

How the world has
changed in 25 years

Annual Report 2021



CENTRE FOR EUROPEAN REFORM

LONDON ★ BRUSSELS ★ BERLIN



About the CER

The Centre for European Reform is an award-winning, independent think-tank that seeks to achieve an open, outward-looking, influential and prosperous European Union, with close ties to its neighbours and allies. The CER's work in pursuit of those aims is guided by the same principles that have served us well since our foundation in 1998: sober, rigorous and realistic analysis, combined with constructive proposals for reform.

The CER's reputation as a trusted source of intelligence and timely analysis of European affairs is based on its two strongest assets: experienced and respected experts, plus an unparalleled level of contacts with senior figures in governments across Europe and in the EU's institutions. Since the UK's referendum on EU membership we have reinforced our networks in Europe by opening offices in Brussels in 2017 and Berlin in 2018. The diverse perspectives and specialisations of our researchers, half of whom are from EU-27 countries, enhance the quality and breadth of our work on European politics, economics and foreign policy.

The CER is pro-European but not uncritical. We regard European integration as largely beneficial but recognise that in many respects the Union underperforms, at home and beyond its borders. We look for ways to make it work better and then promote our ideas through publications, the media and various forms of direct engagement.

THE CER
 TOP ROW, LEFT TO
 RIGHT: *Christian
 Odendahl, Sophia
 Besch, Camino Mortera-
 Martinez, Sam Lowe*
 MIDDLE ROW:
*Kate Mullineux,
 Elisabetta Cornago,
 John Springford,
 Charles Grant,
 Ian Bond, Megan
 Ferrando, Jordan Orsler*
 BOTTOM ROW: *Zach
 Meyers, Rosie Giorgi,
 Sophie Horsford and
 Luigi Scazzieri.*

The CER's audience ranges from European politicians and officials to journalists and the wider public who want to know more about the EU and its activities. The CER believes it is in the long-term interest of the EU and the UK to have the closest economic and security relationship that is compatible with the political realities.

We follow closely the trials and tribulations of the eurozone and the European economies, as well as the EU's single market and its energy, climate, trade and technology policies. We also study the Union's foreign, defence and security policies – including relations with its neighbours, and with China, Russia and the US; its approach to refugees and migration; co-operation on law enforcement and counter-terrorism; the functioning of the EU's institutions; and the state of democracy in Europe. Since the British referendum, the CER has played an active part in developing viable and practicable proposals for the UK's future relationship with the EU.



How the world has changed in 25 years

by Charles Grant

The CER has been in business for about a quarter of a century – we published our first pamphlets in 1996 and opened our London office in 1998. The world into which we were born looked very different from the world of today. A spirit of optimism filled the air. The EU was integrating politically, creating its own currency and extending its frontiers. Britain was influential in Europe and the US was a reliable anchor for the West. Political and economic liberalism seemed to be gradually spreading across the globe. Many assumed that the institutions of global governance would strengthen.

We now live in much darker times. Democracy appears to be in retreat, the big authoritarian countries act with increasing self-confidence and the West is on the defensive. International institutions have little capacity to constrain the behaviour of the major powers – and are far too weak in areas like health and climate. This essay looks at ten ways in which the CER's world has changed over the past quarter century. The essay concludes by suggesting that the future need not be all doom and gloom.

1) The US was the sole super-power and clearly committed to European security. Between the fall of the Berlin Wall in 1989 and the terrorist attacks of September 11th 2001, the Americans enjoyed a 'unipolar moment'. Post-Soviet Russia was too weak to be a rival, and China was not yet strong enough. The US's political and economic system seemed triumphant. In both the US and Europe, leaders assumed that transatlantic security bonds were immutable.

ABOVE:
Charles Grant

But in the first decade of the new century, both the botched interventions in Afghanistan and Iraq, and the financial crisis, tarnished America's reputation. More recently, the crazy antics of President Donald Trump and the mishandling of COVID-19 have further harmed the US's image. Since Barack Obama took office in 2008 the US has sought to focus more on Asia and less on the Middle East and Europe, a tendency that became even more apparent under Trump and persists with President Joe Biden. Trump considered pulling out of NATO, and many Europeans now worry that America's commitment to their security may not endure.

2) Globalisation seemed unstoppable. The World Trade Organisation (WTO), founded in 1995, launched its 'Doha round' of trade liberalisation in 2001. China joined the WTO that year and became steadily more integrated into the global economy. International supply chains became longer and more complicated. Some politicians questioned the pace of globalisation but few challenged its direction.

“The EU appeared to be permanently deepening and widening... now both deepening and widening have halted.”

Twenty years on, globalisation is in retreat, at least in terms of political rhetoric. It is true that in many industries it persists, with American and European firms remaining big investors in China. However, in some sectors – such as advanced communication technologies – there has been a degree of decoupling between the West and China, as each tries to reduce its dependence on the other. The political winds are blowing against free trade, with Western leaders such as Trump, Biden and France's Emmanuel Macron blocking or discouraging free trade agreements. The WTO's Doha round collapsed in failure in 2015 and its dispute settlement system has broken down. In Europe, climate change, COVID-19 and the fear of unfair behaviour by Chinese companies have led to calls for the onshoring of production and more secure supply chains, greater reciprocity for rules on procurement, more curbs on imports from polluting countries and on inward investment by Chinese companies, and state-driven industrial policy.

3) Climate change was a minority interest, with only progressive politicians, environmental NGOs and academics caring very much about it. The Kyoto Protocol of 1997 sought to oblige richer countries to limit their greenhouse gas emissions. But climate issues made little impact on the lives of most ordinary people, who

were not greatly interested. A lot of politicians assumed that climate was an issue for the next generation to sort out.

Now climate change is recognised by most mainstream politicians as one of the greatest challenges facing humanity. In the run-up to the Glasgow COP26 conference in 2021, even relatively poor countries like India and China felt they needed to make promises to cut emissions. Yet the world's efforts to control greenhouse gas emissions promise to create conflicts between and within countries. Thus poorer states expect richer ones to subsidise the costs of mitigation and adaptation to global warming. Some specific schemes for combating climate change, such as the EU's planned carbon border adjustment mechanism (CBAM), are viewed in many emerging markets as aggressively protectionist. Meanwhile in developed countries, right-wing populists are starting to exploit the reluctance of many voters to change their lifestyles and pay a price for carbon, by stirring up opposition to emissions-reduction measures.

4) The EU appeared to be permanently deepening and widening. The EU launched its own currency, the euro, in 1999. Successive treaties transferred more powers from the member-states to EU institutions – Amsterdam (1997), Nice (2001) and Lisbon (2007). After Sweden, Finland and Austria joined the EU in 1995, ten mainly Central European states arrived in 2004, Bulgaria and Romania in 2007 and Croatia in 2013.

Now both deepening and widening have halted. The difficulties of ratifying the constitutional treaty, which subsequently evolved into the Lisbon treaty – both documents were rejected in national referendums – have deterred most member-states from seeking further changes to the EU treaties. The measures required to put the euro on a more stable footing, such as the European Stability Mechanism and the post-pandemic Recovery and Resilience Facility (RRF), had to be created through mini-inter-governmental treaties or EU legislation. The strength of eurosceptic populist parties makes national leaders hesitate before supporting further transfers of power to the EU.

As for enlargement, EU leaders committed in 2003 to take in the Western Balkan countries, but nearly 20 years later most of them are a long way from joining. The accession talks with Turkey that began in 2005 are stuck and nobody seriously thinks that it can join in the next several decades. Not only France, but also other countries including the Netherlands and Austria are strongly opposed to enlarging the EU.

5) Boris Yeltsin led Russia, which though chaotic and corrupt, was partially democratic. And when Vladimir Putin replaced Yeltsin in 2000, Western leaders initially saw him as a man they could do business with, who seemed likely to run the country more efficiently. There was much optimism in the EU that Russia would, like Poland before it, gradually become more liberal and more European. It was not only the Germans who believed in *Wandel durch Handel* – change through trade.

