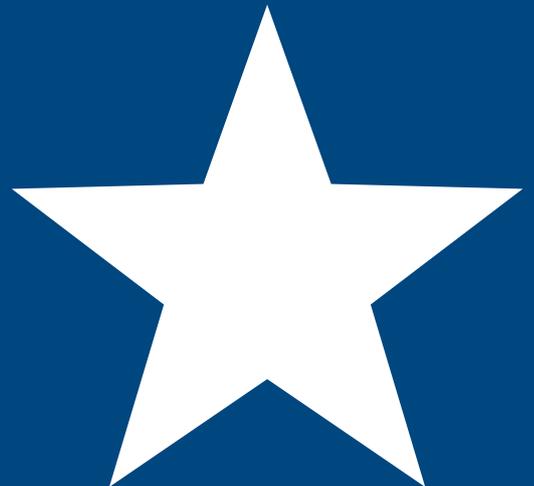


The new geopolitics

Annual Report
2020



CENTRE FOR EUROPEAN REFORM

LONDON ★ BRUSSELS ★ BERLIN



About the CER

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

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

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

THE CER IN
FEBRUARY 2021
FROM LEFT TO RIGHT,
TOP TO BOTTOM:
*Simon Tilford, Rosie
Giorgi, Luigi Scazzieri,
Jordan Orsler,
Daniel Keohane,
Sophia Besch, John
Springford, Camino
Mortera-Martinez, Ian
Bond, Katherine Pye,
Christian Odendahl,
Kate Mullineux, Charles
Grant, Sophie Horsford
and Sam Lowe*

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

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



Deadly coronavirus, domineering China and divided America

by Charles Grant

A few weeks after the 9/11 terrorist attacks, Tony Blair gave one of the most powerful speeches of his career to the Labour Party's annual conference. "The kaleidoscope has been shaken, the pieces are in flux, soon they will settle again," he said. "Before they do, let us reorder this world around us." That shake of the kaleidoscope led to wars in Afghanistan and Iraq, with profound geopolitical consequences. The kaleidoscope was further shaken by the financial crisis of 2008-10. Now the global order is once again being stirred, as a consequence of four years of President Donald Trump and the COVID-19 pandemic.

ABOVE:
Charles Grant

This double whammy – like the earlier shake-ups – is strengthening an increasingly self-confident China but creating profound problems for the US and Europe. The liberal democratic values they espouse, and their leading role in international institutions, are being challenged. Can the arrival of Joe Biden as US president, and renewed momentum for European integration, restore the self-confidence of the Western democracies? This essay looks at 12 geopolitical trends that will matter for Europe.

1) The US's reputation will take time to recover from the damage inflicted by Trump, but Biden will breathe new life into multilateralism.

Trump had his friends overseas – such as fellow strongmen Jair Bolsonaro, Narendra Modi and Benjamin Netanyahu. And he had a soft spot for dictatorial leaders like Vladimir Putin, Viktor Orbán, Mohammed bin Salman, Recep Tayyip Erdoğan and Kim Jong-un. Overall, however, Trump's four years as president have greatly

weakened America's standing in the world. Most of its democratic allies found his antics – the incessant tweets and lies, the unpredictability and narcissism, the disdain for allies and international organisations, the America-first rhetoric and the policies that sometimes veered towards racism – contemptible. America's image has suffered further from Republican leaders claiming that Trump had won the election, even after he had clearly lost, and from a majority of Republican voters believing that Biden cheated his way to victory. The US can no longer claim to be a shining beacon for democracy.

Meanwhile America's handling of the COVID-19 pandemic has been among the worst: by January 2021 it clocked up 24 million cases and 400,000 deaths. As in other countries, failure to contain COVID-19 led to poor economic performance: having grown respectably during Trump's first three years, the US economy shrank by 3.6 per cent in 2020 (though most European economies did much worse).

“China's many admirers can argue that its authoritarian system of government delivers better outcomes than Western democracy.”

The arrival of the more predictable Biden, who respects allies and takes multilateral institutions seriously, will improve the US's image, at least in the more democratic parts of the world. But Biden's ability to push through new legislation – for example on climate change – will be constrained by the Republicans holding half the seats in the Senate.

Most of Biden's priorities will lie at home – fighting COVID-19, reviving the economy and trying to heal social divisions – where he will be in constant conflict and/or negotiation with Republican leaders. But Biden will have a relatively free hand in foreign policy, except where his policies require money or treaties in order to succeed. Biden will care much more than Trump about human rights and working with friendly nations. He will take international institutions very seriously, including the World Health Organisation (which the US will rejoin), the World Trade Organisation (which he will try to reform), NATO (which he will support unequivocally) and the EU (with which he will seek a constructive relationship). Under Biden, the US has returned to the Paris climate agreement and will play a big role in the COP-26 climate conference.

2) Every global crisis appears to strengthen China's self-confidence. But its increasingly assertive foreign policy will produce a hostile reaction.

Despite its embarrassing cover-up of the early phases of the pandemic in Wuhan, China has performed relatively well during the coronavirus crisis. It has suppressed the virus, achieving a strikingly low death rate (officially, about 5,000 of the 1.4 billion Chinese have died of COVID-19). That medical success helps to explain China's impressive economic performance: growth of nearly 2 per cent in 2020 and 8 per cent expected in 2021.

As happened during the financial crisis, China's many admirers, notably in developing countries, can argue that its authoritarian system of government delivers better outcomes than Western democracy. China's leaders, and as far as one can tell, many of its citizens, are convinced of that point.

China's out-performing the West has reinforced Xi Jinping's self-confidence and his emphasis on the importance of one-party rule, the need to combat Western ideology and the necessity of his own personal leadership. Economic success also makes it hard for cadres to oppose the centralisation of power in Xi's own hands. In the coming years both a build-up of debt and an ageing population are likely to moderate China's growth rate. Nevertheless China will remain politically stable for the foreseeable future, and – in relative terms – economically successful.

In the 21st century China has learned to play the multilateral game. Its citizens hold key jobs in numerous international bodies, such as the World Bank and the International Monetary Fund. Four of the UN's 15 specialised agencies are run by Chinese nationals: the Food and Agriculture Organisation, the International Telecommunication Union, the United Nations Industrial Development Organisation and the International Civil Aviation Organisation. This is the result of patient diplomacy and the calling in of favours from countries that have received Chinese largesse, for example, in the Belt and Road Initiative.

In its efforts to show that it is a good global citizen, Beijing will probably sign up to ambitious long-term carbon-reduction targets. But it may talk the talk on climate change without walking the walk, at least in the short to medium term: it is likely to push ahead with plans for the mass building of coal-fired power stations, including in other countries.

China's influence in international institutions is likely to continue growing. But its conduct while a member of bodies such as the UN Human Rights Council (where one term of Chinese membership ended in 2019 and another starts in 2021) has undermined their credibility in the eyes of some democracies.

Several Western countries are putting efforts into building up alternative formats that do not include China, such as the G7 and the 'D10', a putative democratic club that Britain is seeking to promote (the G7 plus South Korea, India and Australia). There is talk of establishing new bodies to set standards for the internet, data flows and artificial intelligence, with only democracies being invited to join. Biden has also said that he wants to convene a 'summit of democracies'. But who decides which countries qualify for these bodies? And there are inevitably limits to what such organisations can achieve. Democracies often have widely diverging interests and in any case issues such as climate, trade and pandemics cannot be handled without China around the table.

Over the past few years China has become increasingly strident in its dealings with countries such as Japan, Vietnam, Australia, Canada and India, and much tougher in its approach to Hong Kong and Taiwan. Its relative success in tackling COVID-19 is likely to enhance its assertiveness. China appears unworried that it has poor relations with many neighbours, the exceptions including Russia (though there are plenty of mutual suspicions in that relationship) and Pakistan. China's stridency will continue to worry its neighbours and may well push the 'Quad' – a grouping of the US, Japan, India and Australia that already organises joint naval exercises – towards becoming a more overtly anti-China bloc.

It is not only at the level of high politics that China's domineering behaviour is provoking an adverse reaction. Chinese leaders appear indifferent to the fact that public opinion in Western democracies is swinging towards negative views of their country. The arrest of democracy activists in Hong Kong, the mistreatment of the Uyghurs and the repeated bullying of countries that displease China (such as the imprisonment of two innocent Canadians because their country detained the daughter of Huawei's founder when the US charged her with fraud) have not helped China's reputation.

In the long run this will matter: voters' views may constrain governments when they decide whether to buy a sensitive Chinese technology, block an acquisition by a Chinese firm or approve

a research project with a Chinese university. Similarly, the large multinationals that invest in China cannot ignore public opinion.

3) The economic and strategic rivalry between the US and China will dominate geopolitics – and pose problems for the EU.

China will welcome the greater predictability of Biden but may regret the departure of a president who did so much to damage Western cohesion. Trump adopted a much tougher approach to China than his predecessors, particularly on trade. Biden will keep much of that, since there is almost a national consensus in the US in favour of constraining Chinese power. He will drop Trump's crude language and put a bit less emphasis on trade wars and tariffs, but he will be more critical of China on human rights. Biden may well continue Trump's efforts to curtail China's acquisition of advanced technologies, particularly those with relevance to defence or security.

There will be periods of *détente* and periods of escalating tension, but the Chinese and US economies will slowly decouple, at least in the area of tech. Trump's decision to ban the supply of high-value microprocessors to China has motivated its leadership to accelerate plans to develop a more self-sufficient economy. China has now adopted a policy of 'dual circulation', meaning that for many key technologies and industries it seeks freedom from foreign supply chains.

The worse the tension between the two superpowers, the harder it will be for Europe to navigate between them: though it will remain strategically aligned with the US, it will be reluctant to forego close economic ties to China. Biden, unlike Trump, will be willing to work with Europe on shared concerns about China, whether on human rights, the theft of intellectual property or the unfair use of state subsidies. But although both the US and the EU have hardened their line on China in recent years, they will sometimes find it difficult to concert their efforts, since the US will nearly always be several notches tougher, and it will move more quickly.

This is because the EU member-states disagree on how to handle China (with some opposing a hard line), and because the US and Europe have very different perspectives. Apart from France and the UK, few European countries have any defence interests in the Asia-Pacific region, or would be willing to join the US in naval operations that challenge China's claims in the South China Sea. The US is more strategic, seeing the rise of China as a threat per se, while

the Europeans worry about China's conduct (whether on human rights or the ways the state helps businesses) more than its strength. Europe is more dependent on trade with China than the US, and will always be keener to talk to it about global challenges such as climate and health, however unacceptable its behaviour.

