



2009





**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, and can be improved. 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 EU 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 eight themes:

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



From left to right: Charles Grant, Clara Marina O'Donnell, Catherine Hoyer, Philip Whyte, Tomas Valasek, Katinka Barysch, Susannah Murray, Hugo Brady, Bobo Lo, Kate Mullineux and Simon Tilford

# The CER in 2009

How the world has changed since the CER was conceived in the mid-1990s. Our first ever pamphlet, written in 1996 by a distinguished European, Ralf Dahrendorf, set out a vision for the kind of outward-looking, pragmatic, economically liberal Europe that the CER has championed ever since. But in 'Why Europe matters: A personal view', he did not mention climate change, energy security, Russia, China, terrorism or migration, all topics that now keep the CER busy.

At that time the West, and in particular the US, dominated the world. Globalisation and democracy were on the march on every continent. The European Union was occupied with reforming its institutions, establishing the euro and taking in new members.

Dahrendorf, who played a major role in establishing the CER and in serving on its advisory board, died in June at the age of 80. After a stint in a Nazi prison camp he had a distinguished career as a sociologist, a German politician, a European commissioner, the director of the London School of Economics, the warden of St Antony's College, Oxford and a member of the House of Lords. When the CER celebrated Dahrendorf's life and work at a seminar at St Antony's in December, we noted how the geopolitical environment had changed since he had written that CER pamphlet.

American leadership is palpably weaker. The rise of emerging economies such as China has been the main factor constraining US power, though particular events such as the invasion of Iraq and the financial crisis have also played a role. In several parts of the world the cause of political freedom has stopped advancing, while many people question the benefits of economic globalisation.

In this increasingly multipolar world, it remains unclear whether multilateralism – meaning support for the authority of international institutions and rules – or assertive nationalism will be the stronger organising principle. But with the Doha trade round remaining stuck, the Copenhagen climate change conference achieving rather little and the credibility of an unreformed United Nations Security Council waning, multilateralists cannot claim they are winning the argument (if the G20 develops real clout, however, it would be an encouraging sign).

One reason why multilateralism is not progressing is that the EU has failed to become the kind of power that many Europeans – and many people on other continents – would have wished. The Europeans, in contrast to the Americans, Chinese, Indians and Russians, are instinctively committed to an international system based on rules and treaties, since the EU is itself a multilateral creation. A

stronger EU would be better able to tilt the whole international system towards multilateralism. But these days almost nobody sees the EU as a rising power.

The EU's unhappy role during the final stages of the Copenhagen climate change summit, in December, was cruelly symbolic. The Europeans had prided themselves on leading the world on climate change, and it is true that their commitment to cut carbon emissions by 20 per cent from 1990 levels by 2020 is far bolder than anything anyone else has offered. But it failed to convince other powers to follow suit, and the final deal in Copenhagen was a stitch-up between the Brazil, China, India, South Africa and the US.

To be fair to the EU, in some respects it performed quite well in 2009. When the financial and economic crisis struck in September 2008, the CER was among those predicting a growth in protectionism, economic and political nationalism, and extremist politics. Yet for the most part the EU governments avoided protectionist measures against each other or the rest of the world. They did co-ordinate their bank bail-outs and economic stimulus packages. And in the June 2009 European elections, the far left and far right failed to achieve significant scores in most countries. The centre-right, the centre-left and the liberals continue to dominate the European Parliament.

In October, the Irish people voted Yes to the Lisbon treaty, at the second attempt, allowing it to enter into force in December. This treaty – the fruit of eight years of tedious negotiations – gives more power to the European Parliament, streamlines decision-making in the area of justice and home affairs, and creates a new bureaucratic machinery for co-ordinating EU foreign and defence policy.

Much of the world has taken the view that the new treaty amounts to very little – because its birth was so painful and protracted, and because those appointed to the new jobs of European Council President and High Representative for foreign policy are modest, consensus-building figures. In the long run, however, the changes introduced by the Lisbon treaty will make it easier for the EU to become a stronger global actor – when the member-states can summon the will to pursue that goal. For the time being the will is lacking.

## The European economy

Not surprisingly, two themes dominated the CER's work in 2009: the financial and economic crisis, and the EU's faltering attempts to establish itself as a global power. The economic downturn has strengthened the hand of those who oppose free



*John Kerr and Giuliano Amato,  
CER conference  
'What future for the EU?', London*

trade, foreign investment and the free movement of people. Many people argue that the inherent flaws in the 'Anglo-Saxon' model of capitalism have been revealed. They want much more tightly regulated financial markets, softer rules on state aid and mergers, and the application of 'reciprocity' – meaning in practice more protection – to trade policy. They also want to go slow on the deregulatory ambitions of the 'Lisbon agenda', the set of economic reform targets that EU leaders signed up to in 2000.

The CER strongly disagrees, though of course we believe that financial markets need stricter rules. Every year we publish a scorecard that assesses the member-states' performance on the Lisbon agenda. In 'The Lisbon scorecard IX: How to emerge from the wreckage', published in March, Simon Tilford and Philip Whyte argued that the economic crisis should not be used as an excuse to go slow on reform. We awarded 'hero' status to Austria, Denmark and Sweden (for their strong performance in areas such as innovation, education, the environment and social equity), as well as to the Czech Republic (for improving its performance in the past few years). Conversely the 2009 'villains' – Greece, Italy, Poland and Spain – have done the least to pursue economic reform yet also suffer from very high social inequalities (Poland's relatively good economic growth rate in 2009 does not negate that criticism). We were delighted that the President of the European Commission, José Manuel Barroso, launched the scorecard in Brussels, and that Greg Hands, a Conservative shadow Treasury minister, did so in London.

