

Pierre Gattaz
President of BusinessEurope
Av. de Cortenbergh 168
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Belgium

Lisbon, 30th March 2020

Dear President Pierre Gattaz,

Dear colleagues,

I am writing to you to express my deepest concern with the results of the European Council of the 26th of march.

The world is collectively facing an unprecedented crisis. COVID-19 poses the biggest threat since World War II, it is highly uncertain, and no country will manage to escape from it unscathed.

This is the moment for the European Union to demonstrate its added value. We need to get both the speed and strength of our response right. Instead, this crucial Council meeting, showed, once more, incapacity from EU leaders to show unity and solidarity, basic values of the EU, as well inability to act in benefit of all.

Clearly, number one priority right now is to handle the health crisis caused by COVID-19 and mitigate contagion, ensuring the necessary conditions are in place to respond to all health needs.

But the devastating social and economic consequences of the COVID-19 are right before our eyes. This is just the beginning, but it is already extremely worrisome.

If the EU fails to show its added value, I fear costly consequences.

- Our economies are closely interconnected. Letting one country fail, will have serious consequences to all, without exception. The most affected member states by COVID-19 so far are Italy and Spain – these are two of the largest EU economies and their industrial production in Europe is crucial, including to many EU Member States.
- The reputation of the EU has barely survived the 2008 crisis, due to EU bashing and deep differences of opinion amongst Member States. We cannot afford to repeat this mistake which could bring the disintegration of the EU.
- We have seen a sharp rise in populism extremism in many Member States in the aftermath of the financial crisis. Unless we act together to mitigate to the maximum the

economic and social consequences of the COVID-19, we will provide the opportunity for populism and extremism to gain further ground.

What we are experiencing cannot be compared to any other crisis the EU has been through. It hit hard and unexpectedly, and effects everyone. It can hardly get more symmetrical than this. A EU budget of 1% of EU's GDP will not be enough as a response. This is why we need new instruments. In our view, the "corona bonds" are the right instrument to show the EU is worth more than the individual sum of its members. It is time to break taboos and bring this proposal to the table, alongside a strong and ambitious fiscal stimulus. As Mario Draghi put it, in his Financial Times article from the 25 march, "Public debt levels will have increased. But the alternative – a permanent destruction of productive capacity and therefore of this fiscal base – would be much more damaging to the economy and eventually to government credit".

Only a leadership fully aware of the proportion of what we are facing, will be able to minimize the consequences that will fall on us.

It is our responsibility to defend our companies and ensure they can get through this difficult period. This is no ordinary crisis, we will not be able to use ordinary measures. This is my appeal to you all.

Best regards,



António Saraiva

Presidente