

THE CHAIRMANSHIP OF

The chairmanship of Pehr Gyllenhammar

April 1983

April 1988



The Legacy

Pehr Gyllenhammar quickly established the ERT as a credible organisation and a valued interlocutor for both European institutions and governments of the Member States. Its desire to take the long view and to be pro-active demonstrated that multinational companies could contribute to European policy-making without pursuing sectoral interests.

Key Messages and Publications

COMPETITIVENESS/ SINGLE MARKET

- **Memorandum to the EC Commissioner E. Davignon** | April 1983
- **Changing Scales** (report on the state of the EU economy) | June 1985

INFRASTRUCTURE

- **Missing Links** | December 1984
- **Promoting and Financing Large-Scale Infrastructure Projects in Europe** (report prepared jointly with the European Commission) | February 1986
- **Clearing the Lines – A Users' View on Business Communications in Europe** | October 1986
- **Keeping Europe Mobile** | December 1987

EMPLOYMENT

- **Making Europe Work** | September 1986

THE CHAIRMANSHIP OF

The chairmanship of Pehr Gyllenhammar

Open and innovative Europe

The first “output” of the European Round Table of Industrialists was a *“Memorandum to the EC Commissioner E. Davignon”* on the most important issues facing European industry. This paper, written at the request of Etienne Davignon and François-Xavier Ortoli (at the time both Members of the European Commission) served as industrialists’ contribution to the Heads of Government meeting that month at the Stuttgart European Council. It called for an open and innovative Europe, not one that was closed and refusing to engage with the rest of the world. Valuable resources were being wasted because Europe was fragmented and industry needed help from governments to remove the many obstacles to innovation and competitiveness.

For ERT the Memorandum served as a kind of “catalogue” of issues to tackle in its Working Groups. The overall message was followed by a series of sharply-focused initiatives that soon caught the attention of Europe’s policy makers.

Trans-European infrastructure

In 1984, ERT came up with a report *“Missing Links”*, that proposed three major infrastructure projects: Euro-Route – a Channel link between England and France; Scanlink – a plan to fill in the

road and rail gaps between Norway, Sweden, Denmark and Northern Germany; and proposals for a trans-European network of high-speed trains. All these projects were to take concrete shape in modified form over the next decade, after having won a formal endorsement at the European Council in 1994.

"Missing Links" also made recommendations for more investment of private capital in infrastructure development. This triggered the European Commission to set up a joint EC-ERT task force on the subject. The resulting report: *"Promoting and Financing Large-Scale Infrastructure Projects in Europe"*, in which typical financing models were developed, induced the European Commission to create a new portfolio called "Financial Engineering" under Commissioner Matutes already in charge of "Credit and Investment".

In 1986, ERT produced a report on the problems of Business Communications in Europe – *"Clearing the Lines"*. The report's recommendations were very well received and repeatedly cited in the European Commission's Green Paper on Telecommunications.

"Keeping Europe Mobile" (1987) was a close look at advanced transport systems and was written and researched in 1987 under Pehr Gyllenhammar. Umberto Agnelli took over the work on this subject in 1988. Both men believed that European governments needed to recast their national investment strategies for transport infrastructure so that they also served pan-European objectives.

THE CHAIRMANSHIP OF

The chairmanship of Pehr Gyllenhammar

Venture capital: setting an example

The venture capital concept was almost unknown in Europe in the early 1980s but its potential usefulness was one of the first insights to come from ERT. Indeed, the organisation decided to lead the way with the creation in January 1984 of the European Venture Capital Association (EVCA) – launched by Carlo De Benedetti and Wisse Dekker. ERT set a further example by creating a new pan-European venture capital firm, Euroventures, which opened for business on 1 January 1985 with a particular mission to encourage small firms to engage in cross-border business. Its initial capital was \$30 million, supported by further contributions of \$3 – \$4 million each from the dozen ERT companies that supported the network.

Even though ERT companies never actually recovered their investments, the initiative was an essential catalyst for greater venture capital activity in Europe which had been lagging behind the USA for many years. Satellite funds were eventually opened in 13 European countries, including Hungary. ERT finally cut links with the parent company after the ten years it had planned to be involved in this activity.

Education and jobs

ERT extended its vision to the educational sphere in *“Changing Scales”* (1985), arguing for improved science education at university level and for more resources for European centres of learning and their advanced projects such as Ariane/RACE. The document also gave ERT’s views on the causes of unemployment.

An ERT follow-up report "*Making Europe Work*" (1986) focused on the problem of unemployment in Europe. The report was presented and widely distributed to the media and discussed with the Commission. It was fully adopted by UNICE (the Union of Industrial and Employers' Confederations of Europe) and became a typical model for the way in which ERT and UNICE support each other.

Special mention should be made here of the very successful programmes ERT launched for younger Europeans: "Youth Conferences" gathered groups of young people from ERT companies once a year to develop fresh approaches to European issues and the "Eurojob Programme" promoted job exchanges between young people coming from different countries and companies.

Other projects

ERT was ready to consider a variety of projects in these early years. Hans Merkle (Bosch), supported by the Commission, worked on the concept of a European Technology Institute (ETI) to originate and develop leading-edge technologies along the lines of the US Massachusetts Institute of Technology. A complete plan was developed by a task force, but finally no agreement could be found within the ERT on the mode of financing. Later the plan was picked up by the OECD.

The roadmap for a Single Market

By the end of 1984, ERT Members had been actively promoting themes in several European capitals connected with relaunching Europe and completing the Single Market. None was more successful at commanding attention than Wisse Dekker's paper, "*Europe 1990: An Agenda for Action*", launched in January 1985 to coincide with the arrival in office of the new Commission, headed by Jacques Delors.

The paper, strongly backed by ERT, had enormous impact. It set out precise steps to be followed for achieving a Single Market: elimination of border formalities, opening up of public procurement markets (particulaly for telecommunications), harmonisation of technical standards, fiscal harmonisation (especially Value Added Tax). It even set a timetable and a deadline (1990) for completing the project – a very radical idea for many European politicians.

The arguments were convincing and the timing perfect. The Single Market became the most visible proposal of Jacques Delors' new Commission.

These and other ideas in the Wisse Dekker paper now seem very familiar because they foreshadowed many of the contents of the White Paper "Completing the Single Market", drafted by Lord Cockfield, the new Industry Commissioner, and adopted by the Commission in early 1985. The "1992 Programme" as it was known (ERT's target date having been changed) paved the way for the key Treaty changes in the Single European Act of 1986.