaccines. The ECDC urgently needs extra staff, reversing the cuts of recent years, and should see its disease surveillance capacity reinforced. This implies increasing its geographical and epidemiological scope. The ECDC activity should be amplified in order to turn ECDC into a global health reference centre, able to compete with both the American and the Chinese CDCs and independently assess global health threats. A powerful and secure digital system should also be implemented in all Member States that will allow the ECDC to receive a real-time report of communicable diseases surveillance across the Union, allowing for the understanding of the real scenario and acting accordingly. The EMA should be supported to use all available tools for rapid approval of a safe and effective COVID-19 vaccine, and Member States need to share all information about the experimental use of anti-viral or other medicines with EMA to ensure we make scientific progress together. EFSA is responsible to ensure a high level of food safety working on the scientific evidence that foodstuff is not affected by the virus and needs to keep high attention on food safety in order to avoid misleading information to consumers. It should constantly monitor the evolution of possible negative effects on food and create an official communication channel to inform European institutions and citizens. There is also a need for stronger European cooperation against online commerce of fake or non-authorised medicines against COVID-9 that expose citizens to health risks.

Europe's workers also deserve a **stronger occupational health and safety health** approach by the EU. A healthy and safe workplace is vital in order to combat the risk of being infected and for spreading viruses and other diseases. Employers need to take responsibility of the health and safety of their workers and provide them and their representatives with adequate information, make risk assessments and take prevention measures in order to protect the workers. No worker, regardless of the contract type, place of employment or employer size, should be put at risk. To achieve a more sustainable system in future, efforts to ensure better health and safety protection for workers needs to intensify. The European Commission should, without delay, present a new EU strategy on Health and Safety at Work, including a zero vision on fatal accidents and work-related cancer, but also measures to protect workers at the frontline from virus outbreaks.

European research has a huge role to play, and reciprocity in international research cooperation will lead to the best result. Already we have researchers in Berlin to thank for developing an effective laboratory detection of the virus in January and thanks to up to 80 million euro of support offered by the European Commission tother with the EIB a biopharmaceutical company has already started its COVID-19 vaccine development programme, with clinical testing expected to be launched by June of this year. The EU has already dedicated 47.5 million euro from the Horizon Programme and 45 million euro through the Innovative Medicines Initiative in research funding for COVID-19. This could reach up to 90 million euro. This needs to be continuously assessed and increased if necessary, as additional EU financing for COVID-19 relevant innovation will probably need to increase further in coming months. In order to frame and support all efforts in a fully coordinated and synergetic way, a **European Research Consortium on a COVID-19 vaccine** should rapidly be set up through a public-private partnership to bring together national research centres, the European Joint Research Centre, experts, and companies in the field of pharmaceutical biotechnology, including start-ups. This new challenge should be soundly financed. It is essential to ensure an ambitious budget support for the

European Horizon programme and explore the possibility to have a **dedicated and temporary mission under Horizon Europe on the prevention and treatment of the virus.**

The continuous supply of essential goods and vital medical and protective equipment within the Single Market is also key to addressing the crisis. Unilateral action by Member States goes against the spirit of solidarity that all Member States should have at these times and unjustified restrictions could jeopardise the supply and distribution of goods, including critical supplies necessary in the medical fields, food, and essential consumer goods. The European response is essential for an effective organisation of the overall market in the supply of critical products and it should ensure that protective equipment and medicines are available where and when they are most needed. Unilateral decisions, be it in the field of medical products, devices, personal equipment or in other areas, such as food and consumer goods must be strongly discouraged. More cooperation is necessary between Consumer Protection Authorities to combat sales of fake products by using false health claims. In this sensitive time, consumers are especially vulnerable to misleading advertising and online fraud. Better coordination between EU consumer authorities and online platforms is essential to combat online fraud quickly. The outbreak of COVID-19 has caused transport cancellations. We welcome the Commission's guidance on the EU Passengers' Rights rules and urge transport operators and national authorities to effectively inform consumers about their rights.

