

**CEPS welcomes a new
Corporate Member:
Morgan Stanley**

Workshop on energy efficiency



In cooperation with the International Emissions Trading Association (IETA), CEPS held a full-day workshop, sponsored by Eurelectric, to focus on the relations between the EU emissions trading scheme (EU-ETS) and policies for renewables and energy efficiency. Entitled "Pushing and Pulling: What has the EU learned about the efficient combination of carbon market and low-carbon investment support?", the workshop kicked off with a presentation of the European Commission's view of linkages between the EU-ETS, renewables and energy efficiency.

A lively panel discussion followed on whether support for renewable energy and energy efficiency would affect the price of carbon and the interaction between the EU-ETS and energy investments. The workshop drew lessons from the EU experience.

Info: noriko.fujiwara@ceps.eu

**CEPS corporate breakfast
meeting with Karl Falkenberg**



Falkenberg & Jerneck (CEPS)

On September 8th, CEPS hosted a breakfast meeting at which Karl Falkenberg, Director General, DG Environment, European Commission, briefed CEPS corporate members on the preparations for the global climate change conference to take place in December in Copenhagen. Staffan Jerneck, Director of Corporate Relations at CEPS, chaired the event.

Info: staffan.jerneck@ceps.eu

Scrapping the missiles – a tipping point?

Michael Emerson, Senior Research Fellow



President Obama's recent announcement to scrap plans for a radar installation in the Czech Republic linked to missile defence installations in Poland may herald a tipping point in US and EU relations with Russia. But which way? Will it usher in a new era of genuine cooperation with Russia on strategic matters, or will Russia's geo-political hawks feel emboldened to proceed with their quest for hegemonic power in the former Soviet space?

First, President Obama's short speech should be supported by more detailed information. His argument was that new information about Iran's capabilities and new defence technologies rendered the Czech-Polish plan no longer fit for its original purpose, and that more flexible systems based at sea or other locations to the south would be preferable. That being so, there would be no point in going ahead with the Czech-Polish plan, irrespective of the Russia factor. The plea to look at technicalities rather than geo-political arguments does not seem to have been heeded, certainly not in Moscow, where commentaries are proclaiming a great political victory, nor within conservative Republican circles in Washington, which exclaim "appeasement" and "weakness". The technical arguments should certainly be presented credibly, and heard alongside the predictable banging of geo-political drums by cold-war warriors.

Whatever the strength of the technical arguments, it is obvious that the reversal of the Bush initiative carries both a cost and a risk. The original plan may have been misconceived technically and poorly deployed diplomatically, but its reversal could not be without import for US-Central Europe relations, or the risk of misinterpretation by Russia. Much of old Europe would consider that new Europe, i.e. new members of NATO and the EU, is somewhat paranoid about the threat of Russia, but new Europe feels its instincts to be confirmed concretely by what it witnessed in Georgia a year ago. And Russia persists with extraordinarily arrogant initiatives that deepen these concerns further.

The new NATO Secretary-General, Fogh Rasmussen, views this moment as a propitious one in which to switch NATO-Russia relations back onto a track of deepening cooperation, notably over Iran and Afghanistan. But the EU could also follow through with ideas to test Moscow's preparedness to turn the page on a recent catalogue of mutual irritations,¹ and engage in real cooperation in the wider European neighbourhood, with Eastern Europe and Central Asia in particular. Several domains – energy, transport, environment, border management and crisis management – present opportunities for mutually-beneficial, multi-regional cooperation between the EU and different segments of the post-Soviet space.²

The EU itself would be more than willing to turn the page with Russia, if it received a signal of interest in genuine cooperation, seeking synergies between all, rather than intensified competition over spheres of influence. How might this be done? Perhaps the EU should think about proposing the missing component of its wider Europe policy, to be called, for example, a 'EurAsia Strategy', which would encompass several strands of the EU's multiple eastern policies (Russian strategic partnership, Eastern Partnership, Central Asia Strategy), and go on to link up with projects in Central Asia of common interest in either China or South Asia, as well as Russia. This connects with but goes beyond the idea of a new 'Ostpolitik' as favoured by the German EU Presidency of 2007, which got lost amid the tensions of several EU-Russia friction points and was further discredited by the war with Georgia. Now might be the time to look at it again.

