



ERT

Strengthening Europe's place in the world

PLEDGES AND PRIORITIES





Foreword

Everyone agrees that Europe faces an important moment in its history. It is crucial that Europe's largest companies – which employ around five million people globally, and support many more – play their part in the debate.

ERT's new paper, "Strengthening Europe's Place in the World", is about our Members taking responsibility for their part in addressing the challenges and opportunities of the decades ahead.

For generations, most citizens have trusted in the European approach, which was based on shared values such as freedom, tolerance and free markets with a strong emphasis on social cohesion. That approach has helped to deliver seven decades of peace and prosperity – not least thanks to the common frameworks provided by the EU.

That approach is today facing real challenges, from inside and outside Europe. We must now demonstrate to our citizens how the values delivered after two world wars can be applied to the challenges of today: whether increasing prosperity, tackling climate change or preparing our economies for rapid technological evolution.

This will require an ambitious policy agenda from the new European Commission and Parliament, but it will also need commitment from large businesses such as those of our Members. What will that mean in practice? Our 55 ERT Members have signed up to a list of broad pledges: to grow investment in Europe, to champion diversity and inclusion, to embrace the digital revolution, to invest in our workforce's skills, to contribute to tackling climate change, and to do all we can to support a level playing field for global trade.

To anyone who thinks these pledges are simply aspirational, I say: we have never before agreed such a comprehensive set of goals. As chair, I am determined that we will deliver on them.

We have in turn set out a list of policy priorities for the EU and national governments in the months and years ahead. We will do all we can to support them in delivering on these priorities.

Our Members are ready to take responsibility for harnessing the opportunities, and addressing the challenges of the 21st century. We are ready to play our part in ensuring the peace and prosperity of our citizens.

A handwritten signature in black ink, reading "Carl-Henric Svanberg". The signature is fluid and cursive.

Carl-Henric Svanberg

Chairman of European Round Table of Industrials (ERT)
Chair of AB Volvo



Europe today

For 50 years, Europe has been a force for peace, prosperity and progress. By combining a social market economy approach with a unique set of values – individual freedoms, social cohesion and cultural diversity – Europe has become one of the world’s most attractive places to live and work. European integration has allowed neighbouring countries to create prosperity by using ever closer economic ties to bridge borders.

“A force for peace, prosperity and progress”

The EU has achieved enormous results for its citizens. Shared regulations have resulted in a high quality of life for hundreds of millions of European citizens, with strong consumer, environmental and privacy protection. The freedom to study, travel, work and retire across the EU has opened the horizons of all citizens.

Common debate and shared decision-making, supported by supervisory and enforcement systems, have made Europe a beacon of democracy, human rights and peaceful relations under law.

The EU is today the largest open economic area in the world aligned under a common legal framework, with freedom of movement of people, goods, services and capital. The EU has also become a more secure environment, with protection based on shared intelligence and coordinated policing. It has also put in place mechanisms to peacefully resolve disputes between citizens, business players and governments/institutions, creating a level of trust that was unknown just a few decades ago.

The euro is the single currency in 19 EU Member States and 60 countries or territories outside the EU have pegged their currency to the euro. Not only has the euro increased price transparency and eliminated exchange rate fluctuation, it also raised Europe’s influence in the world by offering the second most important currency worldwide.

Finally, the EU has taken a global lead in mitigating climate change. It has set itself a target for 2030 of cutting emissions by 40% and plans to go much further by becoming climate neutral by 2050.

For all these reasons, it is worth restating clearly that the EU is the most successful peace and prosperity project in history. Since the devastation of two world wars in the 20th century, it has bound the continent together through political, social and economic advancement in a relatively short period of time.

Current challenges and opportunities for Europe

ERT acknowledges that Europe faces real threats, but also opportunities that can be significant in the years to come.

The threats faced by the continent are internal and external, and they endanger prosperity, undermine European values and challenge Europe's place in the world.

Externally, the rules-based international system taken for granted for decades is being threatened from both East and West. The present US administration has moved away from its long-term support for the international system, turning inwards and becoming increasingly protectionist. China is using all instruments at its disposal to rapidly develop its industrial capabilities by focusing on research and innovation to create technological advantages and following a clear strategic vision. While China continues to deny equal access to its domestic markets, Chinese state-backed firms are buying up European technologies and are disrupting the global level playing field by employing unfair trade practices.