In April we published Philip Whyte's major report on EU-US economic ties, 'Narrowing the Atlantic'. This examined the regulatory obstacles that still gum up trade and investment flows across the Atlantic, and argued for their removal in ways that are consistent with multilateral trading rules. We launched the report in Washington with John Bruton, then EU ambassador to the US; in London with Catherine Ashton, then the EU's trade commissioner (and now its High Representative); and in Brussels with David O'Sullivan, the Commission's director-general for trade.

We also paid special attention to the problems of Central and East Europe, where some of the economies were among the world's worst performers in 2009. In a paper published in February, Katinka Barysch argued that despite the painful impact of the crisis, the Central and East European countries should not abandon their economic model of liberalisation and integration with the rest of the EU, but rather improve it. By and large that is what they did. In May we organised a breakfast debate between two economists who are experts on the region, Erik Berglöf and Erik Nielsen. In October we joined forces with the European Bank for Reconstruction and Development (EBRD) for a conference on how the Central and East Europeans

had fared in the 20 years since the fall of the Berlin wall. Our speakers included Thomas Mirow of the EBRD, Timothy Garton Ash of St Antony's College and Alexander Kwasniewski, the former Polish president.

At the start of 2009, on the tenth anniversary of the launch of the euro, we published 'The euro at ten: Is its future secure?' by Simon Tilford. This essay turned out to be more prescient than we would have wished. Simon argued that the economic crisis would exacerbate tensions in the eurozone. In particular, the southern European economies would face a prolonged period of slow growth unless they made their economies more flexible and unless the eurozone economies with big current account surpluses (such as Germany) did more to stimulate domestic demand. Without those changes, investors would lose confidence in the credit-worthiness of the southern European governments, leading to a dramatic increase in borrowing costs and eventually to some sort of crisis. And that is what happened to Greece: by early 2010 it was paying 3 percentage points more than the German government to borrow. Greece's new government was caught between trying to satisfy financial markets that want to see state spending brought under control, and a public that is unwilling to embrace austerity.

The CER believes that not enough attention is being paid to the global imbalances that helped to trigger the financial crisis. Politicians find it easier to think up new regulations – which, though necessary, are insufficient to place the world economy and financial system on a more stable footing. This was one of the points made by Philip Whyte in 'How to restore financial stability', a report completed at the end of the year. Philip also argued that politicians had paid too much attention to relatively unimportant issues like hedge funds, but not enough to the combined impact of all the regulatory changes in the pipeline. At the start of 2010 this report was launched by David Wright, the Commission's deputy director-general for the single market, in Brussels, and by Mark Hoban, a Conservative shadow Treasury minister, in London.

In 'Rebalancing the Chinese economy', a policy brief published in November, Simon Tilford argued that imbalances within the Chinese economy, and between China and the rest of the world, were unsustainable. The Chinese need to save less and consume more, while exporting less and importing more. The government should therefore allow the renminbi to rise (to boost imports), improve social security and healthcare provision (so that people have less need to save), liberalise financial markets (so that bureaucrats have less say over the allocation of capital) and foster the growth of service industries (since manufacturing cannot employ ever greater



*Catherine Ashton, Charles Grant and Iain MacVay at the launch of 'Narrowing the Atlantic', London*

numbers of people leaving the land). The CER worries that if China continues its policy of under-valuing its currency, despite having the world's biggest trade surplus, there is a risk not only of a trade war but also of serious geopolitical friction.

Many of our special members' events in London and Brussels focused on finance and economics. Thus we had dinners with Adair Turner, chairman of the Financial Services Authority (FSA), and Axel Weber, Bundesbank president; breakfasts with Hector Sants, chief executive of the FSA, Meglena Kuneva, consumer affairs commissioner, and Otmar Issing, former European Central Bank board member; and breakfasts with four of the key Commission directors-general – Marco Buti, Philip Lowe, Jorgen Holmquist and Heinz Zourek.

### The Common Foreign and Security Policy

While the CER has concerns about Europe's economy, it also has big worries about the EU's inability to become a more effective actor in international affairs. In July the CER published 'Is Europe doomed to fail as a power?', an essay in which I argued that the EU's capacity to forge common foreign policies on a number of key issues was diminishing. I pointed to some underlying reasons: the enlargement of the Union had made it harder to line up every member-state behind a common position; Germany, decreasingly *communautaire*, was behaving more like Britain and France in the way that it viewed its own interests as diverging from those of the EU as a whole; and the EU lacked a common strategic culture, with only a minority of its members willing and able to use force to protect European interests.

