

CEPS

BANKING UNION
AS A
SHOCK ABSORBER
Lessons for the Eurozone from the US



Centre for European Policy Studies

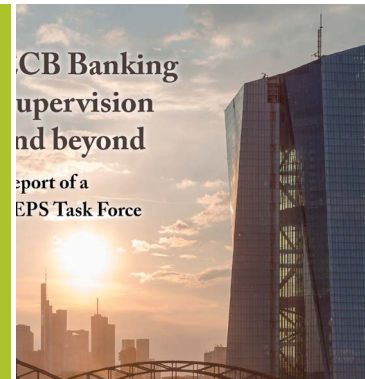
Highlights 2014-15

Thinking ahead for Europe

MORE UNION IN
EUROPEAN DEFENCE



ECB Banking
supervision
and beyond
Report of a
CEPS Task Force



Message from the Chairman

Edmond Alphandéry



At a time when nearly everyone has an opinion on the challenges facing Europe, CEPS is proudly continuing its 30-year mission of providing sound policy advice built on rigorous research.

Our researchers help to shape policy

by bringing academic discipline to the policy debate.

We tackle the big, long-term questions and not just what's fashionable at any given moment. At a time when many policy-makers are forced to focus on the immediate challenges, this is more important than ever.

The European Union is in the midst of setting policy directions for years to come – on the future architecture of bank supervision, on eurozone governance, on migration. Our research is crucial in ensuring that policy builds on solid evidence.

Our events are often attended by a large number of people – but even more often by the relevant people.

Our excellence in research and analysis gives weight to our policy recommendations.

And our independence allows us to go to the core of the hard problems with a non-partisan perspective.

We look forward to working with you – our members and Europe's stakeholders – throughout 2015 and 2016.

Edmond Alphandéry, Chairman, CEPS

Mission Statement

Founded in Brussels in 1983, the Centre for European Policy Studies (CEPS) is a leading think tank and forum for debate on EU affairs, with an exceptionally strong in-house research capacity and an extensive network of partner institutes throughout the world.

Our researchers help to shape policy by bringing academic discipline to the policy debate.

Message from the Executive Committee



With Jean-Claude Juncker styling his team as the 'last-chance Commission', 2015 is a crucial year for the new college to turn the tide and make a compelling case for 'more Europe'. At CEPS we stand ready to challenge and support the shaping of European policy-making, as we have been doing for the last 30 years.

In order to do this more effectively, we have re-arranged our research structure into six work streams, which neatly cover the team approach of the Juncker college:

- **Economy**
Economic Policy, Financial Markets, Jobs and Skills
- **Energy and Climate Change**
Climate Change, Energy, Sustainable Development
- **Regulation**
Better Regulation, Trade, Internal Market, Digital Agenda, Innovation, Food Security
- **Rights**
Justice and Home Affairs
- **Europe in the World**
EU Foreign Policy, Trade, Development Policy, Food Security
- **Institutions**

We will continue to work on almost all the challenges that Europe is facing. Grexit and Brexit are the key near-term ones. Our researchers have made numerous innovative contributions on the problems bedeviling Greece and will probably continue to devote considerable attention to this

country's economy. We will also provide scenarios for the British question and related negotiations.

Actions in the fields of energy and climate-change policy will be another test of the Commission's resolve to move forward. CEPS' experts will continue to provide independent advice on how to construct the Energy Union, and actively contribute to the preparations for the COP21 negotiating round in Paris in December 2015.

In the regulatory field, we can build on years of expertise to assist the European Commission in its better regulatory endeavours. Our team will further expand activities for the Digital Union, a policy area that is crucial for economic growth in Europe.

The challenges in Europe's neighbourhood are high on the radar screen of our Foreign Relations team: the conflict between Russia and Ukraine, the rise of the so-called Islamic State of Iraq and Syria (ISIS), chaos in Libya and the restoration of military dictatorship in Egypt. These troubles in our neighbourhood have brought migration to the fore, unfortunately for all the wrong reasons. We will now double our efforts to produce practicable recommendations to improve the EU's migration agenda, based on research we started a long time ago.

After a successful CEPS Ideas Lab in 2015, we have started to lay the foundations for the next Ideas Lab, which will take place once again in Brussels early in 2016. There, as well as through all our other activities and with you, our partners and stakeholders, we focus on what we do best: Thinking ahead for Europe!

Karel Lannoo, Chief Executive Officer

Daniel Gros, Director

Kerstin Born-Sirkel, Director, Corporate and External Relations

Sally Scott, Head of Finance and Administration

Mission

Goals

- To carry out state-of-the-art policy research leading to solutions to the challenges facing Europe
- To achieve high standards of academic excellence and maintain unqualified independence
- To provide a forum for discussion among all stakeholders in the European policy process
- To build collaborative networks of researchers, policy-makers and business representatives across the whole of Europe
- To disseminate our findings and views through a regular flow of publications and public events

Assets

- Complete independence to set its own research priorities and freedom from any outside influence
- Quality research by an international staff of 70 drawn from 23 different countries
- An extensive membership base of some 120 Corporate Members and 130 Institutional Members, which provide expertise and practical experience and act as a sounding board for CEPS policy proposals
- CEPS carries out research via its own in-house research programmes and through collaborative research networks involving the active participation of other highly reputable institutes and specialists.

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Research Priorities

Our work streams track the policy priorities set by the June 2014 European Council and the project teams that make up the European Commission of Jean-Claude Juncker.

We have adopted a heavy agenda for our work in 2015:

Economy and Finance

Economic Policy, Financial Markets, Jobs and Skills

Energy and Climate Change

Climate Change, Energy, Sustainable Development

Regulation

Better Regulation, Trade, Internal Market, Digital Agenda, Innovation

Rights

Justice and Home Affairs

Europe in the World

EU Foreign Policy, Trade, Development Policy, Food Security

Institutions

At the top of our research priorities is economic policy, which will continue to be of central importance. On the macroeconomic policy side, work will continue to focus on the functioning of the EU governance framework, with particular interest in the issue of fiscal coordination. Monetary policy and the changing role of central banking will remain a key pillar of our research. Greece will continue to attract attention in the policy debate, and the unit will

devote considerable resources to conducting an in-depth analysis of the country's external adjustment.

Our work in the economy stream has been strengthened by the creation of a separate Jobs and Skills unit, which builds on the successful completion of our study on megatrends in European labour markets. A core element of this unit's work is the detailed analysis of the feasibility of a European unemployment (re-) insurance scheme for the European Commission. Additionally, the unit will continue its long-term research on social innovation and the use of internet data to better understand real-time labour-market and skills needs.

Energy and climate change policy became quite important in terms of revenue and research staff at CEPS in 2014. With the launch of the Energy and Climate House, the work stream will become even more important. Restructuring and prioritising EU actions in the energy field will be a linchpin to test the EU's capacity to move forward; providing independent advice on how to construct the Energy Union will be crucial.

With the start of banking union, work in the financial markets field will be redirected towards capital markets, an area where we can build on our long experience in analysing markets, actors, infrastructure and the role of regulation. Work has started with an expert group to better define capital markets union and to set policy priorities for this initiative. Its findings will be published by the middle of 2015. The performance of the European Central Bank in supervising banking will also continue to be closely monitored.

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Our Research Areas



In the area of financial markets, attention will also focus on the EU-Asia Dialogue, in addition to our long-established cooperation with Harvard Law School on EU-US relations.

