



CENTRE FOR EUROPEAN REFORM

annual report



2006





CENTRE FOR EUROPEAN REFORM

about the CER

The CER is a think-tank devoted to improving the quality of the debate on the future of the European Union. It is a forum for people from Britain and across the continent to discuss ideas on how to meet Europe's social, political and economic challenges.

The CER works with similar bodies in other European countries, North America and elsewhere in the world. It is pro-European but not uncritical. It regards European integration as largely beneficial but recognises that in many respects the Union does not work well. The CER therefore aims to promote new ideas and policies for reforming the EU.

The CER makes a point of bringing together people from the world of politics and business. Most of our meetings and seminars are invitation-only events, to ensure a high level of debate. The conclusions of our research and seminars inform our publications, as well as the private papers and briefings that business people, senior officials, ministers and commissioners ask us to provide.

The CER is funded by donations from the private sector. It has never received core funding from governments or EU institutions.

The CER's work programme is centred on seven themes:

- ★ The euro and economic reform
- ★ Enlargement of the European Union
- ★ Reform of the EU's institutions and policies
 - ★ European foreign and defence policy
 - ★ Transatlantic relations
 - ★ Justice and home affairs
- ★ The EU's relations with Russia and China



From left to right: Susannah Murray, Nick Butler (chairman), Kate Meakins, Katinka Barysch, Aurore Wanlin, Catherine Hoye, Simon Tilford, Hugo Brady, Daniel Keohane, Charles Grant, Adair Turner (advisory board member) and Mark Leonard

Europe needs to look outward...

At the start of 2007 it was easy to be gloomy about the state of the European Union. Its governments cannot agree on the institutional changes that are needed to make the EU run better. The core euroland economies are stifled by a lack of structural reform. Externally, the member-states differ on how to deal with their large and worrisome neighbour, Russia. The Union's underlying philosophy of openness and integration, and of co-operating and pooling sovereignty to solve common problems, has few eloquent proponents among European leaders.

And yet, by and large the Union continues to function well, thanks in large part to its rules, methods and institutions. It is worth recalling the words of Jean Monnet in 1952: "The union of Europe cannot be based on goodwill alone: rules are needed. The tragic events we have lived through and are still witnessing may have made us wiser. But men pass away; others will take our place. We cannot bequeath them our personal experience. But we can leave them institutions. The life of institutions is longer than that of men; if they are well-built they can accumulate and hand on the wisdom of succeeding generations."

In the past year the EU has made substantial progress, often at the level of humdrum legislation. A new services directive, though flawed, will ease the provision of professional services across frontiers. Postal services and railways are being liberalised. Very slowly, and with much resistance, the Commission is prising open protected national energy markets. The Financial Services Action Plan is creating a single set of rules for banking and capital markets, though not without controversy. One measure of how the single market is finally taking shape has been the profusion of cross-border mergers in the banking, energy and telecoms sectors. To be sure, protectionist sentiment lurks in many corners of Europe, but it has not prevented the single market from deepening. The Commission does a fairly good job of resisting protectionist pressure in many member-states.

Frontex, the EU's new border agency, is patrolling the Mediterranean to curb illegal immigration into the Union, while Europol, the EU's police office, is helping national police forces to fight organised crime and keep tabs on terrorists. Under the aegis of the European security and defence policy, soldiers, policemen and civilian personnel have worked effectively in places like Bosnia, Congo, Aceh, the Ukraine-Moldova border and the Gaza-Egypt border. Above all, the accession of ten new members in May 2004 has been an invigorating success. Some Central European states now have colourful and populist governments. But they continue to operate within the framework set by the EU – thanks to those seemingly dull but in fact essential Brussels institutions.

The under-performance of several large EU economies has been a major cause of the 'European malaise'. But there are now some reasons for economic optimism. In 2006 the

European economy at long last showed signs of revival, with GDP growth estimated at close to 3 per cent. In 2007, for the first time in many years, the EU is on course to grow faster than the US. While some of this upswing is cyclical, some of it seems to stem from economic reform, for example in labour markets. The integration of the Central and East European countries into the EU economy has also boosted Europe's economic potential. It has allowed West European companies to shift some production to cheaper locations, which helps to keep the EU competitive globally. And those countries which were brave enough to open job markets have welcomed scores of enthusiastic workers from the east, thereby boosting their growth. The EU attracts more inward investment than any other region of the world.

Since the referendums in France and the Netherlands killed off the EU's constitutional treaty, governments in the leading member-states – as well as the European Commission – have wisely sought to focus the Union's agenda on *l'Europe des projets*. Rather than bicker over treaties and institutions, the EU needs to show its citizens that it can deliver real improvements. Thus the Union's recent emphasis on pressing issues such as setting higher standards for energy efficiency, lowering telephone roaming charges, reforming the emissions trading system, improving spending on R&D and tackling illegal immigration, is welcome.