“Biden will put more emphasis than Trump on human rights, which will leave Russia with little choice but to line up with China geopolitically.”

These tensions spilled into the open at the end of 2020, when – pushed strongly by German Chancellor Angela Merkel – the EU and China agreed on an investment treaty that had been seven years in the making. For China, this was a diplomatic coup, but Biden's team were disappointed not to have been consulted. EU officials responded that nothing in the agreement – much of which copied an earlier US-China accord – precluded transatlantic co-operation on China; and that it was surely desirable for China to commit, at least on paper, to being transparent on state aid and licensing rules, and to promising to sign International Labour Organisation (ILO) conventions.

4) Russia and Turkey will continue to slide away from the West.

Russia will matter to its neighbours and to those Middle Eastern countries where it chooses to be active. It will sometimes use its seat on the UN Security Council to be disruptive. Its cyber-attacks will cause damage and its disinformation campaigns will seek to unsettle Western countries, for example by encouraging anti-vaccine movements. But in most respects Russia will remain a declining power, with an ageing, shrinking population. Despite the best efforts of French President Emmanuel Macron, Vladimir Putin has chosen not to take the steps required to bring about a *rapprochement* with the West, such as making serious efforts to resolve the frozen conflict in south-east Ukraine.

Biden has rolled over the New START treaty, which limits the numbers of nuclear weapons held by the US and Russia, and was due to expire in February 2021. But he will put more emphasis than Trump on human rights, thereby dashing any hopes that Putin may have had for a new partnership with the West. That will leave Russia with little choice but to line up with China geopolitically. But Putin will also continue to work closely with Turkey's Erdoğan: although they support different sides in the Libyan and

Syrian conflicts, they need each other against the West, and respect each other for being autocratic strongmen.

Russia will maintain the stable economic model that has endured for the past 20 years: its leaders show no signs of wanting to break its dependency on hydrocarbon exports, or the kleptocratic system that such an economy feeds. But with climate change policies eroding the value of its oil and gas reserves, and omnipresent gangsterism causing economic harm, living standards will erode slowly as Russia drifts into the Sinosphere.

Trump's sympathy for Erdoğan prevented a serious bust-up between the US and Turkey over human rights, the conflict in Syria and the purchase of Russian S-400 missiles. Biden will be more willing to put pressure on Turkey, though he will also try to keep it as an ally. The EU has a greater need than the US to co-operate with Turkey, since the country is hosting nearly 4 million refugees, who could easily be nudged towards Europe.

Nevertheless EU leaders are increasingly fed up with Erdoğan's undemocratic behaviour at home and his aggressive foreign policy – particularly his confrontational attitude towards Greece and Cyprus in the Eastern Mediterranean – and have moved towards taking a tougher line on Turkey. Its massive economic problems give Erdoğan every incentive to bolster his popularity through foreign adventures (such as the recent intervention in Nagorno-Karabakh). At the end of 2020 there were hints of Ankara seeking better relations with the West, but any shift is unlikely to be sufficient to restore friendly relations with US and EU leaders.

5) Trump's defeat has not killed Trumpism.

In America, much of the Republican Party appears unwilling to throw off its infatuation with Trumpism. Its strong performance in the Congressional elections – and the conservative majority in the Supreme Court – may prevent the party from thinking that it has experienced defeat and therefore needs to change. The inevitable missteps by the Biden administration will energise Trumpians, while the moderate Republicans who backed Biden will hesitate before returning to a party that has abandoned their values.

Right-wing populism will burst forth every now and then, in one country or another. And in some places it is a semi-permanent fixture: Hungary's Fidesz party, in power since 2010, was

scoring around 50 per cent in polls at the end of 2020. In much of Europe the threat of right-wing populism appeared to diminish in 2020, partly because COVID-19 reduced immigration. But when the pandemic eases, migration will re-emerge as an issue across the globe. Populists will also exploit hostility to lockdown measures, outbreaks of jihadist terrorism, and concerns that policies designed to tackle climate change will make poor people poorer and require lifestyles to change. Furthermore, populists will benefit from the efforts of Russia and other countries to spread fake news through social media.

Meanwhile the economic drivers of populism remain potent: workers who perceive that globalisation has cost them their jobs or driven down their wages, or who experience worsening public services (as a result of austerity), are more likely to vote for the likes of Nigel Farage, Marine Le Pen or Matteo Salvini. COVID-19 has created new inequalities of health and wealth. In November, Public Health England reported that rates of infection and mortality from COVID-19 had been highest among the poorest sections of English society. The following month the ILO reported that in many European countries, those on the lowest incomes had suffered the greatest income reduction. At some point governments will withdraw their COVID-19-linked financial support and many firms will go bust, creating new groups of losers – who may become easy prey for populists.

6) The UK will face several very difficult years.

Britain is heading for a period of low growth, compared to its peers, because of Brexit and the damage inflicted by a much worse-than-average experience of the coronavirus. No large country in Europe has suffered a worse death rate. Of the world's major economies, only Spain and Peru shrank by a rate comparable to the UK's 11.5 per cent in 2020. And no developed country had a higher fiscal deficit than the UK's 19.5 per cent of GDP.

Economic problems, Brexit and the widely-held view that the government has handled COVID-19 incompetently (the roll-out of vaccines excepted) will all put strains on the unity of the kingdom. The likely triumph of the nationalists in May's elections in Scotland will make its independence a central issue in British politics. Meanwhile the sensitivities and technical complexities of the new frontier for goods going from Great Britain to Northern Ireland have already provoked political storms in Belfast, Dublin and London. The Commission's inept – but brief – attempt in January to

suspend part of the Northern Ireland Protocol, in a bid to prevent vaccines entering the UK via Ireland, has already led to calls for the protocol to be torn up. In the long run there may be more talk of a united Ireland.

The trade deal struck by Boris Johnson's government with the EU was thin and economically injurious. At some point the British will search for ways of building a closer and more fruitful economic partnership. Like the Swiss, they will be engaged in permanent negotiations with the EU, decade after decade. Those Brexiteers who hope for the UK to evolve into a deregulated 'Singapore-on-Thames', with a very different economic model from that of Europe, will be disappointed: there will be little political support, including within the Conservative Party, for such a future.

On foreign policy, defence and policing, too, the EU and the UK are starting off their new life with minimal links. But in time – encouraged by Biden – they will build bespoke structures for co-operation, to facilitate information flows and to give both sides the chance to influence each other. The UK will often line up with the EU on questions of foreign policy, as part of a wider Europe – for example on Iran, the Middle East or climate. But sometimes it will follow the US – perhaps, for example, on China, since Johnson may wish to echo the tougher line of the US. And Britain will seek partnerships with other medium-sized democracies, such as Australia, Canada, Chile, Japan, South Africa and South Korea.

The risk for Britain is that its Brexit culture wars persist, dragging the country back to being inward-looking – and making it unattractive to much of the rest of the world. So long as the Conservatives manage to moderate their nativist-nationalist tendencies, Britain can be an outward-facing country, whichever of the main parties is in power. Then the British brand can emphasise the importance of attracting the best talent from around the world, to nurture the country's scientific research base and universities. Britain can also focus on supporting the UN and other international bodies, leading global efforts to tackle climate change, pandemics and under-development, championing democracy and human rights, and promoting free trade and international law (though that last point is predicated on the UK avoiding further attempts to breach treaties, as it did with those parts of the Internal Market Bill that sought to over-ride the Withdrawal Agreement).

7) Although the political winds are blowing against globalisation, in many areas it will not go into reverse.

World trade declined by around 10 per cent in 2020, but is expected to rebound in 2021. Neither the partial decoupling of the US and China, nor the new Chinese emphasis on self-sufficiency, will shorten most international supply chains. US investments that would have gone to China are more likely to go to Vietnam or India than to create new jobs in America. In fact in many industries, such as cars, supply chains tend to be regional rather than global – electronics being an exception. Many companies wishing to keep down labour costs and to access cutting-edge technology will continue to invest overseas and manage international supply chains. The forced on-shoring of supply chains would raise prices for consumers.

“Politicians throughout the developed world will find ways of regulating Big Tech more tightly, and making it pay more tax.”

In some sectors, however, there is pressure to shorten supply chains. The pandemic made many governments keen to reduce dependence on foreign supplies of drugs and medical equipment. More common than the on-shoring of supply chains will be their diversification. The European Commission, for example, is concerned about Europe’s dependence on China for the supply of key rare earths. Meanwhile Biden wants to strengthen ‘Buy American’ provisions in public procurement contracts, in order to boost the resilience of supply chains.

European politicians, particularly in France, are increasingly prone to talk about ‘strategic autonomy’ in areas such as data, technology and finance. Some of them hope that ‘data localisation’ – ensuring that firms operating in Europe store data there, compliant with EU data privacy rules – will foster the emergence of European tech giants (others, and not only in the UK, fear that over-zealous rules on data privacy will hamper innovation).

The EU will increase its efforts to protect companies from ‘unfair’ foreign takeovers (for example, by Chinese firms benefiting from large amounts of state aid), and tweak its merger rules to encourage the emergence of European champions. The UK’s absence will enable the EU to become somewhat more ‘French’ or protectionist. But there will be pushback from free-traders such as the Nordic and Baltic countries, and sometimes from Germany, whose

manufacturing sector – though increasingly fearful of Chinese predators – depends on an open global trading system. Germany is not the only ambivalent country: in the UK, traditionally a country suspicious of industrial strategy, ministers are talking of the need for national self-sufficiency in crucial areas.

8) The wealth and power of the tech giants, which COVID-19 has augmented, will be constrained.

The pandemic has made many of us more dependent on a small number of enormous digital companies, which have profited hugely. During the course of 2020, the market capitalisation of the five biggest companies rose from about 10 per cent of the total value of the US stock market – the historical average – to about 20 per cent.

Politicians throughout the developed world, with the EU in the lead, will find ways of regulating Big Tech more tightly, and making it pay more tax. In November the European Court of Auditors berated the European Commission for being too slow to move against Big Tech’s anti-competitive practices. But the Commission is slowly learning to flex its muscles. At the end of the year it launched its Digital Markets Act which will, among other things, seek to prevent dominant ‘gatekeeper’ companies from exploiting their position, for example by promoting their own services on their platforms at the expense of competitors. It will also force companies to share data with smaller rivals. And by laying down a list of things that companies should and should not do, the Digital Markets Act will allow the Commission to move more speedily against an offender, before it starts to harm consumers or competition.