In the regulatory field, we stand ready to build on years of expertise to assist the Commission in its better regulation endeavours. CEPS has built up an extensive database on the Commission's impact assessments. We also actively continue to contribute both empirically and theoretically to the EU impact-assessment process, particularly in the context of the ongoing revisions of the EU IA Guidelines and the development of fitness checks. Work will also continue on the different elements of the Digital Agenda and the challenges of integrating the EU's telecoms markets. In future, cybersecurity will also command our increased attention.

Trade policy has moved up on our agenda, with detailed sectoral studies on the impact of TTIP, to be published in September 2015, in a joint effort with the Center for Transatlantic Relations (CTR) of Johns Hopkins University. Other bilateral deals are also being scrutinised, including the EU-Canada FTA (CETA), EU-Singapore, alongside other emerging proposals.

CEPS will continue its examination of the implications of EU Justice and Home Affairs (JHA) policies on rights and security. Over the last 15 years, CEPS has become a key source of independent policy research and a network platform of excellence on JHA policy domains. Research will continue to investigate issues related to internal security, e-surveillance and privacy,

immigration, free movement and Schengen, as well as rule of law and criminal justice cooperation.

2014 marked important changes in Europe's neighbourhood, with the annexation of Crimea and the war in Ukraine, the rise of so-called Islamic State in Iraq and Syria (ISIS), chaos in Libya and the restoration of military dictatorship in Egypt. CEPS is examining the need for stronger European defence cooperation in a Task Force chaired by Javier Solana, whose report was released at the 2015 Ideas Lab, but which will continue working until the end of this year.

Building on the **immensely successful** CEPS Ideas Lab, which we inaugurated in 2014, we are deeply engaged in organising an equally ambitious event for 2016. The Ideas Lab has allowed us to reach a broad audience of think tanks, governments, businesses and non-governmental organisations from across Europe.

Our work streams track the policy priorities set by the June 2014 European Council.

Thinking ahead for Europe

The Challenges Ahead

In this section, CEPS researchers outline the key challenges likely to dominate their areas in the coming years.

Economy & Finance

Economic policy

The Hard Problem: Greece and the crisis

The greatest challenge facing the euro area is without doubt how to handle Greece. This case has shown the impossibility of 'micro-managing' a member state from Brussels and the difficulties a monetary union faces when member states maintain their sovereignty in fiscal and economic matters but their policies are incompatible with euro-area membership. Solving the Greek crisis will represent a great challenge for the ECB and its conduct of the monetary policy and support to banks in the context of a state close to default.

Financial markets and institutions

The Hard Problem: Capital markets union

From the point of view of financial markets a core question is whether financial institutions are adapting to the vulnerabilities exposed by the crisis and whether markets are becoming more European. Europe is now striving to build a capital markets union, but this is an old ambition; while progress has been made, much remains to be done. The question is whether there is a willingness to progress towards more union, or whether structural and regulatory barriers will keep markets in the old mould, lacking the depth and scale to achieve benefits for issuers and investors.

Jobs and Skills

The Hard Problem: Creating an unemployment insurance scheme for the eurozone

Europe's economic governance system needs a supranational automatic stabiliser that would kick in in the event of economic downturn, to avoid unduly burdening national public finances. One option to be considered is the creation of an unemployment benefit system. The rationale derives from a mix of arguments that include market failure and spillover effects. But apart from purely economic arguments, the creation of such a scheme responds to political considerations. The improper handling of the eurozone crisis is proof that EU governance needs to be reformed.



Cinzia Alcidi, Daniel Gros & Karel Lannoo

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The Challenges Ahead

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Energy & Climate Change

Energy

The Hard Problem: Where engineering meets economics

For many years now, politicians have been saying that achieving the EU's climate objectives will require fundamental changes in the way we produce and consume energy. It is only now that we are starting to appreciate what this energy revolution means. The immediate challenge for the EU is to find solutions to a situation in which electricity-generation technologies are becoming even more capital-intensive. Investment requires upfront capital and the resulting electricity-generation technology has negligible operating costs. Intermittent renewables

require new services, such as those providing flexibility, for example through storage.

It is at this junction that economics meets engineering. The engineering solutions to flexibility will arrive on the market sooner if flexibility is properly rewarded. Regulation in Europe and elsewhere is struggling with the challenge of capturing this value so as to generate investment, jobs and growth. Will it develop on its own, i.e., be induced by demand, or will it require regulation? Engineering in Europe and elsewhere will deliver the solutions. The question is whether policy can ensure that these solutions will develop into sustained markets.

Most fundamental of all, however, is the question of how we achieve environmental sustainability in Europe and globally. However laudable Europe's focus on energy and resource efficiency may be, this is not the same as sustainability. More efficient technology can reduce the environmental footprint we leave, but it is no safeguard against our using the time and money we save in order to buy additional goods and services, which increase our environmental impact.

Climate Change

The Hard Problem: Balancing competitiveness and climate leadership

The EU's greatest challenge from a climate change perspective is how to balance its desire to lead globally on climate with the need to shore up its competitive position. While others around the world are also taking action, the explicit price of carbon from the EU emissions trading system (ETS) is a lightning rod for EU industry exposed to global competition.

The EU needs to ensure that its main policy lever, the EU ETS, delivers in a credible way, without jeopardising industry competitiveness. The EU feels that it has done most of the work during 2014-15 to address imperfections in the design of this instrument and with the final touches to come

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under the 2030 framework for energy and climate package, it now needs to deliver signals of change. If it fails to do so, its credibility may be called into question.

Climate change is all about managing the transition, and providing the right tools to manage it. Does the EU understand the full impact of its climate change policies, and has it put in place tools to address socio-economic impacts? Carbon leakage is one issue that will be front and centre, but another thorny question is how to induce innovation and ensure that the EU gains from it. The new funds will be important and will need to show that lessons from the previous periods and the NER 300 fund have been internalised.

The Paris global climate change agreement to be finalised in December 2015 is without doubt becoming the principal focus of international attention. The EU will have to meet the challenge of showing that – contrary to the perception given in the last hours at Copenhagen – it really is a global leader on climate change.



Arno Behrens, Andrei Marcu & Christian Egenhofer

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Regulation

The Hard Problem: Is the EU serious about better regulation? Is the Europe 2020 strategy still alive? Is Europe moving toward the 'OK corral' on platforms?

The European Commission's new package on better regulation, presented at the end of May 2015, promises to improve the quality of EU legislation. However, that promise can be kept only if the Commission cuts the number of new initiatives, and the package is unlikely to address the European Parliament's and most member states' failure to use better regulation tools. The negotiations on a new proposed inter-institutional agreement on better regulation, expected later this year, will shed more light on how serious the EU is in its commitment to improve legislation. Will EU institutions finally decide to specify why they believe that the rules they adopt are in the interest of EU citizens and businesses?

Despite repeated calls for growth-oriented policies, EU institutions seem to have gradually discarded Europe 2020, the EU strategy for smart, sustainable, and inclusive growth. The review of Europe 2020, initially scheduled for March 2015, has been postponed, and emphasis is now being

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The Challenges Ahead

put on the Juncker plan, which is no more than an infrastructure and innovation plan, with no emphasis on sustainability or inclusiveness. What does this mean for the future of Europe? If Europe 2020 will finally be reviewed later this year, this might present the EU with a great opportunity to update current Europe 2020 targets, and to strengthen the linkages between targets, actions and the governance of the European Semester. If Europe 2020 is altogether abandoned, however, Europe will find itself without a vision for the medium term, and prey to a growing identity crisis. The stakes are high, but no one seems to notice.