There are challenges too from within Europe. Increasing nationalism has been fuelled by the lack of success by the European economies and policies to fully meet the aspirations of all our citizens and distribute the benefits of globalisation sufficiently in society. The financial and sovereign debt crises caused hardships in many European regions, eroding people's trust; the merits of globalisation and Europeanisation are being questioned now much more than in recent decades. Digitalisation and automation are fuelling anxiety about job security, stagnating incomes and further industrial disruption. Concerns about environmental degradation are also increasing, while global efforts to address climate change are patchy.

So there are significant risks for Europe's citizens and companies if there is a return to more

narrowly "sovereign" states, focused exclusively on the interests of their individual territory. The United Kingdom's vote to leave the EU has illustrated the heightened risks.

The European Parliament and the new European Commission have a vital role. There is a threat that increased support for narrowly nationalist parties will increase demand for protectionist policies and nationalistic policies which risk the prosperity of the citizens they claim to protect. We hope the people of Europe continue to see the opportunities facing a strengthened Europe, the economic and social value of European integration, and the risks of weakening the EU.

ERT is convinced that Europe, led by a strong EU, has the potential to accelerate growth and further the achievements of recent decades, while also addressing new challenges.

The challenges of championing open trade, energy transition, automation and digitalisation are also opportunities which Europe must be ready to capitalise on. In doing so, it can generate benefits for its citizens, while also ensuring that those benefits are shared widely.

For example, the transformative power of digitalisation can be leveraged by a healthy business sector, supported by a long-term EU strategy on industrial policy. We believe in close collaboration between business, EU institutions and Member States to maximise the benefits of these new opportunities for all our citizens – while also managing the risks.

“Championing open trade, energy transition, automation and digitalisation”

ERT pledges

ERT's mission is "to strive for a strong, open and competitive Europe, with the EU, including its Single Market, as a driver for inclusive growth and sustainable prosperity".

ERT Members thus have a commitment to a strong, inclusive and united Europe in which innovative industrial players, large and small, have a decisive role to play. In other words, leveraging the power of industry for the benefit of Europe.

"ERT Members pledge to shape and share solutions and best practices"

ERT believes that the period 2019-2024 should be used to accelerate a greater appreciation of the benefits of belonging to the EU. The recognition and appreciation of these benefits will help Member States to stay united. It will reduce the temptation to retreat behind borders and contribute to increasing the appeal of Europe as a quality region for working, living and driving economic growth. The aim is a socially cohesive, economically healthy and safe continent for Europe's citizens.

With close and sustained collaboration between policymakers, businesses, academic communities, civil society and other stakeholders, Europe can develop a consistent strategy for meeting the 17 Sustainable Development Goals and define cooperative plans of action and non-adversarial regulatory frameworks.



ERT pledges

To support this and to demonstrate the vision for Europe, ERT and its Members make the following pledges:

1. Growing investment

ERT Member companies invest over 50 billion euro a year in R&D globally, employ around five million people globally, and support many more via their supply chains. ERT Member companies are ready to invest more if the regulatory and financial environment is improved by introducing commitments to industry, its competitiveness and innovation power.

2. Creating value to society

ERT wants to be in the vanguard of supporting diversity in the workplace and ERT Members have signed a pledge that marks the beginning of a long-lasting campaign to promote inclusion and diversity in businesses throughout Europe. ERT will strengthen its business interactions with society and propose best practices in a European social and business context, in line with the Sustainable Development Goals and the WEF Compact for Responsive and Responsible Leadership.

3. Furthering the digital transformation

ERT Member companies will accelerate their own digitalisation, data and artificial intelligence strategies to capitalise on the significant opportunities offered by digital transformation. At the same time, they will adopt the highest standards of cyber security and protection of digital assets. In both these contexts ERT Members pledge to shape and share solutions and best practices with EU and local authorities, highlighting benefits such as productivity gains and offering innovative services for citizens.