The spectre of treaty change

Although the EU works quite well with its current treaties, the question of treaty change cannot be ignored, however tedious many citizens may find it. Institutional issues will move back up the agenda in 2007, for several reasons. One is that the quality and speed of decision-making seem to have declined since enlargement. With 27 governments represented in the Council of Ministers, useful discussions are rare and sessions take too long.

That quaint institution, the rotating presidency, attracts snorts of contempt from governments in other parts of the world that have to deal with it. The presidency will soon start passing to countries without large or experienced diplomatic services. Meanwhile the ability of the Commission and the Council to work together on foreign policy questions is limited at best.

Another reason why many governments will try to launch a new treaty-revising process in 2007 is the close link between the Union's 'deepening' (political integration) and widening. Those who wish to see progress towards some sort of political union believe that if the Union lets in ever more members without radical institutional reform, it will evolve into a politically weak entity that is little more than a free-trade area. France, Germany and many other countries will block further enlargement unless the EU first revises its treaties. Therefore enthusiasts for enlargement, such as Britain and Sweden, though not big fans of treaty change, will accept the principle.



Launch of 'The Lisbon scorecard VI' with The Rt Hon Alan Johnson MP, March 2006

That said, it is far from certain that the 27 member-states will agree on the kind of treaty change that they desire. The gap between maximalists, who want to retain much of the constitutional treaty, and minimalists, who want only modest changes to the current treaties, is large. Any compromise would have to be largely along the lines desired by the minimalists, some of whom will argue that significant treaty changes – particularly those that transfer new powers to the EU – would require a referendum in their countries. Since few European leaders believe that referendums on EU questions can be won easily in countries such as Britain, France and the Netherlands, and since a single negative referendum would suffice to scupper treaty change, the minimalists hold the strongest cards.

The hidden benefits of enlargement

Those of us who argue against halting the enlargement process must hope that some sort of institutional settlement emerges. Enlargement is probably the Union's biggest ever success, helping to spread stability, democracy, security and prosperity across most of the continent. However, the current hostility to further enlargement is understandable. The decision to let in ten countries in May 2004 and two more in January 2007 – when the EU had never taken in more than three in any previous enlargement – was bold. There was bound to be a period of indigestion, with people worrying about the impact on EU institutions and policies, national labour markets and the general cohesion of the Union – especially since the eastward enlargement coincided with a period of low growth and high unemployment in many EU economies.

If the EU followed the advice of Nicolas Sarkozy, and drew a line across the map of Europe, saying that any country on the wrong side could never join, it would make a grave mistake. Such a step would of course slow down the reform process in the countries that aspire to join, and could threaten the stability of the Western Balkans. But there would also be a negative effect on the Union itself. The EU would lose the benefits of full economic integration with the dynamic and youthful economies to its south-east and east. And there would be a strategic loss: if the EU was seen to exclude Muslim countries, it would lose credibility in the Islamic world. A smaller Europe would have less scope to influence its neighbourhood, including the Middle East peace process.

Calling a halt to enlargement would also damage the spirit and ethos of the EU. One of the Union's biggest problems in recent years has been a tendency to become inward-looking. At times the Union risks losing its *esprit d'ouverture*, its willingness to engage with the wider world. Evidently, economic problems at home increase the dangers of introversion. Being seen as a promoter of globalisation, the Union catches some of its unpopularity. All this leads to hostility to foreign goods or workers, indifference to the

possible failure of the Doha round of trade talks, and perhaps inertia over humanitarian disasters or war in places like Darfur, Gaza and Afghanistan.

Of course, there is no direct connection between this kind of introversion and the ending of enlargement – one could oppose Turkish accession but still champion an outward-looking EU. Nevertheless, a Union that turns its back on enlargement will be more likely to become inward-looking. For example, the member-states most opposed to enlargement tend to be those where a large proportion of the population see globalisation as a threat rather than an opportunity.

As the enlargement commissioner, Olli Rehn, has remarked, the adjective 'European' contains geographical, historical and cultural elements. Views on what the word European means may change from generation to generation. Therefore, he rightly argues, the EU should not attempt to define a meaning of European that is intended to last for all time.



Seminar on 'Europe's knowledge economy' with Stephen Emmott, Charles Grant and Bill Rammell MP, April 2006

...as the CER engages with the wider world

The CER cannot be accused of introversion in 2006. We held seminars in Beijing, Berlin, Brussels (five times), Istanbul, Paris (twice), Rome, Stockholm, Warsaw (twice) and Washington (twice). We published papers on the EU's relations with the Western Balkans, Belarus, China, North Africa, Russia and Turkey. Three priorities dominated our work in 2006: economic reform, enlargement and foreign policy.