Over the past months, EU institutions have repeatedly targeted online platforms as deserving heavy-handed regulation. GAFA (Google, Amazon, Facebook, Apple) are being criticised for avoiding taxes, breaching privacy, mishandling data, distorting competition and violating other users' rights. The Google and Amazon antitrust investigations, the reform of copyright, the Digital Single Market package and the sectoral inquiry on e-commerce have all been accompanied by grand announcements, such as the European Parliament's recent call for Google to be split in two and the French telecoms regulator's call for 'platform neutrality'. In the coming months, Europe will have to clarify what it wants from powerful online platforms, and why. Will the Old Continent shut the door to US-based IT giants, and if so, in the name of what ultimate policy goal?

Trade

The Hard Problem: Free trade with North America

For half a decade, the EU has been making enormous efforts in negotiating first with Canada (CETA), then the US (TTIP), and now Mexico in order to radically improve, deepen and widen the scope of trade, regulatory and investment relations with the three NAFTA countries. The mutual

economic interests are very large indeed, and the potential for economic gains is considerable. There are also systemic and geo-economic interests at stake.

The hard problem here is not the views of policy-makers on both sides of the Atlantic. What makes it so hard is the regulatory substance and/or philosophy in some issues or sectors, and the sudden pressure from social media and populist parties that have launched highly selective and misleading public information campaigns. These campaigns have created a groundswell of scepticism while almost totally neglecting why these negotiations are worthwhile. Overcoming this scepticism requires sound analytical work and well-informed debates among policy-makers and in the media. CEPS is committed to help foster such debate, through its work on CETA (for the European Parliament) and on TTIP. We will also conduct research on other bilateral FTAs and the investment agreement with China.



Andrea Renda & Jacques Pelkmans

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Thinking ahead for Europe

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Rights

The Hard Problem: Migration

A key issue currently confronting the EU is finding effective, responsible and human rights-compliant ways to manage immigration and asylum. The tragic drownings of asylum-seekers in the Mediterranean and the position of the EU as a natural destination of refugees from countries such as Syria and Eritrea send strong reminders that more must be done. What should be the EU's role and contribution? There are no simple answers. A key priority to respond to the asylum challenge should be to implement a strategy focused on fair sharing of legal responsibilities between all EU member states and to invest in institutional support and solidarity towards those states lacking the capacity to receive and assist asylum-seekers. This should go hand-in-hand with opening up flexible channels for third-country nationals to



Sergio Carrera

travel to Europe for purposes of work, education, research and investment. The EU should also ensure that migration debates are based on the best evidence and objective data, and are not driven by populist and fear-based politics.

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Europe in the World

EU Foreign Policy

The Hard Problem: Managing Russia

The EU has yet to digest the full implications of Russia's descent into authoritarian nationalism. President Putin is not the state, and the short-term interests of the military, intelligence and business syndicate around him do not coincide with the longer-term interest of Russian society. The current regime is brittle: it may collapse next year or in a decade's time. Until and beyond that moment, EU institutions and member states collectively need to develop and implement a clear and coherent strategy towards Russia and implement their supporting policies consistently. At the same time, the EU needs to increase its support for Ukraine and the other Eastern Partnership countries. Failure to deliver EU-inspired reforms would deny the citizens of these countries the systemic modernisation that their closest western neighbours have increasingly benefited from over the past 25 years. Such an EU strategy will determine how Russia can be managed over the long term for the greater security of Europe. At the same time, it will define the role of the EU, not just in the neighbourhood, but in the world.

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The Challenges Ahead

We firmly believe that the time has come for the creation of a European Defence Union that supports NATO in its task to provide territorial defence

Task Force on European Security and Defence

The Hard Problem facing EU Agricultural Policy

The big question for EU agriculture policy in the coming years is whether the reformed CAP for 2014-2020, with a total allocation of some €408 billion in current prices, will be sufficient for the sector to address the challenges posed by global food security. At the same time, however, agriculture is implicated in many other global challenges related to the environment and climate – declining biodiversity and ecosystem health, growing pressure on water resources, soil erosion and, of course, global warming. Agriculture is a contributor to global warming, through emissions, but is also one of the economic sectors most vulnerable to climate change, with changing conditions likely to have a big impact on farming worldwide, including in the EU.

A factor that has received a lot of attention is the need to link the CAP payment more directly to 'environmental' or 'public good' objectives. The reformed CAP introduced 'greening' requirements for direct aid payments, from 2015, although whether this will have a positive impact on the environment remains to be seen. Another important issue is the highly sensitive role of food safety and quality issues in the TTIP negotiations.

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Steven Blockmans

Thinking ahead for Europe

Institutions

The Hard Problem: Bolstering public support for the EU



Public support for the EU continues to weaken, despite the fact that greater interdependence between member states and the EU's declining position in the world make a strong argument for a

closer Union. Further institutional changes seem inevitable if the EU wants to regain citizens' trust and reinforce integration. The European parties' initiative to nominate lead candidates for the position of Commission President ahead of the 2014 elections to the European Parliament, and the re-organisation of the incoming European Commission, constituted serious attempts to promote efficiency and democratic legitimacy in the EU, but they are clearly insufficient. The projected reform of the Inter-institutional Agreement on Better Law-Making will offer another opportunity to adopt measures that can contribute to improving EU legislation and a more efficient and democratic decision-making process. But core questions persist on how much can be achieved with the current treaties and whether treaty revision is feasible, or indeed inevitable, and – if so – what issues it should address.

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Activities 2014-15

Economy and Finance

Economy and finance – traditionally at the heart of research at CEPS – will continue to be a central policy stream for us.

CEPS has closely followed the efforts to strengthen EU economic governance, especially on the issue of fiscal coordination. Monetary policy and the changing role of central banking is another pillar of the unit's research. More broadly, our researchers have monitored, and provided policy advice on, the financial crisis in all its dimensions. This work will continue in 2015-16. Greece will also continue to attract attention in the policy debate, and the unit will devote considerable resources to its in-depth analysis of the country's external adjustment.

Economic Policy

Ever since central banks around the globe embarked on a course of unconventional monetary policy in response to the financial crisis, the Economic Policy unit has analysed monetary policy developments closely – especially those related to the European Central Bank. The unit regularly produces commentaries on the latest ECB programmes and its potential impact on the real economy. The second research pillar concerns fiscal policy. A national prerogative in general, it is nevertheless subject to the provisions of the Stability and Growth Pact, the Six Pack and the Fiscal Compact. Research on fiscal policy covers longer-term sustainability within a monetary union but also the short-term fiscal policy of the euro-area member states. Given current circumstances, Greece has been singled out for several in-depth and original analyses of its fiscal and macroeconomic developments.

Following the analysis conducted into youth unemployment in 2013, labour mobility was another important topic of research in 2014 and the final report of the CEPS Task Force on Labour Mobility has been

widely appreciated. Follow-up work is planned for 2015 as part of the Study on the value added of a European Unemployment Benefit Scheme. Research into the long-term consequences of population ageing will continue under the MOPACT project throughout 2015, with a number of studies being published.

Financial Markets and Institutions

The unit focuses on the regulation and supervision of financial institutions and financial stability; the size, diversity, corporate governance and innovation of the financial sector in Europe; the internal market for financial services; and the position of small, regional and international financial centres in a global world. Based on our investigation of European financial market integration, we are providing recommendations on how hurdles to further integration can be overcome – a key ingredient of the Europe 2020 Agenda. The completion of banking union and common backstops to the resolution fund will be challenging not just from a regulation viewpoint but also from an institutional viewpoint.

