

# ERT Economic Confidence Survey

## Background Report

For

**European Round Table of Industrialists  
Brussels**

**Centre for European Economic Research  
Zentrum für Europäische Wirtschaftsforschung (ZEW)**

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# ZEW

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## 1 Introduction

The Economic Confidence Survey is an initiative launched by the European Round Table of Industrialists (ERT). It is conducted by the Centre for European Economic Research (ZEW) and provides insights into the short-term business expectations of leading European companies in the European economic area. All 54 ERT members were invited to take part in the survey to give a comprehensive and unbiased result.

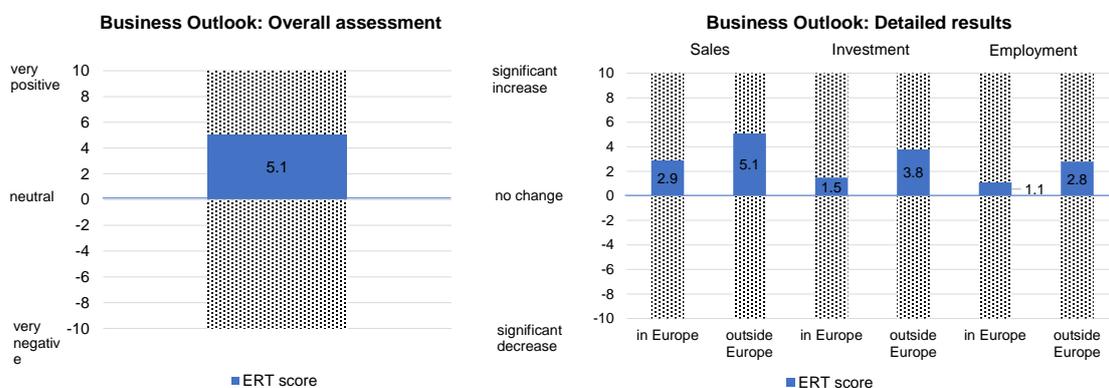
The spring 2018 edition of the ERT Economic Confidence Survey follows the successful starting edition conducted in autumn 2017. Both editions closely resemble the initial test in May 2017. The next edition will be launched in October 2018. The Economic Confidence Survey is designed as a survey tracking the economic expectations of ERT members with regard to sales, investment and employment distinguishing the developments inside and outside of Europe. In addition, each survey also features the attitude of ERT members towards current economic international policy issues which might have a crucial impact of future economic development of the European economy. The current edition deals first with suitable reactions of EU member states to the major US tax reform and second asks for appropriate responses to the upcoming protection in the global economy.

## 2 Results

### 2.1 ERT Index

The ERT Index was developed in the first regular survey to allow a quantification of the results and to ease the analysis of developments over time. It is bounded by the upper limit

FIGURE 1: ERT INDEX: OVERVIEW

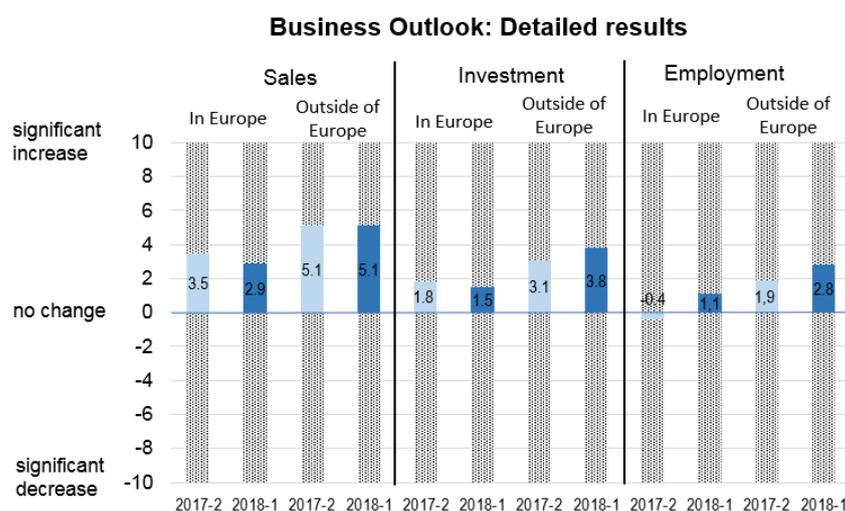


of 10 and the lower limit of -10 with zero being a neutral score. The exact construction of the ERT Index is explained in detail in Appendix 2.

In general, the ERT Index draws a positive picture of the overall economic situation of the ERT member companies. All indices of the standard questions asking for general business outlook, sales, investment and employment are positive (see figure 1), which means that the ERT members expect an increase in all indicators. The overall business outlook in the next six months has an ERT index score of 5.1 which translates to “a moderate increase” being the average answer of ERT members. To further analyse ERT member’s business expectations, the ERT Index is calculated for three firm performance indicators – sales, investment and employment. They are further split into expectations inside and outside Europe. In general, the ERT Indices and therefore the expectations of ERT members for the indicators inside Europe are lower than their pendants outside of Europe. Sales outside Europe have an ERT Index of 5.1 while the Index only scores 2.9 inside Europe. Similarly, the ERT index for Investment expectations has a value of 3.8 outside and only scores 1.5 inside Europe. Employment scores outside 2.8 while only 1.1 inside Europe. The higher ERT Index scores outside than inside Europe continue last surveys similar findings, which had shown a similar picture as one can observe in the ERT Index scores from autumn 2017 shown in figure 2.

