



European Round Table for Industry

Ms Angela Merkel
Federal Chancellor
Member of the European Council
Bundeskanzleramt
Willy-Brandt-Straße 1
10557 Berlin-Tiergarten
Germany

18 September 2020

Dear Chancellor,

At the Special European Council on 24 and 25 September, European leaders will meet in Brussels to discuss the Single Market, industrial policy and digital transformation, as well as external relations.

The European Round Table for Industry (ERT), a forum of around 60 Chief Executives and Chairs of multinational companies with our roots in Europe, fully supports the views from the Commission in the “New Industrial Strategy for Europe” that the global competitiveness of European companies is absolutely essential to a powerful, influential and sovereign EU.

Recovery Instrument & MFF – ambitious, modern and future-oriented

ERT supports the Recovery Instrument. Furthermore, it is in the common European interest that EU Member States and the European Parliament urgently find a consensus on an ambitious, modern and future-oriented Multiannual Financial Framework (MFF) and with sufficient funding for Horizon Europe (€120 billion).

Securing such a budget for Horizon Europe would mean the creation of up to 100,000 jobs in Research & Innovation (R&I) activities between 2021-2027. More than that, it is critical that we achieve the target of 3% of GDP invested in R&I, otherwise Europe will fall further behind the US and China.

Single Market – remove barriers for new growth

As part of the strategy to recover from the crisis, the EU should urgently harmonise rules in the Single Market and improve the level playing field in our greatest asset. The rationale for deeper integration is strong in crucial sectors such as energy, the digital economy and capital markets.

Even though some barriers are less visible to policymakers or not of immediate concern to the public opinion, every obstacle to the freedom of movement of people, goods, services and capital constitutes an opportunity cost. Lowering (transaction) costs remains key to Europe's competitiveness, not least among SMEs. Further integrating the economies of the EU is a non-costly (budgetary neutral) way to boost recovery.

Industrial Strategy – monitor progress and benchmark with other geographies

As President von der Leyen announced in her State of the Union that the “New Industrial Strategy” (adopted on 10 March 2020) will be updated, ERT emphasises the need to add Key Performance Indicators (KPIs) as well as targets for 2030 in order to monitor progress and to benchmark the EU with other geographies.

We ask the European Council to request the European Commission to publish regular “Competitiveness Reports” that focus on tracking the EU’s performance as a whole in global perspective. It is only with quantitative data that the EU will have the required evidence to inform future policy actions and investment decisions needed to successfully achieve the twin transitions at the heart of its future.

Digital transformation – equal attention and importance as the Green Deal

The acceleration and intensifying use of the digital tools in the past 6 to 9 months underlines the challenges for Europe’s economy and society. It also highlights the urgency of making Europe fit for the digital age, with fairness and trust, and a strong digital economy that works for all people.

The digital transition will empower energy transition, innovation and a whole new world of employment opportunities. It is vital to the EU’s ambitions for green transition. Everything is connected – that’s why this is such a fundamental part of the equation and a prerequisite for the success of the green deal.

For this reason, it is crucial to devise and promote a “Digital Deal” for Europe that is given equal attention and importance as the “Green Deal”, thereby truly delivering on the twin transitions, which form the cornerstones of the NextGenerationEU. We welcome the ambition to invest 20% of it on digital.

We strongly encourage that more will be done to build better coordination between the Commission and Member States on 5G deployment. There is a clear lag in the launch of 5G commercial services with more than half of the EU-27 yet-to-launch such services. On the deployment of infrastructure, only 10 5G base stations per million capita have been deployed in 5G-active EU Member States, compared to 1.500 base stations per million capita in South Korea.

Green Deal – indisputable climate benefits and an important business opportunity

We support the primary ambition of the European Green Deal to make Europe the world’s first climate-neutral continent by 2050. In addition to the indisputable climate benefits, we believe that the Green Deal can present an important business opportunity. We encourage the EU to continue to strive towards an effective and equitable global carbon pricing signal, at best a harmonised carbon price at G20 level.

In the absence of such a global carbon price, Carbon Border Adjustment Measures (CBAMs) could, under certain conditions, become part of the mix of instruments to avoid carbon leakage, following a sectoral approach and after a pilot phase in some primary products.

Skills – we are committed to boosting the employability of Europe’s workforce

Especially in the context of the twin transitions, we are committed to co-operation with policymakers and other stakeholders to boost the employability of Europe’s current and future workforce. We have analysed more than 200 reskilling initiatives and identified several market failures. Hence, we ask the European Council to give the European Commission a clear mandate to develop a pan-European, “end-to-end” and cross-sectoral reskilling initiative based on public and private co-operation.

External relations – a proactive strategic approach and geopolitical leadership

The COVID-19 pandemic has accentuated the global trends of less openness, less free trade and growing protectionism. The EU must take account of today’s new economic realities. A proactive strategic approach is needed, that enhances European competitiveness and leadership on a geopolitical level. It is vital for the EU to fight protectionism and deliver fair and rules-based global trade and international markets that are truly open to European trade and investment.

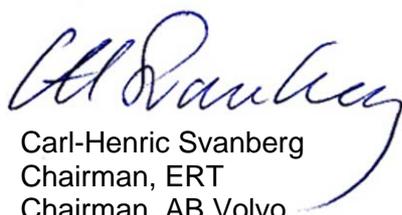
The growing uncertainty about the outcome of the current Brexit impasse is a huge burden for companies that want to invest more and is preventing us from focusing on what really matters to be resilient for the future. Time is fast running out to avoid a hard Brexit. We urge the EU and UK to work towards a mutually acceptable solution.

The EU has always come out of crises stronger

In the course of its history, the EU has always come out of crises stronger as it was able to prove its value and make progress.

The Coronavirus crisis is of a scale previously unseen in peacetime. Its devastating social and economic impacts will reverberate through many strands of European life for years to come. The questions it has raised about citizens’ expectations of the European project are pertinent and timely. They also present an opportunity to build more solidarity among the EU-27 at a time of significant technological transition and to strengthen Europe’s place in the world – a goal the Members of ERT wholeheartedly support.

Yours sincerely,



Carl-Henric Svanberg
Chairman, ERT
Chairman, AB Volvo