

RESERVE THE DATE!

European Leadership takes on
Global Challenges
CEPS Annual Conference 2009
5 March 2009, Palais d'Egmont

Czech Ambassador presents the three E's of her country's EU Presidency

Under the motto "Europe without barriers", the Czech Republic has adopted three priorities – known as the three E's: economy, energy and EU in the world – to guide its current Presidency of the EU. On January 19th, Milena Vicensová, Czech Permanent Representative to the EU, was invited to speak at a CEPS membership meeting on her country's plan for the six-month term.



Vicensová & Lannoo

On the economy, the Czechs will follow-up the European Economic Recovery Plan and the work of the G-20 while at the same time respecting the principles of the Stability and Growth Pact. On energy, the Presidency plans to prepare the EU for the Copenhagen UN-led climate change conference. Attention will also be focused on energy security, especially in the context of supply-demand analysis, the energy interconnectors and storage capacities, as well as diversification. The external relations have a triple focus: the Eastern Partnership, the Western Balkans and transatlantic relations.

Info: www.youtube.com/user/CEPSsince1983; www.eu2009.cz

Holmquist at breakfast meeting for CEPS Corporate Members



Holmquist & Jerneck

On January 27th, CEPS Corporate Members were invited to this year's first breakfast meeting with guest speaker Jörgen Holmquist, Director General, DG MARKT, European Commission. Holmquist noted that the financial crisis is the worst since World War II. He spoke about supervision, regulation, self-regulation, credit rating agencies, private equity and hedge funds, transatlantic cooperation and investor confidence.

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The Russia-Ukraine Gas Crisis: External threat exposes EU domestic weaknesses

Arno Behrens & Arianna Checchi, CEPS Research Fellows

The gas dispute between Ukraine and Russia in January 2009 has once again brought concern over Europe's gas supplies to the centre of public debate in the EU.

More than a dozen member states were harmed in one way or another by Russia's shutting off gas deliveries via Ukraine – which account for about one-fifth of EU gas consumption – with several countries declaring states of emergency, slashing gas consumption and ordering factories to close temporarily. Among those most severely affected were several of the new member states, which, despite their high degree of dependence on Russian gas imports and their relative isolation from the bulk of the European gas interconnections, do not have sufficient gas storage facilities. Indeed, the gas dispute has demonstrated not only the vulnerability of the EU to external security challenges, namely export reliability risks and transit risks, but has also revealed some internal weaknesses of the EU in coping with energy supply risks. On a more positive note, the crisis may actually serve to spur the EU to address the existing limits of its internal gas market and to improve the interconnections of the European energy system.

In the first instance, strengthening the single European gas market would increase de facto solidarity among all consumers and sever the (bilateral) dependency on Russia on the part of many member states (and transit routes through Ukraine). Secondly, a well-functioning market transforms any localised physical shortage into an EU-wide price increase. Combined with additional measures such as interruptible contracts and emergency inventories, this would help reduce the economic impact of supply shocks, thereby making a market-based solution more acceptable. Finally, a well interconnected and flexible European gas market would make Eastern Europe more secure, just as it would make the relationship between Gazprom and large utility importers in Germany, Italy and France less cosy. This would place the EU in a better position from which to speak with one voice to Moscow and would largely remove the debilitating effects of the EU-Russia gas relationship on the EU's foreign policy towards Russia. After all, although the EU is increasing its efforts to diversify its energy sources and gas import routes, Russia will remain its main gas supplier and Ukraine its biggest transit route for the foreseeable future.

See related CEPS publications: *The Case for a Gas Transit Consortium in Ukraine: A Cost-Benefit Analysis*, Elena Gnedina & Michael Emerson, CEPS Policy Brief No. 180, January 2009 and *Long-Term Energy Security Risks for Europe: A Sector-Specific Approach*, Arianna Checchi, Arno Behrens & Christian Egenhofer, CEPS Working Document No. 309, January 2009. A new CEPS Task Force on Security of Supply will deal with these and other issues, starting 31 March 2009 (see page 3).
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CEPS honoured to be ranked 5th among world's top think tanks

For the second year in a row, CEPS has been ranked fifth among the top "global go-to think tanks" by an independent survey conducted by Prof. James McGann, Director of the Think Tanks and Civil Societies Program at the University of Pennsylvania. This programme developed the first index of its kind and lists the leading public policy research organisations in the world, based on an analysis of 5,500 think tanks in nearly 170 countries. CEPS was the only Brussels-based think tank to receive this honour. The report was extensively reproduced in the journal *Foreign Policy*.

