



European Economic
and Social Committee
Employers' Group

HELP BUSINESSES SURVIVE THE CORONA CRISIS

Position paper of the EESC Employers' Group



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The corona crisis is a huge human and societal tragedy that has led to an unprecedented need for strong sympathy for everyone affected and acknowledgement of all those who have been standing at the frontline and fulfilling essential duties during the crisis.

The corona crisis is also changing the global economy daily, with the results still being uncertain. The immediate impact on business so far includes problems in liquidity and access to finance, disruptions in supply chains, protectionism and consequent problems in market access, as well as obstacles in the free movement of people, goods and services.

The crisis has hit all sectors, from services to industries and agriculture. The effects have been most immediate and visible in sectors such as tourism and transportation where restrictions have targeted both customers and the service providers themselves. The most serious problems have been encountered by SMEs and micro-entrepreneurs who have had their businesses disappear and are in a very critical situation. The impact is, however, hitting bigger companies in various industrial sectors as well, with a lot of problems caused by the breakdown of European and international supply chains.

Economic analyses indicate and predict a huge decrease in economic activity and employment, and the damage will be greater the longer the restrictions and shutdown continue. It has been estimated that every month of continued shutdown would mean a decrease of several percentage points in GDP growth.

Restrictions of activities in the economy and society have been necessary to restrain the outbreak of the coronavirus and to primarily protect human health and lives. To limit the economic and social damage caused by this critical situation, a series of measures is needed, extending from coping with the emergency stage towards recovery and rebuilding. Currently, it is most crucial to ensure that the emergency measures are implemented promptly and effectively. It is also time to make sure that – in accordance with the shared responsibility of the EU and the Member States – further efforts will be taken jointly.

Urgent action to save businesses and jobs

Strong emergency measures – already needed for months – must be further strengthened to help businesses survive and thus to retain jobs and **keep people in the labour market**. This requires **ensuring liquidity for all enterprises** and especially for SMEs, as well as for public budgets to cover costs for employees and rents. It is worth acknowledging that, to this end, a **large set of measures has been taken by Member States** for example in the fields of taxation, lending, labour rules and social protection. Short-time working scheme combined with distance learning and training also play a key role here.

The **EU has also provided a continuously growing contribution** to tackle both the health crisis and the acute problems related to businesses and jobs. This support has so far been launched in the form of the allocation of European funds and through increased flexibility in EU rules. It also covers the tools of the European Central Bank, the European Investment Bank and the European Stability Mechanism.

It is crucial that the **financial means** are **urgently implemented to reach businesses in practice**. This requires full awareness of the support opportunities and easy access to the support without administrative burden. It calls on EU institutions to engage in the implementation phase more than in any “business as usual” situation. It requires close and ongoing monitoring of the efficiency and adequacy of the assistance provided. This would create an adequate foundation for any follow-up from the EU towards Member States.



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Besides finance, the **smooth flow of goods, services and workers** is vital for the economy and society in crisis. While society needs essential goods and services (above all food, healthcare, water and energy), access to raw materials, energy, logistics, data, and labour is necessary for the continuity of any business. It is therefore fundamental to **keep the critical connections functional**. This holds with both the single market and international connections. Considering that the EU relies on international shipping for three quarters of its external trade, EU shipping must maintain its strategic role in supplying the EU with essential goods both during the crisis and later when the EU's economy restarts.

Practical cooperation in the health sector between Member States, coordinated by the Commission, is one aspect of solidarity and pertains to businesses as well. Cooperation has included measures such as the procurement and supply of sanitary equipment and services for protection, rescue, treatment and care, for example in the framework of the RescEU programme for civil protection. Research into treatment and vaccines is another important cooperation area.

In addition to the EU's own action, international cooperation and action supported by international organisations are needed in tackling the corona crisis. While a global approach is necessary due to the global nature of the pandemic itself, it is also indispensable due to the prevalence of global supply chains and the many links between economies.



Towards lifting the restrictions

To prevent the worsening of the impact, well-thought-out, controlled and compatible steps need to be taken towards lifting the restrictions and shifting general restrictions to targeted measures, accompanied by proper monitoring of possible health impact and ensuring that healthcare capacity is sufficient. This exit stage has already been started by some Member States, and the Commission has provided common recommendations to be followed. A clear and predictable **opening of the EU's internal borders** should be an integral part of the exit strategies of Member States and should be coordinated at the EU level to ensure a level playing field.

Getting back to work and schools, moving more freely and using services in a safe way are among the exit measures for people. These measures also contribute to the continuation of businesses, together with tackling the costs and finance, and opening the borders. **Testing, tracing and protecting** people's health are key to minimising the risks in lifting the restrictions. Businesses have a lot to offer with respect to practical solutions here.



Businesses play an active role

Businesses need to be closely and constantly engaged in planning and implementing measures, as they have practical knowledge and expertise on problems, needs and possible solutions. It is also essential to ensure the general consultation and **active involvement of social partners** in each Member State and at the EU level, particularly – but not exclusively – when considering labour-related measures. The social partners' capacity must be protected from shrinking as a result of the fast-approaching economic crisis.

EU enterprises of all sectors and sizes are making enormous efforts to overcome the crisis. A lot of businesses are involved in providing essential goods and services to sustain people's daily lives. Following the outbreak of coronavirus, the EU's agri-food sector is showing its resilience and playing a key role in providing Europeans with high quality and safe food. To combat the difficulties and increasing pressure, all actors in the EU food supply chain deserve strong support on the European and national level, while food security should remain one of the top EU priorities for the future.

The crisis has also brought about the need for practical solidarity in providing sanitary equipment and medical services across borders. Moreover, the crisis showed that the dependence on suppliers of products from outside the EU decreased the ability to cope with the crisis in the best way. Many enterprises have subsequently reoriented their businesses and provided their expertise to manage the need for sanitary equipment. Corporate responsibility has also been demonstrated by companies in their activities focused on workers and their safe return to work.



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European Economic and Social Committee

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EmployersEESC

Who are we?

We are a Group of European delegates for employers and entrepreneurs, with mandates from representative employers' and business organisations in the EU Member States. We are part of the European Economic and Social Committee and thus have a formal consultative role in the EU.

What do we believe in?

We believe in the European Union, and stand for its values of democracy, freedom, fundamental rights and the rule of law. We have faith in an economically, socially and environmentally sustainable market economy, responsible entrepreneurship and fair competition.

What do we strive for?

We advocate and work for a business environment that strengthens the competitiveness of European enterprises, encourages entrepreneurship and provides favourable conditions for innovating, investing, operating and trading. To foster this, we call for a strong EU that is founded on cohesion and unity.

Employers' Group contact

European Economic and Social Committee, 99 Rue Belliard, 1040 Brussels
Tel. +32 (0) 2 546 92 97 | Fax: +32 (0) 2 2 546 97 54 | gr1@eesc.europa.eu | www.eesc.europa.eu/gr1

Rue Belliard/Belliardstraat 99 • 1040 Bruxelles/Brussel • BELGIQUE/BELGIË
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