

EUROPE'S NEXT STAGE

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IDEASLAB

CEPS 7th IDEAS LAB: EUROPE'S NEXT STAGE

CONFERENCE REPORT

Our 2020 Ideas Lab offered a dynamic and interactive forum to debate the von der Leyen Commission's ambitious agenda: issues ranging from global trade wars, the Green Deal, the space economy to women in power, to name but a few of the topics we discussed.

This year's conference took place just before the coronavirus crisis engulfed Europe, which meant we had to scale back our programme and accommodate last-minute changes. Nevertheless, while taking all the necessary precautions, we were happy to host top level politicians, world renowned political analysts and speakers of exceptional quality over two days in Brussels.

What follows are selected highlights from more than 50 sessions of the conference – a glimpse into some of the economic, political and technological challenges facing Europe today, and a few pointers to the policy solutions needed to address them. Yet, there is no denying that for now and the foreseeable future, these challenges will be complicated and overtaken by public health concerns on an unprecedented scale.

We at CEPS intend to continue providing research-based analysis into the challenges facing Europe and very much hope that you will continue to engage with us in debate, either in person or through [our social media channels](#).

Karel Lannoo
CEO, CEPS





Opening plenary: the international role of the euro

For Charles Michel, President of the European Council and former Belgian Prime Minister, the euro is a symbol of success and the monetary expression of our shared destiny. In the opening plenary speech, he urged Europe to be more assertive on the world stage and to promote its values of freedom and human dignity, now more than ever. If we want to lead on the big issues of the 21st century, namely the green and digital agenda, we need our own geopolitical agenda, affirmed the President, with a global currency to match these ambitions.

Acknowledging the challenges, not least global competition from big partners and member states' differing visions of a way forward, Michel stressed the need to forge ahead with Economic and Monetary Union and to manage the euro area better. He was upbeat about Europe's talent, passion and know-how to meet these challenges, through partnership and dialogue, notably with Africa.

For CEPS' Cinzia Alcidi, the euro could be one instrument for EU assertiveness, but trade relations and economic diplomacy are other, potentially more important instruments. Both need modernising to encompass the technological and environmental spheres.

Tough questions from the audience highlighted some of the headwinds facing the EU, such as the rule of law in Poland and Hungary and the suffering of Syrian migrants on Turkey's border with Greece. This was where ambition met a far more complicated Realpolitik. The EUCO President

underlined the EU's intention to "protect Europe's borders" and conceded that in Europe, there is no simple Yes or No answer.

Speakers: Charles Michel, President of the European Council
• Cinzia Alcidi, Senior Research Fellow and Head of Economic Policy Unit, CEPS • **Moderator:** Caroline de Gruyter, Journalist, NRC Handelsblad

A GEOPOLITICAL COMMISSION?

In an ambitious policy departure that has already excited speculation among commentators, the new Commission stated its aim to become "geopolitical". The international challenges to test that ambition from the outset have not been lacking.

The EU as a global actor - a new tool for the geopolitical Commission

What modes of EU governance would make Europe more impactful? The words 'power', 'agency', 'leadership' and 'actorness' are often used in academic literature to measure the EU's ability to exert influence on the world stage – and to try and understand what kind of political player it is.

This 'food for thought' session introduced a new tool in the making: the Atlas of Global Governance, Regulation and Europe's actorness (or AGGREGATOR). Part of an EU-funded project developed by CEPS and its partners, [TRIGGER](#) (Trends in Global Governance and Europe's Role) will enable an unprecedented level of measurement of EU and global governance by sector and over time. It will also compare various modes of governance and strategies and their effectiveness in achieving Europe's goals. Could the recent shifts from sustainable development towards the Green Deal, and from development aid towards trade, be seen as abandoning certain areas in favour of those in which the EU has greater capacity to act? These are questions the project could address. The first version of the tool will be ready at the end of 2020.

Speakers: Gaby Umbach, Part-time Professor, Global Governance Programme, EUI • Sieglinde Gstöhl, Director, Dept. of EU International Relations and Diplomacy Studies, College of Europe • **Moderator:** Andrea Renda, Senior Research Fellow and Head of GRID, CEPS

Is the problem trade wars or rising protectionism?

