



# Highlights 2015-16

*Thinking ahead for Europe*

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# About CEPS

*Founded in Brussels in 1983, CEPS is a leading think tank and forum for debate on EU policies, with an exceptionally strong in-house research capacity and an extensive network of partner institutes throughout the world.*

## 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 our own research priorities and freedom from any outside influence
- ▶ Eminently qualified research team of 70 analysts drawn from 23 different countries
- ▶ Membership in various research networks, comprising institutes from throughout Europe and beyond, to complement and consolidate CEPS' research expertise and extend its outreach
- ▶ Broad membership base of almost 120 Corporate Members and over 100 Institutional Members, which provide expertise and act as a sounding board

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# Message from the Executive Committee



CEPS Executive Committee

***Turbulent times continue to provide plenty of food for thought. We are proud that CEPS has managed for several decades to provide expert analysis to an increasingly broad group of stakeholders on topical issues. For example, we have recently examined the migration crisis and the implications of a possible Grexit or Brexit for the EU. We have also addressed more long-standing policy problems such as Energy Union, innovation and deep and comprehensive agreements with important trading partners.***

With an eye to long-term global issues, CEPS was active in the negotiations for a new international climate change regime, providing a valuable and officially acknowledged contribution to the agreement reached at the COP21 in Paris. The last few months have also seen a worsening of the refugee crisis. Building on decades of research in the fields of migration and asylum, we have put forward concrete and evidence-based policy recommendations to decision-makers both in Brussels and in the national capitals.

Looking ahead, our main research themes can be grouped under three headings – digitalisation, economic and geopolitical instability, and migration – each one approached from a multidimensional perspective. Market and policy developments require a capacity for cross-sectoral analysis, which we can harness at CEPS by drawing on the extensive experience of our different research teams. To this end, for example, we intend to launch a Task Force aimed at drafting a blueprint for a truly European Coast and Border Guard, a tangible step that could address the humanitarian catastrophe in the

Mediterranean, while at the same time strengthening European solidarity and security.

We have further expanded our outreach, not only in the real world of policy-making, but via the classroom. In September 2015, we launched the CEPS Academy, out of a recognition that the increasingly complex policy world requires careful study and analysis, often a luxury in today's fast-moving world. This initiative will be expanded into different programmes devoted to covering particular sectors. The 3rd annual CEPS Ideas Lab in February 2016 brought together an even-larger group of participants meeting in even more sessions, validating our decision to further broaden these activities and make them more inclusive.

In the virtual world, visits to the CEPS website and publication downloads continue to grow. Monthly publication downloads fluctuate between 100,000 and 150,000. Our website now hosts a vast repository of analysis on European and global policy issues that is expanding every year. With limited human resources and means, we manage to serve a broad base of policy interests.

We hope this annual Highlights brochure will serve as a reminder of what make CEPS stand out in the community of think tanks. Or, if you are new to our organisation, we hope it sufficiently piques your interest to induce you to pass by for a visit or to become part of the debate.

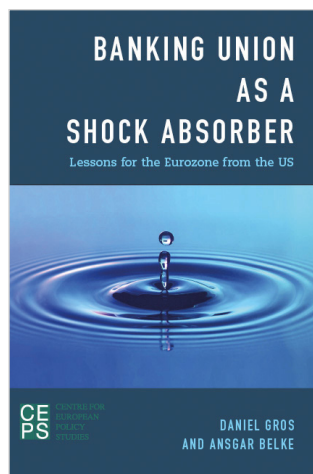
**Karel Lannoo**, Chief Executive Officer

**Daniel Gros**, Director

**Kerstin Born-Sirkel**, Director, Corporate and External Relations

**Sally Scott**, Head of Finance and Administration

## Economic Policy



### Challenges ahead

2016 remains characterised by a high level of uncertainty in economic and geopolitical developments at global level, with severe risks weighing heavily on economic performance and shaping policies. In Europe, unconventional monetary policy – either in the form of an exit strategy from its quantitative easing (QE) programme or additional

measures – as well as the future of euro-area governance and the successful management of the refugee crisis will present the main challenges

### Concerns & commitments

In March 2015, the European Central Bank became the last of the world's major central banks to embark on a QE programme. While it is difficult to assess the effects on the real economy and on financial markets, contrasting signals from growth and price developments, together with the persistent divide between north and south of the euro area, are challenging the ECB's current and future stance. Monetary policy in the euro area remains a core topic of interest.

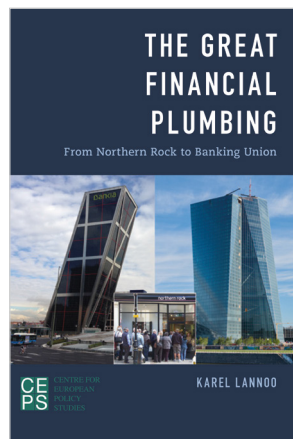
The evident shortcomings of the euro-area's governance framework will continue to shape the EU debate, but probably without much advancement given the lack of consensus over how much sharing of risk and sovereignty are strictly necessary and feasible. The discussion will include fiscal rules, which were formally reinforced following the financial crisis but seem to be widely ignored now that the appetite for coordination is waning. There is little doubt, however, that the status quo is not sustainable, either from a legitimacy or an economic point of view. The ambitious plan outlined in July 2015 in the Five Presidents Report – by European Commission President Jean-Claude Juncker, President of the Euro Summit, Donald Tusk, President of the Eurogroup, Jeroen Dijsselbloem, President of the European Central Bank, Mario Draghi, and President of the European Parliament, Martin Schulz – advocates changes

in the governance framework to move towards a Fiscal Union. CEPS will contribute to this debate with research-based inputs developed in the framework of the FirstRun project (Fiscal Rules and Strategies under Externalities and Uncertainties) and findings from the study on a European unemployment benefits scheme carried out jointly with the Jobs & Skills team.

CEPS has also been at the forefront of the discussions on the EU budget, having led the independent report for the EU's High Level Group on own resources and advised the Dutch Presidency on the Multi-annual Financial Framework. CEPS will continue to be deeply involved in the work to explore solutions for a better budget fit for Europe's priorities and difficult challenges.

