



Press Release

Corporate leaders in Europe look ahead with cautious optimism and renewed faith in globalisation

- Survey of CEOs & Chairs of major European companies with global reach reveals a rebound in their confidence in the economic outlook
- European business leaders anticipate brighter conditions for sales & capital investment – and a shift in expectations for geographical expansion
- Medium-term focus on digital transformation, with gradual implications for office space, teleworking, business travel and jobs & skills
- Views on employment still negative
- US and European CEOs & Chairs aligned on short term outlook

BRUSSELS, November 25, 2020: Despite a strong resurgence of COVID-19 infections across the continent in September and October, industrial leaders in Europe are cautiously optimistic about business prospects as the new year approaches.

The Conference Board Measure of CEO Confidence™ for Europe polls corporate leaders in the European Round Table for Industry (ERT) - the CEOs and Chairs of some of the most recognisable European brands with operations worldwide.

In the second half of 2020, the combined/integrated rating of the survey rose to 61—a remarkable rebound from 34 in the first half of the year (A score above 50 points reflects more positive than negative responses). This measure is broken down as follows:

- The vast majority of ERT Members surveyed (80%) report that the economy is doing moderately or substantially better compared to six months ago. Their overall score of present conditions stands at 68, while the index's measure of expectations for the next six months stands at 57—both sharp improvements from the first half¹ of 2020.
- Within their own industries, 44% of CEOs expect business conditions to improve over the next six months. Just 16% expect conditions to deteriorate within their own industries, while 40% anticipate no change.

Dr. Martin Brudermüller, Chairman of the ERT Committee on Competitiveness & Innovation and Chairman of the Executive Board of BASF commented “*Much has changed in the past 9 months. Europe’s economies have been heavily impacted by COVID-19 but are on a recovery now month by month. The further recovery will strongly depend on how the various ambitions addressed by the EU Green Deal are translated into workable framework conditions that ensure the international competitiveness of industry as globalisation is expected to proceed. The EU also needs to decisively invest in societies to ensure that citizens can be part of the innovation and prosperity in the future as well.*”

Medium Term Impacts of the COVID-19 Crisis

Additional findings from the survey reveal how initial temporary implications of the pandemic look set to leave lasting impacts on business operations, on EU politics and on the global economy.

- **Globalisation is expected to continue.** Despite the disruptions to trade and supply chains seen during the pandemic, 75% of CEOs expect the process of globalisation to continue. Furthermore, just 10% expect to significantly relocate operations to Europe, while 69% consider reshoring unlikely.
- **Expect permanent changes in where and how we work.** CEOs expect the shift to telework to continue post-pandemic, with 48% of respondents anticipating remote work to take up one-quarter to one-half of their workers' time in the next three years. An overwhelming majority of 81% expects to reduce office space and all expect to reduce air travel to accommodate the rising prevalence and practicality of telework.
- **Businesses and governments alike must repair a decline in trust in democratic institutions.** 65% of CEOs expect trust in public institutions to decline. This may be partially caused by the fact that countries around the world faced once-in-a-lifetime dilemmas in responding to the pandemic, and there is no silver bullet.
- **The European Union is likely to emerge stronger.** A strong majority (60%) of CEOs surveyed believe the EU will come out of the crisis strengthened politically. The decision to launch an unprecedented programme of cross-country fiscal stimulus and solidarity within Europe appears to signal the advent of a stronger political Union.

Expectations for 2021

Expectations for sales and capital investment are strong, but the employment outlook remains uncertain.

- **Sales expectations entered positive territory in the second half of 2020**, with the score rising to 60 for sales within Europe and 65 for sales outside Europe. Only 14% expect sales to decrease within Europe over the next six months, and just 6% anticipate declines in the rest of the world.
- **Capital investment expectations brighten**, with CEOs giving an overall score of 54 in Europe and 59 outside of Europe. One-third of CEOs expect to increase their investment in Europe, while nearly half (49%) anticipate increased capital expenditure outside of Europe over the next six months.
- **Expansion opportunities** – when it comes to expansion, respondents answered that they expect business to expand in North America and Europe ahead of China and other world regions, but the margins were tight between the Top 3.
- **By contrast, negative responses still predominate in views of employment.** Overall, 51% of CEOs expect employment to decrease in Europe, with just 6% expecting gains and 43% anticipating no change. This translates into an employment score of just 37 for jobs within Europe. At 47, the score outside Europe is somewhat stronger but still reflects more negative than positive responses.

Brudermüller added *“The survey shows that CEOs expect a stronger recovery outside of the EU than within the EU. We appeal to the EU institutions and national governments to seize the opportunity to implement the recovery facility and boost the implementation of the Industrial Strategy. With our recent publication on key performance indicators* we have proposed a dashboard that can help ensure that the EU becomes a more competitive place to do business.”*

Transatlantic Alignment

“Europe’s rebound in confidence closely tracks our latest Measure of CEO Confidence™ for the US,” said **Dana Peterson, Chief Economist of The Conference Board.**

“Executives on both sides of the Atlantic are looking forward to sustained recovery in business conditions that will support—and be bolstered by—rising capital investment in 2021. Recent promising news from vaccine trials is likely to further boost optimism that the end of the pandemic is in sight.”

The companies led by the Members of ERT span a variety of sectors, including aerospace, automotive, chemicals, clothing, construction, energy, food & beverages, healthcare & pharma, software and telecoms.

ENDS

Notes to Editors

A full list of Members of ERT can be viewed here <https://ert.eu/members/>

¹ To view details of the Measure of CEO Confidence survey results from May 2020, go to: <https://ert.eu/documents/top-european-corporate-leaders-hopeful-of-post-covid-rebound-but-do-not-expect-v-shaped-recovery/>

² To discover the 28 KPIs for the Industrial Strategy, download the recently release ERT publication: [**Putting the EU Industrial Strategy into action**](#)

CONTACT: Robert O’Meara, Communications Director, ERT
Tel + 32 2 543 10 51 - E-mail: robert.omeara@ert.eu
www.ert.eu - Twitter: [@ert_eu](https://twitter.com/ert_eu)

About the European Round Table for Industry (ERT)

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.

www.ert.eu

About The Conference Board Measure of CEO Confidence™ for Europe by ERT

The Conference Board and ERT have established a collaboration to create a new measure of CEO Confidence for Europe. The measure ranges from 0 to 100. A reading of less than 50 reflects more negative than positive responses; a reading of more than 50 reflects the opposite. The measure is based on results from three survey questions about: 1) business and economic conditions now; 2) conditions in six months; and 3) prospects for respondents’ own industries.

The survey was fielded between **October 15 and October 30, 2020** to 55 ERT members. 50 replied to the regular questions, resulting in a response rate of 91 percent. 48 replied to the special questions on globalisation, COVID implications.

About The Conference Board

The Conference Board is the member-driven think tank that delivers trusted insights for what’s ahead. Founded in 1916, we are a nonpartisan, not-for-profit entity holding 501 (c) (3) tax-exempt status in the United States.

www.conference-board.org