All ERT Indices show positive expectations, while most have even increased compared to the last survey from autumn 2017. In general, most ERT Indices of sales, investment and

FIGURE 2: ERT INDEX: CHANGE



employment expectations outside of Europe increased by 0.9 to 2.8 and the index for investment went up by 0.7 to 3.8. Only the expectations of sales stayed on a high value of 5.1. The development in Europe is a bit more mixed. The ERT Index value for employment increased from a negative value of -0.4 half a year ago to 1.1 indicating slightly positive expectations. The value for investment got lowered slightly from 1.8 to 1.5, whereas the ERT Index for sales inside Europe decreased from 3.5 to 2.9.

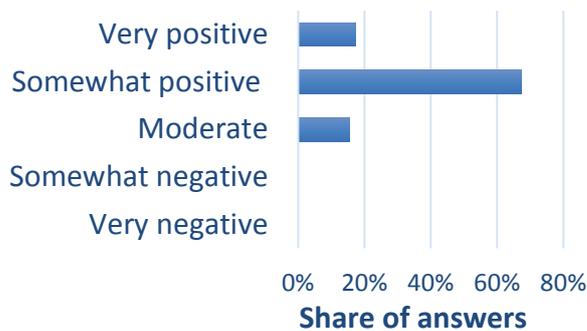
All in all, the ERT Indices draw a positive picture, even though expectations inside Europe are lower than outside. The changes since last survey also indicate a positive development of business expectations outside of Europe, while expectations inside stay on similar positive values or slightly decline.

employment developed positively over the last half year. Most indices have increased or stayed at the same value. This holds especially for the scores of the indicators outside of Europe. Figure 2 shows that the ERT Index for

## 2.2 Business Outlook in General

In general, the **expected business development for the ERT member companies in the next months is reported to be positive**, as depicted in figure 3 below. A great majority of 67% of

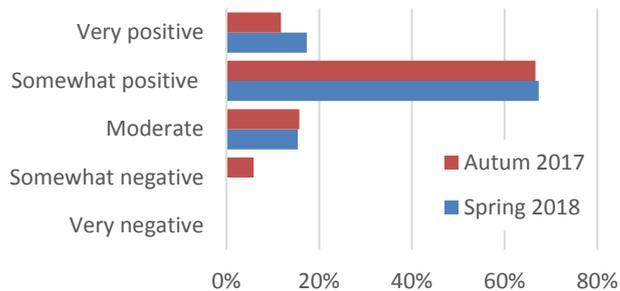
FIGURE 3: GENERAL BUSINESS OUTLOOK



ERT members express that their business expectations are “somewhat positive”. Slightly below 20% of the ERT members anticipate a “very positive” business development and only about 10% believe their business to develop “moderately”. The ERT Index value of 5.10 reflects this positive image of the future business development. These generally optimistic expectations correspond to

the current positive image of the European and the world economy estimated by ECFIN in their European Economic Forecast from spring 2018 and indicate that the ERT members are part of this development.

FIGURE 4: GENERAL BUSINESS OUTLOOK: CHANGE



These positive expectations even increased significantly compared to results from the previous ERT Confidence Survey from autumn 2017 as visualized in figure 4 below. Even though the same majority of 67% of ERT members anticipate a “somewhat positive” general development and a similar share of respondents as last survey foresees a “moderate” development, strongly positive and

slightly negative expectations have changed. Half a year ago 6% of ERT members expected their business to develop negatively. This survey, no ERT member believes in a negative development of their company. Also very positive expectations have increased strongly from 12% to 17% of ERT members. This development is also captured in the increase of the ERT Index from 4.22 to 5.1 as explained above.

This development corresponds to the increased GDP growth predictions for 2018 by ECFIN, who increased the predicted world GDP growth for 2018 from 3.6% to 3.9%<sup>1</sup>.

<sup>1</sup> See ECFIN: European Economic Forecast Spring 2017 (Institutional Paper No. 053) and European Economic Forecast Spring 2018 (Institutional Paper No. 077) by EU Commission’s Directorate General on Economic and Financial Affairs

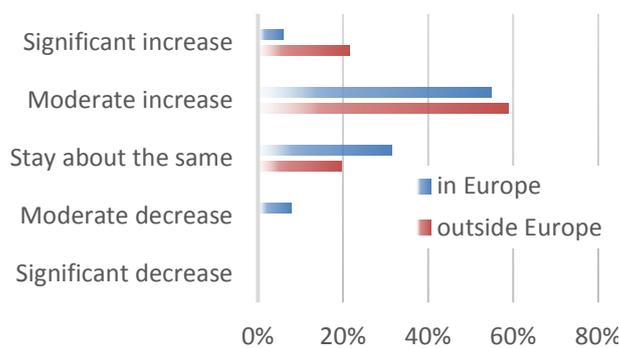
## 2.3 Sales, Investment and Employment

### 2.3.1 Sales Expectations

To further analyse the business outlook, the expected development is broken down into three indicators: expected sales, investment and employment. These indicators are distinguished in the survey between their expected development inside- and outside of Europe.

