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Covid-19: The European Union and the Challenge of Resilience

Eric MAURICE
Ramona BLOJ

With the Covid-19 pandemic, the European Union, like the rest of the world, is going through an unprecedented crisis, whose human, economic and political cost we shall only be able to assess after weeks or even months. But already, the strict containment imposed on about half of the Union's population and the closure for 30 days of its external borders highlight the difficulties experienced by scientists and politicians. Faced with the seriousness of the situation, as the unprecedented health crisis turns into one of major economic significance, the European Union is trying to deploy the various means at its disposal. However, its ability to act depends to a large extent on the Member States and their willingness to work together.

1. Response time

A sudden crisis

Coronavirus 2019 (Covid-19), caused by the SARS-CoV-2 virus, originated in China and broke out in Europe on January 25. On February 25, one month after the first case, the European Centre for Disease Prevention and Control (ECDC) reported 275 cases. On March 16, one month after the first death, more than 51,000 cases were reported, with the death toll exceeding 2,300 and all EU Member States affected. The European Union and its Member States therefore faced a sudden crisis, potentially putting the lives of millions of people at risk. The first large-scale measures were taken in Italy on February 21, with the confinement of 11 municipalities, then 4 provinces on March 8 and the whole country on March 11. Spain declared a state of emergency and confined its population on March 14. France and Belgium applied similar measures in two phases between March 12 & 17. All EU countries now apply restrictions on movement and gatherings.

Multiple response...

At European level, the first initiative was taken on February 1, with the Commission mobilising €10 million for research. On February 24, the Commission announced a €232 million package for research, the WHO, China and partner countries in Africa and the repatriation of Europeans from China.

On March 2, after the threshold of 2,000 cases in Europe had been exceeded, Commission President Ursula von der Leyen set up a "response team" of 5 Commissioners, while the Council triggered the "full activation of the EU's integrated crisis response mechanism" for a political level response in crisis situations (IPCR). Between March 2, which marked the beginning of the mobilisation of the European institutions, and March 17, when the Heads of State and Government validated the Commission's proposals, the European Union deployed a range of tools, primarily focused on the consequences of the pandemic. The Commission made €140 million available for research and €37 billion from the cohesion funds. It has also proposed to suspend the Stability Pact's budgetary rules and has relaxed those governing State aid to support businesses.

On March 12, Christine Lagarde, President of the European Central Bank (ECB) announced measures to facilitate the financing of banks and a €120 billion asset repurchase plan to support economic activity. Faced with the worsening economic crisis and the risk of a lack of liquidity, the ECB decided on March 18 to launch a Pandemic Emergency Purchase Programme (PEPP) of €750 billion until the end of 2020 to acquire government and corporate bonds. The ECB will therefore devote €870 billion, plus €20 billion per month from the purchasing programme relaunched on November 1, 2019 by Christine Lagarde's predecessor, Mario Draghi, to maintaining economic activity in the euro area.

For its part, the European Investment Bank (EIB) has proposed a €40 billion financing plan for European businesses, through bridging loans, the suspension of credit repayments and various measures to deal with liquidity and working capital problems.

... but disparate

All of these measures did not, however, prevent an impression of inaction and confusion, while Europe became the focus of the pandemic with the number of deaths on the continent now exceeding the death toll in China.

National and EU authorities were caught off guard by the sudden acceleration of the pandemic - the number of cases increased by 34,000 % between February 24 and March 17. It took several years for Europeans to respond to the financial crisis, between 2008 and 2012, while the migration crisis of 2015-2016 took just a few months. This time, action required a matter of days to save lives, preserve health systems, support the economy and keep the EU functioning smoothly. Crisis management, often the driving force behind European integration, has this time left little time for progressive measures. *"Two or three weeks ago, probably, in many States and perhaps also in some institutions, we had the impression that we were facing a serious crisis, but without realising that this was so exceptional that it would require totally exceptional responses,"* acknowledged the President of the European Council, Charles Michel[1].

As health is not a Community competence, the Commission was not equipped to take over the management of the pandemic response from the outset. It was all the less equipped because, faced with the emergency, and fearing the overload of health services and the shortage of equipment, the Member States acted in a dispersed manner and sometimes to the detriment of each other.