Info: www.ceps.eu/files/Top10ThinkTanks2009.pdf

**CEPS welcomes a new
Corporate Member:
Interel Cabinet Stewart**

How to deal with Russian gas?



Meriggi, Noël, Checchi (chair) & Vinois

CEPS hosted a timely discussion on January 22nd, focusing on the implications of the Russia-Ukraine gas dispute for EU energy policy. Building on his recent paper "Beyond dependence: How to deal with Russian gas", Pierre Noël (Cambridge University) explained that, although the crisis could have been foreseen, the magnitude of the disruption was unprecedented. Jean Arnold Vinois, Head of Unit for Security of Supply in the European Commission, expressed satisfaction with the EU's response to the crisis. He stressed the fact that even though all member states had been invited to take part in the trilateral summit in Moscow on January 17th, the EU was represented there by Energy Commissioner Andris Piebalgs and by the Czech Presidency. Finally, Carlo Riccardo Meriggi, Vice President for gas activities of the Italian energy giant ENI, noted that the crisis was commercial in nature, rather than political, but cautioned that this should be a reason for concern.

JHA takes centre stage at CHALLENGE events

The Justice and Home Affairs research staged two conferences in December. The first, on December 9th & 10th, held together with the European Economic and Social Committee and the European Network against Racism, was entitled "Shaping Future European Policies and Immigration, Borders and Asylum: Giving a voice to civil society". The event opened with a keynote speech by Commissioner Jacques Barrot, dealing with the achievements and priorities of the European Commission in these domains. Speakers from the trio-presidencies (French, Czech and Swedish) outlined their respective policy priorities on immigration, borders and asylum. The second conference on December 16th, co-organised with DG Research (European Commission), focused on "Human Rights in European and Global Perspective: Taking Stock of Human Rights Research and Moving towards a New Research Agenda". This event addressed: mobility and minorities; border management, transnational surveillance and privacy; counter-terrorism, post-conflict investigation and presumption of innocence; and war.



Barrot

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Standards policy found to underpin innovation



Blind, Lehouck & Renda (CEPS)

On December 15th, CEPS held a meeting on the effects of EU standards policy on innovation. Andrea Renda chaired a panel that included Renate Weissenhorn, Head of Standards Unit, DG Industry; Alex Brown, Griffin Brown; Knut Blind, University of Berlin; and Anne Lehouck, ICT Unit for Competitiveness and Innovation, DG Industry. The panellists discussed the current process for adopting standards and the challenges that EU standards policy faced in the future.

CEPS to co-publish prestigious economic journal



CEPS is joining forces with the German National Library of Economics (ZBW) to produce the journal *Intereconomics*, a leading forum for research-based discussions of major European economic policy issues. Published by Springer, selected articles from the bi-monthly journal will be posted on the CEPS website.

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Network on better regulation draws to a close



Kirkpatrick, Grava, Jerneck (chair), Jacobzone & Philippart

The European Network for Better Regulation (ENBR), a three-year project funded by the European Commission, held its final conference on December 11th at CEPS. The network gathered 21 partners from EU and third countries to advance knowledge on regulatory processes in Europe. After a presentation on socio-economic sciences supporting policy-making by Pierre Valette and Domenico Rossetti (European Commission), Andrea Renda and Lorna Schrefler presented the main results of ENBR: a database containing impact assessments from 29 countries and a comprehensive set of research papers. Alexander Italianer (European Commission), Jacques Pelkmans (College of Europe), Bruno Dente (Politecnico di Milano), and Claudio Radaelli (Exeter University) stimulated a debate on the future of better regulation in the EU27, followed by an international perspective on regulatory reform with contributions from Stéphane Jacobzone (OECD), Lars Grava (World Bank), Eric Philippart (European Commission), and Colin Kirkpatrick (Manchester University).

Workshop on executive compensation policies



Oxelheim, Ruding (CEPS chairman) & Stadtmann

Academics, Industry experts and policy specialists from around the world gathered at a CEPS/ECMI workshop on December 11th, a to discuss the future of executive compensation policies in Europe. Most participants affirmed their support for the continued use of the EU's voluntary code of conduct, i.e. the so-called 'comply or explain' principles. However, a number of weaknesses in need of attention also emerged. First, the use of contradictory incentives, such as pay-for-failure or "golden parachutes", has to be discouraged. Second, the monitoring capacity of shareholders has to be strengthened by reinforcing the remuneration disclosure requirements and improving the measurement of performance. Third, the EU should coordinate its response globally to ensure a level playing field. Lastly, some of the popular proposals, such as the pay-caps, may lead to unintended consequences that may be harmful.

