

## Germany: Investment Plan for Europe – EIB to provide BioNTech with up to €100 million in debt financing for COVID-19 vaccine development and manufacturing



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- EIB debt instrument will support BioNTech's global development of BNT162 for prevention of COVID-19 infection as well as scale-up of manufacturing capacity in Europe as part of the company's global development and supply strategy
- The project benefits from Horizon 2020 InnovFin and the European Fund for Strategic Investments, joint instruments of the European Commission and the EIB

The European Investment Bank (EIB) and BioNTech SE (Nasdaq: BNTX, BioNTech) today concluded a €100 million debt financing agreement to support the development of BNT162, the company's COVID-19 vaccine programme. The deal will also allow the company to expand its manufacturing capacity in order to supply the vaccine fast worldwide in response to the pandemic. This will be done at the company's own risk while the clinical studies are ongoing. BioNTech became the first European company to enter clinical testing, having

started a clinical trial in Germany in April and a further clinical trial in the United States at the beginning of May. BioNTech's development programme for BNT162 is one of the broadest development programmes globally, with four vaccine candidates being tested in parallel.

mRNA vaccines consist of genetic material, called messenger RNA, that provides instructions for a human cell to make a target protein, or immunogen, which activates the body's immune response against the respective virus. The goal of a vaccine is to stimulate the immune system to generate protective, long-lasting antibody and T cell responses against SARS-CoV-2 and prevent subsequent infection upon exposure to the virus. mRNA vaccines are a potent new developmental class of vaccines with potential for high versatility and favourable safety properties. BioNTech was able to bring the first vaccine candidates from concept into clinical testing in less than three months. Safety, speed and flexibility are of the utmost importance in reacting to the current pandemic.

The EIB debt investment will be disbursed in two tranches of €50 million each, following completion of pre-defined milestones. It is backed by the [European Fund for Strategic Investments](#), the financial heart of the Investment Plan for Europe, in which the EIB and the European Commission partner to kick-off investment for EU priority projects. It also benefits from [InnovFin Corporate Research Equity](#) for Corporate Research backed by Horizon 2020, the EU Framework Programme for Research and Innovation.

"The only way to end the dramatic situation the world has been facing since the outbreak of the coronavirus pandemic is to come up with a safe and effective vaccine," said [Ambroise Fayolle](#), **EIB Vice-President** in charge of innovation. "In recent years the EIB has become a unique player in supporting highly innovative venture-stage biotech and medtech companies in their research and development of vaccines, therapeutics and diagnostics solutions, and we are doing everything we can to step up our support in the current crisis."

[Mariya Gabriel](#), **Commissioner for Innovation, Research, Culture, Education and Youth**, said: "As part of our efforts to counter the spread of the coronavirus, we have embarked decisively on the worldwide race to find an effective and safe vaccine as quickly as possible. For this purpose we recently launched the Coronavirus Global Response initiative, while at the same time we mobilised significant funding through Horizon 2020 for research projects aimed at developing a prophylactic and a therapeutic vaccine. I am very pleased that today, together with the European Investment Bank, we are extending our support to BioNTech, which is yet another concrete step towards our goal of getting a vaccine and ensuring access to it for all."

"The investments we have made to develop our vaccine platform over the past 12 years have been instrumental in enabling us to develop our COVID-19 vaccine programme rapidly in response to the global health crisis," said [Sierk Poetting](#), **Chief Financial Officer & Chief Operating Officer of BioNTech**. "This funding commitment by the EIB will further support the next stage of our COVID-19 scale-up activities as we expand our production capacity to enable global supply."

BioNTech already entered into a €50 million venture debt agreement under the European Growth Finance Facility for its personalised cancer immunotherapy programme in December 2019. The financing was part of broader EIB activities in the life sciences sector. Some 50 European companies in the life sciences industry have received a total of €1.3 billion, backed by the European Fund for Strategic Investments, over the last four years.

## **Background information**

### **About the Investment Plan for Europe**

The [Investment Plan for Europe](#) is one of the EU's key actions to boost investment in Europe, thereby creating jobs and fostering growth. To this end, smarter use is made of new and existing financial resources. The EIB Group is playing a vital role in this investment plan. With guarantees from the European Fund for Strategic Investments, the EIB and the European Investment Fund are able to take on a higher share of project risk, encouraging private investors to participate in the projects. To date, the projects and agreements approved under EFSI are expected to mobilise around €486 billion of investments and to benefit around 1.2 million small and medium-sized companies throughout the EU.

