

June 2009

Thinking ahead for Europe

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

Indian envoy offers perspectives on GHG solutions

First-hand insights into India's vision of a post-2012 international climate agreement were provided at a lunchtime debate on April 30th, chaired by CEPS Senior Fellow Christian Egenhofer, Shyam Saran, Special Envoy of the Prime Minister of India for Climate Change, sees the way forward in a comprehensive package that integrates the four pillars of the Bali Action Plan: mitigation, adaptation, technology and finance. As a first step to reaching an early agreement, developed countries must clearly indicate the scale of their future mitigation commitments.



Shyam Saran

The emerging economies have declared their intention to deviate significantly from their business-as-usual GHG emissions, but they require support from developed countries in terms of finance and technology. There is a need for fast dissemination of existing technologies coupled with R&D collaboration on breakthrough technologies. Saran suggested historical responsibility or per-capita emissions as a basis for financial contributions.

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The European Parliament: Power and Legitimacy

Piotr Maciej Kaczyński & Julia De Clerck-Sachsse, CEPS Research Fellows



Five years ago it seemed that the greatest challenge facing the European Parliament was how to cope with the arrival of the new parliamentarians from Central and Eastern Europe. As it turned out, however, this did not cause the institutional upheaval that had been feared. Most new member states' MEPs are now fully integrated into the chamber's proceedings, with the notable exception that they remain markedly underrepresented among committee coordinators, who perform a key role in the allocation of legislative reports.

It might be said that the Parliament is, at one and the same time, the most important (due to its direct mandate from the EU citizens) and the least important (owing to its limited powers) European institution. During the 6th legislative term from 2004-09, the EP seems to have focused more on increasing its powers than on making its work intelligible to citizens. The Parliament has become more assertive vis-à-vis the two other major EU institutions, flexing its muscles on important issues such as the investiture of the Barroso Commission and the Services Directive. The EP has also increased its legislative capacity. The co-decision procedure, in which the Parliament acts as co-legislator with the Council, was extended to include four new legal bases during the latest term: border controls, asylum measures, receiving refugees and handling illegal immigration. The comitology reform of 2006 empowered the chamber by establishing a new 'regulatory with scrutiny' procedure, for the first time allowing it to exercise real influence on the implementing measures proposed by the Commission. The European Parliament's involvement in the legislative process has increased even more significantly, however, as a result of the character of legislative proposals emanating from the Commission: 40% fell under the co-decision procedure during the EP6 term as opposed to 36% during the EP5 term. In 2008, for the first time, more procedures were initiated under the co-decision procedure (47%) than under consultation (42%).

Establishing itself as an institutional actor to be reckoned with, however, has come at a price for the European Parliament. In order to operate efficiently and maintain smooth cooperation with the Council, it has had to adopt an increasing number of laws at a faster pace, using the so-called 'first reading agreements'. This development poses a number of challenges. For example, the fact that more time is being spent by a limited number of actors negotiating deals behind closed doors and less on debate in plenary constitutes a clear trade-off between efficiency and democratic legitimacy. And the tendency towards informal 'trialogues' may not give the Parliament enough time to have an impact and works to the advantage of the Council.

To be sure, the tendency to streamline the procedures undercuts the opportunities for open debate. This is regrettable since the last legislature demonstrated that, especially on controversial policy issues such as the Services Directive, the European Parliament can play a crucial role in finding compromise on highly politicised issues. As the EP faces what could be a record-low turnout in the June elections, politicising and publicising the work of the Parliament are key factors in raising public awareness. If the Lisbon Treaty is adopted, the new Parliament will gain even more powers. Yet, unfortunately, the increasing powers of the EP are not matched by an increasing perception of its relevance on the part of voters. If growing influence in Brussels is accompanied by an ever-greater disconnect from the citizens, the Parliament's *raison d'être* as the institution that represents EU citizens will be further undermined.

This editorial draws upon the CEPS Working Document *The European Parliament: More Powers, less Legitimacy*, by Julia De Clerck-Sachsse & Piotr Maciej Kaczyński. Free download at <http://shop.ceps.eu>

IMF representatives outline a way forward on EU fiscal policy

At a CEPS lunchtime meeting on May 20th, chaired by CEPS Director Daniel Gros, the IMF gave its assessment of the prospects for the EU financial sector and outlined the challenges ahead for fiscal policy. Jörg Decressin, Head of the IMF's World Economic Studies Division, and Silvia Sgherri, IMF European Department, presented their forecast for durable growth in the EU. Their key message was that there will be no recovery until the health of the financial sector is restored and there is a clear commitment on the part of member states to set up a binding framework for EU fiscal policy. The crisis has shown that financial markets are more interconnected than ever before and that only improved overall regulation with joint responsibility will restore growth and trust. Two main options to improve the outlook for the EU were presented: reforms that strengthen the role of the Stability and Growth Pact (SGP) and enhanced structural reforms to boost medium-term revenue and tackle the ageing-related costs of the future.



