

Editor: Antonio Missiroli (Tel. 84147)

Coordinator: Isabelle Ioannides
(Tel: 87407)

Assistant: Aurélie Therace
(Tel. 64925)

Disclaimer: The views expressed in
the BEPA Monthly do not necessarily
reflect those of the European Commis-
sion.

CONTENTS

Leap year 2012	1
Europe 2012: The devil is in the details	2
Europe 2012: Risks and opportunities	4
Think Tank Twitter	8
BEPA News	10

EDITORIAL

By *Antonio Missiroli*

Leap year 2012

We all wish that “Europe 2012” be a different – and better – year than the one experienced in 2011.

Indeed, 2012 is expected to be delivery time for a new multi-pronged system encompassing tighter monitoring and scrutiny of national budgets, a more flexible approach to crisis management by the European Central Bank, and possibly even some initial form of “stability bonds” as sketched by the Commission. It is widely understood that only a combination of *all* these ingredients will eventually do the trick. And it is also to be hoped that 2012 will bring agreement on their precise mix, sequencing and phasing-in.

Delivering on all this is crucial to offering a more convincing response to international markets – but also to our citizens. The growth forecasts for 2012, in fact, are bleak enough to raise concerns about the impact of the austerity measures adopted by many euro zone members. Their combined effect is already prompting a recession which may, in turn, exacerbate the fiscal difficulties of most EU countries. If Europe is

increasingly – worse, exclusively – identified with internal recession and external “intrusion”, the risk of a major backlash at societal level is bound to grow. Populism is already on the rise and can make well-balanced and effective compromises at EU level ever more difficult to achieve.

But a new year is, above all, an occasion for good will resolutions and renewed hope. 2012 is also a leap year (the year of the Dragon in the Chinese calendar) and therefore a special one by nature and definition. Moreover, European national football teams will face one another in Poland and Ukraine, and London will host the Olympic Games.

It will, in other words, be a time of risk and a time of opportunity for all. Accordingly, this special issue of BEPA Monthly Brief dwells on the challenges the EU may be confronted with next, and highlights the need for a new leap in the integration process.

It includes a shortened version of an internal policy brief a team of BEPA advisers drafted before Christmas to highlight precisely that: the risks and the opportunities for “Europe 2012”.

1 Europe 2012: The devil is in the details

By Vivien A. Schmidt*

The big question for the EU in 2012 is not only: “will it solve the debt crisis?” It is also: “will it survive the solution?” Lurking behind the debt crisis is a growth crisis, in particular with austerity policies imposed across Member States, along with a competitiveness crisis for Southern Europe. These three crises will fester even if the debt-related one were to be resolved by the “big bazookas”.

So how does the EU restart growth across Europe and rebuild competitiveness in the South, in particular in light of a “fiscal compact” that prescribes one-size-fits-all budgetary austerity for all euro zone members? The devil is in the details – and those details involve not just economics but also governance and politics.

Rules for laws

Details have seemed to bedevil EU agreements of late. The 9-10 December meeting of EU leaders that proposed an intergovernmental agreement outside the treaties has left EU officials scrambling to find ways to allow this to be done. And the contents of that agreement, much like those coming out of previous such meetings, have come up against the hard realities of the markets as, time after time, the details of the proposed solutions have not lived up to market expectations. But they also come up against the arcane rules of EU governance. If nothing else, the British “veto” of the Franco-German proposal for a EU-wide fiscal union demonstrates that the euro zone is also suffering from a crisis involving its decision rules, and in particular the unanimity rule for treaties.

The way most experts think about getting around the unanimity rule is by moving toward qualified majority voting (QMV). But this cannot work where new issues not already covered by the treaties are concerned. Nor should it: sovereignty is at issue here, and in an EU in which there is still insufficient common identity, political community, or sense of legitimacy to allow for a majority of states to impose on a minority in the absence of already negotiated EU-level control, QMV cannot work.

