

The chairmanship of

Gerhard Cromme

November 2001

November 2005



### **The Legacy**

In a period where economic troubles meant that delivery on the ambitious Lisbon Agenda was lethargic and sporadic, Gerhard Cromme promoted an active ERT role that sought to push for this reform in the face of adverse political momentum. The repeated calls for progress were delivered with constructive proposals for concrete action, even after the failure to ratify the Constitutional Treaty further reduced the enthusiasm for EU measures among national governments.

During Gerhard Cromme's chairmanship, the EU underwent a profound metamorphosis in its shape and role in the international context. In addition to grappling with its new internal political dynamics, Enlargement further raised the world's expectations of the EU. Gerhard Cromme felt that the onus was on ERT to remind political leaders that they had a responsibility in ensuring successful conclusion of the Doha Development Agenda trade negotiations. ERT spoke out in favour of an ambitious policy towards the EU's neighbouring countries, and continued to underline the importance of the EU's enlargement drive.

## Key Messages and Publications

### COMPETITIVENESS

- **Will European Governments in Barcelona keep their Lisbon Promises?** – Message to the Barcelona European Council, March 2002 | February 2002
- **In the light of the Barcelona Summit: What does European Business expect from Politics** – Speech by Gerhard Cromme delivered in Barcelona at Palacio de Generalitat de Catalunya | April 2002
- **Entrepreneurship and Sustainable Development in an Enlarged Europe: Future Challenges for the Business World** – Speech by Gerhard Cromme to the European Business Summit in Brussels | June 2002
- **Is the 3% R&D for 2010 objective unrealistic? Can the dramatic reappraisal it implies be achieved?** – Message to the European Commission | October 2002
- **The European Challenge** – Message to the Spring European Council in Brussels, March 2003 | February 2003
- **Excellence of Enterprises** – Speech by Gerhard Cromme to the July 2004 informal Competitiveness Council
- **Future European Research Policy: The ERT view** – Message to the European Spring Council | March 2005
- **How to put economic reform on the front burner – a business view** | January 2005

### EUROPEAN GOVERNANCE

- **A stronger Europe: the View from ERT** – Message to the Laeken Summit | December 2001
- **ERT Discussion Paper on EU Governance** | May 2002
- **European Governance for Greater Competitiveness** | November 2002

## COMPETITION POLICY

- **ERT Response to the “Green Paper on the Review of Council Regulation (EEC) No 4064/89”** (The Merger Regulation) | April 2002
- **Making European Merger Policy More Predictable** (ERT-sponsored research study by Prof. Dr Stefan Voigt and Dr André Schmidt) | June 2003
- **ERT Response to the European Commission Proposals for Reform of EU Merger Control** | June 2003

## FOREIGN ECONOMIC RELATIONS

- **Messages in support of the WTO Doha Development Agenda** | May 2003, June 2003, October 2003, June 2005, September 2005 (often in cooperation with other business organisations)
- **ERT Survey on Trade Facilitation** | November 2005

## EUROPEAN NEIGHBOURHOOD POLICY

- **ERT’s vision of a bigger Single Market** | May 2004

## ENVIRONMENT

- **ERT letter to the European Commission on Climate Change** | July 2004

## INTERNATIONAL ACCOUNTING STANDARDS

- **The Demands of the European Round Table of Industrialists on IFRS** | March 2004
- **ERT Position Paper: IFRS and convergence of Accounting Standards** | September 2004

## The times

Gerhard Cromme's chairmanship began as the European economy found itself virtually at a standstill – not in a recession, but struggling to establish a GDP growth rate above 1%. This ratified ERT's long-held view that governments were doing far too little to raise Europe's industrial competitiveness. During this period, ERT found itself frequently concerned about the Union's slow progress in achieving the Lisbon Agenda, and underlining Europe's growing competitiveness gap with the United States which was demonstrating its political, economic and military might.

