



# COVID-19 and the EU

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## A new Europe of borders?

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### Traffic jams at border across Europe

Truck border crossings (last updated April 3, 2020 10:33)



Note: The data come from trucks serving some of the largest European shippers. These trucks share their locations with Sixfold via telematic systems, IoT devices and mobile apps.

Source: Sixfold, <https://covid-19.sixfold.com/>

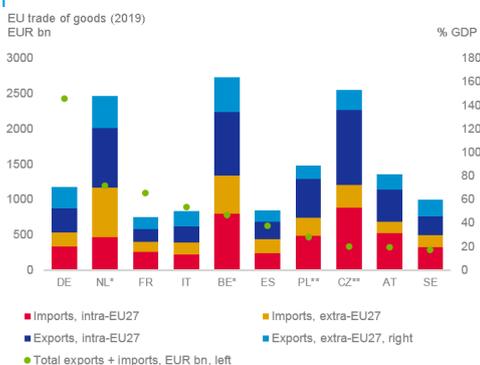


## COVID-19 and the EU

The measures taken by governments around the globe to contain the exponential spread of COVID-19 would have deemed extreme in any other circumstances. In a world that has become continuously more interconnected and interdependent over decades, freedom of movement was abruptly slashed. In Europe, member countries decided in an unprecedented step to close the EU's external borders to non-EU citizens, following a proposal by the European Commission.

By taking concerted action on external borders, the Commission had hoped to convince EU leaders to retract border closures between EU members and limit the damage to the EU's internal market. Over the last weeks, virtually all EU governments introduced temporary restrictions to border traffic of various degrees ranging from border controls to outright closure.[1] In several cases this had a severe impact on freight traffic as border controls led to tens of kilometres of traffic jam, such as between Poland and Germany. Some EU citizens were stranded on their way home as members closed borders to foreigners. In order to ensure the undisrupted flow of essential goods within the EU, the Commission called on members to install "Green Lanes" for traffic trucks at border crossings and to minimise checks and screening of truck drivers.

### Flow of goods essential for EU economies



Note: \*: BE and NL large international freight harbours; \*\*: strong interlinkages with EU automobile industry

Source: Eurostat, Deutsche Bank

### Schengen suspensions have almost become the norm

As the number of COVID-19 infections and death toll rapidly rise across the EU, public lockdown measures and temporary border restrictions across the bloc are certainly necessary. In fact, the Schengen Border Code gives member countries the prerogative of temporarily reintroducing border controls "in the event that a serious threat to public policy or internal security has been established." [2]

Already during the refugee crisis of 2015/16, EU countries introduced border controls as the EU struggled to deal with the dramatically risen number of refugees from the MENA region seeking shelter in the EU. However, in several cases, border controls have been maintained until today on migration and security grounds after the number of asylum applications dropped substantially. To some observers, this conflicts with the notion of temporary intra-European border measures and effectively could be seen as a suspension of the Schengen Convention enacted in 1995 that regulates the abolishment of border controls among 26 EU members.[3] Schengen is meant to guarantee passport-free travel and goods transport across the inner European borders.

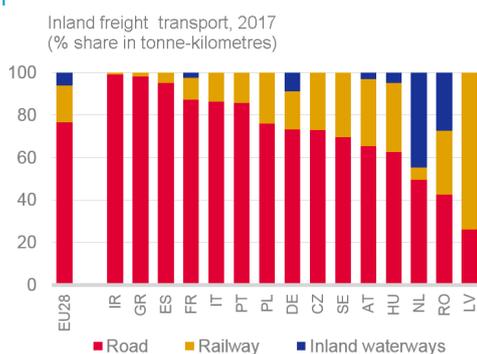


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### Coordination between EU members and standardisation of border procedures needed to minimise disruptions to the flow of goods

No one knows how long current measures to fight the spread of COVID-19 need to be left in place. The crisis will take a severe toll on the world and EU economies. But how hard members' economies will be hit strongly depends on the length of their lockdowns and aggregate countermeasures taken. EU economies are strongly integrated both in terms of value chains and trade. The level of border restrictions will be a determinant for the economic fallout of the crisis. Exports and imports between members account for almost 45% of the bloc's GDP. Some EU economies are particularly exposed due to their strong trade and value chain linkages. Road transport accounts for the bulk of inland shipments (75%) within the EU. Traffic jams at neuralgic border crossings can rapidly add up to significant delays across the EU as the bloc's economies have become increasingly interconnected and interdependent. Major disruptions at border checkpoints would therefore have severe consequences for the flow of goods within the EU, including essential goods and healthcare equipment.