### **InnovFin – EU Finance for Innovators**

Under Horizon 2020, the EU research and innovation programme for 2014-2020, the European Commission and the European Investment Bank Group (EIB and EIF) launched a new generation of financial instruments and advisory services in 2014 to help innovative firms access finance more easily. Until 2020, "[InnovFin – EU Finance for Innovators](#)" is offering a range of tailored products which provides financing in support of research and innovation by small, medium-sized and large companies and the promoters of research infrastructure.

### **About BioNTech**

Biopharmaceutical New Technologies ([BioNTech](#)) is a next generation immunotherapy company pioneering novel therapies for cancer and other serious diseases. The company exploits a wide array of computational discovery and therapeutic drug platforms for the rapid development of novel biopharmaceuticals. Based on its deep expertise in mRNA vaccine development and in-house manufacturing capabilities, BioNTech and its collaborators are developing multiple mRNA vaccine candidates for a range of infectious diseases alongside its diverse oncology pipeline.

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## **[COVID-19 underlines importance of](#)**

# strong fundamental rights protection



*"The COVID-19 pandemic has had, and will continue to have, a profound impact on the fundamental rights of everyone across the EU. Persistent inequalities, harassment and prejudices are likely to worsen," says FRA Director [Michael O'Flaherty](#). "Governments need to ensure planning for the 'new normal' to lead to a fair and just society that honours the dignity of everyone and ensures that no one is left behind."*

FRA's [Fundamental Rights Report 2020](#) reflects on the developments and shortfalls of human rights protection in the EU over the past year. Its [focus section](#) highlights how the EU's Fundamental Rights Charter has gained visibility and sparked a new fundamental rights culture at EU level. But nationally, awareness and use of the Charter remain limited despite it being legally binding for 10 years. The insights presented will hopefully encourage others, including governments, to take ownership of this great instrument – and give it full force so that it can truly help transform people's lives.

Other key issues identified include:

- Respecting **fundamental rights at borders** remained one of the top human rights challenges in the EU. Migrants died at sea, and faced violence and pushbacks at land borders. Some Member States threatened humanitarian rescue boats. In others, migrants continued to experience overcrowding and homelessness. Child detention also increased, including unaccompanied children who were without guardians to aid them.

- Member States urgently need to stop such fundamental rights abuses, and develop effective measures to protect the rights of children, particularly unaccompanied children.
- Child poverty rates in the EU improved slightly. But 1 in 4 children remain at **risk of poverty**. This means that children still go to bed hungry and live in poor conditions with their health and education suffering. Children with foreign parents fare worse with 4 in 10 at risk. For children in single-parent households, it is 1 in 3.
  - The EU should adopt its Child Guarantee initiative with clear targets and sufficient funding to reduce child poverty.
- Governments and companies are rushing to embrace the potential benefits of **Artificial Intelligence**. Ethics and fundamental rights considerations are beginning to take shape as the European Commission and Council of Europe formulate guidelines and laws.
  - The EU and its Member States should ensure future regulations incorporate thorough and transparent fundamental rights impact assessments of the use of AI, coupled with independent supervisory bodies.

The report summarises and analyses major human rights developments in the EU over 2019. It contains [proposals for action](#) covering the EU's Fundamental Rights Charter and its use by Member States; equality and non-discrimination; racism and related intolerance; Roma inclusion; asylum, borders and migration; information society, privacy and data protection; child rights; access to justice; and implementing the UN's disability convention.

For more please contact: [media@fra.europa.eu](mailto:media@fra.europa.eu) / Tel.: +43 1 580 30 653

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[Philip R. Lane: Interview with Il Sole  
24 Ore](#)





## INTERVIEW

# **Interview with Philip R. Lane, Member of the Executive Board of the ECB, conducted by Isabella Bufacchi on 8 June**

11 June 2020

**The ECB does not tolerate fragmentation, yet the pandemic is making the eurozone more fragmented than ever because fiscal responses and economic and social damage are asymmetric. Italy is at the forefront as one of the hardest-hit countries, with less fiscal space and high public debt. How will Italy's recovery out of the COVID-19 crisis be helped by the ECB, and by being a member of the euro?**

This pandemic is a severe shock for all countries: it is a truly global shock. Italy's GDP projections are a little bit below the average euro area baseline scenario: the Banca d'Italia sees GDP contracting by 9.2% in Italy this year compared to a euro area average of -8.7%. But most importantly, the whole euro area is going through a big recession this year. And not only is the entire euro area severely affected, but being part of the euro area also provides a lot of benefits in terms of responding to the shock. We had a pandemic, which is a common shock, and a common response from the ECB as the common central bank. This is very important since it is unlikely that individually all countries could have responded on the same scale. When this big shock arrived in the middle of March, the ECB responded decisively to stabilise financial markets because there was a huge dislocation. The ECB showed it could be an anchor of stability and prevent self-fulfilling dynamics that otherwise could have escalated. In this respect, the ECB's pandemic emergency purchase programme (PEPP) has so far played two roles in the pandemic: first, it provides a market stabilisation tool, and second, it helps to make sure that the tightening of financial conditions was offset.

