

**The year of  
Brexit and Trump**  
**Annual Report**  
2016





# About the CER

The Centre for European Reform is a European think-tank with its head office in London. It seeks to achieve an open, outward-looking, influential and prosperous European Union; and a mutually beneficial relationship between the EU and the UK. The Brexit referendum makes the CER's work more relevant and necessary than ever. The EU badly needs reform, while the UK's ties with it need serious and sensible analysis. The CER favours as close as possible an economic and political relationship between the UK and the EU, while respecting the result of the referendum.

In the months after the referendum the CER reviewed its strategy and decided on three shifts in its work and organisation. First, the CER will focus on making practical and constructive proposals for the UK's future links with the EU. It will tackle questions such as, what would be the economic impact of the various options available to the UK? Which of these options could work politically? Which people and institutions will play a leading role in the Brexit talks? How will Brexit affect the most important EU policies? And what does Brexit mean for the EU's international role?

Second, we have launched a programme of research and events on the economic causes of populism, to be concluded in the spring of 2018. Many of the factors driving populism in the UK – such as resentment at stagnant living standards and inequality, discontent about migration, hostility towards elites and a sense of powerlessness – are present across the EU.

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THE CER IN

DECEMBER 2016

FROM LEFT TO RIGHT,

TOP TO BOTTOM:

*John Springford,  
Christian Odendahl,  
Daniel Crewes,  
Ian Bond, Simon Tilford,  
Kate Mullineux, Agata  
Gostyńska-Jakubowska,  
Rem Korteweg,  
Sophia Besch,  
Anna Yorke, Jordan  
Orsler, Charles Grant,  
Sophie Horsford and  
Luigi Scazzieri.*

*Absent: Camino  
Mortera-Martinez*

Third, we are extending our reach geographically. In January 2017 we opened an office in Brussels, to house a third of our research staff. In October 2016 our chief economist moved to Berlin. Already, more than half our researchers are from EU countries other than the UK.

In addition to our Brexit-related events and publications, we will keep working on the trials and tribulations of the eurozone; on the EU's single market and its energy and trade policies; on its foreign, defence and security policies – including the EU's relations with its neighbours, and with Russia and China; on the way the Union handles refugees and migration; on law enforcement and counter-terrorism in the EU; and on improving how the Union's institutions work and relate to voters.

The CER enjoys an unparalleled level of contacts with senior figures in the key EU governments – not only in Berlin and Paris, but also in capitals such as Rome, The Hague and Warsaw – as well as with the Brussels institutions.

These contacts enhance the accuracy of our analysis and the quality of those speaking at CER events (recent speakers have included Emmanuel Macron, candidate for the French presidency; Jeroen Dijsselbloem, president of the Eurogroup; Martin Selmayr, chief of staff to Commission President Jean-Claude Juncker; Theresa Villiers, until recently Secretary of State for Northern Ireland; Liam Fox, Britain's new Secretary of State for International Trade; Jon Cunliffe, deputy governor of the Bank of England; Helle Thorning-Schmidt, former Prime Minister of Denmark; Ludger Schuknecht, head of strategy in the German finance ministry; Pauline Neville-Jones, former minister of state for security and counter-terrorism; and Pier Carlo Padoan, Italy's finance minister).

The CER's work will continue to be 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.



# Liberals must take nothing for granted

by **Charles Grant**

It is far too early to tell whether 2016 really was a turning point in the history of the West. Both the votes for Brexit and for Donald Trump – the two biggest shocks of the year – were very close and could easily have gone the other way. Without doubt, however, 2016 was a wake-up call for liberals. Since the 1980s they had taken for granted a plethora of economic and political trends, such as the spread of democracy, human rights, global governance and international law, as well as deepening economic integration through freer trade and cross-border investment.

Liberals have now learned that there are no inexorable historical movements. They must not only fight hard to uphold their values, but also find better policy responses for the big contemporary challenges. If the EU's leaders had not made so many mistakes in managing the eurozone, or if they had combined the Schengen system of borderless travel with much stronger external borders and more rigorous methods for co-operating on security, the UK would probably not be leaving the EU. And if successive British governments had concentrated resources on the municipalities where immigration created the most tensions, or more generally had made a better job of

helping 'left-behind' social groups and areas, the UK might not be leaving.

Similarly, if recent US administrations and Congress had done more for the regions disrupted by the loss of manufacturing jobs – which have fallen by a third since 1990 – or enacted policies to prevent the fall in median incomes during the same period, Hillary Clinton might well have won the presidency.

The CER is an unashamedly liberal – with a small L – think-tank. We are serious and sober and believe that policy-making should be evidence-based. At a time when it is fashionable to frown

ABOVE:  
Martin Selmayr  
Keynote  
speaker at the  
CER's annual  
dinner, London

on experts – Michael Gove famously said during the referendum campaign that “people in this country have had enough of experts” – the CER is proud of its expertise. While accepting the constraints set by political and economic realities, our ideas and policy-proposals aim to nudge decision-makers to act in ways that are in tune with our underlying values. These are economic openness combined with assistance for the disadvantaged, international co-operation, and respect for the rule of law and human rights.

*“Like the refugee crisis, the eurozone’s ailments have fostered ill-feeling among member-states and damaged the EU’s reputation.”*

Twenty-sixteen gave liberals plenty of reasons to worry. A peaceful solution to the myriad problems in the Middle East seemed more distant than ever. Though flows of people into the EU from the Middle East were halted – at least temporarily – by both Turkey and Balkan countries closing borders, the southern route into the EU across the Mediterranean remained open. Turkey’s government abandoned a number of democratic norms. Terrorist attacks in Turkey, France, Belgium and Germany, among other places, gave succour to the enemies of openness.

Meanwhile the eurozone muddled along without having resolved some of its fundamental economic contradictions. Like the refugee crisis, the eurozone’s ailments have fostered ill-feeling among member-states and damaged the EU’s reputation. The decision of the British people to leave the EU on June 23<sup>rd</sup> only added to the club’s woes.

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## The referendum campaign

The CER did not take part in the referendum campaign on EU membership. The constraints of the Political Parties, Elections and Referendums Act limited what we could spend on events and publications that were in any way biased to one side. And when we organised seminars and meetings we had to ensure that Leavers took prominent roles.

Having said that, what my colleagues and I said during the campaign – at our own and others’ meetings, as we travelled up and down the country – highlighted the evidence for the benefits of EU membership. In fact we were content with our semi-detached role; we did not want to be seen as an adjunct of the sadly lacklustre Remain campaign. For obvious

Several developments in 2016 suited Vladimir Putin’s autocratic regime in Russia. Brexit will clearly weaken the EU, particularly in the field of security policy. In 2016 Russia ignored its continuing economic weakness and intervened in several parts of the world – not only in Eastern Europe, where it scares some neighbours, but also in Syria and even in the US presidential election. President Bashar al-Assad’s victories in the Syrian civil war were seen as Russian triumphs. And the American people chose a president who has never said a harsh word about Putin and who shares at least some of his hostility to the liberal world order.

While some of Donald Trump’s future policies are hard to discern at the time of writing, his basic worldview is not. He does not believe in much of the rules-based international order that every US president since World War II has subscribed to. He is sceptical about free trade, democracy promotion and multilateral institutions. His particular views on Iran (very hostile), China (hostile), Russia (sympathetic), Middle East strongman regimes (good for stability) and Israel-Palestine (apparently against a two-state solution), let alone issues like climate change, are likely to create huge tensions with the EU.

If an immediate and perhaps premature judgement on the dramas of 2016 is possible, it may be that the political ingredients of the liberal order face the gravest threats. The economic forces driving globalisation, such as technological change and the growth of cross-border investment and supply chains, may well be largely unstoppable, whatever Trump thinks about free trade. Countries such as China and Turkey can still engage in economic globalisation while clamping down on freedom of expression.

reasons, the CER was busier with the world’s media than it had ever been.

Most of our analysis of the UK-EU relationship – both before and after the referendum – came in the form of shorter pieces, in the CER bulletin or in insights. For example in a bulletin article in late May I explained why Leave was likely to win. I touched upon the growing hostility in Western countries towards globalisation and the elites who profited from it; this explained why great-and-good establishment figures lining up to warn the British not to Leave were making little impact. I also highlighted David Cameron’s grave error in assuming that he could turn around the British public’s deep hostility to (and ignorance of) the EU during a few short months. If he had



been serious about winning the referendum he should have spent years trying to shift opinion, rather than attacking the EU in order to placate his own party's sceptics and the EU-phobic press. Having rubbished an unreformed EU, he then won some not terribly impressive reforms in February 2016, changing little of substance, which meant that he then lacked credibility in urging the British to stay in the club.

The day after the referendum, my CER insight summarised the reasons why Remain had lost the campaign as the 'battle of the five Ms': Leave had better messengers, with Boris Johnson, Michael Gove and Nigel Farage being more convincing than Cameron, George Osborne and Jeremy Corbyn (the Labour leader was always ambiguous on the EU); a better message, of 'Take Back Control', while Remain focused relentlessly on negative economic messages and said nothing positive about the EU; much more media support (with the BBC, to the surprise of many, deciding that its obligation to be impartial meant that it had to forget its obligation to educate and inform); a line on migration that resonated, while Remainers were embarrassed to talk about that subject; and finally, much more effective campaign machines, that had no scruples about saying things that were simply untrue.

The CER also produced longer papers on Brexit. That by Jean-Claude Piris, 'If the UK votes to leave: The seven alternatives to EU membership' – published in January – became the most downloaded policy brief (over 25,000 times)

in the CER's history. Piris, a former head of the Council of Ministers' legal service, explained the legal complexities of activating the 'Article 50' exit procedure. He pointed out that no sort of 'half-membership' would work for the UK's partners. Piris also ran through the seven options available to any country wishing to leave: the Norwegian option of membership of the European Economic Area; a customised relationship with the EU, similar to the Norwegian model; joining the European Free Trade Agreement; the Swiss option of a series of bilateral treaties; the Turkish option of forming a customs union with the EU; a free trade agreement on the model of that recently negotiated between the EU and Canada; and reliance on the rules of the World Trade Organisation. Piris concluded that all these alternatives would carry heavy political and/or economic costs for the UK.