The priority of the unit is to continue to contribute to the policy debate post-financial crisis, particularly by:

- Monitoring market developments, regulatory and institutional trends and their consequences for the EU economy and its competitive position in the world;
- Identifying challenges to an integrated European financial market and recommending steps to overcome these hurdles;
- Assessing the evolving role of financial systems to better serve economic, social and environmental objectives, with particular focus on inclusion, diversity and sustainable finance; and
- Exploring regional linkages and interactions with non-EU financial markets and investigating current challenges and future opportunities.

Thinking ahead for Europe

Highlights of the unit's ongoing research include:

- Internationalisation of financial markets: assessing the compatibility of financial market legislation across the globe
- European Bank Business Model Monitor: investigating the consequences of differences in ownership and activities on the financial strength, performance, executive compensation, etc.
- MIFID level-2 impact assessment: an impact assessment and data collection on a number of implementing measures for the reviewed Markets in Financial Instruments Directive (MiFID) and the corresponding Regulation (MiFIR)
- Home ownership in the context of the economic crisis

Ongoing activities include:

- ECMEG (European Capital Markets Expert Group) and Shaping Union in Europe's Capital Markets Task Force: ECMEG aims to make a long-term contribution to EU policy-making in the area of capital markets. The Group does not aim to conduct a review of current legislative dossiers but rather to look at the evolution of financial markets in Europe and around the world to suggest improvements to Europe's competitive position.
- The Future of Credit and Retail Financial Services in the EU. This Task Force, which published a major report early in 2015, is helping to pave the way in setting the Commission's agenda in 2014-19 for retail financial services, in particular consumer credit.

Jobs and Skills

A major, four-year research project on the future of labour in Europe – NEUJOBS – concluded in December 2014 with a final conference. The project analysed long-term issues and trends in EU labour markets, from a skills and technology perspective but also with regard to climate change and migration, among others. The project resulted in two substantial books.

The unit continued its investigation of inequality in Europe, among other things through an (INGRID project) winter school held in November 2014 with some 50 participants. The winter school in November 2015 will



explore the implications of the sharing economy for jobs and equality.

One area in which CEPS helped shape the policy debate in a major way was its proposal in January 2015 for the creation of a common reinsurance scheme for national unemployment insurance programmes in the eurozone. The supranational system would intervene only in the event of severe recession – defined as the point at which the (short-term) unemployment rate reaches a level that is much higher than its 10-year average. The advantage of the scheme is that it promises to stabilise consumption by paying unemployment benefits, without burdening the public finances of the country facing a crisis. The idea was taken up by the European Commission in its long-awaited 'Five Presidents' Report', published in June, on steps that need to be taken by 2025 to complete the Economic and Monetary Union. CEPS is conducting further work on this issue, as the coordinator of a major study on the "Feasibility and added value of a European unemployment benefit scheme" commissioned by the Commission's Directorate-General for Employment, Social Affairs and Inclusion, in which 18 possible schemes are being analysed. Final results are expected by mid-2016.

Energy and Climate Change

This research stream investigates the EU's energy and climate challenges, especially but not exclusively related to the low-carbon economy, from both an EU and a wider geopolitical perspective.

In response to external demands to create a centre of excellence within CEPS dedicated to EU energy and climate policy issues, CEPS has launched the Energy Climate House (ECH), which analyses the most salient challenges facing these sectors from a European and policy-oriented perspective.

This reflects the unit's role as a producer of authoritative research and as a 'club' for stakeholders, decision-makers and experts to discuss and analyse solutions to today's energy and climate challenges, always mindful of how to promote and implement these solutions.

In June 2015 CEPS energy and climate unit won the Prospect Magazine award for the best think tank in the Energy and Environment category.

With its Energy Union concept, the EU is attempting to infuse a new dynamic into energy and climate change action. The first step was the October 2014 European Council, where all member states supported the Energy Union and its short, medium and long-term objectives. The years to come will show whether the EU can live up to its expectations by adopting the necessary legislation, for example on electricity market design, the integration of renewables, infrastructure and a security of supply framework. Particular challenges will be how to integrate energy and climate change policies; strengthen the functioning of the markets (such as electricity and carbon); offer new ways to private infrastructure investment; and develop a more outward-looking

Our research serves as a foundation for policy recommendations to be presented to decision-makers in the EU and its Member States.

European energy policy. Work in all these fields was undertaken throughout 2014 and will continue in 2015, with a particular focus on electricity market design, the integration of renewable energy and infrastructure.

A major contribution to the integration of markets and technologies through infrastructure was undertaken in 2014 in a project organised by the International Electrotechnical Commission (IEC), resulting in a White Paper that showed that the traditional processes of planning, procuring and financing are not adequate for the needs of 'smart cities'. The White Paper, published in November 2014, explains what is needed to move cities to greater smartness, and calls for collaboration between many stakeholders, including other international standardisation bodies, to lead to integrated, cost-efficient and sustainable solutions.

CEPS also continues its work on the green economy, both on the macro level – by improving the usability of green economy indicators, and on the micro level – by advocating best practices for SMEs to reduce their energy and resource use.

Thinking ahead for Europe



Jacob Werksman, DG CLIMA, Andrei Marcu, CEPS Carbon Market Forum, Susanne Dröge, SWP, Peter Wittrock, Belgian Federal Government, Milan Elkerbout, CEPS, Daniel Agostini, ENEL, Energy Climate House seminar, May 2015

CEPS has continued its research on various specific aspects of EU energy policy. This includes, for example, a study of the financial and regulatory barriers to implementation of an offshore grid in the North Sea, complemented by recommendations on how these can be removed. In the spring of 2014, CEPS completed a series of studies about the evolution and composition of energy prices and costs at plant level in particular in energy-intensive industry sectors, on behalf of the European Commission's Directorate-General for Enterprise and Industry. The research aimed to complement information already available at macro level with a bottom-up perspective on the operating conditions that industry stakeholders need to deal with.

Climate Change

The EU stands at the forefront of international efforts to develop and implement cost-effective international and domestic climate change policies to ensure that the EU meets its targets for 2020 and beyond, notably with regard to reducing greenhouse gas emissions. CEPS has been following these efforts through in-depth research and policy work ahead of the December 2015 climate conference in Paris.

CEPS has been an important participant in the debate on fixing the EU's emissions trading system (EU ETS), which is the main pillar of the EU's climate change policy. The design flaws of the EU

ETS need to be addressed urgently and for this reason measures such as back-loading allowances for auctions have been implemented, and a Market Stability Reserve (MSR) established that will start in 2019. The European Commission will soon propose a new set of long-term structural reforms that should take the EU ETS to the end of the next phase. CEPS has also, with other partners, contributed to the examination of various aspects of the ETS structural reform ahead of the European Commission proposal. An in-depth paper published in May 2015 provides a comprehensive overview and analysis of different options to reform the EU ETS.

A seven-member consortium of EU and non-EU countries is funding a CEPS project that examines the role of the markets in the 2015 agreement. This project is expected to run to the end of the year, when the Paris UN climate change conference takes place.

In preparation for the Paris meeting, CEPS, together with five other EU-based think tanks, has established the EU Think Tank Platform 2015, which has been active in examining the EU positions for Paris and the importance of a UN global climate change agreement for the EU. The Platform members have also held substantive debates with senior members of the EU, negotiating with them in various capitals, including Paris, Brussels and Berlin.