Trade wars might be regular front-page news, but most of the 'military' activity – i.e. increased tariffs and other trade restrictions – has been initiated by the US administration, thereby forcing other WTO partners to retaliate. No-one else starts trade wars. Yet President Trump's highly visible tariffs may have obscured a more subtle trend undermining the world trade system: non-tariff protectionism. Some indicators show that there has been a steady rise in the resort to indirect protectionism for over a decade or more.

The various trade barriers imposed by China and the US were discussed in this Lab, as were the EU's attempts to tackle them, in the context of a paralysed WTO Appellate Body. They include policies and instruments such as developing a multi-party interim appeal arbitration arrangement; increasingly relying on dispute settlement mechanisms included in the EU's FTAs; and strengthening and using the EU's Enforcement Regulation.

Speakers: Simon Evenett, Professor of International Trade and Economic Development, University of St. Gallen • Thomas Le Vaillant, Deputy Head of Unit, European Commission • Peter Chase, Senior Fellow, German Marshall Fund of the United States • **Moderator:** Jacques Pelkmans, Associate Senior Research Fellow, CEPS

Can the EU restore relevance to the WTO?

The three global trade powers, China, the EU and the US, all agree that the multilateral trading system is a valuable public good. Where their views diverge is on how to reform WTO policy. This divergence appears across nearly all WTO reform areas, from the appellate body to the disciplines, for example industrial subsidies, and notification and transparency obligations. The current reform initiatives put forward by different groups risk marginalising the WTO and may fail to achieve their purpose. Although a supporter of multilateralism, the EU will not be able to take the lead in restoring relevance to the WTO – it needs the support of other WTO members. At the same time, any chance of success in reforming the WTO also requires the participation of China.

Speakers: Myrto Zambarta, Head of WTO Unit, DG Trade, European Commission • Erland Herfindahl, Senior US Trade Representative, US Mission to the EU • Xia Xiang, Minister for Trade, Mission of China to the EU • Edwin Vermulst, Partner, VVGB • Christian Bluth, Project Manager, Bertelsmann Stiftung
Moderator: Weinian Hu, Research Fellow, CEPS



The EU, Africa and China: what potential for agricultural cooperation?

The last two years have seen closer cooperation between the EU, China and Africa on agriculture and food security, in line with the last Commission's proposal to deepen the EU's economic and trade relationship with Africa through investment and job creation. A new European Commission Task Force on rural Africa underlines the urgency of contributing to the sustainable development of agri-food value chains.

Debate about the EU-Africa partnership shows that there is no one-size-fits-all approach to development in Africa. The aim is for a more integrated solution through value chains (which use the whole trajectory for a specific product, from farmers and traders to consumers), increased learning and solid SME management. However, myriad constraints on input, factor and output markets hold Africa's smallholder productivity back, and investment in the value chain is limited because of this complexity. This lab's discussions highlighted the need for better learning on good agronomic practice, solid SME management in the agricultural supply chain and emerging interest in farmer education (e.g. field schools). We should also focus on spontaneous, self-generated development in Africa, with local SMEs.

Meanwhile, the recent EU-China Geographical Indications Agreement is the first GIs agreement for the EU and the first trade agreement with China, whereby 100 European GIs will be protected in China and 100 Chinese GIs will be protected against imitation and usurpation in the EU. This is a must-have in the EU's trade agreements and for China; enhancing GIs protection for rural development is just the beginning.

The discussion highlighted the importance of GIs as 'ambassadors of standards' and as an important part of the new Green Deal, since they represent high-quality, traceable and sustainable products. The EU wants to promote GIs through the recent trade agreement, as Chinese consumer awareness is still fairly low. China also sees the promotion of products on both sides as a win-win. Ultimately, all agreed that this would result in reciprocal trade benefits and demand for high-quality products on both sides.

Speakers: Laura Fernández Celemin, Director General, European Food Information Council (EUFIC) • Tassos Haniotis, Director, Directorate-General for Agriculture and Rural Development, European Commission • Hanneke Faber, President Global Foods & Refreshment, Unilever • Mella Frewen, Director General, FoodDrinkEurope • Jo Swinnen, Director General, International Food Policy Research Institute (IFPRI)

Luc Christiaensen, Senior Economist, World Bank • Leonard Mizzi, Head of Unit, Directorate-General for International Cooperation and Development, European Commission • Christine Wieck, Professor, University of Hohenheim, The Task Force Rural Africa (TFRA). **Moderator:** Giulia Meloni, Professor, Université Libre de Bruxelles and Research Fellow, CEPS

European Defence Union: what is it good for?

