



Head Office
10 Rue du Commerce
1000 Brussels
Belgium
Tel: +32 2 285 41 63
Email: yepp@epp.eu

Statement on the European Union joint reaction to the economic crisis caused by Covid-19 pandemic

Our generation of young Europeans recognises the European Union as the most ambitious and strategic political project of present times. As reaffirmed in the 2019 EPP manifesto, we are proud of the achievements of our European Founding Fathers and want to take them to the next level.

The Union has made very little progress towards an effective deeper integration in the past decade and its weaknesses have painfully revealed themselves in the reaction to the Covid-19 pandemic. This unprecedented social and economic shock has no culprits, no "lazy" and "industrious" countries, no savers and spendthrifts. It affects every single citizen of the EU and requires, by its nature, a coordinated thorough response.

It is when the unexpected happens that the framework of institutions, regulations and procedures we have built together shows its inadequacy.

It is crystal clear to every decision maker within the European Union that substantial and courageous actions must be taken to prevent this shock from becoming a long-lasting agony. We all know it takes only a few weeks with no revenues or lost salary to close a company and impoverish a family, while it takes years to build a strong business or to recover from indigence. The unquestioned duty of the current political class is to safeguard a European economy with strong fundamentals by using any possible monetary and fiscal tool.

Most member states have taken unparalleled measures to contain the infectious disease, citizens have been forcibly deprived of their basic personal freedoms. We are not subject to any civil rights abuse, we are simply requested to act responsibly as members of a community, where any action has consequences for others.

Our national communities have shown a widespread consensus on placing the safety of others before the right to free movement and to work. But consolidated civil achievements are now at stake more than ever before, and we must be alert.

Thanks to the precious accomplishments of past generations, we are given, as Europeans, the guidelines to take the EU to the next level, these guidelines are our common, fundamental values.



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Acknowledging that significant actions to prevent European economies from collapsing have already been taken on the monetary policies level, the €750bn Pandemic Emergency Purchase Programme by the ECB represents only one side of the necessary interventions. As of now, economists estimate the total damage caused by Covid-19 lies between 8% and 12% of the European gross domestic product, the equivalent of €1.3tn to €2tn.

In light of this forecast, powerful fiscal policies should be agreed at the European level so as to prevent the ECB from taking all the burden of guaranteeing a sustainable financing of member states needs.

Acknowledging that in the Eurogroup meeting final remarks of April 9th 2020 Member States agreed on an initial framework to mobilize resources for around half-trillion euro, we believe that the financial support to protect European workers and families which is required in light of the mentioned shortfall of the European GDP is much higher.

In the present situation, where member states have budgets that are, on average, as big as 44% of their GDP while the European Union has a budget of only 1%, such procurement of liquidity will fall on the shoulders of each state alone, and worsen the existing disparity between heavily affected countries like Spain and Italy and the rest of Europe.

Since the weakening of part of the Union is against the interest of all member states, our proposal demands the EU to focus on a substantial enlargement of its annual budget so as to collect and dispose of adequate resources to respond to this crisis and to future crises.

Specifically, in the short term, as an emergency response allowed by the Treaties (art 122 and 331 of TFUE) and promoted by the Parliament, the Commission shall establish a fund of maximum €1tn, financed through a new euro safe asset with a "pan-European guarantee", based on the European budget itself. These bonds will be supported by the ECB through the emergency purchase programme and will in no circumstances affect the debt position of any of the member states. In addition, the bonds will constitute a low-risk investment opportunity for large worldwide investors that will pour savings into the European economy.

The fund will be an extraordinary tool, supported by a structural enlargement of the EU budget, which shall grow from the actual 1% of the EU total GDP.



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Moreover, in the mid and long term, the European Union shall focus on the normalization of the annual increase of the EU budget, as stated in the previous paragraph. Such normalization will maintain the current contribution share of each member state, assess the opportunity to introduce European direct taxation on specific matters and the possibility for the Commission to run a strictly regulated deficit by collecting resources on the bond market in case of need also during ordinary times.

In conclusion, we believe that a sympathetic and cohesive political and economical reaction to this crisis is the only answer to safeguard the European project. Solidarity is not only a moral obligation between partners but also the only available path to defend our national interests, our wealth and a prominent position in future global equilibriums. Our social model and our fierce protection of human rights is what makes Europe home to everyone of us, and we will fight together for its preservation.