Our *magnum opus* of the campaign was a 120-page report published in April on the economic consequences of leaving the EU. CER researchers led by John Springford based this report on the work of the commission on the UK and the single market that we had established in 2013 (a shorter and less ambitious version of the report was published in 2014). The CER constructed a gravity model of trade which showed that EU membership had boosted the UK's trade in goods by 55 per cent, beyond the trade that would have happened in any case because of geography. So the 'EU effect' amounted to £130 billion a year of extra trade. The report found that the UK was extraordinarily integrated in other ways too – the EU was the source of 30 per cent

ABOVE:  
 (L to R)  
 Gerard Lyons,  
 Roger Bootle,  
 Evan Davis,  
 Stephanie  
 Flanders and  
 Martin Wolf

'Economists on  
 Brexit debate',  
 London

of the stock of FDI in the UK; and 45 per cent of UK banks' assets were held in the eurozone.

The report then analysed the impact of EU regulations on Britain, pointing out that even if Britain departed, it would need to keep most of them if it wanted to remain in the single market. In any case, Britain already had amongst the least regulated product and labour markets in

the Western world. The report highlighted the dependence of the City of London on business with the other 27 member-states, large parts of which would be lost if the UK cast off EU regulations. Finally, the report analysed the immigration of EU nationals into the UK, finding that their impact on low-skilled wage levels was minimal, and that skilled immigration was highly beneficial to the British economy.

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## The CER's work on EU institutions

Agata Gostyńska-Jakubowska

The Brexit process highlights the importance of understanding how the EU's institutions work. Among the lessons of the UK's EU referendum campaign was that most British politicians, whether pro- or anti-EU, are ignorant of how the Union works. Brexiters described the EU as an unaccountable bureaucracy, while Boris Johnson claimed that the UK had little if any influence in shaping EU decisions. Brexiters argued that only by leaving the EU would Britain be able to take back control of its own laws.

The CER has tried to debunk these myths. In the policy brief 'Europe after Brexit: Unleashed or undone' I observed that, contrary to what eurosceptics claimed, member-states often talk first to the UK when they are trying to put together a coalition to support an idea. Over the decades since it joined the European Economic Community, the UK has succeeded in transforming the European Commission into a more Anglo-Saxon institution that has taken up British priorities such as reducing the EU legislative programme and improving the quality of regulations.

The CER thinks that eurosceptics were right to argue that democratic oversight of the EU should be improved. But I disagreed with the idea that 'red cards', which enable national parliaments to block EU proposals, were a panacea for all the EU's legitimacy problems. In the policy brief 'The role of national parliaments in the EU: Building or stumbling blocks?' I pushed for a more constructive role for national parliaments in the EU. I observed that MPs understood citizens' concerns better than MEPs, but that the latter had more influence on the European Commission (which proposes EU legislation). Together they stood a better chance of improving EU law than when they acted alone.

The CER and the French Institute of International Relations (IFRI) organised a roundtable discussion in Brussels in July, where I set out ways in which national parliaments could help EU institutions rebuild public trust in the European project. Almut Möller of the European Council on Foreign Relations (ECFR), Vivien Pertusot of IFRI and Jos van de Wiel from the Dutch parliament, spoke on how Berlin, Paris and The Hague see the role of national parliaments in the EU decision-making process.

In the course of the referendum campaign Brexiters also underplayed the complexities of the withdrawal process. Some eurosceptics went so far as to demand that the UK should ignore Article 50 and just leave. In my insight 'The seven blunders: Why Brexit would be harder than Brexiters think' I delved into Article 50 and provided seven reasons why the UK would not control its own fate in the exit negotiations. Eurosceptics claimed at the time that this was all scaremongering, but experience since the referendum has shown that leaving the EU will indeed be very complex; as the Brexit secretary of state, David Davis, has commented, it "may be the most complicated negotiation in modern times. ...By comparison, Schleswig-Holstein is an O-Level question."

As Britain gears up for these unprecedented negotiations, the CER will continue to research the role of the institutions in the divorce talks. Part of that work is engaging with the key officials in Brussels, such as Jeppe Tranholm-Mikkelsen, the secretary-general of the Council of Ministers, who spoke about the role of his institution at a CER/Kreab breakfast in Brussels in January.



Gordon Brown, the former prime minister, gave his opening speech of the referendum campaign at the launch of this CER report. The panel which followed featured two prominent Leave economists, Gerard Lyons and Roger Bootle, and two prominent Remain economists, Martin Wolf and Stephanie Flanders.

During the referendum campaign there was much discussion of how Brexit would affect the UK, but little thought given to its impact on the EU. So in April, a team of CER researchers wrote 'Europe after Brexit: Unleashed or undone?'. They forecast that the EU without the UK would not become significantly more protectionist, but that the eurozone would be increasingly predominant in EU policy-making (without integrating much further). As for security matters, the EU would be less likely to take a hard line on Russia; move ahead with integrating its defence institutions while having weaker military capabilities; and find that the absence of the British would impair the fight against crime and terrorism. Finally, the CER researchers predicted, Brexit would increase worries elsewhere in Europe about the preponderance of German power in the EU. So far none of our predictions has been proven wrong.

The companion piece written by CER researchers in June, shortly before the referendum – 'Europe after Breain: A strong team?' – is now of less relevance. This policy brief argued that, in the event of a vote for Remain, David Cameron's government should reinvigorate EU policy-making on the single market, trade policy, foreign policy and defence

co-operation. But on June 24<sup>th</sup> Cameron resigned, soon to be replaced by Theresa May.

Throughout the referendum campaign, we organised seminars on Brexit not only in the UK but on the continent too. In February we teamed up with Pro Europa, an organisation based in Brussels, to organise a panel there with *The Economist's* Tom Nuttall and a Liberal Democrat peer, Julie Smith. In the same month Mathew Baldwin, chief of staff to the then British commissioner, Lord Hill, spoke alongside business leaders at a CER/Kreab breakfast in Brussels.

One of the big uncertainties about Brexit is its impact on the union between England and Scotland. So in March we were happy to host David Mundell, Secretary of State for Scotland. He spoke on the complex interaction between Scottish, British and European politics. In April we organised a conference in London on 'Business, Brexit and sovereignty', with Andrew Mackenzie, CEO of BHP Billiton, Andrea Leadsom, a leading Leave campaigner and Dominic Grieve, a former attorney-general and a Remain campaigner, as speakers.

In the same month David Lidington, then the minister for Europe, and Joschka Fischer, a former German foreign minister, spoke at a CER/DIW roundtable in Berlin on Britain and the EU. In May we and Das Progressive Zentrum held a second Berlin roundtable on the same subject. Speakers included Jörg Asmussen, former ECB board member, and Almut Möller from the ECFR.

ABOVE:  
 (L to R) Douglas Carswell, Nick Clegg, Charles Grant, Malcolm Rifkind and Konrad Szymański

*Conference on 'Brexit: Britain's European future after the referendum', London*

Also in May, the CER held its second annual dinner at Rothschild in London. Martin Selmayr, the chief of staff to President Jean-

Claude Juncker, lived up to his reputation for controversy and plain-speaking with his off-the-record remarks as the keynote speaker.

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## After the referendum

The pace of our work did not slacken after June 23<sup>rd</sup>. From then until year-end we organised 15 seminars and conferences specifically on the consequences of the Brexit referendum. These began with a roundtable on the Monday after the vote, at which CER researchers gave their views on its impact. The next day Yvette Cooper, a prominent Labour politician, spoke at the CER on Britain and the EU, with the focus on refugee policy. In early July we and the Corporation of London pulled together a conference on Brexit, with the speakers including leading sceptics such as Douglas Carswell, the UKIP MP, and Bernard Jenkin, a hard-line Conservative MP. They were joined by Konrad Szymański, Poland's Europe minister; Nathalie Tocci, an adviser to High Representative Federica Mogherini; Ludger Schuknecht, head of policy in the German finance ministry; and, from the pro-EU side of British politics, Nick Clegg, the former deputy prime minister and Sir Malcolm Rifkind, former foreign secretary.

*“The priority of the 27 is to stay united vis-a-vis the British, and not to compromise on the indivisibility of the 'four freedoms'.”*

Also in July, two eminent Europeans – both out of office and currently running charities – did their best to cheer up our friends by speaking at the CER's 18<sup>th</sup> birthday party, hosted by the Irish ambassador. David Miliband, former foreign secretary, and Helle Thorning-Schmidt, former Danish prime minister, held out hope for strengthening co-operation to tackle global challenges, despite Brexit.

In September, shortly before declaring himself a candidate for the French presidency, Emmanuel Macron spoke at the CER on how the EU would respond to Brexit. He made an unabashed case for further political and economic integration and warned the British that they should not expect too many special favours from the 27. In the same month, Nick Clegg and Peter Sutherland spoke at a CER roundtable on the consequences of Brexit for Britain's trade, and Alexander Stubb, a former Finnish prime minister, spoke at the CER on the political consequences of Britain's departure. Then we moved to the annual political conferences of the Labour and Conservative

parties, where we organised fringe events with Open Europe. At the former, in Liverpool, our Brexit panel included Liam Byrne, former chief secretary to the Treasury, and Axel Schäfer, a senior German social democrat. With the latter, in Birmingham, our speakers included Dominic Raab, a former minister and leading Leaver, and Detlef Seif, a German Christian democrat.