Thinking along similar lines, the British government announced that a Digital Markets Unit, within the Competition and Markets Authority, would have the power to block or reverse decisions taken by tech giants. Another important new EU law, the Digital Services Act, will set out how large platforms should be responsible for removing harmful content – such as fake news, incitements to criminal behaviour or offers of counterfeit goods – and will prove costly to them. Companies that breach the EU’s two new laws face the prospect of massive fines, or even potentially of break-up.

The US appears to be following the EU in trying to limit the monopoly powers of these giants. The Justice Department and state prosecutors are investigating Google for alleged anti-trust

violations, and considering forcing it to sell its Chrome browser. The Federal Trade Commission and 46 states are preparing anti-trust suits against Facebook, with a view to making it unwind its acquisitions of WhatsApp and Instagram.

Nevertheless Europe's efforts to pursue tech giants are likely to create transatlantic tensions, since most of the companies concerned are American. The Commission's attempt to get these firms to pay more tax is a case in point: in September 2020 it said that unless the OECD agreed on an international framework for a digital services tax, it would propose an EU-wide regime. In November, France said that it would press ahead with its own digital tax without waiting for the OECD to come up with a plan – prompting the US to threaten French exports with punitive tariffs.

It is not just Europeans and Americans who worry about the power of tech giants. Over the past decade China has blocked its people from using Google, Facebook, Twitter and Instagram. Then in November 2020 Chinese regulators stepped in to halt a \$37 billion initial public offering from Ant Group, an online micropayments firm controlled by Alibaba. The following month regulators launched an anti-monopoly investigation into Alibaba. The precise reasons for these moves are unclear, but the Communist Party seems to have become worried about the wealth and independence of Alibaba and its colourful boss, Jack Ma.

9) The eurozone will integrate further, but the EU's efforts to forge common rules for handling migration and to unify foreign policies will prove problematic.

The first wave of the pandemic hit the EU asymmetrically, causing more casualties, longer lockdowns and greater economic damage in Southern Europe. The situation in much of the south was worsened by dependence on the badly-affected tourism sector. This asymmetry exacerbated tensions that had never abated since the euro crisis emerged in 2010: southerners felt that they had had to swallow excessively painful medicine, while northerners refused to accept that a healthy eurozone requires more balanced growth, risk-sharing among its members and in extremis transfers to poorer countries. The migration crisis of 2015-16 had further inflamed north-south tensions since it affected Italy and Greece particularly badly.

Ever since becoming French president in 2017, Emmanuel Macron had tried to persuade Germany to agree to some sort of joint fiscal

spending by the eurozone. Finally, in the summer of 2020, with some help from Commission President Ursula von der Leyen, Merkel agreed to a one-off €750 billion recovery fund for the entire EU. The money will be raised through issuing common EU bonds, backed by the EU budget, and spent on grants and loans to boost investment, mainly in poorer member-states in the south and east of the EU. The fund is playing an important political role in diminishing north-south tensions. If well managed, the recovery fund also promises to play a significant economic role in helping the most ravaged member-states, and similar structures may be used again in future crises.

A healthy eurozone needs further reforms, but some progress is being made, for example on the banking union. In November 2020, EU ministers agreed to change the European Stability Mechanism (a fund that has been used for sovereign bail-outs) so that it can back up the Single Resolution Fund (which helps to restructure banks in trouble). Other reforms, such as the gradual introduction of an EU-wide system of bank deposit insurance, are also on the cards.

Elsewhere, future European integration looks more difficult. There is a strong case for the EU to construct a common system for the handling of asylum-seekers and irregular migrants, rather than having them pile up in camps on the EU's southern borders, and the member-states treating them in different ways. Indeed, without a viable framework for internal solidarity, countries on the EU's borders will find ways of repelling migrants – whether it is Greece pushing back boats or Italy striking deals with Libyan militias. A lack of progress will endanger both the Schengen area of passport-free travel, and the single market principle of free movement.

For more than five years the EU has been trying to revamp its so-called Dublin regime for dealing with asylum-seekers, and to decide upon a fair system for distributing refugees. But the talks are blocked, because of the refusal of some of the Central Europeans to accept quotas of refugees or to contribute financially; and the insistence of others, like Germany, that some sharing of responsibilities is essential. The Commission proposes that countries which object to taking refugees should be allowed instead to 'sponsor' returns – by organising return flights or persuading countries of origin to take back unsuccessful asylum-seekers.

Both the member-states where the migrants arrive and those where they tend to end up

(including Germany) are increasingly fed up with the Central Europeans' reluctance to share responsibility. If the latter keep spurning participation in a common system they may find themselves excluded from the Schengen area; the pandemic has already led to checks re-emerging on national borders within that area. In the coming years the EU is likely to make some progress towards common rules on the handling of migrants – but whether the 27 can stay together on this issue is an open question.

“If the Central Europeans keep spurning participation in a common system they may find themselves excluded from the Schengen area.”

The prospects for significantly more effective EU foreign policies do not look good. In too many parts of the world, such as China, the Middle East and Russia, the member-states start from very different positions (though in the last of those cases, the 27 have maintained a united position on sanctions). And the bigger member-states are reluctant to see the EU institutions play a leading role.

Ursula von der Leyen has led calls for the introduction of majority voting on sanctions laws and statements on human rights. There is a clear logic to such a reform, so that, for example, the vetoes of Cyprus on sanctions against Belarus, and Hungary on criticism of China's human rights record, cannot be repeated. But given that a single member-state can block the introduction of majority voting on foreign policy, this reform is unlikely to be achieved in the foreseeable future.

The best prospects for common foreign policies probably lie in the EU's neighbourhood: the Western Balkans, the lands that lie between Russia and Poland, the Levant, the Maghreb and the Sahel – places where meddling by the likes of China, Russia and Turkey, the persistent problem of migratory flows and the risk of terrorism make effective EU action urgent. Furthermore, Biden will encourage the Europeans to take on greater responsibility for their own neighbourhood, so that the US can focus on other parts of the world.

10) The rift between most member-states and some of the Central Europeans will not heal any time soon.

In recent years, many member-states and the EU institutions have become increasingly concerned about the Polish and Hungarian governments' abuse of democratic principles – in areas such

as independence of the judiciary and media freedom. Poland's de facto leader, Jaroslaw Kaczyński, and Hungary's prime minister, Viktor Orbán, have worked together to prevent the EU from applying the treaties' Article 7 procedure against their countries. This procedure allows the imposition of penalties on a country “in serious and persistent breach...[of] EU values”. But sanctions would require unanimity in the Council of Ministers (excepting the accused country) and have therefore not happened.

So in 2020 the governments most concerned about the rule of law, and the Commission, came up with a new approach. The EU adopted (by majority vote) a law that ties the money available in the new seven-year budget cycle and the recovery fund to compliance with rule of law conditionality. This upset the Polish and Hungarian governments, which hit back by vetoing the budget and the fund. The Commission and some governments considered reconstituting the fund without Poland and Hungary. But in December that pair lifted their vetoes, when EU leaders offered them various reassurances, including a promise that the Commission would not implement the conditionality procedure until the European Court of Justice had ruled on a challenge to it.

These arguments reflect deeper, cultural divisions on the continent. Orbán and Kaczyński, along with others like Prime Minister Janez Janša in Slovenia, have been overtly pro-Trump. In most Central European countries, including the Czech Republic and Slovakia, there is strong opposition to accepting refugees from the Middle East or North Africa. The societies of Central Europe have no tradition of multiculturalism – and they tend to be more opposed to the immigration of those who are ethnically and religiously different than societies in Western Europe. Similarly, they are more hostile to gay rights and liberal social values. Climate change is yet another source of division, with the Central Europeans – many of whom burn a lot of coal – reluctant to sign ambitious targets for curbing carbon emissions, for fear of bearing too much of the economic and social cost.

11) France and Germany will continue to lead Europe, with France having the edge over the next few years.

In recent years the Franco-German partnership has been troubled, partly because of French frustration with Germany's reluctance to take radical steps on eurozone governance. Macron wanted to make big changes to the way the EU worked, but Merkel was more or less satisfied with the status quo. Then in the summer of 2020

Macron and Merkel came together to forge an agreement on the recovery fund. Since then, despite inevitable tensions, they have often worked well together.

Brexit means that France and Germany will remain unchallenged as the dominant duo of the EU. Italy and Spain cannot easily stand in their way, because COVID-19 has weakened their economies (though if new prime minister Mario Draghi imposes some order on Italy's unstable political system, the country will grow in influence). Poland's government cannot lead Europe because it is at odds with other EU countries on so many issues.

The Netherlands' Mark Rutte has emerged as one of the more influential leaders, because of longevity – he has been prime minister since 2010 and is likely to win the general election in March; because the Dutch economy is relatively large and successful; because Brexit has created a space for the Netherlands to fill, as the champion of economic liberalism; and because Rutte has led or helped to organise groupings of small and medium-sized North European countries – the 'frugal five' that oppose a larger EU budget, and the 'Hanseatic league' that includes the Nordic, Baltic and Irish governments and is wary of both deeper eurozone integration and EU rules on taxation.

The EU institutions lack sufficient standing to lead the Union – though von der Leyen has shown that she can be influential when working with Paris and Berlin, as on the recovery fund. So if anyone is going to set the agenda it is likely to be France and Germany. However, their leadership, though necessary, is not always sufficient to bring about change, as the Polish-Hungarian veto of the recovery fund (though subsequently lifted) illustrates.

Some Italians, Poles and Dutch find the Franco-German duo's pre-eminence unpalatable, as do a number of smaller countries, but they have to accept it. Spain seems more relaxed: Prime Minister Pedro Sánchez – like his predecessor of 30 years ago, Felipe González – sees himself as a smaller wheel on the Franco-German axis.

For the next few years France may well be the more influential of the pair. Germany will be distracted by Merkel's imminent departure. The Christian Democratic Union (CDU) and its sister party, the Christian Social Union, must choose a Chancellor candidate. The distraction will continue with the general election in September 2021, and then quite possibly with several months of tortuous coalition negotiations.

Merkel has built up immense stature in the European Council, because of her long experience, common sense, patience and skill at crafting compromises. Her replacement – whether new CDU leader Armin Laschet or someone else – will be incapable of playing such a pivotal role, at least for several years. For example, Merkel has often acted as a bridge between the Central Europeans and the rest of the EU, as when she led efforts to resolve the stand-off between the Polish-Hungarian duo and the rest of the EU over the budget and the recovery fund.