ERT focused on the EU's urgent need to allocate more resources to research and development by surveying its Members on the policy measures needed to encourage them to invest in R&D in Europe. In addition, ERT supported the efforts of the Convention on the Future of Europe to agree a new constitutional treaty, while insisting that the EU needed reforms that would guarantee accelerated, predictable and transparent decision-making in all areas related to business.

In a number of powerful speeches, Gerhard Cromme asserted ERT's belief that the Union was suffering a failure of governance which had damaging repercussions for business.

Some had hoped that the adoption of the euro in 1999 would deliver a growth bonus for the 11 (soon to be 12, when Greece entered in 2001) members of the euro zone. However, this was

unlikely in view of the slowdown in world demand in 2002, and the structural obstacles to growth within the EU, which included inflexible labour markets and the slow pace of privatisation of energy utilities.

By the end of 2001, the optimism of the late 1990s, buoyed by upbeat economic growth and what proved to be overheated financial markets, was rapidly deflating. Towards the end of 2002, governments were failing to meet their growth targets and unemployment began to rise again, especially in Germany. The successful introduction of euro notes and coins in January 2002 could not hide the fact that some governments were threatening the credibility of EMU by failing to honour their budgetary policy commitments. The fall in government revenues, due to persistent low economic growth caused France, Germany, Greece, Italy, the Netherlands and Portugal to breach the 3% of GDP limit on budget deficits fixed by Economic and Monetary Union rules.

In 2005, most of the governments had still not managed to bring their countries' budgets back within the deficit limit. The perception was that Europe continued to regress, being outperformed by US and Asian economies. This painfully exposed Europe's structural weaknesses which included inflexible labour markets, low return on invested capital and insufficient R&D investments. The persistent period of low economic growth undermined the political willingness to reform the European economy. Rather than action, it led to apathy.

The gap between declarations and actual delivery widened. Europe was not able to react adequately to the new challenges of the global economy. Progress was impeded by the lack of an integrated approach within the EU. Not only did the EU decision-making process fail, especially at Member State level, but the required measures to reverse the economic slowdown were non-existent. The EU suffered from a lack of sense of urgency to complete the Single Market, and from ineffective policies to achieve the Lisbon objectives. The momentum to reform, years after the lofty Lisbon statement of intent, evaporated and economic recovery remained a distant prospect.

The good news was that the European Union finally reached one of the most significant decisions since its foundation, namely to expand from 15 to 25 Member States, growing to a population of 450 million. The signing of the Accession Treaty at the Athens European Council on 16 April 2003, represented a further significant step in the process leading to the biggest ever enlargement of the EU. This underlined the crucial nature of the work carried out in the Convention on the Future of Europe and the subsequent Intergovernmental Conference (IGC) to reform the EU institutions and their decision-making processes to deal with an enlarged EU of 25 and more countries.

This culminated in the draft Constitutional Treaty, finally signed by the Heads of State and Government and Ministers of Foreign Affairs on 29 October 2004 in Rome. The Treaty was subject to ratification by parliamentary vote, and/or a national referendum in all 25 Member States. Parliaments of Lithuania and Hungary kicked off by adopting the Treaty at the end of 2004.

However, on 29 May 2005, a majority of the people in France (54.7%) and on 1 June in the Netherlands (61.6%) voted the Treaty down. Although 13 Member States had already approved the Treaty and a few others did so subsequently, ratification in other countries was put on hold and the process stalled. The EU called for a reflection period of one year to give Member States the opportunity to ponder over the new situation and how to react to the 'no' votes. Many declared the Treaty dead, and Europe found itself having to continue to work in the basis of the Nice Treaty.

ERT Members were naturally very concerned with the failed ratification of the Constitutional Treaty in France and the Netherlands. A task force was established to search for ways for ERT to address the underlying challenges to business exposed by the setbacks of the ratification process. The Task Force, led by Jorma Ollila (Nokia), reported to the November 2005 Porto Plenary Session and recommended changes to ERT's core areas and a refocusing of ERT's communications approach.