One thoughtful contribution to the debate on how Brexit might affect the shape of Europe came from the think-tank Bruegel. A paper written by, among others, Jean Pisani-Ferry, head of policy planning in the French government, and Norbert Röttgen, chairman of the Bundestag foreign affairs committee, proposed a 'two-circle' Europe: a more integrated eurozone would be surrounded by countries such as the UK, Norway, Switzerland, Ukraine and Turkey, in the single market but excused from free movement.

This paper went down very poorly in most EU capitals, since it would allow the British to 'have their cake and eat it'. Two of the authors – Pisani-Ferry and Paul Tucker, a former deputy governor of the Bank of England – outlined the paper at a CER roundtable in October, at which Peter Mandelson, a former commissioner, responded. The conclusion I took away was that though the paper has little chance of being implemented in the next few years, in the long run, when the British have left the EU, Bruegel's ideas for boosting economic integration between the eurozone and the rest of Europe will return to the agenda.

In November we held CER dinners with both Jeroen Dijsselbloem, Dutch finance minister and Eurogroup chairman, and Pierre Moscovici, the commissioner responsible for the eurozone. They brought similar messages to the business leaders around the tables: the priority of the 27 is to stay united vis-à-vis the British, and not to compromise on the indivisibility of the 'four freedoms' of people, goods, services and capital. Thus if the UK restricts free movement of labour it cannot expect to remain in the single market, including that for financial services.

In the same month we held a roundtable to examine the 'Turkish model', of the UK forming a customs union with the EU, with Sinan Ülgen, who runs Turkey's EDAM think-tank, and Roderick Abbot, a former EU trade negotiator.



Another roundtable in November compared and contrasted the Norwegian, Swiss and Canadian models of associating with the EU. Speakers included Michael Ambühl, a former Swiss state secretary, Ulf Sverdrup, director of the Norwegian Institute for International Affairs, Miriam González Durántez, an eminent trade lawyer and the *Financial Times's* Wolfgang Münchau. The conclusion of the two seminars was that none of these models suits Britain's political priorities or economic interests.

The UK's debate on Brexit remained painfully Brito-centric, with few politicians or senior journalists paying much heed to continental viewpoints. That is why in December we teamed up with the Economic and Social Research Council's 'UK in a Changing Europe' programme for a seminar on others' views of Brexit. The *Financial Times's* Henry Foy explained the

perspective of Central Europeans, while Daniela Schwarzer (the new head of the German Council on Foreign Relations) and Vivien Pertusot (who runs the Brussels office of the French Institute for International Relations) did the same for Germany, France and other member-states. Sir Stephen Wall, a former British permanent representative to the EU, did what he could to analyse Britain's negotiating strategy, though at year-end that remained largely obscure.

Between the referendum and the end of the year we analysed the British government's hesitant approach to Brexit, and the position of the 27, in a series of CER insights and bulletin pieces. One of these, published in July – 'Theresa May and her six-pack of difficult deals' – describing how many distinct negotiations the UK would have to engage in, was downloaded more than 40,000 times from the CER website.

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ABOVE:  
(L to R) Helle  
Thorning-  
Schmidt and  
David Miliband

*Keynote  
speakers at  
the CER's 18<sup>th</sup>  
birthday party,  
London*

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## The future of the CER

The referendum result prompted the CER, guided by its advisory board, to review its role and strategy. We wrote a new mission statement (at the front of this report) and decided on three shifts in our work and organisation. First, the CER will focus on making practical and constructive proposals for the UK's future links with the EU. The CER favours as close as possible an economic and political relationship between the UK and the EU, while respecting the result of the referendum. In the months since the referendum, we have experienced an enormous demand for our publications on Brexit, as well as for

private briefings on the positions of the British government, the 27 and the EU institutions.

Second, we have launched a programme of research and events on the economic causes of populism, to be concluded in the spring of 2018. Many of the factors driving populism in the UK – such as resentment of stagnant living standards and inequality, discontent about migration, hostility towards elites and a sense of powerlessness – are present across the EU. Simon Tilford describes this programme later in this report.

Third, we are extending our reach, geographically. More than half our researchers are from EU countries other than the UK, but we have decided that an office in Brussels would, post-referendum, reinforce our European credentials. So at the start of 2017 we opened in Brussels. Our chief economist, Christian Odendahl, had already moved to Berlin in October 2016, where the Jacques Delors Institute Berlin is kindly hosting him.

Though Brexit is driving these changes, much of our work will remain on other issues, such as the trials and tribulations of the eurozone; on the EU's single market and its energy and trade policies; on its foreign, defence and security policies – including the EU's relations with its neighbours, and with Russia and China; on the way the Union handles refugees and migration; on law-enforcement and counter-terrorism in the EU; and on improving how the Union's institutions work and relate to voters.

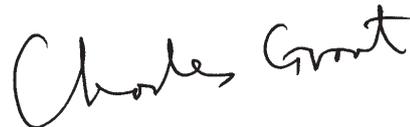
*“The CER's work will continue to be guided by the same principles: sober, rigorous and realistic analysis, combined with constructive proposals for reform.”*

Our staff has been very stable over the past year. Sophia Besch, the 2015-16 Clara Marina O'Donnell fellow, became our defence analyst and took on responsibility for podcasts. Luigi Scazzieri became the 2016-17 Clara Marina O'Donnell fellow, working on EU security policy. Paola Buonadonna, an experienced media hand, returned to the CER for four months to help raise our profile during the referendum campaign.

The way we communicate with our audience is evolving rapidly. Our website traffic continued to grow: in 2016 we had about 750,000 hits on our site, 250,000 more than in 2015. Our regular podcasts, sometimes linked to particular CER publications or events, have developed a following. And we are now live-streaming some of our events on the internet. At the end of the year, two of our researchers, John Springford and Christian Odendahl, launched #AskCER, a new format of 500-word instant responses to events. But we still value the old-fashioned medium of the newspaper opinion piece. In 2016 we published more of these than ever before, in outlets such as the *Financial Times*, *The Guardian*, *Le Monde*, *Project Syndicate*, the *Frankfurter Allgemeine Zeitung*, *The Telegraph*, *El País*, *Prospect*, *Die Zeit*, *The Spectator*, the *New Statesman*, *Tagespiegel* and *Politico*.

The advisory board, which continued to give valuable advice to the research team, was largely stable in 2016. Paul de Grauwe and António Vitorino stood down, to be replaced by Dev Sanyal, an executive vice president at BP, and Alexander Stubb.

We regret the referendum result but understand that it makes the CER's work more relevant and necessary than ever. The EU badly needs reform, while the UK's ties with it need serious and sensible analysis. The CER's work will continue to be 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.



Charles Grant



# The CER's work on economics

by **Simon Tilford**

ABOVE:  
(L to R)  
Nick Butler,  
Emmanuel  
Macron and  
Simon Tilford

*Roundtable on  
'Brexit and the  
future of the  
EU', London*

Three themes dominated the CER's economics work in 2016: the economic implications of Britain leaving the EU; the economics of rising political populism; and the continuing economic and political tensions within the eurozone. They are interrelated. The estrangement of much of the British electorate from the country's political and business elite propelled the vote to leave the EU. Some of that estrangement is legitimate: the UK has been very poor at ensuring that the benefits and costs of globalisation are distributed evenly. Indeed, British governments have used the alleged competitive pressures of globalisation to further erode labour rights. When this proved unpopular with voters, parts of the British political elite turned against immigration and the EU, prompting a nativist backlash which it has been unable to control. Contrary to the claims of the libertarian leaders of the Leave campaign, the Brexit vote reflected a desire for less openness to the rest of the world, not more.

Much has been made of the similarities between the Brexit vote and Donald Trump's victory. At first sight these have been overblown. Authoritarianism – a strong leader who expresses the will, as he or she perceives it, of the people – was a major factor behind Donald

Trump's victory but did not play a big role in the Brexit campaign. Nevertheless the factors driving populism in the UK – resentment at stagnant living standards and inequality, discontent about migration, hostility towards elites and a sense of powerlessness – are all

present in the US. And both Trump and the Leave campaign profited from these trends by exploiting fears over immigration, and internationalism more generally. Although Britain's Brexiters and Donald Trump have few answers to the complex economic problems we face (and which people are rightly anxious about), they at least acknowledged people's fears. Liberals need to recognise that globalisation, like markets generally, is a force for good, generating wealth and opportunity, but that there are winners and losers, and that they cannot ignore the losers.

*“The Brexit vote reflected a desire for less openness to the rest of the world, not more.”*

Many, including me, had expected the backlash against liberal international capitalism to come from hard-pressed members of the eurozone, rather than from the UK and US. After all, if the mantra 'Take Back Control' means anything anywhere, it is in the eurozone where governments have, to a large extent, lost control of the principal macroeconomic tools to manage their economies: monetary and fiscal policies. Indeed, the eurozone's continuing problems reflect what happens when governments push ahead with integration without political buy-in from their electorates.

The currency union's anaemic economic recovery continued in 2016, but was not strong enough to lift underlying inflation and improve debt sustainability. And political pressures continued to rise. Italy avoided fresh elections following the resignation of Matteo Renzi, but with the country's economy barely growing and the main opposition parties openly questioning its membership of the single currency, Italy remains a source of uncertainty hanging over the euro. Populists are riding high in France and the Netherlands, both of which have elections in the first half of 2017. Even if these populists do not score outright victories, the risk is that they will influence the mainstream parties, as has been the case in the UK, making reform of the eurozone ever harder to agree.

I did not expect the British to vote to leave the EU, but before the referendum we had completed a thorough economic analysis of the implications of a vote to leave. Different types of Brexit will have very different impacts, as we explained in 'The economic consequences of leaving the EU: The final report of the CER commission on Brexit 2016', published in April.