But Putin's regime became increasingly dictatorial, suppressing most dissent within Russia and murdering Russians exiled in other European countries. Russia took over parts of Georgia in 2008 and Ukraine in 2014, deployed large forces near the latter's borders in 2021 and carried out cyber-attacks and disinformation campaigns against Western countries. In 2001, when the US attacked Afghanistan following 9/11, Russia was a supportive ally. Twenty years later, Russia usually opposes the West and its policies in international organisations.

6) China had friendly relations with most Western countries. European and American leaders were beginning to forget the massacre of pro-democracy students in Tiananmen Square in 1989. Under Jiang Zemin's leadership, China thought it had much to learn from the West, for example by joining the WTO. The Chinese government encouraged students to study in the US and Europe. Western governments encouraged their companies to invest in China, where the rulers welcomed foreign multinationals.

But China's astonishing economic performance in the past two decades has turned it into a global super-power. Its armed forces rival those of the US in the Indo-Pacific region, and many neighbours view China as a threat. Beijing has no compunction about using its economic leverage to pursue geopolitical ends, such as suppressing criticism or discouraging friendly relations with Taiwan – and has thus restricted trade with Australia, Norway and Lithuania, among others. Within China, the Communist Party tolerates less dissent than it did 20 years ago. Almost nobody in the US now believes that more trade or integration with international institutions will lead to China becoming more liberal. Even the Europeans, traditionally softer in their approach to China, and keener to engage economically, are steadily hardening their position and now talk of the country as a 'systemic rival'.

7) The outlook in the Middle East was not entirely depressing. There was still a recognisable peace process between Israel and

the Palestinians, and President Bill Clinton's efforts got quite close to achieving a two-state solution. Most Arab countries were corrupt dictatorships, but stable. On the northern edge of the region Turkey stood out as an example of a fairly successful Muslim democracy. On the eastern edge Iran's polity contained democratic elements.

Then 9/11 triggered the US-led invasions of Afghanistan and later Iraq, leading to messy wars, American withdrawal and a strengthening of Iran's sway over the 'Shia crescent' that stretches through Iraq, Syria and Lebanon. The Arab spring of 2011 at first held out the prospect of democratisation, but ten years on most Arab countries are dictatorships, authoritarian monarchies, or wracked by civil war. Both Turkey and Iran are much less democratic than they were, with the latter almost entirely under the control of hard-line clerics and their allies in the Revolutionary Guard. The Palestinians see almost no prospect of achieving a state – and know that most of the rest of the world cares little about their plight.

8) There were hopes that the EU would emerge as a geopolitical actor in its own right. In 1998 British Prime Minister Tony Blair and French President Jacques Chirac agreed at Saint-Malo that the EU should develop autonomous defence capabilities. The next year the EU appointed Javier Solana as its first High Representative, to speak for it on foreign policy. The Lisbon treaty gave the High Representative an embryonic foreign ministry, the European External Action Service (EEAS). And there were achievements: in 2001 Solana and George Robertson, then NATO secretary-general, jointly mediated to prevent the eruption of a civil war in Macedonia. Solana also played a key role in the attempt to persuade Iran to abandon its nuclear programme – which ultimately, with the help of his successors, led to an agreement in 2015, though Trump pulled out of the deal in 2018.

But the last decade has not been a golden age for European diplomacy. The member-states have chosen relatively weak figures as High Representative. And the larger members – and sometimes the European Commission – have prevented the EEAS from taking a lead on the most important issues. There have been modest successes, such as brokering compromises between Serbia and Kosovo, and maintaining the unity required for sanctions on Russia (in response to its seizing parts of Ukraine in 2014). And some EU defence missions, deploying peacekeepers and tackling pirates, have been useful. But the ambition remained limited; combat-ready 'battlegroups' were created but never used.

Meanwhile, the neighbourhood policy failed to stabilise the countries to the EU's east and south; and the Union's refusal to keep its promises on the accession process has allowed Russia, China and Turkey to boost their influence in the Western Balkans, at the EU's expense. And in much of the Middle East and Africa the EU has less clout than its economic weight should provide.

“It is far from impossible to imagine that in the coming decades the US will cease to be a proper democracy.”

9) Few people doubted the democratic credentials of the major Western countries.

Western politicians and analysts focused on the failings of countries in other parts of the world. The election in 2000 of George W Bush, with his America-first rhetoric and disdain for multilateralism, worried some US allies – but nobody doubted his commitment to the basic principles of democracy.

But in the winter of 2020/2021, a majority of Republican legislators and voters in the US refused to accept that Donald Trump had lost the presidential election – and Trump encouraged a mob to storm the Capitol. At the end of 2021, 70 per cent of Republican voters still believed the fiction that Biden won by cheating. Republican leaders are doing their best to weaken the checks and balances that prevented the defeated Trump from holding on to the presidency. Some serious commentators even muse on the possibility of civil war in the US. It is far from impossible to imagine that in the coming decades the US will cease to be a proper democracy.

Most of the EU's member-states are in better shape – but some are in serious trouble. Freedom House, an NGO that lobbies for democracy,

considers Hungary to be only partly free, given the lack of press freedom; Biden excluded it from his recent summit of democracies. In Poland, large parts of the judiciary lack independence. The EU's leaders have been concerned about democratic backsliding in these two countries for more than five years, but have not yet found a way of making them respect democratic norms. At the same time, many other European countries are struggling to cope with the rise of far-right populist movements and corruption at home.

When Western leaders argue that their political systems are superior to the alternatives, their credibility is greatly weakened if their own are evidently flawed. Russian and Chinese leaders are always ready to accuse the West of hypocrisy.

10) The UK was as influential as France or Germany. Tony Blair, who became prime minister in 1997, promised to take Britain into the euro. He helped to invent EU defence policy in 1998, co-authored the 'Lisbon agenda' of economic reform in 2001 and was at the forefront of pushing both the EU and NATO to enlarge. The Iraq War in 2003 split the EU and curtailed the UK's influence. Britain's clout waned post-Blair, with each successive prime minister being less committed to Europe than his or her predecessor: Gordon Brown (who took over in 2007), David Cameron (2010), Theresa May (2017) and Boris Johnson (2019).

The biggest loss of influence came of course in 2016, when the British voted to leave the EU. But Britain still had assets that mattered to the member-states, such as a large economy, strong universities and diplomatic and military heft. If its leaders had adopted a constructive attitude, Britain could have used these assets to maintain a degree of influence. Boris Johnson's government, however, chose to minimise ties with the EU in trade, migration and security, and to maximise autonomy at the expense of influence.

Why we are not all doomed

At the CER we regret many but not all of these changes. Thank goodness more people now take climate change seriously. And untrammelled globalisation certainly had its downsides, for example growing inequalities within and between some countries, even as it made the world as a whole richer. We don't see the extraordinary growth of China's power as a problem in itself – the worry is the way the country's rulers treat some Chinese citizens, and seek to bully weaker countries. Super-powers by definition chafe at the constraints of international institutions, but neither Joe Biden nor Xi Jinping question the need for multilateral bodies to

co-ordinate responses to problems such as pandemics and climate change (Trump is a different case).

And even in the other areas mentioned above, particularly those which concern the EU, there are some cautiously optimistic signs. Macron is pushing for tighter European defence co-operation, while the egregious actions of China and Russia – regarded as unacceptable even by their best friends in Europe – have recently forged a rare degree of European unity in facing up to those autocratic powers. Germany, for so long an opponent of any sort of European

'transfer union', has supported the RRF, which strengthens the foundations of the eurozone. The current bunch of leaders in Germany, France and Italy are serious and sensible (even though Italy's Mario Draghi will not be prime minister for long, and France's Macron cannot be sure of winning next April's presidential election). The EU seems to be serious about cutting off funding to Poland and Hungary, unless they better respect the rule of law. And by the end of 2021 those in the British government who favoured a confrontational approach to the EU seemed to be in a somewhat weaker position, a change symbolised by the departure of hard-man David Frost as Brexit minister.

The subjects that the CER works on have evolved over 25 years. In our early years we were very focused on the EU itself, NATO and transatlantic relations. In our first decade we extended our geographical range to Russia, China, the Middle East and Turkey (and sometimes India). More recently we have focused on energy and climate, the regulation of Big Tech, trade, migration, the Maghreb and the Sahel. We have always taken economics seriously but in the 2010s we built up an economics team that has won a reputation for its original research and number-crunching.