Last but not least, extending a proper welcome to the millions of refugees arriving in the EU and ensuring their integration present the greatest challenge for the EU at the moment. If successfully managed, this influx of individuals could represent an opportunity to reinvigorate the European economy. But this will only happen if the new immigrants can also be integrated into the job market in a manner that contributes to public finances and supports economic growth. The topic is high on CEPS' agenda, both in terms of research (MEDAM, a new 3-year project that starts in May 2016) and our participation in the policy debate. Research on migration will feed into our work on labour mobility and will be addressed not only from an economic perspective in collaboration with the Jobs & Skills team, but also looking at its legal and institutional dimensions in collaboration with other CEPS teams, in a true multi-disciplinary approach to the issue.

## Financial Markets & Institutions



### Challenges ahead

2016 will be an important year for the implementation and completion of the Banking Union. In addition, it will be a crucial year in defining a new European agenda for financial integration and the deepening of private and public risk-sharing mechanisms, especially for the euro area.

### Concerns & commitments

The Five Presidents Report also advocates further moves towards the Financial Union, to complete the Banking Union. With the Single Resolution Fund (and Board) now operational, there is only one element remaining to complete the Banking Union: deposit insurance, which has so far been left in the hands of national authorities. CEPS has been very active in the debate about the design of a European-wide system whereby a euro-area common fund provides reinsurance to national deposit guarantee schemes (DGSs) in the event of large, systemic shocks. It is still unclear whether a feasible deal can be struck, but the topic is of great importance and will remain high among CEPS' interests.

As the political momentum that was generated in response to the crisis wanes, CEPS will lead new thinking on how the work of the European institutions should evolve in the years to come. There is great policy interest in monitoring the evolution of bank business models, with the gradual introduction of Basel III prudential rules in an environment with low margins and still expansionary monetary policies. With the entry into force of the bail-in regime on 1 January 2016, a great deal of the resolution framework for banks will be put to a severe test.

The Finance research team will also be involved in the policy thinking of the European Commission on the digitalisation of financial services, its impact on the EU economy and the effect of new technologies on the provision of banking and investment services.

In early 2016, the Finance team delivered a comprehensive overview of the state of financial integration in Europe and how EU institutions could contribute to the further integration via capital markets. New research work will be carried out to support the efforts of emerging Asian markets to create local currency bond markets, drawing on the experience of some European markets. Our research will also focus on developments in the asset management industry and how EU policies can unleash cross-border competition and foster further consolidation at the European level, for the benefit of all investors. Finally, the team will monitor implementation of the revised Markets in Financial Instruments Directive (MiFID II), which is a cornerstone of the whole *acquis* on the provision of financial services in the European Union.

### Jobs & Skills

#### Challenges ahead

In recent years, European policy-makers have discussed the idea of introducing a supranational automatic stabilisation mechanism to support national economies in the event of a downturn. The Five Presidents' Report identifies the setting up of such a mechanism as an essential step in the completion of EMU. One of the most interesting options is a European unemployment benefit scheme, because of its anti-cyclical nature and the promise of high multiplier effects.

#### Concerns & commitments

Since 2015, CEPS has coordinated a comprehensive research project that sets out to assess the feasibility and added value of introducing a European unemployment benefit scheme. In the aftermath of the crisis, the idea of a supranational automatic stabiliser has been high on the agenda of European policy-makers. In July 2016, the project will conclude with a conference organised in collaboration with the Slovak Presidency and the European Commission. The rationale for and challenges to a European unemployment benefit scheme will be discussed at this conference and the results of the legal, operational and economic analyses will be presented.

A second strand of work on jobs and skills is related to technological progress and the advent of big (web-based) data. The ongoing debate on the impact of technological change on labour markets has been fuelled by fears of job losses, inequality and the skills gap, all of which have major policy implications. Within this field, the Jobs & Skills team focuses on the emergence of new forms of work. Specifically, the team is currently pioneering a line of inquiry into the on-demand economy, an under-researched area that is shaping the debate in Europe. Although this sector has often been described as disruptive, its potential to spur growth and innovation is huge. By using real-time data derived from web-based platforms, the unit aims to facilitate cross-country comparisons and to offer policy-makers an effective and comprehensive way of tracking these dynamics.

Another area in which the Jobs & Skills team is contributing to the policy debate is migration and labour mobility, which are among the main challenges facing Europe today. We have focused on re-emerging intra-European migration in the past and will continue this line of work, combining traditional resources with web-based data sources to analyse the discourse, perceptions, causes and consequences of migration.



Group of experts on innovation and entrepreneurship with Eva Paunova, MEP (EPP Group). April 2016.

## Digital Economy

### Challenges ahead

With digital technologies disrupting all sectors of the economy and their incumbent players, a priority in 2016 will be to explore how policy and regulation can best support the EU's Digital Single Market strategy to build a more innovative and competitive digital economy. This includes examining whether competition law and policy needs to be adapted to the digital age. The growing dependence on digital technologies and increasing threats to security mean that greater attention needs to be paid to coordinate Europe's fragmented cybersecurity landscape.

### Concerns & commitments

Regulation and competition remain a priority issue. The CEPS Digital Forum will organise a series of ad-hoc seminars throughout the year, largely driven by issues arising from the Commission's Digital Single Market strategy and the related public consultations being conducted by DG Connect. These issues include, for instance, the regulation of online platforms, reforming the regulatory framework for telecoms, targets for broadband, the future of audio-visual media services, e-commerce, e-government, e-health and cybersecurity. Issues concerning digital trade, competition policy in the digital age, the on-demand or collaborative economy and future radio spectrum needs will also be on the Digital Forum's agenda.

With our economy's growing dependence on communications infrastructure and services, their increasing complexity and rising levels of threats, the need to ensure cybersecurity has become critically important. In March 2016, CEPS hosted the annual Communications Policy Research (EuroCPR) conference, with this year's theme dedicated to issues concerning the production and distribution of digital content in the European Union.

## Regulatory Policy

### Challenges ahead

The need to improve the contribution of better regulation to innovation-driven growth has been recently stressed by the European Commission. In 2016, the team will work on the link between better regulation, innovation, sustainable development and growth.