Supermajorities with opt-outs, however, could work. The British opposition to the “fiscal compact” is a perfect test case for this. The British do not want to play, but they should not spoil the game for the others. Now is the time for the Member States to agree that in special circumstances they will go for supermajorities (say, four-fifths or 85%), with an opt-out for the one or two countries that do not want to play (and it is always one or two). This would avoid the uncertainties of a Schengen-like intergovernmental agreement outside the treaties.

Overlapping ovals?

What would the European Union look like as a result? Not the core with concentric circles that many now evoke. Rather, beyond the Single Market to which everyone belongs, the EU should be seen as consisting of overlapping policy communities. Those Member States that belong to *all* such policy communities might constitute a “core”, but this would not lead to concentric circles around that core. Rather, visualize this as ovals in which greater or lesser parts of each oval overlap with the others – with the Single Market as an all-encompassing circle.

Accordingly, the euro zone would certainly constitute a major policy community, without Britain, Denmark and Sweden. But security and defence would include Britain as a key member along with France, Germany and others (but not Denmark); and Schengen would be yet another, with Britain out and Denmark in. Were “enhanced cooperation” to gain traction, we could envision an even wider range of overlapping policy communities of greater or lesser significance.

Deeper fiscal integration could also create more overlapping policy communities. But here, the mistake some have made is to assume that deeper integration that includes not just taxation but also labour markets (as Sarkozy announced) would mean that all 17+ would move forward together.

Vivien A. Schmidt is Jean Monnet Professor of European Integration and Director of the Center for the Study of Europe at Boston University.

EU Member States have such different varieties of capitalism, with different growth models, financial market profiles, production systems, labour markets and wage-bargaining systems, pension and health care arrangements, systems of taxation, and so on. It would be impossible to agree to common rules without potentially harming the variety that makes for the strength of the EU's economy. Yet one could easily envision different "enhanced cooperation zones" in many of these areas. For example, why not set up "zones of enhanced labor mobility" among member-states with reconcilable arrangements in pensions, health care systems, or labour contracts (say, continental countries like the Netherlands, Belgium, Luxembourg, Austria and Germany)?

Flexible sticks, conditional carrots

But once we are talking about the details of deeper fiscal integration, we also need to consider the "fiscal compact" itself. The recourse to automatic rules to reduce macroeconomic excesses is highly problematic, given the great differences in Member States' political economies. Thinking that all countries can achieve Northern levels of export-oriented growth if they just stick to the German "culture of stability" spells a "culture of decline" for much of Southern Europe. The plans for the European Semester suggest that the Commission will pay attention to countries' differences. But the rules to be applied (based on the numbers set out in the Stability and Growth Pact and refined in subsequent agreements) do not allow for much flexibility.

There may be ways around this, however. If there were to be flexibility in what counts towards the budget deficit, in how fast it is to be reduced, or in which part of the accumulated debt is to be addressed, then the "fill-in-the numbers" approach might still work. For example, why not leave off the balance sheets growth-enhancing investments in infrastructure projects, education, training, research and development?

Beyond this, the EU itself needs to do much more to help Member States in trouble. For investment, a recapitalised European Investment Bank (EIB) could be a way to jumpstart a Europe-wide investment programme. Moreover, "Social Europe" has been sorely absent in the face of a

rapid increase in poverty, inequality, and unemployment. The structural funds designed to promote economic development in regions in need have gone mostly unused by the poorest Southern European regions. And the European globalization adjustment fund (EGF), set up to address unemployment problems resulting from globalization, turns out to have disbursed almost no money in 2010 (as reported by the *Financial Times*). If the EU wants to win the battle of hearts and minds, it needs to demonstrate that it offers not just sticks but also carrots.

The Member States in trouble themselves would benefit from more EU carrots. But as we know, they also need to do more with regard to sticks. This is not easy, in particular for countries that have already been struggling with austerity programmes for the past couple of years. And it is certainly not going to work if governments' only refrain in justification for more sticks is: "The devil (read: the EU/IMF) made me do it." Rather, national governments also need to offer carrots – *i.e.* growth enhancing and poverty alleviation programmes – alongside structural reform.

A fourth crisis?