Events in the second half of the year bore out this gloomy assessment. When President Barack Obama announced a surge of troops for Afghanistan, few European governments were prepared to follow his lead. When the United Nations General Assembly voted on Richard Goldstone's report on the Gaza conflict, some member-states endorsed the report, some opposed it and some abstained (Clara Marina O'Donnell's paper on the Middle East peace process described how the EU's divisions over how to handle Israel have weakened its impact). And when EU leaders visited Washington for the regular EU-US summit, in November, Obama snubbed them by skipping the lunch. Let that be a wake-up call to Europe: if it wants to be taken seriously by other powers, and to prevent the 21<sup>st</sup> century being dominated by a 'G2' of the US and China, the EU needs to be more united, proactive and decisive.

One reason why the EU lacks credibility as a power is that it is militarily weak. European voters tend to believe they live in a safe and pleasant world, which

encourages politicians to keep cutting defence spending. However hard the task, the CER continues to try and engage policy-makers and opinion-formers on the importance of defence. Thus we held dinners with John Hutton, the UK defence secretary, and Ivo Daalder, the US ambassador to NATO, as well as a roundtable with the Pentagon's Jim Townsend. And we published a paper by Clara Marina O'Donnell that supported the Commission's efforts to open up defence procurement in the EU, as a means of creating a more efficient single market.

Even if Europe matters less to the US than it used to, the transatlantic relationship remains a crucial axis of global economics and foreign policy. In 2009 we continued to organise the Daimler Forum, together with our partners at the Brookings Institution and the Stiftung Wissenschaft und Politik. The forum's purpose is to bring together policy-makers on the two sides of the Atlantic, to discuss key strategic issues. Participants at the 19<sup>th</sup> and 20<sup>th</sup> meetings of the forum (respectively in Washington in May and in Stockholm in November) included Tony Blinken, Ivo Daalder, Phil Gordon, Anne-Marie Slaughter and Jim Steinberg from the Obama administration, and Gerard Araud, Carl Bildt, Robert Cooper, Christoph Heusgen, Mark Lyall-Grant and Volker Stanzel from EU governments and institutions. In Washington, the discussion on Russia was noteworthy for the consensus that there was no alternative to engagement. In Stockholm, participants agreed that Iran's domestic political crisis made it harder to solve the nuclear problem, but they disagreed over whether further sanctions would achieve anything. Many thought that the West could not succeed in building a viable government in Afghanistan – but that pulling out would have even worse consequences than staying.

The EU governments remain divided on how to handle Russia and China. The CER is concerned about the way both these countries are evolving. In 'Liberalism retreats in China', a paper that the CER published in July, I argued that relatively hard-line and nationalist leaders were winning more of the arguments against those who are relatively liberal and multilateralist. I pointed out that Chinese foreign policy was becoming more assertive, for example towards India; that foreign companies wishing to operate in China faced more barriers than in the past, while the Chinese state was playing a bigger role in the economy; and that the government was decreasingly tolerant of dissent. Since this paper's publication all these trends have become more evident.

We organised two roundtables on China. One, with Martin Jacques of the London School of Economics and Xinning Song of Renmin University, debated Martin's provocative new book, 'When China rules the world'. The other, with three senior



*James Purnell, at the CER's 11<sup>th</sup> birthday party, hosted by the Italian Ambassador, London*

Chinese scholars – Yang Jiemian, Mei Zhaorong and Ma Zhengang – focused on EU-China relations.

Whatever problems China may face, nobody can argue that it is in decline. Which is not the case for Russia. The CER is pessimistic about Russia's ability to reduce its dependency on natural resource exports and to broaden its economic base by building manufacturing and service industries. Too many powerful people get too rich from the current economic structure.

In October we published a policy brief on the Russian economy by Pekka Sutela, arguing that Russia's leaders were wrong to focus on innovation at the expense of imitation. The example of successful emerging economies suggested that the best way to catch up with the developed world was to import technology, know-how and institutions. Russia would not be able to do that unless it did more to strengthen the rule of law, open markets, improve infrastructure and create a benign environment for businesses to work in.

It is true that President Dmitri Medvedev shows signs of wanting to pursue domestic reform and a closer partnership with the West. Some of his close advisers are very open about wanting change. One of them, Igor Yurgens, said so at a CER conference on Russia in January. But so far the president has achieved very little in terms of reform.

In February 2009 we published Bobo Lo's policy brief on the impact of the economic crisis on Russian politics and foreign policy. He argued that although the crisis would prompt Russia to renew its efforts to engage the West, its assertive foreign policy and authoritarian political system would remain largely unchanged. That prediction appears to have been correct. The Russian proposals for 'a new European security architecture', analysed in another Bobo Lo policy brief in July, focus on hard security alone and would give Russia a de facto veto over what happens in its neighbourhood. In their current form they are therefore unacceptable to the US or the EU.

One thing Medvedev has done is develop a relationship with Obama. Some Americans (and Europeans) view Obama's attempts to engage Russia as weak and ineffective. But in a policy brief in June, Tomas Valasek took a positive view of Obama's line on Russia. He argued that Obama was right to change US plans for

missile defence in Eastern Europe, and to go slow on NATO enlargement, in order to encourage Russia to become a more constructive partner. Tomas pointed out, however, that Obama expects something in return: unless Moscow offers serious help with the Iranian nuclear problem, the US-Russia rapprochement could prove to be short-lived.