Sgherri, Decressin & Gros

NEW CEPS PUBLICATIONS

New study sheds light on ways to improve policy-making in the EU



On the occasion of the Swedish Presidency of the European Union in the second half of 2009, a team of CEPS researchers, in cooperation with the Confederation of Swedish Enterprise, have published a report on *Policy-Making in the EU*. Three expert groups of international scholars, policy-makers, business representatives and other stakeholders joined forces to produce a set of suggestions to improve EU decision-making, the implementation of legislation, and ensure that the better regulation goals set by the EU and its member states are achieved. The text will be officially launched in Stockholm on June 3rd. This report is meant as a contribution from the research and business communities for a better functioning EU in the 21st century.

Purchase book or download PDF for free at <http://shop.ceps.eu>. Info: andrea.renda@ceps.eu

Informing the EP election campaign on JHA issues



The Justice and Home Affairs (JHA) research unit has produced four background briefings dealing with immigration, asylum, borders and data protection as part of a project designed to educate and inform the debate in the run-up to the European Parliament elections in June. The project is supported by the Barrow Cadbury Trust, an independent charitable foundation. The briefings have been published as Special Reports on the CEPS online bookshop and are available for free downloading in five languages (English, French, Polish, Spanish and Italian).

Free download at <http://shop.ceps.eu> (CEPS Special Reports).

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CEPS publishes Vol. 5 of Readings in European Security



Various aspects of recent financial and political turbulence are analysed in this fifth volume of Readings in European Security, which brings together papers by senior experts from the EU, NATO, diplomatic missions, national governments, parliaments, business, media and independent experts to consider questions as diverse as: *Is there a way for the Greater Middle East?*, *Does Europe need a new missile defence system?*, *What is 'just' secession? (Is Kosovo unique?)* and *What prospects for normative foreign policy in a multipolar world?* This volume also looks at *The Strategic Consequences of the Global Financial and Economic Crisis* and offers perspectives from China and India.

Purchase book or download PDF for free at <http://shop.ceps.eu>

RECENT EVENTS

Final conference of the CHALLENGE project



Jakub Boratynski (European Commission), Thierry Balzacq (University of Namur), Sergio Carrera & Elspeth Guild (CEPS), Juliet Lodge (University of Leeds), Elisabeth Johansson-Nogues (Autonomous University of Barcelona) & Wolfgang Wessels (University of Cologne)

For the past five years, CEPS has been a principal partner in CHALLENGE, a five-year research project aimed at fostering a more responsive and responsible assessment of the rules and practices of security and their implications for civil liberties and human rights. The final results of the project were presented at a conference on 18-19 May attended by practitioners, academics and EU officials dealing with the issues at stake.

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Seminar on preventive diplomacy in Central Asia

Efforts in tackling regional problems to prevent potential conflicts and maintain stability in Central Asia were the focus of a seminar on Preventive Diplomacy and the Role of the UNRCCA (United Nations Regional Center for preventive diplomacy) in Central Asia, hosted by CEPS on May 11th. The main speaker, Ambassador Miroslav Jenca, Head of the Regional Centre for Preventive Diplomacy for Central Asia based in Ashgabat, Turkmenistan, briefed the audience on the activities of his organisation.

UNRCCA concentrates its efforts around three areas that carry potential for conflicts across the Central Asian space: the fight against drug-trafficking, terrorism and extremism; the impact of the situation in Afghanistan on Central Asia; and water-hydro-energy and environmental issues. The main emphasis in UNRCCA is on facilitating dialogue on the joint use of water in the region.

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ADAM project ends on a high note

The final conference of the EU-funded research project "Adaptation and Mitigation Strategies: Supporting European Climate Policy" (ADAM) was hosted by CEPS on 12-14 May. Under the chairmanship of the former Chief Climate Change Negotiator for Sweden, Bo Kjellén, thought-provoking speeches were given on the first day by Zoran Stancic (Deputy Director-General, DG Research, European Commission), Jos Delbeke (Deputy Director-General, DG Environment, European Commission), Patrick Verhagen (Senior Vice President, Holcim), Jean-Pascal van Ypersele (Vice-chair of the IPCC, Université catholique de Louvain) and ADAM coordinator Mike Hulme. The following two days, the main findings of the research project were presented and followed by in-depth discussions.