Equipped with a new DG named Defence Industry and Space, can the Commission avoid clashing with member states over the creation of a European Defence Union (EDU) by 2025? Given that membership of PESCO (Permanent Structured Cooperation) – the central cog in the EU's emerging EDU – is virtually identical to membership of the European Defence Agency, critics have dismissed the new initiatives as an exercise in reinventing the wheel. They also point to France's European Intervention Initiative, which corrals half of the membership, and the UK, in structures outside of the EU and NATO.

Before the EU can fulfil its military potential it needs to define its strategic priorities more clearly, in line with a series of concrete threats assessments. Work on a 'Strategic Compass' has just started and will continue for the next two years. This exercise must also define the capabilities the EU needs to defend itself and stabilise (parts of) its neighbourhood – all in full complementarity with NATO to avoid duplication.

Tough decisions must be taken in the ongoing MFF negotiations on defence R&D, procurement, logistics and maintenance. The Commission will have to resist the pressures of frugal member states and those defending generous agricultural and cohesion funding to ringfence budget on military mobility, cyber and space. The EU should invest in preparing for the 'next frontier' of likely threats and conflicts rather than yesterday's wars. Regardless of the size and scope of the European Defence Fund



and European Peace Facility, there must be a stricter EU arms export regime, greater transparency and a reconsideration of the European Parliament's budgetary scrutiny of defence initiatives to ensure that taxpayers' money is well spent.

Speakers: Daniel Calin, Policy Officer, Security and Defence Policy Directorate, EEAS • Benedetta Berti, Head of Policy Planning, Office of the Secretary General, NATO • Kristine Berzina, Senior Fellow, Alliance for Securing Democracy, GMF
Bram Vranken, Researcher and Campaigner, Vredesactie •
Moderator: Steven Blockmans, Head of EU Foreign Policy, CEPS

EUROPE IN THE WORLD

Geopolitics is not just the instrument of choice for global actors. Middle powers in the wider Middle East and North Africa are using 'forward defence' strategies to project hegemony in the region and implement their autocratic policies at home. In the absence of unity among member states to put skin in the game, is the EU condemned to be at the receiving end of actions taken by others?

Erdoğan's Turkey: a strategic problem?

President Erdoğan's autocratic turn and his country's purchase of Russian air defences, drilling activities in the EEZ of Cyprus, war against Kurdish 'terrorists', military incursion into northern Syria and renewed threats of sending refugees to Europe have ruffled European feathers and triggered new restrictive measures. The EU's 'siloed' approach to bilateral issues with this candidate country appears ineffective. While it is not entirely clear what Erdoğan wants from relations with the EU, most of the Turkish population clearly still wants EU membership. It is now up to the new geopolitical Commission to define its position in a more holistic manner and the institutional framework for the EU's 'partnership' with Turkey. No accession to the EU is envisaged for the next 10-20 years, but maintaining the hope of membership, however illusory it may seem, appears to be the plan while finding a better alternative to actual membership. A starting point could be lifting the blockage on the customs union to include Turkey in the EU's trade agreements.

Speakers: Funda Tekin, Director, Institut für Europäische Politik
• Wolfgang Wessels, Professor Emeritus, University of Cologne
Moderator: Loes Debuysere, Researcher, CEPS

The EU and the Gulf: relations at a turning point?

The Gulf states are no longer just economic entities and payers, but important political players in the region. While the US tries to be more engaged in the region militarily, Iran has learned that it could achieve more through its recent escalation of conflicts than it did through its 'strategic patience'. Now it is clear that any further escalation will not end up in a war with Iran but in a war within the region. This creates room for the EU because it can play an important role in promoting stabilisation, taking a lead in building bridges between the US and Iran and incentivising other states to build stabilisation in the region.