### Energy, the neighbourhood and justice

There are two principle sources of tension between the EU and Russia: the common neighbourhood, and energy. The Russians want to establish some sort of sphere of influence over the countries around them. But the EU cannot accept that its neighbours should be denied the freedom to choose their own foreign policy. In May, the EU launched the 'Eastern Partnership', a well-meaning but insufficient set of measures that is intended to strengthen ties with the eastern neighbours. In 'What the economic crisis means for the EU's eastern policy'

Tomas Valasek called for closer ties with, and more financial support for, those countries. And in his essay, 'NATO, Russia and European security', Tomas argued that so long as Russia's prickly foreign policy made some Central and Eastern European countries nervous, NATO and the EU would struggle to forge a common view on Russia. Tomas argued that the alliance should take steps to reassure these countries that it is committed to defend them (Tomas was appointed as an adviser to the group led by Madeleine Albright that is helping the NATO secretary-general to draw up a new strategic concept).



(L to R) Timothy Garton Ash, Alexander Kwasniewski, Katinka Barysch, Jan Carnogursky and Thomas Mirow, debate on '20 years since the fall of the Berlin wall'. London

Ukraine's political and economic systems became weaker and more chaotic in 2009, making it harder for the country's friends in the West to make the case for embracing the country. The CER held roundtables on Ukraine with both Hryhoriy Nemyria (its deputy prime minister) and Anders Aslund (an eminent expert on the country). And as Belarus sought to balance its relationship with Moscow with closer links to Brussels, we organised a roundtable with Belarusian think-tankers.

In the EU's southern neighbourhood, the picture was mixed. The accession talks with Turkey made little progress, despite the best efforts of Commissioner Olli Rehn, who spoke about Turkey at a CER breakfast in January. One reason these talks have moved slowly is that the Cyprus problem remains unresolved. In a paper on Cyprus in September, David Hannay pointed to the costs of a failure to reunify the island: a breakdown in Turkey-EU relations, bad blood between Ankara and Athens, and a blockage to EU-NATO co-operation.

Bosnia was unable to overcome its own internal problems and thus move closer to the EU. Tomas Valasek's policy brief on Bosnia, published in March, urged western governments to pay greater attention to the country, and to refuse to countenance any part of it breaking away. But in Serbia the news was better, with the pro-western government taking the first steps towards EU membership. That government's deputy prime minister, Bozidar Djelic, spoke at a CER roundtable in March. Meanwhile Slovenia lifted its veto over Croatia's accession to the EU.

The second main bone of contention between Russia and the EU is energy. Some EU countries depend to a large extent on Russian gas, though in the long run the Union's dependency is likely to diminish, thanks to more efficient use of energy, more connections between national markets in the EU, and greater use of alternatives to Russian gas – such as Caspian gas, liquefied natural gas, shale gas, nuclear power and renewables.

In a major conference on energy security in Brussels in November – organised together with the European Council of Foreign Relations – we discussed the internal market, the prospects for the proposed Nabucco pipeline, and relations with Russia. Speakers included Sweden's foreign minister, Carl Bildt, Hryhoriy Nemyria, Commissioner Andris Piebalgs and High Representative Javier Solana. And in London we held a roundtable on the feasibility of supplying the EU with gas via South-East Europe. We were delighted that several governments and opposition parties asked us to brief them on European energy security.

We prepared for a major report on carbon capture and storage – published early in 2010 – by holding roundtables in London with Stephen Tindale (the report's author) and in Brussels with Ruud Lubbers (the former Dutch prime minister). In September we published Stephen's policy brief on how the EU could best meet its target of producing 20 percent of its energy from renewable sources by 2020. Stephen suggested, among other things, exploiting gas from sewage, and new electricity grids to link Europe to North African solar power. In November we published Nick Mabey's policy brief, 'Making choices over China: EU-China co-operation on energy and climate', in which he argued for a much closer partnership on low carbon economic development.

One other area of the CER's programme in 2009 is worth highlighting. We stepped up our work on justice and home affairs (JHA) with four dinners: one with Ilkka Laitinen, the head of the Frontex border agency; another with Gilles de Kerchove,

the EU's counter-terrorism co-ordinator, and Sir David Omand, who advised Tony Blair on the same subject; a third with William Shapcott, the head of the EU's intelligence-gathering cell, and Sir Richard Dearlove, the former head of MI6; and a fourth with Rob Wainwright, the head of Europol. We also had three breakfasts on aspects of immigration policy, with Damien Green, Conservative immigration spokesman, Jonathan Faull, the Commission's director-general for JHA, and Rainer Münz, an authority on European demographics.

Hugo Brady, who leads our work on JHA, published 'Intelligence, emergencies and foreign policy: the EU's role in counter-terrorism'. This essay explained how perceptions of the threat of terrorism vary among the member-states, how poorly the national agencies and EU bodies co-operate, and how ineffective EU decision-making hamper action against terrorists. Hugo called for a joint EU-US counter-terrorism strategy and suggested how governments could better co-operate on internal security.



*Nick Clegg, CER conference  
'What future for the EU?', London*

### **The CER in Brussels, and the media**

In the summer Hugo relocated to Brussels, to become the CER's first Brussels representative. We would never move the whole CER to Brussels: we think our distance from EU institutions benefits our work. But I have no doubt that having a senior researcher in Brussels to promote our research and gather information will be of great value. A number of our alumni are congregating in Brussels. Heather Grabbe, having spent four years in Commissioner Rehn's cabinet, now runs the Open Society Institute in Brussels. Steven Everts has joined High Representative Ashton's cabinet, after five years working for Solana.