CEPS Highlights 2014-15

Activities 2014-15

Regulation

Years of anaemic growth across the EU have sharpened the EU's focus on competitiveness and on its 'better regulation' agenda.

The appointment of Frans Timmermans as First Vice-President of the European Commission in charge of better regulation underlines the Juncker Commission's sense of urgency to use regulatory policy to stimulate growth. CEPS provided relevant policy guidance in its report for the incoming Juncker Commission and a preliminary assessment of the Commission's Better Regulation Package in May 2015.

The Regulation research area at CEPS focuses on policy and regulation challenges in the internal market, competition policy, the digital single market and the EU's Better Regulation agenda. It also analyses various aspects of the Union's trade agenda. In September 2015, CEPS will launch a task force on innovation and entrepreneurship in Europe.

We are continuing our research, commissioned by the European Parliament, on the cost of non-



General Data Protection Regulation - Issues for the Triologue, CEPS seminar, May 2015

Europe in the single services market, in an attempt to quantify the costs of a lack of harmonisation between the member states. It is also undertaking a fitness check of the construction sector, analysing the impact of EU policies on the sector's competitiveness, on behalf of the European Commission. CEPS also undertook a sectoral analysis of the EU's furniture industry (looking at the question whether a possible initiative on furniture products could respond to some of the main challenges affecting the sector.) We also assessed the cumulative costs of EU legislation on the European aluminium industry, and evaluated how these costs affect the competitiveness of this industry from an international viewpoint.

In March 2014, CEPS, together with Economisti Associati, published a study "Assessing the Costs and Benefits of Regulation", which had been requested by the European Commission as input to the revision of its guidelines for impact assessments. The study reviews different methods for estimating costs and benefits within the Commission's integrated approach to impact assessment. The study defines various types of costs and benefits, identifies different methods of estimation, and provides an overview of their strengths and weaknesses.

Impacts on innovation should be put at the core of the EU impact assessment methodology.

Thinking ahead for Europe

Digital Forum

The CEPS Digital Forum is a multi-stakeholder platform aimed at raising the level of debate about the policy challenges that arise from the European Commission's Digital Agenda – one of the Union's flagship initiatives under the Europe 2020 Strategy and perhaps the most promising in terms of its potential to stimulate economic growth. The Forum brings together academics, telecommunications operators, broadcasters, equipment manufacturers, content providers, application producers, internet players, national regulators and European institutions to enable a constructive discussion on how to achieve a successful transition to a balanced and inclusive information society and to explore more broadly the implications of a hyperconnected society.



Antony Walker, CEO, TechUK, Laure Wagener, Counsellor, Luxembourg PermRep, Colin Blackman, CEPS, Baiba Jugane, Justice Counsellor, Latvian PermRep, Kevin O'Connell, Věra Jourová's Cabinet, European Commission, Michal Boni, MEP, at a Digital Forum seminar, CEPS, May 2015

In 2014-15, the Digital Forum discussed a wide range of topics including the implications of a hyperconnected society, the Internet of Things and Industrie 4.0 for future communications infrastructure, future content and services, and privacy, trust and security. In addition the Forum held several seminars to explore the prospects for and obstacles to a Digital Single Market, including net neutrality, copyright and its enforcement,

taxing the internet, and the need for a fundamental rethink of the telecoms rules.

The Forum also successfully collaborated with several organisations on specific topics, for example: with the University of Pennsylvania's Center for Technology, Innovation and Competition on US vs. European broadband deployment; with LSE's Media Policy Project on the future of audiovisual media services in Europe; with Johns Hopkins University's Center for Transatlantic Relations (CTR) to host a roundtable discussion with Congressman Jim Sensenbrenner on the need to balance surveillance and privacy; and with Tech UK and the Coalition for the Digital Economy on the impact of the General Data Protection Regulation for startups and SMEs.

In 2014 the Digital Forum again co-hosted the annual Competition and Regulation in Network Industries Conference, and in 2015 hosted the EuroCPR annual conference on the theme of 'New Intermediaries in the Hyperconnected Society'.

Trade

CEPS' activity on EU trade and investment policy has increased substantially in the last few years in the light of ambitious negotiations with several major trading partners such as Canada, the US and Japan; lingering free trade talks with several ASEAN countries; the initiation of a revised FTA with Mexico; and ongoing negotiations on an EU investment treaty with China. Analytical work has been dominated by two tracks of research on TTIP: in-house economic work on aspects of TTIP and a joint project with the Center for Transatlantic Relations of SAIS (Johns Hopkins University) in Washington, D.C., the results of which will be presented to Commissioner Malmström at CEPS in September 2015. Both tracks have led to a series of CEPS Special Reports and some Policy Briefs on various components or technical aspects of TTIP, in support of a well-informed debate on TTIP and of the negotiation work.

Rights

What are the implications of the EU's Justice and Home Affairs policies on rights, security and the rule of law?

This question continued to guide research in the 'Rights' work stream throughout 2014-15. The research team pursued three broad avenues of inquiry, all of them of great topicality during this period: migration and asylum, counter-terrorism and privacy, and citizenship.

These strands came together most prominently in a substantial paper published in February 2015, examining the EU-wide response to the Paris attacks of the previous month. The paper's eight authors found that a majority of EU-level proposals predated the Paris shootings and had been controversial due to doubts about their efficacy, legitimacy and lawfulness. The EU's counter-terrorism response, by relying on the expanded use of large-scale surveillance and systematic monitoring of travellers, including EU citizens, runs counter to the principles of freedom of movement underpinning the Schengen area and challenges the scrutiny role of the European Parliament the Court of Justice of the EU.

Migration and asylum

The number of displaced people in the world hit an all-time high in 2014, with close to 60 million recorded at the end of the year. Displacement figures in Europe are up by half over the previous year, primarily due to wars in Syria and Ukraine. A record 219,000 migrants crossed the Mediterranean, with hundreds dying in the process. These statistics explain the prominence given to migration and asylum in European politics and policy.

There should be flexible and open channels for third-country nationals to travel to Europe for work, education, research and investment.

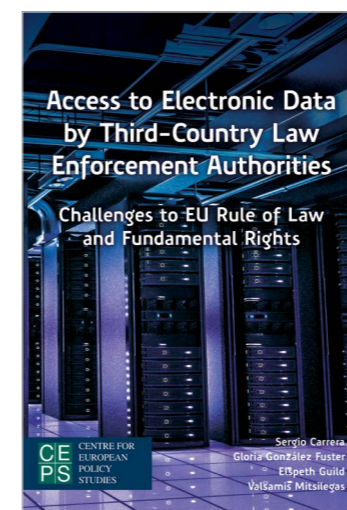
In January 2015, CEPS published a major study on the Common European Asylum System warning against adding any further complexity or coercion to the system. The study proposes a focus on front-line reception and streamlined refugee status determination, in order to mitigate the asylum challenges facing member states, and to vindicate the rights of asylum-seekers and refugees according to the EU *acquis* and international legal standards. Joint processing could contribute to front-line reception and processing capacity, but it is no substitute for proper investment in national systems. The study, commissioned by the European Parliament's LIBE Committee, also calls for the Dublin system to be reconfigured since its current form leads inexorably to increased coercion and detention. In November 2014, CEPS published book-length research on the question whether Europe is an attractive destination for highly-skilled migrants. The book calls for re-thinking some of the most commonly held premises and assumptions underlying the

Thinking ahead for Europe

narratives of 'attractiveness' and 'global competition for talent' in migration policy debates.