A so-called 'hard Brexit' will involve giving up membership of some or all of the EU's single market in goods, services, capital and labour. The UK would trade with the EU either under WTO rules, and hence face EU tariffs on British exports and very limited access to EU services markets, or forge a trade agreement with the EU which provides for free trade in goods but not much beyond that. By contrast, a 'soft Brexit' would mean quitting the EU but staying in the single market, or most of it, probably as a member of the European Economic Area (EEA).

In a series of pieces, we stressed the advantages Britain gains from its membership of the single market. In John Springford's February insight, 'Would an 'independent' Britain want to join the single market?', he argued that the British would want to join the single market if they were not already members of it. But remaining in the single market was never going to be acceptable to a post-referendum British government committed to controlling EU immigration and repatriating powers, as John explained in an article published in June immediately after the referendum entitled 'Can Britain join Norway in the EEA?'. Membership of the EEA would effectively make the UK a non-voting member of the EU, subject to EU rules and regulations, including free movement. In a November bulletin piece titled 'A wake-up call for liberal Brexiters' I argued that Donald Trump's win had further weakened the liberal case for Brexit, because Britain could no longer rely on the US underpinning the international trade and financial systems. This meant that forging the closest EU ties possible was even more essential for Britain. But the politics of the UK, the government's failure to come up with a coherent Brexit strategy and the country's dearth of negotiating skills meant we were still heading for hard Brexit.

On the face of it, the economic impact of the referendum result was limited, at least in 2016, which led eurosceptics to denounce the Remain camp for scaremongering. However, one reason for the immediate impact of the Brexit vote being less dramatic than some feared was that most people assumed, at least until the Conservative Party conference in October, that Britain was heading for a soft Brexit. And we should not, in any case, exaggerate how well Britain's economy performed in the months following the vote. Consumer and business confidence held up better than many expected, including John Springford and Christian Odendahl in their 'Long day's journey into economic night', an insight published in July.



But sterling has slumped as investors have repriced the risk of investing in the UK. The impact on prices and real earnings from the fall in the value of the currency was only starting to feed through by the end of the year. In ‘Sterling slump won’t rescue the British economy’, an insight published in October, John and I showed that the 2008 devaluation of the pound had not led to strong growth in British exports, and we explained why the post-referendum devaluation was unlikely to do so either.

Indeed, most economists, including those at the CER, argued that the real damage from Brexit would come through in the medium to long-term, not the short-term, through lower trade and investment hitting UK productivity and hence living standards. There is little reason to think that this will not be the case. By the end of 2016 it was clear that Britain would leave the single market, and major firms were developing plans to relocate investments to other member-states. The loss of so-called passporting rights, which enable British-based financial institutions to sell their services unhindered across the EU, will lead to a gradual loss of the City of London’s pre-eminence. This could wane more quickly than many assume if one eurozone centre quickly emerges to challenge London. But the process will take longer if London’s business is shared among a number of competing centres, none of which has the scale to challenge London. We covered this theme at a dinner in September with Jon Cunliffe, the deputy governor of the Bank of England, and Marcel Fratzscher, the head of the Berlin-based German Institute for Economic Research (DIW).

In addition to seeking a trade agreement that may provide for not much more than tariff free trade in merchandise goods with the EU, the UK is also likely to withdraw from the EU’s customs union. As John Springford explained in ‘Customs union membership is no way out of the Brexit trap’, an insight published in December, Britain would have to leave the customs union in order to regain sovereignty over trade policy and business regulation. This means that UK exporters will have to comply with rules of origin, which determine whether tariffs should be charged on goods that have significant content imported from outside the EU. For many firms this will reduce the attractiveness of producing in the UK.

Indeed, contrary to eurosceptic claims, quitting the EU will not reduce the costs of doing business for British firms. EU regulation is on balance a plus for Britain as it has opened up markets across Europe, not least in financial services. And the main regulatory obstacles to economic growth are home-grown, as John Springford explained in ‘Brexit and EU regulation: A bonfire of the vanities?’, a policy brief published in February.

In September I returned to this theme with a widely-read policy brief entitled ‘Brexit Britain: The poor man of Western Europe?’, in which I argued that the vote to leave the EU was a distraction from Britain’s real economic problems: skills, housing, infrastructure, corporate governance and political centralisation. The UK was already a mere average economic performer by Western

ABOVE:  
 (L to R)  
 Francesca  
 Carlesi and Jon  
 Cunliffe

*Dinner on  
 ‘The impact  
 of Brexit on  
 Britain and the  
 EU’, London*

European standards. Brexit would further sap its economic dynamism and aggravate startling regional disparities.

In June John Springford published an insight, 'Brexiting yourself in the foot: Why Britain's eurosceptic regions have most to lose from EU withdrawal', together with Philip McCann, Bart Los and Mark Thissen from the Groningen Institute in the Netherlands. They presented data showing that the most eurosceptic regions of the UK – notably the poorer ones in the Midlands and North of England – are the most economically integrated with the EU because of their relatively greater dependence on manufacturing exports.

*“Most economists argue that the real damage from Brexit would come through in the medium to long term.”*

A further reason for the CER's pessimism over the outlook for the British economy is that Brexit promises to make the UK less open to immigrants, their cultures and ideas. If Britain opts for a hard Brexit it will be because the government believes it has no option but to honour the will of the electorate and end unrestricted immigration from other EU countries. Finally, the British government's decision to tighten up visa requirements for foreign students in an attempt to cut net immigration will damage the country's higher education sector, one of its most successful. It will also hit the British economy as a whole by depriving it of large numbers of highly-skilled workers. By placing restrictions on the free flow of labour between the UK and the rest of Europe, the UK will become a less attractive country to European workers, even those who would qualify for whatever regime for skilled immigrants the UK eventually puts in place.

There is a case to be made for Brexit being the first European rebellion against globalisation. There were peculiarly British problems behind the UK's vote to leave the EU – not least the country's eurosceptic print media – but there is no doubt that many of the things that people associate with globalisation, such as inequality, insecurity, out of touch and self-serving elites, untrammelled financial capitalism and the financial crisis it caused, drove support for Brexit.

The Brexit campaign, strong support for populists across Europe and the surprising victory of Donald Trump in the US presidential primaries,

led us to focus our annual economics conference at Ditchley Park in November on the economics of populism. The conference brought together 50 leading economists and policy-makers to consider 'Brexit and the economics of populism'. They included Agnès Bénassy-Quéré, Marco Buti, Nick Crafts, Barry Eichengreen, Henrik Enderlein, Marcel Fratzscher, Charles Goodhart, John Kay, Beatrice Weder di Mauro, Jean Pisani-Ferry, Paul Tucker, David Willetts and Martin Wolf. The participants concluded that inequality, insecurity and a nativist backlash against immigration all helped to explain populism, but attached differing weights to the relative importance of these various causes. They also differed over the role financial globalisation and trade had played in fostering these trends.

For some, financial globalisation eroded countries' ability to tax and hence to tackle inequality flowing from trade. They stressed the case for limiting the movement of labour and capital in order to shore up support for trade integration. For others, inequality was driven more by house price inflation, technological change, the increased market value of high skills relative to low ones, and weak productivity growth. They also noted that inequality was not a universal phenomenon, with some countries suffering from it much more than others thanks to the policy choices they had made. The participants broadly agreed that the losers from trade globalisation needed to be compensated, where it was possible to determine who they were. But for many at Ditchley, there was no more reason to worry about people who lost jobs from trade than from technological change. Financial globalisation helped individuals and firms to spread risk, but there was a problem with the composition of capital flows and the lack of burden-sharing between creditors and debtors.

Although governments had made a choice not to redistribute income, global co-ordination of tax policies was still needed to ensure the corporate sector and the wealthy were taxed appropriately. The Ditchley delegates agreed that hostility to migrants was largely rooted in nativism, not economics. They thought governments should stress immigration's benefits, increase funding to areas of high immigration and boost housing. There was a case for thinking big: fiscal expansions and an end to the prohibition on monetary financing. But such solutions would not be a silver bullet: productivity had slowed before the financial crisis, while the savings glut pre-dated it. And such a shock-and-awe macroeconomic strategy could backfire by feeding populism against central banks in Germany and elsewhere.



The Ditchley conference kicked off what will be an extensive CER programme of work on the economics of populism over the next 18 months, with forthcoming publications on: 'Is globalisation to blame for the rise of European populism?'; 'Macroeconomic failure, the euro and the rise of euroscepticism'; 'Immigration and populism: Does economics matter?' and 'How can the EU save itself?'

Britain's Brexit vote and the emergence of Donald Trump as a powerful political force somewhat overshadowed the ongoing travails within the eurozone. Although the currency union's economic recovery continued – it expanded by about 1.6 per cent in 2016 – inflation, and crucially, inflation expectations, remained weak. In an insight published in March, 'Time for a regime change in Frankfurt', Christian Odendahl and I wrote that in order to get eurozone inflation back to its official 'close to 2 per cent' target, the ECB needed to be much bolder and that fiscal policy across the eurozone as a whole needed to be more expansionary.

In an important article, 'European competitiveness, revisited', published at the beginning of the year, Christian Odendahl argued that many of the eurozone's problems stem from a flawed understanding of competitiveness among eurozone policy-makers, especially German ones. Instead of the current focus on unit wage costs, European 'competitiveness' needed to be defined as productivity, and the policies required to improve productivity were complex and country-specific. I had also written in an insight

published in January that paying too much attention to trade competitiveness and not enough to boosting domestic demand was the main reason why the eurozone trade surplus continued to rise, in the process threatening the global recovery that the eurozone was so dependent on. At a CER lunch in October, Markus Brunnermeier and Harold James, two Princeton University professors discussed their new book, 'The euro and the battle of ideas'. In September the case for greater co-ordination of tax policies was addressed at a CER/Kreab breakfast on 'Protecting tax bases to ensure fair taxation', with Stephen Quest, the Commission director-general for taxation and the customs union.