### Failing Competitiveness

#### situation "urgent"

Competitiveness is a relative phenomenon. By the start of the new millennium, the performance of US companies was the main benchmark for ERT Members whose businesses were operating in global markets.

In a speech by Gerhard Cromme at the European Business Summit (Brussels, June 2002), ERT pointed to the EU's poor growth performance throughout the 1990s, managing just one year above 3% while conversely, the US had only one year below it. ERT noted the widening productivity gap between the EU and the US and a growth potential of just 2.5% a year in the EU versus 3.5% in America. The gap in per capita income was also increasing: from 42% to 54% between 1991 and 2001. Finally, ERT focused on the fact that the largest continental European economies – Germany, France, Italy and Spain – had higher unemployment rates than the US.

## Implementing the Lisbon Agenda

### growing urgency, political inertia

ERT made no secret of its frustration at the EU's slow progress in moving towards the important objectives of the Lisbon Agenda. While some EU countries made good progress on economic reforms, the overall picture was clouded by the failure of the large continental economies to make significant headway. As a result, ERT sent a message to the European Council before it commenced in Barcelona in March 2002. The message conveyed the fact that after two years of effort the results were "disappointing", and warned that the 2010 deadline could not be met at such a slow pace. It subsequently set out ten immediate priorities for action.



Inspired by the original Lisbon declaration, these priority recommendations were centred on:

1. Adoption of a Community Patent;
2. Raising the level of spending and performance on research and development;
3. Bringing in a Single Market for financial services as quickly as possible and modernising EU accounting and reporting standards;
4. Liberalisation of public services and utilities;
5. Support of better regulation;
6. Elimination of tax obstacles to cross-border business;
7. Reformation of public pensions;
8. Development of a new e-Europe action plan;
9. Reform of labour markets;
10. Reform of education and lifelong learning systems.

Despite progress in areas such as the Financial Services Action Plan, electricity and gas market liberalisation and the e-Europe Action Plan, by the time the European Council came to conduct its annual review of the Lisbon Agenda in Brussels in March 2003, ERT concluded that “three years on, many of the Lisbon targets have not been met on time, putting the overall programme in peril”.

In June 2004, Gerhard Cromme gave a speech to the Informal Competitiveness Council (Maastricht), drawing attention to patchy implementation of the Lisbon Agenda and the failure of Europe to nurture its knowledge base.

In October 2004, ERT addressed a letter to the November 2004 European Council, once more calling for more determined action on the Lisbon Agenda. It suggested making growth and jobs a priority for the EU, reinforcing the Competitiveness Council, ensuring better quality EU regulation, better implementation at national level, and recommended key measures that could yield early success, including agreement on the Community Patent.

The ERT message to the 2005 Spring European Council once again highlighted the importance of follow-through of the Lisbon Agenda. ERT gave full support to the European Commission's proposal to introduce National Reform Programmes which would assign clear responsibilities for action. It was hoped that this approach would help the EU's laggards catch up with the more successful reformers, such as the Nordic countries, most new EU Member States, Spain and Ireland. ERT demanded key quick successes by the end of 2005, demonstrating the EU's commitment to growth and jobs and giving impetus to progress in specific areas of the economy.

## **Boosting Innovation**

### **the European challenge**

The Barcelona European Council (March 2002) added a new target to the Lisbon Agenda: that European investment in R&D should be increased from the current level of 1.9% of GDP to

approaching 3% in 2010. The ERT Competitiveness Working Group, chaired by Daniel Janssen (Solvay), examined this target closely. The Group concluded that it was unrealistic to expect business to play its role in achieving this goal in the time available, without dramatic changes in Europe's approach to innovation and its framework conditions for business.

In its message to the March 2003 European Spring Council (*"The European Challenge"*), ERT called on the Union to invest in centres of excellence and to raise the status and supply of scientists; to increase public spending on innovation to encourage more private R&D spending and to give better legislative protection to intellectual property and cut the red tape holding back new products and technologies. ERT Members warned that without such new initiatives, there was a serious risk that R&D investment would increasingly favour other regions at Europe's expense.