France and Germany thus decided to block exports of protective equipment which could have helped to contain the epidemic in Italy. Hungary, Slovakia and the Czech Republic were the first countries to

close their borders to other Europeans, accelerating the move towards uncoordinated measures that disrupted the management of the epidemic and the continuity of the economy. As of March 24, 14 countries had restrictions in place at their borders. And despite calls for coordination, the Member States did not agree either on the health measures to be taken or on the pace at which they should be put in place as the epidemic progressed. Differences in scientific and cultural approaches, as well as the various political environments, have resulted in purely national decisions, consistent neither with the need to anticipate the situation in continental and global terms, nor with the reality of an epidemic progressing by regional outbreaks[2].

The way Member States have approached the crisis reflects some of the differences in other areas: Central Europe countries, which are more socially conservative, have been quicker to close borders and impose restrictions on populations early in the epidemic curve; the Netherlands and Sweden, which are more liberal (and less supportive in European budget discussions) have been the last to take action to limit the spread of the virus. In between, countries such as Germany have closed schools and public places and imposed limits on gatherings, but have not (yet) confined their populations. Moreover, precisely because of the unilateral decisions of some Member States, the crisis has shifted from health and public order problems to the questioning of the functioning of the Schengen area and the single market - two of the foundations of Community integration.

The response team set up on March 2 included the Commissioners responsible for crisis management (Janez Lenarcic), health (Stella Kyriakides), home affairs (Ylva Johansson), transport (Adina Valean) and economic affairs (Paolo Gentiloni). Internal Market Commissioner Thierry Breton had to intervene in turn to restore the circulation of materials between Member States. The Commission had to clarify the rules for the movement of people within the Schengen area, create "green lanes" to let essential goods pass through the borders, and insist

1. Charles Michel: "We cannot blame the EU for every single thing" *Le Soir*, 19 March 2020, <https://plus.lesoir.be/288285/article/2020-03-18/charles-michel-sur-le-coronavirus-ne-peut-pas-reprocher-tout-et-son-contraire>

2. Coronavirus at regional level, *Le Grand Continent*, 17 March 2020, <https://legrandcontinent.eu/fr/2020/03/17/le-coronavirus-a-lechelle-pertinente/>

that Poland let Estonian, Latvian and Lithuanian citizens, wishing to return to their country, pass through its territory.

The economic scale of the crisis has also forced Competition Commissioner Margrethe Vestager to relax State aid rules[3]. And it is very likely that Trade Commissioner Phil Hogan will play a role in the efforts needed to keep international trade flowing smoothly, as discussed during a teleconference of G7 leaders[4].

At the junction of all these issues, the Commission has finally begun to coordinate the management of medical equipment. It first launched a joint fast-track procurement procedure to supply Member States with protective equipment, and then made exports of this equipment outside the Union subject to authorisation. On March 19, it finally created a strategic reserve of medical equipment, which has yet to be sufficiently replenished.

The disorganisation of the Member States, the delay in coordination and the lack of equipment in certain regions obscured what was being put in place at European level, while the human toll has been increasing daily. According to a survey published on March 19, only 35% of Italians gave a positive assessment of the role played by "Brussels"[5] - the metonymy once again does not reflect the different responsibilities in this failure.

2. Overcoming the crisis

To overcome the health crisis, the first condition is, of course, to stop the pandemic, through the restrictions and containment measures currently observed, and then by discovering and marketing a vaccine. The "return to normal", without the risk of a resurgence of the epidemic, will therefore be long and will depend on science as well as on collective discipline.

Coordinating the economies

The way out of the economic crisis is more in the hands of European, national and Community

authorities. Coordination of budgetary and fiscal policies is essential, even before the pandemic recedes, to ensure a long-term recovery that does not widen imbalances within the euro area and with countries outside the euro area.

The national plans already adopted, amounting to more than 1% of the Union's GDP, demonstrate strong reactivity on the part of governments. But in the long term, the multiplier effect of national expenditure will be greater if it is part of a collective framework.

