

Mr Pierre Gattaz
President
BusinessEurope
Avenue de Cortenbergh 168
1000 – Brussels

Madrid, 31 March 2020

Dear President, Dear Pierre,

We are all living challenging times, keeping active our respective organizations to support the continuity of economic activity as much as possible and making our best to safeguard the health of our employees.

The COVID-19 is a pandemic which is impacting on the global economy. Therefore, the response can only be European, under a strong leadership of the European Commission to coordinate the measures that the EU Member States are already taken.

In this respect, the European Commission has timely adopted the right instruments to combat this sanitary emergency, including, among others, the Temporary Framework for State Aid, the suspension of the Stability and Growth Pact and a new investment package of 37 billion euro. A set of measures that has been adopted by the EU legislators in less than 15 days in exceptional circumstances. Thus, the European Union is positively responding to this unprecedented crisis.

Furthermore, the European Central Bank (ECB) has launched a powerful Pandemic Emergency Purchase Program of 870 billion euro, representing 7.3% of the Euro area GDP according to the ECB. Likewise, the ECB is making available up to 3 trillion euro in liquidity through its refinancing operation. As a matter of fact, this decisive action is being the key to stabilize financial markets and give confidence to investors.

Nevertheless, more must be done at European level to face the demand shock and the subsequent sharp decline in supply we are confronted with. Although in the short time we must continue to focus on the sanitary crisis, ensuring the integrity of the Internal Market to allow the free movement of medical and sanitary goods across Member states, we should begin to think on the day after.

As BusinessEurope rightly stressed in its message to the latest European Council on 24 March, maintaining industrial activity as such is critical to minimize disruptions, job losses and the need for financial aid from EU governments. In this respect, the European Investment Bank should play a robust anticyclical role in the reconstruction phase of the European economy, once the sanitary crisis is over.

It is crucial that European Union and its Member states draw the right lessons from this crisis, being the first one the need to make decisive progress in the European integration.

More specifically, in the current context of economic uncertainty, we believe that it is essential to complete the Banking Union, to contribute to the revitalization of business financing in the benefit of all. We also deem that European solidarity is important to maintain macroeconomic stability. In this sense, the launch of a large European fund for infrastructure financing, with State guarantees and which is ambitious enough to relaunch the European economy, may be a good signal to the markets about the Member states' commitment to the European Union.

Determination and realism, with the proper level of ambition and optimism, will be key to succeed; together with a more profound sense of unity and trust within the EU Member states to row on the same direction: a stronger and more powerful European Union.

Last but not least, we recognize the great job BusinessEurope is doing to ensure a joint business response in these extraordinary times and you can, for sure, count on CEOE constant support.

Kind regards,