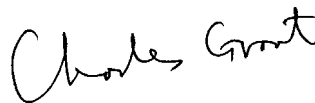
What has not changed is our approach to the issues we work on. We are a serious think-tank that believes in evidence-based policy-making. We do not just analyse the world, though we do plenty of that. As Karl Marx said, "the philosophers have interpreted the world, in their various ways, but the point is to change it". We aim to come up with proposals that are original enough to be interesting but realistic enough to have a chance of being implemented. We do not over-claim for what think-tanks can achieve

but we know that if we produce convincing arguments that are well-presented, we can help politicians and officials to make good decisions.

Since our foundation we have been fixed on two core missions:

- ★ Coming up with policies and ideas that will help the EU to succeed. For us that means an EU that is effective at delivering benefits to its citizens and at shaping the world around it in line with Western values.
- ★ Improving the quality of the UK's relationship with the EU. That is even more relevant post-Brexit than it was in earlier times. We favour as close as possible an economic and security relationship as the political circumstances allow.

We think the authoritarian powers are a threat to Western values, and that the best way to stand up to them is to strengthen the internal resilience of the democracies. The US needs to sort out its dangerous social divisions, the EU must remove doubts over the democratic credentials of its members, and all the liberal powers, including the UK and Japan, need to work together to protect and extend Western values in the international system. Looking ahead 25 years, there is no inherent reason why the West should be in retreat or defensive.



Charles Grant
Director, CER

The CER in 2021

Like most people, we became accustomed to COVID-19 during 2021. For a second successive year, the CER organised mainly webinars rather than seminars. We missed the learning that comes from travel, so we were delighted when, in the autumn, the lifting of restrictions allowed some of us to get on a few trains and planes. We even hosted a handful of seminars, in Brussels and London, as well as party conference fringe events in Manchester and Brighton. Our annual economics conference returned successfully to Ditchley Park in Oxfordshire, in a hybrid format. We decided to install such hybrid technology in our London office, too, which we suspect will be useful for many years to come. And 2021 kept us busy on our favourite topics: economics, climate, technology, the rule of law, migration and foreign and defence policy – and of course Brexit.

Brexit

In the early days of 2021, shortly after the difficult negotiation of the Trade and Co-operation Agreement (TCA), there were hopes that the – hitherto dire – state of EU-UK relations might improve. By the end of the year those hopes remained unfulfilled.

The TCA contained important gaps, as Sam Lowe pointed out in an insight in January: there was little on regulatory co-operation in financial services, the mutual recognition of professional qualifications or the mutual recognition of the bodies that certify product standards – and the TCA did nothing to reduce the need for checks on food, plant and animal health.

“The problem was that Johnson and his ministers never really accepted that there would have to be controls on trade between Great Britain and Northern Ireland.”

The UK left the single market and customs union in January 2021, and the consequent friction at the UK-EU border made trade more difficult. John Springford provided monthly estimates of the impact of Brexit on goods trade throughout the year. His ‘cost of Brexit’ model showed that, after trade had recovered from a big fall in January, there was a persistent 11-16 per cent gap between the UK’s performance and that of a modelled *doppelgänger* UK which had

not left the single market and customs union. John’s research was cited by the Office of Budget Responsibility and covered by ITN News. It was also reported in the *Financial Times*, *The Wall Street Journal*, *The Economist*, *Bloomberg*, *The Times*, *Daily Express*, *The Independent*, *Le Monde* and *The New York Times*, among others.

The impact of Brexit on trade in services received much less attention than the impact on goods. But Sam had a go at analysing this in a policy brief in February. He suggested that the UK could moderate the damage to its services industries by providing a stable regulatory environment – and thus avoiding dramatic divergence – and by talking to the EU about how to enhance the mobility of services workers.

For much of the year UK-EU relations were cantankerous, mainly because of arguments over the Withdrawal Agreement’s Northern Ireland Protocol. Prime Minister Boris Johnson and David Frost (his chief Brexit negotiator and later Brexit minister) had agreed to the protocol to obviate the need for checks on goods at the land border between Northern Ireland and the Republic of Ireland. But given that the region remained *de facto* in the EU’s customs union and parts of its single market, some goods crossing the Irish Sea would have to be checked.

The problem was that Johnson and his ministers never really accepted that there would have



to be controls on trade between Great Britain and Northern Ireland. The Democratic Unionist Party's hostility to this sea border – which it views as a threat to the British identity of the unionist community – encouraged Conservatives to consider tearing up the protocol. Johnson and Frost frequently threatened to do so, unless the EU agreed to rewrite it in ways that would eliminate many of the controls. This attitude understandably upset the EU: Johnson and Frost had themselves negotiated the protocol in the autumn of 2019. We heard the EU's concerns in webinars with João Vale de Almeida, the EU's ambassador to the UK, in February, and Thomas Byrne, Ireland's Europe minister, in May.

But not all the blame was on the UK's side. The European Commission unintentionally stirred up trouble at the end of January by announcing that it would suspend parts of the protocol, so that it could control vaccines going from the Republic to Northern Ireland. This ill-considered move – effectively threatening to recreate a north-south border – upset every major faction in Northern Ireland and the Republic. It was quickly reversed, but real damage had been done. As Sam wrote in a CER insight, "decision-making in Brussels needs to take into account any political and economic consequences for Northern Ireland."

Although Frost adopted an unnecessarily abrasive style, not everything he said about the protocol was wrong. It led to real difficulties for some businesses in Northern Ireland, disrupting supply chains and creating shortages of certain goods. Maroš Šefčovič, the European

commissioner responsible, understood many of the problems and in October came up with proposals to reinterpret the protocol in ways that he claimed would significantly reduce checks on goods going from Great Britain to Northern Ireland.

But these proposals could not eliminate the burdensome controls on plant and animal health, because the UK refused to commit to maintaining EU standards in this area. This stance reflected not only the UK's desire for regulatory autonomy but also its hope for a trade deal with the US; Washington would not want an agreement if the UK signed up to EU veterinary standards. Yet the US position could appear contradictory, for the Biden administration was keen for the UK to respect and implement the Northern Ireland Protocol.

Sam suggested a way forward in an insight in May: given that the US was highly unlikely to forge a trade agreement with the UK during Joe Biden's presidency, the US should spell out that a deal was not on the agenda, thereby removing an obstacle to an EU-UK agreement on plant and animal health; that would in turn remove the biggest barrier to the implementation of the protocol. Sam's proposal seemed to have some effect: in June American officials told their UK counterparts that if Britain signed up to EU standards on plant and animal health, it would not negatively affect the prospects of a US-UK trade deal.

At the end of 2021, the UK pulled back from threats to tear up the protocol, perhaps

ABOVE (L TO R):
Jenny
Chapman,
Charles Grant,
Lisa Nandy and
Hilary Benn

*CER Labour
Party
Conference
fringe event on
'Britain and the
EU: What kind
of relationship
do they need?'*
Brighton

concerned that the EU had said that it would respond by suspending the TCA, and perhaps because Johnson's government had become much weaker politically within the UK. Frost's resignation in December opened up the possibility of warmer relations with the EU, since he had often seemed to relish frostiness. As Charles Grant explained in an insight, Frost's personal influence on the Brexit talks had been immense. One reason he resigned was that he feared the UK was failing to profit from the opportunities of Brexit by going for significant deregulation.

It remains to be seen how Liz Truss, the Foreign Secretary and new Brexit negotiator, juggles the desire to avoid a trade war with the EU, with the need to bolster her eurosceptic credentials and so impress the party members who will choose the next Conservative leader.

“Our panel of senior Labour figures all said that a Labour government would neither rejoin the single market and the customs union, nor restore free movement of labour.”

But even if a deal is reached on Northern Ireland, there are plenty of other issues that can stir up conflict between London and Brussels. In his last insight before leaving the CER, in October, Sam pointed to three difficult areas: data, where the UK could lose 'adequacy'; financial services, where the EU had refused to recognise that the UK regulatory regime met equivalent standards to its own; and the future carbon border adjustment mechanism (CBAM), which would create difficulties for some British exporters.