### Concerns & commitments

The link between better regulation and innovation will be addressed by the forthcoming CEPS Task Force report, "Unleashing Innovation and Entrepreneurship in Europe: People, Places and Policies". The in-depth study will offer input into the current debate on the role of better regulation for growth and on the review of Horizon 2020, to be completed in the course of 2016.

The European Commission presented an ambitious Better Regulation package in May 2015, which proposes a controversial, ground-breaking inter-institutional agreement on better regulation. CEPS published a first set of comments on the new package and proposed agreements in 2015. The Regulatory Policy team will continue to monitor the evolution of the package in 2016, with a view to ensuring that, within the constitutional boundaries of the balance of power between the EU institutions, the EU policy process can deliver effective results on Juncker's ten priorities, and more generally on Europe's need to promote smart, sustainable and inclusive growth.

The mainstreaming of science-based policy in the European Union has become an urgent issue, which will be the subject of lively debate in 2016 as a new system of scientific advice is being set up in the European Commission. A new expert report for DG Research and Innovation will look into these issues from a comparative perspective, drawing lessons in particular from the United States.

### Innovation

#### Challenges ahead

Designing ad-hoc policies for entrepreneurship and innovation is a challenge for the EU, which continues to lag behind other large economies in terms of fostering high-growth and young firms. CEPS will investigate options for future innovation policy and provide policy recommendations on how to promote innovation and entrepreneurship in Europe.

#### Concerns & commitments

Innovation policy has been subject to a significant rethink in recent years: the critical role of government in steering innovation and entrepreneurship towards key societal challenges is now widely acknowledged, creating new opportunities at the EU level. Innovation is not an end in itself, but rather a means to achieve sustainable development, and this is even truer when it comes to the transition towards a low-carbon economy. The Innovation team is working on a report on how to align incentives at the EU level to trigger innovation that leads to deep decarbonisation, and that goes beyond sector-specific industrial policy to embrace systemic and disruptive change in the provision of key goods and services.

The ICT sector is a major driver of productivity growth and an enabling technology, which is gradually permeating all sectors of the economy. It currently features peculiar competitive dynamics, high R&D intensity and a remarkable evolutionary path with frequent disruptive innovations, which distinguish it from many other sectors of the economy. An expert report for DG CONNECT and the Joint Research Centre/ Institute of Prospective Technological Studies of the European Commission was presented in Brussels in April 2016. It looks into options for future ICT innovation policy and provides policy recommendations on how to promote a more flourishing ICT sector in Europe.

### Internal Market

#### Challenges ahead

The European Commission's new trade strategy "Trade for all" is calling for a follow-up debate. In particular, TTIP and CETA testing the validity and success of the entire trade strategy of the Commission. The EU-China trade and investment relations and the Chinese reform process are also key issues in 2016. These developments are bound to have a major impact on global trade

and growth, particularly in East Asia – a critical partner in the EU's trade strategy.

#### Concerns & commitments

Having devoted more than two intensive years to the Transatlantic Trade and Investment Partnership, the team is exploring the ways and means of setting up an observatory to follow the developments of the negotiations, and once they are concluded, to monitor the impacts of the 'living agreement'.

Since the summer of 2015, the Trade and Internal Market team has been engaged in a major study on EU-China trade and investment relations. In the spring of 2016, CEPS published a major groundbreaking study, in cooperation with the World Trade Institute at the University of Bern, which analyses the possible design and impact of an ambitious free trade area between the EU and China. With or without an FTA with China, the Chinese reform process is intensifying once again, this time into a genuine transformation into a different growth and development model. We are closely monitoring and analysing the reforms taking place in China. The new trade and investment cooperation will be directly linked with the outcomes (or lack thereof) of this transformation.

Trade modelling is often misused or unfairly attacked by some groups, but at the same time it represents a valuable tool (albeit an inadequate one) for quantifying the effects of modern trade agreements and for communicating the effects properly. We hope to explore with stakeholders and others whether this could be a promising subject for a future CEPS Task Force.

The four single-market strategies (general, energy, digital and capital markets union) are dealt with in specialised research units at CEPS. However, the Union's single-market strategy is of course driven by the entire single market as the hard core of the EU. An analysis of this overall strategy and its underpinnings was published in January 2016 (as a CEPS research report), following work for the High-Level Group on the Single Market, set up by the European Parliament. Once the work on the components is progressing, CEPS intends to assess their overall implementation, logic and coherence.

# Energy and Climate Change



Sirpa Pietikäinen MEP (EPP Group), Rapporteur of the European Parliament report on resource efficiency and Arno Behrens, CEPS. Green economy and sustainable development. October 2015.

## Energy

### Challenges ahead

2016 will be a crucial year in efforts to shape an efficient and well-functioning decarbonised energy market, especially regarding reforms to both electricity and carbon markets. Another priority will be the decarbonisation of the transport system and the evolving policy in the post-2020 period. The link between low-carbon and circular economic systems are becoming ever more evident and will require a better alignment of policies. CEPS and its Energy Climate House (ECH) will build on earlier work.

### Concerns & commitments

In addition to wholesale electricity market regulation, the Energy Climate House will focus on electricity retail markets and the future of EU gas markets. At the political level, the outcome of the debate on 'energy governance' will be critical for the future direction of EU energy policy.

The speed with which the process advances and policy choices are made will be determined by the rate of investment in energy infrastructures. Building on the analytical underpinnings established in 2015, the Energy Climate House will formulate concrete proposals on how to encourage new and sustained investment in the electricity (and energy) sectors. It is important not only to fuel investment, but also to pay more attention to the efficacy of these investments. Public support through grants or guarantees may trigger sub-optimal investments, with considerable opportunity costs and long-term implications.

The shift to smarter energy requires considerable reform in the way in which infrastructure, services and technological integration are managed in cities. Our work will be enhanced by research in the Smart Cities Information System (SCIS), where we are a leader in the development of the policy and finance database and in the analysis of future needs for the European Commission.

The collected and processed data will allow evidence-based policy conclusions to be drawn concerning what works and what does not, and what can be realistically achieved by policy.

Throughout last year, CEPS worked to identify the principal bottlenecks holding back energy cooperation in South-East Europe through an in-depth stakeholder dialogue in the region. The priority of 2016 and beyond will be to analyse these bottlenecks and their implications and discover new opportunities for South-East Europe in light of Energy Union objectives and regional cooperation.

