

# THE CHAIRMANSHIP OF

The chairmanship of

Leif Johansson

November 2009

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# LEIF JOHANSSON

Leif Johansson took over the chairmanship of ERT at a challenging time. As global business gradually started to see the first signs of recovery from the economic crisis, its fallout remained uncertain. Sovereign debt became the focus, followed by broader concerns about the state of public finances and governments' ability to sustain their economic models.

The ERT Vision for a competitive Europe in 2025, deliberately designed to provide a longer-term perspective at a time requiring extremely significant short-term decisions, formed the basis of all ERT actions. The launch of the Vision in February 2010 highlighted the need for an EU policy strategy to boost competitiveness. The need for a new strategy, ensuring better implementation of structural reforms at the national level, was evident. In addition, the EU's Single Market was still far from complete.

As the crisis hit government finances and had serious repercussions on confidence in the future of the single currency, the need for carefully calibrated exit strategies for the massive national and European stimulus packages became the priority. Based on the Vision, ERT underlined the importance of the proposed Europe 2020 Strategy for the creation of growth as a means to generate the wealth necessary to bring about an improvement in Member States' fiscal positions. One of ERT's main concerns throughout the development of the Europe 2020 Strategy was to ensure its implementation.

ERT remained convinced that a key element of the EU's competitiveness is a fully functioning Single Market. In the light of continued need for its completion, ERT contributed to the reflection process on the Single Market driven by Mario Monti on behalf of José Manuel Barroso. In doing so, ERT identified

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areas where the Single Market required completion. ERT submitted its thoughts to Mario Monti, many of which featured in his subsequent report to the European Commission President.

Recognising that competition policy is of crucial importance to the Single Market, guaranteeing benefits to consumers as well as business, ERT believed it was important that EU competition policy continuously evolves and responds to the challenges that both business and society face. ERT commissioned a report, entitled “Challenges in Competition Policy” with the overall objective of identifying areas where reform may be necessary to ensure that the EU competition policy framework can work effectively in the future.

At the same time, ERT engaged in the global debate on curbing climate change, focusing on supporting the overall objective of secure, competitive and clean sustainable energy, in conjunction with developing a sustainable energy economy and enhancing European competitiveness. The political accord (The Copenhagen Accord) struck by many of the world leaders at the UN Climate Change Conference in Copenhagen in 2009 recognised the need to limit the global temperature rise as a result of emissions to 2°C and provided for explicit emission pledges by all the major economies. ERT understood that much remained to be done to deliver on the aspirations coming out of Copenhagen, and continued to actively work with European governments to tackle this issue.

Given the continued importance of innovation as a growth driver for the European economy, ERT was concerned at the continuing decline of industry participation in EU-funded research and

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development programmes, despite the fact that industry plays a key role in bringing research outcomes to commercial application, thus creating innovation. The Competitiveness Working Group took up the challenge to develop some ideas on the possible shape of the future EU Framework Programme, expected to be put in place from 2014. The expectation of this early initiative was that policy makers would have sufficient time and support to adapt the architecture of the future Framework Programme to increase the EU's innovative capacity.

This issue was closely linked to a subject that Leif Johansson had examined in greater detail as Chairman of the Societal Changes Working Group (November 2006 – December 2009). The main focus of that Working Group had been the issue that Europe needs more Mathematics, Science and Technology (MST) competent young people to ensure competitive growth in the future. Schools need to enhance MST education, with business also having a large role to play. A large number of good initiatives exist tackling the problem throughout the EU. However, there was little consultation and coordination between these initiatives to share best practice across national borders. As a result, ERT called for the establishment of a European Coordinating Body to bring these and other stakeholders together to exchange ideas and coordinate activities on a European level. The European Coordinating Body gained political and financial support and is expected to begin activities in 2011.

Having achieved the objective the Group had set itself, Leif Johansson stepped down from the role of Working Group Chairman to become ERT Chairman, and the Group took a new focus. Henceforth, it would address the issue of Attitudes to Work. The ERT Vision underlined that motivation,

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commitment, dedication and a willingness to work hard are important qualities that allow businesses to continuously improve innovation capacity and productivity. However, a gap between Europe and other economic regions in terms of cost of labour, working time and employee engagement exists and the Group set out to address this.

ERT also continued to pay attention to the EU's role in the global economy, in line with the Vision, which depicted Europe as well-embedded and respected in global markets. Concerns mounted about the significant drop in world trade as a result of the economic crisis. In discussions with Pascal Lamy, WTO Director General, the threat of 'de-globalisation' was examined. By identifying the potential drivers, ERT intended to be in a position to spot dangers to the global trading system and open markets early. Thanks in large part to the robust rules-based trading system, however, de-globalisation did not materialise. ERT's attention then turned towards Europe's role as a global standard-setter.

Throughout Leif Johansson's chairmanship, the ERT Vision for a competitive Europe in 2025 will continue to set out the main thrust of the organisation's work. The ERT Vision is accompanied by a review process that allows ERT to keep track of progress on its recommendations, and to identify any areas where more focus is required. It is these areas in particular that should be expected to be at the core of ERT's attention in the years to come.

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ERT Plenary Session  
Montreux,  
31 May 2010

From left to right – bottom row: Pablo Isla (Inditex), Wim Philippa (ERT Secretary General), Gerhard Cromme (ThyssenKrupp), Peter Brabeck-Letmathe (Nestlé), Doris Leuthard (President of the Swiss Confederation), Leif Johansson (Volvo), Mario Monti (President of Bocconi University), Jean-Louis Beffa (Saint-Gobain), Jorma Ollila (Past Chairman).



Second row: Peter Voser (Royal Dutch Shell), Paul Polman (Unilever), Jean-François van Boxmeer (Heineken), Peter Löscher (Siemens), Gerard Kleisterlee (Royal Philips Electronics), Svein Richard Brandtzaeg (Norsk Hydro), Franco Bernabè (Telecom Italia), Gérard Mestrallet (GDF SUEZ), Gary McGann (Smurfit Kappa), Bruno Lafont (Lafarge), Carlo Bozotti (STMicroelectronics), Rodolfo De Benedetti (CIR).

Third row: Dimitri Papalexopoulos (Titan Cement), Antti Herlin (KONE), Carl-Henric Svanberg (BP), René Obermann (Deutsche Telekom), Wolfgang Ruttensstorfer (OMV), Thomas Leysen (Umicore), David Brennan (AstraZeneca), Martin Broughton (British Airways), Ian Livingston (BT), Paulo Azevedo (Sonae).

Top row: Jacob Wallenberg (Investor AB), Alois Michielsen (Solvay), Wulf Bernotat (E.ON), Nils Andersen (A.P. Moller-Maersk), Jürgen Hambrecht (BASF), Norbert Reithofer (BMW Group), Antonio Brufau (Repsol YPF), Vittorio Colao (Vodafone), Franz Humer (F. Hoffmann-La Roche), Olli-Pekka Kallasvujo (Nokia), Zsolt Hernádi (MOL), Benoît Potier (Air Liquide).