**The ECB has stabilised the markets because conditions were getting tighter. How severe was the tightening and do you see some signs of normalisation?**

In the middle of March the world realised that COVID-19 was going to be a really very large shock, and financial markets had to adjust to all this very quickly. But when a shock is so large and uncertainty exceptionally high, it is difficult to have adjustments that are orderly and smooth. So it was very important for central banks in the world to step in to stabilise financial conditions. However, compared to before the crisis, financial conditions are still tighter now. The stock markets are lower and the average sovereign yield for euro area Member States is higher than before the shock. And these tighter financing conditions would be passed on to firms and households. To address this we took the decision to expand the PEPP last week. We assessed those conditions and we decided we had to do more. In the initial phase of the PEPP, market stabilisation was particularly important. Now, we want to make sure that stability stays but also that financial conditions are sufficiently accommodative to support the economic recovery and counter the substantial negative shock to the inflation trajectory.

**In just less than three months, the PEPP has become bigger and longer, from €750 billion to €1,350 billion and extended from December 2020 to June 2021. But now we have two purchase programmes running: the APP and the PEPP. What is the difference between these two programmes; why do we need two?**

Before the pandemic, the ECB had been on a sustained mission since 2015 to strengthen inflation and to bring it closer to the Governing Council's inflation aim. To this end, we were using a package of instruments: the asset purchase programme (APP), the targeted longer-term refinancing operations (TLTRO III) programme, the level of our key policy rates and forward guidance. Then the pandemic arrived, and our projections indicate that this shock is having a significant negative impact on inflation. As regards the role of the APP and the PEPP, we can draw a clear distinction: in the background, we have the traditional suite of policy instruments. But to deal with the unique and severe pandemic shock, we needed an additional and temporary tool. So it made sense to have two purchase programmes, the "traditional" APP and the pandemic programme. The PEPP is here to make sure the downside shock from the pandemic is addressed. However, even after the coronavirus crisis phase is over, inflation will still be far from our inflation aim, so the APP will still be needed. By the way, the horizon of the APP is open-ended in a state-contingent fashion; the horizon for APP asset purchases is conditional on the ECB's Governing Council seeing a robust convergence of inflation to our aim.

**The PEPP is "more temporary" than the APP. Yet the maturing principal payments from securities purchased under the PEPP will be reinvested until at least the end of 2022. So it looks like a very long temporary period of time...**

At our meeting last week, we extended the horizon of net purchases under the PEPP to June 2021, although in any case we will conduct net asset purchases under the PEPP until we judge that the coronavirus crisis phase is over. The June 2021 horizon broadly aligns the PEPP net purchase horizon with the horizons of our other monetary policy measures taken in response to the

pandemic, such as our targeted lending programmes and collateral measures. As regards the reinvestment of maturing principals under the PEPP, we indeed announced that we would make reinvestments until at least the end of 2022. We want to make sure that the reinvestment strategy avoids the risk of an unwarranted tightening of financial conditions at a time when the recovery from the pandemic shock remains incomplete. It is also important that the management of the wind-down phase will not interfere with the ongoing conduct of monetary policy. At the same time, it is appropriate that the reinvestment strategy for the PEPP reflects its temporary nature and link to the pandemic emergency. The end of 2022 is a reasonable guide to the horizon for this, also as this horizon coincides with that of our macroeconomic projections.

**The temporary nature of the PEPP is clear, but not so clear on reinvestments. The reinvestments of the APP, a programme that started in March 2015, are still going on. In Italy there is a widespread wishful thinking that ECB reinvestments will go on forever, becoming a proxy of debt monetisation, even if the ECB cannot finance governments directly.**

The interest rates needed for the world economy are much lower now than they were 25 years ago. This is not unique to the ECB or the euro area. The reason why interest rates are so low has to do with many factors, such as demography and productivity, among others. Right now these forces are putting downward pressure on inflation. Central banks globally are fighting against low inflation and are engaged in asset purchases to do that. But our central bank actions are motivated by our monetary policy mandate: if the inflation outlook changes, then central bank policies will adjust as well. We do not know where interest rates will be in the future because we do not know where inflation will be in the next three, five or ten years. The advocates of debt monetisation claim that central banks will keep public debt no matter what. This is not the case. And anyway, the Treaty does not allow us to undertake debt monetisation.

