

A first authoritative look at the new Lisbon Treaty

Thinking ahead for Europe

In the short interval between the Informal EU Summit in Lisbon on 18-19 October, at which agreement was reached on a new 'Reform Treaty', and mid-November, CEPS teamed up with two other highly respected Brussels think tanks – EG-MONT (Royal Institute for International Relations) and the European Policy Centre (EPC) – to produce a first critical assessment of the new treaty, which was formally signed in Lisbon on 13 December. Entitled *The Treaty of Lisbon: Implementing the Institutional Innovations*, the joint study was presented on 26 November, at a major conference chaired by H. Onno Ruding, Chairman of the CEPS Board of Directors, and attended by over 200 persons at the Palais d'Egmont in Brussels.

Presentations were made at this prestigious event by three of the principal authors: Philippe de Schoutheete (EGMONT), Antonio Missiroli (EPC) and Sebastian Kurpas (CEPS), followed by a lively debate. The researchers identified seven institutional 'hot spots' in the new treaty: 1) the European Parliament, 2) the European Commission, 3) the Council President, 4) qualified majority voting (QMV), 5) the national parliaments, 6) enhanced cooperation and 7) foreign policy.



Kurpas, de Schoutheete, Ruding & Missiroli

The Lisbon Treaty aims primarily to reform the institutions, not the policies, with the exception of foreign policy. The presidents of the Council and the Commission with the double-hatted High Representative for the CFSP/Vice President of the Commission will form a new EU 'troika'. The problem, however, according to Mr Missiroli, is that the treaty does not provide well defined borders between the competences and the roles of these leading positions.

As observed by de Schoutheete, the Presidency will play a hybrid role with elements both of rotation and permanence. In his view, the consequences of this new arrangement are largely unpredictable for the unity of a presidency will be undermined and its political responsibility diluted. Kurpas pointed out that the two most important changes related to the Commission from the failed draft Constitutional Treaty have been incorporated into the Lisbon Treaty. The first reduces the College in size to 2/3 of all member states by 2014, based on a 'strict equal rotation' principle. And in the second change, the Commission President will be elected by the EP, although, as Kurpas noted, the President was de facto elected in 2004, and the treaty simply formalises the status quo.

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Full conference report available at <http://www.ceps.eu>
See related article in the box to the right.



COMMENTARY

25 years of thinking ahead...

Karel Lannoo, Chief Executive Officer

The New Year holds a special significance for CEPS, as we celebrate our 25th anniversary. While the EU turns 50 in 2008, CEPS is only half as young, but it has certainly lived through the most interesting part of European integration. During the last quarter century, Europe has made enormous progress in integration and approximation, with the Single Act, the Maastricht Treaty, EMU, the big eastward enlargement and the new treaties. During that period, deepening and widening has gone hand in hand, with four enlargements, moving from 10 to 27 members today and almost doubling the number of citizens, and five Treaty changes, including the not yet ratified Lisbon Treaty, with the European Economic Community (EEC) or Le Marché Commun of the good old days becoming the EU with its amplified competences as we know it today.

But what will be the grand projects of the next 25 years? Some of them have already been the subject of in-depth analysis at CEPS, including the possible next rounds of widening, with our extensive work on Turkey, the Western Balkans and the relationship of the EU with its wider neighbourhood, relations with the big bear in the East, or the states and micro-states all around. It is worth mentioning in this regard that a critical CEPS paper on the issue of the EU's absorption capacity received a record number of 35,000 downloads in 2007, representing 10% of the total downloads from the CEPS online bookshop.

Further deepening has also been at the core of our day-to-day work, whether focusing on the new institutional structure of the Lisbon Treaty, or on the completion of the single market in a variety of areas, stretching from free movement of persons, all forms of business services and goods regulations, or many aspects of the emerging CFSP. Research on these issues has tended to become very technical, but this also reflects the nature of policy-making in the EU today, contributing in part to the alienation of EU citizens from the European project. This also applies to the new Treaty, which, in our view, will make the Union more democratic, possibly more efficient, but certainly less transparent, with the two Treaties, institutional complexities, special clauses, more opt-outs, declarations and protocols.