In 2015, the circular economy was one of the most debated topics in the EU. CEPS provided input to this debate based on research in the fields of resource-efficiency indicators, SMEs and eco-innovation. It also prepared policy recommendations for the removal of the main obstacles preventing EU businesses from implementing circular economy business models and optimising their resource use while realising cost savings at the same time. In 2016, CEPS will build on its work on the use of resource-efficiency indicators by policy-makers and on the adoption of circular economy business models.

## Climate Policy

### Challenges ahead

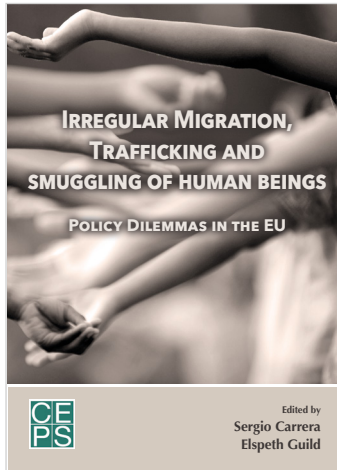
At the international level, the principal challenges will arise from new policy developments resulting from the Paris Climate Change Agreement reached in December 2015, and how this will affect EU climate change policy, including the issue of the use of international markets by the EU. There are a number of provisions in the Paris Agreement that need to be examined for their implications for EU climate change policies.

The push for the completion of the review of the EU ETS (emissions trading system) continues, with the Commission's proposal for new or updated provisions for Phase 4. This will form the main focus of the EU ETS discussions during 2016, and probably in 2017 as well. Carbon leakage and free allocation will be important items for the EU and stakeholders. At the beginning of 2016, CEPS produced a report entitled "The State of the EU ETS", which was seen as an accurate assessment of the situation in the EU carbon market.

Moreover, new proposals are expected from the European Commission for the Effort Sharing Directive, as well as for transportation, which will become the subjects of heated debate during 2016. CEPS will be involved in these debates.



## Rights



### Challenges ahead

Justice and Home Affairs policies can pose challenges in terms of their compatibility with democratic rule of law and fundamental rights of individuals. In response, CEPS will tackle these issues by drawing upon sound legal scholarship to identify those areas in need of improvement

and those that should receive priority in the next phase of the EU agenda on security, criminal justice and migration.

### Concerns & commitments

The 2015 refugee crisis has shed light on the achievements, limitations and challenges of EU asylum and border policies and put unprecedented pressures on the common European asylum policy and the EU Dublin system. The crisis has also triggered a wide debate about the Schengen border-free regime. In 2016, the EU will be called upon to provide sound policy proposals that show added value in meeting these challenges. CEPS will examine the contours of the proposed European Border and Coast Guard, the current and future challenges in the functioning and evaluation of the Schengen system, the challenges of temporary economic migration and irregular immigration, and sustainable alternatives to the EU Dublin asylum.

The terrorist attacks in Paris in 2015 and more recently in Brussels in 2016 have prompted discussions about the state of affairs and current deficiencies in EU cooperation on counter-terrorism and cross-border criminality. Cross-border cooperation between police and intelligence services in particular has been called into question. What role could the EU play? New initiatives are expected to emerge in the course of 2016 in the scope of the European Security Agenda. CEPS will study effective ways to ensure transnational law enforcement and intelligence cooperation in compliance with fair trial rights in criminal proceedings and the right to privacy,

including in the context of third-country cooperation such as EU-US relations.

The last five years have seen a breakdown in the rule of law in several EU member states. There is no tool to monitor the compatibility of democratic rule of law with fundamental rights in current member states after their accession to the EU. Weak observance of the rule of law undermines trust in European cooperation, especially in policies based on mutual recognition of decisions such as criminal justice. CEPS will examine ways in which the EU can play a more active role in guaranteeing EU member states' compliance with rule of law and fundamental rights by establishing a permanent EU mechanism on the rule of law.

CEPS will study effective ways to ensure transnational law enforcement and intelligence cooperation in compliance with fair trial rights in criminal proceedings and the right to privacy.

# Europe in the World



Volkan Bozkir, Minister for EU Affairs & Chief Negotiator, Turkey and Steven Blockmans, CEPS. Relations between Turkey and the European Union. February 2015.

## Foreign Policy, Security and Defence

### Challenges ahead

It has almost become a cliché to say that the EU is not surrounded by the 'ring of friends' that it had envisaged about a decade ago, but rather by a 'ring of fire'. The Arab Spring has made way for a winter of discomfort on the southern edges of the Mediterranean, creating waves of refugees seeking a safe haven in the EU. A revanchist and unpredictable Russia has rocked Europe by annexing Crimea, invading eastern Ukraine and entering the fray in Syria. These challenges are unlikely to go away. Add to this the quest for peace in the wider Middle East, with efforts to constructively engage Turkey, Iran and Saudi Arabia, and relaunch talks between Israel and Palestine, and one has a fair picture of the issues that will preoccupy EU foreign policy-makers in the months (and years) to come. But as always, with crisis comes opportunity: the opportunity to define a more strategic role for the European Union in the world.

### Concerns & commitments

CEPS will continue to contribute ideas to the EU's process of strategic reflection on the implementation of the forthcoming EU Strategy on Foreign and Security Policy, and the search for greater internal cohesion and external representation (e.g. via the role of EU Special Representatives). Alongside the continuing focus on firming up perspectives for neighbouring countries, the Foreign Policy team will prioritise research on the EU's role and capabilities in conflict prevention, crisis response, crisis management and peacebuilding.

In the context of Europe's changing strategic context, the ongoing SIDA-sponsored research project on the Association Agreements with Ukraine, Moldova and Georgia will contribute

to a better understanding of the legal, political and economic implications of the three agreements, in particular the Deep and Comprehensive Free Trade Area arrangements under negotiation (<https://3dcftas.eu>). In cooperation with partner institutes in the three countries, CEPS will publish handbooks on each set of these agreements and disseminate its findings in Brussels and in the countries concerned.

