



Season's Greetings from CEPS!

Defining the financial architecture of the new climate change regime

On November 18th, CEPS assembled a panel of experts to debate the global scale of financing required for climate change mitigation and adaptation. CEPS Research Fellow Arno Behrens noted that the figure fell somewhere between €200 and €900 billion annually, depending upon which of the numerous studies one consulted.



Behrens, Egenhofer, Fujiwara, Damsey & Agne

Noriko Fujiwara, Head of Climate Change at CEPS, outlined options for closing the gap between required and available funds, including levies, auctioning allowances and private investment. Stefan Agne of the European Commission stressed the added-value of the EU at the upcoming climate negotiations by means of its early and credible domestic action. Howard Damsey, Deputy Secretary for the Environment of Australia, underlined that the economic crisis should not divert governments from timely climate action.

See related publications in the CEPS bookshop <http://shop.ceps.eu>: ECP Report Nos 6, 7 & 8."

RESERVE THE DATE!

CEPS Annual Conference 2009
5 March 2009, Palais d'Egmont

The future of network industries



Millward

On November 28th, CEPS hosted the First Annual Conference on Competition and Networks, to take stock of and analyse future trends in a broad array of network industries. The event was co-organised together with Delft University of Technology and Ecole Polytechnique Fédérale Lausanne. The keynote speech was delivered by Robert Millward, University of Manchester. Nearly 30 academic papers, presented by top-level academics and professionals, focused on unbundling of electricity supply, electronic communications and spectrum regulation, railways, energy and investment issues.

CEPS welcomes a new
Corporate Member:
SAS

End-of-the-year evaluation of the EU institutions

Daniel Gros, Director



Difficult times provide a useful test for institutions. The EU institutions had to confront two acute and unexpected challenges during 2008: the Russian invasion of Georgia and the banking crisis that developed in late summer. How well did they perform?

The EU was able to intervene between Russia and Georgia and stop the conflict from spreading because by chance the rotating presidency had fallen to a large country with a very active president in the person of Nicolas Sarkozy. Other member states were willing to follow his personal lead so that the EU appeared to be united. The EU institutions that are normally supposed to deal with foreign policy played only a supporting role, but this did not matter since the key result, a rapid cessation of hostilities, was achieved anyway.

The institutional reaction to the financial market crisis was much less satisfactory. The euro group already has a permanent presidency, but it was invisible during the crisis. The Commission was also not active in dealing with the crisis. A collapse of the European banking system was avoided only when the French Presidency called together the heads of state of the eurozone along with Gordon Brown, whose government had just days earlier adopted the type of rescue plan (a combination of bank recapitalisation and guarantees) that experts had been asking for. Under the intense pressure of financial markets in free fall, member states then decided to adopt similar plans and managed to implement them within a few weeks. This rapid action proved sufficient to stabilise financial markets, but it was done with very little input from the European institutions (except the European Central Bank, which acted behind the scene to push governments to save all systemically important banks).

A general conclusion then is that the institutions of the EU did not play a key role in how these crises were dealt with. The underlying reason is that they are not tailored to deal with sudden acute crisis, but rather to facilitate the ongoing day-to-day decision-making. The EU could make a decisive contribution in both cases only thanks to the political leadership exercised by Nicolas Sarkozy, who also happened to be in the Presidency at this time. This raises the question of how the EU will fare in the next crisis when the Presidency might be much less entrepreneurial and politically ambitious.

Leading think tanks join forces to debate ways to tackle the crisis

On December 1st, four leading European think tanks (CEPS, Notre Europe, the European Policy Centre and Bruegel) organised a discussion of the EU's response to the global financial crisis. The meeting was opened by Tommaso Padoa-Schioppa, President of Notre Europe and former Finance Minister of Italy, who explained that Europe was in a better position compared to the US when it came to the fundamentals, but it was in a much worse position to manage a crisis because it is not as developed as an international policy actor. Hans Martens, CEO of the EPC, noted that the joint meeting was intended to sound a wake-up call for those member states that are "in denial" about the state of the economy, and then went on to stress the role that has been played by the euro. Daniel Gros, Director of CEPS, concurred with Padoa-Schioppa on the shortcomings of the EU, remarking that the exceptional circumstances of recent months have proved that the European framework is structurally inadequate to deal with serious crises at the systemic level. André Sapir, Senior Fellow at Bruegel, focused on the blurring boundaries between action at the EU level and action at the level of the members of the Eurogroup, as well as on the important spill-over effects that "call for action".