The issues of competitiveness and eurozone governance were addressed in depth in the 'FT Future of Europe Summit: Achieving stability, security and prosperity' in April, which was jointly organised with the CER and King's College London. The speakers included Lionel Barber, the *Financial Times* editor, Emma Bonino, a former commissioner and Italian foreign minister, Radosław Sikorski, a former Polish foreign minister, Peter Sutherland, a former WTO chief and commissioner, and Theresa Villiers, a leader of the Leave campaign.

Together with Ferdinando Giugliano, the economics editor of *La Repubblica*, Christian Odendahl explored the challenges of competitiveness and eurozone governance in a policy brief, 'Europe's make-or-break country: What is wrong with Italy's economy?', published just before Christmas. They argued that Italy could pull the eurozone apart – and indeed

ABOVE:  
 (L to R)  
 John Kay, Nick Crafts, Simon Tilford, Barry Eichengreen, David Willetts and Angus Armstrong

*Conference on 'Brexit and the economics of populism', Ditchley*



ABOVE:  
Pierre Moscovici

*Dinner on  
'How Brexit  
and the euro's  
challenges  
will effect the  
UK financial  
services  
industries';  
London*

the EU. Labouring under a barely sustainable debt burden, Italy needs faster growth to counter growing anti-European sentiment and defuse political tensions. Unless future Italian governments, with the help of EU leaders, manage to turn Italy around – through both reform in Italy and better macroeconomic policies at eurozone level – Europe could face another existential crisis. They authors pointed out that while membership of the euro had not obviously benefitted Italy, many of the country's problems were largely home-grown.

At the end of 2016 the three interrelated themes of Brexit, populism and the euro could not have been in sharper relief. Some still hoped that the UK would somehow retreat from the precipice and negotiate a close economic agreement with the EU, but this looked an increasingly forlorn hope. The implications

of Trump's victory were gradually sinking in: the world could not rely on the US remaining committed to free trade and NATO, despite these being strongly beneficial to US interests. The eurozone was essentially paralysed: to be a success it needed to integrate more fully, but the politics were not conducive to this. And dismantling, or even partially dismantling, the currency union was impossible, at least without destroying the EU.



Simon Tilford



ABOVE:  
Simon  
McDonald

*Breakfast on  
'Europe in a  
dangerous  
neighbourhood:  
A British view of  
the challenges  
and solutions',  
London*

# The CER's work on foreign and defence policy

by Ian Bond

Europe's neighbourhood was just as violent and chaotic in 2016 as it had been in 2015. Syria's agony intensified, as the Assad regime and its Russian and Iranian allies bloodily recaptured Aleppo. Turkey survived terrorist attacks and an attempted coup, but the resultant security crackdown strained relations with the EU. Instability in the Middle East and North Africa continued to drive the flow of migrants to Europe. The conflict in Ukraine was contained, but no closer to resolution. And further afield, China became more assertive, unsettling the EU's partners in Asia. The UK's vote to leave the EU weakened Europe's voice in foreign policy. The election of Donald Trump, after a campaign in which he praised Vladimir Putin and described NATO as "obsolete", created new challenges for Europe. At the end of the year, the only world leaders who looked stronger than they did at the start were Putin and Xi Jinping.

## The Middle East and North Africa

The problems of the Middle East and North Africa forced themselves onto Europe's agenda in 2015 because of the refugee crisis. But in 2016, frustratingly, neither the EU nor the US made any significant effort to address the conflicts that drove the crisis. In an insight in February,

Rem Korteweg, Camino Mortera-Martinez and I urged the EU to put together a strategy to stabilise the arc of countries to its south, from Turkey to Morocco, rather than fruitlessly trying to stop the flows of migrants at the EU's borders. But once the EU's deal with Turkey took effect in

March, and refugee flows into the Greek islands began to fall, the EU's focus was on ensuring that refugees stayed in Turkey.

Not surprisingly, the problems of the Middle East were high on the agenda at a CER breakfast in April with Simon McDonald, the most senior

civil servant in the Foreign Office. There was concern among participants that the US was disengaging from the region, leaving a vacuum which 'bad actors' could fill; and in addition to the conflict in Syria, the situation in North Africa was deteriorating, which would give another push to the migration crisis.

## The CER's work on Justice and Home Affairs

Camino Mortera-Martinez

Twenty sixteen was not a good year for the EU. While Brexit and the fallout from the election of Donald Trump have dominated headlines, Europe is still dealing with an unresolved refugee crisis and terrorist attacks that have left many dead across the continent, from Paris to Berlin.

As much as Brexit or the euro, Europe's migration and security problems could bring the EU down if they are not tackled effectively. In 2016, the CER's work on justice and home affairs (JHA) focused on the need to reform the EU's migration and security policies. By the end of February, the Schengen crisis had become acute and other member-states were ready to remove Greece from the passport-free zone. A last minute refugee deal with Turkey (and the closure of borders along the Balkan route) managed to contain flows and to save – at least temporarily – the Schengen zone. In March, I criticised the deal, arguing that one of its proposals – to allow one Syrian refugee to stay in the EU for each irregular migrant that Turkey takes back from Greece – would be difficult to implement and possibly illegal.

To consider the merits of the agreement, we organised a meeting of our 'Amato group' (a high-level reflection group on JHA), to which we invited Gerald Knaus, the think-tanker who wrote the blueprint for the deal, and the ambassadors of Turkey and Greece to the EU. The group concluded that, while the EU-Turkey deal may be a good solution in the short term, it would be difficult to implement and will not solve the problem in the long term. In March, we organised a CER/Kreab breakfast on 'Can Schengen survive without a common migration and asylum policy?' with Laurent Muschel, director for migration and protection at the European Commission in Brussels.

In May, I published 'Why Schengen matters and how to keep it: A five point plan', a policy brief which suggested ways to improve the functioning of migrant processing centres in Italy and Greece; make the quota system work through the reinforcement of Schengen's external borders; give asylum seekers a means to enter Europe legally without having to travel to it; agree on a fair and effective return policy; and make better use of Schengen databases.

Since the referendum, our work has focused on the obstacles likely to arise in Brexit talks and on ways to get around them. We published insights on how to secure the rights of EU and UK citizens living abroad after Brexit, and on potential hurdles in EU-UK negotiations on security co-operation. In 2017, the CER will do more work on Brexit and JHA (including free movement).



When the Daimler Forum (a group of officials and think-tankers from the US and Europe) met in London at the end of April, migration and the Middle East were again on the agenda. UK National Security Adviser Mark Lyall Grant and US ambassador to the EU Tony Gardner addressed inter alia the security problems caused by large-scale migration, and the value of transatlantic law enforcement and counter terrorist co-operation. In a discussion on Syria led by Simon McDonald and Jon Finer (director of policy planning at the US State Department), both Europeans and Americans were looking for new approaches, having failed to remove Bashar al Assad from power, and having seen Russia re-establishing its influence in the region through military intervention. But as the year went on, hopes that Russia and the US might be able to work together to bring their clients to the negotiating table were repeatedly dashed.

By the time the Daimler Forum met again in Washington in early December, eastern Aleppo, a rebel stronghold for more than four years, was on the point of falling to Assad's forces after relentless Russian bombing. In a session introduced by Martin Indyk of the Brookings Institution (himself a former Middle East peace envoy) and Nicolas de Rivi re (political director of the French foreign ministry) participants wondered whether president-elect Donald Trump could reconcile support for Russia's campaign in Syria, which was increasing Iran's regional influence, with his desire to work with Israel to weaken Tehran. Europeans worried that victory for Assad, Russia and Iran would increase the threat to Europe from *ihadis* pushed out of Syria.

The conflict in Syria had knock-on effects on Turkey. The refugee crisis had already made Turkey a more important partner for the EU; but as the year went on the relationship faced a variety of strains. Rem Korteweg wrote in the CER's bulletin in March that the EU should take a more strategic approach to a relationship for which the responsibility was divided among six European commissioners and the High Representative for foreign and security policy. A Kurdish terrorist group carried out two bomb attacks in Ankara in February and March which killed almost 80 people; the Turkish government's crackdown on both Kurdish activists and its former allies in the Islamist G lenist movement caused disquiet in Europe about the human rights situation. The so-called Islamic State terrorist group killed more than 40 people at Istanbul airport in June.

Turkey was also drawn into the UK referendum campaign, as pro-Brexit campaigners sought to frighten voters with the prospect of imminent Turkish accession to the EU, creating a flood of Turkish migrants to the UK and giving the EU a common border with Iraq and Syria. Rem Korteweg explained in an insight in June both why Turkish membership was (at best) a very remote prospect and why it was important for the EU to keep the possibility of membership open.

The tension in the EU-Turkey relationship grew considerably after a failed military coup attempt against President Recep Tayyip Erdođan in July. Erdođan blamed the G lenists and rounded up thousands in the military, police, judiciary, civil service and education

ABOVE:  
 Lutfi Elvan

CER/EDAM  
 12<sup>th</sup> Bodrum  
 roundtable,  
 Bodrum

sectors, all suspected of being supporters of the movement's leader, Fethullah Gülen (who lives in exile in the US). He also cracked down on the independent media, closing down some outlets and dismissing or prosecuting journalists. Erdoğan was angered by the fact that (in his view) the West expressed more concern for Gülenists than support for Turkish democracy. This led him to execute a 180-degree turn in relations with Russia (adversarial since Turkey had shot down a Russian bomber in November 2015) and fly to Russia in August 2016 for a reconciliation with Russian President Vladimir Putin.

This was the background to the annual Bodrum conference in October, run by the CER and the

Turkish think-tank EDAM. Participants included Turkey's economic development minister Lütfi Elvan and deputy foreign minister Ahmet Yıldız, as well as the EU's counter terrorism co-ordinator Gilles de Kerchove and other senior European Commission officials and members of the European Parliament. Despite the tensions, the mood of the discussion was constructive. It was clear, however, that Brussels and Ankara would find it hard to move their relationship forward in the short term: Turkey was demanding unconditional visa liberalisation as a reward for its efforts to end the refugee crisis, while the EU would not open its borders to Turkish citizens until the human rights situation in Turkey improved and the state of emergency was lifted.