Meanwhile Macron has become the EU's most dynamic and energetic leader. He would be even more influential if he could find the patience to consult partners before pursuing new initiatives – for example, in the summer of 2019 neither Warsaw nor Berlin was consulted on his scheme to reach out to Putin. But the fact that he is an inexhaustible fountain of ideas – even if many of them fall on stony ground – and that he pursues them with vigour and determination, gives him considerable heft within the EU. He stands a good chance of being re-elected in May 2022. He will use France's EU presidency in the first half of 2022 as a platform for promoting French ideas.

As already noted, the EU's trade policy is increasingly French-driven, with more people in Germany coming round to the idea that Europe needs 'champions' to stand up to Chinese and American competition. Post-Brexit, France is the unchallenged leader of the EU on security policy. Macron also leads the debate on 'strategic autonomy' (see below). And although most of the competences for countering terrorism, integrating immigrants and combating Islamist extremism remain national, to the extent that there is an EU approach, it is increasingly close to Macron's hard line.

12) The EU will spend a lot of time discussing 'strategic autonomy' and what it means.

The EU is likely to make some progress towards developing greater capacity in security and defence, but how much is an open question. In 2020 Josep Borrell, the EU's High Representative for foreign policy, defined strategic autonomy as "the ability to think for oneself and to act according to one's own values and interests." In 2016 the Council of Ministers said it was the "capacity to act autonomously when and where necessary and with partners wherever possible". Trump's departure has taken away a strong motivator for European leaders: four more years of him would have persuaded some of the most sceptical that Europe needed to become more

self-sufficient on matters of security. But the fact that Trumpism is clearly not dead may continue to prompt European leaders to think seriously about strategic autonomy.

Emmanuel Macron has been Europe's chief proponent of the idea – and in his thinking it means not only military power but also more broadly the on-shoring of crucial supply chains, the fostering of high-tech and digital companies within the EU and the avoidance of energy dependency on one or a few suppliers.

“The EU and the UK should focus more on the challenges of working together to defend Western values in an increasingly hostile world.”

The difficulty for Macron and the EU officials who share his analysis is that some politicians – particularly in Central Europe and the Baltic states, but also in Germany (such as defence minister Annegret Kramp-Karrenbauer) – fear that strategic autonomy is an anti-American concept. They worry that, if pushed too far, the idea could encourage the Americans to disengage from Europe. Macron will need to try harder to convince the Poles, in particular, that more European defence need not mean weakening NATO. Indeed, if Europeans can learn

to do more for themselves militarily, they will become more useful partners for the US.

An increasing number of Germans are warming to the idea of strategic autonomy. Merkel often says that Europe will have to take on more responsibility, in both diplomacy and military affairs. But Macron is likely to become frustrated that few German politicians are willing to vote for significant increases in defence spending.

Advocates of strategic autonomy should argue that while Europe can hope that Biden and those like him will continue to run the US, there is a risk that Trumpism will return. Furthermore, there is also a danger that China will become so powerful that it will be able to bully the EU into following its wishes. What Beijing is doing today vis-à-vis Australia – blocking imports of its goods and raw materials, in an effort to persuade Australians to stop criticising the Chinese government – could presage its future treatment of Europe.

Strategic autonomy should therefore be an essential insurance policy against such dangers. The concept will be more effective if EU governments can find ways of linking the UK to their foreign and defence policies. That is not on the cards at the start of 2021 but may become viable when, in the future, there is more mutual trust.

Conclusion

At the start of this essay we asked whether Biden's presidency and further European integration could restore the West's self-confidence – or, to put it another way, strengthen the rules-based international order. Some of that order's key pillars stand outside North America and Europe, such as Japan and South Korea. However, just as leadership by France and Germany is necessary but not sufficient for the EU to make progress, so effective EU-US co-operation is a *sine qua non* for a healthy West.

For both Americans and Europeans, sorting out their internal problems is probably more important than crafting the right foreign policies. The US paid a heavy price for mismanaging the wars in Afghanistan and Iraq, but it has suffered just as much or more damage from the financial crisis, four years of Trump and its poor response to COVID-19. If Biden can find sufficient numbers of moderate Republicans to work with on restoring the US to being a predictable, principled and successful country, the West's narrative will benefit hugely.

But Europe also has a key role to play in reviving the attractiveness of the liberal democratic model. It too needs to focus on fixing its internal problems. Europeans need to work on integrating their capital markets, becoming more entrepreneurial and innovative, and curbing inequalities. The EU also needs to build on the success of the recovery fund to strengthen eurozone governance. It must find ways of bridging the gap between the eastern and western parts of the continent – without betraying its commitment to the rule of law. It will always face large numbers of immigrants from poorer countries, but unless it finds better ways of coping with them its internal rifts will worsen, and it will look incompetent to the rest of the world.

The EU and the UK need to take a more strategic approach to their relationship: they should focus less on fish quotas and the minutiae of dispute settlement mechanisms, and more on the challenge of working together to defend Western values in an increasingly hostile world. As for the EU's other neighbours, it will need to find

ways of motivating them to reform, without – in many cases – being able to offer the prospect of membership. That could mean offering more money, market access, political contacts and participation in selected EU policies.

If the world judges North America and Europe to be well-managed and successful continents, it will have more respect for the democratic principles they espouse. Of course, it is not only their internal performance that matters for the West's image. It would help if Americans and Europeans avoided starting unnecessary wars. They should also take the lead in tackling global

challenges such as climate change, pandemics and under-development. It should not be beyond the wit of Biden and European leaders to make their liberal democratic model more appealing than China's authoritarian system.

Charles Grant
Director, CER

The CER published an earlier version of this essay in December 2020.



The CER in 2020

Like most people and organisations, the Centre for European Reform has found the COVID-19 pandemic very challenging. Having transformed ourselves into a virtual think-tank in the second half of March, we made huge efforts to stay in touch with each other without face-to-face meetings, and thus to maintain team spirit and morale. All CER staff showed great dedication, working hard despite the difficulties posed by the coronavirus.

As a result, we came through the year in good shape. Most important, all staff stayed healthy. We tackled the crisis as a think-tank should: with original and rigorous analysis and thinking about the choices facing policy-makers. This

was acknowledged when we won the *Prospect* Foreign Affairs Think-Tank of the Year award.

By the end of 2020 we had run about the same number of events as we would do in a normal

ABOVE:
Phil Hogan

CER 22nd
birthday party,
Brussels

year. But we found that larger conferences can be problematic on Zoom or equivalent. So most of our webinars were small and off-the-record, focused on a particular speaker. We made exceptions for three of our larger, high-profile events that happen every year, which we refashioned as webinars: the Daimler Forum on geopolitical challenges, the Bodrum Roundtable that normally takes place in Turkey and the Ditchley economics conference. (Normally we fill our annual report with photos of CER events; the reader will understand why there are few such pictures in this report.)

My colleagues and I hope that we can return to old-fashioned conferences before long, but we must admit that webinars have their virtues. The Daimler Forum, which would have met in Berlin, enjoyed the participation of the two most senior foreign policy officials in the Trump administration who were willing to engage seriously with their opposite numbers in other countries – Deputy Secretary of State Steve Biegun and Deputy National Security Adviser Matt Pottinger. Pre-coronavirus, we probably would not have got that pair to travel to Berlin. Similarly, we hosted a seminar on the future of British foreign policy with Rory Stewart, until

recently a senior Conservative politician, without having to fly him over from Yale University, where he is based.

Lockdowns seem to have encouraged more and more people to listen to podcasts, which have become an increasingly important medium for the CER – we produced 31 of them in 2020. Our normal format is for two or three CER researchers to chat about the topic in question, but we sometimes invite special guests to join the conversation. My favourite podcasts in 2020 were the five that we made after the successive panels of our Ditchley economics conference: each consisted of the edited introductory remarks of the panellists, followed by a CER researcher interviewing an outside expert about the panel discussion.

Of our 67 publications in 2020, most took the shorter form of articles for our 'bulletin' or 'insights'. But we also produced nine longer pieces – policy briefs or essays, which will be mentioned below. Unsurprisingly, in a year in which Britain left both the EU (on January 31st) and the transition period (on December 31st), 14 of our publications concerned Brexit.

Brexit

At the CER we always argued that a free trade agreement (FTA) between the EU and the UK was likely, but not certain. We are delighted that the arguments for a deal that we analysed in some depth in 2020 won the day. Sam Lowe's insight of August, 'Five reasons why even a basic UK-EU trade deal is better than nothing', set out the case for a deal very clearly – including zero tariffs, facilitating supplementary agreements in areas like data and financial services, enabling customs co-operation and making the Northern Ireland Protocol of the Withdrawal Agreement viable. An acrimonious no-deal Brexit could have endangered security co-operation, while the deal that has been agreed – thin as it is – can be improved upon in the future.

limit what the EU could offer. Another insight by Sam in March, 'The future UK-EU relationship and the (relative) case for optimism', predicted accurately the shape of the Trade and Co-operation Agreement (TCA) that would emerge nine months later.

One important but under-discussed corner of the Brexit negotiations concerned justice and home affairs. In November, in 'Brexit and judicial co-operation: Too little, too late?', Camino Mortera-Martinez correctly forecast that the two sides would strike a deal on extradition and the UK's links to Europol, but that data would remain a contentious issue. The EU has yet to issue an 'adequacy' decision allowing European data to flow to Britain and vice versa. It may well do so before too long, but the decision can be reversed by the European Court of Justice (ECJ) or the European Commission, if they judge that the UK is not respecting EU rules on data privacy. Plenty of MEPs think it does not, and data promises to be a difficult issue in the years ahead.

“The British government's biggest mistake in the Brexit negotiations was its Internal Market Bill. Ministers admitted that some of its clauses would break international law.”

And thin it is. Sam predicted in January 2020, in 'Flexibility does not come for free', that the UK's insistence on the right to diverge from EU rules and to be free of its institutions was bound to

The British government's biggest mistake in the negotiation of the FTA was its Internal Market Bill, published in September. This contained clauses enabling the government to



over-rule parts of the Withdrawal Agreement that would establish elements of a border in the Irish Sea. Ministers admitted that these clauses would breach international law. This did a lot to damage the reputation of, and trust in Johnson's government in EU capitals. Clara Martínez Alberola, Michel Barnier's deputy in the Brexit talks, made clear at a CER-Kreab webinar in September that the EU would henceforth be extremely tough in the negotiation of the dispute settlement mechanism.