In November, Camino Mortera-Martinez and Zach Meyers wrote an insight examining the data issue in more detail, predicting that the UK's desire to diverge from EU rules would lead to new barriers to data flowing between the UK and the EU. Zach and Camino also wrote an insight in June on how Brexit would make cross-Channel litigation more difficult, since the EU did not allow the UK to join the Lugano Convention. And in September, Zach published an insight exploring why – despite the UK government's pre-Brexit promises – many UK mobile phone users would soon have to pay to roam in the EU.

A different kind of Conservative government, or a future Labour government, could see the merit of adopting a more constructive tone in dealing with the EU. But our fringe event at the Conservatives' conference in October in Manchester suggested that so long as the Tories are in power, the tone is unlikely to change very much. Our panel consisted of Leavers and Remainers – Greg Hands, Lucy Neville-Rolfe, Juliet Samuel, Tom Tugendhat and Theresa Villiers. But most of them adopted an aggressive stance towards the EU for most of the fringe, generally supporting the line that the EU would not compromise unless the UK was pugilistic.

Even a Labour government would be unlikely to alter the content of the TCA substantially, as became clear at our Labour conference fringe meeting in Brighton in September. Our panel of senior Labour figures – Hilary Benn, Jenny Chapman and Lisa Nandy – all said they wanted a better Brexit deal; but that a Labour government would neither rejoin the single market and the customs union, nor restore free movement of labour. We heard a similar message from Anneliese Dodds, the Labour Party chair, at an in-person breakfast seminar in London in October.

Economics and COVID-19

Commission President Ursula von der Leyen spearheaded an eventually successful joint procurement of vaccines for the EU. One of her priorities in her State of the Union speech in September was a Health Union. In October, a CER/Kreab webinar explored what that could entail. Giorgos Rossides, head of cabinet of health commissioner Stella Kyriakides, explained the Union's ambitious plans, including sweeping powers to purchase critical equipment and declare EU-wide states of emergency.

In 2020, the CER's economics team had published many pieces on COVID-19 and its implications for the EU and the euro. Last year was quieter, partly because vaccinations meant

that the EU's recovery from the very deep but short recession of 2020 continued; and partly because the European Central Bank's asset purchases meant that the pandemic did not trigger a financial crisis. But we put out four important publications on the pandemic and its economic consequences.

The first appeared in May – a policy brief by Christian Odendahl and Columbia University's Adam Tooze, 'Learning to live with debt'. They argued that despite the very high debt levels in some EU countries, debt reduction was not urgent, because interest rates were low and likely to remain so. European policy-makers should focus on investment and growth to stabilise



debt-to-GDP ratios, rather than on shrinking debt. Then in an insight in July, Christian argued that bringing about sustained inflation in Europe was quite hard, contrary to received wisdom in some northern member-states. Of the many ingredients necessary to generate sustained inflation, including persistent monetary and fiscal stimulus, powerful trade unions, and a politically-captured central bank, the EU had (almost) none.

The EU's landmark decision of 2020 was to establish the recovery fund, with the EU collectively borrowing from the sovereign debt markets and distributing €750 billion to member-states in the form of grants and loans. In 2021, all eyes were on the recovery plans that member-states had to submit in order to draw down money from the fund. In a policy brief in February, Christian took a first look at Greece's recovery plan (together with Yiannis Mouzakis of Macropolis, a Greek consultancy) and concluded that, contrary to past reforms under the eurozone and International Monetary Fund bailout programmes, the plan should be able to tackle the critical bottlenecks to growth.

In November, John and Elisabetta Cornago followed up with a detailed study of the recovery fund, evaluating the reforms and spending plans of the eight largest recipients of EU money. Their assessment was broadly positive. Investment plans to counter climate change were largely sensible. Reforms were focused on growth, such as raising employment rates by reducing the number of workers on temporary contracts and providing more childcare, and by improving bankruptcy regimes and hastening

court decisions over contract disputes. Some of the investments in digital technology were questionable, but using tech to improve the functioning of government was an important feature of all recovery plans.

John and Elisabetta concluded that the recovery fund should be made permanent from 2027, because that would make it less likely that public investment would be cut in future downturns. And they argued that annual climate investment via the fund should be raised from €45 billion to €230 billion – half the total public investment in the EU that is needed to meet 2030 emissions targets.

The new German government that took office in December, with Olaf Scholz as chancellor, is probably a bit more open to discussing such bold proposals than its predecessor. One of the big economic arguments in 2022 will be over reform of the EU's fiscal rules. Traditionally, opposition to softening EU fiscal rules has been led by Germany and the Netherlands. They helped to ensure there was not much progress on discussing reform of the rules in 2021. This was despite efforts to kick-start the process by Paschal Donohoe, Ireland's finance minister and the president of the Eurogroup. He spoke about changing the rules at a CER/Kreab webinar in January. So did Clément Beaune, France's Europe minister, speaking at a CER webinar on the EU in 2030, in March.

But there are hints that the new German government may be slightly more flexible on fiscal rules than that of Angela Merkel.

ABOVE CENTRE:
Anneliese
Dodds

*CER breakfast
on 'Labour's
policy review',
London*

Meanwhile the Dutch have a new finance minister, Sigrid Kaag, the leader of the pro-European D66 party, who is less austerity-

focused than her predecessor. In February, when she was trade minister, she spoke at a CER/Kreab webinar on transatlantic relations.

Germany and France

Germany's domestic politics had been unusually dynamic in 2021: during Angela Merkel's final year in office, the race to replace her was wide open, with polls swinging from Merkel's Christian Democrats (CDU) to the Greens, then back to the CDU, before voters finally decided to put Scholz of the Social Democrats (SPD) into the Chancellery. Our Berlin-based researchers, Christian Odendahl and Sophia Besch, made some good calls about the election. They argued as early as February in an insight that the 'Merkel vote' – the voters who backed the CDU because of her, not the party – was quite large, and that the CDU under Merkel's lacklustre successor, Armin Laschet, might struggle to retain those voters. Then in a prescient bulletin article in July, Christian pointed out that only Scholz had similar voter appeal to Merkel, and that even though the SPD

was then polling well below 20 per cent, Scholz could easily win.

With Germany distracted by its elections and then the complicated process of coalition formation, France's Emmanuel Macron was particularly influential in the EU. In a bulletin piece in June, Charles analysed Macron's hold over EU policy-making. His many ideas and the energy with which he pursued them, plus his network of allies in the Brussels institutions and many national capitals, all amplified French influence. Hence the EU's recent focus on regulating Big Tech, industrial policy, avoiding carbon leakage and strengthening European defence; and, looking ahead, on reform of the EU's fiscal rules, to make them more investment-friendly and less strict on reducing debt from post-pandemic highs.

Climate and energy

In July, the European Commission tabled its 'Fit for 55' proposals to curb greenhouse gas emissions by 55 per cent by 2030, relative to 1990 levels. In a bulletin article, Elisabetta dissected the proposals and argued that the package would be politically feasible if compensation were prioritised, through income support for people facing energy poverty, and through investment support for households and businesses in their decarbonisation efforts. In February, at a CER/Kreab webinar, energy commissioner Kadri Simson had given us a taster of what the Commission was preparing.

The Fit for 55 package also proposed the introduction of a CBAM, which would charge EU importers of selected goods covered by the ETS a carbon price, linked to the one faced by European producers. In May, Sam published a policy brief explaining how a CBAM could be designed not to penalise exporters from developing countries. Then in an insight in July, Sam and Elisabetta discussed how to address criticisms of the CBAM with respect to its impact on small and medium-sized enterprises and on the incentives for decarbonising heavy industry, among other things. In October the Commission official in charge of the CBAM, Ignacio García Bercero, defended the concept from its critics in a CER webinar.

The distributional impacts of energy and climate policies were all the more in the spotlight as energy prices began to rise in the summer of 2021, driven by increasing natural gas prices. In an insight published in October, Ian Bond, Elisabetta and Zach explained that the post-pandemic economic rebound had done more than cuts in the supply of gas from Russia or EU climate policies to raise the price of gas. They concluded that a faster transition from fossil fuels to renewables would be the best insurance against the next crisis, by reducing the continent's dependence on imported gas.

“Macron's many ideas and the energy with which he pursued them, plus his network of allies in the Brussels institutions and many national capitals, all amplified French influence.”