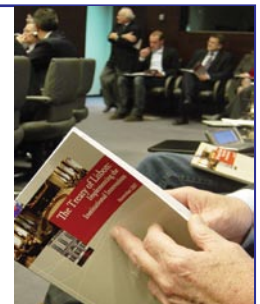
It is difficult to predict what grand ideas and objectives will drive the EU, its policy-makers and citizens forward over the next 25 years. Although attention has focused on some of these issues for some time – such as the need to strengthen the EU as an effective actor in the international arena, to stimulate European identity or to render EU decision-making more democratic – one cannot say with certainty what major initiatives will be taken. In light of their immense importance, however, we have decided to devote the CEPS 2008 Annual Conference (27 & 28 February) to exploring the most promising avenues.

We wish our readers, members and collaborators a happy and healthy New Year.

New treaty gives food for thought

From the CEPS/EPC/Egmont study on implementing the institutional innovations in the new Treaty of Lisbon and from the debate at the launch event (see news article in the left-hand column), it is clear that the new text leaves several important questions unanswered. As an institute committed to increasing the transparency and effectiveness of EU policy-making, CEPS will accordingly place the following questions at the centre of its research agenda in the coming months and years:

- Is the new treaty likely to create misunderstandings, confusion or differences in interpretation?
- Will the text lead to tensions or conflicts between the various institutions of the EU and their (new) tasks and competences?
- Will enhanced cooperation result in legal fragmentation?
- How will the rotations of both the presidency and in the Commission work in practice?
- Should all the new EU posts be filled simultaneously in 2009?



Thinking ahead to the next 25 years

 Annual Conference 2008
27 & 28 February, Brussels

Info: marco.incerti@ceps.eu

**CEPS welcomes a new
Corporate Member:
Barclays**

EPIN debates the politicisation of Europe



Members of the CEPS-led network of European policy institutes (EPIN), and representatives of 18 additional institutes met in Brussels on 27 November to discuss the politicisation of the European Union. The two main topics were *The European Parties after Enlargement: More United or Less Coherent?* - led by Robert Ladrech, Senior Lecturer from Keele University, Tomi Huhtanen, Senior Political Advisor of the European People's Party and Jacek Kucharczyk, Director for Programming of the Warsaw-based Institute of Public Affairs - and *What Kind of Politicisation: National or Issue-Driven?* - with Ian Manners, Senior Researcher from the Danish Institute for International Studies, Jo Leinen, MEP from the Party of European Socialists and Göran von Sydow, Researcher from the Swedish Institute for European Policy Studies. The event, which was funded by the European Commission, was co-chaired by Sebastian Kurpas, CEPS Research Fellow and Gaëtane Ricard-Nihoul, Secretary General of Notre Europe in Paris.

Experts debate the Georgian-Ossetian conflict

Resolution of the Georgian-Ossetian secession conflict was the main subject of an Expert Meeting hosted by CEPS on 4 December. The event, jointly organised with IKV Pax Christi (the largest peace movement in the Netherlands) and the Open Society Institute, was chaired by Piet Halma, Head of the Communications and Campaigning Department of IKV Pax Christi. Kosta Dzugaev of the University of Tskhinvali (South Ossetia), Zura Bendianishvili, an independent Georgian expert, and Jitske Hoogenboom, Senior Programme Officer for the Caucasus of IKV Pax Christi, presented the history and current status of the conflict. All the speakers stressed the difficulty caused by the fact that neither side recognises the other's president.. Michael Emerson, Head of the CEPS European Neighbourhood Unit, proposed various solutions to the conflict and elaborated their respective consequences. The formal presentations were followed by a heated debate among the EU, Russian, Georgian, South Ossetian and independent experts present. One major conclusion reached is the urgent need for enhanced multilateral dialogue among the parties to the conflict.

MEP make plea for common EU energy policy



Saryusz-Wolski

On 28 November, CEPS hosted a membership meeting with Jacek Saryusz-Wolski, Chairman of the Committee on Foreign Affairs of the European Parliament, on EU Foreign Policy on Energy. The meeting was chaired by CEPS Director of Corporate Relations Staffan Jerneck and CEPS Associate Fellow Richard Youngs acted as discussant. The Polish MEP explained that, due to the crucial role played by energy in economic development and the EU's dependency on foreign imports, energy does not have the characteristics of a traditional commodity. Instead it has become a bargaining tool for foreign policy and is commonly used as a political instrument by exporting countries.

