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**Cc:** [HAGER Michael \(CAB-DOMBROVSKIS\)](#)  
**Subject:** BusinessEurope's Spring Economic Outlook  
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[image002.jpg](#)  
[2020-05-19\\_spring\\_economic\\_outlook.pdf](#)

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Dear Executive Vice-President,

I am pleased to send you our Spring Economic Outlook.

The European Union, in common with the rest of the global economy, is presently experiencing the deepest recession since the Great Depression of the 1930's.

Among the key points we note:


- Whilst the situation remains very uncertain, **our central forecast is for the EU economy to fall by 7.9% in 2020, and rebound with 5.8% growth in 2021.** This implies that the economy will be operating just slightly below its pre-crisis level towards the end of 2021.
- **The depth of the recession and the strength of the ensuing recovery may also differ considerably between member states.** Our members expect economic activity to have remained above 90% of pre-crisis levels in Germany, compared to below 70% in other member states where lockdowns were also longer. Sectoral differences, including the greater reliance on international tourism in some member states will also impact recovery paths.
- In recent months, we have seen an unprecedented response by the EU and member states alike to rapidly put in place essential measures to protect businesses and workers through this crisis. But further measures are needed to deliver a co-ordinated EU fiscal stimulus of the magnitude seen in other G7 economies. Whilst EU member states have provided relatively large support through loans, equity injections and guarantees, stimulus efforts through actual direct revenue and expenditure have been relatively small in relation to other G7 economies.
- In order to ensure a stronger recovery and address the economic crisis that is now materializing, **BusinessEurope has set out the need for an EU Recovery Plan focussing**, in particular, on:

1) An ambitious and coordinated fiscal stimulus to support demand, a rapid deployment of EU investment funds as part of an ambitious and co-ordinated EU fiscal stimulus

2) A revitalised and open single market and a strengthened single currency fair and free trade and investment and support for multilateral solutions

3) Strengthened EU governance to ensure EU financial support increases member states' implementation of growth and employment enhancing structural reforms and upward convergence.

With best regards,

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