Pricing carbon has distributional impacts within and among countries: this theme featured prominently in a CER/Kreab webinar with Commission Vice President Frans Timmermans in June, when he flagged that proceeds from the EU's Emissions Trading System (ETS) could be used to finance a social fund to help people at risk of energy and fuel poverty. In an insight published in May on decarbonising road transport, Elisabetta had put forward a similar idea for an 'affordable transport fund'.



In November much of the world was focused on the UN's COP26 climate conference in Glasgow. Shortly before the conference began, its chief executive, Peter Hill, discussed its prospects at a CER webinar. His optimism about what COP26 could achieve turned out to be at least partly justified.

Before the Glasgow meeting wound up we convened our own economics conference in person at Ditchley Park, for the first time in two years, with some speakers joining via video link. The whole meeting focused on the politics of global warming, covering the impact of climate change on growth, inequality and international politics. Speakers included Joseph Aldy, Agnès Bénassy-Quéré, Arancha González Laya, Zeke Hausfather, Beata Javorcik, Jean Pisani-Ferry, Martin Sandbu, John Sawers and David Willetts.

Many participants were pessimistic that the COP system could restrict temperature rises to less than 2 degrees and thus meet the minimum ambition of the Paris Agreement, let alone the more ambitious goal of keeping the long-term temperature increase to 1.5 degrees. National commitments made in Glasgow to reduce emissions would still entail 2.4 degrees of warming, and the policies currently in force would result in global emissions remaining flat,

rather than falling. Most participants accepted the need for more penalties on free-riding countries, but thought the design of 'climate clubs' or carbon border adjustment mechanisms should not forestall industrialisation in poorer countries. Such mechanisms should also reflect the fact that richer countries were responsible for most emissions.

Most participants agreed that governments could not simply impose a comprehensive, flat-rate carbon tax, because it would be a tough political sell and might be ineffective, and that a range of policies would be needed. Compensation and subsidies for losers from the transition should be put in place before regulation and taxes started to bite. Governments should ensure there were green substitutes for the internal combustion engine and the gas boiler, by developing charging networks and training tradespeople, before raising the price of emissions in road transport and domestic heating. Carbon dividends, whereby carbon tax revenues were returned to citizens as cash payments, would help with buy-in. Participants disagreed about how much the transition would damage economic activity, but agreed that governments should be open about the transition requiring more intervention than citizens had been used to.

*CER conference
on the 'Politics
of climate
change',
Ditchley Park*

Technology and competition

As well as climate change, tech will be a major focus for the CER in the coming years. In December, both the Council of Ministers and the European Parliament agreed their

positions on the Digital Markets Act (DMA), which aims to put more competitive pressure on the largest American tech platforms. Zach assessed the EU's efforts to tackle the economic

and social challenges raised by technology platforms in an insight in May and again in a bulletin piece in June. He argued that the EU needed to better target its proposals to address competition bottlenecks. He also argued that, if the EU drafted its rules to minimise negative consequences, they could serve as a standard for the US and the UK, which are developing their own similar regulations.

“Zach correctly predicted that an international deal on corporate taxation would be agreed and that it would require the EU to drop its proposed ‘digital levy’.”

In May, we hosted a webinar on platform regulation with speakers including Andreas Schwab MEP, rapporteur for the DMA in the European Parliament, Isabelle de Silva, then president of France’s competition authority, and her German equivalent, Andreas Mundt. In October, the CER hosted an in-person workshop in Brussels on how the EU should confront cyber security challenges when finalising the DMA. Speakers included Toomas Hendrik Ilves, former president of Estonia, Jonathan Faull, a former Commission director-general and Julian King, former commissioner for the security union.

Other aspects of the EU’s plans to regulate the digital sector progressed too. The Commission introduced new rules for ‘gig economy’ platforms, which Zach assessed in an insight in August. And 136 countries agreed to implement a global minimum corporate tax rate and to require multinationals to pay more tax in the countries where their consumers are – a reform that large EU member-states had pushed to ensure digital giants were taxed appropriately. Zach covered these tax issues in insights in April and June. He correctly predicted that an international deal on corporate taxation would be agreed and that it would require the EU to drop its proposed ‘digital levy’. He warned, however, that the EU’s broader ambitions to tackle multinationals’ tax avoidance would prove difficult to implement.

The supply chain shocks caused by COVID-19 contributed to the EU’s shift towards a more proactive industrial policy. Hence the EU produced its ‘digital compass’, a set of targets for increasing EU production of strategically important goods like semiconductors. In a July insight, Zach argued that the EU and the US would need to co-operate to avoid a subsidy arms race, as they both tried to attract chip makers. The EU’s concern for strategic autonomy also played out in the Commission’s desire to create a European payments champion to rival Visa and Mastercard. Zach argued in an insight in May that the EU would be better off fostering competition and innovation, rather than trying to replicate American giants.

Migration and the rule of law

Migration continued to cause headaches for EU policy-makers throughout the year. In a bulletin piece in July, Luigi Scazzieri and Camino predicted that disagreements between the EU and third countries could lead to more migration crises. Their worries turned out to be justified when, in November, Alyaksandr Lukashenka, the Belarusian dictator, manufactured a crisis with the EU by transporting thousands of migrants to Belarus’ borders with Latvia, Lithuania and Poland.

In an insight in November, Ian, Katia Glod (of the Center for European Policy Analysis), Luigi and Camino argued that the EU should stand firm against Lukashenka, refuse his demand that EU sanctions be lifted and wait for him to climb down. By the end of the year he had more or less done that. The authors also called on the member-states affected to take up offers of technical and institutional help from the EU. But Poland, unlike Latvia and Lithuania, rejected EU assistance. Poland’s government used anti-

migrant and nativist rhetoric, enlisted the army’s help, banned journalists and NGOs from the border area and mistreated the migrants.

Polish Prime Minister Mateusz Morawiecki’s response to the border crisis was the latest episode in an escalating conflict between Warsaw and Brussels over the former’s lack of respect for the rule of law. In November, Camino published an insight which outlined a three-pronged EU strategy for dealing with Poland that might avoid alienating the Polish people: political pressure, legal action in the European Court of Justice and improved communication with Polish citizens.

A lot of our work in 2021 concerned the rule of law. In April, Camino published a policy brief which looked at the close links between corruption and governance, and suggested three priorities for the EU to focus on: a well-functioning European public prosecutor; an all-encompassing anti-corruption strategy;



and better ways to monitor and deal with corruption. All three were needed to ensure that the bloc's post-pandemic budgets boosted the economy rather than enriching well-connected elites.

In September we organised the final meeting of the Amato Group, a joint initiative between the CER and the Open Society European Policy

Institute. Over seven years of meetings and eight publications, the group – steered by the wise chairmanship of former Italian prime minister Giuliano Amato – extensively examined the state of EU justice and home affairs policies, providing a forum that helped to break down barriers between different areas of expertise and encouraged interior ministries to think more internationally.

ABOVE (L to R):
Tyson Barker,
Toomas
Hendrik Ilves,
Julian King
and Camino
Mortera-
Martinez

Foreign policy and defence

Europeans started the year with high hopes for Joe Biden's presidency. In short pieces in February, June and September, Ian traced how US-EU relations were gradually improving, with closer consultation and co-ordination on issues ranging from China and Russia to trade and climate change. However, as Ian noted, many areas of tension remained, and the US's failure to consult on issues such as the withdrawal from Afghanistan or the AUKUS (Australia-UK-US) submarine agreement damaged ties with some European allies. Ian argued that Europeans needed to recognise that the pre-Trump America they wished for no longer existed and that Trumpism remained a powerful force. For its part, Washington needed to avoid sowing divisions amongst Europeans and had to take their concerns more seriously if it wanted their help in dealing with China's assertive foreign policy and trade practices.

The CER continued to focus on the relationship between the EU and NATO, and the EU's controversial efforts to become a stronger security and defence player under the banner of

European strategic autonomy. This is a priority for France, as we heard from Philippe L glise-Costa, France's permanent representative to the EU, in a September webinar. The Biden administration adopted a much more favourable outlook towards the EU's defence efforts than its predecessor, launching a security and defence dialogue with the EU and preparing to join an EU project on easing physical and regulatory barriers to moving military forces across Europe. Between August and October, Ian, Luigi and Sophia published three short pieces, analysing what the chaotic withdrawal from Afghanistan and the AUKUS deal meant for transatlantic relations and for European ambitions in security.