In general, most ERT members stated that they expect an increase in sales, investment and employment in the next months. Again, this overall picture is in line with the current economic expectations for Europe, as

FIGURE 5: SALES OUTLOOK

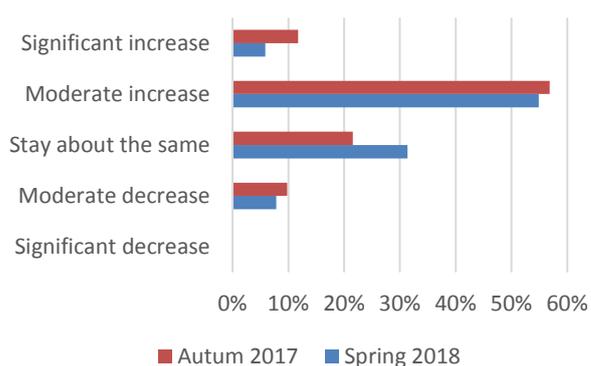


capital formation, private consumption and employment are predicted to increase by 4.2%, 1.8% and 1.1%.

However, there are differences in the distribution of the three indicators, which need to be addressed. Figure 5 summarizes the results for the outlook for sales inside and outside of Europe. Most ERT members answered that they expect an increase in sales inside and outside

Europe, while by far most members expect a moderate increase. Only about 4% expect a “moderate decrease” in sales in Europe and no member expects sales to fall in their business outside of Europe.

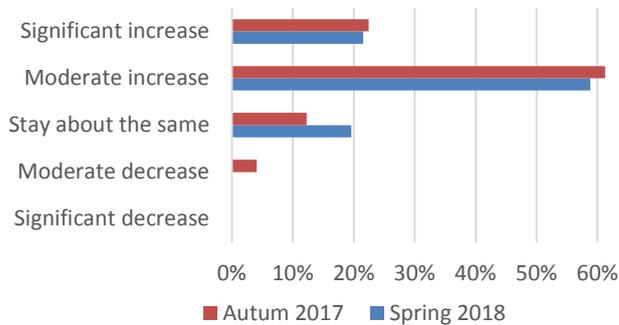
FIGURE 6: SALES INSIDE EUROPE: CHANGE



As shown in figure 5, sales are expected to grow stronger outside than inside Europe in the next six months. About 20% believe in a “significant increase” in sales outside of Europe but only 3% state that sales in Europe will grow significantly. This difference between both areas is again reflected in the difference in ERT Index values. While the score for sales outside is at a high level of 5.10, the score for

sales inside Europe only amounts to a value of 2.94. The score for outside sales is therefore located slightly above a “moderate increase” and the one for inside sales between no increase and a moderate one.

FIGURE 7: SALES OUTSIDE OF EUROPE: CHANGE



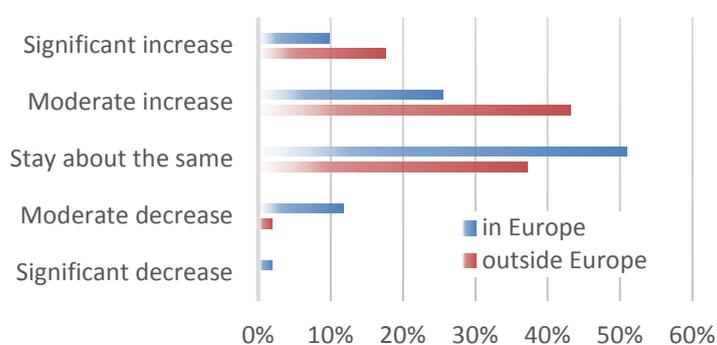
The development of the two indicators over time from the previous survey as shown for sales inside Europe in figure 6 and for sales outside of Europe in figure 7 stays rather constant. The distribution for inside Europe's sales concentrates around a "moderate increase" while lowering the percentage of ERT members who expect a "moderate decrease" or a "significant increase".

Outside of Europe, a similar development can be seen. The distribution stays about the same for "significant" or "moderate" increases in sales. No company expects a decrease in sales and a stay at the current level is expected by more ERT members in this survey's edition. Also the ERT Index Score for sales outside of Europe stays with a value of 5.10 at about the same levels from the last survey addition. This might be surprising when looking at the development of sales expectations but the effect of the decrease of members having negative expectations is offset by the slightly lower percentage of ERT members expecting increases in sales. The ERT Index Score for sales inside Europe decreases significantly from 3.53 to 2.94, which is caused by less members expecting a significant increase in sales and more members expecting to stay at the current sales levels.

### 2.3.2 Investment Expectations

A similar development can be observed in the investment expectations of the ERT members. The positive expectations for sales are accompanied by a **positive investment outlook of ERT members in Europe and outside of Europe**. However, investment expectations are in general less positive than sales expectations.

FIGURE 8: INVESTMENT OUTLOOK



As shown in figure 8 below, about 35% of ERT members expect a "moderate" or a "significant" increase in investments in Europe and a clear majority of 61% expects investments outside Europe to increase. However, most ERT members expect investments to stay at the current level in Europe but a small majority

expects a moderate increase outside Europe over the next six months. Just a small minority of only 2% believe investments to decrease outside Europe and a larger minority of about

12% expect a decrease in investments inside Europe, which might be caused by a continued uncertainty in Europe's economic development.