For the same reason, tools to support the most vulnerable States should be made available. The decision, taken on March 23, to apply the general derogation clause and to suspend the obligations of the Stability and Growth Pact for expenditure related to Covid-19 is encouraging from this point of view. Recourse to the European Stability Mechanism (ESM), with a budget of € 410 billion (and capable of mobilising up to € 700 billion), should also be envisaged, but without the conditionalities provided for States that have not properly managed their public finances.

The recovery effort will take place in an international environment, that was already tense before the crisis, which is likely to be subject to more protectionism, competition between States and between regional blocs and financing difficulties. The introduction of European treasury bills, hitherto rejected by countries such as Germany, may prove necessary to give the euro area as a whole the means to get back on its feet without leaving any of its members vulnerable to market attacks and the uncertainties of the global economy.

Anticipating crises

The Union will have to go further and start working to anticipate future crises. As soon as possible, the Member States and the institutions must work on "black swan" scenarios, those unpredictable events with incalculable consequences, and prepare emergency plans for epidemiological, technological and climatic emergencies, and in all areas where the stability of the Union and the integrity of its citizens might be threatened.

3. https://ec.europa.eu/commission/presscorner/detail/en/IP_20_496

4. <https://www.elysee.fr/emmanuel-macron/2020/03/16/coronavirus-declaration-des-chefs-dEtat-et-de-gouvernement-du-g7>

5. <https://www.ilfattoquotidiano.it/2020/03/19/coronavirus-fiducia-record-per-conte-e-il-governo-hanno-il-sostegno-di-7-italiani-su-10-tra-i-leader-zaia-piace-piu-di-salvini/5741739/>

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Covid-19 will have demonstrated that no scenario is impossible, and that no crisis can be dealt with solely at national and intergovernmental level. Preparing for the future, planning for the part everyone has to play, from the local to the Community level, by establishing protocols, safeguard plans and collectively managed stocks of resources, goods and equipment, must be a priority.

One of the issues raised by the current crisis will be civil liberties. In Asia as in Europe, and in the United States, the various measures applied have implied a limitation of personal freedoms: confinement in China and Europe, closure of borders in Europe, use of facial recognition in China, monitoring of the movements of infected people in Korea and publication of information by the authorities, monitoring of the movements of foreigners in Taiwan. The states of emergency that are being put in place also sometimes include, as in Hungary, restrictions of freedoms that have nothing to do with the health crisis. At a time when the Union has become the centre of the pandemic, Europeans will need to reflect on how to manage a similar future crisis more quickly and effectively without having to weaken their principles of freedom and protection of personal data.

Developing industrial sovereignty

The pandemic will also have revealed Europe's vulnerabilities, as it is too dependent on the outside world, including for medicines and health equipment. For example, it was found that only France, Germany, Poland and the Czech Republic were able to produce the protective masks that health workers and the population at large lack[6].

Just as Europeans must plan their response to any eventuality, they must define the sectors, goods and equipment that will allow them to deal with any future crisis in an autonomous and sovereign manner and to be able to come to the support of European populations in need. A certain "relocation" of European industry must be sought through a coordinated strategy. The industrial strategy, presented on March 10 by Thierry Breton, provides a solid basis for reflection for European leaders[7],

which they will have to implement in the light of the lessons to be learned from this crisis.

Strengthening the feeling of European belonging

The, as yet, unknown human toll, the various restrictions imposed in each country at different levels, and their economic and social consequences, will have an impact on the psychology and cohesion of European societies. The way in which individuals and communities will have experienced confinement might accentuate social tensions; the pace and nature of economic recovery will require social support at all levels. As the Union embarks on the dual climate and digital transition, a project which involves economic, social and societal upheavals, and which is already causing dissension among Europeans, it will also need to strengthen the sense of belonging to the same community, to create the conditions for coordinated resilience. The willingness to act economically and socially together will be essential.

However, it will also be necessary to take into account the feeling of abandonment felt by certain populations, particularly in Italy, and the impact of the crisis on collective perceptions of Europe. European leaders will have to defend the European idea through concrete projects, in the face of the Eurosceptics who will not fail to hold "Europe" responsible for a crisis that has been difficult to control.

The conference on the future of Europe, which was due to be launched on May 9 next and whose proceedings and aims were still unclear because of competition for control between political and institutional players, could play the role assigned to it by its promoters: to create a major dialogue and a collective European impetus.