1 See *Bilateral Disputes between EU Member States and Russia*, CEPS Working Document No. 319, by Mathias Roth, August 2009 (available for free download at www.ceps.eu).

2 See *Synergies vs. Spheres of Influence in the Pan-European Space*, CEPS Paperback by Michael Emerson, April 2009 (available for free download at www.ceps.eu).

Crisis, never again! Responsible lending and financial education on the European agenda



ECRI Conference, co-sponsored by Intrum Justitia

14 October 2009, 12:00 - 16:15 at CEPS

Chaired by David Shirreff, The Economist.

Speakers include: Urban Karlström, Swedish Secretary of State for Financial Market Affairs;

Flore-Anne Messy, OECD; Eric Ducoulombier (DG Markt), European Commission.

Download conference programme & register at www.ecri.eu

Economic Policy

Why it feels different, Daniel Gros, September 2009

Should Germany rethink its export-led growth model in light of the fact that it did not prevent a fall in its GDP, which was even larger than experienced in the US or France? In this Commentary, CEPS Director Daniel Gros explores whether this model is truly so bad if it has allowed Germany to carry on consuming while consumers elsewhere had to tighten the belt.



Fiscal Stabilisation Plans and the Outlook for the World Economy: Do counter-cyclical fiscal measures offer any hope of recovery for the world economy?, Patrick Van Brusselen, August 2009

Patrick Van Brusselen, economist at the Belgian Federal Planning Bureau, evaluates in this ENEPRI Working Paper the adequacy of the measures implemented in the euro area and the US in response to the financial crisis.

Financial Market Regulation

The road ahead after de Larosière, Karel Lannoo, August 2009

In this Policy Brief, CEPS CEO Karel Lannoo outlines the challenges and pitfalls that the Commission faces in developing the objectives, functions, organisation, governance and funding of essentially four new entities: a European Systemic Risk Board (ESRB) and a European System of Financial Supervisors (ESFS), comprising three functional authorities.



Mind the Basel Gap, Karel Lannoo, July 2009

Lannoo assesses in this Commentary the current proposals for financial market regulation in response to the financial crisis and laments that policy-makers and regulators seem intent on further complicating the already complex maze of financial market rules. Rather than merely amending existing rules on the fringes, he calls for fundamental reform of the capital adequacy system.

The Single Euro Payments Area: New Alliances Required to Tip the Market, Jürgen Bott, July 2009

The Single Euro Payments Area was intended to replace all national payments in the eurozone with new SEPA standards, offering additional economies of scale and scope. After six years of intensive development work and roughly 18 months before SEPA is due to be completed (end of 2010), Jürgen Bott of the University of Applied Sciences of Kaiserslautern concludes in a new ECRI Research Report that the process is in crisis.

Politics and Institutions

Lessons from the Czech EU Presidency, Piotr Maciej Kaczynski, September 2009

While some of what went wrong in the course of the Presidency of the EU in the first half of 2009 might be attributed to extenuating circumstances, it is still useful to examine the experience of the Czech Republic to extract any lessons to be learned, especially for the sake of other small and new member states' presidencies in the future. In this Commentary, CEPS Fellow Piotr Maciej Kaczynski identifies five mistakes committed during those six months.



The New European Parliament: All change or business as usual?, Julia De Clerck Sachsse, August 2009



With a Polish President at its helm and a bigger share of parties to the right of centre, much could be expected to change in the European Parliament (EP). Nevertheless, much will also remain the same. This is particularly true for the dominance of a grand coalition of the two biggest political groups in the EP, the European People's Party and the European Socialists and Democrats. In this Special Report, CEPS researcher Julia De Clerck Sachsse argues that important changes could still come if the Lisbon Treaty is ratified during the present term, with the effect of increasing the EP's power considerably.

EU Neighbourhood and Foreign Policies

Obama's Foreign Policy: Is this change we can believe in?, David Calleo, Camille Grand, Ivan Safranchuk, Shen Dingli, August 2009

President Obama made the strategic choice of distancing himself unequivocally from his predecessor on the international scene. The task ahead is to convince the rest of the world, including the most hostile countries, to share his vision of international affairs and forge ahead with a new foreign policy. In this new European Security Forum Working Paper, four experts from Europe, the US, Russia and China assess the President's chances of success.



