

# The #covid19 global pandemic: The European response

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**Disclaimer:** the views expressed herein are those of the author and cannot be seen as an official position of the European Commission or EU Member States

# We (still) live in extraordinary times...



**Christine Lagarde**

@Lagarde



Extraordinary times require extraordinary action. There are no limits to our commitment to the euro. We are determined to use the full potential of our tools, within our mandate.

[twitter.com/ecb/status/124...](https://twitter.com/ecb/status/124...)

**European Central Bank** @ecb

Press release: ECB announces €750 billion Pandemic Emergency Purchase Programme (PEPP) [ecb.europa.eu/press/pr/date/...](https://ecb.europa.eu/press/pr/date/...)

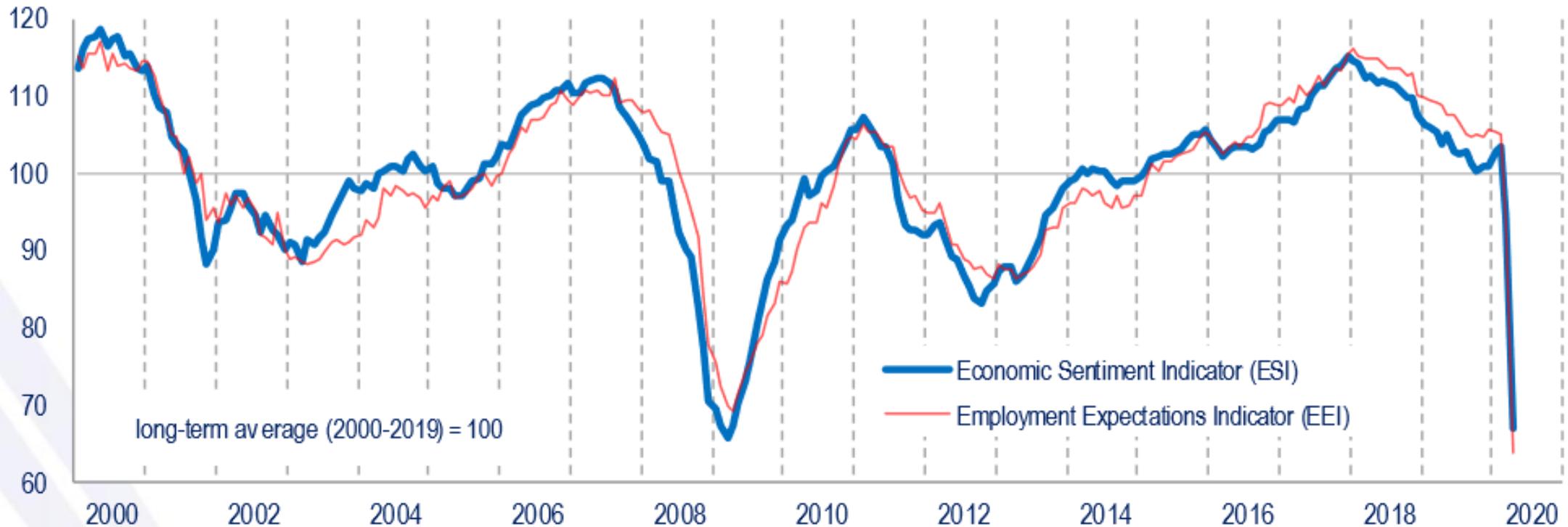
7,753 1:08 AM - Mar 19, 2020



- Crises can be arrested only by attacking their source and mitigate their economic consequences
- In the midst of the Covid-19 pandemic, the focus must be on **virus containment**
- That will require **creative and expeditious actions**, both on **public health** and **economic recovery**

# The April #StayHome lockdown brought economic sentiment down...

Graph 1: EA Economic sentiment & Employment expectations (s.a.)