Edward Bannerman, a Treasury official who invented the Lisbon scorecard during his stint at the CER, has also joined Ashton's cabinet.

Our events programme has evolved so that we now have four main types of meeting. Ever year we organise a small number of large, high-profile events. Thus in October, just after the Irish voted Yes to the Lisbon treaty, we had a major conference – with Business for New Europe – on the future of the EU. Speakers included Catherine Ashton, Lord Kerr, Giuliano Amato (former Italian prime minister), Nick Clegg (the leader of Britain's Liberal Democrats), Pawel Swieboda (from DemosEuropa, the top Polish think-tank) and two Conservatives, David Heathcoat-Amory and David Willetts.

A second kind of meeting involves the launch of a new publication, usually with a politician making a keynote speech. Thus in January 2009 Lord Myners, the UK's

City minister, spoke at the launch of our report on sovereign wealth funds. Third, we hold roundtables with a particular politician or thinker at the CER's own offices. For example we had a roundtables with two of Russia's top strategic thinkers - Sergei Karaganov and Fyodor Lukyanov - on the troubled state of Russia-EU relations. The small size of our meeting room ensures an intimate and relaxed conversation. Fourth, we arrange a number of dinners, lunches and breakfasts with interesting figures, usually for our corporate members. Thus we hosted a dinner with Foreign Secretary David Miliband in December 2009.

The CER is always busy, but 2009 was particularly frantic, with 55 conferences and seminars, a greater tally than in any previous year. We also published 25 longer pieces of work, including several not mentioned in the preceding text. We continued to produce the bimonthly bulletin, our most widely-read publication, and the web-only CER insights, that appear roughly once a week. We redesigned our website in October, and we like the result. Our researchers all write for outlets other than the CER. In 2009 we wrote more opinion pieces for international newspapers than ever before: 31 were published in the *Financial Times*, *Global Times* (China), *International Herald Tribune*, *Kathimerini* (Greece), *New York Times*, *NRC Handelsblad*, *Observer*, *Time* and *Wall Street Journal*. No other European think-tank came close to publishing so many pieces in the international press.

Another measure of our influence is the frequency with which we are quoted in the world's media. Our friends at Bruegel, the Brussels economics think-tank, passed us their analysis of how often eight leading European and American think-tanks – all active on economic and/or EU issues – were quoted in the international press in the period January 2007 to October 2009, inclusive. The Peterson Institute in Washington won, with 1,599 quotes. The CER came second, with 547 – ahead of all the others, including the Centre for European Policy Studies and the European Council on Foreign Relations. It is worth noting that this analysis excluded the *Financial Times*, which is our best source of quotes; and that the other think-tanks covered in the survey have a much larger staff and a bigger budget than ourselves.

### The CER and Britain

The CER is a European think-tank that happens to be based in Britain, rather than a think-tank focused on Britain itself. Most of our publications and seminars have nothing to do with Britain. Nevertheless, with a British general election approaching, and the likelihood (though not the certainty) of a change of government, the CER has evidently been busy developing ties with the Conservative

Party. In addition to the many events with Conservatives already mentioned, we had a breakfast with David Willetts, shadow universities secretary, on European demography; a breakfast with Nick Boles, head of the Conservatives' implementation team, on 'Politics in the post-bureaucratic age'; and a lunch with Michael Gove, shadow schools secretary, on 'The open society and its enemies'. One of the most prominent Conservative eurosceptics, Daniel Hannan MEP, spoke at our fringe meeting at the Conservative conference in Manchester. Two senior Conservatives, Pauline Neville-Jones and Edward Llewellyn, took part in our Daimler forum in Stockholm in November.

After the Irish voted Yes to the Lisbon treaty, in October, David Cameron, the Conservative leader, unveiled a new EU strategy. He said he would accept the Lisbon treaty and not hold a referendum, but that he wanted opt-outs from the treaties on social policy, JHA and the Charter of Fundamental Rights. I responded with an essay in December, 'Cameron's Europe: Can the Conservatives achieve their EU objectives?' I assessed the viability of Cameron's proposals and argued that he would find it difficult to opt out of EU treaties, particularly in the area of social policy. I urged Cameron to focus instead on safeguarding key British interests, for example by preventing EU regulation from damaging the City. I concluded that a Conservative Britain would boost its influence in the EU if it came up with constructive proposals on economic reform, energy, climate change and European defence.

In Britain, and across the whole European continent, there is a huge need for the sober, pragmatic and constructively critical approach to the EU that the CER offers. That was the stance of Ralf Dahrendorf, who will continue to inspire us. He concluded his CER pamphlet by remarking that Europe appealed to peoples' heads rather than to their hearts. And he added: "A Europe which pretends to be a nation writ large, even a superpower, is in fact a monstrous construction rather than an ideal. European co-operation among democracies is a sensible way of dealing with a number of issues which elude even large member-states and cannot yet be done globally. It is no more, but also no less."