Speakers: Christian Koch, Senior Advisor, Bussola Institute
• Azadeh Zamirrad, Deputy Head of Middle East and Africa Division, German Institute for International and Security Affairs (SWP) • Gabriel Munuera Vinals, Head of the Arabian Peninsula, Iraq and Regional Policy Division, EEAS • **Moderator:** James Moran, Associate Senior Research Fellow, CEPS





THE EUROPEAN GREEN DEAL

In its attempt to strengthen the EU's role in the world, notably vis-à-vis the other global powers, the new von der Leyen Commission is seeking to use climate change to underpin EU leadership ambitions. The failure of COP25 to reach a satisfactory conclusion in Madrid flags up how hard it will be for the EU to address the question of what leadership means and, crucially, how it can convince others to follow.

A limited MFF for an ambitious Green Deal

Commission President von der Leyen revealed an ambitious climate target for net zero emissions in 2050, requiring faster emission cuts, systemic reforms to the energy sector and reforms overall to how EU members run their economies. The strategy points to an ambitious push for the circular economy.

Yet this Multiannual Financial Framework (MFF) comes amid fears about a pandemic, security, borders, migration, and employment. Clearly, funding will need mobilising to meet these challenges, and EU budget grants and financial instruments should play a key role in this. In the Council, however, a frugal vision of sticking close to 1% of GNI, protecting the CAP direct payments and restricting new priorities appears to prevail in the negotiations. An attempt to reach agreement failed

in February 2020 because member states' positions were too far apart. No satisfactory compromise is yet within sight.

Strong positions were expressed in an intense debate, with Gert-Jan Koopman underlining the need for a budget capable of addressing the challenges, notably of climate change and migration, and calling on member states to reach agreement soon, with the right level of resources. Lilyana Pavlova explained the role of the EIB and its financial instruments. It is setting up instruments to leverage €1trillion for climate policies, over and above existing operational grants, and up to a €100billion for the Just Transition Fund. The EIB aims to have 50% of the finance to be dedicated to climate action and sustainability challenges.

Margarida Marques presented the European Parliament's position, whose needs analysis requires the ceiling for the EU budget to be raised to 1.3% of GNI. She cautioned that the EP may reject an unambitious budget. This request for more spending was rejected by Thomas Westphal, who called for a shift from old priorities to new ones, which would mean reducing or cancelling whatever is obsolete. He also noted that the increased burden of Brexit on Germany was far too high. Eulalia Rubio defended the need for an effective budget with sufficient resources, and partially dismissed the

need to scrap older policies to make room for new ones. Old policies may need to modernise, but the need for them is still there.

Speakers: Gert-Jan Koopman, Director General of DG Budget • Lilyana Pavlova, Vice President, European Investment Bank • Margarida Marques, MEP, Vice Chair of the Budget Committee, European Parliament • Thomas Westphal, Director General of European Affairs, German Ministry of Finance • Eulalia Rubio, Senior Researcher, Jacques Delors Institute • **Moderator:** Jorge Núñez Ferrer, Senior Research Fellow, CEPS

Leveraging the circular economy for decarbonisation

The EU budget can only cover a fraction of the investment needed for a circular, zero-carbon economy. Success will depend on whether it is able to marshal additional private and public (member state) investments. The challenge is not so much financing, but the legislative framework that sets the rules for achieving a circular economy. Collaboration and inclusiveness, while challenging, are crucial to developing sustainable, successful, ambitious circular economy approaches. While governments may take the lead in some areas, business will need to step up in others. The EU should be in the business of 'nudging', or providing a framework for a level playing field without being overly prescriptive about the direction the industry should take.

The Green Deal may also include some trade-offs, but it is important to acknowledge these trade-offs and provide support for regions or sectors, where needed.

Speakers: Anna Jarosz-Friis, Head of Unit, Directorate-General for Budget, European Commission • Pascale Moreau, Public Affairs Europe, H&M • Cristian Matti, Head of Transition Policy, Climate-KIC • **Moderator:** Vasileios Rizos, Research Fellow and Head of Sustainable Resources & Circular Economy

Sustainable finance: moving the trillions?

Adequate Environmental, Social, and Governance (ESG) analysis and research is a prerequisite to sustainable investment. But since stakeholders cannot wait for 'perfect' data, concrete actions are needed now to finance the transition of our economies and meet climate and energy targets.

Deploying private capital to scalable projects is

essential as investors continue to look for better risk-adjusted returns in the equity and bonds space. Corporates need to demonstrate a clear pathway in terms of capital/operational expenditures, revenue generation and low carbon solutions for end-consumers.