It was against this background that ERT warmly welcomed the political agreement on a Community Patent which was finally achieved shortly before the 2003 European Spring Council. To ERT Members' dismay, final adoption however was made impossible due to disagreement over the language regime for the Community Patent, and strong Member State aversion to depriving National Patent Offices of their role.

In February 2004, ERT addressed the European Spring Council, expressing its anxiety about the erosion of Europe's competitiveness. The Lisbon Agenda had clearly failed to deliver.

Other economic regions had responded much faster to changes and reaped the benefits. Europe thus faced increasing pressure on jobs and investments. ERT called on national governments to implement the Lisbon Agenda without delay, and presented three priority areas to boost European growth and employment:

1. Development of an integrated framework for business competitiveness. Stalling R&D expenditure was pushing leading-edge technologies out of Europe. The EU and Member States had to set new and effective investment conditions and Member States themselves had to formulate more effective national policies. The EU should complete the internal market and abolish over-regulation and poor-quality legislation.
2. The development of a true European innovation strategy. If the EU wanted to stay ahead in exploiting critical knowledge, investments in education, lifelong learning, R&D and entrepreneurship were required. Member States had to get rid of “red tape” for entrepreneurs, enable citizens to fulfil their career potential and commit themselves to the Barcelona R&D-investment goals.
3. Appointment of a single senior Commissioner for Industrial Strategy. This was to be combined with a reinforcement of the Competitiveness Council, which should assess the impact of new legislative proposals, consult business prior to any new decision and monitor the Lisbon Agenda closely.

## European Governance

### advocating more effective EU decision-making

A Member-driven Working Group established at the Plenary Session in May 2001 which was chaired by Morris Tabaksblat (Reed Elsevier), concluded that there was a firm link between declining economic competitiveness and the unsatisfactory manner in which the EU took its decisions. The launch of the Convention on the Future of Europe in 2002, with its mandate to recommend possible Treaty changes, stimulated ERT to propose its own views on what needed to be done in those areas relevant to business.

ERT regarded the Convention as a promising route towards eliminating deficiencies in the system of EU governance and making the institutional framework within which business operates more effective.

The Working Group elaborated a *"Discussion Paper on European Governance"* in May 2002. This was presented to leading members of the Convention. In November 2002, the ERT Plenary Session approved a short follow-up paper entitled *"European Governance for Greater Competitiveness"*, which summarised ERT's position and reiterated its call for enhancement of European competitiveness "through fast and effective decision-making". This paper was widely circulated and was distributed to all members of the Convention.

In both messages, ERT spelled out its belief in the need for a strong and more effective European Commission. ERT also saw the necessity of a more effective Council of Ministers, *inter alia*, through the extension of qualified majority voting to all areas related to cross-border business. Furthermore, the ERT position demanded distinct roles for the national and European parliaments, a flexible distribution of powers between the EU and its Member States and stronger economic management. ERT's main messages were discussed during 2002 and 2003 with leading members of the Convention, including its Chairman, Valéry Giscard d'Estaing, and high level politicians in Member States. Individual members of the ERT Working Group on European Governance played a key role in these activities.

Following Morris Tabaksblat's retirement from ERT in 2003, Louis Schweitzer (Renault) was named chairman of the Working Group. Subsequent to the presentation, in July 2003, of a draft Constitutional Treaty by the European Convention, the Working Group monitored the discussions of the Intergovernmental Conference (IGC), which led to a compromise agreement by the European Council in June 2004. While the draft Constitutional Treaty fell short of ERT's expectations, it would have incontestably enhanced EU governance compared to the Nice Treaty.