A few days before the first case of Covid-19 occurred in the Union, the EU Heads of State and Government separated after 36 hours of discussions without having reached an agreement on the Union's budget

6. Confronted by the coronavirus only four European countries, including France are able to produce face masks in any quantity, L'Usine nouvelle, 16 March 2020, <https://www.usinenouvelle.com/article/face-au-coronavirus-seuls-quatre-pays-europeens-dont-la-france-sont-capables-de-produire-en-nombre-des-masques.N940566>

7. A new new industrial strategy for Europe, COM(2020) 102, https://ec.europa.eu/info/sites/info/files/communication-eu-industrial-strategy-march-2020_fr.pdf

for 2021-2027. As Europe comes to a standstill as a result of the pandemic and the European Council of March 26 is postponed, it is unlikely that the budget negotiations, which are already urgent, will resume any time soon.

When they can look to the future again, European leaders will have plenty of work to do to relaunch a new European project. The draft multi-annual

budget (representing 1.074% of Europe's gross national income) that was on the table in February will not be commensurate to the Union's needs and the expectations of Europe's citizens. Much more needs to be done. Money, but also ambition, solidarity and political determination will be needed to meet the challenge of resilience.

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Date	Number of cases ^[8]	European Decisions
January 28	4	Activation of the Crisis Response Mechanism (ICPR) in "information sharing" mode.
January 31	17	Shipment of 12 tons of protective equipment to China.
February 1	21	10 million € mobilised for research against the virus under the Horizon 2020 programme
February 24	177	Announcement of financial support of €232 million for the WHO, partner countries in Africa and China, vaccine research, and to help Member States repatriate their citizens.
March 2	2 166	Switch to "full activation" of the ICPR mechanism.
March 6	5 544	Mobilisation of a further €37.5 million for research into vaccines, treatments and diagnostics bringing the total to €47.5 million.
March 10	14 890	Removal of the obligation for airlines to use their airport slots and fly empty during the pandemic.
		Mobilisation of €140 million of public and private funds (Horizon 2020 and pharmaceutical industry) to finance research on vaccines, diagnostics and treatments.
		Creation of a €25 billion investment plan to counter the economic effects of the epidemic.
March 12	22 105	The ECB will release €120 billion by the end of the year for asset purchases to support the economy.
March 13	28 297	Announcement of fiscal easing for Member States. Launch of an accelerated joint procurement procedure for essential medical goods.
March 15	39 768	Increase in the investment plan to €37 billion, under the cohesion policy, including €8 billion of unspent structural funds in 2019.
March 16	51 771	Unblocking of access to the Solidarity Fund.
		Restrictions on non-EU exports of personal protective equipment (masks, visors, etc.).
March 17	61 098	Financial support of €80 million to the German company CureVac for vaccine research.
		Mobilisation by the EIB of up to €40 billion in potential financing for European companies affected by the crisis, in the form of bridging loans or suspension of loan repayments.
March 18	70 989	Introduction of restrictions on entry into the Union from third countries for non-essential travel for 30 days.
March 19	89 334	Creation of a strategic reserve of medical equipment, totalling € 50 million.

⁸. European Centre for Disease Prevention and Control. Figures concern the countries in the European Economic Area (Union Member States, Iceland, Liechtenstein and Norway) and the UK. <https://gap.ecdc.europa.eu/public/extensions/COVID-19/COVID-19.html>