Counter-terrorism and privacy

CEPS provided research to an inquiry by the European Parliament's LIBE Committee into mass surveillance in 2013, following the Snowden revelations, and has continued to pursue research in the area for the European Parliament. In January 2015, CEPS published a comparative analysis of the national legal regimes and practices governing the use of intelligence information as evidence in the United Kingdom, France, Germany, Spain, Italy, the Netherlands and Sweden.



In July 2015, CEPS published a new study examining the challenges to European law raised by third-country access for law enforcement purposes to data held by private internet companies. Special focus is given to EU-US relations and the practical issues emerging in transatlantic relations covering mutual legal assistance and evidence-gathering for law enforcement purposes in criminal proceedings.

Citizenship

A final strand in the 'Rights' work of CEPS is research on EU citizenship. In December 2014, the final conference of the 'Involuntary Loss of European Citizenship' (ILEC) project, funded by the European Commission, took place in Brussels. ILEC, coordinated by CEPS and undertaken together with the University of Maastricht and the

European University Institute in Florence, resulted in a comparative study of the law and practices governing loss of nationality across the 28 member states, with a particular focus on the impact of European citizenship on national competences in the field. A final project volume, which will also make recommendations for policy, is scheduled for publication in autumn 2015.



ILEC project conference - "Who Owns EU Citizenship?", CEPS, April 2014

Europe in the World

Russia's challenge to the established international order in Europe pushed big strategic issues centre-stage in 2014-15 in the major work streams of CEPS' foreign-policy research – neighbourhood, security and defence, and diplomacy.

At the same time, CEPS continued its research on the EU's role in multilateralism, on the Transatlantic Trade and Investment Partnership (TTIP), and on relations with Asia. It also produced research on a range of more specific questions, for example on nuclear talks with Iran, instability in Libya and EU sanctions against Russia.

Neighbourhood

It was Viktor Yanukovich's refusal to sign an Association Agreement (AA) with the EU that led to his ousting in February 2014 and formed the backdrop for Russia's annexation of Crimea and military conflict in eastern Ukraine. Ukraine's AA and the Deep and Comprehensive Free Trade Areas (DCFTA) with the EU, together with parallel Agreements with Georgia and Moldova, are the focus of an ambitious, three-year project launched by CEPS in April 2015. With support from the Swedish International Development Cooperation Agency (SIDA), CEPS is producing a handbook on each of the three AAs/DCFTAs – complex documents of over 1,000 pages that are difficult to understand.

At present, knowledge of what the large number of commitments really mean in legal and economic terms is dispersed across various departments of the European Commission and partner governments, as well as among lawyers, economists and industry specialists. This dispersion of knowledge impedes judicious political



Homayoun Tandar, Ambassador of Afghanistan to the EU, Belgium and Luxembourg, **US Ambassador to the EU Anthony L. Gardner**, **K. Lannoo**, CEPS CEO, and **Ugo Astuto**, Director for South and South East Asia, EEAS, **speaking at a CEPS meeting on the Political Transition of Afghanistan, July 2014**

action and encourages the emergence of damaging illusions and populist arguments. The handbook, whose publication is scheduled for mid-2016, will translate into more accessible language the various commitments set out in the AAs/DCFTAs, thereby providing a reality check to both sides of what is at stake. In years 2 and 3, the project will study pressing issues as they emerge.

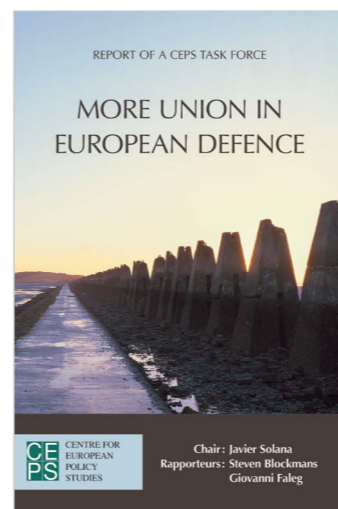
The monthly CEPS European Neighbourhood Watch presents an overview of the previous month's major developments, complemented by editorial commentary on the most important current developments. It is distributed electronically and free of charge to over 3,000 international recipients.

Security and defence

In an environment marked by various conflicts in the EU's neighbourhood, hybrid security threats, years of uncoordinated cuts in defence spending and rapidly evolving global trends, the EU's Common Security and Defence Policy (CSDP) remains the weakest link in the European

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integration project. It needs to be more efficient and effective if it is to meet today's security challenges and promote the EU's own values and interests. The CSDP also needs to fire the imagination of its citizens. CEPS thinks ahead about the security and defence agenda for Europe, treating both its EU and transatlantic dimensions and its civil and military aspects. Our research aims to recommend an array of policy actions for further cooperation between member states and European integration as the natural steps to join all the dots of the security and defence debate – strategic, institutional, capabilities and resources.



A Task Force convened by CEPS under the chairmanship of Javier Solana launched its report, "More Union in European Defence". The report subsequently went on a road show and was discussed at events in Riga, Brussels,

London, Paris, Rome, Washington, Madrid, Helsinki and Reykjavik. In June 2015 the Task Force met again in Berlin to take stock of the debate and to discuss the way ahead. The report, co-funded by the Friedrich Ebert Stiftung, was drafted by a bipartisan group of senior politicians and experts. "We firmly believe that the time has come for the creation of a European Defence Union that supports NATO in its task to provide territorial defence", the Task Force concluded. Moreover: "An ambitious EU foreign policy aimed at reducing instability and state fragility at the Union's borders will take on and live up to security responsibilities

in the strategic neighbourhood through the use of military force and rapid response as needed."

CEPS has also begun a three-year project to analyse the EU's conflict prevention and peace-building activities. Preventing and Responding to Conflict: Developing Civilian Capabilities for a Sustainable Peace (EU-CIVCAP), funded from the European Commission's Horizon 2020 programme, will assess the EU's civilian capabilities in conflict prevention and peace-building; identify and document lessons learned and best practice in these areas; and enhance future policy practice and research.

Diplomacy

The unit's research agenda on EU Diplomacy hinges on two variables: i) the Lisbon Treaty's cosmopolitan world view, the demand for a more integrated EU foreign policy, and institutional innovations in the field of EU external action; and ii) the role of EU on the international stage since its relative decline as a result of the economic and financial crisis, the rise of other powers and the strategic re-orientation of the United States towards the Asia-Pacific region.

CEPS assessed the first 100 days of Federica Mogherini's tenure as the EU High Representative for Foreign Affairs and Security Policy in a report and more generally continued its investigation of EU foreign policy following the institutional innovations of the Lisbon Treaty.

Institutions

This research area provides sound analysis of the main political and institutional challenges facing the EU and promotes public debate on how best to address these challenges.

The programme has produced compelling publications on the reform of the EU institutions, the elections to the European Parliament, the composition of key committees in the 2014-19 EP, EU economic governance, the role of national parliaments, the rotating presidencies of the Council and the UK's future in Europe. EU reform will continue to rank at the top of the unit's research agenda over the coming years, in our efforts to actively contribute to the current discussions on the review of the Inter-institutional Agreement on better law-making and the revision of the treaties.

The Institutions programme is also responsible for the coordination of the European Policy Institutes Network (EPIN), which brings together 41 think tanks and policy institutes working on EU affairs from 27 European countries.

