



Ms Ursula von der Leyen
President of the European Commission
European Commission
Rue de la Loi 200
1049 Brussels

2 April 2020

Re: AEGIS Europe reaction to the consequences of the COVID-19 outbreak - Facing the great takeover – EU industry requires protection

Dear President von der Leyen,

In light of the unprecedented crisis currently faced by the European Union, and the World, AEGIS Europe would like to express its solidarity with those who are affected. During this COVID-19 outbreak the main priority is to protect the health and safety of people. AEGIS Europe recognises the importance and the quality of the work of the European Commission in responding to the different aspects of this crisis under most difficult circumstances.

AEGIS Europe is an industry alliance that brings together more than 20 European manufacturing associations committed to manufacturing in the EU on a truly level playing field ensured by a rules-based free and fair international trade. Our members account for more than €500 billion in annual turnover, as well as for millions of jobs across the EU.

During this exceptional time and circumstance, the objective of free trade must be balanced against the need, and the Commission's responsibility, to protect EU industry from unfair, predatory and anticompetitive practices. These practices have always been a common challenge for the EU manufacturing industry. At the same time, industry is going through essential transitions to address EU climate targets, fully committed to enabling the EU to become the most sustainable economy in the world. In this situation, the dramatic economic effects of COVID-19 make the European manufacturing industry and supply chains critically vulnerable. As demand decreases, orders are cancelled, facilities are closed, and production reduced. This creates a precarious situation for industries across many sectors and the social impact cannot be underestimated. EU industry needs decisive protection to prevent strategic replacement and to avoid a great takeover.

Against this background, the Alliance welcomes the initiative of the Commission to issue guidelines for Member states to protect companies and infrastructure from opportunistic foreign takeovers. Nonetheless, AEGIS Europe believes that more and stronger measures will be needed to protect the EU industry.

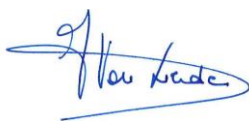
In particular, proactive government-organised and funded rescuing measures are needed to prevent insolvencies and hostile take-overs, including financial aid in relation to the impact of COVID-19 for companies already in a critical situation and industries subject to unfair trade, as well as a pragmatic approach towards union affiliation.

In addition, existing legislative tools need reinforcement and new tools are required to maintain a level playing field for EU industry during and in the immediate aftermath of this exceptional crisis:

- Trade defence instruments need to be reinforced and adapted to make sure they remain effective. In any event, the Commission can already now ensure a more timely reaction to imminent damage, making more assertive use, for example, of ex officio procedures, the earlier imposition of provisional measures, earlier import registration, increased monitoring in sensitive sectors, and the use of safeguards to complement other measures.
- Existing trade defence measures and safeguards must be maintained and efforts to avoid circumvention and absorption stepped up. The mandate of the new Chief Enforcement Officer must encompass the trade defence instruments.
- The current crisis should not undermine the efforts to reach agreement on the International Procurement Instrument. This instrument is the minimum needed to help respond to the absence of fairness in world procurement markets, especially as the crisis could result in further protectionist measures and barriers for European companies abroad. An agreement in Council should be found at the latest during the German Presidency on this file which has been on the table since 2012.
- Subsidised inward investment and matching state aids undermine the European market and the traditional tools to ensure fair competition. New imaginative approaches are needed to address these distortions of the EU market.
- The ability for goods to cross the EU's internal borders is absolutely crucial for the survival of EU industry in this crisis. We welcome the Commission's 'Green Lanes' initiative in an effort to address these problems and strongly encourage its swift implementation in order to maintain critical supply corridors.
- The WTO needs reform to make it fit for purpose in the 21st century. The rules-based international trading system with a functioning WTO at its core will be more important than ever to help us recover from this crisis.
- The European industry will need a period of transition to recover, during which there will be the need to ensure that the after effects of the crisis are not exacerbated by pressure from unfair imports taking advantage of a weakened domestic industry.

AEGIS Europe and its members remain committed and willing to work with your services in this particularly difficult time, to ensure that the best solutions can be found so that the European industry remains vibrant and able to contribute to the laudable ambitions of your Commission.

Inès Van Lierde



Chair of AEGIS Europe

Copy:

Phil Hogan, Commissioner for Trade

Thierry Breton, Commissioner for the Internal Market