Politics remains an issue for any reform effort, as it does for the perception of the EU's role. Euro-scepticism is on the rise both in Southern Europe, where citizens see the EU as imposing unnecessarily harsh austerity to placate Northern Europe; and in the North, where citizens see the EU as imposing unnecessarily high costs in bailing out the South. Moreover, populist parties (in particular on the extreme right) have been benefiting greatly from the crisis, as they shift their emphasis from anti-Muslim to anti-European politics. The problem for the EU as well as national governments is that if the reform efforts succeed, and growth takes off, then citizens may gain renewed faith in national and EU level democracy. But if they don't work, yet another crisis will ensue, beyond the debt, growth, and competitiveness crises. And that is the crisis of democracy.

Let us hope that 2012 begins to address all three economic crises, so that the fourth (political) one does not ensue. The European project itself hangs in the balance.

2 Europe 2012: Risks and opportunities

This text is a synthesis of an internal policy brief drafted by an ad hoc group of BEPA advisers right before the Christmas break.

THE EU ECONOMY

At the start of the new year, important decisions are expected to be finalised in order to tame the euro zone crisis that has escalated since early 2010. The interplay between budgetary austerity and growth prospects will be a crucial test for all in both economic and political terms.

Risks

The only way to avoid a nightmare scenario around the euro is to reassure investors that solvent euro zone governments will be able to refinance their debts at sustainable rates and that the euro is going to survive in its current form. And to reassure the ECB and markets that governments remain committed to making the euro work, a roadmap towards Eurobonds needs to be drawn up, subject to strict conditionality and tied to a credible mechanism for ensuring fiscal prudence.

Even if this nightmare scenario is avoided, 2012 is going to be an extremely difficult year. All the signs suggest the euro zone is already in recession and this is likely to get worse in 2012. Even German GDP looks set to shrink. Recession, high unemployment and budget cuts will place severe pressure on welfare systems. As unemployment rises and incomes are squeezed, the political backlash and social unrest are likely to grow.

History shows that economies take a long time to recover after financial crises. The lost output is not recovered. Unemployment persists and crunched credit depresses investment. So, even if the acute phase of the crisis (the financial panic) is resolved in early 2012, the chronic phase – prolonged stagnation while households, banks and governments restore their balance-sheets and capital and labour are shifted to more productive uses – will be a drag on growth for many years.

Opportunities

Structural reforms are necessary but not sufficient to stimulate growth in 2012: given that demand is depressed and credit crunched, the more

productive jobs and businesses that will eventually boost growth will take longer than usual to appear.

Supportive monetary policy is essential. This involves ensuring a “smooth transmission of monetary policy” – i.e. maintaining low interest rates throughout the euro zone, preventing a decline in the money supply and supporting bank credit to the real economy.

A more competitive (*i.e.* much weaker) euro would help. Markets seem to be delivering this now. A weaker euro would be particularly helpful for Mediterranean economies whose exports are more price-sensitive.

Fiscal support is also important. Governments that cannot borrow cheaply (or at all) from markets have no option but to adjust. But they should maintain investment in skills and infrastructure, while cutting subsidies and transfer payments. They should also accelerate necessary reforms, such as raising the official retirement age and encouraging people to work longer. Slashing payroll taxes and replacing the revenues with higher VAT could also help. Governments that can borrow at unprecedentedly low rates can and must play their role in supporting demand.

Measures to promote investment are needed at national and EU level. At a national level, these could include making it easier to start a business and improving SMEs’ access to finance (by encouraging venture capital and, if necessary, providing partial government guarantees for banks lending to SMEs). At EU level, it is vital to greatly increase the capital of the EIB in order to finance a big wave of pan-European investment. Countries with a current-account surplus must play their part in the intra-euro zone adjustment.

SINGLE MARKET

Risks

The ongoing crisis, deepening austerity and rising unemployment will place a severe strain on the Single Market, as it did in 2008/09. National politicians will come under increasing pressure to support and protect domestic industries and jobs in ways incompatible with the Single Market. The crisis is also threatening the Single Market in financial services, as funding difficulties and fears

of a euro break-up push banks to repatriate their lending and activities back to their home countries.