Economic reform, innovation and the stability of the eurozone

Our sixth Lisbon scorecard, launched in Brussels by Commission President José Manuel Barroso, and in London by Secretary of State Alan Johnson, once again awarded EU governments scores for their performance in implementing the Lisbon economic reform agenda. In the scorecard, Aurore Wanlin highlighted the positive trends emerging in the European economy, with Denmark winning top marks thanks to its combination of fast growth, high employment and high standards of welfare. Poland took the wooden spoon because of its poor record on employment and market liberalisation, plus the new government's populism.

Alasdair Murray's and Aurore's working paper on the EU's new financial services agenda, launched by Commissioner Charlie McCreevy in March, argued that despite current gaps in the single market in financial services, the Commission should improve the regulatory framework before embarking on new legislation. We organised a seminar on competitiveness in the EU, with Clara Gaymard (then of Invest in France) and Carl Bildt

(now Swedish foreign minister), and another one on innovation, with research commissioner Janez Potočnik and British higher education minister Bill Rammell.

Two of our pamphlets were not only relevant to Europe's economic reform agenda, but also strikingly original. In 'Will the Eurozone crack?' Simon Tilford, who joined the CER at the start of the year as head of our business unit, argued that the creation of the euro had contributed to a slow-down of economic reform in several countries. He focused in particular on Italy, suggesting that unless Italy restored lost competitiveness by taking drastic measures, its position in the eurozone could become untenable. This argument upset some of our friends in Brussels, though in Italy several senior politicians – understanding that the pamphlet was in fact pro-euro – praised it in public.

Nick Butler, our chairman, and Richard Lambert, the new head of the Confederation of British Industry, wrote 'The future of European universities: Renaissance or decay?' They warned that Europe's under-funded and over-centralised universities were slipping behind those in the US and elsewhere. Innovation and growth in the European economy were suffering as a result. They called for the concentration of more resources on centres of excellence, stronger links between universities and business, and more autonomy for universities. This pamphlet touched a raw nerve in many parts of Europe. Gordon Brown, the British Chancellor, hosted a seminar on the pamphlet in 11 Downing Street. Jan Figel', the commissioner for education, launched it in Brussels, while Michal Seweryński, the Polish minister for higher education and research, spoke at a conference on the pamphlet in Warsaw. The pamphlet also made an impact in the Americas. Rick Levin, the president of Yale, reviewed it in a Newsweek article on the globalisation of university education. Maxwell Richards, the president of Trinidad and Tobago, asked Nick Butler to brief him and his government on the pamphlet's recommendations on how to organise higher education.

Enlargement and neighbourhood policy

We believe that much of the public scepticism towards further enlargement is linked to misunderstandings about the impact of past accessions. Therefore we have continued to explain the political significance and economic benefits of the eastward enlargement – through media interviews, briefing papers and a report from the House of Lords select committee on European affairs, for which our own Katinka Barysch was the specialist adviser.

In 'The EU must keep its promises to the Western Balkans', Tim Judah warned that an EU membership perspective was crucial for preventing a return of instability to the region. In one of our policy briefs on Turkey, David Hannay offered practical suggestions for a way out of the Cyprus stalemate. Another brief highlighted the positive role of Turkish business in the accession process. Our Turkey seminars helped to keep EU and Turkish opinion-formers

talking, which we considered particularly important given the tense relations between the EU and Turkey. Our third 'Bosphorus conference' featured EU trade commissioner Peter Mandelson and Turkey's economy minister and chief EU negotiator, Ali Babacan. Together with the World Economic Forum we also organised a Brussels workshop on how Turkey could help Europe to mitigate risks related to terrorism, energy security and ageing societies.

We recognise that in the coming years, enlargement will proceed very slowly at best. Therefore, the European neighbourhood policy – the EU's mechanism for promoting reform in nearby countries that are not candidates for membership – is becoming crucially important. The current neighbourhood policy does not offer these countries an attractive enough package to persuade their political elites to undertake painful reforms. My pamphlet 'Europe's blurred boundaries: Rethinking enlargement and neighbourhood policy' offered some fresh ideas on how to strengthen the neighbourhood policy. We launched it at seminars in Berlin, Brussels, Paris, Warsaw and Washington. We also focused on one particularly troubled neighbour, Belarus, where the EU has very little influence. A policy brief by Mark Leonard and myself argued that the EU should step up its efforts to engage with civil society in Belarus, rather than isolate Europe's last dictatorship.

European foreign and defence policy

The EU has made quiet progress on building a more effective foreign and defence policy, although this has owed more to the hard work of committed officials than leadership from top politicians. One of the problems of the common foreign and security policy (CFSP) is that the Commission, Council of Ministers and member-states often fail to work together effectively – sometimes seeing each other as rivals rather than partners. So we invited senior officials from the EU institutions and the member-states, plus a few think-tankers, to a seminar in Stockholm.

Participants were able to chat in a relaxed setting that was very different from their normal working environment. This seminar proved a great success, producing a number of practical proposals that fed into our policy brief, 'How to strengthen EU foreign policy'.

