

## Executive summary

### 8th World Investment Conference

#### “Europe’s Attractiveness in a Changing World”

The eighth World Investment Conference, held in La Baule (France) from June 2 to 4, 2010, was once again the place to be for every business leader and public decision maker interested in the fate of Europe’s economic, financial and political situation. During its plenary sessions and symposia, over 500 participants debated and suggested, agreed and disagreed, on the challenges ahead and, more important, on their own **commitments and suggestions for Europe’s attractiveness and competitiveness in a changing world**.

When the European economy started to contract in 2008 and added new aggravations in 2010, few could have predicted the scale of the events that have followed. Even as the recession ends, economic growth may well be weak for the short term, and it looks certain to be very different and more volatile in the longer run. The provocative findings of Ernst & Young’s 2010 attractiveness survey showed that **Europe has been resilient, but absolutely needs a wakeup call if it wants to remain a destination for the world’s best and most innovative entrepreneurs and investors**.

Three very high-level plenary sessions, honored by the exceptional presence of Herman van Rompuy, President of the European Council, have indicated the orientation for Europe’s governments and institutions, but also for managers and entrepreneurs who, according to former Prime Minister Jean-Pierre Raffarin, “*should also take action and drive Europe’s reforms with their own initiatives*”.

The panel of global CEOs gathered at the 8<sup>th</sup> World Investment Conference identified **key areas for reform to restore confidence and improve the European attractiveness in a changing world**. As a top priority, Ben Verwaayen, CEO of Alcatel-Lucent, Philippe Varin, Chairman of PSA Peugeot Citroën, and Dr. Thomas Enders, President & CEO of Airbus, clearly affirmed that Europe would be stronger together and that “*it is time for more integration*”. Member of European Parliament Anna Maria Corazza Bildt pointed out that, “*since May 9th, with the adoption of the Eurozone recovery plan, the new Europe has demonstrated its capacity to be a credible partner and must remain on these tracks*”.

In addition, panelists stated that governments and companies should **invest more in education** to strengthen and develop this “*decisive European asset*”, as underlined by Philippe Carli, CEO of Siemens France, VP Energy Sector South West Europe. Francis Bailly, Senior Business Executive, Vice President European Affairs of GE insisted that “*innovation will be the key element of Europe’s renewal. Such innovation has to start with education and we must make sure that all European countries focus their efforts and investments on education*”.

To address these challenges, panelists discussed the attractiveness of Europe around the **entrepreneurial capacity of governments, cleantechs and renewable energies, sustainable health, European innovation ecosystems, harmonization, regulation and transparency, and the power of infrastructure for economic growth**.

## Key recommendations from the symposia

- 1 “Government as an Entrepreneur”:** During the global crisis, governments emerged as key players to help companies recover from the global downturn: to what extent and to which sectors should this government support be extended and until when? Panelists agreed that rather than being an entrepreneur, states should see their role as an enabler and rule setter through directed, transparent governance at a European level. Protectionism should be avoided in Europe and legislation has to facilitate Europe’s role as a global competitor. Governments should also invest in skills and infrastructure in order to foster innovation, the key to Europe’s future competitiveness and economic success.
- 2 “Clean-techs and Renewable Energies”:** What are the promising green opportunities in European business, what is the weight of green technology in European economic growth and what role should European public investment play in promoting the green economy? Decision makers recommend leveraging European competencies as a catalyst for growth, through a harmonized regulatory environment and encouraged entrepreneurs’ initiatives and projects. Innovation must be fostered across Europe, with special efforts on science, engineering and public tenders that emphasize the advantages of new technology vs. low cost. Project financing in Europe must become easier, both through greater involvement of the private sector and support for SME growth. Furthermore, the European energy distribution system must be increasingly decentralized and standardized (eg. standardization of electrical grid).
- 3 “Sustainable Health”:** What is the European health model, can it go global and what business opportunities are generated from it? Panel discussions clearly insisted that a patient-centered health market needs to be created in Europe, in order to take into account the needs of all European citizens and facilitate their access to the most efficient health care system. To support this system and encourage innovation, health care stakeholders are called for the creation of a pan-European legal framework. Furthermore, public-private partnerships and incubators should be encouraged to boost research and go-to-market.
- 4 “European Innovation Ecosystem”:** Has Europe reached an efficient model of innovation strategy and promotion? What European regions can do to develop their innovation skills, competitiveness and attractiveness? Decision makers have spoken and stressed the need to develop a common European cluster and innovation policy, leveraging industry, research centers, local and financial institutions, to communicate an open-minded and cutting edge Europe to the world. Commercialization should become a key part of the research process by creating Europe wide funding programs (public and private), applying tax credit system for R&D and a standard European licensing agreement. Finally, entrepreneurship needs to be encouraged through incubators, increased flexibility, and labialized innovative companies.
- 5 “Harmonization, Regulation and Transparency”:** What are the assets of European regulation and where should Europe be more flexible and harmonized to establish its attractiveness? Panelists have insisted on three measures: growth and competitiveness should be at the centre of European policy and require that the stability and growth pact is respected; there is a need to find the right balance between local and international regulation; the internal European market must be re-launched, underpinned with common financial and accounting standards.
- 6 “Infrastructure - Empowering Economic Growth”:** Which are the FDI opportunities in terms of infrastructure and which are the business model best practices to develop major infrastructure projects? The cities of Europe are its future as reminded the business community. Europe and its entrepreneurs have to rebuild them, make them more efficient, more connective and facilitators of communication. European cities need to confront economic growth through investment in skills, labs and new technologies. Starting now, public private partnerships need to invest in low emissions public transportation systems.

Our global economy has turned into a multi-polar world where formerly emerging markets have become major economies in their own right and where entrepreneurial spirit and imagination will be key to the future of our economy. In addition, the European Attractiveness Survey pointed to new sources of growth, particularly new corporate giants in China and India are beginning to compete, now representing 10% of Europe’s FDI. Green business experienced a very-rapid growth and is representing an even larger market share. Capital is now clearly, albeit carefully, flowing in multiple directions. Opportunities and challenges have grown as a consequence. **Old assumptions have been found wanting but the new rules of competitive success have yet to be established.**