FIGURE 9: INVESTMENT INSIDE EUROPE: CHANGE

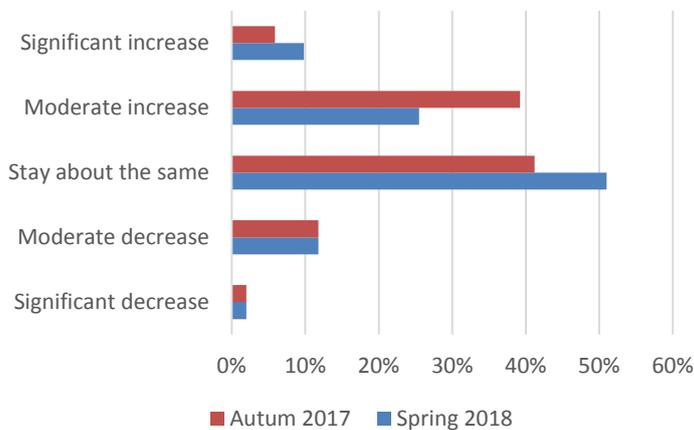
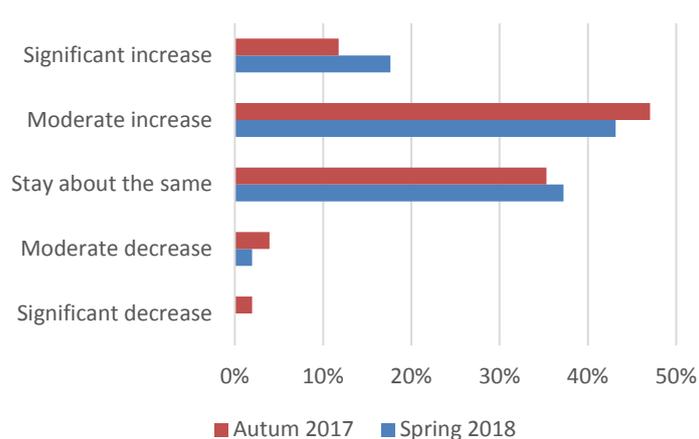


FIGURE 10: INVESTMENT OUTSIDE OF EUROPE: CHANGE



The ERT Index Score amounts to 1.47 for “in Europe” and to 3.82 for “outside of Europe”. This shows that ERT members on average expect growing investments in both regions while expected growth is somewhat higher outside of Europe. The large expansion outside of Europe again indicates that ERT members take part in the general trend of globalization of production and that the higher growth rates of sales outside of Europe also encourage higher investments. Compared to the findings from last survey, the expectations stay positive and have in fact even increased slightly. The distributions of answers from the surveys of autumn 2017 and spring 2018 for the investment outlook in-

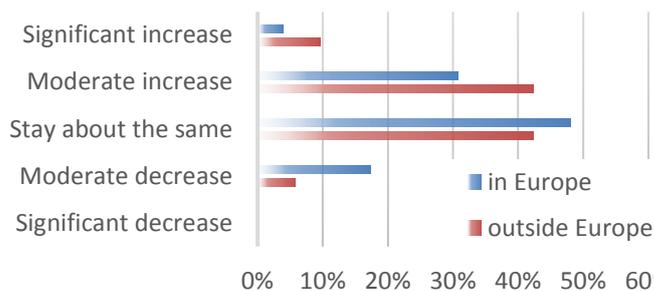
side and outside of Europe are displayed in figures 9 and 10. The results show that expected future investment outside of Europe has increased. No ERT member believes to face a “significant” decrease in investment outside of Europe compared to a small minority of 2% in the last survey. The investment outlook inside Europe has decreased but on average still stays positive as the ERT Index value of 1.5 shows. The expectations development is reflected in the ERT Index Score, which is lowered slightly for inside Europe's investment from 1.76 to about the 1.47 and is increased from 3.14 to 3.82 for investment outside of Europe. This more (slightly less) optimistic picture for Europe also corresponds to recent predictions from DG ECFIN who estimate an increase in investments in Europe in 2018.<sup>2</sup> The ERT Confidence Survey confirms this view, even though the decrease in expectations is not in line with

<sup>2</sup> See European Economic Forecast Spring 2018 by EU Commission's Directorate General on Economic and Financial Affairs.

an increase in predicted of capital formation rates in the most recent European Economic Forecast (spring 2018).

### 2.3.3 Employment Expectations

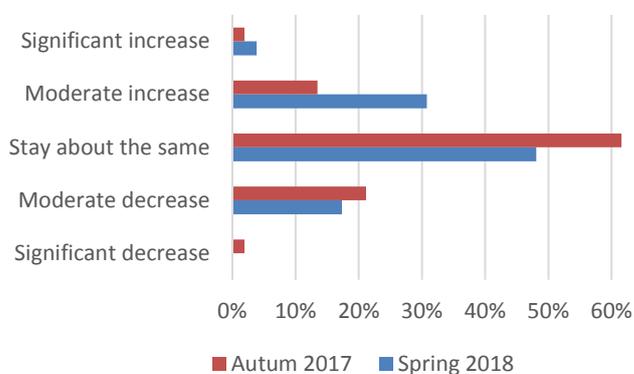
FIGURE 11: EMPLOYMENT OUTLOOK



The third indicator of business expectations focuses on the development of employment inside and outside Europe. The survey results show that the majority expects employment to stay at similar levels for the next six months. A minority of 35% believes employment to increase and only a smaller minority of 17% expects employment to moderately decrease.