Opportunities

The Single Market also provides opportunities to create growth and jobs by fully implementing the Services Directive and the first wave of 12 Single Market Act measures. Much more could be done to broaden and deepen the Single Market. The “Cost of non-Europe” study, led by BEPA, will deliver initial conclusions in the summer and final ones by the end of 2012. It will shed light on the potential for further integration and its likely impact on growth and jobs, identifying the sectors with the most potential and the barriers to a better functioning market.

INDUSTRY AND RESEARCH

Risks

A lack of financing and weak demand will continue to hit industrial investment, SME growth and business start-ups. This will fan fears about the hollowing out of Europe’s industrial base and its impact on jobs and innovation.

Both private and public investment in R&D is expected to decline, undermining Europe’s capacity to innovate and grow, and pushing the EU even further behind the US. In some Member States public investment will fall below the level needed to sustain an adequate research sector, damaging the competitiveness of already weak industrial sectors.

Cuts in higher-education budgets, which will be severe in some Member States, may lead to a further rationalisation of the sector: more mergers, strategic cross-border cooperation, and debate on tuition fees and the importance of attracting students from outside the EU.

Opportunities

To mitigate the impact of the fall in R&D, a strong (legislative) impulse to the European Research Area could offer opportunities to do more with less. At a national level, funding cuts might – and arguably should – force countries to concentrate their research efforts on certain sectors (“smart specialisation”), so as to achieve critical mass and impact. At EU level, a more targeted industrial policy, together with an ambitious second phase of the Single Market Act,

could boost sectors with high growth potential by removing regulatory and financing obstacles.

TRADE

Risks

The euro zone crisis and global economic slowdown could trigger a resurgence of protectionism. Deepening recession and rising unemployment in Europe are likely to increase protectionist pressures. The response could take a conventional form – e.g. an increase in anti-dumping investigations – or a novel one: a carbon tax on imports and other forms of “green” protectionism. WTO disputes may also flare up.

The bigger risk is a global trade war, which the euro zone crisis might help precipitate. So far, countries have been squeezed between the US, which has driven down the dollar through its quantitative easing, and China, which has limited the appreciation of the renminbi against the dollar and whose currency has therefore weakened against those of many other countries. The big danger is that the euro zone also starts to engage in such policies. While the G20 might help deter an outbreak of hostilities, its declarations to resist protectionism have so far proven largely toothless.

Opportunities

While the Doha Round remains stuck, 2012 could be a good year for the EU’s bilateral trade agreements. A deal with Ukraine was almost initialled in December, then temporarily frozen for political reasons; negotiations with Canada and Singapore might also be completed in 2012; those with India could make decisive progress too. The second half of the year might even offer a window of opportunity for finally concluding an association agreement with Mercosur, although many obstacles remain.

ENERGY AND CLIMATE

Risks

Recession and high unemployment are likely to test many Member States’ commitment to introduce costly measures to tackle climate change. At a global level, while the international climate negotiations struggle on after Durban, there is a risk that this slow-moving process be killed by the withdrawal of one or more of the major parties to the negotiations.

The EU is very vulnerable to supply disruptions and/or soaring energy prices. Events in the Middle East, North Africa and the Gulf could cause oil prices to soar from their current level of around \$100 a barrel to \$200 or more. Gas supplies from Russia might also be disrupted, particularly in the first three months of the year, by ongoing tensions between Gazprom and the main transit countries, Ukraine and Belarus.

Opportunities

The slow progress in the global climate negotiations provides the opportunity for a post-Durban rethink of the EU's climate-change strategy. For example, the EU could consider support for a green venture-capital industry, an initiative to free global trade in environmental services and end harmful subsidies, and a plurilateral approach (*i.e.* with key players first) to climate negotiations.

Energy policy also offers windows. Together with completing the single market in energy and developing alternative supplies – such as shale gas – and supply routes, validating the Commission's entitlement to obtain information on bilateral energy deals between Member States and third countries would be a big step forward for EU energy policy.