In one of our two most downloaded publications of the year, Daniel Keohane, a former CER researcher who is now an associate fellow, explained why the Internal Market Bill went down so badly in Ireland. In 'A terrible border is reborn? Ireland and a no-deal Brexit', Daniel pointed out that if the British refused to accept controls on goods passing from Great Britain to Northern Ireland, the EU would have to police its customs union and single market by erecting a hard border between the north and the south of the island. And that could easily provoke Republican terrorists to pick up their weapons.

The Internal Market Bill upset mainstream opinion in Washington DC – and even provoked hostility from Conservative Brexiteers and peers such as Michael Howard and Norman Lamont, as well as the *Spectator* magazine. At the CER we still thought a deal more likely than not, but lamented the damage done to Britain's standing. In the end, Boris Johnson's government withdrew the controversial clauses in the run up to concluding the TCA. But it will pay a price for its cavalier behaviour in future negotiations with

the EU, since European leaders will take a hard-nosed and legalistic approach.

Johnson's government could never admit that the EU was the stronger party in the negotiations, but since nearly half of Britain's trade is with the EU, while about 15 per cent of the EU's external trade is with Britain, no deal would have been much more painful for the British. That is why the EU achieved much but not all of what it wanted.

Specifically, the EU gave up on making the UK both follow its state aid rules through 'dynamic alignment' and accept an ECJ role in dispute settlement. But it won 'level playing field' provisions that permit the EU to impose tariffs if the UK deviates significantly from EU standards on state aid, climate, the environment or labour rules. The EU will 'hand back' just 25 per cent of the fish it currently takes from British waters, over the next five-and-a-half years – after which, if the UK takes more fish, it can be sanctioned. The EU has given the UK virtually nothing – so far – on financial services. Nor has it granted mutual recognition of professional qualifications or certification bodies. And its lack of generosity on rules of origin means that many British exports to the EU are – to the surprise of some – facing tariffs.

More generally, the deal will impose clear costs on the British economy, in terms of friction at the border for manufactured goods and food, and exclusion from the single market for services, where the UK has particular strengths. Within the EU, politicians such as French President Emmanuel Macron, who want to defeat the

ABOVE:
(L to R)
Christian
Odendahl and
Philip Lane

*Dinner on
'Monetary
policy in a zero
interest world',
London*

arguments of eurosceptics, will be able to point to the UK as an example of what happens when you leave the club. But the British economy will not be so badly hit that it causes significant damage to its European partners. Overall, the deal is a good one for the EU.

The TCA left out some issues entirely, such as foreign policy and defence. Ian Bond explored the background to the UK's refusal to discuss these topics in the negotiations in a September article, 'Brexit and external differentiation in foreign, security and defence policy'. This formed part of EU IDEA, an EU Horizon 2020 research project to which several of our researchers are contributing, as part of a consortium of 14 European universities and think-tanks. Based on that article, a November CER policy brief, 'Post-Brexit foreign, security and defence co-operation: We don't want to talk about it', recommended that the UK should not underestimate the value of a structured foreign and defence policy relationship with the EU, but that the EU should also correct shortcomings in its foreign policy partnerships with non-members.

Looking ahead, the Brexit deal settles very little, other than that Britain has left the EU with a deal that will be in the short term quite damaging – as I wrote in 'Ten reflections on a sovereignty-first Brexit', our other most downloaded piece of the year, just after the deal was struck on Christmas Eve. In the long run the UK is certain to be in negotiation with the EU on a permanent basis, like Switzerland.

Will it seek institutional ties to the EU on foreign and defence policy? Or will the UK line up alongside the Americans as part of an 'Anglosphere' grouping, that would probably

take a tougher approach to China than the EU? Will the UK use its right to deviate from EU standards to pursue a model of being not-the-EU, and pay the price in terms of tariffs or other bits of the TCA being suspended? Or will a future government seek to revise the deal so that it becomes less harmful to the UK economy? Will the UK be in constant legal dispute with the EU or will high-level political contacts foster a constructive relationship?

The answer to many of these questions depends on the state of the Conservative Party. If hard-Brexiters remain influential, Tory governments may seek to win votes by bashing Brussels and thus ensuring an acrimonious EU-UK relationship. They may even go back to questioning the Irish Sea border and the Northern Ireland Protocol. The Commission's brief attempt to suspend part of the Northern Ireland protocol, in a bid to keep vaccines in the EU, provided ammunition for those who wish to tear it up. But if softer voices prevail, there is hope for a genuine partnership with the EU.

All of which is another way of saying that the CER will be very busy on UK-EU relations, for years to come, helping the EU to better understand the UK and vice versa. We detect no diminution of demand for our analysis: in 2020 Sam Lowe gave evidence to six separate committee hearings in the Houses of Commons and Lords, on Brexit. Camino Mortera-Martínez gave evidence to the House of Commons Home Affairs Committee on future EU-UK police and judicial co-operation. We expect colleagues to be just as busy with that kind of work in future years. However, in 2020, as in previous years, most of our work was not about Brexit.

Economics and the euro

“Will the UK use the right to deviate from EU standards to pursue a model of being not-the-EU, and pay the price in terms of tariffs?”

By late February, it had become clear that the coronavirus pandemic could not be contained and that every European country would have to impose restrictions of some sort. In early March Christian Odendahl and John Springford published 'Bold policies to counter the coronavirus recession', a plan for emergency support that governments should put in place to mitigate the economic impact of lockdowns, including furlough schemes for workers, loan guarantees for businesses, and the deferral of VAT

and other business taxes. Within weeks virtually all EU governments had done these things.

But in the spring it became apparent that the more financially-strained governments, especially in Southern Europe, were providing less economic support than Germany and other northern European countries. Together with Sebastian Grund of Harvard University and Lucas Guttenberg of the Jacques Delors Institute, Christian proposed in early April a €440 billion 'pandemic solidarity instrument'. They argued that the EU should borrow the money collectively, based on the solidarity clause of Article 122 of the Treaty on the Functioning of the European Union, and disburse it in grants to those governments hardest hit by the pandemic and under most financial strain. It was a bold



proposal at the time, since it called for the EU to issue its own bonds and for fiscal transfers between member-states, which had been taboo before the pandemic. Six weeks later, German Chancellor Angela Merkel joined President Macron to propose a very similar EU recovery fund, which was then adopted by EU leaders in July.

In May John and Christian published a policy brief, 'Three ways COVID-19 will cause economic divergence in Europe', explaining why COVID-19 would prove more damaging to Southern Europe than to other regions. Spain and Italy had been unlucky enough to suffer the first major outbreaks in the EU, and their examples allowed other countries to lock down at an earlier stage (with notable exceptions, such as the UK). The size of the outbreaks meant they would have to lock down for longer than Northern Europe to suppress COVID-19, with all the economic damage that entailed. Because tourism is a big part of Mediterranean countries' economies, the danger was that they would open their resorts and their borders too soon, fuelling a second wave (which sadly came to pass in August). And their highly indebted governments had to pay more to borrow than fiscally stronger countries, potentially reducing the economic support available to businesses and households, and forcing them into more rapid consolidation after the pandemic ended.

The approval of the recovery fund was a historic step for the EU. For the decade since the emergence of the euro crisis, the French, the Southern Europeans and many international

economists (as well as the CER's) had been urging Germany and other North European countries in the euro to accept that a healthy eurozone required the richer members to agree to a degree of shared responsibility for the welfare of their poorer partners. Coronavirus tipped the German political class and Merkel into accepting transfers to the south, if only as a one-off for now.

A key member of that class, deputy finance minister Jörg Kukies, explained the new thinking in Germany at a CER webinar in July. In the same month, Christian and Sophia Besch considered whether the change of heart in Germany over fiscal policy contained lessons for a review of German defence and security policy, in 'Will Germany rethink defence, too?'

In several shorter pieces, op-eds and podcasts, John and Christian continued to cover the policy response to the pandemic while it was unfolding. In a *Financial Times* op-ed published shortly after Merkel and Macron made their proposal, John argued that the member-states should be willing to shut Poland and Hungary out of the recovery fund, if Jarosław Kaczyński and Viktor Orbán threatened to veto its creation because of the EU cracking down on their rule of law violations. At the end of the year Orbán and Kaczyński did make that threat, there was talk of excluding them from the fund, and they did lift their veto – having won a delay to the implementation of the mechanism that will tie the disbursement of funds to respect for the rule of law.

ABOVE:
 (L to R)
 Dina Fakoussa
 and Luigi
 Scazzieri

CER/AIG
 breakfast on
 'What role for
 Europe in the
 Middle East',
 Berlin

In August, John and Simon Tilford (formerly the CER's deputy director and now an associate fellow) published a policy brief, 'Is the US or Europe more resilient to COVID-19?', which considered the long-term consequences of the pandemic for the US and the EU, and found that both faced challenges. The poor health of Americans, and their country's lack of universal healthcare coverage, meant that the US needed a bigger safety net at the federal level. In the EU, there would be increasing pressure over time for greater fiscal risk-sharing between member-states.

In July, John argued in 'To V or not to V' that, since there were promising signs that vaccines would be available in 2021, the British government should continue its furlough scheme for as long as the pandemic lasted, as other European governments had committed to do. The Chancellor of the Exchequer, Rishi Sunak, had planned to end the scheme in September, but changed his mind at the last minute. And in October, John and Tomas Hirst of CreditSights discussed how the pandemic would make it difficult for the economy to adjust to Brexit in 'Brexit and COVID-19 are a toxic mix': unemployment would rise as the second wave worsened, while leaving the single market at the end of the year would make it harder for the growing sectors of the economy to take on workers during the recovery.

The pandemic also disrupted the EU's single market, as member-states shut borders. In September, Camino argued in 'Will the coronavirus pandemic deliver a *coup de grâce* to Schengen?' that the free-travel zone was more resilient than it looked but that, if EU countries did not co-ordinate border policies and quarantine rules, they would imperil the free movement of people. Commission President Ursula von der Leyen later made the same argument for EU countries to set common rules on border closures and testing requirements – which they eventually did.