## EU Enlargement

### towards a successful conclusion – increasing attention to the EU's neighbours

On 13 December 2002, the European Union successfully concluded the accession negotiations with ten candidate countries with a view to accepting them as full EU Members in 2004. ERT had been strongly in favour of opening the European Union to its Eastern and Mediterranean neighbours from the early 1990s, and the Enlargement Working Group actively supported the process. For example, in January 2003, Antony Burgmans (Unilever), the new Working Group chairman, held a meeting with the Ambassadors of the acceding countries to discuss key issues related to the competitiveness of Europe and the achievement of the Lisbon Agenda.

On 16 April 2003, the Accession Treaty was formally signed in Athens, clearing the way for ten new Member States to join the EU on 1 May 2004. ERT Members warmly welcomed this enlargement. At the same time, ERT continued to keep a close watch on the long list of tasks and commitments to be fulfilled by both future and current Member States in order to make EU enlargement a success.

The ERT Working Group also continued to actively support Bulgaria and Romania in their efforts targeted at joining the EU in 2007, and to pay special attention to the candidacy of Turkey and Croatia.

Individual ERT Members have helped establish Business Advisory Councils (BACs) in several countries (Hungary, Bulgaria, Romania, Slovakia, Croatia, Turkey and Serbia), which, over time, have become highly reputed consultative bodies between governments and representatives of the international investor community for issues related to competitiveness. ERT supports the BACs by sharing best practice between countries. Even after the May 2004 Enlargement, the BACs in the new Member States (Hungary, Slovakia) continue to provide a business view on competitiveness-related developments.

ERT closely followed the drafting process of the European Neighbourhood Policy (ENP), proposed by the European Commission in May 2004. The Working Group developed a position paper advocating the eventual full integration of the neighbouring countries (covering Eastern European countries without current EU Membership perspective and the Mediterranean rim) into the EU Single Market. The position paper, published in May 2004, was followed by a set of recommendations for priority areas for EU financial assistance under the ENP. Due to the new field of activity, the Working Group was re-named "Enlargement and Neighbourhood Policy".



## Foreign Economic Relations

**advocating trade liberalisation, fostering relations with the US, Russia and China**

Under Gerhard Cromme's chairmanship, the necessity of setting Europe's competitiveness into a global context was recognised. The rise of new economic forces increased the importance of helping policy makers understand the implications for Europe's economy of the new challenges posed by globalisation.

The Foreign Economic Relations Working Group, chaired by Peter Sutherland (BP), paid ample attention to the WTO trade negotiations in the Doha Development Agenda (DDA). After the failure of the Seattle Ministerial meeting in 1999, which was characterised by violent protests of anti-globalisation movements, the launch of the DDA Round was delayed by two years. Following the 11 September 2001 terrorist attacks, the WTO Member States agreed to start the DDA in the same year. However, the trade talks would soon fall behind schedule and most deadlines were missed with few results achieved.

Nevertheless, ERT continued to promote an ambitious outcome of the Doha negotiations, commenting on the opportunities of success and the risks of failure ahead of the Ministerial meetings in Cancún (September 2003) and Hong Kong (December 2005). In several statements, often issued together with other business organisations from around the world, ERT called on the EU,

US and G8 to deliver an ambitious agreement, since dynamic trade liberalisation is crucial for both developing and developed economies. In March 2004, with a letter to the European Commissioners for Trade and Agriculture and the Irish and Dutch EU Presidencies, ERT underlined its support for a successful conclusion of the round. It was suggested that the EU and other industrialised nations should send out a positive signal by agreeing to abolish agricultural export subsidies. Along with tariff elimination and services liberalisation, these were seen as the key issues for an ultimate agreement on the DDA.

During several visits to Geneva, led by Peter Sutherland, ERT pressed the WTO and its members for leadership and progress in trade negotiations. In cooperation with the US Business Roundtable, ERT asked the EU and US, the two major beneficiaries and architects of world trade, to demonstrate a shared commitment towards global trade. This could recreate the spirit of multilateral economic cooperation and contribute to an optimal outcome.