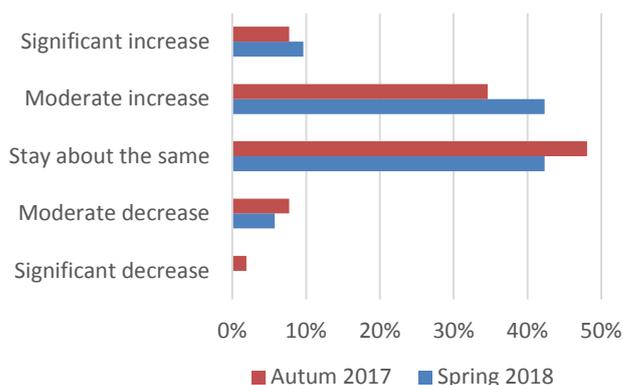
A more positive outlook can be observed for employment outside Europe where a larger number of ERT members expect an increase in employment (52%). A significantly lower percentage of 6% expects a decrease in employment outside Europe and 42% of ERT members expect neither an increase nor a decrease in employment.

FIGURE 12: EMPLOYMENT INSIDE EUROPE: CHANGE



The ERT Index score for employment is located at 1.06 for Europe and 2.79 for outside Europe. ERT members are therefore as optimistic for employment the development in their companies as the growth projection of DG ECFIN implies with an expected increase of employment in Europe at growth rate of 1.1% for 2018 and 0.9 for 2019.

FIGURE 13: EMPLOYMENT OUTSIDE OF EUROPE: CHANGE



If we again compare the results of this survey to the survey in autumn 2017 we see a strong positive development in expectations of employment in and outside Europe as shown in Figures 12 and 13. While a large majority of 62% expected employment in Europe to stay the same in autumn 2017 and a small minority even expected employment to decline

strongly, no ERT member anticipates a strong decrease in employment in Europe over the next six months. The expectations further shifted upwards such that only 48% of ERT members expect employment to stay at the same level and 35% instead of 15% expect increases in employment. This strong positive change is also reflected in a change of the ERT Index scores. While the score for employment expectations in Europe was in the autumn 2017 survey negative (-0.38), it is now strongly positive with a value of 1.06. A similar but less significant shift of employment expectations outside of Europe can be observed. While no ERT member expects a significant decrease and less ERT members believe in a moderate decrease, a majority of 52% expect employment to increase. In autumn 2017 only 42% expected an increase and 48 instead of 42% expected a stagnation at current employment levels. The ERT Index value for employment outside of Europe increases significantly from 1.92 to 2.79, validating the graphically observed results of figure 13.

## **2.4 US Tax Reform**

One important development significantly affecting European companies and the European economy is the recent US tax reform. It represents the most significant changes of the US tax code since the tax reform of the Reagan administration in 1986. There are wide ranging implications of this reform on the corporate and personal income tax code on the after-tax profitability of investments in the US as well as in Europe. The “U.S. Tax Cuts and Jobs Act” does not only change the corporate income tax rate but also affects various dimensions of the effective tax burden including tax deductions or tax exemptions. It also presents a transition from the principle of worldwide taxation of income and profits to a territorial tax system with exemptions for foreign profits. The key elements of the corporate income tax reform in the US include<sup>3</sup>:

- A dramatic reduction of the federal corporate income tax rate
- A reduction of the deduction for dividends received from other companies and subsidiaries. And dividends remain fully exempt if the affiliate is part of the group of companies
- The extension of the bonus depreciation for machinery and equipment (assets with a recovery time of less than 20 years)
- The elimination of corporate minimum tax
- Tax exemption for dividends received from foreign affiliates
- New rules for the taxation of global intangible income earned abroad by US companies.

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<sup>3</sup> See for more details J. Mintz (2018), Global Implications of U.S. Tax Reform, ifo Schnelldienst, 7/2018, 22- 29.

Hence, this shift will have severe impacts on the competitiveness of investments in Europe compared to investment in the US. A recent assessment from the Centre for European Economic Research (ZEW)<sup>4</sup> of US tax burden before and after the reform sees the effective US tax rate to fall from 36.5% to 23.3% implying that the US now has a lower tax burden than Italy, Luxemburg, Portugal, Greece, Germany, Belgium, Spain, Malta and France whereas before the reform only France had a higher tax burden than the US for domestic investment (see the table 1 below).

TABLE 1: CORPORATE TAXATION IN INTERNATIONAL COMPARISON

Country	EATR	CIT	Country	EATR	CIT
Bulgaria	9.0	10.0	EU28	20.9	23.0
Cyprus	13.1	12.5	United Kingdom	21.5	20.0
Lithuania	13.6	15.0	Netherlands	22.5	25.0
Ireland	14.1	12.5	Austria	23.1	25.0
Latvia	14.3	15.0	<b>US (AFTER REFORM)</b>	<b>23.3</b>	<b>26.3</b>
Romania	14.7	16.0	Italy	23.6	31.3
Slovenia	15.5	17.0	Luxembourg	25.5	29.2
Estonia	15.7	20.0	Portugal	26.6	29.5
Croatia	16.5	20.0	Greece	27.6	29.0
Czech Republic	16.7	19.0	Germany	28.2	31.0
Poland	17.5	19.0	Belgium	28.3	34.0
Finland	18.9	20.0	Spain	30.3	30.6
Hungary	19.3	20.9	Malta	32.2	35.0
Sweden	19.4	22.0	<b>US (BEFORE REFORM)</b>	<b>36.5</b>	<b>37.9</b>
Slovakia	19.6	22.0	France	38.4	38.9
Denmark	20.0	22.0			