Building on earlier assessments of the organisation and functioning of the European External Action Service and the role played by the Commissioners' Group on External Action, CEPS will produce two reports on the crisis response mechanisms of the EU and the lessons learned in using them abroad (e.g. in the Balkans, the Middle East and the Sahel) and for homeland security (e.g. to address the refugee crisis). The CEPS team will also contribute to the production of a policy report to assess the EU's 'comprehensive approach' to conflict prevention and peacebuilding. Both research activities will be embedded in broader H2020 projects, which are conducted in cooperation with other partner institutes.

Finally, CEPS will continue its work on the EU's ambition to deepen bilateral relations with key partners and the development of tailored strategic approaches towards e.g. China, India and Iran, working in cooperation with other CEPS research teams and policy research institutions from around the world.

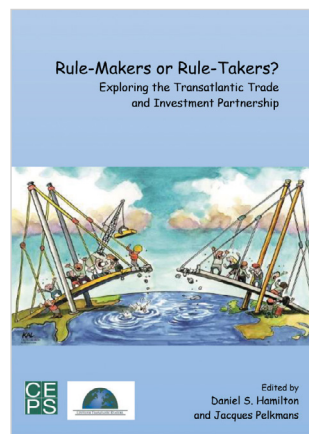
## Trade

### Challenges ahead

Given the considerable experience that CEPS has built up in EU trade and investment policy in particular, with the EU's strategic partners, the main challenge is to examine the strategy in a larger framework, focusing on the coherence between EU trade and investment policy and the broader field of foreign policy and sustainable development.

### Concerns & commitments

During 2015, the research focus on EU trade policy in the wider sense was mainly on the transatlantic trade relations with Canada and the US. In the first case, we conducted a thorough analysis of the Comprehensive Economic and Trade Agreement (CETA). The assent by the European Parliament was on hold in 2015, due in part to amendments to the provisions on investor-to-state dispute settlement. The amendments are in fact a function of new Commission proposals in the ISDS negotiations in TTIP. Indeed, the potential impacts of CETA will have to take into account expected



synergies between the transatlantic partners and therefore between CETA and TTIP.

The second dominant research focus was on trade and investment relations between the EU and the US in a great many aspects of TTIP, whilst closely following the ongoing developments of TTIP. Research by CEPS and our transatlantic partner, the Center for Transatlantic Relations (CTR) in Washington, D.C., culminated in a deep horizontal and sectoral analysis on many chapters in TTIP. The successful attempt (concluded in September 2015) brought together eminent scholars from both sides of the Atlantic who offered detailed analyses of TTIP issues as well as concrete solutions to some of the stumbling blocks that are delaying the conclusion of the agreement.

The research focus for 2016 will mainly be on potential trade and investment prospects offered by Asian countries, China first of all. The current debate involving China and its WTO accession protocol on whether it will be granted market economy status (MES) by December 2016 is creating nervousness on both sides.

The result could impact relations between the two economies in general as well as affect the current bilateral negotiations on investment. The unit's current analysis includes a possible Free Trade Agreement (FTA) between the EU and China, i.e. the proper design as well as the detailed technical qualitative implications and quantitative economic impact of such a pact with China. In our work, the emphasis on profound Chinese reforms is important: How effective is its current reform process? What are the necessary conditions for such a 'deep and comprehensive' FTA to work well and open up the economy? And what is the desired substance of the upcoming investment agreement, before China and the EU can proceed towards (much) deeper trade initiatives in the future such as the FTA?

## Food Security & Development Policy

### Challenges

Due to the growth in demand for agricultural production worldwide, price volatility, market concentration and increased



**Rolf Moehler, former Deputy Director, DG Agriculture and Rural Development, European Commission and Johan Swinnen, CEPS. The past and the future of the EU's Common Agricultural Policy (CAP). November 2015.**

scarcity of resources, global agricultural and food systems are facing major multifaceted challenges, such as ensuring sustainable food and nutrition security and enhancing industries' sustainability and competitiveness, while reducing their impact on the environment and climate change. Finding diverse and innovative solutions are thus key EU policy priorities, in order to improve the capacity of agricultural and food systems to respond to these challenges in Europe and globally.

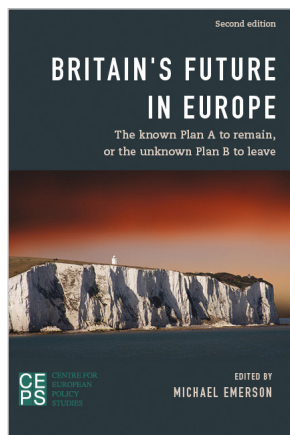
### Concerns & commitments

2015 marked the entry into force of the reforms of the 2014-20 CAP reform deal and paved the way for discussions on the policy after 2020. CEPS will co-organise a European network of leading agricultural economists to analyse and propose potential reforms to the CAP.

Strengthening food and nutrition security (FNS) is an EU policy priority that impacts all EU citizens and needs to be ensured today and in the future. We are assessing the state of FNS by examining what might affect FNS in the future by looking at the sustainability of the European food chain in terms of food standards and market power. This research is supported by the European Commission through SUSFANS, a four-year Horizon 2020 project.

In recent years, unfair trading practices (UTPs) have been of particular interest to EU policy-makers: What impact might they have on the functioning of EU food supply chains and on rent distribution (incomes) for the various agents in supply chains? EU Agriculture Commissioner Phil Hogan has announced a new Agricultural Markets Task Force for 2016 to make recommendations, possibly for legislation, to improve the position of farmers in the food chain. Our team will monitor policies related to UTPs and look at mark-up pricing dynamics along the food supply chain.

## Institutions



### Challenges

The European Union is at yet another defining moment in its integration history. The fragmentation of the Union – and its flipside, namely consolidation – will feature prominently on the policy agenda both ahead of and after the historic in/out referendum in the UK in June 2016. Another form of exclusion that increasingly

defines the state of the Union is the attempt by mainstream political parties to turn back the tide of populism. In an effort to demonstrate the EU's added value to European citizens, the Juncker Commission has defined its political priorities and pledged to focus on the 'big things'.

