

THE CHAIRMANSHIP OF

The chairmanship of Helmut Maucher

January 1996

October 1999



The Legacy

Helmut Maucher believed that ERT's focus on competitiveness needed a global dimension. A reactivated Working Group on Foreign Economic Relations and a series of surveys of investment conditions in the developing world contributed to widening views; he took ERT delegations to the World Economic Forum in Davos and also to meet the President of Mexico. Combining ERT chairmanship with the Presidency of ICC, the world business organisation, further helped the ERT to contribute and to be recognised on the world stage. He insisted that Europe must speak with one voice in all major global matters in order to defend its interests. To better coordinate the positions of European business, he initiated regular meetings with UNICE at chairman level.

Key Messages and Publications

COMPETITIVENESS

- **Benchmarking for Policy-Makers – The Way to Competitiveness, Growth and Job Creation** | October 1996

EMPLOYMENT AND EDUCATION

- **Job Creation and Competitiveness through Innovation** | November 1998
- **Investing in Knowledge – The Integration of Technology in European Education** | February 1997
- **New Technologies for Learning: contribution of ICT to innovation in education** (ERT-sponsored study by University of Leuven) | 1997
- **A Stimulus to Job Creation – Practical Partnerships between Large and Small Companies** | March 1997

NORTH SOUTH

- **Investment in the Developing World - New Openings and Challenges for European Industry** (update of the 1993 Survey) | December 1996
- **European Industry and the Developing World – For a Global Framework of Mutual Interest and Trust** | June 1997

ENLARGEMENT

- **The East-West Win-Win Business Experience** | March 1999

CLIMATE CHANGE

- **Climate Change: An ERT report on Positive Action** | May 1997

Addressing global issues

Helmut Maucher's aim was to broaden the ERT's vision and to encourage it to address some global issues - without, of course, diminishing the priority given to its "core" preoccupations of competitiveness and the Single Market. Issues addressed were significantly expanded to include pensions reform, foreign economic relations and criminality against companies.

One of his first acts as chairman was to formalise ERT's relations with UNICE and to develop clear lines of communication with other business organisations such as the International Chamber of Commerce, the OECD's Business and Industrial Advisory Committee and the World Business Council for Sustainable Development.

Wim Philippa was appointed Secretary General from 1 March 1998, having been head of the European Union Relations Office of Ciba-Geigy in Brussels.

The times

preparing for EMU and worries about unemployment

Helmut Maucher's chairmanship coincided with an extraordinarily active period in the history of the European Union. The economic background for much of the period was very flat, featuring high

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unemployment and firm restraint on budget spending by Member States which, in most cases, were anxious to meet the convergence criteria that would qualify them for Economic and Monetary Union. Fortunately, unemployment began to fall, albeit slowly, from the end of 1997.

In 1996, an Intergovernmental Conference (IGC) began work that would prepare the Treaty of Amsterdam, which was signed in October 1997 and was intended to prepare the Union for enlargement towards Central and Eastern Europe.

Competitiveness

spreading the message more widely

ERT generally refrains from pronouncing on the internal politics of the European Union. However, the work of the IGC in determining the way Europe is managed has consequences for European competitiveness. For this reason, a group of ERT Members, led initially by Helmut Maucher and subsequently by Jérôme Monod, began to take an interest in the issues being addressed by the IGC in 1996. The ERT's central message was consistent with its main positions over the years: industry needed Europe to operate as a single economy with effective political institutions. For his part, Helmut Maucher emphasised that ERT's priorities should be directly related to Europe's competitiveness. The joint seminar with the Commission on "*Benchmarking for Competitiveness*" in March 1996 was a great success and was followed by an ERT report

explaining the concept in detail (*"Benchmarking for Policy-Makers"* October 1996). The concept then began to appear in official Commission proposals. Encouraged by the evident usefulness of the seminar format, Daniel Janssen (Solvay) went on to organise a colloquium on innovation in May 1998, resulting in a new ERT report on *"Job Creation and Competitiveness through Innovation"*, published in November 1998.

ERT maintained a close working relationship with the Competitiveness Advisory Group (see chapter on Jérôme Monod Chairmanship) through the active participation of Floris Maljers (Unilever), Percy Barnevik (ABB), Jorma Ollila (Nokia), David Simon (BP, and subsequently UK Minister for Trade and Competitiveness in Europe 1997-1999) and Marco Tronchetti Provera (Pirelli). They were able to encourage the European institutions to focus on key issues associated with liberalisation, innovation and entrepreneurship.

Having strongly supported Economic and Monetary Union for many years, ERT was now keen to see successful practical implementation. Special meetings took place with the President of the new European Central Bank, Wim Duisenberg (November 1997) and subsequently with the British Presidency of the Council.

EU Enlargement

encouraging the second wave

Helmut Maucher, Jérôme Monod and David Simon contributed to a high-level discussion on enlargement at the World Economic Forum in Davos in early 1997. At the Amsterdam Plenary in 1997, it

was decided to set up an ERT Working Group on Enlargement, chaired by Percy Barnevik (ABB). A letter was written to the December 1997 European Council indicating ERT's concerns, which was followed by Governments taking a more positive approach to the second wave applicant countries.

Individual ERT Members set up Business Enlargement Councils (BECs) in Hungary and Bulgaria to promote further improvement in the investment climate, and help candidate countries to prepare for EU membership. The BECs were composed of the CEOs of the local affiliates of ERT companies and their purpose was to maintain dialogue with the national governments about investment and enlargement-related issues. The first ERT enlargement report, *"The East-West Win-Win Business Experience"* (1999) was a collection of 16 case studies from these local affiliates in the candidate countries. The report identified benefits but also showed the obstacles that Western companies encountered while investing in Central and Eastern European countries. The report was launched in March 1999 at press conferences in Warsaw, Budapest and Sofia and widely distributed in both candidate and EU countries.

