



Pressemitteilung

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A French-German Initiative for the European Recovery from the Coronavirus Crisis

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— The current crisis is unprecedented in the history of the European Union. No life, no workplace, no business remains unaffected from this global shock. While our societies and our economies are in the process of finding their way out of the lockdown, uncertainties remain extraordinarily large. Our goal, however, is clear: Europe will weather this crisis together and come out of it stronger than before. Achieving a sustainable recovery for the EU guides our joint efforts. We, France and Germany, are fully committed to live up to our responsibility for the EU and we will help pave the way out of the crisis.

— To this end, more than ever, we need to benefit from the strength of acting together as Europeans and to join our forces in ways we have not used before.

We will also need to carry out an in-depth reflection on the lessons we need to draw from this crisis. The Conference on the Future of Europe will offer an opportunity to open a large democratic debate on the European project, its reforms and priorities.

France and Germany propose the following measures.

1. Developing our strategic health sovereignty with an EU « Health Strategy »

Our response to the current crisis and to future health crises should build upon a new European approach based on strategic health sovereignty. We strive for a strategically positioned European healthcare industry which will, in full respect of the Member States' responsibility for their social security and healthcare systems, upgrade the European dimension of healthcare and reduce EU dependency. We shall therefore:

- increase European capacities on research and development for vaccines and treatments, as well as coordinating and financing at the international level (ACT-A initiative), with the short-term goal to develop and produce a Coronavirus

- vaccine within the European Union, ensuring its global access;
- establish common strategic stocks of medicines and medical products (protective equipments, testing kits etc.) and encourage production capacities of these products in the European Union;
 - coordinate European procurement policies regarding future vaccines and treatments (eg. production and stockpiling of future potential vaccines), in order to speak with one voice with the pharmaceutical industry and secure more effectively European and global access;
 - set up an EU «Health Task Force» within the European Centre for Disease Prevention and Control (ECDC) and mandate it, with national health institutions, to develop prevention and reaction plans against future epidemics;
 - establish common European standards for health data interoperability (e.g. harmonising methodology to have comparable statistics on cases in epidemics).

2. Setting up an ambitious “Recovery Fund” at the EU level for solidarity and growth

To support a sustainable recovery that restores and enhances growth in the EU, Germany and France support an ambitious, temporary and targeted Recovery Fund in the framework of the next MFF, boosting a frontloaded MFF during its first years. Given the exceptional nature of the challenge of the Covid-19 pandemic for economies across the EU, France and Germany propose to allow the European Commission to finance such recovery support by borrowing on markets on behalf of the EU under the provision of a legal basis in full respect of the EU Treaty, budgetary framework and rights of national parliaments.

- The Recovery Fund of 500 bn Euro will provide EU budgetary expenditure for the most affected sectors and regions on the basis of EU budget programmes and in line with European priorities. It will enhance the resilience, convergence and competitiveness of the European economies, and increase investments in particular in the

digital and green transitions and strengthening research and innovation.

- The Recovery Fund financing will be targeted at the challenges of the pandemic crisis and its aftermath. It will be an extraordinary complementary provision, integrated in the own resource decision, with a clearly specified volume and expiry and linked to a binding repayment plan beyond the current MFF on the EU budget.
- A swift agreement on the MFF and Recovery Fund as a package is necessary to address the major EU challenges. The negotiations will build on the progress reached until February. We will strive to make the budgetary effort related to Coronavirus-crisis available as soon as possible.
- This recovery support complements national efforts and the package agreed by the Eurogroup, and will be based on a clear commitment of Member States to follow sound economic policies and an ambitious reform agenda.
- Improving the framework for fair taxation in the EU remains a priority, in particular by introducing effective minimum taxation and fair taxation of the digital economy within the Union, ideally based on a successful conclusion of the OECD work, and establishing a Common Corporate Tax Base.

3. Speeding up the green and digital transitions

Now is the time to boost the modernisation of European economy and its business models. In this spirit, we reaffirm the European Green Deal as the EU's new growth strategy and a blueprint for a prosperous and resilient economy on the way to carbon-neutrality by 2050. At the same time, we must accelerate digitalisation with the aim of transforming the new dynamics experienced during the crisis into sustainable digital progress and digital sovereignty. To this end we shall:

- increase the EU targets of emission reduction in 2030 in synchrony with a package of efficient measures to avoid carbon leakage; the proposal announced by the Commission on a carbon border adjustment mechanism must be

supplemental to existing instruments and in line with WTO law. State-aid rules should be reviewed in light of more ambitious climate policy and carbon leakage;

- support the introduction of minimum carbon pricing in the EU Emissions Trading System (ETS) and work towards the prospective introduction of a cross-sectoral European ETS;
- set up for each sector a green recovery roadmap, including, where appropriate, climate and environmental targets and/or conditionalities;
- accelerate digitalisation, i.a. by roll-out of 5G, efforts for secure and trustworthy infrastructures and cybersecurity technologies, digital identity management, an enabling framework for AI, as well as a fair EU regulation for digital platforms.

4. Enhancing EU economic and industrial resilience and sovereignty and give a new impulse to the Single Market

The strong integration within the Single Market is a guarantor of our welfare. A restart of the European economy and adapting it to the challenges of the future requires a resilient and sovereign economy and industrial base as well as a strong Single Market. Open markets, free and fair trade are a crucial part of the solution. We therefore shall:

- support the diversification of supply chains through the promotion of an ambitious and balanced free trade agenda with the WTO at its core and including new initiatives inter alia on trade of health products, develop our anti-subsventions mechanisms, ensure effective reciprocity for public procurement with third countries and strengthen EU and national investment screening towards non-EU investors in strategic sectors (including health – pharmaceuticals, biotech etc.), while at the same time encouraging investments (re)located in the EU;
- adjust the Commission's industrial strategy to the recovery and in particular modernise the European competition policy by accelerating the adaptation of state aid and competition rules and speeding up the implementation of IPCEIs;

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- ensure swift return to a fully functioning internal market and deepen it further by a new roadmap to create a fully integrated market in key areas (esp. digital, energy, capital markets) with clear milestones and an accelerated legislative agenda;
- ensure the full functioning of the Schengen area, improving coordination obligations between Member States in times of crisis and strengthening common external borders;
- reinforce social convergence and speed up the discussion on the EU framework for minimum wages adapted to national situations.