Munchau, Padoa-Schioppa, Martens, Gros & Sapir

CEPS receives distinguished EPAD award for "Think Tank of the Year"

At a formal ceremony in Brussels on November 5th, CEPS received a prestigious award as "Think Tank of the Year 2008", bestowed by the European Public Affairs Directory (EPAD). This distinguished award testifies to CEPS' growing reputation for original and authoritative research and is a fitting conclusion to a year that began with our ranking as one of the top ten "Global 'Go-to' Think Tanks", selected by the Think Tanks Program at the University of Pennsylvania.



Europe as a world power in the 21st century

In cooperation with the Kostantinos Karamanlis Foundation, CEPS hosted a major international conference on November 4th, featuring European Commission President José Manuel Barroso, European Parliament President Hans Gert Pöttering, and Greek Prime Minister Kostas Karamanlis. The conference aimed at building on the EU's past experiences to devise a path that could make it one of the leading actors on the international stage in the 21st century.



Barroso at CEPS

Under the pressure of events, many of the speakers focused on the financial crisis and its implications for Europe. Barroso pointed to the European response as "a good example of cooperation between the Commission, the member states and the European Central Bank", explaining how the Commission had put forward targeted measures to address specific shortcomings in the fields of capital requirements, deposit guarantees and accountancy rules. CEPS Director Daniel Gros warned, however, that the mainly intergovernmental response to the financial crisis risks rolling back some of the EU's achievements in the internal market. Pöttering dwelled on the importance of human rights, democracy and the rule of law as defining features of the EU.

For a full account of this event, go to "Event Reports" on the CEPS website.

World Bank and CEPS look to the Western Balkans



Kathuria & Emerson

A joint World Bank-CEPS seminar on October 23rd was the occasion for Sanjay Kathuria to present his World Bank study "Western Balkans Integration and the EU", and for Michael Emerson to present

his CEPS Policy Brief "Recalibrating EU Policy towards the Western Balkans". Discussants were Renata Vitez, Secretary General of CEFTA, and Jose Leandro from the European Commission. Kathuria concluded his detailed analysis of Western Balkan trade performance with a recommendation that the whole of the region should unilaterally accede to the EU+Turkey customs union by adopting the common external tariff. Emerson agreed with this, and further recommended that the EU should offer unilateral euro-isation as an option to the countries of the region (as already taken up by Montenegro and Kosovo), increase the scale of structural aid to a level closer to the new member states and move fast over visa liberalisation. There was widespread support for the customs union idea.

Net neutrality becomes a hot issue for the EU

The debate over so-called 'net neutrality' has been under the spotlight in the US for several years, whereas many believed it would



Ou, Renda & Cawley

not become an issue in Europe. However, the need to revise the current regulatory framework to encourage investment in all IP networks has recently attracted greater attention to net neutrality and its consequences. After the Commission adopted a 'light-touch' approach to the issue, the European Parliament has started to reconsider a move towards more pro-neutrality rules. On October 23rd CEPS hosted a presentation by Andrea Renda, CEPS Senior Research Fellow, of his new paper which analyses the main issues at hand in the net neutrality debate and the views expressed by advocates and opponents of the neutrality principle. A panel composed by Georges Ou (Information Technology and Innovation Foundation) and Richard Cawley (DG Research) discussed Renda's findings and shared their views on the issues.

Download Renda's Special Report "I own the pipes, you call the tune" from the CEPS online bookshop (<http://shop.ceps.eu>)

ECRI seminar tackles critical payment issues

The transposition of the Payment Services Directive (PSD) into national legislation as well as the ongoing work on the Single Euro Payments Area (SEPA) were the subjects of debate at a seminar on November 5th, hosted by the European Credit Research Institute and co-sponsored by Visa Europe. Two papers had been commissioned from Maria Chiara Malaguti and Jürgen Bott, whose work formed the basis for discussion among the distinguished speakers: Marc Temmerman (Visa Europe), Heiko Schmiedel (ECB), Ruth Wandhöfer (Citi) and Christian Westerhaus (Deutsche Bank). The speakers pointed to several critical issues arising from the interaction of the PSD with existing Community legislation, the benefits (such as increased competition, convenience and security) to be gained from SEPA as well as the necessary steps to ensure an efficient migration towards SEPA, including continuous investments and innovation and political commitment to the project.



Temmerman, Bott, Lannoo (CEPS) & Malaguti

The EU's anti-terrorism strategy examined

The CEPS Justice & Home Affairs research unit organised the 6th CHALLENGE Training School on the EU's Anti-Terrorism Strategy and International Cooperation on 6-7 November. The event was part of two research projects: CHALLENGE (DG Research) and The Changing Landscape of JHA Cooperation in the European Union and EU-Canada Relations (DG Relex). This Training School brought together representatives from the European Commission, the Council of the EU, civil society, as well as academics and students from all over Europe and Canada. All the contributions facilitated a high-level discussion on the internal and external dimension of the EU's anti-terrorism strategy, especially in the context of international cooperation between the EU and the US and Canada, and the protection of human rights. The papers presented by the PhD students also covered an interdisciplinary and comparative scope focusing on concepts, laws, discourses, practices and actors involved in the internal and external aspects of the EU's anti-terrorism strategy.



