## FONDATION ROBERT SCHUMAN

**European issues** 

n°550 10<sup>th</sup> March 2020

Françoise GROSSETÊTE

## For a European Health Policy Chronicle of an epidemic: a health crisis which is severely disrupting the economy

For several weeks now, the days have succeeded one another marking the inexorable progression in the world of the SARS-COV-2 coronavirus.

Detected in December 2019 - the first reported cases actually date back to that date- the Covid 19 epidemic now spans all continents, covering 98 countries. Only the Antarctic remains untouched.

On February 15, the number of confirmed infections in Western China was 66,492 with already more than 1,500 deaths. The spread of the virus then affected Taiwan, and while China saw its figures explode, Japan also announced that it was affected, followed by Iran, South Korea, Israel, Northern Italy etc. ... all within a few days.

On February 20, Russia decided to ban Chinese citizens from entering its territory.

On February 23, several countries closed their borders with Iran. Italy, which was also hit, put an early end to the Venice Carnival, which attracts thousands of tourists.

Kuwait, Bahrain, Iraq, Afghanistan and Oman followed, while the epidemic spread at high speed in China, South Korea and Iran.

As the days have passed, cases of coronavirus have been detected in European countries and France acknowledged having around one hundred infected people by February 29, followed by Germany, Switzerland, the United States, Australia, Morocco, Senegal, Saudi Arabia, Tunisia with the entire European Union discovering the epidemic in the space of only two weeks.

On March 4, the European Council informed of the first positive cases of coronavirus within the European institutions.

By March 8, 98 countries had been affected, with

Bulgaria in Europe being the last to be concerned. Among the most affected countries are, of course, China, South Korea, Italy and Iran. However, there is no information on the real situation in Africa. In total, it is estimated that there are more than 100,000 cases worldwide.

After its northern part in an area stretching from Milan to Venice, Italy then decided on March 9 to place its entire population in quarantine until April 3, so as to contain the epidemic. For the time being, this is the most radical measure taken in Europe, in the hardest hit country.

On March 9, France, still in phase 2, had more than 1,200 cases with 21 deaths, mainly involving elderly or frail people. According to the Minister for Employment, nearly 900 companies have requested short-time working measures, estimating the cost of these decisions at €52 million, to support very small and medium-sized enterprises.

Another consequence is that the world economy is in turn seizing up, as the epidemic has occurred concurrently with a slower pace of growth, leaving little room for manoeuvre.

The sanitary shock has thus been compounded by an economic one, amplified by society's psychosis, which is exacerbating the vicious circle: illness, economic and societal repercussions, in an infernal cycle the limits of which cannot be foreseen. Quarantine measures leading to travel restrictions and limiting international transport have resulted in the world's second largest economy, China, almost grinding to a halt. Europe is discovering its

dependence: when China coughs, production stops, leading to a shortage of parts for our planes, cars and medicines, and Chinese ports stagnate. It is feared that Chinese growth will halve in the first quarter of 2020.

The effects are the same in South Korea, a major producer of semiconductors for the world's industries. Not only are factories deserted, but planes are empty, hotels abandoned, museums closed, major demonstrations cancelled in some regions. The Covid 19 virus is threatening an economy already in recovery, and while the coronavirus is less dangerous than SARS, the economic repercussions are already emerging.

This combination of supply crisis and demand shock are the worst ingredients for a major global crisis.

At the beginning of March, the President of the European Commission, Ursula Von der Leyen, expressed her determination to help the Member States coordinate their actions. She presented her crisis team comprising Commissioners Janez Lenarcic (crises), Stella Kyriakides (health) Ylva Johansson (home affairs) Adina Valéan (transport) and Paolo Gentiloni (economy), asking them to provide the best responses and their implementation to facilitate coordination between Member States.

The health ministers meeting on March 6 stressed the need for solidarity and the indispensable exchange of information between Member States to protect the health of European citizens. Commissioner Ylva Johansson recalled on this occasion that "there is no evidence that Member States want to see a return to border controls".

During the days prior to the meeting, nationalists seized the opportunity to repeat their wish for pure and simple sovereignty in the face of panic that would be global.

It is worth remembering that there have been many pandemics in Europe's history, at a time when communications were scarcer and more difficult. The Black Death in the 14th century caused 25 million fatalities! Closing borders is not the solution.

Internal Market Commissioner Thierry Breton said on

March 8 that the crisis was costing EU countries  $\mathbb{T}$ 1 billion a month because of its impact on tourism". He also pointed out that it is too early to "describe the economic scale of this health crisis, but that the most immediate concern is that SMEs should be able to get through it".

The stock markets experienced some dark days at the end of February, with markets falling dramatically, reflecting the fears weighing on the world economy. The IMF has spoken out in favour of contingency plans with immediate funding, and in Europe, the Crisis Commissioner announced €232 million in aid to halt the spread of the coronavirus and support Member States.

The European Commission has set up a Covid 19 response team to share information, assess needs and take action.

The European Centre for Disease Prevention and Control (ECDC), based in Sweden, has established itself as an essential cog in the wheel to contain the epidemic. It was set up in 2004 after SARS caused a global health crisis in which European countries reacted in a piecemeal fashion. The ECDC says it spotted the first signs of the new coronavirus at the end of 2019 when it received reports of several cases of pneumonia of unknown origin in China.

It is also the first time that researchers around the world have been working around the clock to find new drugs and a vaccine. The health response has never been faster and coordination between States has never been stronger. Scientists, researchers and the medical professions, all are coordinating to win the battle against the virus. It is a real race against time which will inevitably influence the way healthcare is organised in Europe.

More than ever before, the need to build "European Health Policy" is becoming obvious. When it comes to protecting the citizen, Europe must be less dependent on third countries: 80% of our medicines, antibiotics and vaccines are produced in China. This is an unacceptable situation which, once the pandemic has been resolved, will merit consideration and concrete decisions.

The Union's strategic autonomy requires a Common Defence and Security Policy that is inseparable from

its independence in terms of health, food, digital technology, etc.

Globalization, with the liberalization of the markets, is certainly contributing to the spread of the disease, but it is forcing political and economic decision-makers to agree on the best responses. Everyone's responsibility and sense of proportion will have to be called upon to learn the lessons of this pandemic. This will require a spirit of solidarity and a willingness to introduce a less vulnerable and more autonomous European industrial policy.

The coronavirus shows us we are facing a collective challenge and that no country, in the words of Commissioner Janez Lenarcic, can face it alone.

It gives us a new insight into what a so-called "post-globalisation" era must be in the future. Let us hope that, in the face of this crisis, as in the past, Europe will be able to overcome its national egoisms and demonstrate its true added value.

Françoise Grossetête

Former Member of European Parliament

You can read all of our publications on our site : **www.robert-schuman.eu** 

Publishing Director: Pascale JOANNIN

THE FONDATION ROBERT SCHUMAN, created in 1991 and acknowledged by State decree in 1992, is the main French research centre on Europe. It develops research on the European Union and its policies and promotes the content of these in France, Europe and abroad. It encourages, enriches and stimulates European debate thanks to its research, publications and the organisation of conferences. The Foundation is presided over by Mr. Jean-Dominique Giuliani.

3