Info: www.ceps.eu/Article.php?article_id=592

Europe 2009: Challenges ahead

On December 8th, the European Policy Institutes Network (EPIN) organised a conference on three challenges that the EU will face in 2009. First, the future of the Lisbon Treaty was discussed in the context of a second Irish referendum in the fall 2009. Second, the future of transatlantic relations was addressed in the context of the upcoming Obama administration. And the third debate focused on European governance, with an emphasis on development of the impact assessment approach and the role of the EU agencies.

Info: www.epin.org

New development model launched with MEDCOP

The Mediterranean Co-development Platform (MEDCOP) was launched on 9-10 December by CEPS, in collaboration with the University Antonio de Nebrija in Madrid. The Secretariat of State for the European Union of the Spanish Ministry of External Affairs and Cooperation and the European Institute for the Mediterranean (IEMED) in Barcelona support the initiative. The aim of MEDCOP is to go beyond the traditional 'top down' institutional cooperation model that has characterised Euro-Med development projects in the past. The heritage of the Barcelona Process and the transition towards the Union for the Mediterranean will reinforce this approach by taking into consideration the availability of concrete opportunities for SMEs and other key actors in the region. Rym Ayadi, CEPS, elaborated on the concept of codevelopment as a mean to foster economic integration south-north and south-south, and Staffan Jerneck, CEPS, delivered the inauguration speech.

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TASK FORCE NEWS

CDM and future flexible mechanisms



Fujiwara, Raab & Stig Schjolset

On January 14th, the CEPSTaskForce on the CDM (Clean Development Mechanism) and future flexible mechanisms met for the second

time, chaired by Ulrika Raab, Senior Advisor, Swedish Energy Agency and Member of the CDM Executive Board. The participants discussed the future of the CDM after an agreement on the EU climate and energy package and UN climate change negotiations in Poznan. Some strengths and weaknesses of possible future mechanisms were outlined from investment and market-risk perspectives. Sectoral no-lose crediting was presented as one of the sectoral approaches based on a Commission-financed study in which CEPS participates as part of a consortium. The cement sector reported progress in work on benchmarks. Finally, the potential of Green Investment Schemes was highlighted as a testing ground for future mechanisms while its limits and risks were acknowledged. At their next meeting on February 19th, members will discuss principles for a future flexible mechanism, debate the technology challenges and examine which future mechanisms are needed for a transition from the current CDM.

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(Task Forces; CDM & Future Flexible Mechanisms)

eComTask Force spawns wide-ranging debate

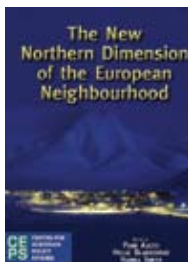
In the second meeting of the Task Force "Regulatory Challenges for the Post-Lisbon Era" on January 20th, Malcolm Harbour (MEP) and Michael Bartholomew (ETNO) opened the discussion on prospects of the ongoing review of the regulatory framework. Hasan Alkas (DG Enterprise) broadened the perspective by illustrating the long-term approach of the European Commission to matters related to ICT and industrial policy for EU competitiveness. The debate then shifted towards the specific topic of universal service, with presentations by Jean-Paul Simon (JPS Consulting), Claudio Feijoo-Gonzales (IPTIS; European Commission), Claire Milne (Antelope Consulting) and Alexandre de Streel (University of Namur). The Task Force was launched in December 2008.

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Harbour, Jerneck, Renda & Bartholomew

NEW PAPERBACKS



by Pami Aalto, Helge Blakkisrud & Hanna Smith (eds)

Free download in PDF/€25 in print at <http://shop.ceps.eu>



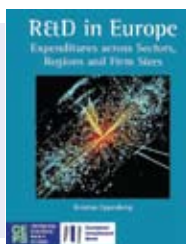
by Kristian Uppenberg

Jointly published with the European Investment Bank - book launch on February 9th at CEPS, registration page 4.