The Commission's Renewed Sustainable Finance Strategy will materialise in September 2020, following comprehensive consultation on what should be done, by whom and at what pace. Three pillars will be targeted: the overall financial ecosystem, the impact of the toolbox and risk assessment/management.

Speakers: Gunnela Hahn, Senior Expert Sustainable Investment, Church of Sweden • Matt Orsagh, Senior Director, Capital Markets Policy, CFA Institute • Olav Aamlid Syversen, Vice President Political and Public Affairs, Equinor • Martin Spolc, Head of Sustainable Finance, DG FISMA, European Commission • **Moderator:** Åke Iverfeldt, Former CEO, MISTRA Foundation

DIGITAL TRANSFORMATION AND THE EU

The digital transformation of the European economy is one of the EU's top priorities, as shown by the adoption of ambitious strategies on data, artificial intelligence and industrial policy in the early months of the von der Leyen Commission. Should Europe pursue technological sovereignty to boost its competitiveness and resilience? How can the Union make the most of its emerging space infrastructure, and in what areas can the EU compete effectively with giants such as the US and China?

Artificial Intelligence and cybersecurity: avoiding the technology trap!

AI has great potential but from a design and impact perspective, it is not neutral. Two main categories of impact play an important part in determining how AI can be used for good in the EU: competitiveness, and trust and fundamental rights.

The European Commission's recent white paper on AI brings the two together and focuses on excellence. From a regulatory viewpoint, the main question is whether there should be new EU legislation or whether existing legislation can be

adapted. Either way, advice from all stakeholders, including industry, should be considered when balancing privacy, security and innovation in any new or updated regulatory framework in this fast-moving sector.

When it comes to the ethics of AI in cybersecurity, we need to go back to what powers the whole system: data. The right level of cybersecurity must be in place, without prying and collecting (personal) data unnecessarily. Anonymised data should be used much more.

Ultimately, regulation could even become a tool in diplomacy because it represents transparency. By introducing the GDPR, the EU's regulatory approach has proved successful, despite its many critics. It has unified the regulatory landscape on data protection across member states and it makes clear to companies and countries what the EU stands for. The EU can continue to play an important role in building and refining the regulatory framework for emerging issues, including AI and cybersecurity. We need to recognise our strengths, stand by them and build cooperation with other countries that share our interests in the field.

Speakers: Joanna Bryson, Professor of Ethics & Technology, Hertie School of Governance, Berlin • Miguel Gonzalez-Sancho, Head of Unit of Cybersecurity Technology and Capacity Building, European Commission • Matt Walmsley, EMEA Director, Vectra • **Moderator:** Lorenzo Pupillo, Associate Senior Research Fellow and Head of Cybersecurity@CEPS Initiative

Space economy: Europe's undiscovered treasure

Although Europe is only investing a fraction* of what is spent by its global competitors in space activities, the shared efforts of the EU, its member states and the European Space Agency (ESA) have brought incredible achievements. The EU's access to space – Ariane and Vega – is autonomous, reliable and cost effective. Other prominent achievements are the satellite navigation systems, Galileo and the European Geostationary Navigation Overlay Service (EGNOS) and the high-performance Earth observation system, Copernicus.

The space sector is also a key enabler of growth and jobs in the EU and a major contribution to the Sustainable Development Goals. We often forget the role that space plays in our lives – in telecommunications, transport and mobility, prevention and management of natural and man-made risks and disasters, weather forecasts, energy management, ecology and agriculture, improving health, and understanding and mitigating climate change. Most smartphones, wearable technology and vehicles rely on Galileo signals for positioning and EGNOS allows aircraft to land safely in regional airports where ground infrastructure is not available. Copernicus services can help reduce pesticides in agriculture and will soon be able to monitor anthropogenic CO₂ emissions, and new drugs can be developed in space much faster than on Earth.

In the next seven years, ESA, the European



Commission, the new EU Agency for the Space Programme (which is expected to replace the GSA) and all the EU member states will work together to achieve the main objectives of the European Space Strategy. Special emphasis will be placed on meeting citizens' needs, delivering on climate objectives, developing new businesses through space data utilisation (the so-called new space economy), protecting space assets against cyberattacks and ensuring the EU technological sovereignty.