Russian Games with the WTO, Michael Emerson, July 2009

In this Commentary, CEPS Senior Fellow Michael Emerson advises Russia's ruling elite that they must demonstrate more consistency, professionalism and credibility for the sincerity of their motives before they can hope to realise their ambition to make their country a leading international actor.



EU-Turkey Accession Negotiations: Impact Assessment of Chapter 10 on Information Society and Media, Andrea Renda, Selen Guerin and Emrah Arbak, July 2009

Turkey has launched important and ambitious reforms in the information society and media sector in recent years. Even more substantial changes are expected following approval of the e-communications law at the end of 2008. Apart from the 49 expected pieces of secondary legislation foreseen to implement the new Law No 5809, Turkey has planned important steps in the domain of spectrum policy, with licenses for WiMAX soon to be awarded. This Special Report by CEPS industry specialists analyses the current state of advancement of Turkey's regulatory reform in this sector, and formulates suggestions for reform.



Justice and Home Affairs

The EU Passenger Name Record (PNR) System and Human Rights: Transferring Passenger Data or Passenger Freedom?, Evelien Brouwer, September 2009

The European Commission presented the EU Passenger Name Record (PNR) system in 2007 as a tool in the fight against terrorism and organised crime. In this CEPS Working Document, Evelien Brouwer, researcher at the Centre for Migration Law, Radboud University Nijmegen, looks at the legal rights implications of the EU PNR system, focusing in particular on international human rights standards.

Since late 2006, the Justice and Home Affairs research unit of CEPS has participated as a key partner in the Includ-ED project, which seeks to identify educational strategies to overcome inequalities and promote social cohesion, thereby helping to achieve the EU's Lisbon goals. Five studies have been published in connection with this project as CEPS Special Reports:

Education and Political Participation of Migrants and Ethnic Minorities in the EU: An Overview of the Literature, Anaïs Faure Atger, September 2009

Education and Political Participation of Migrants and Ethnic Minorities in the EU: Policy Analysis, Anaïs Faure Atger, Sept. 2009

EU Policy on Education: The Impact on the Social Inclusion of Vulnerable Groups, Sergio Carrera and Florian Geyer, Sept. 2009

The Educational System in Belgium, Florian Geyer, Sept. 2009

The Educational System in Luxembourg, Florian Geyer, Sept. 2009



New Task Force formed on innovation policy



Anvret (chair)

The first meeting of the Task Force on *Innovation Policy: Boosting EU Competitiveness in a Global Economy* took place on September 18th at CEPS, with opening remarks by Staffan Jerneck of CEPS and Task Force chair Maria Anvret, Confederation of Swedish Enterprise. Bruno van Pottelsberghe (ULB) described the current state of the European patent system. Anne Lehouck and Renate Weissenhorn, both at DG ENTR, European Commission, discussed the European Commission's policy on standards. The CEPS study *R&D Expenditure across Europe* was then presented by its author Kristian Uppenberg (EIB). The meeting concluded with a presentation by Per Tervahauta, a Swedish Government official, who described the priorities for EU innovation policy under the Swedish Presidency.

Info: christopher.napoli@ceps.eu

ETS benchmarking group nears completion

On September 10th, the Task Force on *Benchmarking for the EU-ETS* convened for the third time, chaired by Anna Törner, of Sweden's Ministry for Enterprise, Energy and Communications. The first results of the pivotal Ecofys study on benchmarking for the EU-ETS post-2012 free allocation were outlined and debated. Participants reviewed several member states' experiences and approaches to benchmarking and allowance allocation within and beyond earlier EU-ETS phases. Lessons from Japan on benchmarks under the country's energy efficiency law were presented by a senior official from the Ministry of Economy, Trade and Industry.



Törner (chair)

Info: cegenhofer@ceps.eu & anton.georgiev@ceps.eu
www.ceps.eu/taskforce/benchmarking-eu-ets-and-beyond

EU budget scrutinised for role in climate change



Rapporteur Nunez Ferrer (right) with Task Force participants

The 4th meeting of the Task Force on the EU Budget and Climate Change took place on September 14th, chaired by former MEP Anders Wijkman. The main topic of discussion was the draft report prepared by rapporteur Jorge Núñez Ferrer, which outlined the challenges ahead and how the EU budget could contribute towards meeting them. Representatives of WWF and the Green Alliance sketched their organisation's position on EU actions on climate change, and Mike Parr of Biochar-Europe spoke about potential new technologies for carbon sequestration in agriculture.