The Daimler US-European Forum on Global Issues that we organise with the Brookings Institution and the Stiftung Wissenschaft und Politik (SWP) met online in April. In the first, transatlantic panel, speakers included Salman Ahmed, director of policy planning in the State Department, and John Bew, the British prime minister's foreign policy adviser. Europeans were concerned to hear from Americans that Biden's

*CER conference
on 'Cyber
security and
European
autonomy',
Brussels*

‘foreign policy for the middle classes’ meant greater caution over both free trade agreements and overseas military commitments.

Speakers in the second panel, on China, included Laura Rosenberger, a senior director in the National Security Council, Petra Sigmund, director-general for Asia in the German foreign ministry and Manuel Lafont Rapnouil, head of policy planning in the French foreign ministry. Both the US and the EU were hardening their positions on China, but a fundamental difference remained: Europeans were worried mainly by Chinese behaviour while Americans worried more about Chinese power per se. Unlike Trump, however, Biden was keen to work with the Europeans on China.

“Beijing assumed that economic self-interest would prevent the EU from drifting too far from China, and it failed to understand the importance of values in European politics.”

Some European participants worried that Chinese leaders did not read European leaders well: Beijing assumed that economic self-interest would prevent the EU from drifting too far from China, and it failed to understand the importance of values in European politics (thus Chinese leaders may have been surprised when, six months after the Daimler Forum, the European Parliament blocked the EU-China investment agreement). Others at the forum worried that if EU-China relations became more strained, essential co-operation on climate and technology could be threatened.

Pascal Lamy, the former head of the World Trade Organisation, argued along similar lines in a CER bulletin piece in November. He wrote that the West should avoid isolating China, since that would strengthen the nationalistic forces within the country. The CER has teamed up with the SWP and France’s Institut Montaigne for a major project on Europe’s relationship with China.

With the Trade and Co-operation Agreement containing nothing on UK-EU foreign and security policy co-operation, the importance of building ties in this area became a major strand of our work. In April, Ian wrote an insight analysing the UK’s integrated review of security, defence, development and foreign policy. He argued that the review did not sufficiently recognise the EU’s role in European security, and that this would make it harder for the UK to pursue its security interests. In a CER webinar

on the same subject in March, Peter Ricketts, the former UK national security adviser, and Kori Schake, a former senior US defence official, saw both strengths and weaknesses in the review.

The dire state of Franco-British relations in 2021 – partly linked to the Brexit negotiations – was injurious to Britain taking a more positive approach to collaboration on security. In a bulletin piece in November, Ian cautioned that the two countries should not lose sight of their common security interests. London and Paris needed to work to rebuild mutual trust and put aside the short-term political incentives for them to fuel bilateral tensions.

In partnership with the Konrad-Adenauer-Stiftung, we published a series of three papers on how EU member-states and the UK could continue to work together in foreign and security policy after Brexit. The first paper, by Luigi, focused on how to maintain diplomatic co-operation in the absence of a formal agreement. The second paper, by Sophia, assessed the risks to defence industrial partnerships between the UK and other European states, and suggested how they could be mitigated. The third, by Ian, analysed the role of the UK’s nuclear deterrent in European security and how it was perceived by allies. He argued that the UK needed to do a better job of persuading its allies that its commitment to them was real.

Our work on UK-EU security co-operation dovetailed with our broader work on foreign policy ties between the EU and its neighbours. In May, Ian, Luigi and Senem Aydın-Düzgüt (a professor at Sabancı University) published a policy brief mapping existing frameworks for co-operation and proposing ways for the EU and its partners to work together more closely in foreign policy. They argued that it would be in the EU’s interest to hold more frequent and broad-ranging consultations with partners, to allow them to second staff to the EU institutions, and to involve them at an earlier stage of planning for defence missions. In December we held an event on the same topic with speakers including Faruk Kaymakcı, Turkey’s deputy foreign minister, and Eivind Vad Petersson, a state secretary in the Norwegian foreign ministry.

A substantial amount of our work focused on Russia, and particularly on Moscow’s menacing of Ukraine in April and again at the end of the year. In insights in April and November, Ian argued that Western weakness and divisions were encouraging Putin to be more aggressive. The West needed to focus on deterring Russia



and reassuring Ukraine. The EU and the US needed to give Ukraine more military and political support, and prepare a co-ordinated package of sanctions that could be deployed quickly. More broadly, Europe and the US needed to counter Russia's efforts to subvert liberal democratic systems, sharing information and best practice in combating disinformation, and working to identify, expose and where possible prosecute Russian agents of influence in their political systems.

We also looked at Russia's broader role in European security. In November Luigi wrote an insight on the consequences of the US's gradual withdrawal from the Middle East, highlighting how Moscow's role across the region was expanding into the space vacated, while the Europeans struggled to convert their considerable economic influence into political weight. And in his December policy brief on the Western Balkans, Luigi argued that the stalling of the EU enlargement process there had undermined European foreign policy in the region and allowed Moscow's (and Beijing's) influence to grow.

Turkey continued to be a major focus for the CER's foreign policy work. Turkey-EU relations were better in 2021 than they had been in 2020, but tensions remained. As Luigi wrote in a policy brief on the EU-Turkey relationship in June, the EU and Turkey would remain partners of necessity in areas like managing migration, but relations would stay fractious so long as President Recep Tayyip Erdoğan's domestic and foreign policies continued to rile many EU states.

In October we held our annual Bodrum roundtable with the Turkish think-tank EDAM – online for the second year in succession. Speakers included Gülnur Aybet, senior advisor to the Turkish president, Carl Bildt, former Swedish prime minister, Franziska Brantner, a member of the Bundestag, Angelina Eichhorst, managing director for Europe at the European External Action Service, Ben Hodges, formerly America's top general in Europe and Charles Kupchan, who had been the senior official covering Europe in Barack Obama's White House.

In the discussion on climate change, participants warned that some of the EU's efforts to reduce carbon emissions, for instance the CBAM, would damage ties with many of its neighbours, including Turkey. The discussion on tech focused on how it could be made safe for democracy. The dangers of tech platforms were now widely understood. But while the EU was taking action to regulate them, the US would find it politically difficult to do so. Some participants argued that regulation alone was not enough: democracies needed to do more to inform their citizens about the risks.

In the panel on the troubled state of US-Turkey relations, participants voiced hope that the US and Turkey could work together on issues like security in the Black Sea region. But they saw little chance of the relationship improving in the short term, given the state of human rights in Turkey and Ankara's growing defence ties with Moscow. In the discussion on EU-UK-Turkey relations, some participants thought the Union would over time have to develop special

ABOVE (L to R):
Greg Hands,
Theresa Villiers,
Tom Tugendhat
and Charles
Grant

*CER
Conservative
Party
Conference
fringe event on
'Britain and the
EU: What kind
of relationship
do they need?';
Manchester*

relationships with the UK and Turkey, as large countries which wanted increased access to the single market and could be important foreign policy allies.

The CER also looked at security issues in Africa. In March, our 2020 Clara Marina O'Donnell Fellow, Katherine Pye, published a policy brief on the EU's efforts to stabilise the Sahel, concluding that the Union should place more weight on fostering

good governance and accountability. Thinking along similar lines, in December, our 2021 Clara Marina O'Donnell Fellow, Megan Ferrando, wrote an insight analysing the impact of the EU's new European Peace Facility on Africa. She cautioned the EU not to place too much emphasis on training and equipping African forces, and argued that it should instead make the needs of affected populations central to crisis management.

Continuity and change at the CER

Most of the above refers to events and publications – we organised 40 events and published 83 papers, long and short, in 2021. But an increasingly important third strand of our output is podcasts, of which we recorded 24 in 2021. Sometimes we invited an outside guest to take part, but we also introduced a new podcast format, which we call 'Ask the CER': listeners send in questions and CER researchers do their best to answer them.