A similar idea led us to create a new Franco-British defence forum, organised with IRIS, a Paris think-tank. The British and French dominate European defence, and have worked well together in building the EU's military capabilities. But this relationship is often weakened by mistrust, misunderstandings and fundamental differences of philosophy. Our forum aims to improve understanding between the two sides. The first meeting, in Paris in May, worked well, so we held a second in London in December. The forum attracted high-level participation on both sides, including Lords Garden, Guthrie, Robertson and Wallace on the British side, and Jean de Ponton d'Amécourt, Alain Richard, Francis Delon and Lieutenant General Jean-Paul Perruche on the French side.



Launch of 'The Lisbon scorecard VI' with President José Manuel Barroso and Nick Butler, March 2006

We also held two meetings of the DaimlerChrysler Forum on World Order and Global Issues, which is organised by the CER and the Brookings Institution, in London and Washington. The purpose is to defuse tensions in transatlantic relations – though the meetings in 2006 showed that the arguments are as often within the European and American ‘teams’ as between them. The forum this year included sessions on China, Iran, Russia and – for the first time – India. We were delighted that senior figures in the US administration, including JD Crouch, Nick Burns, Dan Fried and Philip Zelikow, took part, alongside their European counterparts.

When they work well, these kinds of event help to bring officials and thinkers from different countries closer together. But the CER also aims to fulfil another, and in many ways more difficult role, which is to generate new policy ideas. We believe that the two central challenges for the credibility of the CFSP – on which the rest of the world will judge it – are the Middle East peace process and relations with Russia. On the former, the EU is sometimes a useful minor player, but it has under-performed, compared with its potential. On the latter, the EU countries have very similar interests but have failed to work together effectively.

Following the publication of Richard Young’s depressing essay ‘Europe’s flawed approach to Arab democracy’, we plan to step up our work on how the EU can play a constructive role in the Middle East in 2007. On the EU’s relations with Russia, we have built up a track record of thought-provoking seminars and publications over the past seven years. In 2006 we published Katinka Barysch’s ‘The EU and Russia: From principle to pragmatism’, and also organised seminars with Alexander Voloshin, formerly head of the presidential administration, and Igor Shuvalov, Putin’s chief economic adviser. We shall continue to push for EU governments to adopt a common approach in dealing with Russia.

The CER manifesto

In addition to these three priorities, we have, of course, worked on many other subjects. Thus we published Mark Leonard’s ‘Democracy in Europe: How the EU can survive in an age of referendums’, and a policy brief by Hugo Brady and Mónica Roma on EU judicial co-operation. Our work in the justice and home affairs area is expanding. In November we organised a conference on how best to tackle crime emanating from the Balkans. Speakers included Max-Peter Ratzel, the head of Europol, and Mike Kennedy, the head of Eurojust. We began a programme of work on the EU’s role in tackling climate change with three articles in the CER bulletin, and we plan a major pamphlet on the emissions trading scheme in 2007.

Given the institutional blockage caused by the failure of the constitutional treaty, we think that for the time being the EU’s institutions and governments need to focus on making the Union work better within the framework of the current treaties. So in March 2006 we

published a manifesto of 25 practical proposals, running from economic management to foreign policy to judicial co-operation. Some of our proposals are making headway: the Commission plans to introduce binding rules on greenhouse gas emissions from cars; has already adopted a tougher approach to national governments in setting carbon allowances for the emissions trading scheme; and has proposed extending that scheme to aviation. The Commission also says it will name and shame member-states which deliver sub-standard national action plans for the Lisbon economic reform process. Meanwhile the German and Polish governments are focusing funds for higher education on elite universities, as we urged. We also suggested that more ‘variable geometry’ in justice and home affairs would be desirable; the treaty of Prüm, which is such an *avant-garde*, is gathering more members and becoming increasingly important.

Small is beautiful

In 2006 we took on a new (and slightly larger) office in Westminster, and Kate Meakins, our publications manager and website editor, re-designed www.cer.org.uk. The new website is much easier to navigate and its new features include a CER blog. As many as 21,000 people a month logged on to our website in 2006, up 40 per cent on 2004. At the end of the year we bade farewell to two of our senior researchers, Mark Leonard, our director of foreign policy, and Daniel Keohane, our defence analyst. Both have contributed much to the CER. Mark will set up and direct a new pan-European initiative for the Soros foundations network, to promote the EU as a model for an open society. Daniel joins the EU Institute for Security Studies, in Paris. We wish them every success in their new jobs.

People working in other think-tanks who do not know us well tend to assume that we have a large staff. Given our output – 46 seminars and conferences, six editions of the CER bulletin, and 18 longer publications in 2006 – that is a fair assumption. But we have just ten people, who perform brilliantly. Our administrative team – Catherine Hoye, Kate Meakins and Susannah Murray – has coped incredibly well with an enormous workload over the past year.