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## Russia, Ukraine and Eastern Europe

Perhaps not coincidentally, as Russian forces became more involved in fighting in Syria they were less active in eastern Ukraine. Though fighting in the latter periodically flared up, for the most part the conflict remained stagnant. Russia and Ukraine continued to have contradictory interpretations of the Minsk agreement, so that no progress was made in reintegrating the occupied parts of Donetsk and Luhansk into Ukraine (and the return of Crimea to Ukraine was of course not even under discussion). In January we hosted a roundtable with Volodymyr Dubovyk of Odessa National University on perceptions of the EU in Ukraine's regions, which underlined the importance of countering Russian propaganda.

that the West still lacked an effective strategy either to contain or engage with Russia.

One consequence of the fact that there was less fighting in Ukraine in 2016 was that Kyiv's Western partners paid more attention to how reform was progressing (or not). Dutch voters called into question one of the EU's most important incentives for reform when in April they voted against ratification of the EU-Ukraine association agreement. In an insight published shortly before the referendum, Rem Korteweg correctly judged that the Dutch would reject the agreement, and that Dutch Prime Minister Mark Rutte would have a hard time finding a solution that respected the vote without derailing the agreement (though he eventually managed it). Many of those who voted to block the deal with Kyiv did so to send a shot across the EU's bows, or because the 'No' campaign persuaded them (wrongly) that the association agreement would inevitably lead to Ukrainian membership of the EU. But Ukraine did far too little to help itself: it remained among the most corrupt countries in Europe, and though some progress was made in introducing necessary reforms, too often President Petro Poroshenko sided with the corrupt old guard and against the new generation of political activists who had cut their teeth in the Euromaidan protests in 2013-14. By the end of the year prominent pro-reform figures, including finance minister Natalie Jaresko and governor of Odessa Mikhail Saakashvili, had left office.

The lull in fighting in Ukraine did not result in any lessening of tension between NATO and Russia, as Moscow increased its military capabilities in the enclave of Kaliningrad, on the Baltic Sea, and elsewhere near NATO's borders. In February, our Clara Marina O'Donnell

*“Russia's lack of reform and continued reliance on oil and gas exports were the main causes of its economic weakness.”*

As a result of the lack of progress towards settling the conflict in Ukraine, Western sanctions against Russia were extended, despite Russian lobbying against them and grumbling from a number of EU member-states. But Russia's lack of reform and continued reliance on oil and gas exports at a time of low prices, rather than Western sanctions, were the main causes of its economic weakness. At a CER lunch in December, Sergei Guriev, chief economist of the European Bank for Reconstruction and Development, warned of a long period of stagnation unless Putin embraced structural reform. In the same month, discussions at the Daimler Forum, led by former US ambassador to NATO Kurt Volker and German foreign ministry political director Andreas Michaelis, showed



Fellow Sophia Besch and Rem Korteweg wrote in an insight of the importance of effective deterrence in Central and Eastern Europe. In May, Julian Lewis MP, chairman of the House of Commons defence select committee, was the guest of honour at a dinner to discuss preparations for NATO's Warsaw summit in July and the contribution that the UK made to European security.

Also in May, the Warsaw summit was an important topic on the agenda of the 9<sup>th</sup> UK-Poland roundtable in Krakow, in May. Speakers included Tobias Ellwood, a Foreign Office minister, Baroness Pauline Neville-Jones, a former British minister, Tomasz Szatkowski, Poland's deputy defence minister and Krzysztof Szczerski, the president's diplomatic adviser. This was the last in the series of roundtables that the CER has organised, alongside Chatham House and a group of Polish think-tanks. The British and Polish governments – brought together by a similarly eurosceptic and conservative worldview – have decided to convene a much larger and more formal annual bilateral conference, building on the work of our Krakow roundtables. We are proud that these events, under the leadership of CER board member Timothy Garton-Ash, did so much to promote understanding between policy-makers and intellectuals in the two countries. With Britain on the way out of the EU, its bilateral relationships matter more than ever,

and think-tanks can play an important role in cultivating them.

Among the most important decisions taken by NATO leaders at the Warsaw summit were those relating to reinforcing the most vulnerable allies in the Baltic States and Central Europe. But the summit was also notable for the joint declaration issued by NATO and the EU, setting out key areas for co-operation, including countering hybrid threats and cyber-attacks, and tackling the migration crisis in the Mediterranean. The declaration came on the heels of the publication of the 'EU Global Strategy', which went further than any previous EU document in recognising the need for the Union and NATO to work together, and in stressing the need for Europeans to invest more in their own defence "for the sake of a healthy transatlantic partnership".

Regrettably, British eurosceptics seized on every suggestion of increased EU defence co-operation to claim that the Commission was planning to put itself at the head of an EU army, or aiming to undermine NATO. In a series of insights before and after the UK referendum, Sophia Besch and I explained why there was no prospect of such an EU army being created, and why NATO as well as the EU would benefit if European countries did more to co-ordinate defence plans, open defence markets to competition, and make their forces more deployable.

ABOVE:  
Julian Lewis

*Dinner on  
'The prospects  
for the NATO  
Summit in  
Warsaw',  
London*

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## Asia

Europe might have spent most of 2016 preoccupied with problems close to home, but there were also significant developments in Asia. China continued to create 'facts on the ground' in the South China Sea, building artificial islands and putting airfields and other potentially military infrastructure on them. This led to tensions with its neighbours in South East Asia, as well as with the US. In a bulletin article in September, Rem Korteweg argued that the EU should be more active in defending international law, particularly after an international tribunal ruled against China in a

case brought by the Philippines over the extent of China's claimed exclusive economic zone.

Russia continued to trumpet the success of its 'pivot to Asia', which began after the West imposed sanctions on Moscow following the annexation of Crimea. But as I showed in a wide-ranging report in December ('Russia and China: Partners of choice and necessity?'), the reality still does not match Russian rhetoric. China is cautious about getting entangled in Russia's problems, and there may even be scope for the Western powers to work with China to constrain Russian behavior.

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## Transatlantic relations: Trade and Trump

The development of the West's relations with China, however, may be derailed by the election of Donald Trump as US president – a man who believes that many of America's main trade partners, but especially China, have been taking advantage of US weakness and 'stealing' American manufacturing jobs. Trump's rise to power took most observers by surprise. Hillary Clinton, though not an inspiring campaigner, had performed better than expected in the presidential debates and was clearly well qualified to be president. Trump had insulted women and various minorities, suffered from very high unfavourability ratings and regularly contradicted himself on policy issues. One of the few points on which he was consistent was admiration for Putin's leadership of Russia – not a position that would usually help an American presidential contender. But he won enough votes in the places he needed to. The early signs are that he will challenge Obama's preference for multilateral approaches to problems. Long before it became clear that Trump would be president, the EU ambassador to the United Nations (and former ambassador to the US) João Vale de Almeida had addressed EU-US differences over multilateralism at a CER/Kreab breakfast in Brussels.

the continuing threat to Baltic security posed by Russia at a CER lunch in November. In a policy brief in December ('EU defence, Brexit and Trump: The good, the bad and the ugly') Sophia Besch set out a detailed case for EU member-states to do more for their own defence, both to show that the US was not bearing a disproportionate share of the burden of defending Europe, and to allow Europe to act independently of the US if it had to. And she underlined the importance to the UK as well as the EU of maintaining close defence links between Britain and its European partners, even after Brexit.

While pro-Brexit politicians in the UK rubbed their hands in expectation of an early UK-US trade deal under Trump, others worried about his longstanding opposition to free trade. The CER had organised events in the first half of 2016 in Brussels, Rome, Madrid and London to explore the economic and political implications of the EU-US Transatlantic Trade and Investment Partnership (TTIP). Speaking at these events, Jean-Luc Demarty, director-general for trade in the Commission, Italy's Europe minister Sandro Gozi, Marietje Schaake MEP and Spain's secretary of state for trade Jaime Garcia-Legaz all underlined the strategic importance of a trade agreement with the United States, alongside its clear economic benefits. They agreed that the EU and US should set global trade standards, strengthen transatlantic (economic) leadership and push back against the illiberal trade policies of China and Russia. In April, at a London roundtable, we looked at how TTIP could strengthen European energy security, noting that a deal could facilitate US gas exports to Europe.

*“Trump's statement that NATO was obsolete, and refusal to state unequivocally that the US would aid allies, caused consternation.”*

Even during the campaign, Trump's statement that NATO was “obsolete”, and his refusal to state unequivocally that the US would come to the aid of an ally under attack, had caused consternation in Europe and Asia. Lithuanian foreign minister Linas Linkevičius explored these themes and

Even as European popular opposition, often based on misleading information, increased, Rem Korteweg and Christian Odendahl



continued to make the case for TTIP. In a policy brief ('Shaping 21<sup>st</sup> century trade: TTIP, global standards and multilateralism'), they outlined the economic rationale for setting transatlantic trade standards and removing regulatory barriers, and explained how an 'open' TTIP could give rules-based free trade a boost. In an insight in May, Christian spelled out how a deal could be saved, given rising popular hostility to it in Germany and other EU member-states. TTIP also featured in the Brexit campaign. In an insight, Rem Korteweg addressed both the myths advanced by Leave campaigners on the right – that the UK could agree a better and quicker deal with the US, once outside the EU – and those advanced by the left – that TTIP would undermine the British government's right to regulate on environmental and health policies. Britain's decision to leave the EU raised serious doubts about the future of the TTIP

negotiations, and the election of Trump brought the talks to a screeching halt. A project originally conceived as an economic counterpart to NATO was out of tune with a more protectionist era. The traditional kind of transatlantic partnership, supporting liberal multilateral trading arrangements, is being pushed to one side, at least for the next four years.

