

Ignacio Galán: "We are committed to maintaining the investment effort to counteract the economic impact of the war in Ukraine".

- European business leaders acknowledge that optimism is waning, but maintain investment plans despite war impact

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Against a backdrop of heightened economic uncertainty and downwardly revised economic growth prospects for this and the next two years, a new survey of European business leaders conducted for Europe by the *Conference Board Measure of CEO Confidence™* for Europe by ERT (European Round Table) has underlined the urgent need to accelerate the green transition. Despite the worsening outlook for the European economy due to the current crisis, the survey shows that the majority of ERT members are confident that Europe will continue to meet its emissions reduction targets by 2030 and a majority expect both capital investment and job creation in Europe to continue. To do so, the EU must focus on completing the single market, as only a competitive EU can rise to these challenges.

According to Ignacio Galán, Chairman of Iberdrola, "European companies are committed to maintaining our investment and job creation efforts to counteract the economic impact of the war in Ukraine". "It is important to continue to act to meet Europe's ambitious climate targets, which will allow us to continue to create jobs while deepening energy autonomy", said Galán.

The results of the survey

High transport prices, rising raw material and material costs, supply chain bottlenecks and now war on the continent have left an overwhelming majority of European CEOs feeling pessimistic about current economic conditions. The *Conference Board Measure of CEO Confidence™* for Europe by ERT stands at 37 points in H1 2022, as compared to 63 in H2 2021. (The measure ranges from 0 to 100. A reading below 50 reflects more negative than positive responses). In addition, another 61% say the outlook will worsen in the next six months.

Rising energy costs are one of the main reasons for the current downward revisions of Europe's economic outlook and may have a more lasting impact.

Among other significant findings of the latest survey, ERT highlights the following three: Investment and employment intentions remain positive

Despite the overall pessimistic outlook, CEOs remain slightly positive about their investment intentions for the next 6 months, and many have plans to accelerate investments that will reduce their dependence on Russian energy. Overall, one third of CEOs expect capital investment in Europe to increase, and another 54% expect it to remain the same. The story is similar when it comes to hiring intentions, with 25% of CEOs expressing optimism about employment prospects in Europe, and 61% expecting no change over the next six months.

High energy prices in the years to come do not stop the ambition of the green transition

40% of CEOs surveyed believe that energy prices will only return to pre-pandemic levels from 2024, while 38% predict that they will never return to pre-pandemic levels.

In this context, it is striking that two thirds of the CEOs and presidents expect that pressure on energy costs will not slow down the EU's efforts to reach its 55% emissions reduction target by 2030.

In addition, 69% of CEOs stated that they will intensify recycling efforts to help address material shortages, and a further 11% responded that they have already taken such actions.

Global landscape will change survey results

Respondents expect the global business environment to be different in five years' time, with 80% expecting an acceleration of the division of the world into competing economic blocs. The majority of CEOs (66%) expect Russia's war in Ukraine to accelerate the EU's "strategic autonomy" agenda. 55% of CEOs expect the status quo of EU single market integration to be maintained, while another 39% expect integration to accelerate.

Sara Murray, international managing director of The Conference Board, added: "The Measure of CEO Confidence survey was also conducted in China and it is interesting to note that there is a consensus among executives in China and in Europe that higher costs are being passed on to consumers. Sixty per cent of CEOs in China told us that this is either underway or has already been done".

About the survey

The Conference Board Measure of CEO Confidence™ for Europe by ERT surveys CEOs and chairmen of leading European industrial and technology companies that are members of the European Round Table for Industry (ERT). With a 98% response rate, this tenth edition of the bi-annual survey measured ERT members' sentiment on a range of topics, including the economic outlook, inflation and the impact of the war in Ukraine. Since 1976, The Conference Board in the United States has conducted a quarterly survey of CEOs and chairmen. The survey is conducted twice a year in Europe. To download the full survey results, [click here](#). The next survey will be conducted in the fourth quarter.