(L to R) Charles Grant, David Miliband and Christine Farnish, CER dinner, London

Charles Grant, Director



# CER Publications 2009

## Reports

### **The Lisbon scorecard IX: How to emerge from the wreckage**

Simon Tilford and Philip Whyte (February 2009)

### **Narrowing the Atlantic:**

#### **The way forward for EU-US trade and investment**

Philip Whyte (April 2009)

## Essays

### **The euro at ten: Is its future secure?**

Simon Tilford (January 2009)

### **Multilateralism light: The rise of informal international governance**

Risto Penttila (July 2009)

### **Is Europe doomed to fail as a power?**

Charles Grant (July 2009)

### **Intelligence, emergencies and foreign policy:**

#### **The EU's role in counter-terrorism**

Hugo Brady (July 2009)

### **Cameron's Europe: Can the Conservatives fulfil their EU objectives?**

Charles Grant (December 2009)

## Working paper

### **NATO, Russia and European security**

Tomas Valasek (November 2009)

## Policy briefs

### **Russia's crisis – what it means for regime stability and Moscow's relations with the world**

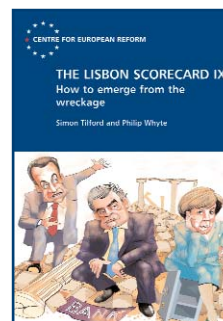
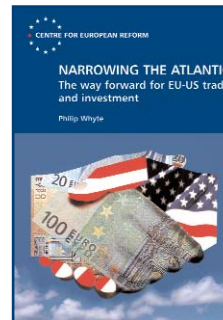
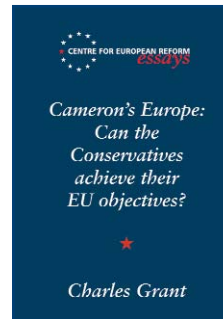
Bobo Lo (February 2009)

### **Is Russia a partner to the EU in Bosnia?**

Tomas Valasek (March 2009)

### **What the economic crisis means for the EU's eastern policy**

Tomas Valasek (April 2009)



### **Obama, Russia and Europe**

Tomas Valasek (June 2009)

### **The EU's approach to Israel and the Palestinians:**

#### **A move in the right direction**

Clara Marina O'Donnell (June 2009)

### **The EU finally opens up the European defence market**

Clara Marina O'Donnell (June 2009)

### **Medvedev and the new European security architecture**

Bobo Lo (July 2009)

### **How to meet the EU's 2020 renewables target**

Stephen Tindale (September 2009)

### **How strong is Russia's economic foundation?**

Pekka Sutela (October 2009)

### **What to do about the Lisbon treaty? Four options for the Conservatives**

Charles Grant (November 2009)

### **Rebalancing the Chinese economy**

Simon Tilford (November 2009)

## Briefing notes

### **New Europe and the economic crisis**

Katinka Barysch (February 2009)

### **Will Spain remain a small country?**

Charles Grant (May 2009)

### **The Swedish EU presidency**

CER (July 2009)

### **Liberalism retreats in China**

Charles Grant (July 2009)

### **Cyprus: The costs of failure**

David Hannay (September 2009)

### **Last chance for Lisbon: Ireland's EU referendum**

Hugo Brady (September 2009)

# CER Events 2009

**13 January:** Launch of 'State, money and rules: An EU policy for sovereign investments' with David O'Sullivan, Brussels