4. Developing skills

ERT Member companies will significantly increase the number of quality business-education partnerships including lifelong learning traineeships, apprenticeships and first employment opportunities and train both the current and future workforce with the required skills in the areas of digitalisation, automation and artificial intelligence.

5. Supporting trade and commerce

ERT Members will actively support the EU, with cases and data, to effectively conduct commercial diplomacy on the WTO's agenda towards fair and free trade and inclusive global growth. Our main objectives will be a level playing field, international markets truly open to European trade and investment, and no unfair disadvantage for European companies.

6. Delivering energy transition and tackling climate change

ERT Members will collaborate with policymakers at EU and country level to ensure Europe sets the right policies, including policies on the circular economy, to encourage low carbon investments at the scale required to enable an energy transition aligned with the goals of the Paris Climate Agreement and to stimulate true growth of innovative, environment-focused businesses.

Priorities for Member States and the EU institutions

Underpinning these six pledges, ERT proposes that the following six priorities should form the basis of explicit goals of the new European Commission and of all European political platforms for the coming years, in order to secure a more competitive and successful Europe:

1. Strengthen the Single Market to boost growth and prosperity in the EU. A quarter of a century after the start of the Single Market, several crucial sectors such as energy, capital markets and the digital economy remain fragmented within Europe. This is hampering our global competitiveness as well as geopolitical impact.

2. Increase the competitiveness of European businesses, leading European multinationals and European companies of all sizes. This should include increased support for R&D and innovation in the framework of Horizon Europe and innovation-friendly fiscal policies. Significant geopolitical and geo-economic shifts require a comprehensive EU industrial strategy with a focus on 2030 and beyond. It should also include smart competition policies that enable European companies to compete successfully at scale globally, like US and Chinese companies.

3. Accelerate concrete plans vis-à-vis opportunities and challenges from digitalisation, the data economy and artificial intelligence and cybersecurity to ensure that Europe can compete globally in these new technology areas as well as helping Europeans to successfully achieve a digital transformation that benefits economy and society across Europe.

4. Address the skills gap and promote lifelong employability. This requires – both at EU level and in Member States – increased investment in education, training, reskilling and apprenticeships, a shared management of migration and refugee influx, and more cooperation between public and private sectors, in order to unleash everyone's full potential.

5. Ensure fair and rules-based global trade and take a strong position in the face of unfair behaviour of large players such as China and the US.

6. Deliver an effective energy transition to reach the targets of the Paris Climate Agreement, tackle climate change and secure quality of life, while taking account of European companies' global competitiveness and ability to provide low carbon solutions.

In conclusion

ERT reaffirms its vision of Europe as a continent bolstered by EU institutions, characterised by openness, shared prosperity and environmental protection, driven by competitive businesses and a digitally competent employment base, and governed through national cohesiveness and shared decision-making.

As ERT Members, we will share our optimism about Europe and about its capacity to meet the challenges and opportunities of the future. We will be active locally and in Brussels to ensure our messages are broadly shared and, when helpful, raise our voice publicly, both in local and European media.

As ERT Members we intend to engage with European and national policymakers to share this vision, to confirm the ERT collective pledges, and to support policy plans aimed at delivering a strong, open and competitive Europe, working for the benefit of its citizens.

**“A socially cohesive ,
economically healthy
and safe continent”**



List of ERT Members

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Carl-Henric Svanberg
AB Volvo

Vice-Chairs

Jean-François van Boxmeer
HEINEKEN

Dimitri Papalexopoulos
Titan Cement

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Wolfgang Eder
voestalpine

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Henrik Ehrnrooth
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Joe Kaeser
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Guido Kerckhoff
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Ben van Beurden
Royal Dutch Shell

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The European Round Table for Industry (ERT) is a forum that brings together around 55 Chief Executives and Chairs of leading multinational companies of European parentage, covering a wide range of industrial and technological sectors. ERT strives for a strong, open and competitive Europe, with the EU and its Single Market as a driver for inclusive growth and sustainable prosperity. Companies of ERT Members have combined revenues exceeding €2 trillion, providing direct jobs to around 5 million people worldwide – of which half are in Europe – and sustaining millions of indirect jobs. They invest more than €60 billion annually in R&D, largely in Europe.

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