In November and December, we held our annual Ditchley economics conference online. We asked 50 top policy-makers and thinkers in economics and foreign policy to consider 'COVID-19, the global economy and the return of power politics' – and in particular, how the EU should respond to the pandemic, how it should deal with its unstable neighbourhood, why the EU was falling behind technologically, whether current EU policies on trade and investment were sufficient, and how it should handle US-China rivalry. Speakers included former IMF chief economist Olivier Blanchard, Caroline Freund of the World Bank, Maarten Verwey of the European Commission, Catherine Mann of Citi Bank, Thomas Philippon of New York University, Beata Javorcik of the EBRD, Abebe Aemro Selassie of the IMF and Nathalie Tocci of the Istituto Affari Internazionali.

Foreign policy

Our foreign policy agenda in 2020 was dominated by three themes:

“Beijing overreached with a series of confrontational steps, including border clashes with several neighbours and coercive trade measures against Australia.”

1) The transatlantic relationship.

Donald Trump put America's relationship with Europe under unprecedented strain. Before the November election, several of our insights looked at how Europe should prepare for a potentially more isolationist US. Completing a project begun in 2019 and supported by the Konrad-Adenauer-Stiftung, in September we convened a virtual roundtable of US and European officials, think-tankers and industry representatives to discuss European 'strategic autonomy'. On the basis of these discussions, Sophia and Luigi Scazzieri published a policy brief in December, 'European strategic autonomy and a new transatlantic bargain', which concluded that Europeans should

focus their efforts on concrete steps to improve their security capabilities and develop a shared strategic outlook. They would then be better able to protect their interests, whether acting with the US, through the EU or in other frameworks.

2) The rise of China.

COVID-19 hit China first, but Beijing was quick to regain its balance. The Chinese Communist Party then sought to draw a contrast between the success of its authoritarian system and the failures of major Western countries. But as the year wore on, Beijing overreached with a series of confrontational steps, including border clashes with several neighbours and coercive trade measures against Australia. China's international standing was also damaged by revelations of massive abuses of human rights in the Xinjiang region, and by the violation of its international obligations to maintain Hong Kong's freedoms until 2047.

Europe found itself caught up in the competition between Beijing and Washington. A notable example: the Trump administration threatened



to reduce security co-operation with countries that used Huawei equipment in their 5G networks, while China warned that excluding Huawei would have a negative impact on economic relations. We discussed the economic, geopolitical and security dimension of 5G in a webinar in May with experts and the European Commission official in charge of 5G strategy – one of several China-focused events we organised in 2020.

In September, Sophia Besch, Ian Bond and our former Clara Marina O'Donnell fellow Leonard Schuette published a policy brief, 'The EU, the US and China: A love-hate triangle?' They concluded that while the EU could not be equidistant between democratic Washington and authoritarian Beijing, it also needed to push back against ill-considered US policies.

The arrival of Joe Biden as president creates an opportunity for renewed transatlantic co-operation in tackling the challenge from China. But the EU's decision to finalise an investment agreement with Beijing despite reservations from the Biden team has already shown that finding common ground between Brussels and Washington will not be easy. The optimistic conclusion to my essay on the new geopolitics – a version of which is in this report – was that it should be possible for Biden and European leaders to make their liberal democratic model more appealing than China's authoritarian system.

3) Turkey, the Mediterranean and the EU's Southern neighbourhood.

Luigi Scazzieri published a number of pieces on Turkey's increasingly assertive foreign policy, its relationship with the West, and the role of Eastern Mediterranean gas in fuelling confrontation. He argued that the EU, the UK and the US should try to find a middle ground that dissuaded Ankara from direct confrontation, preserved essential co-operation in areas like counter-terrorism and kept the door open for better relations in the future. The COVID-19 pandemic forced us and our partner, the Turkish think-tank EDAM, to hold the 16th Bodrum Roundtable online. Speakers included the mayors of Athens and Istanbul, as well as Bill Burns of the Carnegie Endowment for International Peace, since nominated by Biden to become Director of the CIA.

We continued to propose ways to improve the EU's policy towards its neighbours in the Middle East and North Africa. In Beth Oppenheim's February policy brief 'Can Europe overcome its paralysis on Israel and Palestine?', she argued, among other things, for the EU to establish a contact group for Israel and Palestine, as a way round its unanimity rule for foreign policy decisions; and for the EU to make both its aid to the Palestinians and its relationship with Israel more conditional on their behaviour.

In Luigi's July policy brief 'Rethinking the EU's approach towards its southern neighbours', he argued that although the EU's stated objectives were to promote prosperity, stability and security in the neighbourhood, it was failing on all three counts. It needed to offer its southern neighbours deeper market access, more

ABOVE:
(L to R)
Hans Dahlgren
and Didier
Reynders

*CER/SIEPS
panel on 'The
rule of law:
Democracy's
bastion or
its nemesis?';
Brussels*

opportunities for their citizens to work in Europe and greater financial and technical assistance. And the EU should develop an associate membership model for democratic countries that would be eligible to join it if not for their geographic location.

Luigi and Camino Mortera-Martinez tackled the EU's migration policy – a source of tension both between the EU and its southern neighbours, and within the bloc – in an October insight, 'The Commission's 'new migration pact': Handle with care. Camino and the Open Society Foundation's Giulia Laganá later discussed the pact in a joint CER-OSF podcast. Migration policy also featured in 'Is development aid a victim of the EU budget deal?', written in September by Khrystyna Parandii. She argued that the EU's new approach to development assistance, linking it more closely to foreign policy objectives, could make EU actions more coherent, but also risked diverting resources away from poverty eradication and sustainable development towards controlling migration.

“The importance of the rule of law was a thread that ran through our work on foreign policy – whether on Belarus, Turkey or Hong Kong.”

Elsewhere, Russia's Vladimir Putin secured constitutional changes that will enable him to stay in office until 2036, if he so chooses. But that apart, he did not have a good year: the pandemic hit Russia hard medically and economically, as Ian discussed in May in 'Putin hits a bad patch'. We focused more attention than usual on Belarus, where its people sought to unseat

longstanding autocrat Alyaksandr Lukashenka, first at the ballot box in August and then, when electoral fraud kept him in place, in courageous peaceful protests. Soon after the elections I analysed the profound changes that Belarusian society was experiencing in 'Lukashenka fights for survival'. Then in a September webinar we heard from Belarusian analyst Katia Glod, former British ambassador to Belarus Nigel Gould-Davies and current EU ambassador in Minsk Dirk Schuebel about the prospects for the country.

The importance of the rule of law was a thread that ran through a good deal of our work on foreign policy – whether on Belarus, Turkey or Hong Kong. But it was also an important theme within the EU itself. The EU has been particularly focused on issues like the independence of the judiciary in Poland or state capture by Viktor Orbán and his friends in Hungary. Yet Ian Bond and Agata Gostyńska-Jakubowska found in a policy brief in January, 'Democracy and the rule of law: Failing partnership?', that respect for the rule of law was declining in many member-states. They concluded that the EU needed to treat all member-states equally firmly, while also providing more incentives for good behaviour – an approach partly reflected in the Commission's subsequent efforts to assess respect for the rule of law in all member-states, and to withhold EU funds from violators (see above). These efforts were explained in some detail by the Commission's vice president for values and transparency, Věra Jourová, in a November webinar which also explored Poland and Hungary's threatened veto of the recovery fund. We may see in 2021 whether the Commission is willing and able to use its new rule of law mechanism.

The teams in London, Brussels and Berlin

The CER experienced some turnover of staff in 2020. At the start of the year we lost Beth Oppenheim, a research fellow, to Gisha, an NGO based in Israel that focuses on Palestinian rights. This was a great move for Beth, who is passionate about the Middle East and produced strong work on the region. At the end of the year we bade farewell to Agata Gostyńska-Jakubowska, who in her six years at the CER produced memorable research on the EU's institutions, Central Europe, the rule of law and parliamentary scrutiny of EU decision-making. Agata has started a senior job in Brussels with Apple.

We also said goodbye to Nick Winning, who in his three years as our press officer did excellent work in placing opinion pieces by

CER researchers in the world's press. Nick has moved to a senior management role at Dods, the political information company. Emma Roberts, who had helped to run our events, moved to the Local Government Association.

In March, Khrystyna Parandii finished her six-month stint as our sixth Clara Marina O'Donnell fellow. Our first Ukrainian employee, Khrystyna produced fine work not only on EU development policy, as already mentioned, but also on Belarus. In October our seventh Clara Marina O'Donnell fellow, Katherine Pye, started her fellowship. The first of the seven to be British, Katherine is focusing on EU-Africa issues.

At the end of 2020 we hired two new researchers, to strengthen capacity in areas where we will be



doing more work. Zach Meyers, a competition lawyer, will focus on competition policy, technology companies and financial services. Elisabetta Cornago will leave the International Energy Agency to work for the CER in Brussels on climate and energy issues.

The CER's advisory board continued to give good strategic advice to the research team. We were sad to hear of Ian Taylor's passing – very few successful businessmen care so passionately about international issues. We were delighted with our new recruits to the board: Lord Kim Darroch, former ambassador to the EU and the US; Dame Mariot Leslie, former ambassador to NATO (and someone with many connections in Scotland); Sir David

Lidington, former Europe minister and deputy prime minister; Stephen Peel, the founder and chairman of Novalpina Partners; and Nathalie Tocci, director of the IAI in Rome.

Neither COVID-19 nor Brexit have changed the rationale for the CER or our style of operating. We remain a serious, sober and evidence-driven think-tank, which puts a lot of effort into making its work accessible. The current economic environment is not easy for any foreign policy think-tank, but we are confident that if we continue to employ the best people and produce high-quality events and research, we will continue to thrive.