### Concerns & commitments

With the prospect of 'Brexit' hovering over the EU like the sword of Damocles, CEPS will continue its work on the redefinition of relations between the UK and the EU. In the event of a 'leave' vote, this work will concentrate on the terms of negotiating an exit treaty and the re-positioning of the EU in the world, for instance by way of its trade and investment agreements with third countries. As this is one of CEPS' comparative advantages, we will conduct this research in a cross-disciplinary way. In the event of a 'remain' vote, the EU deal to avoid Brexit, concluded at the European Council on 19 February 2016, will have to be



Michael Emerson, CEPS and Richard Corbett, MEP (Progressive Alliance of Socialists and Democrats Group). Britain's future in Europe. March 2015.

implemented in both primary and secondary law of the EU.

Irrespective of the outcome, the in-out referendum of 23 June 2016 is certain to trigger a wider debate about treaty reform in which other member states, the EU's institutions and third parties will also put their claims on the agenda of a future Convention (e.g. buttressing the architecture of the Economic and Monetary Union, strengthening the role of national parliaments and defining the future shape of the EU).

Future in-house work will also focus on how the European Parliament and the Council are cooperating with the Commission to deliver on the promise of a more transparent and accountable Union. Such research will be conducted in parallel with a project carried out with 16 partners from the European Policy Institutes Network (EPIN), which CEPS coordinates. That project, which has been proposed to the European Commission for funding and will continue in 2017, will conduct an in-depth and comparative study in a representative cross-section of 14 member states to gain insights into the polarisation of debates on EU affairs. The aim of this project is to produce a report that informs policy choices that will define the future shape of the EU.

Future in-house work will also focus on how the European Parliament and the Council are cooperating with the Commission to deliver on the promise of a more transparent and accountable Union.

# CEPS Ideas Lab 2016



*Held in partnership with the Dutch Presidency in the European Council on 25-26 February 2016, the third CEPS Ideas Lab entitled “An EU Fit for Purpose?”, was once again a huge success. With over 100 speakers, more than 700 participants and 52 nationalities represented, our flagship event, established in 2014, managed to grow without losing its distinctive atmosphere of informality and inclusiveness.*

Speakers included: Ronald Plasterk, Dutch Minister of the Interior; Kristalina Georgieva, Vice-President, European Commission; Ian Borg, Malta’s Secretary of State for European Affairs; Marek Belka, Governor of the Central Bank of Poland; Helle Thorning-Schmidt, Member of the Danish Parliament; MEPs Sophie in ’t Veld, György Schöpflin, Elly Schlein and



Ian Duncan; the BBC’s Linda Yueh; Professors Andrew Moravcsik, Luuk van Middelaar and Ivan Krastev; Chairman of the High-Level Group on the EU Budget Mario Monti; former Commissioners Pascal Lamy, Joaquín Almunia and László Andor; George Papandreou, former Prime Minister of Greece, and many others.

For more information on the CEPS Ideas Lab, visit: [www.ceps.eu/content/ceps-ideas-lab](http://www.ceps.eu/content/ceps-ideas-lab)



# 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 of direct interest, and priority invitations to a wide range of events focusing on salient EU policy issues.*

Through membership at CEPS, Corporate Members also have the opportunity to debate directly with senior 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 presented 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 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 (additional fee required).
- ▶ Individual briefings by CEPS researchers for all management levels.
- ▶ Free participation at CEPS Membership Meetings for all company employees.
- ▶ Significant discount on participation fees for various CEPS conferences.
- ▶ Invitation to the CEPS Ideas Lab (1-2 entries for free).
- ▶ Free copy in print, on request, of any new CEPS publication (+ 120 titles/year, including 10-12 books).
- ▶ Weekly email updates announcing CEPS events and new titles, with links to download the texts.
- ▶ The option to co-organise an event with CEPS on a topic of crucial interest.

## Inner Circle Membership

A select group of 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 Director for corporate and external relations. Please enquire about other benefits 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)



Kerstin Born-Sirkel, CEPS and Margrethe Vestager, Commissioner for Competition. Corporate breakfast on the state of competition policy. October 2015.

# CEPS Institutional Membership

*As a think tank, CEPS becomes involved with a wide variety of societal stakeholders, seeking their input and offering additional insights in return. Organisations of all kinds support CEPS to ensure the independence of its research and to contribute their views on European policy issues, leading to better policy-making in Europe.*

## CEPS Membership Meetings

These weekly events, usually held during lunchtime, stimulate discussion and disseminate valuable information on a diverse range of topics presented by senior EU officials, top policy-makers, academics and senior government representatives. These events are open and free of charge to all staff of CEPS Institutional Members.

## Invitations to 'members only' events

Organised throughout the year. These VIP occasions include the CEPS Ideas Lab.

## Weekly e-mail updates

Dispatched twice a week, these regular communications keep members informed of CEPS events, coverage of CEPS in the media and the latest publications, including the links to the PDFs of these publications and other useful links.

## E-versions of all CEPS publication series

On a weekly basis, links to the PDF files of the latest CEPS publications (±120 titles/year, including 10-12 books) are sent to our members by e-mail. These include CEPS Paperbacks, Task Force Reports, Policy Briefs and Working Documents. Our flagship publication series, CEPS Paperbacks, contain analysis and views by leading experts in a style geared to an informed but general readership. Publications in the CEPS Task Force series present the conclusions and policy recommendations of CEPS Task Forces, reinforced by additional substantiating research by expert rapporteurs.

## CEPS News in electronic format

Published monthly, this newsletter carries commentaries and reports of recent happenings and publications at CEPS and a calendar of upcoming events.

Significant discount on participation fees for various CEPS conferences.

These gatherings bring together experts on topics of particular interest to CEPS members.

## Annual Fees

CEPS Institutional Membership fees vary according to the size and structure of the company concerned, from

**€750 to €2,500**

*(+21% VAT if applicable)*

Please consult [www.ceps.eu](http://www.ceps.eu) and CEPS News for upcoming events.