**For the period 2021-27, the Commission proposed a budget of €16M for space; the US is expected to invest about \$18M on NASA in 2021 alone.*

Speakers: Adriana Rad, Institutional Officer, Office of GSA Executive Director, European Global Navigation Satellite Systems Agency • Jolanda van Eijndhoven, Deputy Head of Unit, Directorate-General for Defence Industry and Space, European Commission • Maria Cristina Falvella Head of Unit, Industrial Policy and Strategy, Italian Space Agency • **Moderator:** Felice Simonelli, Senior Research Fellow, Head of Policy Evaluation and Project Development

STRENGTHENING THE UNION

None of the ambitions of the new Commission will be realised without unity of purpose and solidarity between member states. Now more than ever, the Union must invest in strengthening its main structures and the fundamental principles on which it is built.

EU Institutions: the first 100 days of von der Leyen's Commission

Despite the intention to focus on the three key policy priorities: geopolitics; the climate; and digital transition, crises in Iran, at the Greek border, and with the outbreak of COVID-19 have shifted focus from von der Leyen's positive agenda from the outset.

Regarding College structure, the new president appears to be maintaining Juncker's approach; the Commissioners are clustered around portfolios that are each headed by one vice-president. One novelty is the introduction of executive vice-presidents, which establishes a hierarchy. It remains to be seen how far this hierarchy will trigger tension



in the College.

The Secretariat-General will become increasingly important as other services are asking the Sec. Gen. to coordinate processes and bring consistency to decision-making processes.

Crises aside, the first 100 days of office nevertheless communicate priorities, create momentum and set the scene for the mandate to come. The first phase of the Brexit talks was an inter-institutional success, thanks to considerable unity among the EU27. This may well change during the second phase because member states are affected by Brexit differently – some would suffer from a no-deal outcome, others are more relaxed and intend to teach the UK a lesson. A crucial question for the future is whether the EU can leverage its collective capacity.

Speakers: Ilze Juhansone, Secretary-General, European Commission • Brigid Laffan, Professor, European University Institute • **Moderator:** Sophia Russack

The EU's rule of law dilemma in criminal justice cooperation

Rule of law is still very much a live issue for the EU. Despite being one of the core principles of the Union, rule of law has never been under threat as much as it is now. A clear instance of backsliding on this principle is the so-called muzzle law in Poland, which allows the government to discipline or fire judges who criticise its judicial reforms. For the EU, an independent judiciary is an essential precondition for national authorities to cooperate on sensitive matters such as the 'surrender of persons' and the collection of evidence across member state borders. Judicial independence is required to

effectively scrutinise member states' criminal justice systems and to ensure that measures comply with the EU's fundamental values and rights enshrined in the Treaties. The Court of Justice of the European Union (CJEU) has recently provided important guidelines to clarify when a national authority qualifies as an independent judicial actor for the purpose of issuing and executing criminal justice measures under EU law.

Speakers: Siniša Rodin Judge, Court of Justice of the European Union • Lukáš Starý, Chair of the Eurojust Board on Relations with Partners and National Member for Czechia • Lorelien Hoet, Government Affairs Director EU, Microsoft • Laure Baudrihaye-Gérard, Senior Lawyer, Fair Trials Europe • Valsamis Mitsilegas, Professor of European Criminal Law and Global Security, Queen Mary University, London • **Moderator:** Lina Vosyliute, Research Fellow, Justice and Home Affairs Unit, CEPS

Do we need a European anti-money laundering authority?

What needs to happen to combat money laundering more effectively in the EU? In the view of the experts at this discussion: a combination of more harmonised rules, better supervisory architecture, better information exchange and cooperation with other authorities, and better cooperation with the private sector. The Anti-Money Laundering Directive is now in its 5th version but should become a regulation under EU law, consistently applied across sectors. There was agreement on the need for a single authority to take charge of applying it, in close cooperation with the ECB, but as yet there is no answer as to which authority that should be.

Speakers: Magda Bianco, Head, Consumer Protection and Anti-Money Laundering Directorate, Banca d'Italia • Andy Baldwin, Global Managing Partner – Client Service, EY • Eero Heinäluoma, MEP ECON Committee, Chair of the CEPS-ECRI AML Task Force • **Moderator:** Karel Lannoo, CEO, CEPS

Regulating financial services post-Brexit

The UK is committed to high standards in financial services post-Brexit, it says, but at the same time wants autonomy in decision-making on regulation and equivalence. That's a tough balance to strike. On the EU side, the negotiating mandate from member states is clear: no market access or cross-border activities without establishment in the EU.