**Ian Bond**

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ABOVE:  
(L to R)  
João Vale  
de Almeida  
and Camino  
Mortera-  
Martinez.

*Breakfast  
on 'The US  
and the EU  
approaches  
towards multi-  
lateralism',  
Brussels*

# CER events 2016



**18 January**  
CER/Istituto Affari Internazionali seminar on 'Between power and rules: The geopolitics of TTIP'  
with Sandro Gozi, Rome

**22 January**  
Roundtable on 'The EU, as seen from Ukraine's regions'  
with Volodymyr Dubovyk, London



**4 February**  
CER/Pro Europa panel on 'Fog in the Channel: Clarifying the UK referendum debate'  
with Tom Nuttall and Julie Smith (top left), Brussels

**23 February**  
CER/Kreab breakfast on 'Brexit: A business perspective'  
with Matthew Baldwin (second from top, left), Brussels



**1 March**  
CER/Kreab breakfast on 'The challenges facing the EU: A Council perspective'  
with Jeppe Tranholm-Mikkelsen, Brussels

**9 March**  
CER/Kreab breakfast on 'Can Schengen survive without a common migration and asylum policy?'  
with Laurent Muschel, Brussels



**22 March**  
Speech on 'Scotland, the UK and a reformed European Union'  
with David Mundell MP, London

**12 April**  
Breakfast on 'Europe in a dangerous neighbourhood: A British view of the challenges and solutions'  
with Simon McDonald and Nader Mousavizadeh, London



**13 April**  
Fourth meeting of the Amato group on 'Ariadne's thread: Can Greece and Turkey solve the refugee crisis?'  
with Gerald Knaus, Andreas Papastavrou and Selim Yenel, Brussels

**14 April**  
CER/FT/KCL Future of Europe Summit: Achieving stability, security and prosperity  
with Theresa Villiers MP, Lionel Barber, Emma Bonino, Gerard Lyons, Radoslaw Sikorski and Peter Sutherland, London

**18 April**  
Panel discussion on 'Business, Brexit and Sovereignty'  
with Andrew Mackenzie, Dominic Grieve MP and Andrea Leadsom MP (middle, left), London

**19 April**  
Lunch discussion on 'Does TTIP need more energy?'  
with Jan Gerrit Westerhof and David Livingston, London

**21 April**  
CER/Real Instituto Elcano seminar on 'The geopolitics of TTIP'  
with a keynote speech by Jaime Garcia-Legaz, Madrid

**21 April**  
Economists on Brexit conference with a keynote speech by Gordon Brown (second from bottom, left) and a debate between Roger Bootle, Stephanie Flanders, Gerard Lyons and Martin Wolf, London

**28 April**  
CER/DIW Berlin roundtable on 'Britain's role in Europe'  
with Joschka Fischer (bottom left) and David Lidington MP, Berlin

**28-29 April**  
Brookings/CER/SWP Daimler US-European forum on global issues speakers included Thomas Bagger, Tony Gardner, Mark Lyall Grant and Simon McDonald, London

**10 May**  
Dinner on 'The prospects for the NATO Summit in Warsaw'  
with Julian Lewis MP, London

**11-13 May**

CER/Chatham House/WiseEuropa  
9<sup>th</sup> Annual Polish-British roundtable  
*speakers included Tobias Ellwood  
MP, Tomasz Szatkowski, Katarzyna  
Kacperczyk, Baroness Pauline Neville-  
Jones and Krzysztof Szczerski, Krakow*

**18 May**

Annual dinner  
*with a keynote speech by Martin Selmayr,  
London*

**20 May**

CER/Das Progressive Zentrum  
roundtable on 'The threat of Brexit and  
the future of Europe'  
*with Jörg Asmussen, Almut Möller and  
Ole Funke, Berlin*

**24 May**

CER/Kreab breakfast on  
'TTIP and the future of multilateral trade'  
*with Jean-Luc Demarty, (top right)  
Brussels*

**27 June**

Roundtable on 'What the referendum  
result means for Britain and the EU'  
*with Charles Grant, John Springford and  
Ian Bond, London*

**28 June**

Speech on 'What the UK should do next  
following the EU referendum result'  
*with Yvette Cooper MP, London*

**4 July**

CER/Kreab breakfast on 'The US and EU  
approaches towards multilateralism'  
*with João Vale de Almeida, Brussels*

**5 July**

CER 18<sup>th</sup> birthday reception  
*with keynote speeches from Helle  
Thorning-Schmidt and The Rt Hon David  
Miliband, hosted by Ambassador Daniel  
Mulhall, London*

**6 July**

CER/Corporation of London conference  
on 'Brexit: Britain's European future after  
the referendum'  
*speakers included Ludger Schuknecht,  
Douglas Carswell MP, Nick Clegg MP,  
Malcolm Rifkind, Konrad Szymański,  
Robert Cooper, Charles Crawford, Bernard  
Jenkin MP, Nathalie Tocci (second from  
top, right) and George Robertson, London*

**9 July**

CER/IFRI discussion on 'The role of  
national parliaments in the EU after  
Brexit: Building or stumbling blocks?'  
*speakers included Jos van de Wiel and  
Almut Möller, Brussels*

**8 September**

Roundtable on 'Brexit Challenge:  
The future of international trading  
relationships for the UK'  
*with Nick Clegg MP and Peter Sutherland,  
(middle, right) London*

**9 September**

Roundtable on  
'Brexit and the future of the EU'  
*with Emmanuel Macron, London*

**16 September**

CER/Kreab breakfast on 'Protecting tax  
bases to ensure fair taxation'  
*with Stephen Quest (second from bottom,  
right), Brussels*

**16 September**

Lunch discussion on 'Brexit: The  
beginning of the end or end of the  
beginning?'  
*with Alexander Stubb, London*

**19 September**

CER/DIW dinner on 'The impact of Brexit  
on Britain and the EU'  
*with Jon Cunliffe and Marcel Fratzscher,  
London*

**17 September**

CER/Open Europe fringe event at the  
Labour party conference: 'Testing the  
limits of the post-Brexit deal'  
*speakers included Liam Byrne MP and Axel  
Schäfer, Liverpool*

**3 October**

CER/Open Europe fringe event at the  
Conservative party conference: 'Testing  
the limits of the post-Brexit Deal'  
*speakers included Dominic Raab MP and  
Detlef Seif, Birmingham*

**7-9 October**

CER/EDAM 12<sup>th</sup> Bodrum roundtable  
*speakers included Carl Bildt,  
Jean-Christophe Belliard, Lütfi Elvan,  
Espen Barth Eide, Gilles de Kerchove  
(bottom right) and Ahmet Yıldız, Bodrum*





**19 October**

Lunch on 'The euro and the battle of ideas'  
with Markus Brunnermeier and Harold James, London

**25 October**

Lunch on 'Post-Brexit, what should be the ties between the UK and the EU? Is a 'continental partnership' the right model?'  
with Jean Pisani-Ferry, Paul Tucker and Peter Mandelson (top left), London



**4-5 November**

Ditchley conference on 'Brexit and the economics of populism'  
speakers included John Kerr, David Willetts, Nicholas Crafts, Barry Eichengreen, Megan Greene, John Kay, Lorenzo Codogno, Tony Yates, Beatrice Weder di Mauro, Martin Wolf, Martin Hellwig, Swati Dhingra, Agnès Bénassy-Quéré, Paul Tucker, Claire Waysand, Marcel Fratzscher, Ryan Avent, Jean Pisani-Ferry, Shahin Vallée, Christian Dustmann, Martin Sandbu and Jeromin Zettelmeyer, Oxfordshire



**15 November**

Dinner on 'How the EU-27 should respond to Brexit'  
with Jeroen Dijsselbloem (left), London

**17 November**

Lunch on 'What can Britain learn from the Turkey-EU customs union?'  
with Sinan Ülgen and Roderick Abbott, London



**23 November**

Lunch on 'Europe between Brexit, Trump and Putin'  
with Linas Linkevičius, London

**23 November**

Dinner on 'How Brexit and the euro's challenges will affect the UK financial services industries'  
with Pierre Moscovici, London

**24 November**

Roundtable on 'The Norwegian, Swiss, Canadian and WTO options: Lessons for the UK'  
with Michael Ambühl, Miriam González-Durantez (second from top, left), Wolfgang Münchau and Ulf Sverdrup, London

**7 December**

CER/Das Progressive Zentrum press briefing on 'Italy and Europe after the referendum'  
with Giuliano da Empoli, Berlin

**8-9 December**

Brookings/CER/SWP Daimler US-European forum on global issues  
speakers included Tim Barrow, Carl Bildt, Richard Burt, Martin Indyk, Andreas Michelis, Nicolas de Rivière, Kurt Volker, Washington

**12 December**

CER/UK in a Changing Europe panel discussion on 'Views from the EU-27: Paths to pursuing Brexit'  
with Henry Foy, Vivien Pertusot, and Daniela Schwarzer and Stephen Wall, London

**15 December**

Lunch on 'Whither the Russian economy?'  
with Sergei Guriev (bottom left), London

# CER publications 2016

## **Has the euro been a failure?**

report by Simon Tilford, John Springford and Christian Odendahl  
*January 2016*

## **If the UK votes to leave: The seven alternatives to EU membership**

policy brief by Jean-Claude Piris  
*January 2016*

## **Brexit and EU regulation: A bonfire of the vanities?**

policy brief by John Springford  
*February 2016*

## **Shaping 21<sup>st</sup> century trade: TTIP, global standards and multilateralism**

policy brief by Christian Odendahl and Rem Korteweg  
*April 2016*

## **Europe after Brexit: Unleashed or undone?**

policy brief by Ian Bond, Sophia Besch, Agata Gostyńska-Jakubowska, Rem Korteweg, Camino Mortera-Martinez and Simon Tilford  
*April 2016*

## **The economic consequences of leaving the EU: The final report of the CER commission on Brexit**

report by John Springford, Simon Tilford, Christian Odendahl and Philip McCann  
*April 2016*

## **Why Schengen matters and how to keep it: A five point plan**

policy brief by Camino Mortera-Martinez  
*May 2016*

## **The role of national parliaments in the EU: Building or stumbling blocks?**

policy brief by Agata Gostyńska-Jakubowska  
*June 2016*

## **Europe after Brexain: A strong team?**

policy brief by Ian Bond, Sophia Besch, Agata Gostyńska-Jakubowska, Rem Korteweg, Camino Mortera-Martinez, Christian Odendahl and John Springford  
*June 2016*

## **Brexit Britain: The poor man of Western Europe?**

policy brief by Simon Tilford  
*September 2016*

## **Russia and China: Partners of choice and necessity?**

policy brief by Ian Bond  
*December 2016*

## **Europe's make-or-break country: What is wrong with Italy's economy?**

policy brief by Ferdinando Giugliano and Christian Odendahl  
*December 2016*

## **EU defence, Brexit and Trump: The Good, the Bad and the Ugly**

policy brief by Sophia Besch  
*December 2016*

## **Brexit and the economics of populism**

report by Simon Tilford  
*December 2016*



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# CER staff 2016

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**Charles Grant** is the director.