Humbert de Biolley (Council of Europe), Carrera (CEPS) & Natacha Kazatchkine (Amnesty International)

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Debate over reform credit rating agencies

On November 19th, ECMI and CEPS organised a workshop on the reform of credit rating agencies (CRAs). The morning session saw the rating industry criticising the Commission's proposal for being excessively intrusive in their governance, but it did not oppose regulation as such. The Commission claimed that regulating CRAs had become necessary in light of the controversial role they had played in the financial crisis. In the afternoon, despite finding some areas of concern, the panellists welcomed the Commission's proposal for regulating CRAs. As far as conflicts of interest are concerned, there was disagreement among the panellists on whether these are a theoretical rather than a practical issue. Transparency was also a controversial issue. In regard to the use of ratings, there was broad agreement that ratings are unavoidable but



Workshop panellists Janin, Ayadi (CEPS), Huët & Kerkwer

that financial actors should also perform their own risk assessments.

TASK FORCE NEWS

CDM and future flexible mechanisms



Egenhofer, Fujiwara & Raab

On November 20th, CEPS launched a new Task Force on the CDM (Clean Development

Mechanism) and post-2012 flexible mechanisms under the chairmanship of Ulrika Raab, Senior Advisor, Swedish Energy Agency and Member of the CDM Executive Board. At its first meeting, Task Force members reviewed the achievements and problems of the CDM and new (post-2012) mechanisms. They also expressed interest in specific issues for future discussion. The next meeting in January will discuss key challenges for a future CDM (environmental integrity, transaction costs, the limits of offsetting and technology transfer) and explore a set of possible new mechanisms including crediting, technology-based, carbon finance, sector-based and reduced emissions from deforestation in developing countries.

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Task Force on electronic communications

A new Task Force on Regulatory Challenges for the post-Lisbon Era had its kick-off meeting



Renda, Wood & Jerneck

on November 26th, chaired by Staffan Jerneck (CEPS). The main focus was the lively inter-institutional debate since the European Commission's 2007 proposed review of the regulatory framework, whose future now relies solely on the Council's pronouncement. Davinia Wood and Olivier Pascal (DG INFSO) addressed the issues at stake as did Reinhard Wieck (Deutsche Telekom) and Alexandre de Streel (University of Namur). From these different perspectives, rapporteur Andrea Renda, CEPS, pinpointed topics for future Task Force meetings, such as 'spectrum management' and the inter-institutional adjustments raised by the Council's decision.

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RECENT EVENT

The cost of late payments to the EU economy



Ahrend, Musch, Koopman & Wolf

On November 27th, CEPS hosted a half-day seminar with Intrum Justitia on the current credit crunch and the issue of late payments. One day after the Commission announced in its European Economic Recovery Plan the necessity of ensuring the payment of invoices by public authorities to SMEs within one month to ease liquidity restraints, the seminar participants elaborated on the cost of late payments to the European economy, their interlinkage with the current financial turmoil and possible policy solutions. Speakers were Gert-Jan Koopman (DG ECFIN), Rudiger Ahrend (OECD) and Michael Wolf (Intrum Justitia CEO). Former Secretary General of the Basel Committee on Banking Supervision Erik Musch chaired the event.

Executive Compensation in the Aftermath of the Crisis

Joint CEPS-ECMI Workshop

11 December 2008, 10:00-17:00

De Warande (1 Rue Zinner, 1000 Brussels)