Reliable food supplies must continue during and beyond the immediate health crisis, so it is essential that agricultural and food chain businesses are able to access easily the assistance which the Commission now intends to direct towards SMEs to help them deal with the COVID-19 public health crisis. If the survival of farms and food businesses is jeopardised at this sensitive time, then gaps may emerge in food supply chains, which would impact on how effectively food reaches consumers in the coming months and years. Fresh food items are particularly sensitive, but also the entire chain which ensures that supplies of other types of food are in good condition and affordable when they reach the consumer after packaging, processing and distribution. It is crucial to safeguard against any disruption of the Single Market in the food supply chain. The fisheries sector is also essential in ensuring EU's food supplies. It is also linked with a wide network of small and medium enterprises and a large number of workers in this sector are affected from the crisis, and must be supported in order to ensure social protection and avoid disruptions. The health and protection of all the workers in the food supply chain should be guaranteed at all times, to avoid any disruption in the chain. Another sensitive point for the food sector is to ensure borders remain open for transport of foodstuffs and animal feed, and to address wider logistical problems. In this context, food stockpiles are the best way to avoid panic and unilateral reactions from major exporting countries. Currently half of carryout stocks of cereals are in China which is the last resort storer for the rest of the world. Reshaping WTO rules in this respect should be a priority for the EU because climate change increases yield variability and because restrictions on food security stockpiles are still the main deadlock in Doha trade round negotiations.

The **shock to the Schengen Area of free movement** was initially considerable. However, we support the Council's Conclusions on borders - and the Commission's proposals - as steps in the right direction - providing more European-level steering and coordination of measures related to border control. We continue to call on the Commission to show greater leadership in the coordination of measures between Member States and Schengen countries.

There is still a need for more coordination and solidarity between Member States on internal border restrictions, in particular between neighbouring Member States, and including clear information on measures adopted (such as the green lanes) to protect supply chains, and allow for travel of core workers, people returning home, and freight. The Member States must follow EU rules: internal border controls must be transparent, justified, proportionate, specific to types of transport and non-discriminatory.

Internal border control measures must be monitored by both the Commission and the Member States. They should be lifted as soon as they are no longer needed. We call on all relevant EU institutions and bodies to acknowledge that **these are drastic, temporary measures adopted to slow the spread of COVID-19. The measures should be withdrawn as soon as the situation allows.**

We must get back to a functioning Schengen area with free movement in the medium to long term. In the longer term, **we need a significant update of the rules on Schengen**; to explicitly cover this kind of public health emergency and provide greater clarity on coordination measures;

For Schengen, this is a temporary crisis and not a threat to the continuing and long-term success of the Schengen project, which represents not only one of the greatest achievements of the EU, but also one of the greatest expansions of personal freedom across the continent.

The **transport and tourism sectors** are both severely affected by the consequences of the COVID-19 outbreak, with many restrictions and even closures of airports, cancellation of flights, trains and ships. The economic impact is unprecedented and will be severe. The EU and its member states must take action to ensure the health and safety of transport workers and that transport companies can survive the crisis. The Union and governments should also ensure sick pay for all and support collective bargaining solutions for short-time working arrangements in order to avoid massive lay-offs in these sectors.

The Commission must be firm with member states who are closing borders inside the EU, to the European citizen and goods. Such measures dismantle the idea of EU citizenship and the internal market, risking lack of goods in our countries. There is a need of a resolute EU coordinated response in order to secure the continuity of essential freight and passenger transport in the EU.

In addition, **we also need to limit to the utmost the immediate and the longer term economic and social impact of this crisis.** We need strong action now, at the same time, as laying the ground for a more sustainable and resilient economic and social system in future.

In order to respond to the most urgent needs, the European Commission has already made several important proposals, including the mobilisation of unused funds in Cohesion Policy and the temporary derogation concerning fiscal rules, and Member States have taken different initiatives to address the health crisis and the mounting economic and social crisis, but in a largely uncoordinated and still insufficient manner. The European Central Bank has announced a €750 billion Pandemic Emergency Purchase Programme (PEPP), which is a critically important policy decision. However, the Eurogroup has until now failed to define a common coordinated macroeconomic policy approach as part of a coherent economic and social plan to address immediate challenges as well as to lay the

ground for a rapid and solid economic and social recovery embedded in social cohesion and sustainability.