Podcast highlights of 2021 included an episode in February, in which John and Christian spoke to Agnès Bénassy-Quéré, chief economist of the French Treasury, about the prospects for Europe's recovery and whether the recovery fund would stop it petering out. In August, on the 30th anniversary of the 'Gorbachev coup', Ian discussed the lessons the West should draw from that event with Angela Stent, an eminent Russia-watcher from Georgetown University, and Igor Yurgens, who had been a participant in the events of August 1991 as a Soviet trade union official. Then in September, in our most downloaded podcast of the year, Luigi and Sophia spoke to Claudia Major, head of international security at SWP, just before the German federal election. They discussed its implications for German foreign, security and defence policy, including the likelihood of a harder German line on both Russia and China.

The CER's staff was largely stable in 2021. There were no changes to our admin team, whose four members provide the solid foundation on which all our research is built. They are, in order of the time they have worked at the CER: Kate Mullineux, who manages the website and produces our publications, Jordan Orsler, who runs our events, Sophie Horsford who handles the finances and administration, and Rosie Giorgi who runs the press office and produces our podcasts.

We lost one researcher in November, Sam Lowe, who wrote brilliantly about trade and Brexit for nearly four years. We wish him luck at Flint Global, a consultancy. We gained two new researchers in the spring: Elisabetta Cornago, an environmental economist who works on climate and energy policy; and Zach Meyers, a competition lawyer who works on Big Tech and network industries.

The CER's advisory board met twice, as usual, though both meetings were virtual. It welcomed three new members: Carolyn Fairbairn, the former director-general of the Confederation of British Industry; Jean-Claude Piris, the former head of the legal service of the EU Council of Ministers; and Constanze Stelzenmüller, an eminent expert on transatlantic relations at the Brookings Institution. The board continues to give much wise counsel to the research team.

Charles Grant and colleagues

CER events 2021

20 January

CER/Kreab webinar on 'EU budgetary policy in the euro area during and after COVID-19'
with Paschal Donohoe

21 January

CER/KAS launch of 'European strategic autonomy and a new transatlantic bargain'
with Sophia Besch, Claudia Major and Luigi Scazzieri

27 January

CER/AIG webinar on 'Climate and energy in the transatlantic relationship'
with Heather Grabbe, Cassie Powers, Carsten Rolle and Achim Schkade

4 February

Webinar on 'What kind of EU-UK relationship, post-Brexit?'
with João Vale de Almeida

9 February

CER/GMF/Kreab webinar on 'Transatlantic relations, building back better'
with Sigrid Kaag and Anthony Gardner

23 February

CER/Kreab webinar on 'The role of Europe's energy sector in bouncing back from COVID-19 and delivering the European Green Deal'
with Kadri Simson

5 March

Webinar on 'The EU in 2030'
with Clément Beaune

9 March

Webinar on 'Charting a path towards CPTPP: The UK's trade objectives for 2021 and beyond'
with Greg Hands

15 March

CER/Kreab webinar on 'Financing the transition to net zero'
with Werner Hoyer

24 March

Webinar on 'The meaning of 'global Britain': The Integrated Review 2021'
with Peter Ricketts and Kori Schake

29 March

CEP/CER/UKICE webinar on 'Brexit's economic impact: Early evidence and future prospects'
with Stephanie Flanders, Anna Jerzewska, Thomas Sampson and John Springford

14 April

Members' webinar on EU-UK relations and the German election outlook
with Sam Lowe and Christian Odendahl

15 April

Brookings/CER/SWP Daimler US-European Forum on Global Issues
speakers included Salman Ahmed, Tjorven Bellmann, John Bew, Manuel Lafont Rapnouil, Laura Rosenberger and Petra Sigmund

5 May

CER/AIG webinar on 'Forging a middle way: How can the EU navigate the US-China digital divide?'
with Aynne Kokas, Caroline Meinhardt and Alexander Roth

10 May

CER/Clifford Chance webinar on 'Curbing Big Tech? How the EU should regulate gatekeepers'
with Isabelle de Silva, Andreas Mundt, Pedro Rodrigues Duarte and Andreas Schwab

12 May

Webinar on 'The future UK-EU relationship: An Irish perspective'
with Thomas Byrne

18 May

Webinar on 'Securing Europe's economic recovery'
with Céline Gauer

19 May

Bruegel/CER/Elcano Royal Institute/ISPI T20 webinar on 'The way out: Exit strategies from Europe's extraordinary measures' followed by a public webinar on 'After COVID-19: A most wanted recovery'
with Agnès Bénassy-Quéré, Franco Bruni, Paul De Grauwe, Maria Demertzis, Elena Flores, Alicia Garcia-Herrero, Claude Lopez, Steffen Müller, Christian Odendahl, Miguel Otero-Iglesias and André Sapir

9 June

Progressive Governance Digital Summit 2021: 'Placing politics above economics: How COVID-19 has led to a public finance paradigm shift'
with Agnès Bénassy-Quéré, Jason Furman and Christian Odendahl

10 June

Members' webinar on the G7 and international tax reform
with John Springford and Zach Meyers

22 June

CER/Kreab webinar on 'How does the EU lead the world on climate change?'
with Frans Timmermans

13 July

Webinar to launch 'How to fight corruption and uphold the rule of law'
with *Katalin Cseh, Carl Dolan, Camino Mortera-Martinez and Michiel van Hulten*

14 September

Final meeting of the Amato Group
with *Giuliano Amato, Petra Bard, Alvaro de Elera, Heather Grabbe and Julian King*

17 September

CER/Kreab webinar on 'Can the EU become an effective global actor?'
with *Frédéric Bernard*

20 September

CER/Kreab webinar on 'Priorities for the European Union'
with *Philippe Léglise-Costa*

27 September

Members' webinar on the German election results
with *Sophia Besch and Christian Odendahl*

28 September

Labour Party Conference fringe event on 'Britain and the EU: What kind of relationship do they need?'
with *Hilary Benn, Jenny Chapman and Lisa Nandy, Brighton*

30 September

Webinar on 'Making a success of COP26'
with *Peter Hill*

4 October

Conservative Party Conference fringe event on 'Britain and the EU: What kind of relationship do they need?'
with *Greg Hands, Lucy Neville-Rolfe, Juliet Samuel, Tom Tugendhat and Theresa Villiers, Manchester*

7-8 October

CER/EDAM 17th Bodrum Roundtable
speakers included *Gülnur Aybet, Carl Bildt, Franziska Brantner, Angelina Eichhorst, Ben Hodges, Rose Jackson and Charles Kupchan*

14 October

Brunswick Group/CER conference on 'Cyber security and European autonomy'
with *Tyson Barker, Jonathan Faull, Lise Fuhr, Toomas Hendrik Ilves, Kay Jebelli and Julian King, Brussels*

27 October

CER/Kreab webinar on 'Building a strong European Health Union'
with *Giorgos Rossides*

29 October

Webinar on 'The EU's carbon border adjustment mechanism and the rest of the world'
with *Ignacio García Bercero*

4 November

Members' webinar on energy price spikes and on the rule of law
with *Elisabetta Cornago and Camino Mortera-Martinez*

12-13 November

Conference on 'The politics of climate change'
speakers included *Joseph Aldy, Agnès Bénassy-Quéré, Arancha González Laya, Zeke Hausfather, Beata Javorcik, Stephen King, Jean Pisani-Ferry, Martin Sandbu, John Sawers and David Willetts, Ditchley Park*

17 November

Breakfast on 'Labour's policy review'
with *Anneliese Dodds, London*

17 November

Webinar on the 'European fiscal framework and climate change'
with *Elisabetta Cornago, Paulo Medas and Maarten Verwey*

1 December

CER/AIG webinar on 'EU-China co-operation on climate action after COP26'
with *Paolo Caridi, Norbert Gorißen and Janka Oertel*

6 December

CER/BiEPAG webinar on 'What next for Europe and the Western Balkans?'
with *Florian Bieber, Robert Cooper, Milica Delević and Nikolaos Tzifakis*

16 December

CER/IPC/NUPI webinar on 'Assessing EU foreign, security and defence policy co-operation with its neighbours'
with *Daria Gaidai, Faruk Kaymakci, Sanja Kovač and Eivind Vad Petersson*

CER publications 2021

Choosing Merkel's successor: None of the above?