Despite wide agreement on the excessive dependency of the EU on imported energy supplies, there is little consensus about how to address this problem. Saryusz-Wolski argued that the tendency by EU member states to act unilaterally on questions of energy must be replaced by a common energy policy based on the three principles: diversification of energy sources, unity in defending EU interests and reciprocity, the latter embodied in an 'energy clause' to be included in the new treaty to reform the EU's institutions, that would explicitly establish a common code of conduct expected from all partners as well as measures to be taken in the event of a supply disruption.

Making bioenergy live up to its promise



On 20 November, CEPS hosted a workshop on EU Bioenergy Policies and their Effects on Rural Areas and Agriculture Policies in the framework of AGRINERGY, an FP6 project in which CEPS participates along with four other institutes. Organised jointly with Ecologic, a think tank devoted to applied environmental research, the workshop aimed to bring forward the development of bioenergy as an important source of renewable energy. Compared to other renewables, bioenergy has the advantage that it is equally suitable for the generation of electricity and heat as well as for the production of fuels. To allow bioenergy to realise its full potential, however, the discussants at the workshop agreed on the need for consistent policies that give the various actors in biomass production, retailing and consumption positive incentives to establish environmentally friendly and socially acceptable bioenergy use.

Info: <http://agrinergergy.ecologic.eu>

Launch on new CEPS book on Andorra and the EU

The recent decline experienced in business and tourist activity should move Andorra to rethink its relations with the European Union. The fact that Andorra remains outside the internal market is prejudicial – in the long term – to the country's interests. These are the main conclusions from the recent report by Michael Emerson, published by CEPS in the book entitled *Andorra and the European Union*. The book launch took place at CEPS on 11 December, chaired by Karel Lannoo, CEPS Chief Executive Officer. Comments were offered by panelists Imma Tor Faus, Andorran Ambassador to the EU, and Matthias Brinkmann of DG Relex, European Commission, as well as by other experts in the field. Different options for future Andorran-EU relations were discussed: unilateral convergence of Andorran law towards EU law, ad hoc sectoral agreements, multi-sector 'comprehensive agreement' and 'virtual' Andorran membership to the Union. The in-depth study of Andorra's economic situation and its options for future integration with the EU concluded that comprehensive agreement seems to be the most promising option. The Ambassador stressed that regardless of which option is pursued, the specificity of Andorra as a microstate must be taken into account.



Orders: <http://shop.ceps.eu> (Book: € 25; PDF: for free)

ECMI Roundtable to explore integration of the European post-trade infrastructure



ECMI, the European Capital Market Institute within CEPS, is organising a Roundtable discussion of the current proposals to integrate the European post-trade infrastructure, with specific regard to Target 2 Securities (T2S) and the Code of Conduct on Clearing and Settlement. The T2S settlement system will act as a driver of harmonisation within the European securities industry, creating opportunities for cost savings and allowing market participants to select post-trade partners, irrespective of their location within the single market. The event will be held at CEPS on 30 January. Invited speakers are: Daniela Russo (Deputy Director General, Payment Systems and Market Infrastructure, ECB), Mario Nava (Head of Financial Markets Infrastructure Unit, DG Internal Market, European Commission), Paul Symons (Head of Public Affairs, Euroclear) and Diana Chan (CEO of the European Central Counterparty, ECCP).

Info: www.ceps.eu

RECENT EVENTS

Arriving at an EU definition of indebtedness



The European Credit Research Institute (ECRI) within CEPS presented the results of a research project aiming to lay the basis for a future operational definition of over-indebtedness in Europe, at a conference organised by the European Commission on 11 December. Although over-commitment on the part of consumers and financial exclusion are growing problems in Europe, there is no standard definition of over-indebtedness, which makes it impossible to collect valid statistics enabling cross-country comparisons on the extent of the phenomenon. This study, carried out under a contract awarded to CEPS (in cooperation with ECRI), the Personal Finance Research Centre (University of Bristol) and the European Savings Institute in December 2006, aimed to fill that gap. The conference allowed experts from all over Europe to discuss and comment on the preliminary results of the study.