### 75% of EU inland freight transport on the road



Source: Eurostat

### The Commission's fight for free labour movement in the EU

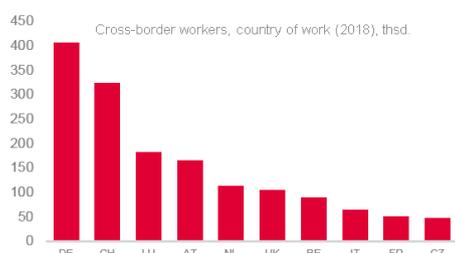
On top of intra-European trade, the mobility of labour in the single market has increased strongly in recent years. This is reflected in 1.9 million cross-border workers in the EU and EFTA (2018). The total share of cross-border workers of the EU/EFTA workforce is only 0.8%.<sup>[4]</sup> But the distribution between member states is highly skewed, with most frontier workers stemming from France, Germany and Poland and the highest number crossing to Germany, Switzerland and Luxembourg. And many EU members including Italy, Spain and Germany are dependent on large cohorts of seasonal workers from neighbouring countries in the farming sector. As spring is coming, labour shortfalls due to border restrictions might impact the supply of agricultural goods.<sup>[5]</sup>

Governments started to look into the issue and the Commission has called upon members to coordinate their efforts to address labour shortfalls due to travel restrictions and to maintain food security in Europe. This week, the Commission published guidelines to "ensure free movement of critical workers" within the EU.<sup>[6]</sup> The EU Commission has called on the member states not to restrict the free movement of workers with critical occupations such as "health associate professionals, child and elderly care workers, scientists in health-related industries, those needed to install critical medical devices, firefighters and police officers, transport workers, as well as persons working in the food sector". Seasonal workers needed for critical "harvesting, planting and tending functions" should be included. The Commission asked members to not discriminate cross-border workers against national workers.



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### Most EU/EFTA cross-border workers between Germany, France, Switzerland, Poland and Luxembourg



European Commission, 2019 Annual report on intra-EU labour mobility

### Risk of lasting damage to the European integration and cohesion

Beyond the immediate supply chain and broad economic consequences of border restrictions, the reinstatement of intra-European borders could have a lasting impact on the European Union as a whole. The COVID-19 crisis hits Europe at a time, where the Union, despite all efforts to stand more united against the mounting global challenges, is growing further apart. With Brexit, it lost one of its largest members and major proponent of the interests of the group of Northern members, damaging the political balance within the EU. EU leaders failed last week to agree on a plan for an additional common EU-level response. The fallout of the financial crisis can still be felt in several EU countries as leaders try to find consensus on unprecedented measures to counter the economic shock caused by the corona crisis. This includes highly controversial proposals such as a joint issuance of "corona bonds" that are heavily rejected by several "frugal" members, including the Netherlands, Scandinavians but also Germany. The Commission published a proposal yesterday for a European unemployment reinsurance scheme of up to EUR 100 bn [7] that will be discussed in the Eurogroup meeting on April 7 and should support short-time work schemes such as the German "Kurzarbeit" or Italian "Cassa Integrazione" [8] and similar measures.

Members failed to find a common approach during the refugee crisis, where the Dublin regulation that determines the responsibility for asylum applications was essentially abandoned. Hungary and Poland are in open conflict with Brussels over their treatment of rule of law while Hungary installed a far-reaching state of emergency law to fight COVID-19 for an unlimited period that many observers consider an outright abolishment of democracy.[9] The Commission issued a warning on its website (without naming any specific members) to respect the fundamental principles and values of the EU in the fight against corona.[10] Agreement on the EU's highly disputed next budget (2021-27) is still pending (Talking Point, February 25) as the Commission started to adjust its budget proposal in order to include an economic stimulus package to fight the fallout of the pandemic. [11]

While the response of EU leaders to the COVID-19 crisis so far has been mainly on the national level, with the suspension of the fiscal constraints of the stability and growth pact and reinstatement of border controls – as necessary as they are currently – the EU has now (temporarily) abandoned some of its own key pillars. Risks are that these measures – if required for a longer period of time – might contribute to growing discrepancies between members and see the EU drifting apart in times where unity and cooperation is needed more than ever.



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- [1] [https://ec.europa.eu/transport/coronavirus-response\\_en](https://ec.europa.eu/transport/coronavirus-response_en)
- [2] [European Commission \(2020\)](#).
- [3] Ireland and the UK opted out of the Schengen Convention; Iceland, Norway and Switzerland are associated non-EU members of the Schengen area.
- [4] [European Commission \(2020\)](#). [2019 Annual report on intra-EU labour mobility](#).
- [5] [Euractiv, March 25](#).
- [6] [European Commission, March 30](#).
- [7] [European Commission, April 2](#).
- [8] [Politico \(31.03.2020\)](#).
- [9] [Guardian, April 1 2020](#).
- [10] [European Commission, March 31](#).
- [11] [European Commission, March 28](#).

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