Download CEPS/ADAM Policy Briefs at <http://shop.ceps.eu>

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Role of PPPs in protecting infrastructure



Panelists Servida, Alkas, Andrea Renda (CEPS Senior Fellow, chair), Ouzounis, & Nicholas

On May 7th, the Regulatory Affairs Unit at CEPS held a lunchtime meeting on 'Critical Infrastructure Protection' (CIP): The role for 'Public-Private Partnerships' (PPPs). The meeting kicked off with a presentation by Andrea Servida, DG INFSO, who described the European Commission's position on CIP. Vangelis Ouzounis, ENISA, then explained the inherent difficulties of identifying risks to infrastructure, and the ways public-private partnerships can help both governments and firms better identify threats. Paul Nicholas, Microsoft, commented on the Commission's initiatives, stressing the importance of partnerships and the development of a common long-term vision for infrastructure protection. Last, Hasan Alkas, DG ENTR, detailed the importance of CIP on the competitiveness of the European economy. A follow-up meeting on CIP will be held at CEPS in the coming months.

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Art 82 group debates Guidance Document



A. Renda (rapporteur) & Temple Lang (chair)

The 4th meeting of the CEPS Task Force on the treatment of exclusionary abuses under Article 82 of the EU Treaty took place on May 12th and

continued discussions on the Guidance Document issued by the European Commission in December 2008. Based upon contributions of the Task Force's experts, this lively debate addressed issues such as margin squeeze, bundled rebates and discrimination. The next meeting, on June 24th, will close the Task Force by adopting the remaining issues on the agenda.

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Bankers invited to explore structure of state aid

CEPS hosted a brainstorming session on the recent state aid packages for European financial institutions on April 28th, attended by representatives of 12 banks from six European countries and the United States. Chaired by Alastair Sutton of White & Case, the meeting addressed the economic and legal implications of the ways in which state aid packages have been approved by the Commission and implemented in member states. A follow-up meeting on state aid will be held on July 9th to examine whether the EU's current structure for state aid approval is sufficient to deal with financial institutions and to discuss how banks should be returned to the private sector once the crisis passes. The recommendations generated by the two sessions will be published in a CEPS Policy Brief.

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Task Force on climate change and cities

Cities have a crucial role to play in reducing greenhouse gas emissions. The Task Force on "Global Climate Change Policy and the Increasing Role of Cities" held its first meeting on May 15th, when complex discussions began on the role of cities post-2012, with the aim of producing clear recommendations on the legal, economic and political aspects that should lead to the full participation of cities in this initiative. Institutions, NGOs and researchers engaged in a constructive debate to outline the main challenges ahead. Among the attendees was Brice Lalonde, Former Environment Minister and present climate change Ambassador for France.



Christian Egenhofer (CEPS, rapporteur) & Laurence Tubiana (chair)

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Next Generation Networks

On May 5th, the CEPS Task Force on telecommunications hosted a keynote speech by Fabio Colasanti, Director General, DG Information Society, European Commission, pointing at the review of the telecoms package, spectrum policy and the new recommendations on termination and Next Generation Access. Presentations on the promotion of broadband deployment were given by France Telecom, AT&T, Telefonica, Liberty Global and Ericsson. Other contributions focused on the evolution of the Turkish telecoms market.



Fabio Colasanti & Staffan Jerneck (CEPS, chair)

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- 1. Internal Market for Retail Financial Services**
Chair Anton van Rossum, Former CEO, Fortis Bank
Report under preparation
- 2. CDM and post-2012 Flexible Mechanisms**
Chair Ulrika Raab, Senior Advisor, Swedish Energy Agency, Member of the CDM Executive Board
Report under preparation
- 3. Securing European Energy Supplies: Making the Right Choices**
Chair Knud Pedersen, Vice President, DONG Energy
2nd meeting 2 June, 3rd meeting 2 July
- 4. European Security Forum**
Chair François Heisbourg, Chairman, Fondation pour la Recherche Stratégique
Next meetings: 12 June & 26 October; Info & registration: esf@ceps.eu
- 5. A Green Budget for a Sustainable Future: Adapting the EU Budget to Climate Change**
Chair Anders Wijkman, Member of the European Parliament
4th meeting 15 June
- 6. Benchmarking in the context of ETS and Climate Change Policies** NEW!
Chair Anna Törner, Head of Section, Ministry of Enterprise, Energy and Communication, Sweden
1st meeting 23 June, 2nd meeting 8 July
- 7. The Treatment of Exclusionary Abuses under Article 82**
Chair John Temple Lang, Cleary Gottlieb Steen & Hamilton LLP & Former Director, DG Competition, European Commission
5th meeting: 24 June
- 8. Restoring Investor Confidence** NEW!
Joint Task Force by CEPS, ECMI & CFA
1st meeting June
- 9. The Solvency II Regime: A Revolution for European (Re)insurance Companies**
Chair Jos Streppel, CFO and Member of the Executive Board, Aegon
3rd meeting June/July
- 10. State Aid to the Financial Sector: Fragmentation or Integration?**
Chair Alastair Sutton
Partner, White & Case
2nd meeting 9 July
- 11. Completing the Doha Round of WTO Negotiations**
Chair Hanns Glatz, Delegate of the Board of Management, Daimler AG
6th meeting July
- 12. Innovation Policy: Boosting EU Competitiveness in a Global Economy** NEW!
1st meeting September
- 13. 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 September
- 14. Corporate and Commodity Standards and Sustainable Trade**
Chair Corrado Pirzio-Biroli, Former chef de cabinet of European Commissioner Franz Fischler
2nd meeting September
- 15. E-communications: Regulatory Challenges for the post-Lisbon Era**
Chair Staffan Jerneck, Director & Director of Corporate Relations, CEPS
4th meeting September

