



European Round Table for Industry

Mr Darko Horvat
Minister of the Economy
Ministry of Economy, Entrepreneurship and Crafts
Ulica grada Vukovara 78
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Croatia

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RE: Letter to the Council on the future of the EU's competitiveness

Dear Minister,

Ahead of the expected adoption by the European Commission on 10 March of its Communication on a "New Industrial Strategy for Europe", the timing is right to emphasise that the global competitiveness of European companies is absolutely essential to a powerful, influential and sovereign EU.

We, as the ERT's 55 Chief Executives and Chairs of major multinational companies of European parentage, representing a wide range of industrial and technological sectors, have recently released the [ERT Benchmarking Report](#) which documents how much Europe is falling behind its peers across various metrics.

The Report provides facts and figures to underpin the discussions in the Competitiveness Council, such as:

- The global share of unicorns created in EU since 2011 is only 11% vs. 51% in the US and 25% in China.
- The share of European companies in the Fortune 500 has declined from 32% in 2010 to 23% in 2019.
- EU R&D spending intensity is falling behind (2017): 2.0% in EU vs. 2.1% in China, 2.8% in the US and 2.4% of the OECD average.

The findings show where action is needed to strengthen Europe's place in the world and enable the EU to successfully achieve the digital and climate transitions.

We support the ambition of the Commission's Green Deal as a growth strategy for Europe. Indeed, its success will rely on an ambitious industrial strategy and smart EU-wide policies that support innovation and enable the transition towards climate neutrality and a circular economy, while improving the competitiveness of European industry.

The upcoming Communication follows previous attempts (in 2014 and 2017) to devise a strategic approach to support European industry, which unfortunately have fallen short with regards to concrete delivery. Therefore, now is the time to seize the new momentum and truly bring about change.

To this end, ERT has recently published its priorities for a new [Industrial Strategy](#) entitled: "Turning Global Challenges into Opportunities – A Chance for Europe to Lead". The recommendations aim at:

1. delivering on the Green Deal
2. developing the digital single market and bolstering investment in research & innovation
3. driving an ambitious trade & investment agenda while ensuring a level playing field.

We hope these will be inspirational for an action-oriented strategy at EU-level.

Going forward, we believe that the **EU needs to work more closely together with the business community** to improve the overall policy framework on competitiveness. Cooperation between the public and private sectors should be structured in such a way that the new strategy delivers tangible results that can make a difference at company-level. We propose that a dialogue platform should be created to stimulate the implementation of this new industrial strategy for Europe.

ERT also invites the Competitiveness Council and the European Commission to **monitor the EU's competitiveness in a more systematic way**, amongst others by undertaking regular benchmarking exercises. Comparing the performance of the European economy and the competitiveness of companies on a yearly basis with other regions and countries on a wide range of topics would provide welcome evidence, to track progress and to inform future policy initiatives.

We thank you for your interest. We stand ready to contribute with further proposals and/or to join one of the upcoming debates on industrial strategy in the Competitiveness Council.

Yours sincerely,



Martin Brudermüller
Chairman, ERT Competitiveness & Innovation Committee
Chairman of the Board of Executive Directors and CTO, BASF

Annex:

- 1) European Competitiveness and Industry Benchmarking Report: <https://ert.eu/documents/benchmarking-report-2019/>
- 2) ERT position paper on Industrial Strategy: "Turning Global Challenges into Opportunities – A Chance for Europe to Lead": <https://ert.eu/documents/turning-global-challenges-into-opportunities/>