As of February 9th PDF & book available at <http://shop.ceps.eu>

by Johan Swinnen & Liesbet Vranken

Free download in PDF/€25 in print at <http://shop.ceps.eu>



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. The EU's Policy Response to the Crisis**
Report published
- 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
3rd meeting 19 February
- 5. European Security Forum**
Chair François Heisbourg
Chairman, Fondation pour la Recherche Stratégique
Next meeting: 20 February: The Strategic Consequences of the Financial and Economic Crisis (see article page 2)
Info & registration: esf@ceps.eu
- 6. The Treatment of Exclusionary Abuses under Article 82** **NEW!**
Chair John Temple Lang
Former Director, DG Competition, European Commission
1st meeting 25 February
- 7. E-communications: Regulatory Challenges for the post-Lisbon Era**
Chair Staffan Jerneck
Director & Director of Corporate Relations, CEPS
3rd meeting 17 February, 4th meeting 1 April (tbc)
- 8. Security of Energy Supply** **NEW!**
Chair Knud Pedersen
Vice President, DONG Energy
1st meeting 31 March, 2nd meeting 2 June, 3rd meeting 2 July
- 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 March
- 10. Completing the Doha Round of WTO Negotiations**
Chair Hanns Glatz
Delegate of the Board of Management, Daimler AG
6th meeting March
- 11. Corporate and Commodity Standards and Sustainable Trade**
Chair Corrado Pirzio-Biroli
Former chef de cabinet of European Commissioner Franz Fischler
2nd meeting March
- 12. Education - Human Capital in the EU** **NEW!**
1st meeting May

Emerging from the Ashes: Prospects for European Wholesale Banking in the Wake of the Crisis

ECMI Conference, in cooperation with Duisenberg School of Finance & Centre of Global Governance Studies, Leuven University

31 March 2009, 9:00-17:30, De Warande, Brussels

Jan Loeyts, Chief Market Strategist, JPMorgan

Avinash Persaud, Chairman, Intelligence Capital Limited

Mark Yallop, Global COO, ICAP

Jaap Winters, Professor, Duisenberg School of Finance; among others

Registration Form: www.eurocapitalmarkets.org
Info: christopher.napoli@ceps.eu





This new work of art for the Council symbolises how all European citizens share a common challenge and sends a strong political signal of European unity and solidarity to the world...



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CEPS researchers address diplomats in the Persian Gulf



Roundtable in Riyadh

Together with the Gulf Research Centre based in Dubai, CEPS organised in-depth training sessions for foreign ministry officials from Bahrain, Oman, Qatar, Saudi Arabia and United Arab Emirates in Riyadh, 10-13 January. The sessions were dedicated to the history of European integration, EU decision-making processes, economic governance and foreign policy. The CEPS researchers **Piotr Maciej Kaczynski**, **Sebastian Kurpas** and **Sandra Dias Fernandes** contributed to the event which was organised in the context of the EU-GCC Public Diplomacy project aimed at raising the level of awareness and knowledge of the EU institutions and policies in the Gulf region.

CEPS MEMBERSHIP MEETINGS

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

9 FEB
13.15-14.30

Promoting a More Innovative Business Sector in Europe: EU Policies and the Role of the European Investment Bank (EIB)
Kristian Uppenberg, Senior Economist, EIB
Philippe Maystadt, President, EIB
Representative of DG Research, European Commission

23 FEB
13.15-14.30

NATO and the US in the Obama Era
H.E. Kurt Volker, Ambassador of the US to the NATO

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.

Contribution to the climate negotiations in Poznan

As in previous years, CEPS hosted a 'side event' at the international climate change negotiations in Poznan, Poland from 1-12 December, in cooperation with the German Wuppertal Institute. The event, which took place on December 4th under the chairmanship of **Monica Alessi** from CEPS, was the occasion to present the results of the latest European Climate Platform (ECP) seminar on the Financial Architecture for post-2012 period and the three reports that had issued from it. On the same day, **Christian Egenhofer**, CEPS Senior Research Fellow, also participated in another side event on Global Sectoral Approaches organised by the European Commission's DG Enterprise and the Centre for Clean Air Policy-Europe.

Info: monica.alessi@ceps.eu. Download ECP reports: <http://shop.ceps.eu> (browse by series: ECP Reports)

Gros in demand for advice on the global financial crisis



With the continued uncertainty about how to deal with the financial crisis and its repercussions for the real economy, **CEPS Director Daniel Gros** has been called upon by several top-level European decision-makers for policy advice. He was one of a select group of economists summoned to a mini-summit in London in December to brief Gordon Brown, Nicolas Sarkozy and José Manuel Barroso on the coordination of fiscal policies and stimuli at the national level. Gros has also been appointed as the only non-Belgian member of the High Level Committee for a New Financial Architecture, recently created by former EMI President Baron Alexandre Lamfalussy to advise the Belgian government "on the improvement of the governance of the financial system at the Belgian, European, and international levels". Finally, Gros has advised the government of Iceland in recent months on how to deal with the deep crisis facing the country.

The Strategic Consequences of the Financial & Economic Crisis

31st session of the CEPS/IISS/DCAF/GCSP European Security Forum

20 February 2009, 13:30-16:30, CEPS

Brad Setser, Council for Foreign Relations, New York
Fyodor Lukyanov, Editor, Global Affairs, Moscow
Lanxin Xiang, The Graduate Institute, Geneva

Registration per email: esf@ceps.eu

Name First name

Position

Organisation

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