The Future of Retail Banking in Europe: Competition and Regulatory Challenges

10th Anniversary Conference of the European Credit Research Institute,
jointly organised with 

10 June, 9.00-13.30 at CEPS

Georges Siotis, Chief Economist Team, DG COMP, European Commission
Roman Inderst, Professor, Johann Wolfgang Goethe Universität, Frankfurt/Main
Giancarlo Spagnolo, Professor, Università di Roma "Tor Vergata"
Eric Ducoulombier, Deputy Head of Unit for Retail Issues, Consumer Policies and Payment Systems, DG MARKT, European Commission
among others

Registration: http://www.ceps.eu/registration.php?event_id=374
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CEPS researcher contributes to security of supply debate in China



Sven Schwersensky (Friedrich-Ebert-Stiftung),
Behrens & Hans-Joachim Giessmann (Berghof
Research Center for Constructive Conflict
Management)

On April 25th and 27th, CEPS Research Fellow Arno Behrens presented his new paper on the impact of climate change policies on energy security of supply at conferences in Beijing and Shanghai. Both conferences were co-organised by the Friedrich-Ebert-Stiftung and brought together stakeholders from the EU, China and Latin America. The discussion reflected the growing interest of China in environmental and climate policies, as well as expectations of EU leadership in this area,

with a special emphasis on technology transfer.

Info on Behrens' new paper: arno.behrens@ceps.eu

European Parliament elections

In the run-up to the European elections, Marco Incerti, CEPS, spoke at various events aimed at raising awareness about the importance and implications of the upcoming European Parliament elections, in particular among young voters. He spoke at a 'Model European Parliament' workshop organised by the University of Osnabruck at the institution's premises in Strasbourg, and at a 'Y-vote 2009' conference in London, as well as to a group of Italian journalists convened in Brussels by the European Journalism Centre.



Incerti

Jorge's musings...

... and the winner of our European Parliament candidate selection is....



CEPS MEMBERSHIP MEETINGS

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

- 12 JUNE 13.30-16.30 *Obama's Foreign Policy: Is this change we can believe in?* - 12th Session of the European Security Forum
David Calleo, Johns Hopkins University, Washington, D.C.
Camille Grand, Fondation pour la Recherche Stratégique, Paris
Dingli Shen, Fudan University, Shanghai
Ivan Safranchuk, Center for Defense Information, Moscow
- 24 JUNE 13.15-15.00 *Looking into the "Chinese boxes": Hedge Funds and the EU's draft Directive* - In cooperation with ECMI
Emil Paulis, Director for Financial Services Policy and Financial Markets, DG MARKT, European Commission
- 26 JUNE 9.00-11.00 *Investigating Diversity in the Banking Sector in Europe: The Performance and Role of Savings Banks* - CEPS book launch
Rym Ayadi, Senior Fellow, CEPS; **Reinhard H. Schmidt**, Professor, Goethe University, Frankfurt am Main
For registration & information on this event please contact: isabelle.tenaerts@ceps.eu !
- 26 JUNE 13.15-14.30 *The Priorities of the Swedish Presidency of the EU*
H.E. Christian Danielsson, Permanent Representative of Sweden to the EU
- 1 JULY 13.15-14.30 *Fool's Gold – How unrestrained greed corrupted a dream, shattered global markets and unleashed a catastrophe*
Gillian Tett, Capital Markets Editor, Financial Times

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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