As the pandemic widens and continues, worst-case economic and social scenarios are not unrealistic. European countries will be severely hit this year, especially the more exposed, as will the global economy. Economic contractions could reach unprecedented levels based on latest projections of between 20-40 percent of GDP this year, which may lead to new mass unemployment in the millions and thousands of company closures if economic and social policies are not effective.

The economic contraction can be significantly damage-controlled in economic, employment and social terms, if in the immediate time frame strong support measures are taken by the EU and its governments. These could include back-up guarantees for corporations, direct financing/cash flow support, especially for SMEs and for self-employed, and income support in various forms for all types of workers who are part-time or in technical unemployment, including those in precarious forms of work. Several governments have already launched such support measures which should be rapidly widespread within a coordinated European framework, and combined with strong support from European instruments, in particular the European Social Fund, the European Globalisation Adjustment Fund and the European Regional Development Fund. These funds now need to be strengthened with additional significant funding, in order to make sure that they are available to all European workers. Social support measures should also target the most vulnerable, such as labour migrants and homeless, to provide additional 'safe havens' providing shelter, as well as additionally support and protect those exposed to domestic violence which is set to increase in a confinement situation. For all those with no other sufficient source of income during this time, **a temporary European minimum income scheme should be urgently set up.** A shock announcement of a one-off significant transfer to low income/at risk of poverty families, to be made until the summer 2020, could also provide new confidence to businesses to maintain jobs and recover production swiftly, particularly in critical sectors most affected in the short-term, like tourism and transports. Some countries already pointed out they will adopt such measures, such as in Hong-Kong, Australia and the US.

The **European Investment Bank** continues to play an important role by providing bank guarantees to SMEs and we should continue further work and cooperation to make further funds available, backed by the EU budget, enhance the flexibility of financial instruments and accelerate the implementation of the InvestEU instrument. The EIB could also have a credit facility line directed at companies.

Reskilling and upskilling will be a key ingredient in order to adapt the labour markets during the times of the COVID-19 crisis, but also to make sure that Europe emerge from more competitive from the crisis. Member States should build up or strengthen job transition support systems, with support from the European Social Fund. One example of such a system is the Swedish Job Transition Funds, based on collective agreements between national social partners. The purpose of such mechanisms is to create ways back to employment, preventing redundancies leading to prolonged unemployment, but also opening pathways to new jobs and various processes of job-creation.

The economic and social responses to the crisis will inevitably generate significant increases in public debt and deficits, in hundreds of billions of euros. The Commission signaled last week that it will suspend budgetary rules for the time being. This is to be welcomed. However, the rise in public debt will, without accompanying measures,

inevitably increase interest-rate differences (spreads) on public bonds between Eurozone countries. This could once more threaten the Eurozone as it did during the last crisis, and further increase economic and social divergences between Member States.

This must be avoided, in order to show solidarity between Member States and between European citizens at such a dramatic time, and to ensure that the economic recovery will be fast and solid for everyone. Our national economies are intimately linked through the internal market and for most member states through a common currency, the euro. Therefore, increased divergences are in no one's interest. The EU and the Eurozone already have very effective ways to limit the impact of rising public debt on spreads and, therefore, on divergences between national economies: **the European Central Bank and the European Stability Mechanism**. By using both in a coordinated and complementary way, it will be possible to keep public bond interest rates of different member states close to each other. This should be the **immediate response** to the economic and social crisis that is unfolding. We call upon the ECB to support this policy and we welcome the Pandemic Emergency Purchase Programme (PEPP) amounting to 750€ bn as a way to safeguard the transmissions channels of monetary policy and ease funding conditions for governments and firms. However, we also urge the ECB to stand ready to increase the benchmark allocation for the purchase of national public bonds, if needed. The ECB must continue to keep sovereign bond interest rates low (with sovereign bond purchases where needed), ensure liquidity in the banking system (low interest rates for bank financing) and support corporates (by private asset purchases).

At the same time, systems must be put in place to avoid that this monetary injection feeds speculation, as has been to a large extent the case with the 2,600€ bn created by the ECB since 2015. The 750€ bn of the PEPP and the 240€ bn announced since November 2019 should be, as much as possible, oriented towards rebuilding the economy and towards building the zero carbon economy of tomorrow in line with the European Green Deal. These funds should be channeled towards that goal in a way that would provide at least 300€ bn of zero interest loans for Green Deal related investments every year, starting in 2021, either through a real European Climate Bank linked to the EIB, or through other mechanisms like the ESM.