Working Group looks at EU regulatory agenda



The second meeting of the European Investors' Working Group (EIWG), a joint initiative of ECMI and CFA, was held on September 18th at CEPS. Key European investors discussed the main aspects of the new EU regulatory agenda and the outline of the working group's final report, which will be released in November. The group aims to serve as a constructive voice in the debate and implementation of expected regulatory changes that could affect all types of investors. Forthcoming meetings will host informal hearings with representatives of the European Commission, the Committee of the European Securities Regulators and the European Parliament.

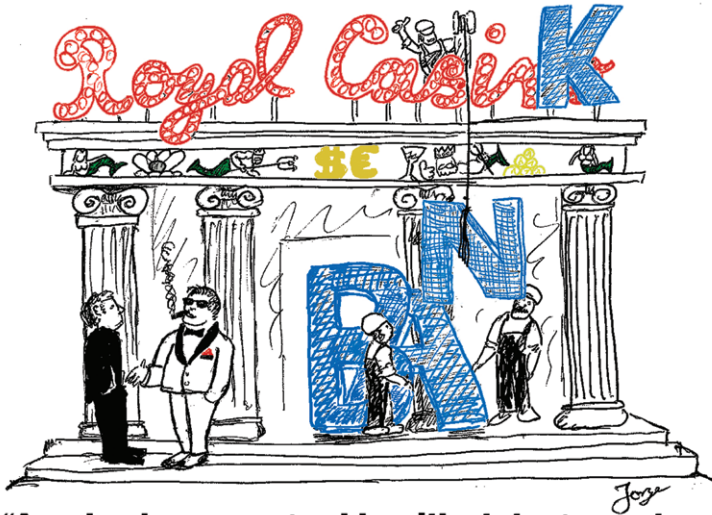
Info: diego.valiante@ceps.eu

TASK FORCE
Agenda



Info: staffan.jerneck@ceps.eu

- 1. The Treatment of Exclusionary Abuses under Article 82**
Chair John Temple Lang, *Clery Gottlieb Steen & Hamilton LLP & former Director, DG Competition, European Commission*
 Report published in September, available at www.ceps.eu (See page 4!)
- 2. Internal Market for Retail Financial Services**
Chair Anton van Rossum, *former CEO, Fortis Bank*
 Report under preparation
- 3. CDM and post-2012 Flexible Mechanisms**
Chair Ulrika Raab, *Senior Advisor, Swedish Energy Agency, Member of the CDM Executive Board*
 Report under preparation
- 4. Banking Crisis Resolution Procedures**
 2nd meeting 12 October
- 5. A Green Budget for a Sustainable Future: Adapting the EU Budget to Climate Change**
Chair Anders Wijkman, *former Member of the European Parliament*
 6th (final) meeting 14 October
- 6. EU and Global Climate Change Policy and the Increasing Role of Cities**
Chair Laurence Tubiana, *Director, Institut du développement durable et des relations internationales, Paris*
 2nd meeting 15 October (tbc)
- 7. European Investors' Working Group**
Joint Task Force by ECMI & CFA
 3rd meeting 21 October, 4th meeting 3 November
- 8. Innovation Policy: Boosting EU Competitiveness in a Global Economy** NEW!
Chair Maria Anvret, *Senior Executive Scientific Expert and Advisor, Confederation of Swedish Enterprise*
 2nd meeting 6 November, 3rd meeting 25 November
- 9. Benchmarking for the EU ETS and beyond**
Chair Anna Törner, *Head of Section, Ministry of Enterprise, Energy and Communication, Sweden*
 4th meeting 12 November
- 10. European Security Forum**
Chair François Heisbourg, *Chairman, Fondation pour la Recherche Stratégique*
'Somalia and the Pirates'
 23 November; Info & registration: esf@ceps.eu
- 11. Securing European Energy Supplies: Making the Right Choices**
Chair Knud Pedersen, *Vice President, DONG Energy*
 4th meeting November
- 12. State Aid to the Financial Sector: Fragmentation or integration?**
Chair Alastair Sutton, *Partner, White & Case*
 3rd meeting November
- 13. E-communications: Regulatory Challenges for the post-Lisbon Era**
Chair Staffan Jerneck, *Director & Director of Corporate Relations, CEPS*
 4th meeting November
- 14. The Solvency II Regime: A Revolution for European (Re)insurance Companies**
Chair Jos Streppel, *former CFO & Member of the Executive Board, Aegon*
 3rd meeting November/December
- 15. Completing the Doha Round of WTO Negotiations**
Chair Hanns Glatz, *Delegate of the Board of Management, Daimler AG*
 6th meeting December
- 16. Corporate and Commodity Standards and Sustainable Trade**
Chair Corrado Pirzio-Biroli, *former Chef de Cabinet of European Commissioner Franz Fischler*
 2nd meeting December