This issue had already been raised by Morris Tabaksblat (Reed Elsevier), who, in his speech to the Evian Group in April 2002 entitled *"Leadership and WTO"*, voiced disappointment at the growing number of bilateral trade disputes which clouded the transatlantic relationship. He called for WTO members to adhere to a culture of negotiation rather than litigation. He also underlined the need for developing countries to make their voices heard in the negotiations and called for a pragmatic approach to the proposed "Singapore issues" (investment, competition policy, public procurement and Trade Facilitation).

Under Gerhard Cromme's chairmanship, ERT stepped up its cooperation with the Business Roundtable and the Business Council in the United States, as well as with the US Chamber of Commerce. Apart from focus on an ambitious outcome of the Doha Development Agenda, this cooperation stressed the need for convergence of US accounting practices (US GAAP) with International Financial Reporting Standards (IFRS). ERT also strongly supported the reinvigoration of the Transatlantic Business Dialogue (TABD), with a number of ERT Members joining the new TABD in 2004. ERT was named an official observer in the TABD process.

ERT recognised the increasing economic importance of Russia for global companies and for the global economy. Gerhard Cromme led a 13-Member delegation to meet President Vladimir Putin in December 2003, discussing the Russian investment climate. Meetings were also held with Prime Minister Mikhail Kasyanov and Deputy Prime Minister Viktor Khristenko. ERT also supported the EU-Russia Industrialists' Round Table (IRT), whose links with ERT became firmer when Jukka Härmälä (Stora Enso) took over the EU-side co-chairmanship in 2004.

The rapidly increasing global economic importance of China led to stronger focus on EU-China relations. The Foreign Economic Relations Working Group became more active in gathering company information about the business environment in China, and in examining in more detail the specific challenges companies face in their Chinese operations, e.g. the protection of intellectual property.

## Competition Policy

### promoting predictability and accountability of merger policy

Throughout 2002 and 2003, ERT maintained its dialogue with Mario Monti, the European Commissioner at the time for Competition, on reform of EU Competition Policy. The focus had been on how to improve predictability and accountability in merger cases. The ERT Plenary in Istanbul in May 2002 endorsed a proposal for ERT-sponsored academic research on predictability to test and deepen the arguments in the ERT's original paper to the European Commission (December 2000). The subsequent study, entitled *"Making European Merger Policy More Predictable"* was published in June 2003.

Starting from practical case studies and information provided by ERT Members on company experience of predictability in EU merger cases, the study analysed current practice from an economic perspective and developed concrete proposals for improvements.

The Competition Policy Working Group, under Alain Joly (Air Liquide), continued to take a close interest in the process of EU merger reform. It focused in particular on ways in which such reform might contribute to the competitiveness of European business and the achievement of the Lisbon goal. Comments were sent to the European Commission in 2002 on the initial Commission Green Paper on the review of the Merger Regulation, and subsequently in 2003 on the Commission

Proposals for the reform of EU merger control. While welcoming the Commission's initiative, ERT expressed concern regarding the direction of some of the proposals and their impact on predictability. ERT also continued to argue for greater accountability by stressing the need for an effective review of Commission decisions in merger cases that would be faster than the current appeals process and apply to the grounds of the decision, not just the procedure.

In 2004, the Working Group formulated recommendations on the application of Article 82 as a contribution to a debate on new Guidelines in this field, sparked off by the European Commission.

## Taxation

### addressing cross-border tax obstacles

In ERT's view, the elimination of tax obstacles to cross-border business activities within the EU is indispensable for achieving the Lisbon "most dynamic economy" objective. For these reasons ERT supported the main conclusion of the Commission's October 2001 communication, "Towards an Internal Market without tax obstacles, a strategy for providing companies with a consolidated corporate tax base for EU-wide activities".

A press release published in November 2001, indicated ERT's support for an optional consolidation of corporate tax bases in the EU, whilst maintaining the Member States' discretion to choose the rate applied to the share of the base allocated to each of them. Intensive discussions with UNICE led to the eventual alignment of UNICE's position on this matter. In October 2005, ERT Members were pleased to note that László Kovács, European Commissioner for Taxation and Customs Union, proposed a harmonisation of the corporate tax base.