# CEPS Corporate Members

Afore Consulting  
Alcoa  
Allianz SE  
ALSTOM Power  
Altius  
Amway  
APCO Worldwide  
Association des Constructeurs Européens d'Automobiles  
Assonime  
AT Kearney  
Banco Bilbao Vizcaya  
Argentaria  
Banco Santander  
Bank of America Merrill Lynch  
Bank of New York Mellon  
Bank of Sweden  
Tercentenary Foundation  
BNP Paribas Fortis  
BNP Paribas Securities Services  
Bolsa de Madrid  
Brunswick  
Bundesverband der deutschen Industrie e.V.  
Business Europe  
Cabinet DN  
Cellnex Telecom  
Clifford Chance  
Commerzbank  
Confederation of Swedish Enterprise  
Confindustria  
Covington & Burling LLP  
Crédit Suisse  
Danish Insurance Association

Dansk Industri - Confederation of Danish Industry  
Deloitte  
Depository Trust & Clearing Corporation  
Det Norske Veritas  
Deutsche Bank  
Deutsche Telekom  
Deutsches Aktieninstitut  
Dräger-Stiftung  
EDP-Energias de Portugal  
EFTA Surveillance Authority  
Electricité de France  
ENEL  
Eni  
European Free Trade Association  
European Investment Bank  
European Private Equity & Venture Association  
ExxonMobil Petroleum & Chemicals  
Finansradet  
Fipra  
Fleishman-Hillard  
Foreign Trade Association  
FTI Consulting Belgium  
GAIA AB  
Google  
Heidelberg Cement  
Heineken International  
Hill + Knowlton  
Huawei  
Hyundai  
ING Group

INREV  
Intuit Ltd  
JPMorgan  
JTI  
Kreab Gavin Anderson  
Landbrug & Fødevarer  
Liechtenstein Chamber of Industry & Commerce  
LKAB  
Microsoft  
Mission of Liechtenstein  
Mistra  
Mitsui & Co. Benelux SA/ NV  
MSD Europe Inc.  
MSL Group-JKL  
Nasdaq OMX  
NERA Economic Consulting  
Nestlé  
NLI Research Institute  
Nordea Bank  
Norsk Hydro  
Norwegian Shipowners' Association  
Nykredit Realkredit  
OMV Aktiengesellschaft  
Orange France Telecom Group  
Pepsico  
PriceWaterhouseCoopers  
Prudential plc  
Rabobank  
Raiffeisen Zentralbank Österreich  
Realkreditrådet  
REPSOL  
Shell International  
Siemens

SKY Italia  
Standard & Poor's  
Statoil  
Svensk Energi – Swedenergy  
SWIFT  
Telecom Italia  
Telefónica  
Thomson Reuters  
Total  
Toyota  
UBS Investment Bank  
Unilever  
United Technologies  
Vattenfall  
Visa Europe  
VNO-NCW  
Volkswagen  
Volvo  
Zürich Insurance Company

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## Grants

Bank of Malta  
Bank of Portugal  
Central Bank of Ireland  
European Central Bank  
National Bank of Austria  
National Bank of Denmark  
National Bank of Hungary



# CEPS Institutional Members

AMCHAM EU  
Bertelsmann Stiftung Brussels Office  
Brussels Office  
CEN-CENELEC  
Central Union of Agricultural Producers and Forest Owners  
Centre for European Studies, Lund  
Channel Islands Brussels Office  
City of London Office in Brussels  
Concawe  
Confederation of Finnish Enterprises/  
Industries  
Djoef Belgium  
Embassy of Islamic Republic of Iran  
Embassy of Mexico  
Embassy of the US to Belgium and US  
Mission to the EU  
Eurofinas  
European Aluminium Association  
European Association of Co-operative  
Banks  
European Atomic Forum (FORATOM )  
European Chemical Industry Council  
(CEFIC)  
European Confederation Private  
Employment (Eurociett)  
European Lime Association  
European Savings Bank Group  
European Telecommunications  
Network Operators  
European Youth Forum  
Federation des Experts Comptables  
Federation of European Securities  
Exchanges  
Foundation for European Progressive  
Studies  
Friedrich Naumann Foundation for  
Freedom  
Friedrich-Ebert Stiftung  
Generalitat de Catalunya  
IAB Europe  
ICODA Schuman European affairs  
IMF Europe Office

International Committee of the Red  
Cross  
International Fur Trade Federation  
International Organisation for  
Migration  
International Association of Oil & Gas  
Producers  
Japan External Trade Organisation  
Japan Machinery Center  
Korea Institute Economic Policy  
Mission of Andorra to the EU  
Mission of Australia to the EU  
Mission of Brazil to the EU  
Mission of Canada to the EU/Embassy  
of Canada  
Mission of China to the EU  
Mission of Georgia to the EU/Embassy  
Mission of Iceland to the EU  
Mission of Indonesia to the EU  
Mission of Japan to the EU  
Mission of Korea to the EU  
Mission of Monaco to the EU  
Mission of New Zealand to the EU  
Mission of Norway to the EU  
Mission of Republic of Macedonia to  
the EU  
Mission of Russia to the EU  
Mission of Serbia to the EU  
Mission of Singapore to the EU  
Mission of Switzerland to the EU  
MÜSIAD (Independent Industrialists  
and Businessmen Association)  
NATO Parliamentary Assembly  
Office of International IDEA to the EU  
PensionsEurope  
Permanent Delegation of Turkey to  
the EU  
Permanent Representation of Austria  
to the EU  
Permanent Representation of Cyprus  
to the EU  
Permanent Representation of  
Denmark to the EU

Permanent Representation of Estonia  
to the EU  
Permanent Representation of France  
to the EU  
Permanent Representation of Greece  
to the EU  
Permanent Representation of  
Hungary to the EU  
Permanent Representation of  
Lithuania to the EU  
Permanent Representation of Malta  
to the EU  
Permanent Representation of Poland  
to the EU  
Permanent Representation of  
Romania to the EU  
Permanent Representation of  
Slovakia to the EU  
Permanent Representation of Spain  
to the EU  
Permanent Representation of Sweden  
to the EU//NATO  
Permanent Representation of the  
Netherlands to the EU  
Permanent Representation of the UK  
to the EU  
SAR Minaraad  
Scotland Europa  
Slovenian Business and Research  
Association  
Swiss Finance Control  
Taipei Representative Office  
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Association  
University of Copenhagen - Faculty of  
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Verbindungsbüro Land Kaernten  
Vertretung des Landes Baden-  
Württemberg  
Vertretung des Landes Hessen  
Wilfried Martens Centre