Being large is not a pre-requisite for being influential. When the EU is in a rough period – lacking leadership and momentum, with its policies and institutions in a state of flux – fresh and independent thinking is sorely needed. If think-tanks can come up with good ideas, and express them simply and convincingly, they will influence opinion-former and decision-takers. That is the mission that we shall stick to in 2007, our 10th year.



*Speech by Sir Menzies Campbell
‘A vision of a liberal Europe’ with
Charles Grant, December 2006*

Charles Grant, Director

CER Events 2006

17 January: Breakfast seminar on 'Demographic challenges and pension reform in Europe' with Lord Turner, London

19 January: Seminar on 'The EU and counter-terrorism' with Gijs de Vries, François Heisbourg and Monika den Boer, Brussels

2 February: Conference on 'Securing the European homeland' with Franco Frattini and Otto Schily, Rome

8 February: Roundtable on 'UK foreign policy over the next ten years' with Philip Bobbitt, Feng Zhongping, Rajendra Jain and Douglas Alexander, London

22 February: Seminar on 'Should Europe have an industrial policy?', with Carl Bildt, Clara Gaymard (above right) and John Kay, London



20 April: Public panel on 'The future of the broader Middle East' with Philip Gordon, Bill Kristol and Tariq Ramadan, London

20-21 April: 13th Meeting of CER/Brookings forum on world order and global issues with JD Crouch, Philip Zelikow, Robert Cooper and Jonathan Powell, London

25 April: Seminar on 'Europe's knowledge economy: making it fit for the future' with Commissioner Janez Potočnik and Bill Rammell MP, London

26-27 April: Seminar on 'How can the CFSP be improved without changing the current treaties?', Stockholm

3 May: CER 8th birthday party hosted by the Spanish Ambassador. Speaker: the Rt Hon David Miliband MP, London

4 May: Breakfast seminar on the European defence industry with Ulf Hammarström, London

31 May-1 June: Franco-British forum on European defence with General Lord Guthrie and Guy Teissier, Paris

5 June: Launch of 'The future of European universities' with the Rt Hon Gordon Brown MP and Richard Lambert, 11 Downing Street (below)

7 June: Dinner debate on Russia, with Alexander Voloshin, London

8 June: Seminar on Russia with Alexander Voloshin, London

14 June: Speech on 'A new agenda for Europe' with the Rt Hon Geoff Hoon MP, London (top centre)



17 June: Workshop at Compass conference on 'Will the EU still be relevant in 2020?', London

3 July: Brainstorming on 'How to run a European defence equipment programme?', London

18 July: Launch of 'The future of European universities' with Nick Butler, Lord Dahrendorf, Commissioner Figel' (right) and Luc de Soete, Brussels

8 September: Breakfast seminar on transatlantic relations with Lionel Barber, London

15-16 September: 3rd Bosphorus conference, with Ali Babacan and Peter Mandelson, Istanbul

6 October: Workshop on Turkey's role in mitigating risk, Brussels

11 October: Launch of 'Europe's blurred boundaries' with Commissioner Olli Rehn, Brussels (left)

23 October: Roundtable on 'Making a success of a wider Europe' with Commissioner Olli Rehn, London

1 November: Launch of 'Europe's blurred boundaries' with Markus Ederer, Washington

1-2 November: 14th Meeting of CER/Brookings forum on world order and global issues with Nick Burns, Dan Fried and Philip Zelikow, Washington

8 November: Launch of 'Europe's blurred boundaries' with Nikolaus Meyer-Landrut, Berlin

9 November: Launch of 'The future of European universities: Renaissance or decay?' with Michal Seweryński, Warsaw



10 November: Launch of 'Europe's blurred boundaries' with Andrzej Olechowski and Pawel Swieboda, Warsaw

13 November: Conference with German-British Forum on 'China, India and Europe' with Meghnad Desai and George Soros, London

14 November: Breakfast seminar on 'The EU-India relationship' with Professor Rajendra Jain, London

21 November: Breakfast seminar on 'The Doha trade round and the state of transatlantic relations' with Peter Sutherland, London

23 November: Conference on 'Tackling organised crime in the Aegean and the Western Balkans' with Mike Kennedy and Max-Peter Ratzel, London

4 December: Roundtable on the Swedish election with Pär Nuder and Ed Miliband MP, London

5-6 December: Second Franco-British forum on European defence with Alain Richard and Lord Robertson, London