THE EU AND THE WORLD

The global outlook for 2012 will be characterised by transitions to new administrations in the US, Russia and China and by uncertain transitions in the EU neighbourhoods. Unexpected events (the so-called “black swans”) may also trigger new developments.

Risks

For the first time since the middle of the 20th century, negative developments in Europe may produce shockwaves in the wider world. Economic recession, a possible collapse of the euro zone, a general banking crisis, a resurgence of protectionism could all affect the global system and trigger a spiral of actions and reactions. This would not only weaken the EU's hand in multilateral bodies and fora but also strain (or even disrupt) ongoing negotiations and processes.

Opportunities

The EU should emphasise inter-dependence and inter-connectedness and thus foster concerted and cooperative action at global level. In the IMF framework, this could lead to a further power shift between the “West” and the “rest”. By driving rather than being reluctantly dragged into this process, Europe could pursue a new balance between formal presence and informal influence, thus binding the BRICS more tightly into a shared multilateral logic. But the overriding challenge for the EU will be to get out the messages to strategic partners/G 20 members about its response to the crisis and the need for common solutions, building on those agreed at the G 20 summit in Cannes. This task is most urgent in Asia, with Latin America not far behind.

UNITED STATES

Risks

The US will have a long and uncertain presidential campaign. More aggressive public rhetoric on both trade and macro-economic financial issues from both parties as the campaign progresses cannot be ruled out (with eco-taxes on airlines as a domain to be watched carefully). As a result, the Obama administration may have to act in a more robust and “selfish” way in a number of areas.

Opportunities

The EU should monitor the campaign carefully and assiduously, and foster close contacts with both Democrat and Republican leaders in the coming months – in particular as the position of the Republican Party becomes clearer – with a view to preparing the ground for substantial breakthroughs in 2013. The recently established High Level Working Group on Jobs and Growth also constitutes a key platform to build on in the immediate future.

RUSSIA

Risks

The partially unexpected outcome of the recent elections for the Duma and the ensuing protests in Moscow cast a new light on the forthcoming presidential elections. What initially appeared as a foregone conclusion is now clouded in uncertainty over the unfolding of the campaign, including the possibility that Vladimir Putin is forced to a run-off. Whether this is the dawn of a Russian

“spring” or a source of unrest and turmoil is unclear – but it is nonetheless likely to have consequences on the way in which Russia is run, domestically as well as on the international scene. Different views on that may emerge during or after the vote, however, rendering Russian policy less predictable.

Opportunities

The atmosphere of the recent summit on 15 December was constructive, with progress on visa, energy, aviation and some foreign policy issues (including Syria). President Medvedev’s own position following the March elections is still unclear, but there was agreement to look on how to engage deeper and better on trade and investment issues following Russian accession to the WTO. If this is a shared long-term analysis – and especially if Prime Minister Putin, once elected President, decides to start reforming the system – there will be room for incremental progress. On top of that, the demands raised by the demonstrators in Moscow are fully in line with most EU positions. If Putin listens, this could further contribute to better relations – both bilaterally and regionally.

CHINA

Risks

Changes at the top of party and state, to be finalised between March and October, are unlikely to bring major changes in the short term, much as they are still difficult to read. Xi Jinping is expected to take over as President and Li Keqiang as Prime Minister: both are prominent members of the Standing Committee of the ruling party, whose composition is also due to be refreshed significantly. While China is unlikely to change course rapidly, the combined pressure of slower economic growth, social pressure domestically, and possibly unfavourable developments in East Asia (North Korea after Kim Jong Il’s death, Taiwan after the January presidential elections) may challenge China internally and trigger action externally.

Opportunities

The pre-transition situation in the country has already affected the agenda of bilateral meetings and should perhaps prompt some rethinking on the EU side. Considering also that China’s

position has been broadly constructive at the international level (IMF, euro zone crisis), it will be important to maintain political level exchanges in person on the global economic situation and on the market access, investment and intellectual property nexus, as the window for using the lever of granting China “market economy status” in the WTO is closing rapidly (it will be granted anyway in 2016).