However, a monetary response by the European Central Bank alone will not be enough. We call for a powerful and immediate macroeconomic stabilisation through the coordinated and combined launch of a European-wide fiscal stimulus package, the activation of the European Stability Mechanism and the creation of Eurobonds, backed up by a purchase programme of the ECB. This urgent response must be complemented in a second phase by a sufficiently funded European budget within the next Multi-Annual Financial Framework for 2021-2027, including new Own Resources, and by the creation of a European Treasury to develop the issuance of Eurobonds as a standard and stable new macroeconomic policy tool to adequately finance the European Green Deal and a Just Transition.

While the Eurogroup, at its meeting on 16th of March, failed to activate the European Stability Mechanism (ESM), **the European Council must now open the way for the use of the ESM's overall lending capacity**. For the sake of efficiency, any activation of the ESM aiming at addressing a symmetric economic shock should be done without any other conditionality than focusing on the COVID-19 economic impacts. The ESM intervention would help Member States to ease the burden on their own budget, ensure financial assistance for all citizens who lost income as a result of the crisis in a

coordinated manner, and maintain consumer and investment levels. The ESM could notably be used to finance a common investment instrument through bond issues. The European Investment Bank can also play a role in this regard.

We support the European Commission and Member States in **applying full flexibility provided by the State Aid framework**, including the activation of Art. 107(3) to “remedy serious disturbance”, and we welcome the Commission’s proposed **new Temporary Framework** which would enable four types of aid 1) direct grants and selective tax advantages; 2) State guarantees for loans taken by companies from banks (however, not in cases where companies have purchased so called buy-backs in order to increase share holder value); 3) subsidised public loans to companies; and 4) safeguards for banks that channel support to the real economy. It is important, when applying state aid in the current situation, to design aid granted in a *socially, ecologically and economically* sound and responsible manner. For instance, aid should not be granted to companies which were already financially unhealthy, and companies that are provided with state aid support should maintain their long-term contribution to sustainable development goals for social, economic and environmental well-being and for the fight against climate change. In particular, companies should have to demonstrate their improvement of Key Performance Indicators on social and environmental matters (including a reduction of their carbon footprint in line with the Green Deal 2030 and 2050 reduction targets), as well as sustainable development and human rights due diligence, including in their global supply chains, in order to benefit from public support. For instance, since airlines companies will benefit from public support based on public budgets, they should in the future, after the peak of the crisis, have to contribute more to public budgets through a tax on kerosene.

Ultimately, with businesses and private budgets under pressure, access to financial credit will also be crucial for the endurance of our economic system. For this reason, the European Banking Authority should temporarily freeze the guidelines on the application of default to allow banks to sustain the real economy.

The EU should protect **social cohesion** right now by supporting and coordinating national policies aimed at protecting workers and vulnerable people. The current crisis also calls for a **comprehensive social recovery strategy**:

- The **European Unemployment Reinsurance Scheme**, which is overdue as a collective instrument for macroeconomic coordination in case of shocks, should be urgently created and endowed with adequate resources. This scheme will have to provide a euro-area common macroeconomic stabilisation and investment support that would allow the European Union to better deal with shocks such as COVID-19 that cannot be managed at the national level alone. This is a major commitment of the new European Commission and a proposal needs to be provided within months. It should include a **temporary European Employment Guarantee** inspired by the existing Youth Employment Initiative and Guarantee, combined a support scheme to complement the European Social Fund in addressing significant needs in training, re- and up-skilling programmes when major shocks occur, such as this one.
- A broad **European Anti-Poverty Strategy** should be developed as soon as possible this year, including a European Child Guarantee, a European-wide programme to end homelessness, a European minimum income scheme, a loan guarantee for first home owners to prevent a mortgage default, a scheme to protect tenants from eviction in case

of an economic shock or crisis, and more resources to be provided for the ESF+ and EGAF.