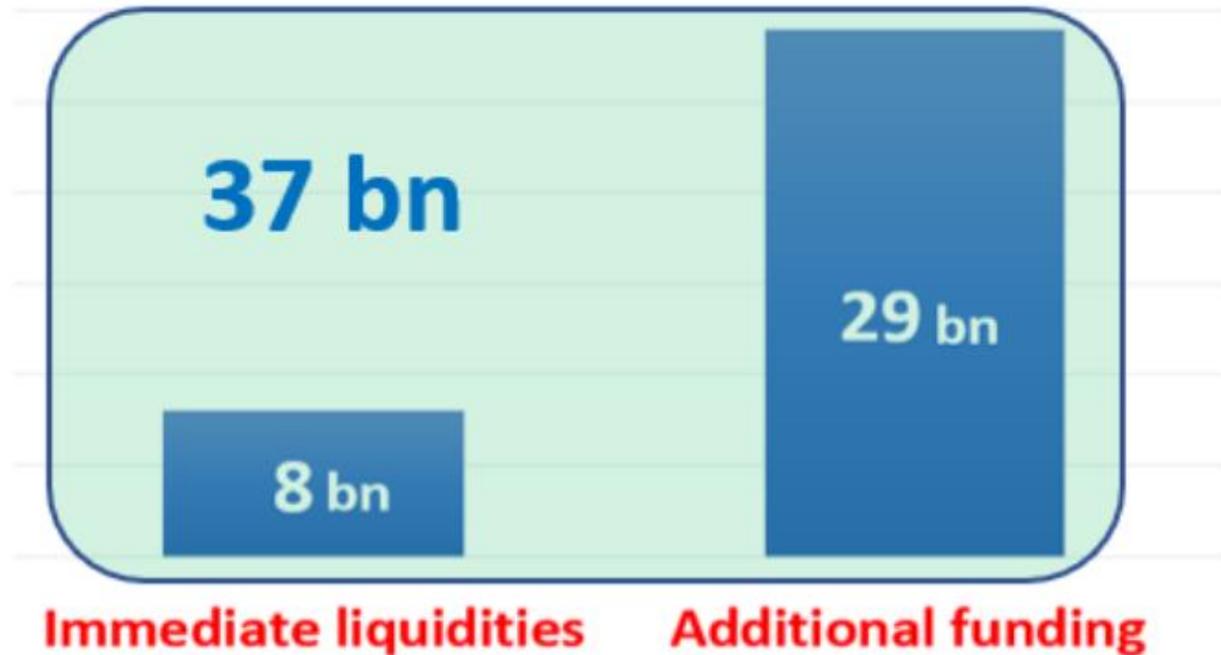


source: European Commission services

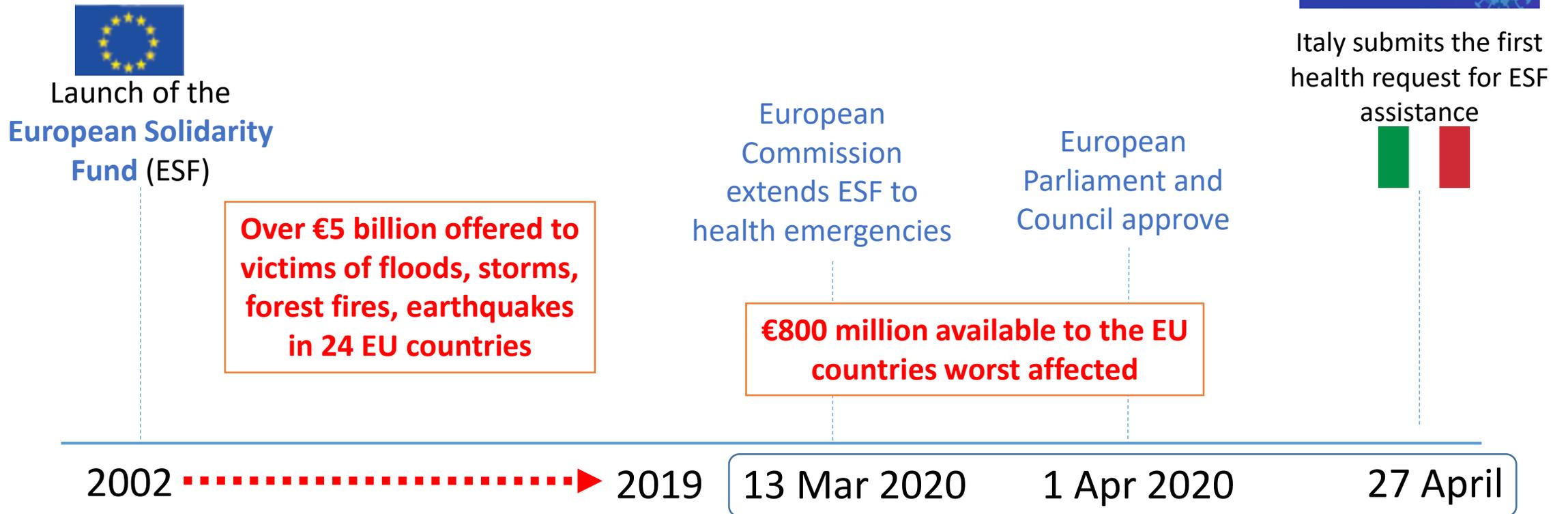


The European Commission : rapidly deployed **37 billion euros** to help all EU Member states

- Corona-relevant health expenditure in any part of the Member States including:
  - Hospital equipment
  - Inhalators
  - Masks
- Support to SMEs working capital
- Short-term employment schemes



