

What has changed?

Up to now, European Governments have followed an approach to tackling Coronavirus based on three main elements: closing down the main public interactions (retail, hospitality, sports) except those necessary for food and healthcare; encouraging/requiring people to work remotely where they can, and to stay away from work if not essential; and social distancing/ staying at home. Within these parameters, everyone else – in practice a significant proportion of the economy – could continue their activities.

On the evening of 21 March, the Italian Prime Minister announced a new approach, which switches from this approach of defining certain restrictions and allowing anything not restricted to continue, to ceasing all production and economic activities unless exempted. The new Italian regime will initially run for two working weeks, until 3 April. Two weeks is also the recommended household isolation period in case of infection: one week for the person infected and one in case they have infected others in the household. The new approach is set out in a decree published on 22 March, which the Government worked on with the Scientific Committee and the Trades Unions.

In taking this decision, Italy is moving to the approach used in China and now in the US – defining which parts of the economy can continue to function, rather than defining what must cease.

How does the new Italian system work?

Every company in Italy is classified by a code which relates to its economic activity (ATECO code). The Italian Emergency Decree defines which ATECO codes are allowed and can therefore continue. Any company with an allowed code is automatically permitted to continue operating, subject to any local restrictions. Any company without an allowed code is automatically barred from continuing all of its operations from 25 March until 3 April. There is provision for functional activities which are essential to those on the allowed list also to continue in operation.

It is important to note that municipalities and local authorities can also prescribe more stringent measures if they consider it necessary. Also that trades unions and works councils in plants in a number of European countries have been concerned about employees continuing to attend the workplace, even in industries considered essential. The circumstances in which employees can withdraw their labour on health and safety grounds are a function of national employment legislation: any company so affected should seek advice.

By opting to implement the restrictions through the ATECO coding system, Italy has chosen a method which brings immediate administrative clarity.

The [US essential critical infrastructure workers list](#) illustrates the complexity of going down the alternative route of defining more descriptively what activities are considered essential.

The administrative clarity of the Italian approach is however something of a blunt instrument – there are likely to be many companies which provide essential support or supply to essential services but whose activity is not defined by an ATECO code which is allowed to continue to operate.

What should I do (Italy)?

If you think that your company contributes essential functional support to an allowed service, but does not have an allowed ATECO code according to the Decree, it would be prudent to establish the basis for your continued operation. We recommend the following steps:

- Careful analysis of your customer list – what are their ATECO codes? How essential do they consider your product or service to be to their operation?
- Initial approach supported by contact with the local Mayor or local authority
- Involve your local trades union representatives: their appreciation of the essential functional nature of your activities will be important with both your employees and the local authorities

What should I be thinking about (elsewhere in Europe)?

All eyes are on Italy, which is now the epicentre of the Coronavirus pandemic. But other European countries are also carrying very significant infection rates, and could decide soon to follow the Italian switch of approach. **Spain** looks particularly under pressure, as do **France**, **Switzerland**, the **Netherlands** and some other European countries. The **UK** is a couple of weeks behind. **Germany** has quite high infection rates, but strikingly low mortality, which may make for less pressure on the healthcare system.

If other countries do decide to adopt more stringent measures, they will look at the Italian as well as the US experience. Neither is straightforward to implement, and both are likely to produce perverse answers from some individual companies.

For companies which form part of wider supply chains, it is sensible now to prepare for moves to more stringent measures by ensuring that you have really good analysis of your customers and the uses they make of your products, including the extent to which they form part of essential service delivery. Also make sure you have good channels of communication into local authorities, local elected officials, trades unions etc.

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