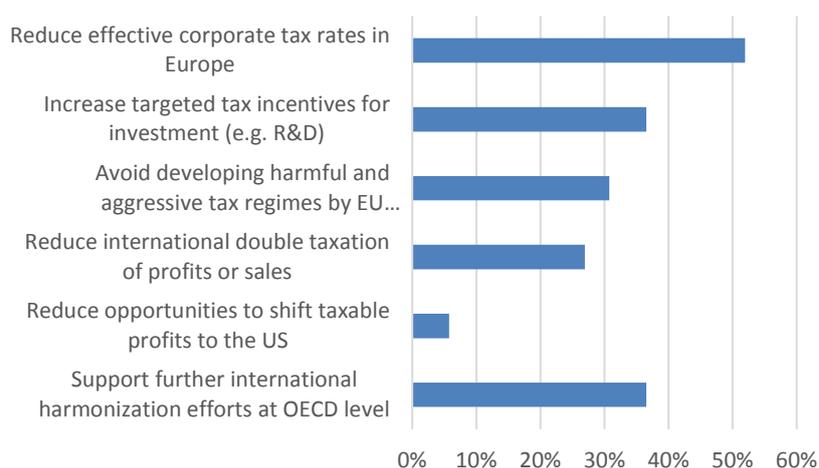
Annotation: EATR = Effective average tax rate

CIT = corporate income tax (including federal and local taxes on corporate profits. US rates include California's local tax rate of 8.84%).

Source: see footnote 4

<sup>4</sup> C. Spengel, F. Heinemann, M. Olbert, O. Pfeiffer, T. Schwab und K. Stutzenberger (2018), Analysis of US Corporate Tax Reform Proposals and their Effects for Europe and Germany, Final Report – Update 2018, Mannheim.

FIGURE 14: SHARE OF ERT MEMBERS EVALUATE THE OPTION TO BELONG TO THE TWO MOST IMPORTANT REACTION TO THE CHANGE OF US CORPORATE INCOME TAXATION  
(SELECT TWO OUT OF SIX)



Source: ERT Confidence Survey 2018/1

A more detailed analysis of the correlation patterns let us suppose that ERT members see the most important response to the US corporate tax reform by lowering effective corporate income tax rate in combination with targeted tax incentives for various types of investment in the future competitiveness of the company. This should be done via parallel policy activities towards the international harmoniza-

tion of corporate taxation (e.g. BEPS) or within international double taxation agreements. EU member states also should avoid to fuel international tax competition by introducing any tax regimes which might be viewed as aggressive or harmful by other member states or competitors outside the EU. Actions which aim to reduce shifting taxes between geographic locations of companies are viewed as less effective and not appropriate.

## 2.5 Protectionism and Trade

The announcement of the current US administration to impose special import tariff on steel and aluminum product was widely discussed inside and outside of the EU and is viewed by many as a signal for an upcoming trade war. Europe, China and other countries start preparing selective counter measures. The federal US government argued that it will not accept any retaliation measures invoked by trade partners. Trade diplomacy was pushed forward to avoid slipping into devastating international trade wars.

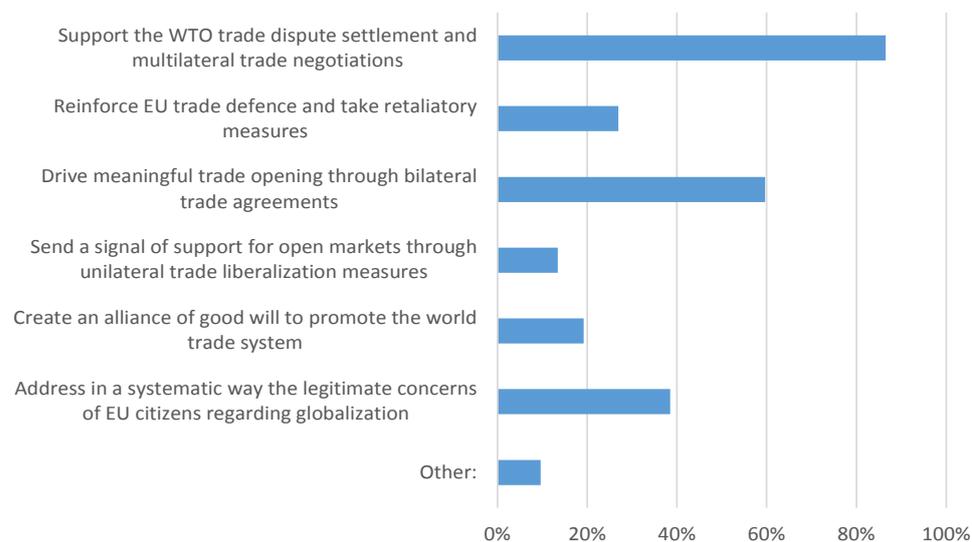
Putative import tariffs of the US against European steel and aluminum products get into force from June 1 on. The symbolic nature of the event might not be captured fully by the present survey as during the field work<sup>5</sup> there was still hope that European might be succeed again to convince the US to shift this “putative import tariffs” for another time. However,

<sup>5</sup> See chapter 3 for more details about field work and the uptake of the survey by ERT members.

the field work certainly captures the discussion whether the US might go beyond steel and aluminum and extended additional import tariffs to key European products like cars and car parts. Rising protectionism in general and the perspective of an upcoming trade war will endanger the current quite optimistic business outlook and might hinder that the gains from trade will end up in higher incomes and living standards for all.

