



**Mr António Costa**  
Prime Minister  
Rua da Imprensa à Estrela, 4  
PT - 1200-888 Lisboa  
Portugal

18 June 2020

Dear Prime Minister,

The coronavirus pandemic has resulted in a significant decrease in international trade and has entailed a disruption of trade flows as well as global value chains that is severely endangering the viability of thousands of companies in the European Union. The crisis has also shown how crucial open trade and diversification of sources are in order to build a resilient and sustainable economy. International trade is a key driver of jobs and growth and therefore an indispensable component of the European recovery.

As efforts concentrate on ensuring our economy recovers as quickly as possible, we must take into account that the reopening process is expected to take place at varying pace in different countries and regions, and demand to pick up asymmetrically around the world. In the current situation bilateral free trade agreements are more crucial than ever. They open the door to explore new market and business opportunities for European companies especially SMEs in a moment they needed them the most.

In this context, we would like to draw your attention to the importance of the long-awaited EU-Mercosur agreement. The Mercosur market presents a huge unexploited potential for European businesses and the diversification of their value chains. Mercosur's market has been protected by extremely high import duties that reach 35% for many consumer goods. Once the agreement adopted, European companies will be better placed to compete and successively market their products and services as the South American bloc engages in its economic recovery process.


In light of the above, BusinessEurope would like to stress the importance of making progress in the adoption and ratification of the agreement during the incoming German and Portuguese Presidencies of the EU. We call on the European Institutions to ensure the ongoing process will be expedited, for example by separating the trade part of the agreement to allow its faster adoption and implementation.



There are not many other markets around the world with the same size and potential as Mercosur. The EU should not miss the first-mover opportunity to boost economic growth in these challenging times. Last but not least, the agreement provides Europe with the only effective instrument to promote higher social and environmental standards and support sustainable development in the Mercosur states – a leverage we will not have without the trade accord.

Yours sincerely,

  
Pierre Gattaz  
President

  
Markus J. Beyrer  
Director General

Copy to:

*Mrs Ursula von der Leyen, President of the European Commission  
Mrs Angela Merkel, Chancellor of the Federal Republic of Germany*