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



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**Simon Tilford** is the deputy director.

He focuses mainly on competitiveness, macroeconomics, economic reform and the euro.



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**Ian Bond** is director of foreign policy.

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



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**John Springford** is director of research.

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



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**Christian Odendahl** is chief economist.

He focuses on macroeconomics, the eurozone, the ECB and Germany. He also covers trade and financial markets.



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**Rem Korteweg** is a senior research fellow.

He works on transatlantic, Europe-Middle East and Europe-Asia relations; the geopolitics of energy and trade; and security and defence policy.



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**Agata Gostyńska-Jakubowska** is a research fellow.

She specialises in EU institutions and decision-making, as well as Poland's European policy.



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**Camino Mortera-Martinez** is a research fellow.

She specialises in justice and home affairs, migration, internal security, privacy, criminal law and police and judicial co-operation.



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**Sophia Besch** is a research fellow.

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



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**Luigi Scazzieri** is the Clara Marina O'Donnell fellow (2016-17).

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



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**Kate Mullineux** is publications manager and website editor. She designs all CER publications and organises their production and is responsible for managing all website content.



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



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**Jordan Orsler** is events manager & PA to Charles Grant. She also assists in the co-ordination of travel and diary management for researchers.



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**Anna Yorke** is press & communications co-ordinator. She is responsible for the CER's communications strategy and press enquiries.



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**Daniel Crewes** is administrative assistant. He is the first point of contact for visitors to the CER, and assists with events and general administration.



# Financial support 2016

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

## 0-10K

Daily Mail and General Trust

Nomura

## 11-20K

AIG Europe Ltd  
Allen & Overy  
BAE Systems  
Barclays  
British Telecommunications  
Clifford Chance LLP  
Deutsche Bank  
Diageo  
Airbus  
Fidelity Worldwide Investment  
Ford of Europe  
Gilead Sciences  
Goldman Sachs International  
JP Morgan

Kingfisher  
KPMG  
Lloyds Banking Group  
Macro Advisory Partners  
Merifin Foundation  
Montrose Associates  
NM Rothschild  
North Asset Management  
Standard Chartered  
Tesco  
The Economist  
Vanguard

## 21-50K

BAT  
BHP Billiton  
BP International Limited  
Centrica  
EDF Energy  
Google UK Limited  
HSBC Holdings plc  
IBM  
Invesco Perpetual

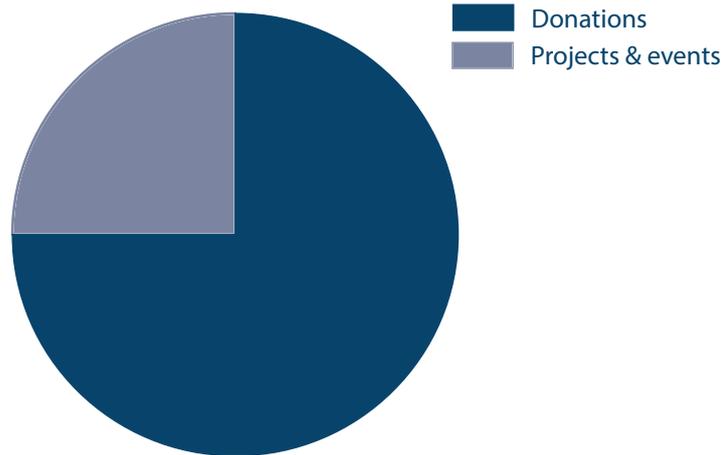
Microsoft  
Morgan Stanley  
Porta Advisors  
PwC  
Rio Tinto  
Ryanair Ltd  
Shell International Limited  
Statoil

# Financial information

Audited accounts for year ending 31.12.2015

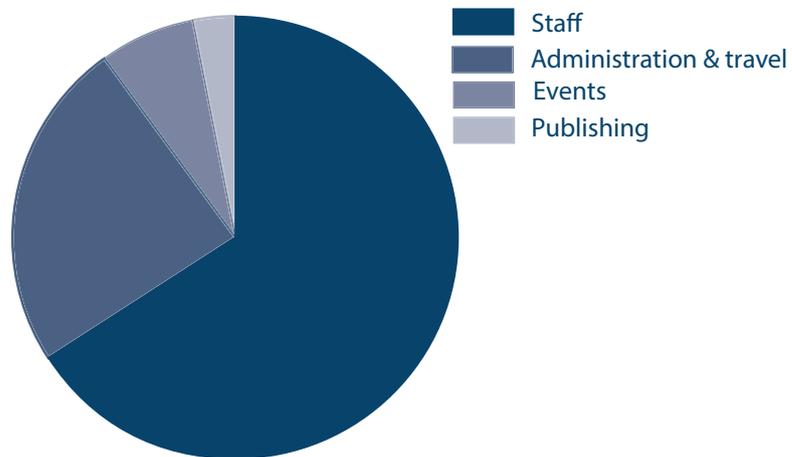
## Income for 2015:

Total £1,255,213



## Expenditure for 2015:

Total £1,334,764



# Advisory board 2016

**Esko Aho**

Chief executive officer, Verbatim Oy and former prime minister of Finland

**Joaquín Almunia**

Former vice president and competition commissioner, European Commission

**Carl Bildt**

Former prime minister and foreign minister of Sweden

**Nick Butler**

Visiting Fellow and chairman, King's Policy Institute at King's College London

**Tim Clark**

Former senior partner, Slaughter & May

**Iain Conn**

Group chief executive officer, Centrica

**Sir Robert Cooper**

Former special adviser to the High Representative and former counsellor, EEAS

**Stephanie Flanders**

Chief market strategist for the UK and Europe, J.P. Morgan Asset Management

**Timothy Garton Ash**

Professor, European Studies, University of Oxford

**Heather Grabbe**

Director, Open Society European Policy Institute, Brussels

**Sir John Grant**

Former executive vice president policy and corporate affairs, BG Group plc

**Lord Hannay**

Former ambassador to the UN and the EU

**Lord Haskins**

Former chairman, Northern Foods

**François Heisbourg**

Senior adviser, Fondation pour la Recherche Stratégique

**Simon Henry**

Chief financial officer, Royal Dutch Shell plc

**Susan Hitch**

Manager, Lord Sainsbury of Turville's pro bono projects

**Wolfgang Ischinger**

Chairman, Munich Security Conference

**Lord Kerr (chair)**

Vice chairman, ScottishPower

**Caio Koch-Weser**

Chair, European Climate Foundation

**Sir Richard Lambert**

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

**Pascal Lamy**

President emeritus, Jacques Delors Institute

**Philip Lowe**

Former director-general for energy, European Commission

**Dominique Moïsi**

Senior adviser, Institut français des relations internationales

**Lord Monks**

Former general secretary, European Trades Union Confederation

**Mario Monti**

President, Bocconi University and former prime minister of Italy

**Christine Ockrent**

Former chief executive officer, Audiovisuel Extérieur de la France

**Michel Petite**

Lawyer Of Counsel, Clifford Chance, Paris

**Lord Robertson**

Deputy chairman, TNK-BP and former secretary general, NATO

**Roland Rudd**

Chairman, Open Britain

**Dev Sanyal**

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

**Kori Schake**

Hoover fellow and distinguished professor at West Point

**Sir Nigel Sheinwald**

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

**Lord Simon**

Director, GDF Suez and former minister for trade and competitiveness in Europe

**Alexander Stubb**

Former prime minister, finance minister and foreign minister of Finland

**Lord Turner**

Chairman, Institute for New Economic Thinking

**Pierre Vimont**

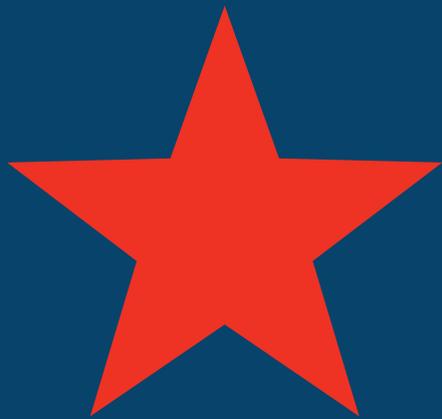
Former executive secretary-general, European External Action Service

**Sir Nigel Wicks**

Former chairman, British Bankers' Association

**Igor Yurgens**

Chairman, Institute for Contemporary Development, Moscow



**CENTRE FOR EUROPEAN REFORM**