Charles Grant and colleagues

ABOVE:
(L to R)
Sam Lowe and
Pascal Lamy

*Conference on
'Europe and
the rest of the
world', Brussels*

CER events 2020

23 January

CER/DGAP webtalk on 'Brexit: What next in relations between the EU and the UK?'
with *Charles Grant*

27 January

CER/SIEPS panel on 'The rule of law: Democracy's bastion, or its nemesis?'
speakers included *Hans Dahlgren and Didier Reynders, Brussels*

28 January

CER/AIG breakfast on 'What role for Europe in the Middle East?'
with *Dina Fakoussa and Michael Ohnmacht, Berlin*

4 February

Conference on 'Europe and the rest of the world'
with *Rosa Balfour, Sławomir Dębski, Maria Demertzis, Shada Islam, Pascal Lamy, Michael Landesmann, Thijs van der Plas and Nathalie Tocci, Brussels*

4 February

22nd birthday party
with a keynote speech by *Phil Hogan, Brussels*

27 February

Dinner on 'Monetary policy in a zero interest world'
with *Philip Lane, London*

26 March

Webinar on 'The implications of the COVID-19 pandemic'
with *Sophia Besch, Ian Bond and John Springford*

31 March

CER/Clifford Chance webinar on 'Is the EU's trade policy fit for the 21st century?'
with *Alan Beattie, Beata Javorcik and Sabine Weyand*

17 April

Webinar on 'How to relax lockdown measures'
with *Luca Ferretti and Clemens Fuest*

21 April

CER/Kreab webinar on 'Rebuilding the European way of life after the coronavirus: Time for resilience'
with *Margaritis Schinas*

29 April

Webinar on 'Where is Brexit going?'
with *Charles Grant, Sam Lowe and Georgina Wright*

13 May

Webinar on '5G: The next European frontier'
with *Hosuk Lee-Makiyama, Philippe Lefebvre and Janka Oertel*

27 May

Webinar on 'What place for an ambitious European Green Deal?'
with *Philippe Lamberts*

28 May

Brookings/CER/SWP Daimler US-European Forum on Global Issues
speakers included *Stephen Biegun, Philippe Errera, Richard Moore and Matthew Pottinger*

3 June

Webinar on 'The geopolitical impact of coronavirus'
with *Tom Tugendhat*

15 June

CER/wiiv webinar on 'The UK-EU negotiations in the time of coronavirus'
with *Gabriel Felbermayr, Sam Lowe and Jill Rutter*

25 June

Members' webinar on China and on the recovery fund
with *Ian Bond and Christian Odendahl*

2 July

CER/Kreab webinar on 'Will there be deglobalisation post-COVID-19?'
with *Aranca González Laya*

8 July

Webinar on 'What does COVID-19 mean for UK trade policy?'
with *Greg Hands*

14 July

Webinar on 'The prospects for a deal on the European recovery fund'
with *Jörg Kukies*

22 July

Members' webinar on Brexit
with *Charles Grant and Sam Lowe*

28 July

Webinar on 'New Zealand and the changing trade policy context in a post-COVID-19 world'
with *Vangelis Vitalis*

30 July

Webinar on 'Is Xi Jinping's China Dream fated to be a nightmare for the West?'
with *David Rennie*

4 September

Webinar on 'What next for Belarus?'
with *Katia Glod, Nigel Gould-Davies and Dirk Schuebel*

9 September

Members' webinar on tensions in the Eastern Mediterranean and the South China Sea
with *Ian Bond and Luigi Scazzieri*

11 September

Webinar on 'The interaction between fiscal and monetary policy in the eurozone'
with *Isabel Schnabel*

15 September

CER/KAS workshop on 'European autonomy and transatlantic divergence'
with *Rachel Ellehuus, Tinko Weibezahl, Anna Wieslander and Andrew Winternitz*

21 September

CER/Kreab webinar on 'The EU's aims for its future relationship with the UK'
with *Clara Martínez Alberola*

8-9 October

16th Bodrum roundtable webseries
speakers included *Kostas Bakoyannis, William Burns, Reinhard Bütikofer, Ekrem İmamoğlu, Rana Mitter, Marietje Schaake, Kori Schake, Namik Tan, Nathalie Tocci and Linda Yueh*

12 October

Launch of 'Europe, the US and China: A love-hate triangle?'
with *Sophia Besch, Ian Bond, Leonard Schuette and Yu Jie*

26 October

Webinar on 'Deal or no deal: What outcome for the Brexit talks?'
with *Charles Grant, Camino Mortera-Martinez and Ivan Rogers*

28 October

CER/AIG webinar on 'Russia and the EU: Winter is coming (again)'
with *Michael Harms, Agnieszka Legucka, Kadri Liik and Christian Pernhorst*

5 November-3 December

Ditchley conference webseries on 'COVID-19, the global economy and the return of power politics'
speakers included *Olivier Blanchard, Caroline Freund, Şebnem Kalemlı-Özcan, Catherine Mann, Manuel Muñiz Villa, Thomas Philippon, Monika Schnitzer, Abebe Aemro Selassie and Hal Varian*

20 November

Webinar on 'How can Europe protect the rule of law in times of crisis?'
with *Věra Jourová*

1 December

CER/Clifford Chance webinar on 'The Digital Markets Act – making competition rules fit for the digital age'
with *Olivier Guersent*

8 December

Webinar on 'The future of British foreign policy'
with *Rory Stewart*

11 December

Members' webinar on EU-US relations
with *Sophia Besch, Ian Bond, Sam Lowe and Luigi Scazzieri*

15 December

Webinar on 'Coping with Covid: The next steps for banks'
with *Elke König*

CER publications 2020



Flexibility does not come for free

insight by Sam Lowe *January 2020*

Democracy and the rule of law: Failing partnership?

policy brief by Ian Bond and Agata Gostyńska-Jakubowska *January 2020*

Who needs the CER?

bulletin article by Charles Grant *January 2020*

Priorities for 'Global Britain'

bulletin article by Sam Lowe *January 2020*

UK foreign and security policy after Brexit

bulletin article by Ian Bond *January 2020*

The EU and US must work together to end the siege of Tripoli

insight by Luigi Scazzieri *January 2020*

Can Europe overcome its paralysis on Israel and Palestine?

policy brief by Beth Oppenheim *February 2020*

Is the time ripe for the EU to rethink its relations with Belarus?

insight by Khrystyna Parandii *February 2020*

Will courting Putin always end in tears?

insight by Ian Bond *March 2020*

The future EU-UK relationship and the (relative) case for optimism

insight by Sam Lowe *March 2020*

Should the EU develop 'European champions' to fend off Chinese competition?

insight by John Springford *March 2020*

Bold policies needed to counter the coronavirus recession

insight by Christian Odendahl and John Springford *March 2020*

The EU needs to step up its response to the COVID-19 outbreak

insight by Agata Gostyńska-Jakubowska and Luigi Scazzieri *March 2020*

The two economic stages of coronavirus

bulletin article by Christian Odendahl and John Springford *March 2020*

Turkey and the EU: Preserving transactional co-operation

bulletin article by Luigi Scazzieri *March 2020*

Can the EU's defence ambitions survive budget cuts?

bulletin article by Sophia Besch *March 2020*

The COVID-19 pandemic: The EU must think and act globally

insight by Ian Bond *March 2020*

Trouble for the EU is brewing in coronavirus-hit Italy

insight by Luigi Scazzieri *April 2020*

A proposal for a coronabond: The Pandemic Solidarity Instrument

insight by Christian Odendahl, Sebastian Grund and Lucas Guttenberg *April 2020*

The EU's new Libya operation is flawed

insight by Luigi Scazzieri *April 2020*

COVID-19: Can the EU avoid an epidemic of authoritarianism?

insight by Ian Bond and Agata Gostyńska-Jakubowska *April 2020*



How the EU should co-ordinate an end to the COVID-19 lockdown

insight by John Springford *April 2020*

Why the UK should extend the transition period

insight by Sam Lowe *April 2020*

Gas heats up the eastern Mediterranean

insight by Luigi Scazzieri *April 2020*

Putin hits a bad patch

insight by Ian Bond *May 2020*

Coronavirus is pushing the EU in new and undesirable directions

insight by Charles Grant *May 2020*

How to implement the Northern Ireland Protocol

insight by Sam Lowe *May 2020*

Three ways COVID-19 will cause economic divergence in Europe

policy brief by Christian Odendahl and John Springford *May 2020*

Securing Europe's medical supply chains against future shocks

bulletin article by Sam Lowe *May 2020*

The recovery fund faces a tricky passage

bulletin article by Christian Odendahl and John Springford *May 2020*

Trump's COVID-19 response is deepening the transatlantic rift

bulletin article by Luigi Scazzieri *May 2020*

Hand-wringing for Hong Kong: What else can the EU do?

insight by Ian Bond *June 2020*

EU-UK negotiations: No need to panic (yet)

insight by Sam Lowe *June 2020*

Trump sounds the retreat: Can European defence advance?

insight by Ian Bond *June 2020*

Something is stirring in Belarus

insight by Charles Grant *July 2020*

Rethinking the EU's approach towards its southern neighbours

policy brief by Luigi Scazzieri *July 2020*

EU efforts to level the playing field are not risk-free

insight by Sam Lowe *July 2020*

Turkey and the UK: New best friends?

insight by Sam Lowe and Luigi Scazzieri *July 2020*

Will Germany rethink defence, too?

bulletin article by Sophia Besch and Christian Odendahl *July 2020*

What future for a 'geopolitical' Europe?

bulletin article by Luigi Scazzieri *July 2020*

To V or not to V

bulletin article by John Springford *July 2020*

Is the US or Europe more resilient to COVID-19?

policy brief by John Springford and Simon Tilford *August 2020*

Can the EU and Turkey avoid more confrontation?

insight by Luigi Scazzieri *August 2020*

Lukashenka fights for survival

insight by Charles Grant *August 2020*



Five reasons why even a basic EU-UK trade deal is better than nothing

insight by Sam Lowe *August 2020*

Europe, the US and China: A love-hate triangle?

policy brief by Sophia Besch, Ian Bond and Leonard Schuette *September 2020*



Is development aid a victim of the EU budget deal?

insight by Khrystyna Parandii *September 2020*

A Brexit deal may yet emerge from the current confusion

insight by Charles Grant *September 2020*

A terrible border is reborn? Ireland and a no-deal Brexit

insight by Daniel Keohane *September 2020*

A trade deal would give the City of London breathing space

bulletin article by John Springford *September 2020*

Will the coronavirus pandemic deliver a coup de grâce to Schengen?

bulletin article by Camino Mortera-Martinez *September 2020*

Can the EU's Strategic Compass steer European defence?

bulletin article by Luigi Scazzieri *September 2020*

Brexit and COVID-19 are a toxic mix

insight by John Springford and Tomas Hirst *October 2020*

The Commission's 'new migration pact': Handle with care

insight by Camino Mortera-Martinez and Luigi Scazzieri *October 2020*

A tale of batteries, Brexit and EU strategic autonomy

insight by Sam Lowe *October 2020*

What would a Biden presidency mean for US-EU trade relations?

insight by Sam Lowe *October 2020*

Americans choose their president: Europe must live with the consequences

insight by Ian Bond and Luigi Scazzieri *November 2020*

Brexit and police and judicial co-operation: Too little, too late?

insight by Camino Mortera-Martinez *November 2020*

President Biden: Don't expect miracles, Europe

insight by Ian Bond and Luigi Scazzieri *November 2020*

What are the chances that the Brexit talks break down?

insight by John Springford *November 2020*

Post-Brexit foreign, security and defence co-operation:

We don't want to talk about it

policy brief by Ian Bond *November 2020*

Can Biden mend Trump's foreign policy mess?

bulletin article by Ian Bond *November 2020*

Navigating accidental illegality

bulletin article by Sam Lowe *November 2020*

Turkey rising? bulletin article by Luigi Scazzieri *November 2020*

Europe needs a strong Africa, but will it work to achieve one?

insight by Katherine Pye *December 2020*

Deadly coronavirus, domineering China and divided America:

What the new geopolitics means for Europe

essay by Charles Grant *December 2020*

Ten reflections on a sovereignty-first Brexit?

insight by Charles Grant *December 2020*



CER staff 2020

Charles Grant is the director.