Employment

partnerships for growth

By 1995-96, unemployment in the EU had risen to well over 10% and governments were anxious to find quick solutions. ERT reminded them that competitiveness and job creation were closely linked. The

Commission was interested in fostering job creation among small and medium-sized companies and asked ERT for ideas. Members felt keenly that small and large companies both helped and needed each other. Morris Tabaksblat (Unilever) built on this argument by collecting detailed ERT case histories giving practical examples of how large and small companies could work together to help each other grow. The report *"A Stimulus to Job Creation – Practical Partnerships between Large and Small Companies"* was followed by important Commission initiatives on venture capital.

Working on issues related to the proposed European Company Statute, Morris Tabaksblat focused on the complexities of taxation of cross-frontier business operations that frequently reduce the competitiveness of European industry. A constructive dialogue was set up between ERT and the Commissioner responsible for the Internal Market, Mario Monti.

The Milan Plenary (April 1996) expanded on competitiveness, innovation and flexibility as the way to create new jobs. Helmut Maucher stressed the employment issue in ERT discussions with German Chancellor Helmut Kohl, Tony Blair, soon to be the British Prime Minister, Jean-Claude Juncker, Prime Minister of Luxembourg, and Jacques Santer, President of the Commission. An ERT letter was sent to the special Employment Summit in November 1997 stressing the need for "positive flexibility" - defined as "finding new ways to employ people." It also stressed that the spirit of entrepreneurship as well as personal responsibility, innovation and adaptability were all needed to foster job creation.

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Education

praise from the Prince

The Prince of Wales praised ERT's consistently positive approach to education at a dinner he gave for Members in St James's Palace during the London Plenary Session in December 1996. Building on the success of his first report (*"Education for Europeans"*, published in 1995), François Cornélis (Petrofina) published *"Investing in Knowledge"* in 1997, calling for the full integration of new information technologies into the education chain and launching the first ERT Knowledge Management seminar.

Accounting Standards

giving an industrial perspective

Simon Cairns (BAT), Alain Joly (Air Liquide) and Helmut Maucher were actively involved in the debate on preparing new standards in collaboration with the International Accounting Standards Committee. They helped bring a new balance to the discussions which hitherto had been dominated by professional accountants and investment analysts, with too little reference to industry.

Corporate Governance

common view proves elusive

A small ERT Working Group, chaired by Ronnie Hampel (ICI), was set up partly in anticipation of a possible attempt by the European Union to harmonise rules for corporate governance. The very varied cultural backgrounds of the businessmen involved was reflected in discussions that revealed wide differences of view.

Pension Reform

a clear warning

The newly formed ERT Pension Reform Working Group, under the leadership of Carlo De Benedetti (Cofide Cir), presented a report on the necessary reform of public and private pension funds to the Helsinki Plenary (October 1999) that was subsequently published as *“European Pensions: An Appeal for Reform”* in February 2000. The report warned of the unsustainable burden current pension systems in many Member States posed to the financial well-being of future generations.

Criminality against Companies

a call to action

Criminality against companies was seen as seriously undermining European competitiveness. The ERT task force led by Cor Boonstra (Philips) set out to push the fight against criminality higher up the political agenda. A message was sent to all Members of the European Council ahead of the informal meeting at Tampere called by the Finnish Presidency in October 1999. The Council decided to strengthen EU cooperation in the areas of crime, immigration and asylum. Many valuable projects by other interested parties have followed ERT's initiative and a platform for a dialogue between governments, industry, law enforcement agencies and academia has been firmly established.

Following this very successful action, by 2000 ERT Members felt able to hand over ongoing responsibility for the issue to ISMA (the International Security Management Association), a professional organisation of 400 senior security executives from major business organisations worldwide.

Environment

a practical approach to climate change

ERT's interest in environmental issues led to the publication of a fresh report on climate change in preparation for the December 1997 UN conference in Kyoto. This proposed a realistic approach to further reduction of greenhouse gases as well as close cooperation between industry and government in a series of practical policies.

World Trade

dialogue with the WTO

The first Director General of the World Trade Organisation (WTO), Renato Ruggiero, met an ERT delegation in November 1995 and was guest of honour at the Geneva Plenary Session at the end of 1997. Helmut Maucher set up an ERT Working Group on Foreign Economic Relations in 1998 under the chairmanship of Peter Sutherland, who led a delegation to meet Ruggiero in March 1999 to discuss the launch of the Millennium Round and the workings of the WTO's Dispute Settlement Mechanism.

North-South issues

building trust and confidence

A group led by Helmut Maucher continued to look at North-South issues. The ERT reports, *“Investment in the Developing World - New Openings and Challenges for European Industry”* (1996) and *“European Industry: For a Global Framework of Mutual Interest and Trust”* (1997), responded to fears in the developing world that Europe’s investment priority would be the countries of central and eastern Europe now that communism had collapsed. The reports helped to build a base of confidence and trust between European firms with direct investment in the developing world and the major developing economies. A high-level debate on the future of global investment flows took place immediately after the December 1997 Geneva Plenary between ERT Members and representatives from the European Commission, WTO and UNCTAD as well as ambassadors from the main developing countries.

The Transatlantic Business Dialogue (TABD)

practical support

Although not formally part of the ERT agenda, the TABD enjoyed the support of individual ERT Members and the Secretariat. After its launch by the Commission and the US Administration in

1995, ERT was heavily involved in drafting a declaration that opened the way to detailed negotiations about technical trade barriers. ERT Members Jan Timmer (1997), Jürgen Schrepp (1998), Jérôme Monod (1999) and Bertrand Collomb (2000) served as chairmen of the European side of the TABD.