**You refer to a world of very low interest rates. TLTRO III goes as low as -1%. But does this mean that an interest rate cut is off the table now?**

Our key policy rate, the deposit facility rate, is at -0.5%. For banks participating in our targeted lending programme that lend sufficiently, the TLTRO III operations offer a rate as low as -1%: this provides an incentive to banks to keep the flow of credit to firms and households going. When it comes to our policy rate, we are ready to adjust it if necessary, as is true for all our instruments. We made our last cut of the policy rate in September of last year. In the current environment of exceptional uncertainty and remaining stress in financial markets, asset purchases within the PEPP have proven a particularly effective tool, so we focused on these in our most recent decision.

**Are you satisfied with TLTROs and more lending with pandemic emergency longer-term refinancing operations and bridge longer-term refinancing operations to avoid a credit crunch?**

We have learnt a lot from previous crises. An important part of our lending programmes is to incentivise banks to lend to households and firms. This is



especially important when risks go up and the revenues of firms are hit. We have also revised our collateral framework: we expanded the set of eligible collateral against which banks can borrow from the ECB. This allows banks to lend more to the real economy. As a modern central bank, we recognise how important it is for households and small and medium-sized enterprises (SMEs) in Europe to obtain credit. And our decisions in March and April addressed this: the highly attractive pricing of TLTRO III will run until next year. We are determined to make sure that this crisis is not made worse by an avoidable credit crunch.

**Liquidity is there for sure, but does it go to SMEs or does it inflate financial bubbles?**

What we have seen in the last weeks is a restoration of investor confidence in the European economy. Back in the middle of March, global investors were asking themselves whether European policymakers would respond appropriately to the shock. Would the ECB response be enough? How would the European institutions respond to the pandemic? Would there be enough solidarity? At the ECB, we have responded decisively, not only with our monetary policy but also through supervisory measures. Moreover, the response by national governments and at European level has also been centre stage. I think now, with all the various instruments in place, global investors have improved their opinion of the European response. So one thing we see in financial markets is more optimism about the prospects of the euro area economy.

**At the beginning of the pandemic, did you perceive the return of the euro break-up fear like we had during the sovereign debt crisis back in 2010-12?**

This is a very large shock. And we have seen that a crisis environment can give rise to self-fulfilling flight-to-safety dynamics and illiquidity in individual sovereign bond markets. But our monetary policy response has been effective in countering this, and the response of national governments and through European initiatives has addressed any underlying concerns. The European institutional framework is stronger than it was in 2010. And we also do not have now the imbalances in the euro area that we had in the last crisis.

**Yes, many new tools have been created to fight the pandemic: the European Stability Mechanism pandemic support, SURE, the recovery facility, PEPP. But how do fiscal and monetary policies stay together? Any risk of overlapping?**

Under current circumstances, this big negative economic shock is putting downward pressure on inflation. So, around the world we have seen simultaneous and ambitious policy actions by governments and central banks, including central bank purchases of government bonds. Monetary policies and fiscal policies are working in the same direction when these face a huge shock.

**The German Constitutional Court raised an issue on the risk that the ECB's monetary policy would get into the domain of fiscal policy...**

The mandate conferred on us by the Treaty to maintain price stability is

unambiguous and we are undeterred in the pursuit of this mandate, as President Lagarde has said. As a European institution we are subject to the jurisdiction of the Court of Justice of the European Union, and the Court ruled in 2018 that the public sector purchase programme is legal and in line with our mandate.

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## Looking for IP pro bono providers

June 10, 2020 [\*Intellectual Property for businesses\*](#)

Looking for IP pro bono providers



The COVID-19 crisis has had a severe impact on small and medium-sized enterprises (SMEs) in the European Union, threatening massive job losses and closures.

At the EUIPO we want to help SMEs and you can help them too.

The EUIPO COVID-19 pro bono hub offers a tailor-made service to match SMEs to providers of free-of-charge intellectual property (IP) legal representation and advice throughout the EU during this unprecedented period.

The service focuses on the needs of small businesses, ensuring that they get the IP-related legal advice they need to protect and maximise their rights, and the proper professional representation to defend those rights when challenged. Businesses will be able to obtain practical guidance on how to handle their IP legal matters, which will help them refocus their attention on overcoming the competitive and economic challenges caused by the pandemic.