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



John Springford is the deputy director.

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



Ian Bond is the director of foreign policy.

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



Christian Odendahl is the chief economist.

He focuses on macroeconomics, the eurozone, the European Central Bank and Germany. He also covers trade and financial markets.



Agata Gostyńska-Jakubowska was a senior research fellow.

She specialised in the EU's institutions and decision-making processes, Poland's European policy and Britain's relationship with Europe.



Camino Mortera-Martinez is a senior research fellow.

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



Sam Lowe is a senior research fellow.

He specialises in international trade, European trade policy, rules of origin, the single market, Brexit, environmental co-operation and investor-state dispute settlement.



Sophia Besch is a senior research fellow.

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



Luigi Scazzieri is a research fellow.

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



Beth Oppenheim was a research fellow.

She focused on Britain's future relationship with the EU, and EU foreign policy in the Middle East.



Simon Tilford is an associate fellow.

He specialises in economic, political, technological and environmental change.



Daniel Keohane is an associate fellow.

He specialises in Brexit, the future of the EU, and European security and defence policies.



Katherine Pye is the Clara Marina O'Donnell fellow (2020-21). The fellowship is aimed at those at the start of their careers who are interested in foreign, defence and security policy.



Khrystyna Parandii was the Clara Marina O'Donnell fellow (2019-20).



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



Nick Winning was the media officer and editor. He was responsible for the CER's media coverage and strategy.



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



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



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



Emma Roberts was the events co-ordinator. She assisted with the co-ordination and administration of CER events.



Financial support 2020

11-20K

Allen & Overy	JP Morgan
Associated British Foods	Kingfisher
BAE Systems	KPMG
Barclays Bank plc	Lloyds Banking Group
BT Group plc	Macro Advisory Partners
BDO Global	Mitsubishi Corporation International (Europe) PLC
British Private Equity & Venture Capital Association (BVCA)	Montrose Associates
Cargill	PwC
Clifford Chance LLP	Teneo Strategy Limited
Fidelity Worldwide Investment	The Economist
Ford of Europe	Vanguard
Goldman Sachs International	Vodafone
IBM	

21-50K

AIG Europe Ltd	Invesco Perpetual
Apple	International Paper
BHP Billiton	Leonardo
Boeing	Lockheed Martin
BP International Limited	Merifin Foundation
Facebook	Microsoft
Gilead Sciences International	Morgan Stanley
GlaxoSmithKline	MSD Europe
Greensill Capital	Qualcomm
HSBC Holdings plc	Shell International Limited

Funding for events

AIG Europe Ltd
City of London Corporation
Clifford Chance
Daimler AG
Kreab

Funding for projects

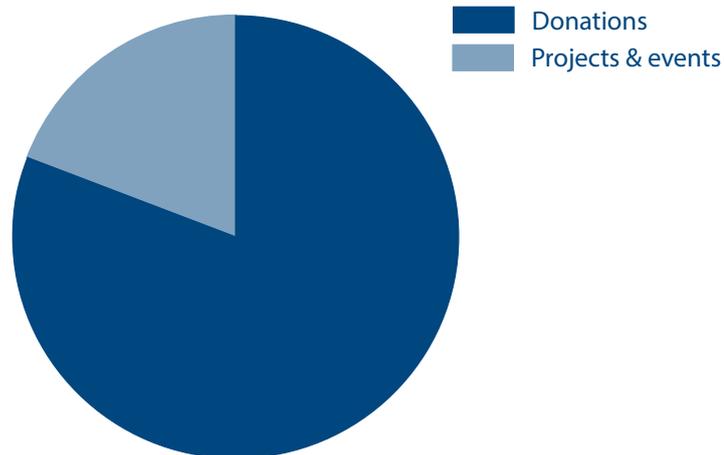
EU Erasmus+ programme
EU Horizon 2020 programme
Fund for Policy Reform
Konrad-Adenauer-Stiftung
The Open Society European Policy Institute

Financial information

Accounts for year ending 31.12.2019

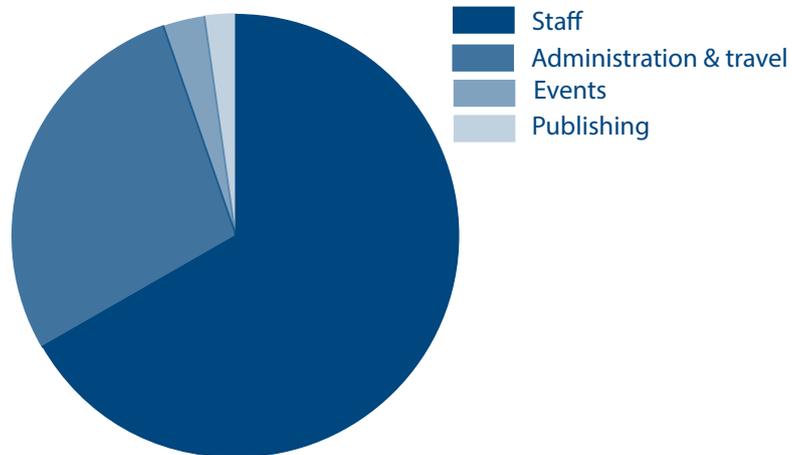
Income for 2019:

Total £1,543,493



Expenditure for 2019:

Total £1,538,222



Advisory board 2020

Paul Adamson

Chairman of Forum Europe and founder of Encompass

Esko Aho

Executive chairman of the board, East Office of Finnish Industries and former prime minister of Finland

Joaquín Almunia

Former vice president and competition commissioner, European Commission

Catherine Barnard

Professor of European Union and labour law, University of Cambridge

Katinka Barysch

Senior strategist, Allianz SE

Carl Bildt

Former prime minister and foreign minister of Sweden

Nick Butler

Visiting professor & founding chair, Policy Institute, King's College London

Tim Clark

Former senior partner, Slaughter & May

David Claydon

Former CEO, Macro Advisory Partners

Iain Conn

Former group chief executive officer, Centrica plc

Sir Robert Cooper

Former special adviser to the High Representative and former counsellor, European External Action Service

Lord Darroch

Former ambassador to the EU and the US

Jonathan Faull

Chair, European public affairs, Brunswick Group LLP

Stephanie Flanders

Senior executive editor and head of Bloomberg economics, Bloomberg

Anthony Gardner

Senior counsel, Sidley Austin LLP & senior adviser, Brunswick Global

Timothy Garton Ash

Professor, European studies, University of Oxford

Sylvie Goulard

Deputy governor, Banque de France

Sir John Grant

Independent consultant & former UK permanent representative to the EU

Lord Hannay

Former ambassador to the UN and the EU

Lord Haskins

Chair, Humber Local Enterprise Partnership and former chairman, Northern Foods

François Heisbourg

Special adviser, Fondation pour la Recherche Stratégique

Simon Henry

Independent director

Wolfgang Ischinger

Chairman, Munich Security Conference

Lord Kerr (chair)

Vice chairman, ScottishPower

Caio Koch-Weser

Chairman of the board, European Climate Foundation

Sir Richard Lambert

Chairman of the British Museum and former director-general of the Confederation of British Industry

Pascal Lamy

President, Paris Peace Forum

Dame Mariot Leslie

Associate fellow, Chatham House & former ambassador to NATO

Sir David Lidington

Former UK cabinet minister and chair, Royal United Services Institute

Sir Philip Lowe

Former director-general for energy, European Commission

Lord Monks

Former general secretary, Trades Union Congress and European Trades Union Confederation

Mario Monti

President, Bocconi University and former prime minister of Italy

Christine Ockrent

Commentator and writer, and producer of *Affaires Étrangères*, France Culture

Stephen Peel

Founding partner of Novalpina Capital and founder of SMP Policy Innovation

Michel Petite

Of counsel, Clifford Chance, Paris

Hélène Rey

Lord Bagri professor of economics, London Business School

Lord Robertson

Special adviser, BP plc and former secretary-general, NATO

Dev Sanyal

Chief executive alternative energy and executive vice president, regions, BP plc

Kori Schake

Director of foreign and defense policy studies, American Enterprise Institute

Sir Nigel Sheinwald

Non-executive director, Royal Dutch Shell plc and visiting professor, King's College London

Nathalie Tocci

Director, Istituto Affari Internazionali

Lord Turner

Chairman, Institute for New Economic Thinking

Pierre Vimont

Senior fellow, Carnegie Europe and former executive secretary-general, European External Action Service

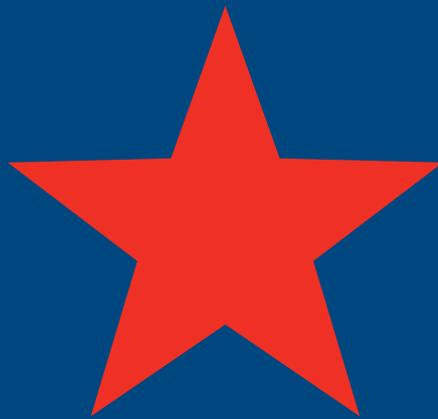
Igor Yurgens

Chairman, Institute for Contemporary Development, Moscow

**14 Great College Street
London
SW1P 3RX
Tel: + 44 (0) 207 233 1199**

**The Library Ambiorix
Square Ambiorix 10
Brussels
B-1000
Tel: + 32 (0) 2 899 9144**

**Tieckstraße 37
10115
Berlin
Tel: + 49 (0) 30 36 751 141**



CENTRE FOR EUROPEAN REFORM

LONDON ★ BRUSSELS ★ BERLIN