## International Accounting Standards

### introducing common European financial reporting rules

Under Gerhard Cromme's chairmanship, the issue of International Accounting Standards (IAS) gained the full attention of the Membership. ERT engaged in successful discussions in support of International Financial Reporting Standards (IFRS), making the voice of industry heard in the debate on the formulation of a full set of global financial reporting standards.

In 2003 the Chairman of the International Accounting Standards Working Group, Alain Joly (Air Liquide), expressed concerns about the direction of the deliberations of the International Accounting Standards Board (IASB), charged with the development of international financial reporting standards. ERT was worried about certain proposed standards for financial instruments (notably

the proposed standards known as IAS 32 and 39) and the IASB's lack of willingness to take business arguments into consideration. On the suggestion of Commissioner Bolkestein, ERT entered a dialogue with the IASB and presented alternative solutions for the proposed standards.

In various position papers ERT stressed the importance of convergence of IFRS and US GAAP. ERT emphasised however that the quality of standards should not be sacrificed to the speed of convergence.

A Task Force composed of ERT companies' Chief Financial Officers (CFOs) was established, to examine, along with UNICE business implications of the proposed standards and to raise these issues with the IASB and its US counterpart, the Financial Accounting Standards Board (FASB).

In a meeting with the FASB Chairman in October 2003, the CFO Taskforce stressed the opportunities presented by a single global accounting system by 2007, based on converged US and international standards. By holding regular meetings, a structural exchange of IAS experiences between the EU and US developed. The ERT Working Group continued to monitor developments at technical level.

In several meetings with Internal Market Commissioners Bolkestein and McCreevy, ERT reiterated the importance of converging accounting standards. The Commissioners acknowledged that Europe needed a stronger voice in the IASB to avoid that its input was too dispersed.

ERT's active attitude in International Accounting Standards issues also reflected in the role it played in the International Accounting Standard Committee (IASC) Foundation Constitution Review in 2004. ERT welcomed the revision of the IASC Constitution and provided concrete input for improvement. Bertrand Collomb (Lafarge) accepted to be appointed as a trustee of the IASC.

ERT also participated actively in the reform of the European Financial Reporting Advisory Group (EFRAG). Main goal was to promote EFRAG as the single European voice on IAS affairs with a consultative status in the IAS Board. To that end ERT submitted proposals to strengthen the role of EFRAG and enhance its working process.

In February 2005 ERT called on the IAS Committee to strengthen geographical distribution criteria and thus ensure a more representative participation in the International Accounting Standards Board of the parts of the world using International Financial Reporting Standards. ERT suggested that trustees should be fully involved in agenda-setting in order to enhance the IAS Board's governance. Regarding funding, ERT reflected on creating a structure on national level.



## Corporate Social Responsibility

Under the chairmanship of Jean-Louis Beffa (Saint-Gobain), the Industrial Relations and Social Policy Committee (IRSPC) monitored developments in the field of corporate practice. Under its auspices, ERT actively participated in the European Multi-stakeholder Forum on Corporate Social Responsibility (CSR), bringing together representatives from business and other stakeholders, including trade unions, NGOs, investors and consumers. The intention was to promote innovation, convergence, and transparency in existing CSR practices and tools. After two years of dialogue, a common position was adopted in June 2004 with an agreement to have regular assessment meetings with the European Commission as the evaluator.

Gerhard Cromme's involvement in the debate on this issue in his position as Chairman of the German Corporate Governance Code Government Commission created useful synergies that allowed the IRSPC to benefit from the ERT Chairman's first-hand national experience.

## 20th Anniversary Celebration

In May 2003, ERT celebrated its 20th Anniversary in the Palais d'Egmont in Brussels at an anniversary reception. A speech honouring ERT's role in driving the European project was given by Romano Prodi, then President of the European Commission. The reception was attended by numerous present and former ERT Members and interlocutors from the European institutions, governments and business.