Exploring legitimacy of Moldova's separatism



Mizsei, Emerson, Meyer & Borgen

Mark A. Meyer, Chairman of the Special Committee on European Affairs of the Bar Association of New York, and Christopher J. Borgen, Professor at St. John's University School of Law in New York, presented the findings of their report entitled *Thawing a frozen conflict: Legal aspects of the separatist crisis in Moldova*, at a meeting at CEPS on 5 December. Under the chairmanship of Michael Emerson, CEPS Senior Research Fellow, discussants Kalman Mizsei (EU Special Representative for Moldova), Robert Boehme (Director for Ukraine, Moldova and Belarus Affairs at the US State Department) and Andrei Popov (Director of the Foreign Policy Association of Moldova) were invited to respond. According to Prof. Borgen, the report finds that Transnistria's claim to independence has no basis in international law and that its leadership has failed to make a solid claim for secession. The subsequent discussion focused on the provision of a 'safety net' for Moldova, notably by the EU, should the country decide to take legal steps against Russia.

ECRI publishes valuable data-base on credit



ECRI has just published its annual package of statistical data on consumer credit and lending to households for the period 1995-2006 and covering 32 countries: the 27 EU member states, one EU candidate country (Turkey), the United States, Australia, Canada and Japan. The package, compiled by Wolf Müller and Marc Rothmund, contains nominal data on major time series such as outstanding consumer credit, annual final consumption of households and annual disposable income. Data are presented in euro and in national currency. In addition, ratios of household indebtedness are calculated and illustrated in graphs. This year's ECRI Statistical Package may be purchased for the first time as an Excel file, in addition to the usual PDF.

Orders: <http://shop.ceps.eu>
(€ 350 in PDF; € 400 in Excel; € 500 in PDF + Excel)

TASK FORCE Agenda

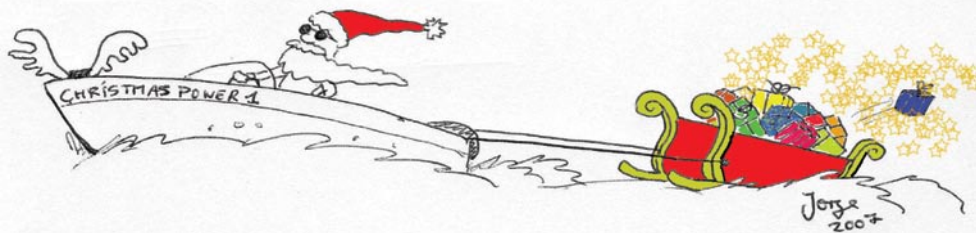
- 1. Achieving the Internal Market for E-communications**
Chair Magnus Lemmel
Former Acting Director General, European Commission, Senior Advisor, Kreab
4th meeting 30 January (tbc)
- 2. Sectoral Industry Approaches to Climate Change**
Chair Björn Stigson
President, World Business Council for Sustainable Development (WBCSD)
3rd meeting 12 February
- 3. Corporate and Commodity Standards and Sustainable Trade** NEW!
Chair Corrado Pirzio-Biroli
Former chef de cabinet of Commissioner Franz Fischler
1st meeting 18 February
- 4. European Security Forum**
Chair François Heisbourg
Chairman, Fondation pour la Recherche Stratégique
Next meetings 25 February, 2 June and 20 October
- 5. The Review of Article 82 of the EU Treaty** NEW!
Chair John Temple Lang
Former Director, DG Competition, European Commission
1st meeting February
- 6. Solvency II** NEW!
1st meeting February
- 7. EU ETS Review III**
Chair Ulrika Raab
Senior Advisor, Swedish Energy Agency, Member of the CDM Executive Board
3rd meeting February
- 8. Completing the Doha Round of WTO Negotiations**
Chair Hanns Glatz
Delegate of the Board of Management, DaimlerChrysler
6th meeting February
- 9. The Corporate Tax Regime of the European Company Statute**
Chair Alastair Sutton
Partner, White & Case
Report under preparation, to be published in January/February
- 10. Asset Management**
Chair Alain Leclair
Chairman of the AFG (French Asset Management Association)
Report under preparation, to be published in January/February
- 11. The New Basel Capital Accord: Remaining Challenges**
Chair Frederick C. Musch
Former Secretary General of the Basel Committee
Report under preparation, to be published in January/February
- 12. Internal Market for Retail Financial Services**
Chair Anton von Rossum
Former CEO, Fortis Bank
Report under preparation, to be published in February
- 13. Energy Policy for Europe**
Chair Knud Petersen
Senior Vice President, DONG ENERGY
Report under preparation, to be published in February
- 14. EU Climate Change Strategy and the Gleneagles Action Plan: The G8+5 Dialogue**
Chair Gunnar Still
Senior Vice President, Head of the Environment, ThyssenKrupp
Report under preparation, to be published in February