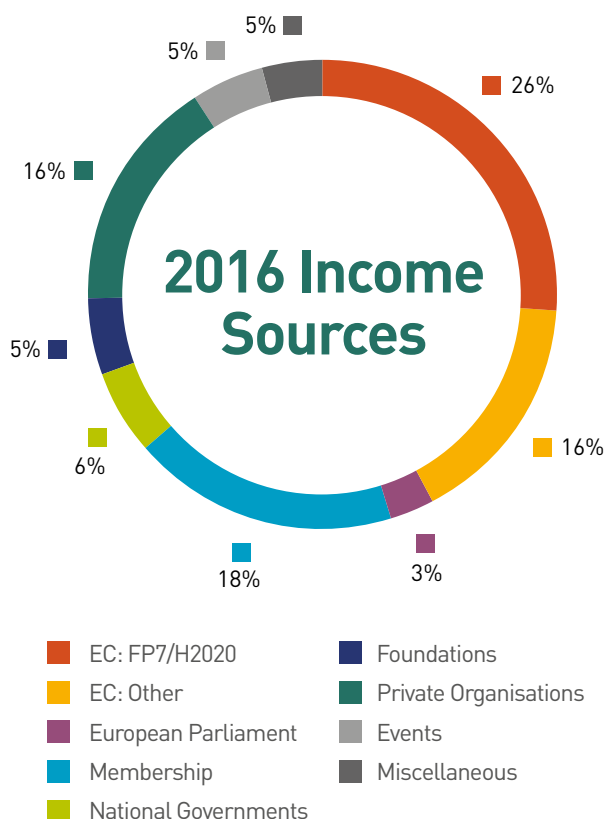
# Financial Report

<b>Liabilities</b>	<b>31/12/2015</b>	<b>31/12/2014</b>
<b>Equity</b>	<b>-272,284.22</b>	<b>-360,375.61</b>
I. Accumulated results	-272,284.22	-360,375.61
<b>Provisions and deferred taxes</b>	<b>72,000.00</b>	<b>72,000.00</b>
II. Provisions for risks and charges	72,000.00	72,000.00
1. Repairs and maintenance		
2. Other liabilities and charges	72,000.00	72,000.00
<b>Debts</b>	<b>5,274,953.80</b>	<b>5,258,671.37</b>
III. Long term debts	0.00	0.00
IV. Short term debts	2,679,504.25	2,879,529.34
A. Current portion of amounts payable after one year	0.00	0.00
B. Financial debts	0.00	0.00
C. Trade debts	1,444,901.32	2,374,227.55
D. Advances received on contracts in progress	688,053.69	34,180.49
E. Accrued taxes and social liabilities	544,609.74	469,148.80
F. Other debts	1,939.50	1,972.50
V. Accrued charges and deferred income	2,595,449.55	2,379,142.03
<b>TOTAL LIABILITIES</b>	<b>5,074,669.58</b>	<b>4,970,295.76</b>

<b>Assets</b>	<b>31/12/2015</b>	<b>31/12/2014</b>
<b>Fixed assets</b>	<b>200,325.70</b>	<b>280,428.24</b>
I. Intangible assets		
II. Tangible assets	200,325.70	280,428.24
A. Land and buildings	0.00	0.00
B. Plant, machinery and equipment	99,696.53	128,214.62
C. Furniture and vehicles	38,997.62	44,127.34
D. Leasing and other similar rights	0.00	0.00
E. Other tangible assets	61,631.55	108,086.28
III. Financial fixed assets	0.00	0.00
<b>Current assets</b>	<b>4,874,343.88</b>	<b>4,689,867.52</b>
IV. Long term receivables		
V. Short term receivables	2,603,042.30	2,689,812.34
A. Trade accounts receivables	2,566,033.27	2,631,362.48
B. Other receivables	37,009.03	58,449.86
VI. Investments	788,270.40	812,499.80
A. Own shares	0.00	0.00
B. Other investments	788,270.40	812,499.80
VII. Cash Balances	1,465,149.03	1,140,540.59
VIII. Deferred charges and accrued income	17,882.15	47,014.79
<b>TOTAL ASSETS</b>	<b>5,074,669.58</b>	<b>4,970,295.76</b>

**Profit and Loss Account**

	31/12/2015	31/12/2014
<b>Operating Income</b>	<b>7,505,292.23</b>	<b>7,363,528.33</b>
Turnover	7,256,751.09	6,997,794.32
Miscellaneous operating income	248,541.14	365,734.01
<b>Gross margin</b>	<b>7,410,216.31</b>	<b>7,381,251.00</b>
Services and other goods	4,050,916.25	4,433,570.73
Remunerations and social charges	3,178,005.42	2,872,631.31
Depreciations and write offs on fixed assets	123,950.74	122,062.03
Provisions for other liabilities and charges		-107,031.45
Miscellaneous operating charges	57,343.90	60,018.38
<b>Operating result</b>	<b>95,075.92</b>	<b>-17,722.67</b>
Financial income	8,030.58	15,439.33
Financial charges	15,015.11	25,277.45
<b>Current result before taxes</b>	<b>88,091.39</b>	<b>-27,560.79</b>
Exceptional income		42,516.77
Exceptional charges		
<b>Result of the year</b>	<b>88,091.39</b>	<b>14,955.98</b>
Reserves	40,000.00	
<b>Result to report</b>	<b>48,091.39</b>	



CEPS does not receive subsidies of any kind, either from national or from the EU institutions. Its funding comes from a wide variety of sources, which allows us to maintain our independence. In 2016, we have budgeted revenues of €7.6 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 under the European Commission’s Framework Programme for Research, three of which started in 2015. The distribution of income sources in the 2016 budget, as shown in the pie chart, is in line with previous years. The lion’s share, 45% in the 2016 budget, comes from EU research contracts and tenders awarded to CEPS on a competitive basis by EU institutions and agencies. We budget 18% 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: 16% from private organisations, 6% from contracts awarded by national governments and 5% from foundations. An additional 5% of CEPS’ income is generated through the organisation of events and the balance from new projects. The breakdown of the 2016 budget does not include revenues earmarked for CEPS’ partners in externally funded projects.

Members of CEPS staff come from numerous countries, with 19 different nationalities currently working at CEPS, 15 of which are EU member states. The research staff is also highly qualified, with almost half having attained or in the process of completing a PhD degree.

# CEPS Board of Directors

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\*Left in July 2016



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