- In terms of **securing food supplies for all**, many schemes to ensure the most deprived are able to access food are operated at national level or through NGOs/foodbanks, but they are being disrupted by the COVID-19 crisis. Also, as schools now close, the implementation of the European school milk, fruit and vegetable schemes will be disrupted in the coming weeks, also affecting children's access to fresh food, which the European Commission should closely monitor together with national and regional authorities in charge. Where necessary, European and national public action must be taken to ensure that vulnerable social groups and children continue to have adequate access to food during and beyond the whole crisis.
- **Social security systems must be strengthened to provide accessible and affordable social protection for everybody in need**, and the **rights of all workers** including self-employed and persons in non-standard forms of employment must be guaranteed. Strong social dialogue should be ensured at all levels, to deal with the health crisis and its aftermath. Social protection and workers' rights should be upheld and maintained through the economic recovery. In this respect, the European Semester should carefully monitor developments at national level and should ensure that national governments uphold social protection and rights, which will be essential in mitigating the effects in the future.
- **Member States must urgently allocate more resources to their healthcare systems**, now and for the future. COVID-19 has highlighted how dangerously limited is the capacity of our healthcare systems. All European healthcare systems should be well-funded, of high-quality and equally accessible to all, including socially excluded groups. We will continue our S&D campaigns for health justice and access to medicines, and for more action and coordination of health policy at EU level. Moreover, the crisis shows the limits of current EU health policy, as well as the limits of emergency mechanisms such as the Civil Protection Mechanism. We need to strengthen these policies in future.
- **Educational systems should be supported in the current crisis and should be made more resilient to future crises**. This should include the development of online or media platforms that allow home education in such situations. These instruments should be accessible to all children, in line with the European Child Guarantee, irrespective of their social situation. Assistance should be made available to parents, while educational institutions are closed, for instance through paid special leave or other mechanisms.
- **More investments should be channelled into eliminating the digital divide**. The current crisis reveals the importance of meeting the target of fast broadband (over 30 Mbps) accessible to all Europeans and of as many households as possible (at least 50 percent) with access to ultra-fast broadband (over 100 Mbps). Adequate and affordable Internet access for all to ensure teleworking, online learning and schooling, and online social and cultural life has become essential in the midst of the pandemic and in confinement situations, and should be developed as rapidly as possible, not least in rural areas, which are at a disadvantage. This will also make our European society and economy more resilient in future.

- **The European Semester should frame the social recovery strategy and guide its implementation during the current semester process.** The Annual Sustainable Growth Strategy published in November 2019 and the country reports should be updated and revised rapidly, and the forthcoming country-specific recommendations should contain strong social chapters to define and pilot a socially robust and sustainable economic recovery.

Beyond the crisis, Member States will have built up significantly higher public debt and some of them will be faced with public deficit levels well beyond 3% of GDP, the question will be how to redress this situation. While acknowledging that sound public finances is crucial in avoiding austerity policies and working counter cyclically to deal with the crisis, the last crisis has shown that austerity is not the answer. If adopted again it would prolong the recession unnecessarily, leading to persistent unemployment and poverty and potentially halting during 2021 the economic recovery that we hope will begin during the second half of 2020, as the health crisis gradually recedes.

Consequently, the immediate response through ECB and ESM action should be complemented by the **swift creation of a European Treasury, empowered to start issuing Eurobonds as soon as possible.** This would support the continuing efforts by member states to solidify and stabilise the economic recovery, and it would provide the necessary financial clout to re-launch the EU's long-term sustainable development and Green Deal agenda.

Furthermore, the *de facto* suspension of **European fiscal rules**, necessary to allow Member States to take strong action against the developing economic crisis, should be followed by a long **overdue reform of these rules.** In particular, this reform should enforce their counter-cyclical capacity and their adequacy in relation to the significant public investment needs required from the implementation of the European Green Deal.