NEIGHBOURHOODS

Risks

After the “strategic surprise” of the Arab spring(s) in early 2011, the democratisation process in the Arab world is now encountering major difficulties (Egypt) and rising violence (Syria). Elections in Tunisia, Morocco and Egypt (where the process continues well into 2012) have also signalled the emergence of parties of Islamic inspiration – some relatively moderate, some more radical – who are now likely to shape the policies of coalition governments and a setback for secular and liberal forces. This could have consequences in terms of both domestic (sharia law) and foreign policy, and go against Western and European interests and values. Uncertainty and instability may come to characterise 2012 in the Southern neighbourhood, while the pursuit and consolidation of democracy in the Eastern neighbourhood continues to be slow and piecemeal.

Opportunities

The EU may have to rethink its notion of stability. The current wave of democratisation is more complex than previous ones and raises new and sensitive dilemmas: this could apply also to Palestine, where a much-awaited election is in the cards now and may speed up the bid for recognition at the UN in September.

The EU should resist the temptation to pick winners and fully engage with legitimately elected governments; it should be patient and consistent in supporting rule of law and human rights; and it should invest on rulers while relying on societies rather than parties. The EU should also make the most of the limited resources and tools it has now and build “success stories” where it can (and is allowed to): in Tunisia, for instance, in Morocco and possibly – in the East – Moldova.

3 Think Tank Twitter

Think Tank Twitter (TTT) aims to provide regular information and updates on what is produced by think tanks and research centres across Europe (and beyond) on EU policy issues. As an analogy to the original Twitter, each summary – or tweet – does not exceed 140 words, rather than characters. Those who wish to signal new publications for possible inclusion can send them to the email address bepa-think-tank-twitter@ec.europa.eu

Mapping EU Strategic Partnerships

Bilateral strategic partnerships offer a flexible infrastructure through which to address political tensions and pave the way for cooperation in a complex global environment. After two decades of discrete developments, the European Council gave EU strategic partnerships a new impetus in September 2010. This mapping exercise offers the first comparative overview of partnerships with 10 countries of systemic importance, including the US and the BRICS. Based on extensive data and forecasts (economics, population, military, etc.), it reveals not only the heterogeneity of EU strategic partners, but also the potential for enhanced cooperation. Strategic partnerships result both from choice and necessity, whereby shared values do not always go hand in hand with common action. EU current domestic troubles challenge its consistency as a foreign policy actor and its ability to make good use of these partnerships.

<http://www.fride.org/publication/956/mapping-eu-strategic-partnerships>

Four scenarios for the reinvention of Europe

Popular discontent with the EU and a “clash of civilizations” among Member States currently dominate the debate. This paper analyses the possible routes for managing the euro debt crisis. According to the first scenario, *asymmetric integration*, the EU would continue its search for incremental solutions at the risk of failing to resolve the crisis, exacerbating citizens’ anger and shifting to a power-based EU. A *smaller Eurozone* would be more sustainable, but could unleash a tsunami of panic culminating with the downfall of the euro and a deep recession. *Political union* through treaty change would be the most inclusive option, but would carry the risk of democratic rejection, thus paradoxically leading to disintegration. *Federalism without the federalists*, namely Eurozone’s integration outside the scope of existing treaties, would open a gulf within the EU and marginalise the core EU17 globally.

[http://www.ecfr.eu/page/-/ECFR43 REINVENTION OF EUROPE ESSAY AW1.pdf](http://www.ecfr.eu/page/-/ECFR43%20REINVENTION%20OF%20EUROPE%20ESSAY%20AW1.pdf)

Dealing with debt crises in the Eurozone

As it currently stands, the European Stability Mechanism (ESM) suffers from several weaknesses: no clear distinction between illiquidity and insolvency; high rates; volume requirements threatening Member States ratings. This paper provides an overview of what a more comprehensive framework for sovereign debt crisis management and prevention could look like. A permanent liquidity fund with sufficient volume should first provide loans to countries experiencing payment difficulties with clear conditions and strict monitoring. A bank recapitalisation fund should directly inject capital into banks and allow for a one-off restructuring of public debt while sparing a systemic banking crisis. Eurobonds of up to 60 percent of GDP would ensure that the ESM can remain within reasonable limits while providing liquidity support to large Member States. Lastly, substantially strengthened macroeconomic policy coordination could tackle long-term macroeconomic imbalances.