6 December: Drinks reception with James Arbuthnot MP, London

7 December: Launch of 'Europe's blurred boundaries', Paris

11 December: Breakfast seminar on Russia with Igor Shuvalov, London

11 December: Dinner debate on 'The future of China' with Sir Christopher Hum, London

12 December: Lecture by Sir Menzies Campbell MP on 'A vision of a liberal Europe', London (above right)



27-28 February: Seminar on EU-China relations, Beijing

9 March: Launch of 'The EU's new financial services agenda' with Commissioner Charlie McCreevy, London

20 March: Launch of 'The Lisbon Scorecard VI' with Commission President José Manuel Barroso, Brussels (above left)

22 March: Launch of 'The Lisbon Scorecard VI' with Alan Johnson MP, London

27 March: Brainstorming on 'European defence in 2020' with James Arbuthnot MP and Lieutenant General David Leakey, London

30-31 March: EU-US strategic dialogue on China, London

19 April: Breakfast seminar on EU-China relations with Feng Zhongping, London

CER Publications 2006



Pamphlets

**The Lisbon Scorecard VI:
Will Europe's economy rise again?**
Aurore Wanlin (March 2006)

**The future of European universities:
Renaissance or decay?**
Richard Lambert and Nick Butler (June 2006)

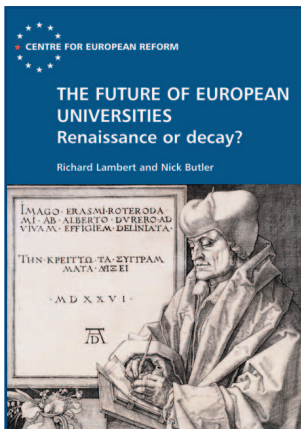
Will the eurozone crack?
Simon Tilford (September 2006)

**Europe's blurred boundaries:
Rethinking enlargement and neighbourhood policy**
Charles Grant (October 2006)

Essays

**East versus West?
The European economic and social model after enlargement**
Katinka Barysch (January 2006)

**Democracy in Europe:
How the EU can survive in an age of referendums**
Mark Leonard (March 2006)



The EU must keep its promise to the Western Balkans
Tim Judah (July 2006)

Europe's flawed approach to Arab democracy
Richard Youngs (October 2006)

Turkish business and EU accession
Sinan Ulgen (December 2006)

Working papers

The EU's new financial services agenda
Alasdair Murray and Aurore Wanlin (February 2006)

Policy briefs

**The EU's awkward neighbour:
Time for a new policy on Belarus**
Charles Grant and Mark Leonard (April 2006)

Let justice be done: Punishing crime in the EU
Hugo Brady and Mónica Roma (April 2006)

How to strengthen EU foreign policy
Charles Grant and Mark Leonard (July 2006)

**Cyprus, Turkey and the EU:
Time for a sense of proportion and compromise**
David Hannay (July 2006)

**The EU and Russia:
From principle to pragmatism**
Katinka Barysch (November 2006)

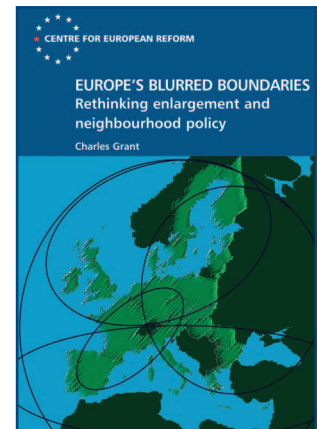
Briefing notes (web only)

**The Austrian EU presidency and the future of the
constitutional treaty**
Katinka Barysch (January 2006)

New budget, old dilemmas
Iain Begg and Friedrich Heinemann (February 2006)

Manifesto

EU2010: A programme for reform
(February 2006)



CER in the press 2006

CER analysts are quoted almost daily in the international press. Here is a sample.

FINANCIAL TIMES

22nd March 2006

Charles Grant, director of the CER, says the debate in France is rapidly acquiring a British flavour. "The reason why the French have a problem is that Europe used to be run by them and projected the French image into the wider world, but now it is controlled by other people and Europe is something done to them by others," he says. "This is what the British have thought about Europe for years, but the French are increasingly thinking the same and do not like it."

WIENER ZEITUNG [AUSTRIA]

21st March 2006

Austria has been ranked third among the 25 EU member states in competitive efficiency. That's according to the CER in London which carried out the report for the European Commission in Brussels [The Lisbon scorecard VI]. Only Denmark and Sweden had a higher rating than Austria, which overtook the Netherlands in the latest listings. The CER praised Austria for female employment levels, energy efficiency and the high rate of general education. In contrast, the CER said Austria lagged

behind in implementing the Kyoto protocol on reducing greenhouse gases and in helping older workers find employment. The CER report is part of efforts by the EU to achieve goals set forward in 2000 to make the EU more competitive with both the United States and Asian economies. At the other end of the spectrum, Poland was at the bottom of the Centre's efficiency rankings, behind Portugal, Spain, Italy and Malta.

BUSINESS WEEK

14th April 2006

If anything, the patriotic [and protectionist] talk shows that the single market is alive and kicking, according to Katinka Barysch of the CER. European mergers and acquisitions have meanwhile shown strong growth, she points out. "If you didn't see a counter-reaction, that would be a sign that nothing was happening," Barysch said.