insight by Sophia Besch and Christian Odendahl *January 2021*

The EU-UK trade and co-operation agreement: A platform on which to build?

insight by Sam Lowe *January 2021*

A new transatlantic consensus on Iran

insight by Luigi Scazzieri *January 2021*

Ditchley conference report:

COVID-19, the global economy and the return of power politics

report by John Springford, Christian Odendahl, Sam Lowe, Sophia Besch and Katherine Pye *January 2021*

An unequal recovery would be politically explosive

insight by John Springford *January 2021*

It takes two to tango: The EU and the UK need to work together to make the Northern Ireland Protocol work

insight by Sam Lowe *February 2021*

Transatlantic relations for the Biden era and beyond

bulletin article by Ian Bond *February 2021*

Foreign policy co-operation: Brexit's missing link

bulletin article by Luigi Scazzieri *February 2021*

Preparing for a CDU-Green coalition in Berlin

bulletin article by Sophia Besch and Christian Odendahl *February 2021*

How Greece can recover from Covid

policy brief by Christian Odendahl and Yiannis Mouzakis *February 2021*

Annual report 2020: The new geopolitics

annual report by Charles Grant *February 2021*

Draghi's challenge

insight by Luigi Scazzieri *February 2021*

Keeping up appearances: What now for UK services trade?

policy brief by Sam Lowe *February 2021*

The EU's troubled leadership: You get what you pay for

insight by Camino Mortera-Martinez *February 2021*

Containing NATO's Mediterranean crisis

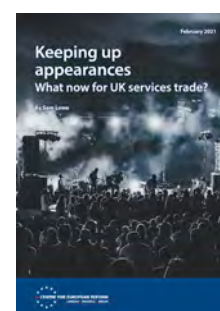
insight by Luigi Scazzieri *March 2021*

The cost of Brexit, January 2021: The end of transition edition

insight by John Springford *March 2021*

Post-Brexit data transfers are not a done deal

bulletin article by Sam Lowe and Camino Mortera-Martinez *March 2021*



Can Europe stabilise the Sahel?

bulletin article by Katherine Pye *March 2021*

Why Europe should spend big like Biden

bulletin article by Christian Odendahl and John Springford *March 2021*

The Sahel: Europe's forever war?

policy brief by Katherine Pye *March 2021*



The cost of Brexit: February 2021

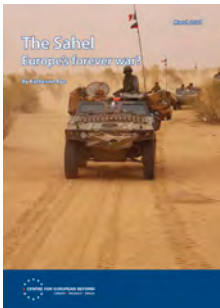
insight by John Springford *April 2021*

Russia, Ukraine and the West: How do you solve a problem like Vladimir?

insight by Ian Bond *April 2021*

The US proposals on digital services taxes and minimum tax rates: How the EU should respond

insight by Zach Meyers *April 2021*



The EU's carbon border adjustment mechanism: How to make it work for developing countries

policy brief by Sam Lowe *April 2021*

How to fight corruption and uphold the rule of law

policy brief by Camino Mortera-Martinez *April 2021*

Can the UK be secure if Europe is not? The UK's (un)integrated review

insight by Ian Bond *April 2021*



Taming 'Big Tech': How the Digital Markets Act should identify gatekeepers

insight by Zach Meyers *May 2021*

The US and the Northern Ireland Protocol: Time to walk the walk

insight by Sam Lowe *May 2021*

The cost of Brexit: March 2021

insight by John Springford *May 2021*

EU foreign, security and defence policy co-operation with neighbours: Mapping diversity

policy brief by Ian Bond, Luigi Scazzieri and Senem Aydın-Düzgit *May 2021*



Learning to live with debt

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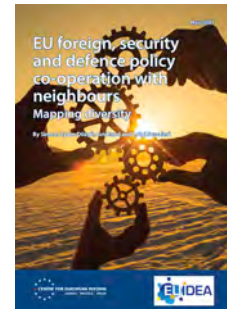
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Charles Grant is the director.

His interests include Britain's relationship with the EU, European institutions, European foreign and defence policy, Russia and China.



John Springford is the deputy director.

He specialises in Britain's relationship with the EU, the single market, international trade and the economics of migration.



Ian Bond is the director of foreign policy.

He specialises in Russia and the former Soviet Union, European foreign policy, Europe-Asia relations and US foreign policy.



Christian Odendahl is the chief economist.

He focuses on macroeconomics, the eurozone, the European Central Bank and Germany.



Camino Mortera-Martinez is a senior research fellow.

She specialises in security, migration and EU law. She also covers Spain and EU politics.



Sam Lowe was a senior research fellow.

He specialised in international trade, European trade policy, rules of origin, the single market, Brexit and environmental co-operation.



Sophia Besch is a senior research fellow.

She specialises in NATO, European defence and German foreign policy.



Luigi Scazzieri is a research fellow.

He specialises in European foreign and security policy, particularly towards the Middle East, and transatlantic relations.



Elisabetta Cornago is a research fellow.

She specialises in environmental policy, energy policy and climate policy.



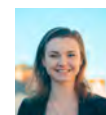
Zach Meyers is a research fellow.

He specialises in competition policy, economic regulation, industrial strategy, technology and innovation.



Megan Ferrando is the Clara Marina O'Donnell fellow (2021-22).

The fellowship is aimed at those at the start of their careers who are interested in foreign, defence and security policy.



Katherine Pye was the Clara Marina O'Donnell fellow (2020-21).



Kate Mullineux is the head of publishing, branding and digital. She designs the CER's publications, organises their production and is responsible for all branding and digital content.



Sophie Horsford is the fundraising and operations manager. She is responsible for the day-to-day management of the CER, particularly finance and fundraising.



Jordan Orsler is the events manager. She is responsible for the planning and execution of the CER's events programme.



Rosie Giorgi is the media co-ordinator and PA to Charles Grant. She handles all press enquiries and produces the CER podcast.



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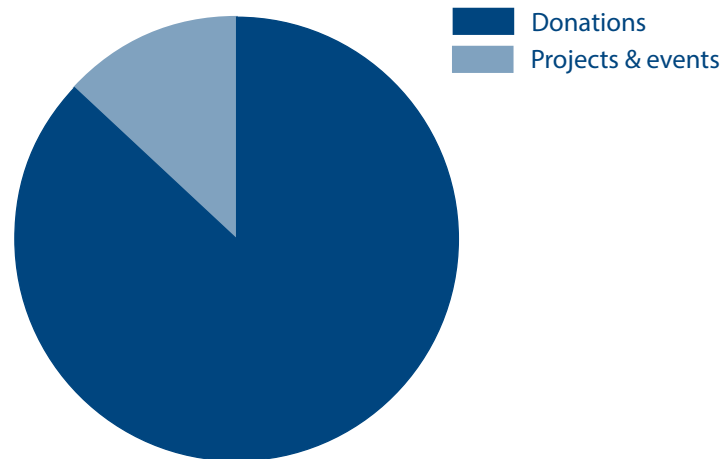
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Accounts for year ending 31.12.2020

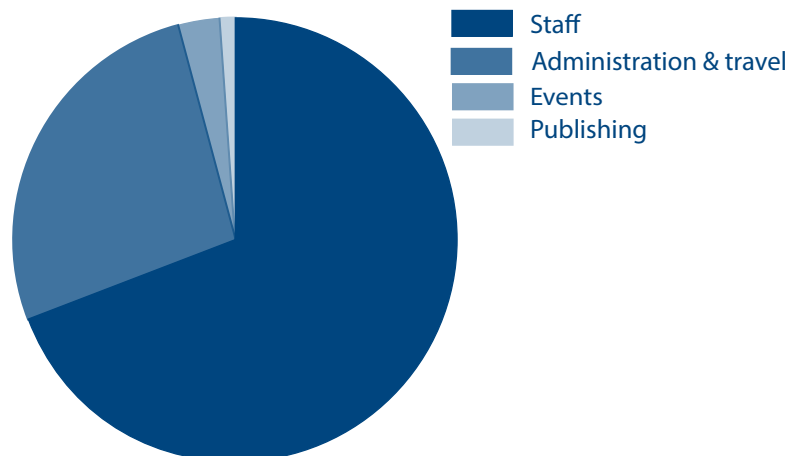
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Total £1,245,012



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