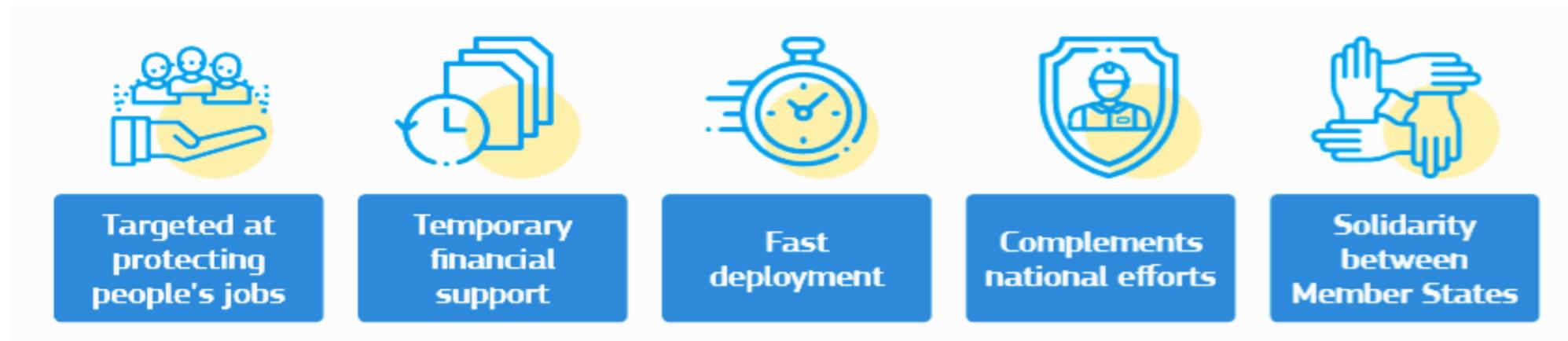
# #StrongerTogether: the European Solidarity Fund



In covid19 times many things are uncertain but one thing is **S.U.R.E.**

The **S**upport to mitigate **U**nemployment **R**isks in an **E**mergency (SURE)

- new temporary EU scheme to tackle the unemployment consequences of the coronavirus pandemic



- Up to €100 billion made available to Member States for their short-time work schemes

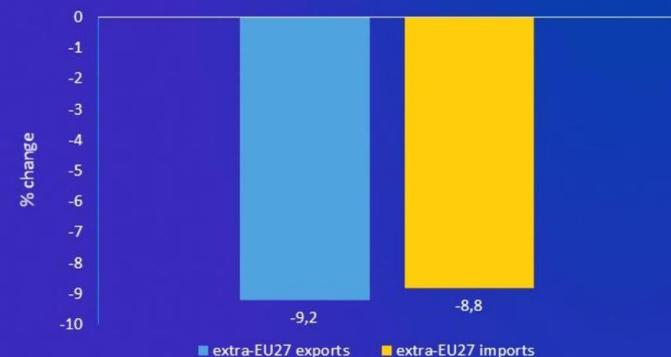
**Example:** **over 4 million EU jobs at risk** from the projected covid19-related loss in EU exports

# Trade in times of corona...

## ...was massively affected!

- At the peak of the pandemic, the WTO secretariat forecasted a reduction in global trade between 13% and 32%
- For 2020, DG TRADE's Chief Economist team predicted a COVID19-related decline of EU trade by around 9%
- This amounts to a loss of **almost 300 billion EUR** in EU exports and **250 billion EUR** in extra-EU imports.
- Knowing that 1 billion euros of EU exports support on average around 14'000 jobs: **over 4 million EU trade-related jobs were at risk!**

Forecast: impact of COVID-19 on EU and global trade



Source: EU Trade Chief Economist

#CORONAVIRUS

# #Covid19: a global crisis requires a global coordinated policy response

- The vulnerabilities exposed by the crisis imply that we are at a defining moment for globalisation
- The shock is not symmetrical across sectors and countries
- The risk of geo-political short-termism
- The pressure to re-shore value chains
  - Putting all your production eggs in one basket doesn't make sense, no matter where the basket is". – Richard Baldwin
- Trade can therefore participate in a post-Covid19 exit and recovery strategy
- GVCs

# EU as a global actor during the #covid19 pandemic and economic recovery

- **broad network of FTAs** (currently over 40 trade agreements in force with over 70 partners)
- the **reform of the WTO** should continue to be a central pillar of our trade policy
- Protect the EU's openness against abuse and **unfair trade and investment practices**
- Support our twin transitions based on the **Green Deal** and **digitalization**
- Use **trade preferences** and **development assistance** as a recovery support tool for developing countries