Country	Containment ^[9]	Restrictions	State of the Borders (External borders of the EU and the Schengen Area are closed for 30 days as of 17 March)
Germany	Bavaria and the Saarland have been in containment since March 20.	Closing of businesses deemed non-essential, plus schools. Gatherings of more than 2 people are prohibited.	Partial closure of the borders with Austria, France and Switzerland.
Austria	General containment. All unnecessary trips are prohibited.	The population has been called upon to limit social contact. Since April 15, gatherings of more than 5 people have been prohibited.	Closed border with Italy and Switzerland. Air links with France, Spain and the United Kingdom are suspended.
Belgium	Containment measures entered into force on March 18 and will remain in place until April 5 included.	Only essential trip will be allowed.	Borders closed except for "essential reason".
Bulgaria		All non-essential businesses are closed. On March 13, the government declared a state of emergency.	
Cyprus		Closure of all non-essential shops and entertainment areas.	The coastal borders are closed until April 30.
Croatia		Schools have been closed since March 16, for at least two weeks.	
Denmark		As of March 13, anyone non-key public workers must stay home for two weeks, while private sector workers are invited to work from home. All educational institutions are closed for two weeks. Non-essential businesses are closed.	Borders were closed as of March 13.
Spain	Containment measures were introduced on March 14 for a period of 15 days.	Schools, bars, restaurants and cafés have been closed.	Closure of land borders.
Estonia		A state of emergency has been declared until May 1. Cultural and sports activities are suspended, schools and universities are closed.	Borders are closed.
Finland		On March 16, the government declared a state of emergency until April 13. This involves the closure of schools and universities, the banning of gatherings of more than 10 people, the closure of public places and the cancellation of cultural and sporting events.	Borders are closed.
France	Containment measures have been in place since March 17 for "a minimum of 15 days". Trips are authorized only under possession of a dispensation certificate.	Schools, bars, restaurants and cafés have been closed.	Borders remain open.
Greece	Containment obligatory as of March 23.	Since March 16, the government has closed all schools, in addition to all non-essential businesses. Anyone entering Greece must spend 14 days in quarantine.	
Hungary		Closure of schools and all public establishments related to culture and entertainment.	Closure of land borders and border transit camps for asylum seekers.
Ireland		On March 12, the government announced the closure of all schools until March 29 and recommended the cancellation of indoor rallies of more than 100 people and outdoor rallies of more than 500 people.	
Italy	Containment measures came into effect on March 10. Containment was tightened further on March 22: closure of parks and the halt to the production of non-essential goods.	All trade is prohibited except supermarkets and pharmacies	

⁹. Measures in place on 23 March 2020, of the economy and in particular industry and employment.

Country	Containment[9]	Restrictions	State of the Borders (External borders of the EU and the Schengen Area are closed for 30 days as of 17 March)
Latvia		The state of emergency is in effect until April 14. Schools and universities have been closed since March 13. All cultural, sports and extracurricular programmes have been interrupted and public events are prohibited. Spontaneous gatherings should not exceed 50 people.	
Lithuania		Internal passenger transport is limited. Schools are closed, but food shops, pharmacies and opticians remain open.	The borders are closed
Luxembourg	General containment, all non-essential trips banned	Travel is greatly reduced. However, there are many more exceptions compared to France and Belgium.	
Malta		Schools, universities and day-care centers are closed from March 13 to 20. As of March 17, all bars, restaurants, clubs and cinemas are closed.	A travel ban has been imposed on France, Germany, Spain and Switzerland.
Netherlands		Schools and all eating places, as well as sports halls are closed from March 15 to April 6.	Borders remain open.
Poland		All schools are closed as of March 12, the reopening is scheduled for March 25. Similarly, cultural institutions have had their activities suspended, universities have cancelled their courses, etc., and the schools are expected to reopen on March 25.	Health checks at its borders. The borders are closed from March 15.
Portugal		A state of emergency was declared on March 18, in place until April 2. Rallies are suspended and travel is severely curtailed. Citizens are advised to stay in their homes.	
Czech Republic		The authorities declared a state of emergency on March 12 for a period of 30 days. Gatherings of more than 30 people are prohibited, as well as cultural events. Restaurants are closed between 8 pm-6 am	Prohibition of entry for travelers from "risk zones" (China, South Korea, Iran, Italy, Spain, Austria, Switzerland, Sweden, Norway, the Netherlands, Belgium and Denmark, France, the United Kingdom and Germany).
Romania		A state of emergency was declared on March 16 for a period of 30 days. Schools are closed, prices may be capped for medicines and medical equipment, strictly necessary food and public services. Restaurants and cafés are temporarily closed.	Closure of borders.
Slovakia		Non-essential shops and schools are closed for 14 days. Only food shops, public administrations, pharmacies, and other services considered essential (press, post office, banks) remain open.	Border closures (except for Poland).
Slovenia		Closure of schools, public places and businesses. Public transport is suspended.	Health checks at its borders.
Sweden		The government has banned all gatherings of more than 500 people.	