Both sides recognise the need for an adequate governance structure and regulatory cooperation – an arrangement that takes into account the interconnectedness of the two markets and avoids unnecessary friction.

It was agreed that equivalence should remain as technical as possible, and not be politicised. The real test of the new regime will be operational, for example in the activity of clearing houses, trading platforms and investment firms.

Speakers: Paulina Dejmk Hack, Director, Taskforce for Relations with the UK, European Commission • Katharine Braddick, Director General, UK Treasury • Francesca Passamonti, Head of European Regulatory and Public Affairs, Intesa Sanpaolo • **Moderator:** Nick Collier, Managing Director, Brussels Office, City of London Corporation





Territorial cohesion: is rural versus metropole the new divide?

Cohesion is a core aim of the EU. Traditionally, policies have focused on lagging countries or regions, but the real problem now seems to be growing divergences within regions or countries themselves. For many, but not all, the divide lies between rural areas and so-called metropolises. What are the political consequences of 'dispersed' inequality, and for EU cohesion policy?

Territorial cohesion is usually considered in terms of income/productivity differences, and this has typically led to a rural-urban divide. Recently, however, so-called intermediate cities in the proximity of large urban areas appear to have performed best in the convergence process. They enjoy positive spillover effects from large cities while avoiding the negatives, such as high housing costs. Within large urban areas, however, income inequality has increased.

But inequality is not just about income, it has become spatial in nature: in some areas citizens lack access to basic services such as health facilities and education. In rural areas, in particular, the provision of services has dwindled along with the declining population, making it difficult to keep hospitals, schools, trains and other public services running across the territory. Discontent in a number of EU countries has largely been driven by such phenomena.

In small cities and within large capitals across Europe, local communities of citizens are involving themselves in local initiatives, often in cooperation with local authorities, to compensate for the declining role of public policy. They often promote

green social investment and aim for local impact, such as organic local food in schools.

Connectivity, both spatial and digital, is key to overcoming territorial divides and the sense of isolation in rural areas, and the limited access to the opportunities of large cities for those living in the periphery. This requires investment to improve transport and digital infrastructure systems. While the new EU budget proposal seems to recognise such new trends, policies are still largely driven by traditional divides at regional level.

Speakers: Raquel Ortega-Argilés, Professor, University of Birmingham • Dominic Ponattu, Policy Officer, German Ministry of Finance • Ana Umbelino, City Councillor/Deputy Mayor, City of Torres Vedras, Portugal

Moderator: Daniel Gros, Director, CEPS

Finance for Innovation in Central, Eastern and Southeastern Europe (CESEE)

Enterprises in Central Eastern and Southern European lack financing for innovation. The convergence process with the EU has slowed down, so fresh impetus is needed to increase productivity. The use of internal sources and bank financing are predominant in the region, but other forms are needed, such as venture capital and institutional investment, which up to now have been limited. Also, regulatory frameworks are not adapted, infrastructures are too dispersed, and data sources are missing. Institutions such as the EIB and the EBRD have supported important initiatives, but more is needed.

The Vienna initiative has come up with a series of recommendations for how to tackle the problem. While innovation ecosystems in different countries are in place, namely in the Baltic states, they need to be brought together and be more closely integrated.

Speakers: Boris Vujčić Governor, Croatian National Bank • Paweł Świeboda Deputy Head, IDEA, European Commission • Aron Gereben, Senior Economist, EIB • Pekka Mäki Managing Partner, 3TS Capital Partners • Radován Jelasić CEO, Erste Bank Hungary • Signe Ratso Deputy Director General, DG RESEARCH, European Commission • **Moderator:** Karel Lannoo, CEO, CEPS

GENDER EQUALITY

This is the first time that the European Commission has been headed by a woman. President Ursula von der Leyen made it one of her priorities to ensure gender balance among the College of Commissioners, and almost managed a 50:50 ratio. Our 2020 Ideas Lab featured three sessions on gender issues, a lab on Women in Power, Unleashing the potential of Women Entrepreneurs, and one on whether the EU is Transforming the lives of women and girls through its external relations.