**15 January:** Launch of 'State, money and rules' with Lord Myners, London

**29 January:** Breakfast meeting with Commissioner Olli Rehn, Brussels

**5 February:** Dinner with Ilkka Laitinen, Head of Frontex, London

**20 February:** Seminar on 'The impact of the economic crisis on Russia' with Igor Yurgens, London (below left)

**10 March:** Dinner with Gilles de Kerchove and Sir David Omand on counter-terrorism, London

**11 March:** Roundtable on Ukraine with Anders Aslund, London

**12 March:** Roundtable with Bozidar Djelic, deputy prime minister of Serbia, London

**13 March:** Launch of 'The Lisbon scorecard IX', with President José Manuel Barroso, Brussels

**19 March:** Roundtable on 'The Southern corridor and Europe's Caspian gas strategy' with Giorgi Vashakmadze, London



**20 April:** Dinner with Adair Turner, London

**30 April:** CER/Brookings/SWP Daimler Forum on 'World order and

global issues'. Speakers included: Jim Steinberg, Washington

**5 May:** Breakfast meeting on East European economies with Erik Nielsen and Erik Berglöf, London

**13 May:** Breakfast meeting on the European economy with Marco Buti, Brussels

**14 May:** Dinner with Axel Weber, Bundesbank President, London (right)

**15 May:** Roundtable with Hryhorii Nemyria, London (below left)

**18 May:** Breakfast meeting on migration policy with Jonathan Faull, London

**20 May:** Breakfast meeting on the Conservatives' plans with Nick Boles, London

**21 May:** Launch of 'Narrowing the Atlantic' with Ambassador Bruton, Washington



**1 June:** Launch of 'The Lisbon scorecard IX', with Greg Hands, London

**8 June:** Launch of 'Narrowing the Atlantic' with Catherine Ashton, London

**9 June:** Launch of 'Narrowing the Atlantic' with David O'Sullivan, Brussels

**16 June:** Breakfast meeting with David Willetts on European demography, London

**18 June:** Breakfast meeting on emissions trading with Jos Delbeke, Brussels

**23 June:** Dinner on European defence with John Hutton, London

**29 June:** CER 11<sup>th</sup> birthday party hosted by the Italian ambassador. Speaker: James Purnell, London

**6 July:** Dinner on 'Intelligence sharing in the EU' with William Shapcott and Sir Richard Dearlove, London

**8 July:** Lunch with Michael Gove on 'The open society and its enemies', London

**10 July:** Roundtable on 'When China rules the world' with Martin



Jacques and Xinning Song, London

**15 July:** Breakfast meeting with Heinz Zourek on industrial policy, London

**9 September:** Roundtable on carbon capture and storage, London

**14 September:** Dinner with Ivo Daalder, London

**17 September:** Launch of Stephen Tindale's paper on renewables, London

**23 September:** Breakfast meeting with Rainer Münz on 'Can migration reinvigorate an aging Europe?', London

**29 September:** Roundtable with the Pentagon's Jim Townsend, London

**29 September:** Fringe meeting at Labour party conference, 'Is the EU unravelling?' with Charles Clarke, Geoff Hoon,

James Purnell, Neil O'Brien and Roland Rudd, Brighton (left)

**6 October:** Fringe meeting at Conservative party conference, 'Is the EU unravelling?' with Daniel Hannan MEP, Manchester

**9 October:** Conference on 'What future for the EU?', with Giuliano Amato, Catherine Ashton, Nick Clegg, David Heathcoat-Amory, Lord Kerr, Pawel Swieboda and David Willetts, London

**14 October:** Roundtable on 'China and Europe' with Yang Jiemian, Mei Zhaorong and Ma Zhengang, London

**15 October:** Breakfast meeting with Philip Lowe on competition policy, London

**16 October:** Breakfast meeting with Jorgen Holmquist on 'Is the single market under threat?', Brussels

**27 October:** Breakfast meeting with



Otmar Issing on 'The new world monetary and regulatory architecture', London

**2 November:** Debate on '20 years since the fall of the Berlin wall'. Speakers included: Timothy Garton Ash, Alexander Kwasniewski and Thomas Mirow, London

**3 November:** Dinner with Rob Wainright, Director of Europol, London

**11 November:** Breakfast meeting with Damian Green on immigration policy, London (left)

**12 November:** Breakfast meeting with Meglena Kuneva, commissioner for consumer affairs, Brussels

**17 November:** EU energy conference. Speakers included: Carl Bildt, Hryhorii Nemyria, Andris Piebalgs and Javier Solana, Brussels

**19 November:** CER/Brookings/SWP/Daimler conference on 'World order and global issues'. Speakers included: Carl Bildt, Ivo Daalder and Christoph Heusgen, Stockholm

**25 November:** Breakfast meeting with Hector Sants on financial regulation, London

**30 November:** Breakfast with Diego Lopez Garrido, Spanish Secretary of State for the EU, London

**1 December:** Memorial seminar on 'Ralf Dahrendorf's Europe', Oxford

**2 December:** Roundtable with Ruud Lubbers on carbon capture and storage, Brussels

**9 December:** Dinner with David Miliband, London (right)

**10 December:** Roundtable on Russia and the EU with Sergei Karaganov and Fyodor Lukyanov, London



# Financial support 2009

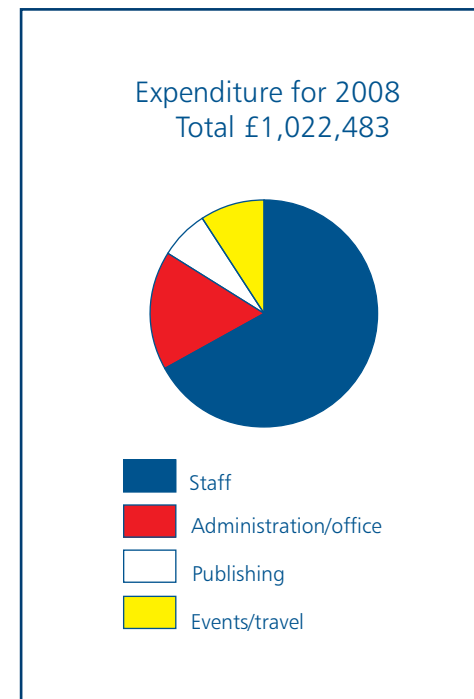
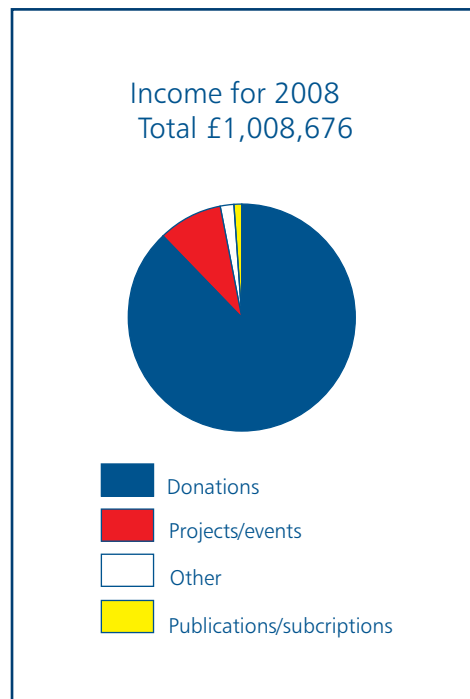
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Accenture, Access Industries, AstraZeneca, BAE Systems, BAT, Barclays Bank, BNP Paribas Fortis, The Boeing Company, BP p.l.c., BT, Citi, Clifford Chance, Dadco Investment, Daily Mail and General Trust, Detica, Deutsche Bank AG, Diageo, The Economist, Euromoney, Finmeccanica, Finsbury, Goldman Sachs, Group 4 Securitor, JP Morgan, KPMG, Lockheed Martin, Masterfoods, Nomura, Open Society Institute, Raytheon, Rolls-Royce, Shell, Standard Chartered, Terra Firma, Tesco, Thales, Time Warner Europe, UBS AG, Unilever, United Parcel Services, Vodafone and Western Union