Like to join this new adventure? See the and

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## Michel Barnier at the EESC plenary on Brexit: “We expect the UK to respect its engagements”



At its June plenary session the European Economic and Social Committee (EESC) hosted a debate with Michel Barnier, Head of the EU Task Force for Relations with the United Kingdom. Barnier informed of the state of play of Brexit negotiations and expressed his disappointment over the attitude of the British government which, in his opinion, was not respecting the Political Declaration signed in October 2019: “We expect the UK to respect its engagements”, said Barnier.

On 5 June, the EU and the UK concluded their fourth round of negotiations with no substantial progress according to **Michel Barnier**, who regretted the *lack of willingness* on the British side to reach an agreement on the four

topics that were on the table: fisheries, a level playing field, governance of the future relationship and police and judicial cooperation in criminal matters. *We can only take note of the fact that there has been no substantial progress since the beginning of these negotiations, and that we cannot continue like this forever*, added Mr Barnier.

In the absence of progress in the negotiations, the question of time is beginning to become pressing, especially given the United Kingdom's refusal to extend the transition period beyond the end of 2020. *If there is no joint decision on such an extension, the UK will leave the Single Market and the Customs Union in less than seven months. Taking into account the time needed to ratify a deal, we would need a full legal text by 31 October at the latest, in less than five months. We must use this time in the best possible way*, Mr Barnier said.

**Luca Jahier**, president of the EESC, deplored the current situation and the risk of the negotiations failing. *We are convinced that a no-deal scenario would have a very high cost, but we have to show that we are not ready to reach a deal at any cost*. He also commented that the only positive outcome of Brexit is that *it has made it possible for the EU to face the COVID-19 crisis more united than ever and put in place an unprecedented recovery plan in less than three months*.

## The support of the EESC

Barnier engaged in a debate with EESC members, who showed their interest about the role of organised civil society in the future relationship between the EU and the UK and expressed their full support to Barnier's work.

**Stefano Mallia**, member of the Employers' Group and Chair of the EESC Brexit Follow-up Group, insisted on the *economic and social devastation* caused by the COVID-19 pandemic which, in his view, should be *a good enough reason to get an agreement*. He also insisted in the importance of preserving the Single Market: *What makes the EU strong is our Single Market, so any deal signed with the UK has to contribute to its consolidation*.

**Oliver Röpke**, President of the Workers' Group, expressed his disappointment with the attitude of the UK's government: *We all want to avoid a no-deal scenario, but the British government is aware of this and it might be part of its strategy. Compromises are necessary, but we have to insist on the level playing field*, he said.

**Carlos Trias Pinto, John Bryan, Arnold Puech d'Alissac and Ionut Sibian**, members of the Diversity Europe Group, commended Barnier's work as Head of the EU Task Force for Relations with the United Kingdom and expressed their hope that an agreement will be reached within the deadline fully respectful with the EU interests.

## Negotiation framework

The impact of the COVID-19 pandemic on the negotiations was also mentioned by

Michel Barnier, who admitted that holding face-to-face meetings in the upcoming weeks and months could improve efficiency, but insisted that *the lack of progress in these negotiations is not due to our method, but to the substance.*

Michel Barnier reminded those present that the only valid framework for the negotiations was the Political Declaration signed between the EU and the UK in October 2019, setting out the future of the relationship. *Yet round after round, our British counterparts seek to distance themselves from this common basis, said the EU chief negotiator. We cannot accept this backtracking on the Political Declaration and we will insist on the full respect of the Withdrawal Agreement,* he made it clear.

One of the key issues addressed in the negotiations between the EU and the United Kingdom is the future of trade and tariffs. On this topic, Barnier reminded that during its 47 years of EU membership, the UK built up a strong position in the EU market in a number of strategic areas: financial services, business and legal services, and also as a regulation and certification hub and a major entry point in the EU single market.

*We must ask ourselves whether it is really in the EU interest for the UK to retain such a prominent position. We cannot accept the UK's attempts to cherry-pick parts of our Single Market benefits,* concluded Mr Barnier, who added: *However good the agreement we reach with the UK, our trade relationship will never be as fluid as it is today.*

However, Michel Barnier expressed his hope that the negotiations would make it possible to find a *landing zone* between the United Kingdom and the European Union in the course of the summer or by early autumn at the latest.

*We want a very ambitious economic partnership, but it must reflect the long-term economic and political interests of the EU. This is not a dogmatic or technocratic position. We will never compromise on our European values or on our economic and trade interests to the benefit of the British economy,* said Mr Barnier. *What we now need to make progress are clear and concrete signals that the UK, too, is open to work on an agreement,* he concluded.