“As a bank we can gamble with state guarantees”

CEPS SHARES EXPERTISE AT EXTERNAL EVENTS

On September 1st, CEPS researcher **Anaïs Faure Atger** participated in a televised debate on “Immigration at flash point” between French MEP Hélène Flautre (Green/European Free Alliance) and the Italian MEP Mario Borghezio (Europe of Freedom and Democracy Group). The topic provoked a heated exchange of views on the emerging EU immigration and asylum system. Faure Atger pointed out that the activities of FRONTEX, the European border agency, and recent bilateral agreements between some member states and neighbouring third countries have thrown into question the real possibility for asylum seekers to gain access to the EU.



In late August, **Daniel Gros**, CEPS Director, was invited to give the keynote speech at the European Forum Alpbach, an annual political event that takes place in the Austrian village of Alpbach. In his speech he elaborated on China’s role as a future major economic global player and the reasons why European economies are unable to increase their investment in knowledge capital. The general topic of this year’s forum, ‘Trust’, inspired **Felix Roth** to take part and discuss the findings of his ongoing study entitled “Who can be trusted after this financial crisis?”



CEPS
Place du Congrès 1
B-1000 Brussels
Tel: 32(0)2.229.39.11
Fax: 32(0)2.219.41.51
Website: www.ceps.eu
Bookshop: <http://shop.ceps.eu>

Belgique - België
P.P.
1000 Bruxelles
1/758

NEW TASK FORCE REPORT

Treatment of exclusionary abuses under Article 82

A new CEPS Task Force report offers carefully considered comments



Andrea Renda (rapporteur) & John Temple Lang (chair)

on the latest Guidance paper issued by the European Commission setting out its enforcement priorities in applying Article 82 of the EC Treaty to abusive exclusionary conduct. The group of legal scholars, practising attorneys and corporate counsellors met in discussion several times over the last six months with the aim of improving the Commission’s text and the interpretation of the rules it contains.

Free PDF download or purchase in print at www.ceps.eu
Info: andrea.renda@ceps.eu

CEPS MEMBERSHIP MEETINGS

Please tick the meeting(s) you wish to attend:

- 6 OCT 17.00-18.30 *Proposals for a Europe of Liberties*
Presentation of a report by the Fundacion Para el Analisis y los Estudios Sociales (FAES)
Speaker: **José María Aznar**, former Prime Minister of Spain, President, FAES
Discussant: **Jerzy Buzek**, President of the European Parliament
- 7 OCT 12.45-13.45 *The Swedish Presidency after the Irish Referendum*
Cecilia Malmström, Minister of EU Affairs, Sweden
- 14 OCT 18.15-20.00 *Launch of Transatlantic Market Document - in cooperation with TPN*
James Elles, MEP
- 21 OCT 13.15-14.30 *Security and Migration in the 21st century - Book Launch*
Elsbeth Guild, CEPS Senior Associate Research Fellow; **Marco Martiniello**, University of Liège
Amanda Klekowski von Koppenfels, University of Kent; **Peter Burgess**, PRIO
- 23 OCT 13.15-14.30 *EU and Russia in the Common Neighbourhood: Competition or cooperation?*
In cooperation with the European Council on Foreign Relations (ECFR)
Michael Emerson, Senior Fellow, CEPS; **Nicu Popescu**, Research Fellow, ECFR

Attendance at CEPS Membership Meetings is a benefit of membership. Non-members may be admitted for €50 per session, paid in cash at registration. An informal sandwich lunch is served at 12.30 before lunchtime meetings (€6). For organisational reasons, we cannot accept telephone registrations. Please complete this form and return to: Anne-Marie Boudou, CEPS, Place du Congrès 1, B-1000 Brussels, fax: +32 (0)2 229.39.22 or e-mail: amboudou@ceps.eu.

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