KOMMERSANT [RUSSIA]

20th April 2006

The possibility of reaching a political agreement with the European Commission is very small. It is interested in direct access to Central Asian gas without Russia's intermediacy,

which goes against the whole integration scheme. Katinka Barysch of the CER in London says that, as the Russian energy market is about to be liberalised, interest in energy assets by European companies is poorly received, never mind interest from other companies. Relations with the US are rapidly deteriorating. Washington is constantly reminding Europe of the dangers of energy dependence on Russia.

INTERNATIONAL HERALD TRIBUNE

3rd May 2006

Those [criminal law] cases represented "a pretty big land grab by the [European] court", said Hugo Brady of the CER. "Governments like the British and Dutch are unhappy about the court's rulings because they think criminal sanctions should be a national matter only."

IRISH TIMES

1st August 2006

"When two big states such as France and Britain don't agree on a policy, then the EU has little influence. You have the same situation as in the war against Iraq", says Daniel Keohane of the CER...Institutional weakness is another factor which impedes Europe's

foreign policy, and particularly its ability to speak with a single voice. "Solana is no foreign minister. He is a type of chairman with less power. His influence also depends on how well he gets on with the presidency", he says.

LE MONDE

24th August 2006

The problem of European diplomacy can be summed up by this phrase: even when they agree to adopt a common position, the Europeans then have a lot of difficulty in making an impact on the international scene. Trying to clarify the situation, two British researchers from the CER, Charles Grant and Mark Leonard, have – based on a seminar organised in Stockholm last spring – listed the weaknesses of the Union in this area. They have spelt out five big handicaps. The first is the absence of a common strategy. The 25, they say, generally get together to respond to crises. They don't take the time to think together about a global vision for their relations with Russia, China or the near East.

NEWSWEEK

21st August 2006

According to 'The future of

European universities' a devastating critique by Richard Lambert and Nick Butler, European governments have systematically weakened their top universities, once the pride of the world. They have invested too little in research, spread limited resources across too many institutions, expanded enrollments without increasing faculty and refused to allow universities sufficient autonomy, the CER report says.

THE ECONOMIST

14th September 2006

All this [optimism over the outlook for the Italian economy] seems bizarrely at odds with the growing belief, particularly in London, that Italy may risk falling out of the euro. A study 'Will the eurozone crack?' being published shortly by a London-based think-tank, the CER, puts the odds of this happening at a daunting 40 per cent.

NRC HANDELSBLAD

13th October 2006

There is plainly a hostile mood on enlargement now, writes Charles Grant of the CER in a pamphlet [Europe's blurred boundaries] published this month. "You can plausibly

argue...that Croatia will be the last country to join the EU because France has changed its constitution so that any further accession must be ratified by a referendum." But if the EU builds a wall around itself, argues Grant, we will be left with a small Europe in every sense of the word – unable to perform well in the world economically; unable to address the instability in its neighbourhood; and completely unable to remove the impression in the Islamic world that Turkey cannot enter because the Union is anti-Islam.

THE GUARDIAN

29th November 2006

A breakdown in accession talks would have an immediate impact on Turkish politics. "The goal of EU membership has helped to ensure that two camps which do not trust each other – the secular 'Kemalists' in the army, judiciary and bureaucracy, and the Islamists in the ruling AKP government – work together on a reform agenda," said Katinka Barysch and Charles Grant of the CER. "But the removal of that goal and the consequent recriminations could destabilise the political system."

CER snapshots



Seminar on 'Europe's knowledge economy' with (L to R) Stephen Emmott, Commissioner Janez Potočnik, Charles Grant, John Cridland and Diane Coyle, April 2006, London



Conference on 'Tackling organised crime in the Aegean and the Western Balkans', with Max-Peter Ratzel, director of Europol, November 2006, London



Launch of 'The Lisbon scorecard VI' with (L to R) Aurore Wanlin, Professor Charles Wyplosz, Charles Grant and Ann Mettler, Executive Director, The Lisbon Council, March 2006, London



Launch of 'The future of European universities' with the Rt Hon Gordon Brown MP and Richard Lambert, June 2006, 11 Downing Street



Seminar on 'The EU and counter-terrorism' with Gijs de Vries, January 2006, Brussels



Launch of 'The EU's new financial services agenda' with Commissioner Charlie McCreevy, March 2006, London



3rd Bosphorus conference, with Ali Babacan, September 2006, Istanbul



3rd Bosphorus conference, with Peter Mandelson, September 2006, Istanbul



Public panel on 'The future of the broader Middle East' with Tariq Ramadan April 2006, London



Launch of 'The future of European universities' with (L to R) Martin Rees, Richard Lambert, The Rt Hon Gordon Brown MP, Nick Butler, Alison Richard and Michael Walker, June 2006, 11 Downing Street