Will women in power advance gender equality in Europe?

The Global Attitudes Survey of 2019 shows that citizens view gender equality as a top priority for EU democracies. To frame its commitment to gender equality, the European Commission has now released its Gender Equality Strategy 2020-25. The strategy recognises the embedded and structural nature of gender inequality in our societies and vows to take a mainstreaming and intersectional approach to the problem. The EC also wants to unblock the Directive on gender-balanced boards of publicly listed companies (Women on boards), submitted in 2012 but stuck ever since due to a lack of agreement in the Council.

The political will and impetus are there nonetheless: women leaders are recognised as role models and gender diversity in governance produces sustainable decision-making, as shown in peace negotiations. But having women in leadership roles is not enough to tackle the roots of gender inequality. Behaviours, which are the product of social constructs and stereotypes, also need to change. Gender-equality policies must impact children at an early age, in skills development, digital competences, promoting equal participation in emerging sectors, and behavioural skills such as public speaking, negotiation and assertiveness. All these are vital for equal career opportunities and pay.

Speakers: Katarina Ivanković Knežević, Director of Social Affairs, European Commission • Hanneke Faber, President Global Foods & Refreshment, Unilever • Hermione Gough, Director UK-EU Partnership, UK Mission to the EU • Maria Jonsdottir, Director of Communications & Public Diplomacy, Icelandic Ministry for Foreign Affairs • **Moderator:** Corinna Horst, Co-founder, The Brussels Binder

Is the EU transforming the lives of women and girls through its external relations?

The Council Conclusions on Women, Peace and Security represent another major step taken by EU institutions to promote gender balance in its external relations, but there is still a long way to go to bridge the gap. There are no gender equality stipulations in the EU's trade agreements, for example, and insufficient funds have been secured to promote national gender action plans among the EU's partners. The EU should ensure that civil society is engaged in developing gender policies in third countries, but this requires more political will. In countries where civil society is not developed, EU funding should open up to non-registered organisations to allow the voices of marginalised women to be heard.

Speakers: Mmabatho Motsamai, Managing Director, The Afrolutionist, Botswana • Toni Haastrup, Senior Lecturer International Politics, University of Stirling • Charlotte Isaksson, Senior Gender Advisor, EEAS • **Moderator:** Loes Debuysere, Researcher, CEPS





CLOSING PLENARY ON THE FUTURE OF EUROPE

We concluded this 7th Ideas Lab with a lively debate between representatives of the Council, the Parliament and the Commission on how to organise a meaningful and inclusive Conference on the Future of Europe.

What Future for Europe?

The EU has a democracy problem and Commission President von der Leyen has made tackling it one of her key priorities. With the Conference on the Future of Europe, the Commission, Council and European Parliament are hoping to provide a platform for European citizens to improve democratic processes. But first they need to agree among themselves on how to organise it, and with what objectives.

There is a broad consensus that the discussion should not be reduced to a tokenistic exercise for and by the EU bubble. Since the EU is made or undone in national debates, a pan-European process of citizens' consultations is envisaged. If premised on a set of common principles – inclusiveness, political pluralism and transparency, then national governments, in partnership with local actors and civil society organisations, could generate in-depth discussions on a range of EU issues. At the same time, the European Commission could launch online citizens' consultations via a questionnaire

(available in all EU-languages) based on questions devised by a citizens' panel.

How European citizens' voices will inform and influence decision-making is still unclear, however. Any follow-up action will depend on the political will of the member states. Just as it is up to heads of state or government representatives to own the decisions they take collectively (or fail to take, as the case may be) around the negotiating table in Brussels, so too must they agree to give meaningful effect to the outcome of the Conference.

If the Conference presents an opportunity for the EU to consider a more proactive strategy to develop new forms of democratic representation, deliberation and accountability, it would be wise to pitch citizens' expectations at a realistic level.

Speakers: Andreja Metelko-Zgombić, State Secretary for European Affairs of Croatia • Sophie in 't Veld, Member of the European Parliament, Renew Europe • Ivo Belet, Deputy Head of Cabinet to European Commission Vice-President Dubravka Šuica • Richard Youngs, Senior Fellow, Carnegie Europe
Moderator: Karel Lannoo, CEO, CEPS

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