

## OPEN LETTER TO THE EUROGROUP MINISTERS

### **We call on the Eurogroup to adopt a far-reaching Economic Recovery Plan!**

The World Health Organization has stated that Europe has now become the epicentre of the COVID-19 outbreak. What just weeks ago seemed a distant public health emergency on another continent is now taking a heavy toll on the health and lives of Europeans.

Our continent has not faced such an overwhelming period since the Second World War. It is not only Europe's health, economy and social fabric that are at risk, the foundations of the European Union are in danger too.

We are facing a common invisible enemy that knows no borders. It is already damaging the very essence of the EU and its four freedoms: the movement of goods, services, capital and people. The EU single market and the Schengen area are already under strain and unilateral responses are further endangering the chances of successfully containing this pandemic.

The EUROGROUP has a pivotal role to play in the response to this crisis. If it fails to demonstrate determination, coordination and solidarity now, COVID-19 could spark an unprecedented economic downturn with unpredictable social and political consequences.

We welcome the first measures put forward by the European Commission and the European Central Bank. However, both institutions recognise that without a massive, coordinated and common fiscal response at the EU level, these proposals will be like small drops in the ocean. We are pleased that the Commission took on board our call for the full use of the flexibility of the Stability and Growth Pact, which, if used in a coordinated way, will help to mitigate the effects of a severe economic downturn. However, this will not be enough.

If the 2008 financial crisis taught us anything, it is that monetary policy alone cannot do the job, and that national measures are not enough. We know from experience that acting fast and acting together is the only effective answer to a crisis that affects us all.

This is why we call for a European-wide COVID-19 Economic Recovery Plan, with a consolidated and coherent strategy for the rapid mobilisation of the different available EU instruments to support people, SMEs and businesses. This must include the European Central Bank, the European Investment Fund, the European Stability Mechanism and other banking union tools. The sooner this is done the better, so we can limit the socioeconomic impact of COVID-19.

The equity of the European Investment Bank must be increased, and most importantly, the potential offered by the European Stability Mechanism must be used through a mandatory credit line to finance a common investment instrument. We call on the EUROGROUP to come forward with a proper stimulus package agreed at the European level. This must be jointly financed through the ESM and all member states must be able to participate.

First and foremost, we need to protect people's lives and their health. But we should also take steps to guarantee that citizens will be able to return to their jobs after the pandemic has passed. Nobody should have to choose between protecting themselves and their loved ones, or keeping their job, potentially putting themselves and others at risk. That is why we call for the urgent implementation of an Unemployment Reinsurance Scheme. If sufficiently financed, it would be the natural tool to address the socioeconomic shock which EU countries are facing because of the epidemic.

We must remember that there are human lives beyond deficits, sovereign debts, macroeconomic models and short sighted national interests. More than the financial markets, all of those battling COVID-19 and its effects need to feel that the EU is doing whatever it takes to protect them. The EU has the opportunity to send a strong signal of unity and solidarity. With the right response, we can come out of this difficult period even stronger.

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