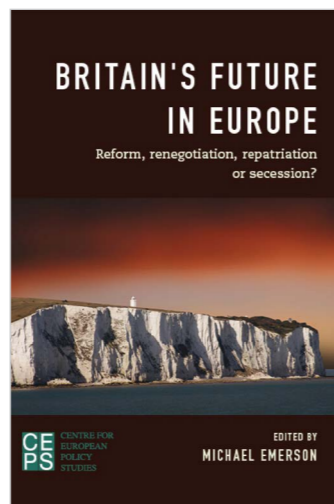
The unit also provides regular debriefings after European Council summits and holds events on the policy programme of the incoming Council presidency.

Priorities for the Juncker Commission

Our researchers have closely followed Jean-Claude Juncker as he sought the presidency of the European Commission, from his presidential campaign in the spring of 2014 and his nomination by the European Council in June 2014 to his approval by the European Parliament in mid-July

and the presentation of the new Commission in the autumn. His restructuring of the College by re-grouping commissioners around seven project teams, each headed by a vice-president, received special attention from CEPS. In our view, the changes promise to improve internal coordination, policy-making and transparency of rule-making and hopefully will reduce the personalisation of portfolios. CEPS collected its analysis in a single publication in October 2014, containing 14 separate commentaries by senior CEPS researchers with their assessment of the changes underway and their policy advice to the new commissioners.

The UK's Future in Europe



the Prime Minister as he seeks a new settlement between the UK and the EU through the reform of EU policies, the renegotiation of the UK's specific terms of membership, and the repatriation of competences from the EU back to the member states.

CEPS provides ongoing analysis of the UK debate on whether to leave the EU. As part of a CEPS project on the 'British question', our researchers took an in-depth look at the government's own Balance of Competences Review, was intended to provide support to

Thinking ahead for Europe

The book (published in December 2014) suggests that the EU's alleged 'unreformability' is a myth; that future large-scale opt-outs (as on the euro and justice and home affairs) are implausible; and that there is virtually no chance of achieving consensus among the member states on the repatriation of competences. The CEPS report received wide coverage in the British and international media. A second edition is in planning with an update on the state or results of the re-negotiation, either in 2015 or in 2016, ahead of a referendum on Britain leaving the Union.

Own-resources report

CEPS is providing expert input to the EU's High-Level Group on Own Resources, headed by Mario Monti, as the group seeks to find more transparent, simple, fair and democratically accountable ways to finance the EU. The group is supposed to produce its final report in 2016, after which the European Commission will decide whether to table new legislative initiatives.

Commenting on the CEPS book "Britain's Future in Europe":

An absolutely invaluable resource for anyone concerned with Britain's evolving relationship with the European Union.

Anthony Giddens, former Director of the London School of Economics, and member of the House of Lords

CEPS Ideas Lab

A Platform for Outreach and Collaboration

The CEPS Ideas Lab provides an innovative platform of exchange among other think tanks and academics from across Europe, representatives of national governments, businesses, NGOs and European institutions to debate a range of policy issues for Europe.

Launched in 2014, the Ideas Labs are organised with an overall theme in mind but in a way designed to allow ample space for reflection on a wide variety of policy areas. The 3rd CEPS Ideas Lab is expected to be held early in 2016 on the theme "Keeping the Union together".



1st CEPS Ideas Lab

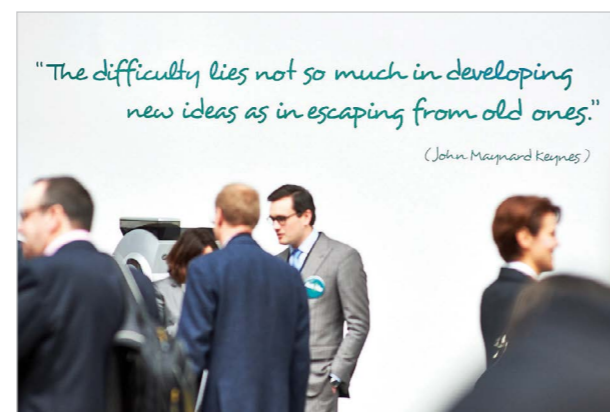
Does Europe matter?
3-4 April 2014, The Egg, Brussels

The 2014 Ideas Lab offered more than 500 participants the opportunity to engage in three sets of highly interactive debates across 10 thematic Labs. These 30 different debates were then merged, in stages, first into five so-called 'Face-offs' and then finally into a plenary session.

2nd CEPS Ideas Lab

More or less Europe?
26-27 February 2015, The Egg, Brussels

The ambitious question posed in the title invited high-level decision-makers and shapers to share their expertise on the complex challenges facing Europe in 11 different policy domains. Nearly 600 participants from 34 different countries contributed to the discussions.



Benefits of CEPS Corporate Membership

EU policies and regulations have a profound impact on the operating environment of global companies invested in Europe. Corporate Membership at CEPS provides companies with a steady flow of original insights, authoritative studies, a platform for balanced debate on topics in their area of interest, and priority invitations to a wide range of events with an EU policy focus.

CEPS Corporate Members also have the opportunity to debate directly with EU decision-makers, in both formal and informal settings, to bring their views to the policy-making process.

Among the specific benefits of Corporate Membership, CEPS offers:

- Online or live participation in CEPS Webinars given by our expert researchers
- Preferential participation in CEPS Task Forces, to explore all dimensions of a particular area of EU regulation and to formulate recommendations to policy-makers
- Attendance at CEPS Corporate Breakfasts, where policy issues are debated in an off the record and informal setting with Commissioners and other high-level EU policy-makers
- A neutral platform for co-hosting special events with CEPS, ensuring a well-informed and balanced discussion
- Individual briefings with CEPS researchers for all management levels
- Participation in CEPS Membership Meetings (4-5/month) for company employees
- Significant discount on participation fees for various CEPS conferences

- Invitation to the CEPS Ideas Lab
- Free copy in print, on request, of each new CEPS publication (+ 120 titles/year; 10-12 books)
- Weekly email updates about CEPS events and new titles, with links to download the texts

Inner Circle Membership

Some CEPS Corporate Members choose to upgrade their membership status to become an Inner Circle Member. In addition to the benefits listed above, companies can discuss their special interests directly with CEPS experts. Inner Circle Members may request individualised briefing sessions for their board members or top management. Please enquire about other services or activities CEPS can offer, tailored to your company's needs.

Annual Fees

CEPS Corporate Membership fees vary according to the size and structure of the company concerned, from **€6,000 to €18,000** (+21% VAT if applicable)

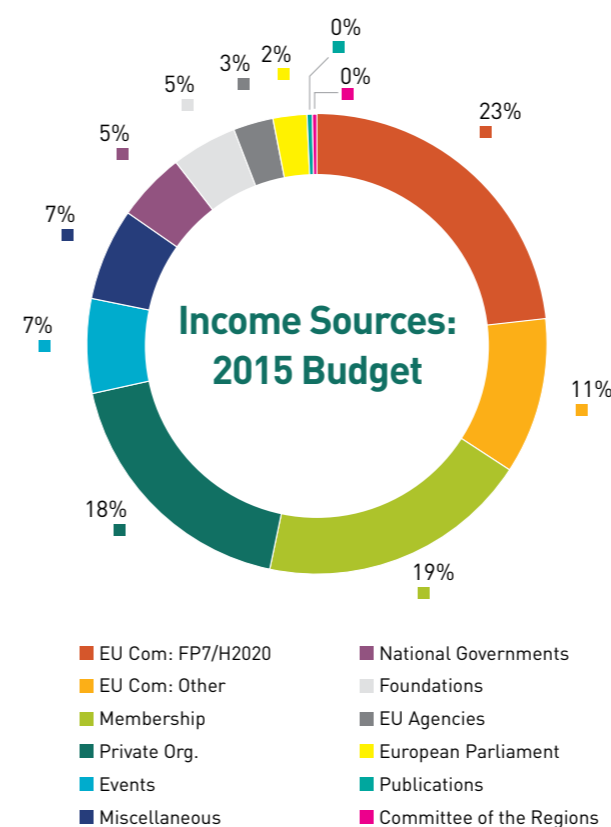
Inner Circle Corporate Membership **€30,000** (+21% VAT if applicable)