Registration: <http://www.ceps.eu/files/347.doc>

TASK FORCE Agenda

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- 1. EU ETS Review III**
Chair Ulrika Raab
Senior Advisor, Swedish Energy Agency, Member of the CDM Executive Board
Report published
- 2. Concrete Steps towards More Integrated Financial Oversight in the EU**
Report launched 1 December
- 3. Internal Market for Retail Financial Services**
Chair Anton van Rossum
Former CEO, Fortis Bank
Report under preparation
- 4. CDM and post-2012 Flexible Mechanisms**
Chair Ulrika Raab
Senior Advisor, Swedish Energy Agency, Member of the CDM Executive Board
2nd meeting 14 (or 13 or 15) January
- 5. E-communications: Regulatory Challenges for the post-Lisbon Era**
2nd meeting 20 or 21 January
- 6. Security of Energy Supply** **NEW!**
1st meeting January
- 7. Education - Human Capital in the EU** **NEW!**
1st meeting January
- 8. Completing the Doha Round of WTO Negotiations**
Chair Hanns Glatz
Delegate of the Board of Management, Daimler AG
6th meeting January/February
- 9. European Security Forum**
Chair François Heisbourg
Chairman, Fondation pour la Recherche Stratégique
Next meeting: 20 February
Info: esf@ceps.eu
- 10. The Solvency II Regime: A Revolution for European (Re)insurance Companies**
Chair Jos Streppel
CFO and Member of the Executive Board, Aegon
3rd meeting February
- 11. Corporate and Commodity Standards and Sustainable Trade**
Chair Corrado Pirzio-Biroli
Former chef de cabinet of European Commissioner Franz Fischler
2nd meeting February
- 12. The Review of Article 82 of the EU Treaty** **NEW!**
Chair John Temple Lang
Former Director, DG Competition, European Commission
1st meeting February

Europe '09: Challenges Ahead: Lisbon Ratification – EU-US relations – EU governance

European Policy Institutes Network (EPIN) Conference

8 December 2008, 10:30-17:30, CEPS

Info & registration: epin@ceps.eu



Better Regulation in the EU27: Lessons learnt and future perspectives

Final Conference of the European Network on Better Regulation

11 December 2008, 9:30-15:00, CEPS

Info: lorna.schrefler@ceps.eu

Registration: <http://www.ceps.eu/files/350.doc>

Jorge's musings...



2008



2009

Jorge

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Shaping European Policies on Immigration, Borders and Asylum: Giving a Voice to Civil Society

2-day CHALLENGE Conference, jointly organised with ENAR & EESC

9-10 December 2008, CEPS

Jacques Barrot, Vice-President, European Commission
Mario Sepi, President, European Economic and Social Committee (EESC)

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Work of CEPS Evaluation Committee nears conclusion

On the occasion of CEPS 25th anniversary, the Board of Directors appointed a high-level Evaluation Committee to study and suggest ways of making CEPS even more effective in the coming decade. The report, to be published by the end of 2008, will concentrate on actionable proposals on how to improve CEPS' operations and keep its leading position among think tanks in Brussels. Among the members of the Evaluation Committee are Peter Balazs (former Hungarian European Commissioner, now Professor at Central European University), Laurens Jan Brinkhorst, acting as Chairman (former Dutch Minister of Economics, former Director General at the European Commission, former European Parliamentarian, now Professor at the University of Leiden), Pier Carlo Padoan (Deputy Secretary-General of the OECD) and Wilhelm Schönfelder (former German Ambassador to the EU, now Head of Siemens Government Affairs EU).

Political Islam in Europe and beyond

On 26-28 November, CEPS, together with the Madrid-based think tank FRIDE and the Fundacion Tres Culturas of Seville, hosted a major conference and training event on how Europe is confronted with political Islam at home, in its near neighbourhood and the wider world. In recognition of the high quality of CEPS' work on Islam-related issues over the last two years, the European Commission invited CEPS to combine its own planned conference of independent experts on Islamic affairs with a three-day training course for over 30 EU officials, many of whom are working abroad in Commission delegations in Muslim countries. The event was chaired by Michael Emerson of CEPS and Richard Youngs of FRIDE, with the participation of Gerardo Ruiz-Rico Ruiz, Director of the Fundacion Tres Culturas.

CEPS MEMBERSHIP MEETINGS

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

- 19 JAN 13.15-14.30 *The Priorities of the Czech Presidency of the EU*
H.E. Milena Vicensová, Permanent Representative of the Czech Republic to the EU
- 22 JAN 13.15-14.30 *Beyond Dependence: How to Deal with Russian Gas*
Pierre Noël, Director, Energy Policy Forum, University of Cambridge
Ana Arana Antelo, Head of Unit for Electricity and Gas, DG TREN, European Commission (tbc)

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

Gros speaks on the financial crisis



Enrique Barón Crespo, Manuel Porto & Gros

CEPS Director Daniel Gros was a guest speaker at the Global Jean Monnet-European Community Studies Association Conference in the European Parliament on 24-25 November. This major event saw the participation of top-ranking EU officials, including President José Manuel Barroso, Commissioner Jan Figel and Director-General for Education and Culture Odile Quintin, and distinguished professors from 66 countries. Gros' presentation focused on the impact of the financial crisis on the process of European integration, noting the "conspicuous absence" of the European Commission in the early phases of the crisis.



Kristina Kausch (Frída), Emerson & Tocci (CEPS)

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