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Jorge's musings...

Year 2050 - Despite the effects of global warming, Santa still uses his traditional sleigh for the delivery of presents.



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CEPS Research Fellows contribute expertise to external events



Piotr Maciej Kaczynski has recently given a number of presentations on Polish politics and the outcome of the elections held in Poland on 21 October. The events were organised in Brussels, Bratislava and Paris. These engagements include his speaking at l'Institut français des relations internationales (IFRI) on 4 December on "Poland in Europe: Change and Continuity after the October Elections". Kaczynski also gave two lectures in Ghent on Polish politics and contributed to conference in Vilnius on *The EU's Impact on the Changing Political and Cultural Identities of the Member States*.



Jorge Núñez Ferrer was an invited speaker at the high-level debate on *L'Europe dans la Mondialisation*, organised by the Centre d'Analyse Stratégique of the French Government on 22-23 November. He presented his views on the role of the EU budget in supporting the internal market of the EU and deplored the unsystematic way in which funds are distributed, the distorted economic rationale of many interventions, and the use of the budget to intervene in areas where national policies are inefficient.

Details at http://www.strategie.gouv.fr/article.php3?id_article=711

CEPS PUBLICATIONS - TOP 5 DOWNLOADS 2007

Just what is this 'absorption capacity' of the European Union?, CEPS Policy Brief by Michael Emerson, Senem Aydin, Julia De Clerck-Sachsse & Gergana Noutcheva, October 2006. **35099 downloads**.

Bubbles in real estate? A Longer-Term Comparative Analysis of Housing Prices in Europe and the US, CEPS Working Document by Daniel Gros, February 2006, updated October 2007. **3196 downloads**.

European Neighbourhood Policy Two Years on: Time indeed for an 'ENP Plus', CEPS Policy Brief by Michael Emerson, Gergana Noutcheva & Nicu Popescu, March 2007. **3044 downloads**.

Political Islam in Turkey, CEPS Working Document by Senem Aydin & Rusen Çakır, April 2007. **2595 downloads**.

The MiFID Revolution, ECMI Policy Brief by Jean-Pierre Casey & Karel Lannoo, November 2006. **2546 downloads**.

Publication download & more information: <http://shop.ceps.eu>

CEPS MEMBERSHIP MEETINGS

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

- 15 JAN. 13.15-14.30 *Assessing Globalisation: What do China and India mean for the EU and the US?*, in cooperation with Carnegie Europe
Sandra Polaski, Senior Associate and Director, Trade, Equity and Development Program, Carnegie Endowment for International Peace; **Daniel Gros**, Director, CEPS; **Ambassador C. Boyden Gray**, Representative of the US to the EU
- 17 JAN. 13.15-14.30 *Towards a common consolidated corporate tax base?*
László Kovács, European Commissioner for Taxation and Customs Union
- 23 JAN. 13.15-14.30 *Political Islam and European Foreign Policy*
Richard Youngs & Michael Emerson, Research Fellows, CEPS
- 25 JAN. 13.15-14.30 *The Priorities of the Slovenian Presidency of the EU*
H.E. Igor Sencar, Permanent Representative of Slovenia to the EU

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 per fax: +32 (0)2 229.39.22 or e-mail: amboudou@ceps.eu.

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