Hence, the second special topic of the survey asks for the position of ERT members towards European actions to preserve current open international markets. Here, the ERT members see an institutionalized solution as the most effective. The majority of ERT members welcome the idea to support the World Trade Organization (WTO) trade dispute settlement and multilateral governmental trade negotiations. Also the enhancement of bilateral trade agreements and therefore an opening of national markets is seen as an important channel. Own European trade defence by taking retaliatory measures is considered by 1 out of 4 ERT members as an appropriate reaction. The creation of alliances to promote international trade or unilateral trade liberalizations is a suitable reaction for only 20% of ERT members only. Hence, the majority of ERT members are in favour of trade diplomacy and argue against actions which might fuel the fire. To lower concerns of European citizens and therefore to increase the acceptance of international trade, the ERT members highlight the importance addressing these topics in systematic ways.

FIGURE 15: REACTIONS TO PROTECTIONISM AND CHANGES OF IMPORT TARIFFS  
(SELECT THREE OUT OF SEVEN)



Source: ERT Confidence Survey 2018/1

### **3 Field Work**

Initially, a mail was sent to all ERT associates of the 54 ERT members on May 2, 2018 containing an ERT member specific link to the online questionnaire as well as operating instructions. Brian Ager, ERT Secretary General also sent a supporting email to all ERT members. 24 ERT members responded until the initial deadline of Tuesday, May 8. Therefore, friendly reminders were sent out to the ERT associates or their personal assistants responsible for ERT matters by phone and mail between Tuesday, May 9 and Thursday, May 11. We were able to reach all but 6 ERT members. One ERT member responded that it is not appropriate for him to take part as several companies from the same group already responded. Email follow-ups were sent out between Friday, May 11 and Thursday, May 17 to all companies who did not complete the survey until that date. An additional reminder was sent on Thursday, May 17 and Friday, May 18. The latest responses considered for the final survey outcome were recorded on Sunday, May 20. Until that date a total of 52 ERT members have actively participated in completing the survey which represents a total response rate of 96% (52 out of 54)<sup>6</sup>. The ERT associate of one ERT member responded that during the entire survey time the ERT member was either on travel or overly busy so that this ERT member was finally not able to respond. Such a high response rate is quite unusual for voluntary company-level survey. A number of bank holidays and the short initial response period made the answer collection especially demanding.

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<sup>6</sup> Please see Appendix 1 for the number of response by question.

## Appendix 1: Detailed results of the spring 2018 edition

**Question 1:** How would you characterize the general business outlook for your company right now?

Answer Option	Relative	Absolute
Very negative	0%	0
Somewhat negative	0%	0
Moderate	15%	8
Somewhat positive	67%	35
Very positive	17%	9
N		<b>52</b>
Missings		0
ERT Index Score		5,10

**Question 2:** Over the next six months, what do you expect will happen with your company's sales?

Answer Option	In Europe		Outside Europe	
	Relative	Absolute	Relative	Absolute
Significant decrease	0%	0	0%	0
Moderate decrease	8%	4	0%	0
Stay about the same	31%	16	20%	10
Moderate increase	55%	28	59%	30
Significant increase	6%	3	22%	11
N		51		51
Missings		1		1
ERT Index Score		2,94		5,10

**Question 3:** Over the next six months, what do you expect will happen with your company's investment?

Answer Option	In Europe		Outside Europe	
	Relative	Absolute	Relative	Absolute
Significant decrease	2%	1	0%	0
Moderate decrease	12%	6	2%	1
Stay about the same	51%	26	37%	19
Moderate increase	25%	13	43%	22
Significant increase	10%	5	18%	9
N		51		51
Missings		1		1
ERT Index Score		1,47		3,82

**Questions 4:** Over the next six months, what do you expect will happen with your employment?

Answer Options	In Europe		Outside Europe	
	Relative	Absolute	Relative	Absolute
Significant decrease	0%	0	0%	0
Moderate decrease	17%	9	6%	3
Stay about the same	48%	25	42%	22
Moderate increase	31%	16	42%	22
Significant increase	4%	2	10%	5
N		52		52
Missings		0		0
ERT Index Score		1,06		2,79

## Special Topic: US Tax Reforms

**Questions 5:** How should European tax legislators react to preserve/enhance competitiveness of European companies?

Answer Option	Relative	Absolute
Reduce effective corporate tax rates in Europe	52%	27
Increase targeted tax incentives for investment (e.g. R&D)	37%	19
Avoid developing harmful and aggressive tax regimes by EU Member States	31%	16
Reduce international double taxation of profits or sales	27%	14
Reduce opportunities to shift taxable profits to the US	6%	3
Support further international harmonization efforts at OECD level	37%	19
N		52
Missings		0

## Special Topic: Protectionism and Trade Obstacles

**Questions 6:** How should the European Union respond to new global tendencies towards protectionism in international trade and the risk of a trade war?

Answer Option	Relative	Absolute
Support the WTO trade dispute settlement and multilateral trade negotiations	87%	45
Reinforce EU trade defense and take retaliatory measures	27%	14
Drive meaningful trade opening through bilateral trade agreements	60%	31
Send a signal of support for open markets through unilateral trade liberalization measures	13%	7
Create an alliance of good will to promote the world trade system	19%	10
Address in a systematic way the legitimate concerns of EU citizens regarding globalization	38%	20
Other:	10%	5
N		52
Missings		0

## Appendix 2: The ERT Index Score

The ERT Index is a quantitative measure to ease the interpretation of the results of the survey, enable comparison between different survey waves and also between the assessments of the likely development between regions. The index turns the shares of firms expecting a “significant increase”, a “moderate increase”, “no change”, a “moderate decrease” or a “significant decrease” into a single number.