Financial Report

Liabilities	31/12/2014	31/12/2013
Equity	-360,375.61	-375,331.59
I. Accumulated results	-360,375.61	-375,331.59
Provisions and deferred taxes	72,000.00	310,019.54
II. Provisions for risks and charges	72,000.00	310,019.54
1. Repairs and maintenance		90,000.00
2. Other liabilities and charges	72,000.00	220,019.54
Debts	5,258,671.37	6,153,808.52
III. Long term debts	0.00	0.00
IV. Short term debts	2,879,529.34	3,462,473.46
A. Current portion of amounts payable after one year		
B. Financial debts	0.00	40,000.00
C. Trade debts	2,374,227.55	2,794,252.96
D. Advances received on contracts in progress	34,180.49	67,057.14
E. Accrued taxes and social liabilities	469,148.80	515,127.41
F. Other debts	1,972.50	46,035.95
V. Accrued charges and deferred income	2,379,142.03	2,691,335.06
TOTAL LIABILITIES	4,970,295.76	6,088,496.47

Assets	31/12/2014	31/12/2013
Fixed assets	280,428.24	259,245.69
I. Intangible assets		
II. Tangible assets	280,428.24	259,245.69
A. Land and buildings	0.00	16,418.69
B. Plant, machinery and equipment	128,214.62	53,789.48
C. Furniture and vehicles	44,127.34	46,374.44
D. Leasing and other similar rights		
E. Other tangible assets	108,086.28	142,663.08
III. Financial fixed assets	0.00	0.00
Current assets	4,689,867.52	5,829,250.78
IV. Long term receivables		
V. Short term receivables	2,689,812.34	3,200,587.93
A. Trade accounts receivables	2,631,362.48	3,172,560.18
B. Other receivables	58,449.86	28,027.75
VI. Investments	812,499.80	929,136.37
A. Own shares		
B. Other investments	812,499.80	929,136.37
VII. Cash Balances	1,140,540.59	1,325,102.19
VIII. Deferred charges and accrued income	47,014.79	374,424.29
TOTAL ASSETS	4,970,295.76	6,088,496.47

Profit and Loss Account	31/12/2014	31/12/2013
Operating Income	7,363,528.33	8,404,292.28
Turnover	6,997,794.32	8,172,668.53
Miscellaneous operating income	365,734.01	231,623.75
Gross margin	7,381,251.00	8,390,971.93
Services and other goods	4,433,570.73	5,355,557.17
Remunerations and social charges	2,872,631.31	2,934,452.74
Depreciations and write offs on fixed assets	122,062.03	96,663.10
Provisions for other liabilities and charges	-107,031.45	-46,211.21
Miscellaneous operating charges	60,018.38	50,510.13
Operating result	-17,722.67	13,320.35
Financial income	15,439.33	6,783.15
Financial charges	25,277.45	19,222.36
Current result before taxes	-27,560.79	881.14
Exceptional income	42,516.77	
Exceptional charges		
RESULT	14,955.98	881.14



CEPS' funding comes from a wide variety of sources, which allows us to maintain our independence. In 2015, we have budgeted revenues of € 7.7 million. A portion of this amount is attributable to the EU contracts that CEPS coordinates and thus represents a flow of funds into and out of our accounts. We are an active partner in 22 different FP7 and H2020 projects, the European Commission's Framework Programme for research, four of which start in 2015. The distribution of income sources in the 2015 budget, as shown in the pie chart, is in line with previous years. The lion's share, 45% in the 2015 budget, comes from EU research contracts and tenders awarded to CEPS on a competitive basis by EU institutions, agencies and national governments. We budget 19% for membership fees from a wide variety of corporate and institutional sponsors. We expect to raise most of the remaining income from funds generated through projects: 18% from private organisations and 5% from foundations. An additional 7% of CEPS' income is generated through the organisation of events and the balance from new projects. The breakdown of the 2015 budget does not include revenues earmarked for CEPS' partners in externally-funded projects. Members of CEPS staff come from numerous countries, with 23 different nationalities currently working at CEPS, 16 of which are EU member states. The research staff is also highly qualified, with almost 60% having attained or in the process of completing a PhD degree.

CEPS Corporate Members

Abertis Telecom	Dansk Industri (DI) - Confederation of Danish Industry	INREV	Standard & Poor's
Afore Consulting	Deloitte	Intuit Ltd	Statoil
Alcoa	Depository Trust & Clearing Corporation (DTCC)	JPMorgan	Svensk Energi - Swedenergy
Allianz SE	Det Norske Veritas	JTI	SWIFT
ALSTOM Power	Deutsche Bank	Kreab Gavin Anderson	Telecom Italia
Altius	Deutsches Aktieninstitut (DAI)	Landbrug & Fødevarer	Telefónica
Amway	Deutsche Telekom	Liechtenstein Chamber of Industry & Commerce	Thomson Reuters
APCO Worldwide	Dräger-Stiftung	LKAB	Total
Association des Constructeurs Européens d'Automobiles (ACEA)	EFTA Surveillance Authority	Microsoft	Toyota
Assonime	Electricité de France (EDF)	Mission of Liechtenstein	UBS Investment Bank
A.T. Kearney N.V.	ENEL	Mistra	United Technologies
Banco Bilbao Vizcaya Argentaria (BBVA)	Eni	Mitsui & Co. Benelux SA/NV	Vattenfall
Banco Santander	European Free Trade Association (EFTA)	MSD Europe Inc.	Visa Europe
Bank of America Merrill Lynch	European Investment Bank (EIB)	MSL Group-JKL	VNO-NCW
Barclays	European Private Equity & Venture Association (EVCA)	Nasdaq OMX	Volkswagen
Bank of New York Mellon	ExxonMobil Petroleum & Chemicals	Nestlé	Volvo
Bank of Sweden Tercentenary Foundation	Finansradet	NLI Research Institute	Zürich Insurance Company
BNP Paribas Securities Services	Fipra	Nordea Bank	
Bolsa de Madrid	Fleishman-Hillard	Norsk Hydro	Grants
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Business Europe	GAIA AB	OMV Aktiengesellschaft	Central Bank of Ireland
Cabinet DN	Goldman Sachs	Orange France Telecom Group	Central Bank of Malta
Clifford Chance	Google	Pepsico	De Nederlandsche Bank
Commerzbank	Heidelberg Cement	PGGM	European Central Bank
Confederation of Swedish Enterprise	Hill + Knowlton	PriceWaterhouseCoopers	National Bank of Austria
Confindustria	Huawei	Prudential plc	
Covington & Burling LLP	Hydro	Rabobank	
Crédit Suisse	Hyundai	Raiffeisen Zentralbank Österreich	
Danish Insurance Association	ING Group	Realkreditrådet	
		REPSOL	
		Samsung Electronics	
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