Financial support

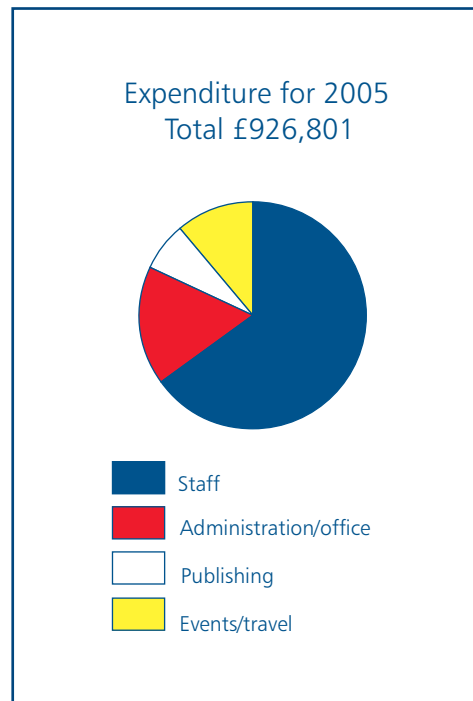
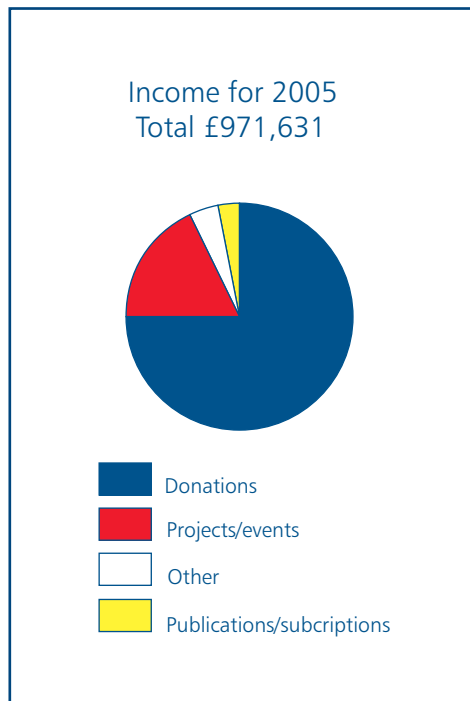
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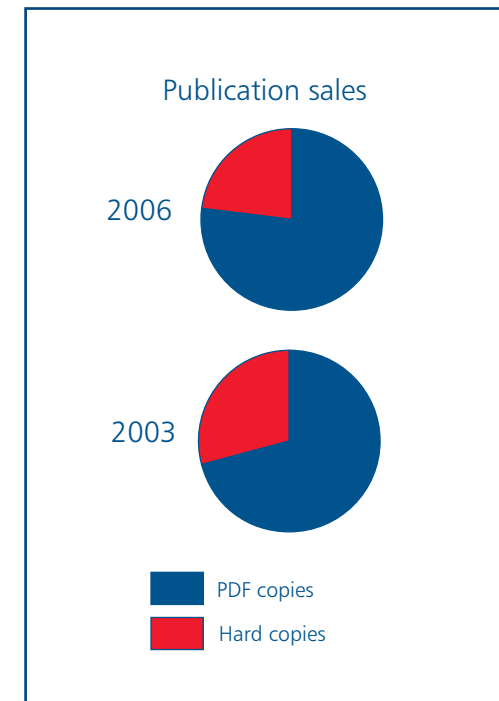
Income and expenditure

Audited accounts for year ending 31.12.2005



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Growth in sales of PDF publications



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ANTÓNIO VITORINOFormer European Commissioner

Staff 2006

Charles Grant is the director.

His interests include transatlantic relations, the future of Europe debate, European defence and Russia.



Mark Leonard was the director of foreign policy.

He also managed the programmes on transatlantic relations, China and the Middle East.



Katinka Barysch is the chief economist.

She also manages the programmes on Russia and Turkey, and takes a keen interest in EU enlargement and globalisation.



Simon Tilford is head of the business unit.

He focuses mainly on competitiveness, macro-economics, economic reform, demographics and the environment.



Daniel Keohane was a senior research fellow.

He worked on security, defence and counter-terrorism, and also followed the EU's institutional debate.



Aurore Wanlin is a research fellow.

She follows economic reform, financial services, trade, agriculture and fisheries.



Hugo Brady is a research fellow.

He specialises in justice and home affairs as well as the reform of EU institutions.



Catherine Hoyer is the events and office manager.

She also manages the accounts and is PA to Charles Grant.



Kate Meakins is publications manager and website editor.

She designs all CER publications and organises their production. She also manages subscriptions, sales and marketing.



Susannah Murray is the CER's events assistant.

She is also PA to Katinka Barysch and Simon Tilford and manages the CER's database.





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