http://www.swp-berlin.org/fileadmin/contents/products/research_papers/2011_RP11_Dullien_swd_ks.pdf

Foreign currency indebtedness

This commentary provides a fresh outlook on the risk of excessive foreign currency indebtedness. Loans made primarily by Nordic banks to Central Europe soared in the last decade and increased during the financial crisis. In 2010, more than 70% of overall credit in the Baltic States was granted in foreign currency. The European Systemic Risk Board (ESRB) recently warned against the exposure of borrowers and lenders. In countries with floating exchange rates, debt servicing costs have risen. Where currencies are pegged to the euro, governments have no choice but to adopt austerity measures that deteriorate the output. In both cases, default risk is high. The ESRB recommends reinforcing a preventive attitude to foreign currency lending. Central European countries, however, should focus on consolidating their institutional and monetary credibility to support local currency lending and reduce their vulnerability.

<http://www.ceps.eu/book/foreign-currency-indebtedness-potential-systemic-risk-emerging-europe>

University autonomy in Europe II: The scorecard

A recent study prepared by the European University Association (EUA) and conducted in 26 European countries demonstrates that the economic crisis and the austerity measures subsequently adopted are leading to reduced financial autonomy. Public funding is diminishing and so is the capacity of institutions to manage their budgets. Such developments are a cause for concern as they can hinder the capacity of universities to overcome the crisis successfully. Institutions are rated and ranked in four areas: organisation, financing, staffing and academic autonomy. Globally, the UK is at the top and Greek universities are the least autonomous. In some countries, national reforms aimed at improving autonomy have been recently introduced without allocating human resources or management support. EUA calls on public authorities and the European Commission to support universities in this area.

http://www.eua.be/Libraries/Publications/University_Autonomy_in_Europe_II_-_The_Scorecard.sflb.asbx

The EU, still seeking legitimacy

This interview addresses questions of EU legitimacy. While early European integration efforts drew on the consensual objective for peace, completing the Single market and adopting the euro in a global competitive environment has proved more difficult. The traditional “output legitimacy” of the EU has eroded, while improving the democratic features of its institutions has not convinced voters and failed to create a vivid European public space. Divisive issues (e.g. tax, security, social, health policies) are still largely debated at national level. “Consensus ethic” has prevented mainstream political groups in the EP to engage in more frank discussions. In that respect, the appointment of the EC President according to the results of the EP elections, as stipulated in the Treaty of Lisbon, should contribute to politicise and further legitimise the EU.

http://www.notre-europe.eu/uploads/tx_publication/EUStillSeekingLegitimacy_-_NotreEurope_-_Nov_2011.pdf

Concentrating solar power: Its potential contribution to a sustainable energy future

This report analyses a recent study by the European Academies Science Advisory Council (EASAC) on the current status and challenges of concentrating solar power (CSP). Alongside photovoltaic electricity generation, this commercially available technology has the potential to harness the immense solar resource in Southern Europe, the Middle East and North Africa. According to CSP, a high-temperature heat source is created by concentrating the sun’s rays to produce electricity in a thermodynamic cycle. According to EASAC, CSP could make a substantial contribution to meeting future EU energy needs and sustainability targets for 2050. The report identifies the need for sustained research to achieve the full cost reduction (50-60%). Cooperation with the MENA countries on CSP could also be used to support democratic reforms and develop a mutually beneficial partnership.

http://www.easac.eu/fileadmin/Reports/Easac_CSP_Web-Final.pdf

The EU and migration: A call for action

Tackling anti-EU and anti-immigrant feelings requires delivering better migration policy. In response to evidence that migration is here to stay and is economically beneficial to European societies, this paper outlines the steps needed to manage immigration more effectively at EU level. Clear legal routes for labour immigration should be established and linked to identified shortages of skills, whereas family migration must be scrutinised more closely. On asylum, EU Member States should agree on a common proposal for amending the 1951 Geneva Convention so as to restrict its scope to the most serious cases of distress. Mobility partnerships should be put at the heart of the European Neighbourhood Policy. Finally, Frontex should be given more extensive means to monitor and tackle the challenges that the most-exposed first countries of entry (e.g. Greece) face.