The index is built as follows:

$$Index = \frac{1}{N} (n_1 \times 10 + n_2 \times 5 + n_3 \times 0 + n_4 \times (-5) + n_5 \times (-10))$$

Where  $n_1$  to  $n_5$  represent the number of participants who chose the different answer options with  $n_1$  indicating a significant increase to  $n_5$  indicating a significant decrease. The sum in parentheses is divided by the total number of responses ( $N$ ) to bind the index between 10 and  $-10$ .

In case all ERT member expect a significant increase (decrease) the index will take the value of 10 (-10). If the responses are equally distribute between the 5 categories the index amount to 0. Positive values of the index correspond to positive expected growth rate of the underlying variable, negative values to a negative growth expectations. The construction also implicitly links larger values of the index to larger growth rates

### Appendix 3: The Online Questionnaire

ERT  
Economic  
Confidence  
Survey

performed by ZEW

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**What will happen to the data you provide?**

ZEW bears full legal responsibility for data protection. All data will be treated strictly confidential, based on the provisions of data privacy law. ZEW will strictly follow the rule of the German data protection laws. For more information see <http://www.zew.de/en/datenschutz>. All collected data will be processed anonymously, and only pooled data will be analyzed. It will not be possible to identify the data for individuals from the published results. Data protection is in other words fully guaranteed.

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**How to answer the survey**

The survey is implemented solely as a web survey. It takes not more than 5-10 minutes to respond to all questions. There is a specific link for each ERT member. This link is working unless you explicitly state at the end of the survey that you have finalized the survey. Hence, unless you have done so you can leave the survey and reenter the webpage to continue the survey or change your responses. So, please do not forget to answer to this last item in the survey.

[Legal Note](#)

[Data Protection](#)

ERT
Economic Confidence Survey
ZEW

- 1** How would you characterize the **general business outlook** for your firm right now?

Very positive	Somewhat positive	Moderate	Somewhat negative	Very Negative
<input type="radio"/>				
- 2** Over the next six months, what do you expect will happen with your company's...

	Significant increase	Moderate increase	Stay about the same	Moderate decrease	Significant decrease
<b>sales in Europe?</b>	<input type="radio"/>				
<b>sales outside of Europe?</b>	<input type="radio"/>				
- 3** Over the next six months, what do you expect will happen with your company's...

	Significant increase	Moderate increase	Stay about the same	Moderate decrease	Significant decrease
<b>capital investment in Europe?</b>	<input type="radio"/>				
<b>capital investment outside of Europe?</b>	<input type="radio"/>				
- 4** Over the next six months, what do you expect will happen with your company's...

	Significant increase	Moderate increase	Stay about the same	Moderate decrease	Significant decrease
<b>employment* in Europe?</b>	<input type="radio"/>				
<b>employment* outside of Europe?</b>	<input type="radio"/>				

\* in fulltime equivalents

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ERT	Economic Confidence Survey	ZEW
<b>Special Questions</b>		
<b>5</b>	<p><b>European response to US tax reforms</b></p> <p>Following the decision of the US to widen the tax base, lower corporate tax rates and accelerate write-down of investments: How should European tax legislators react to preserve/enhance competitiveness of European companies?</p> <p>What do you regard as highest priority (please chose <b>max. 2</b> topics)?</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Reduce effective corporate tax rates in Europe</li> <li><input type="checkbox"/> Increase targeted tax incentives for investment (e.g. R&amp;D)</li> <li><input type="checkbox"/> Avoid developing harmful and aggressive tax regimes by EU Member States</li> <li><input type="checkbox"/> Reduce international double taxation of profits or sales</li> <li><input type="checkbox"/> Reduce opportunities to shift taxable profits to the US</li> <li><input type="checkbox"/> Support further international harmonization efforts at OECD level</li> </ul>	
<b>6</b>	<p><b>Trade and protectionism – How should the EU respond</b></p> <p>How should the European Union respond to new global tendencies towards protectionism in international trade and the risk of a trade war?</p> <p>What do you regard as highest priority (please chose <b>max. 3</b> topics)?</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Support the WTO trade dispute settlement and multilateral trade negotiations</li> <li><input type="checkbox"/> Reinforce EU trade defence and take retaliatory measures</li> <li><input type="checkbox"/> Drive meaningful trade opening through bilateral trade agreements</li> <li><input type="checkbox"/> Send a signal of support for open markets through unilateral trade liberalization measures</li> <li><input type="checkbox"/> Create an alliance of good will to promote the world trade system</li> <li><input type="checkbox"/> Address in a systematic way the legitimate concerns of EU citizens regarding globalization</li> <li><input type="checkbox"/> Other: <input style="width: 400px;" type="text"/></li> </ul>	
2/3	<input type="button" value="Back"/> <input type="button" value="OK"/>	

ERT	Economic Confidence Survey	ZEW
<b>Confirmation</b>		
<p>You have the following options to exit this questionnaire:</p> <ul style="list-style-type: none"> <li><input type="radio"/> I have finished the questionnaire. My login will be disabled and no further access is possible.</li> <li><input type="radio"/> The login will stay active to change the data in future sessions.</li> </ul>		
3/3	<input type="button" value="Back"/> <input type="button" value="OK"/>	