In addition to our corporate members, numerous other companies have supported specific publications and events.

## Income and expenditure

Audited accounts for year ending 31.12.2008



# Advisory board members 2009

**GIULIANO AMATO** .....Former Italian Prime Minister  
**ANTONIO BORGES** .....Former Dean of INSEAD  
**NICK BUTLER** .....Senior Policy Adviser to Prime Minister Gordon Brown  
**IAIN CONN** .....Group Managing Director and Chief Executive, Refining and Marketing, BP p.l.c.  
**LORD DAHRENDORF (RIP)**.....Former Warden of St Antony's College, Oxford and EU Commissioner  
**LORD HANNAY** .....Former Ambassador to the UN and the EU  
**LORD HASKINS** .....Former Chairman, Northern Foods  
**FRANÇOIS HEISBOURG** .....Special Advisor, Fondation pour la Recherche Stratégique  
**WOLFGANG ISCHINGER** .....Global Head of Government Affairs, Allianz  
**LORD KERR (CHAIR)** ....Chairman of Imperial College London and Deputy Chairman, Royal Dutch Shell  
**CAIO KOCH-WESER** .....Vice Chairman, Deutsche Bank Group  
**FIORELLA KOSTORIS PADOA SCHIOPPA** .....Professor, La Sapienza University, Rome  
**RICHARD LAMBERT** .....Director General, The Confederation of British Industry  
**PASCAL LAMY** .....Director General, WTO and former European Commissioner  
**DAVID MARSH** .....Chairman, London & Oxford Group  
**DOMINIQUE MOÏSI** .....Senior Advisor, Institut Français des Relations Internationales  
**JOHN MONKS** .....General Secretary, European Trade Union Confederation  
**BARONESS NEVILLE-JONES** .....National Security Adviser to the Leader of the opposition  
**CHRISTINE OCKRENT** .....CEO, Audiovisuel Extérieur de la France  
**STUART POPHAM** .....Senior Partner, Clifford Chance  
**LORD ROBERTSON** .....Deputy Chairman, Cable and Wireless and Former Secretary General of NATO  
**ROLAND RUDD** .....Chairman, Business for New Europe  
**KORI SCHAKE** .....Research fellow, Hoover Institution and Bradley Professor, West Point  
**LORD SIMON OF HIGHBURY** .....Former Minister for Trade and Competitiveness in Europe  
**PETER SUTHERLAND** .....Chairman, BP p.l.c. and Goldman Sachs International  
**LORD TURNER** .....Chairman, Financial Services Authority  
**ANTÓNIO VITORINO** .....Former European Commissioner  
**IGOR YURGENS** .....Chairman of the Board, Bank Renaissance Capital

# Staff 2009

**Charles Grant is the director.**  
His interests include transatlantic relations, the future of Europe debate, European defence, Russia and China.



**Katinka Barysch is the deputy director.**  
Her areas of expertise are Russia, energy, the European economy and globalisation, EU enlargement and Turkey.



**Simon Tilford is the chief economist.**  
He focuses mainly on competitiveness, macro-economics, economic reform, the euro and the environment.



**Tomas Valasek is director of foreign policy & defence.**  
He specialises in European foreign and security policy, European neighbourhood policy, transatlantic relations, and the defence industry.



**Bobo Lo is a senior research fellow.**  
He specialises in Russia and China.



**Philip Whyte is a senior research fellow.**  
He specialises in fiscal and monetary policy, micro-economic reform and the EU budget.



**Hugo Brady is a senior research fellow.**  
He specialises in justice and home affairs as well as the reform of EU institutions.



**Clara Marina O'Donnell is a research fellow.**  
She specialises in European foreign policy, defence and the Middle East.



**Catherine Hoyer is the events and office manager.**  
She also manages the accounts and is PA to Charles Grant.



**Kate Mullineux 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 events assistant.**  
She also provides administrative support to the researchers and manages the CER's database.





"The Centre for European Reform, by far the best of all EU think-tanks in London"  
**The Guardian**

"A think-tank that manages to be both Atlanticist and Europhile"  
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**The Financial Times**

Centre for European Reform  
14 Great College Street  
London  
SW1P 3RX  
UK

Tel: +44 20 7233 1199  
Fax: +44 20 7233 1117  
info@cer.org.uk  
www.cer.org.uk  
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