http://www.cer.org.uk/sites/default/files/publications/attachments/pdf/2011/essay_migration_clarke_1dec11-4208.pdf

4 BEPA News

Arrivées et départs

Le 1^{er} décembre dernier, Adriana Oltean est venue renforcer le secrétariat du Groupe européen d'éthique (EGE) et remplacer Lauren O'Connor, qui quitte le BEPA.

Le 6 décembre, le Président Barroso a officiellement annoncé la nomination d'Anne Glover au poste de Conseiller Scientifique Principal (*Chief Scientific Adviser*). Biologiste de formation, Anne Glover occupait précédemment les mêmes responsabilités auprès du gouvernement écossais. Elle a pris ses fonctions le 1^{er} janvier 2012 et est rattachée administrativement au BEPA.

Fin décembre, Sony Kapoor, directeur du think tank *Re-Define*, a quitté le BEPA où il avait le statut de visiteur depuis le mois de juin. Sony a notamment produit un rapport analysant les dysfonctionnements des marchés financiers et proposant des mesures nouvelles afin de rétablir le lien entre la finance et l'économie réelle.

Evénements

Trois conseillers du BEPA, João Marques de Almeida, Eric Peters, Baudouin Regout, étaient en mission au Brésil du 28 novembre au 3 décembre avec des représentants d'autres DGs et du SEAE, dans le cadre d'une invitation adressée à la Commission européenne par le gouvernement brésilien. Cette semaine d'échanges et de rencontres informelles a permis d'établir des contacts privilégiés au sein des décideurs brésiliens publics (Sénat, Ministère des Affaires étrangères...) et privés (industrie, finance, agro-business...). Elle a été l'occasion de constater une nouvelle fois le potentiel considérable du partenariat stratégique UE-Brésil et la volonté d'approfondir davantage les relations entre l'Union et le Mercosur.

Activités à venir

Le 24 janvier 2012, le Président Barroso rendra hommage à Diogo Vasconcelos, figure de l'innovation sociale européenne, disparu prématurément en juillet dernier. Diogo Vasconcelos a notamment présidé le "Business Panel on future EU innovation policy" en 2009-2010. Dans le cadre de ses multiples

engagements, il a soutenu le démarrage du projet "Hiriko Driving Mobility" qui sera présenté au Berlaymont le 24 janvier. Il s'agit d'un modèle de voiture électrique rétractable, qui fait l'objet de plusieurs partenariats avec de grandes villes européennes (Malmö, Berlin, Barcelone) et américaines (San Francisco). Le projet de produire localement le véhicule en recrutant des personnes éloignées du marché du travail font d'Hiriko un modèle d'innovation sociale et environnementale à échelle industrielle.

Le 24 janvier, le BEPA organise également la présentation du rapport *Innovation flagship on Golden Growth* de la Banque Mondiale, qui propose une évaluation du modèle de croissance européen. La Secrétaire générale de la Commission Catherine Day introduira la discussion et la présidence danoise sera représentée.

Le 25 janvier, le BEPA présidera un séminaire consacré au thème de la sécurité alimentaire. Cette discussion se tient dans un contexte marqué par une montée des inquiétudes et des troubles sociaux liés à la raréfaction des ressources, à la volatilité des prix agricoles et au changement climatique. Les deux principaux intervenants seront Luc Guyau, Président indépendant du Conseil de l'Organisation pour l'Agriculture et l'Alimentation (FAO), et Olivier de Schutter, Rapporteur spécial des Nations Unies pour le "droit à l'alimentation".



Helle Thorning-Schmidt et le Président Barroso, à l'occasion de la première rencontre entre la Présidence danoise et le Collège de la Commission, le 11 janvier 2012.