In order to fight pan-European challenges on a long-term basis, it is clear that we also need a **strong and effective 2021-2027 Multi-Annual Financial Framework (MFF) in line with the European Parliament's position**, that aligns the European budget with the actual political agenda. The current crisis creates a fundamentally new and challenging situation, which will also require a much stronger mobilisation of EU instruments and policies. However, this will not be possible without adequate funding in the years to come. A timely agreement on a good MFF deal is crucial and should be reached as soon as possible. However, the COVID-19 outbreak overshadows the MFF-related debate and risks instead to further delay the European Council in reaching its conclusions; therefore a safety net in the form of a MFF contingency plan for the protection of the beneficiaries of EU Programmes must be prepared by the European Commission, as requested by the Parliament to be in place on January 1st 2021. Furthermore, we call on the Commission to revise its 2021-2027 MFF proposal. The challenges that arise from pandemics and their social and economic consequences must be given due consideration in the next MFF.

Beyond the macroeconomic dimension of the pandemic, the current crisis also makes a strong case for **Europe's new industrial strategy.** The pandemic poses fundamental questions about the prevailing globalised economic model, and its global value chains. **There is a clear case for a relocation and reintegration of industrial processes inside the EU, especially strategic ones, which a new industrial strategy should actively favour across the whole of Europe's territories.** This should, in particular, help regions in transition to convert towards clean industrial processes of the future. Such strategy should also match the policy goals of the European Green Deal. The new Just Transition

Fund should be mobilised in this regard, and its scope should allow to support the development of industrial activity in medical products and equipment. The option of public participation or even nationalisation of system relevant and strategic sectors should not be ruled out. The crisis has also highlighted the critical importance of the **new Pharmaceutical Strategy** and the need to increase European production of medicines and pharmaceutical ingredients, given the global shortages caused by so many pharmaceutical supply chains being wholly dependent on production in China or India.

The crisis also reveals how dependent our economic, social and political systems are on our **online capacity and IT networks**, which need to be urgently reinforced and secured to support the challenge of this crisis and of future crises to come.

In the short run, Cohesion Policy will be mobilised via the newly proposed Coronavirus Response Investment Initiative with a volume of 37 billion Euro out of existing programmes. In this respect, the use of the full portfolio of funding options under the EU budget to support Member States with maximum flexibility (including in relation with sub-national allocation) and minimum additional administrative work is essential. The COVID-19 pandemic underlines the **need for a robust regional policy** with its continued focus on economic, social and territorial cohesion, as well as the need to safeguard food production, distribution and supply.

New challenges will require adequate fresh financial means in the context of the upcoming MFF 2021-2027, as Cohesion Policy, in particular, will, in the aftermath of COVID-19, be a core policy in healing the wounds of the current crisis and re-building Europe's economy in a sustainable manner across all of its territories, so that no one and no region is left behind. In this sense, it is important to underline the Cohesion Policy objective on spending at least 30% on circular economy and climate change mitigation and adaptation. This spending percentage is more pressing than ever before to reach the progressive goal of a sustainable society and a climate neutral Europe in line with the European Green Deal, the Paris Agreement on Climate and the United Nations Sustainable Development Goals. Furthermore, the current structure needs to be transformed into a more simplified and advantageous tool for medium- and small-sized enterprises, the social economy, and researchers. It actively hampers their use of these funds as well as its execution. We need to simplify and speed up the procedures to access these funds, for instance by using new technologies, with ensured transparency and accountability, namely in a critical stage such as the one we are living in.

While we fight the battle against the pandemic, we already need to prepare and design the build-up of Europe's transformative resilience for the future by learning all the lessons from the current crisis in terms of insufficient emergency planning and emergency response capacities in the health, economic and social fields, and by ensuring that our social, ecological and economic sustainability becomes fully integrated into our economies, thereby providing a solid foundation to high resilience for any future shocks, including those to be expected from climate change. The European Commission should provide a proposal for a broad-based and ambitious European transformative resilience strategy to the Parliament and the Council in the near future.

Europe needs to recognise as well that its pre-crisis agenda of a sustainable and just transition, led by the European Green Deal, should not be placed aside, while fighting the crisis, or even see its ambitions lowered due to the crisis' consequences on public budgets and overall indebtedness. On the contrary, as we plead for in our action plan, the transition should be placed at the heart of the immediate economic and social responses to the crisis, as well as of the ensuing recovery strategy. The best future answer to the current crisis, and to the risk of future crises of all sorts, is Europe's agenda of transition, and its European Green Deal.

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